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## Credit woes put Kreido's future in doubt

**BY STEPHEN NELLIS**  
Staff Writer

Camarillo-based Kreido Biofuels has given itself two months to live.

In recent filings with the U.S. Securities and Exchange Commission, the development-stage renewable energy company said it has enough money to keep going until the end of November. Its net losses for the six months ended June 30 soared

908 percent, from \$1.7 million in 2007 to \$17.8 million this year, and if the company finds no way to bolster its \$1.5 million of on-hand cash, it might have to fold.

Kreido said it has suffered recurring losses and that by June 30 it had accumulated a \$45 million deficit "that raises substantial doubt about its ability to continue as a going concern," the company wrote in its most recent filings with the SEC.

Among other things, the fledgling company has found itself at the mercy of the brutal credit crunch that has made it nearly impossible for late development-stage companies to raise money needed to get facilities up and running. The company directly blamed Wall Street's woes for its inability to get cash and shore up its balance sheet.

It's unclear what Kreido's fate will be if

the mauling it has taken in the credit markets forces it to cease operations. Through a spokeswoman, the company declined to comment, directing the Business Times to Kreido's press releases and public filings.

Kreido once rode high, with a market capitalization of more than \$200 million and its shares trading for \$5 on the OTC Bulletin Board in late 2006, shortly after

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## Survival game

Area experts respond to financial meltdown

**BY STEPHEN NELLIS**  
Staff Writer

Over four days, the fall of Washington Mutual and Wachovia knocked out the Tri-County's third and eighth largest non-local banks and created new opportunities for community banks.

"One of the things I couldn't have anticipated 30 days ago is that people would stream in here and open up accounts, not because of a perception that their banks are unsafe, but because they don't want to have their eggs in one basket," said Jeff DeVine, president and chief executive officer of American Riviera Bank in Santa Barbara.

In the biggest bank failure in U.S. history, the Federal Deposit Insurance Corp. seized Seattle-based Washington Mutual, or WaMu, Sept. 25, immediately selling the bulk of its assets to JPMorgan Chase for \$1.9 billion. On Sept. 29, Citigroup



Washington Mutual's 32 Tri-County branches will transfer over to JPMorgan Chase as the result of a \$1.9 billion deal.

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## Region's stocks beat odds

**BY BARBARA PEARSON**  
Staff Writer

While a volatile quarter in the financial sector has translated to a string of extreme ups and downs in the stock market, regionally based public companies have come out on top.

"The whole arrangement of Wall Street in 10 days changed what took 75 years to build," said Mark Fingerlin, executive vice president of the trust and investment division for Montecito Bank & Trust.

As a whole, the 30 tri-county companies tracked in the Pacific Coast Business Times/University of California, Santa Barbara, Economic Forecast Project stock index finished off the week ended Sept. 26 at 133.7, which is 3.8 points and 2.9 percent ahead of where the index closed three months ago for the week ended June 23.

Over the same time period, the S&P 500 dropped 65.1 points, or 5.1 percent, to close at 1,213.3; the Nasdaq Composite fell 132.3 points, or 5.7 percent, to close at 2,183.3; and the Rus-

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## The economy has changed but the rules are the same

There's a reason why the founding fathers put the seat of government in a remote city that was basically built on a swamp.

Washington, D.C. proved again in recent days that it was very smart to keep the political capital of the nation and its economic epicenter — first Philadelphia, then New York — at

arms length.

Moving the capital of capitalism to Washington was by any measure a complete disaster even though it was just for a few days and just for a single purpose — to craft and pass bailout legislation.



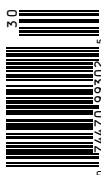
**HENRY DUBROFF**  
Editor

At press time, there were signs that Wall Street would again command the heights of finance in the United States. On the assumption that nobody would be dumb enough to stage another stock market catastrophe, here's my top

10 list of things to watch as we move beyond the bailout follies.

• **The rules of investing have not been repealed.** It's really a bad idea to borrow money to buy stocks and it is always best to keep your costs as low as possible and invest for the long term.

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