

# BUSINESS SUNDAY

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**INSIDE**

**LISTEN UP**

Soundflavor, bandBUZZ and other Web sites combine digital music with social networking to help you discover the latest sounds, writes Technology columnist Allan Hoffman. **Page 8**

**Sunday Star-Ledger**

New Jersey doesn't bother checking loan officers' ability or integrity

## Borrower beware

**BY SAM ALI**  
STAR-LEDGER STAFF

You need a license in New Jersey to cut hair, do nails, even groom a cat or dog.

But to sell a mortgage loan — the single most expensive investment most consumers will ever make — all you need is \$100. No education, no criminal background check, nothing.

No wonder the state, which had 11,000 loan officers in 2000, now has some 40,000, whose sole fiduciary responsibility is to themselves. The state Department of Banking and Insurance will register anyone who can fill out a one-page form and pay an annual \$100 fee.

"A Realtor has to be tested, an attorney has to be tested. But a person can write mortgages and put people in millions of dollars in debt without a single exam or a single continuing education requirement? It doesn't make sense at all," said Marilyn English, president of English Financial in Cedar Grove, who has been fighting for years for the licensing of loan officers in New Jersey.

"Under the current laws, for \$100, Joe the Pizza Delivery Man can write mortgages in New Jersey," she said.

Loan officers are different from mortgage brokers, who are licensed by the state and required to post a \$100,000 surety bond and have a minimum net worth of \$50,000. There are [See **OFFICERS**, Page 7]



**BEFORE YOU BORROW**

Know if you are working with a mortgage broker, mortgage banker or lender, consumer finance company or a financial institution. A loan officer for a mortgage broker assists you in finding a lender. A mortgage banker is a lender who directly makes real estate loans to consumers. A consumer finance company is a non-depository institution that may make high-risk loans with higher rates of interest than a traditional financial institution. A financial institution is a bank, credit union, savings and loan or savings bank that besides making mortgage loans also provides traditional banking services such as checking and savings accounts. **For more tips, see Page 7**

## Buyouts in style for drug companies

Schering-Plough's deal for Organon is just latest

**BY JEFF MAY**  
STAR-LEDGER STAFF

Big ticket merger-and-acquisition activity was back in vogue in the pharmaceutical industry last week.

Despite complaints about high prices, Schering-Plough finally pulled the trigger on a deal to buy Organon BioSciences.

At \$14.4 billion, the acquisition is a big load for the Kenilworth drugmaker to shoulder. But Schering-Plough Chief Executive Fred Hassan clearly wasn't satisfied with a more incremental approach to shoring up the company's drug pipeline.

There is room for consolidation in the rest of the industry, given the slow pace of production from Big Pharma's research labs. A potential merger of Bristol-Myers Squibb and Sanofi-Aventis was a hot rumor in recent months, and it still makes sense, according to some analysts.

So expectations for other large deals are increasing.

"Everyone's waiting for it to start again," said Simon King, a London pharmaceutical analyst for the consulting group Datamonitor.

Merger-and-acquisition activity has been strong in the drug business during the past year, but without head-turning deals such as the \$64 billion merger that created Sanofi-Aventis in 2004, or the \$53 billion Pfizer-Pharmacia marriage that closed in 2003.

The dearth of mega-mergers has masked how active the market has been during the past seven years, according to Peter Young, president of Young & Partners, a New York investment firm that specializes in the chemical and pharmaceutical industries. He points to 2000, a year in which \$232 billion in deals were struck, as a turning point for the drug industry after a period of dormancy.

Since then, the total value of deals worldwide has pulled back. In 2005, for example, the dollar value was roughly \$43 billion, according to the firm.

"There's been fluctuations, but even in the low years the numbers have been big," Young said. "Beyond the mega-mergers, there's just a very liquid market and it's continuing."

One reason for the buying spree is the weakness of in-house R&D for major drugmakers. That's in contrast to the 1990s, when a succession of blockbuster — from cholesterol drugs to antipsychotic medications to impotence pills — rolled out of company labs.

"You don't need M&A if you're good at developing products and selling on your own," Young said. "When they became less good at it, they needed M&A to fix the problem."

Schering-Plough has long been regarded [See **DEALS**, Page 7]

## Ferland exits post as low-key, high-stakes CEO

**BY TOM JOHNSON**  
STAR-LEDGER STAFF

E. James Ferland failed to seal his biggest and most ambitious deal, a \$17 billion sale that would have allowed him to retire as chairman of the nation's largest electric utility and the country's biggest power supplier.

Yet when the 64-year-old steps down as chief executive of Public Service Enterprise Group at the end of this month after 21 years at the helm, he leaves the Newark company bigger, stronger, and much more diversified than the stodgy electric and

gas utility he inherited.

Only a half year after its proposed sale to Exelon collapsed amid bitter wrangling with regulators, PSEG is on solid footing. Its stock traded at an all-time high this past week, its balance sheet probably never looked better, and it looks to have resolved several critical issues left hanging by the unexpected unraveling of the sale.

"The prospects for PSEG are as strong as they have ever been," said Neil Kalton, an energy analyst who follows the company for A.G. Edwards. With power prices steadily ris-

ing, the company's power plants, particularly its low-cost nuclear and coal stations, should rake in revenue since they are located in a market where supplies are tight, Kalton said.

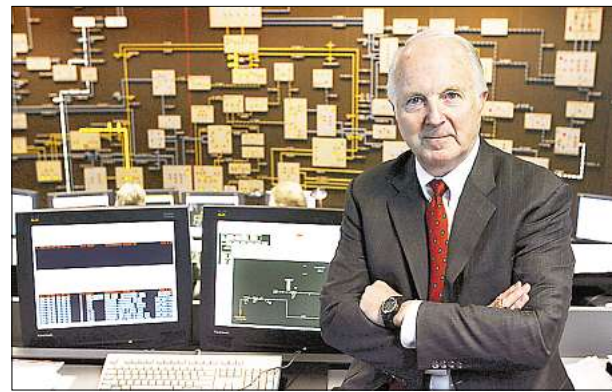
Public Service Electric & Gas, the company's utility and the state's biggest provider of electricity and gas is a steady contributor of cash to the corporation's coffers, while earning awards as the nation's most reliable utility two years running. PSEG Energy Holdings, the unregulated unit that owns overseas power plants and utilities and makes investments in energy projects, suffered big financial

losses in the past, but still contributes to its parent's growing bottom line as it slowly divests assets.

"This has been a great run," Ferland said this past week in an interview on the fourth floor of PSEG headquarters in Newark. "It's a bigger, stronger company and we have done well for investors."

If an investor bought \$10,000 of PSEG shares on Ferland's first day on the job, and reinvested all of the dividends, the investment would be worth more than \$100,000 as of March 1.

[See **FERLAND**, Page 7]



Public Service Enterprise Group Chief Executive E. James Ferland, at his company's headquarters in Newark, will resign after 21 years at the helm of one of the state's major power suppliers.

**BEHIND THE NUMBERS**

**Places to go, people to see**

The beauty of New Jersey is it's small enough to have breakfast at the shore, lunch in the Ironbound and dinner in the leafy Northern Highlands, with time in between to visit a mall. Such a day would likely include competing for space on the Garden State Parkway. Parkway trips have been eased by the elimination of 12 toll plazas beginning in September 2004. During the first 11 months of 2006, 397.2 million cars passed through toll plazas, down 16 percent from a year earlier.

SOURCE: Garden State Parkway, Traffic Division

**Top 5 busiest GSP toll plazas for 11 months through November 2006**  
(In millions)

Raritan South	37.8
Union	33.2
Toms River	32.7
Pascack Valley	28.5
Essex	25.7

**SCORECARD**

**HIGH: JOHN LEGERE**



It was the type of comeback story Lucent and AT&T executives in New Jersey wish they could have told. Analysts think Global Crossing CEO John Legere has revived the Florham Park telecom as a lean niche player on the road to sustained profitability.

**LOW: HANK MCKINNELL**



Oh, the things you could do with a retirement package worth nearly \$200 million. Turns out former Pfizer CEO Hank McKinnell will lend some of his expertise as a member of the advisory board of the Solstice destination club, which operates ultra-high-end vacation time shares.

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