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CHICAGO, MASSACHUSETTS

5 CENTS

Swindler's Tale

How Low-Key Style Let a Con Man Steal Millions From Bosses

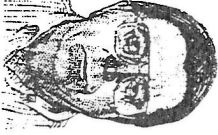
Donald Peterson Had Talent For Keeping the Books, Cleaning Out Companies, Sweetheart of an Employee

By JOHN R. BASHWILLER

As he looks back on a life of swindling and tries to answer why, Donald Peterson keeps voicing the same refrain: "It was just so easy."

There was the seemingly endless line of glibly business owners who hired him as bookkeeper and entrusted him with their money, which he stole by the millions. There were the cops, who always seemed to be a couple of steps behind. And there was Mr. Peterson's conscience — perhaps the smallest obstacle of all — which allowed him to steal repeatedly and remorselessly while maintaining the happy fiction that he was really a decent guy.

These days, the 57-year-old embezzler has lots of time to look back. He is serving a 106-month federal prison sentence in Terminal Island, Calif., south of Los Angeles, after pleading guilty to fraud and related offenses. Mr. Peterson and his long-time partner were finally caught last year through a combination of luck, the dogged sleuthing of two investigators and an article in this newspaper.



Donald Peterson

Though Mr. Peterson is, at least temporarily, hardly given comfort to the forces of law and order. He and a confederate stole being impudently last than Professor Moriarty of modern crime. Though a career white-collar criminal, he has drawn a sentence shorter than what is given to some first-time drug dealers.

By his own recounting, Mr. Peterson has been lying and stealing since he was 1

Business and Finance

What's News

INTRUST OFFICIALS

issued subpoenas to Netscape and other Internet companies in a continuing federal probe of Microsoft. The move indicates that the Justice Department is focusing on whether Windows 95 and related Microsoft computer software improperly makes it difficult to use rival Internet-access software.

LSI Logic will unveil a design for a single, inexpensive chip intended to be the foundation for a stripped-down computer tailored for Internet access.

Striking workers at Caterpillar were told by their union that, even if members vote to reject a proposed contract, the union will make an offer for workers to return to their jobs this week, ending the 17-month walkout.

FTY Industries hired Heidi Kuntz, General Motors' highly regarded treasurer, to be its chief financial officer.

Long-term interest rates could fall below 6% by year's end, many money managers assert, driven in part by speculation on Japanese rates paid by a flood of money into bond funds.

Sun Microsystems and Metacase plan to create and distribute free of charge a computer programming language for the Internet. Their alliance, which has support from AXT, H.P. Apple and others, is an effort to thwart Microsoft's competing bid to set a standard for the Internet.

Manufacturers completed a bloated inventories at a greatly increased rate in a recent survey, indicating they will continue to cut output.

Chrysler posted record November

World Wide

CLINTON AUTHORIZED

a vanguard of 700 U.S. troops to move into Bosnia. Wrapping up a five-day European trip, the president said he had given the go-ahead for deploying the U.S. soldiers trained in logistics and communications. Within a few days, the advance troops will set up a U.S. headquarters in the town of Tuzla, in preparation for 20,000 Americans who will follow over the next few weeks. The U.S. troops, part of an international peacekeeping effort, will try to separate warring parties and disarm land mines. Clinton rejected Bosnia Serb demands for rewriting the treaty that U.S. forces will help enforce. (Revised article on Page A1)

Majority Leader Dole said the Senate this week will take up a resolution supporting U.S. forces but also containing language on arming Bosnian Muslims and providing a clear exit strategy.

U.S. European cooperation received a major boost with the signing of a wide-ranging trans-Atlantic trade and security accord and the appointment of Spanish foreign Minister Javier Solana as secretary general of NATO. Clinton and European Union officials signed the agreement in Madrid. (Article on Page A9)

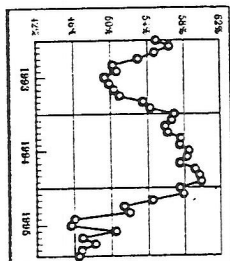
Rabin's confessed assassin suggested that one of the Israeli prime minister's bodyguards helped him, saying "I'm proud about the slaying job," "I'm the cop who upped you," Yigal Averbach charged that authorities killed a Rabin bodyguard who had helped him to create confusion during the Nov. 5 shooting. (Tel Aviv, Article on Page A3)

An Alzheimer's researcher said a genetic test enabled him to identify patients who benefit most from Warner-Lambert's Cogene brand of tacrine, the only drug approved in the U.S. for treating the brain-degenerating disorder. The Canadian scientist suggested his finding may lead to new drugs for the disease. (Article on Page A3)

Two Western Republicans announced over the weekend that they plan to quit the Senate next year. Hatfield of Oregon and Wyoming's Simpson are the 11th and 12th senators to retire out of a group of 33 whose terms end next year. Both parties are losing senators who have been identified with bipartisan cooperation.

On-line computer services are joining

Purchasing Managers Index



PURCHASING MANAGERS' index which monitors business activity within the manufacturers sector fell to 48.5% in November from October's level of 48.5%.

Landfill Golf: Where One Man's Trash Is Another's Fairway

The Tires Will, the Tires Will And There's That Atoning, But Duffies Play Through

By MITCHELL EVERETT

Longline golfers at Brightwood Golf Course in Colorado have grown accustomed to some hazards you won't find at, say, Augusta.

Medical waste, bowling balls, even car bumpers have to be hauled off the course. "I take out one morning and one of my maintenance guys was wearing an old ball and pants that had popped up, and half of the Brightwood course sits atop a huge mound of decomposing rubbish."

That's no accident. As the nation's 12 million golfers battle for more tee time, they are being asked to do with filled landfills, sites aptly bringing the filled to the dumps. Dozens of landfill golf courses already have been built, and cuts from Baltimore to Tacoma, Wash., are considered similar projects.

When properly built, landfill courses can fool everyone but the supervisors who farm them. But at times, the garbage can take on a life of its own.

The Outlook

Unstable Pay Becomes Ever More Common

WASHINGTON

Job insecurity probably tops the list of most Americans' economic anxieties these days. And for good reason, since hundreds of thousands of well-paying jobs have disappeared in the reengineering campaigns of the 1990s.

Now cropping up is another feature of the restructured American workplace, one that applies to the survivors: growing wages inescapably or instability.

Entrepreneurs, salespeople, piecework factory workers and rock stars have long lived with erratic incomes. But most Americans are used to fairly fixed paychecks that grow at least a bit every year. It is a bedrock of the U.S. compensation system. But it is gradually being nudged aside by an emerging wage and salary regime that puts more pay at risk.

This change is hard on the survivors of re-engineered companies. At many centers, base salaries are being frozen, and at some, even cut. Compensation gains are being linked to productivity or profit gains — usually a moving, ever-rising target.

The new system is taking hold at banks, in factories, within marketing teams, even at whole companies. It is a growing management-labor issue, exemplified earlier this year when Deere & Co. insisted upon — and the United Auto Workers agreed to — a continuous improvement pay plan covering 10,500 workers at 11 plants.

"There's a veritable explosion in variable pay plans," says Halg Nabholz, chairman of William Mercer Inc. The consultant firm notes that only 1% of U.S. companies put employee pay at risk, but another 6% are installing such systems, and 2% more are gazing the matter seriously.

The economic impact of all this is uncertain. It could create more inequality of income within companies as high performing stars or high-performing teams take home more of the compensation pie. Many consultants see a major shift occurring within companies as the "social contract" and is replaced by a more Darwinian system under which the most able get a greater share of the rewards.

In a perverse way, growing wage instability also could encourage households to save more by requiring a larger nest egg to hire people over when earnings slump. Perhaps, however, the instability could inflict even more hardship on people struggling from paycheck to paycheck.

Therefore, the re-engineering instability

Opening a Crack

Japan's Business Cartels Are Starting to Erode, But Change Is Slow

BARCELONA

Bargain Hunting by Buyers, Tougher Antitrust Effort Dent Some Cozy Setups

By DAVID P. HANCOCK

And Keiichi Shimizu, chief executive of the Wall Street Journal's TOKYO Japan's entrenched cartels and other cozy business arrangements that prop up prices and impede imports are slowly starting to unravel.

After decades of quasiregulated pricing, the cartels are under pressure from four years of near-zero economic growth, from tougher antitrust enforcement and from aggressive foreign competitors, whose products are made cheaper by the strong yen.

Also eroding are the close relationships between manufacturers and suppliers as buyers push for bargains. Auto makers such as Nissan Motor Co. are importing South Korean steel to pressure Japanese suppliers to cut prices.

Even the government claims that it is serious about eliminating cartels. Politicians such as Ryutaro Hashimoto, the minister of International Trade and Industry and president of Japan's largest political party, talk about attacking monopolistic practices to spur economic growth.

A Dilemma Process

To be sure, cartel buyers face a long slog against business collusion. But companies in endangered cartels face plenty of turmoil, too.

A case in point: the once fearsome cement cartel. In response to overcapacity and low demand in the 1980s, Japanese cement makers limit production to stabilize prices. What's more, the companies agree to punish builders that bought impure, says Ichiro Nakayama, a general manager for cement sales at the Inducto-fest Ltd. "We would tell them, 'If you want to buy Impure, that's fine, but you may have supply trouble in the future'" with domestic makers, he says.

Then, in 1991, Japan's Fair Trade Commission fined the industry \$10 million for price-fixing. Stimmed, cement makers turned to a market for 1.5 million cubic

Genetic Test Offers Hope for Treating Alheimers Patients

Method Identifies Potential Beneficiaries of Drug Sold By Warner-Lambert Co.

By JERRY E. BISHOP

Staff Reporter of THE WALL STREET JOURNAL

A Canadian scientist said a genetic test enabled him to identify Alzheimer's disease patients who benefited most from Warner-Lambert Co.'s Cognex brand of tancrine, the only drug approved in the U.S. for treating the brain-destroying disorder.

The advance was hailed as opening the way to additional drugs to treat Alzheimer's disease and as a major example of how a genetic test can determine the best therapy for a disease.

The test reveals which of three possible versions of a gene, called the apo E gene, a patient was born with. The Canadian researcher found that Cognex benefits only those who haven't inherited the version known as apo E-4. About 30% of the four million patients who have Alzheimer's disease fall into this category.

The scientist, biochemist Judes Poirier, also said that the same genetic test is being used by several drug companies to see which subgroups of Alzheimer's patients will benefit from their particular experimental drugs. Dr. Poirier is associate director of the Centre for Aging Studies at McGill University in Montreal.

Among these experimental drugs, Dr. Poirier said, is a new drug that seems to benefit the patients who aren't helped by Cognex. He said the drug is known by the code name S12024 and is being tested by a small French company he identified only as Servier.

The finding "is the first solid demonstration that a gene can predict response to a drug," Dr. Poirier said. He suggested this may open the door to a host of new drugs for Alzheimer's disease. Many potential Alzheimer's disease treatments tested in the past, he explained, may have been erroneously discarded only because they were tested on the wrong patients.

"It's an extremely important finding, and it's extremely important that it be confirmed by other groups," said Allen D. Roses, head of the Duke University re-

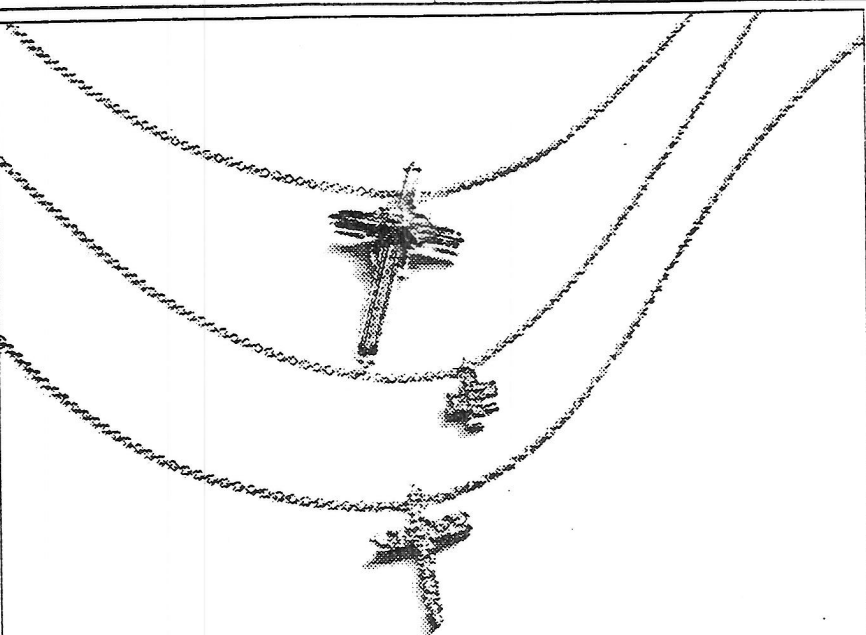
search team that made the 1993 discovery that led to the genetic test. If it's confirmed, he explained, "it will make it mandatory that almost everyone with dementia be tested" for their apo E gene for diagnostic as well as therapeutic purposes.

"It could be very exciting . . . if the finding can be verified and strengthened," said Sheryl Williams, vice president for medical and scientific affairs at

the Alzheimer's Association in Chicago. "It would be quite beneficial if a patient could take an inexpensive [genetic] test before starting an expensive drug therapy," she said.

Dr. Williams cautioned, however, that doctors treating Alzheimer's disease patients shouldn't yet rush to test their patients. If the test is done to determine a patient's therapy, rather than for research

Please Turn to Page A4, Column 3



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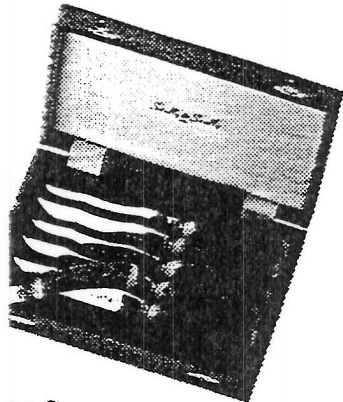
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and Los Angeles-Paris flights. A planned
increase of flights on the Miami-Sao Paulo,
Brazil, route will be postponed. While
the carrier was publicly imprecise about
the equipment-resource aspect of the prob-
lem, people familiar with the decision said
delays in Boeing deliveries were a signifi-
cant factor.

United ordered 34 of Boeing's big 777
planes and has received eight so far. If the
strike continues until Christmas, the air-
line will be short three of the planes by
year end, according to a spokeswoman.

Test Offers Hope on Alzheimers

Continued From Page A3
purposes, then the results would be avail-
able to the patient. The patient might then
learn that he or she cannot benefit from
any treatment.

In October, the Alzheimer's Association
warned that genetic testing for diagnosis
should be done only with careful counsel-
ing on what it means and doesn't mean.
The genetic test can't predict whether a
healthy individual will develop Alz-
heimer's disease. The association was
worried that if the test were used routinely,
many people might be falsely alarmed that
they are destined to be stricken with an
untreatable and fatal disease.

Nevertheless, the likelihood that the
test eventually will be used in four million
Alzheimer's disease patients "is terrific
news for Athena Neurosciences," said
Ivan Lieberburg, vice president for re-
search at Athena Neurosciences Inc. in
South San Francisco, Calif. Athena pro-
duces the genetic test for use in neurologi-
cal diseases under license from Duke.

In Montreal, however, Dr. Poirier said
that rights to his discovery had been
licensed to a small Montreal-based bio-
technology company, Nova Molecular Di-
agnostic Corp. It wasn't clear whether
this posed any conflict with the Athena
license from Duke.

The details of Dr. Poirier's research are
to be published at the end of December in
the Proceedings of the National Academy
of Sciences in Washington. A summary of
his findings was given to a small group of
reporters in New York late last week by
officials of the American Federation for
Aging Research, which helped fund Dr.
Poirier's research.

In a telephone interview, Dr. Poirier
said that he had obtained blood samples of
40 Alzheimer's disease patients treated
with Cognex. The samples were provided
by Warner-Lambert's Parke-Davis divi-
sion. Half the patients "had shown a solid
response after six months of treatment,"
he explained, while the other half had
shown a poor response to Cognex.

LSI to Unveil Chip For Cheap Machine To Access Internet

Continued From Page A3
categories might appeal to different kinds
of consumers. "Homes may have a PC and
multiple Internet browser boxes in differ-
ent rooms," he said.

enter service in April. The delays haven't
been critical so far, said a JAL spokesman,
but "that's obviously going to change" if
the strike lingers into early 1996.

Japan Airlines has ordered 10 of the
389-seat versions of the 777, along with five
stretched versions seating at least 480
passengers. Delivery of a 747-400 jumbo jet
for Singapore Airlines was delayed in
October. The Asian carrier has 19 more
747-400s coming, with nine due for delivery
by the end of 1996.

After he determined the apo E status of
the 40 blood samples, Dr. Poirier was told
which samples had come from the re-
sponders. He found that 83% of the patients
who lacked the E-4 version of the gene had
responded to Cognex. He described these
patients' response as "strong" in that
"their memory and learning scores were
reversed by two to three years," that is,
the scores returned to what they had been
two to three years earlier.

UAW to Order End To Caterpillar Strike However Vote Goes

Continued From Page A2
beyond eight hours a day without getting
overtime pay. "Initial assignments ...
will be voluntary if possible," according to
the summary given to strikers.

The proposal calls for no general wage
increase, but for continued cost-of-living
adjustments and lump-sum payments of
3% of annual pay in 1998 and 2000.

Among other things, the company also
proposed to limit "repetitive and frivolous
grievances," which it contends the union
had used to pressure the company in the
past.

Caterpillar did offer a few carrots to the
strikers, including increasing the number
of UAW members covered under its job-se-
curity program and boosting pensions for
those who retire early.

It also proposed to keep the York compo-
nents plant open until October 2001, when
the six-year contract would expire. The
company previously had announced plans
to close the plant.

Columbia/HCA Plans Deal With Firm in San Diego

By a WALL STREET JOURNAL Staff Reporter
Amid a campaign to bolster its West
Coast presence, Columbia/HCA Health-
care Corp., appears to be on the verge of
a major expansion in San Diego.

Sharp Healthcare System, San Diego,
said its board intends to sign a letter of
intent to form a 50-50 partnership with
the big Nashville, Tenn.-based hospital
chain. Sharp, a not-for-profit hospital
system that controls about 30% of the San
Diego market, will contribute a medical
practice and four of its six San Diego
hospitals to the partnership. Columbia
will contribute an outpatient surgery
center, a hospital and an undetermined
amount of cash.

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