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On the cover
Kentuckian William Taylor “Bill” Robinson III is the current president, face and mouthpiece of the 400,000-member American Bar Association. He is a commercial litigation specialist who has long been prominent in the Northern Kentucky legal community. Robinson is with the Frost Brown Todd firm’s office in Florence, Ky.

Photo courtesy of Frost Brown Todd LLC.

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USE YOUR RIGHTS OR FORFEIT THEM

E lecting government officials is the citizen’s ultimate control

BY ED LANE

I often consider how lucky I am to have been born in the United States – the land of freedom and economic opportunity. Much of America’s greatness can be traced to the experience, intelligence and leadership of the country’s founding fathers who carefully crafted the U.S. Constitution.

Even today, some of our political and judicial leaders carry around a copy of the Declaration of Independence and the Constitution. They take their oath of office seriously. Like most U.S. citizens, I don’t regularly read the country’s founding documents, which set forth our fundamental rights and freedoms as citizens. But America’s future could be in jeopardy because its citizens have become complacent and its political leaders are adopting policies that are not consistent with the basic values that make America great.

Perhaps all Americans should regularly review the basic concepts of the U.S. Constitution:

• All people are created equal and are born with the rights of life, liberty and the pursuit of happiness. These rights were not given to them by government; all of the power of the government, in short, comes from the people.
• The primary duty of our government is to secure the citizen’s rights against domestic and foreign oppression while simultaneously not being so powerful, excessive or overreaching as to be oppressive itself.
• Moral reasoning is the foundation of our political system; the theory is a higher law of right and wrong exists from which human law is derived.
• In the pursuit of personal happiness, each citizen must respect the equal rights of other citizens to do the same.
• The founding fathers conceived a brilliant and thoughtful form of limited government – designed to protect each citizen’s personal rights and freedoms, and to have checks and balances by utilizing three branches of government.
• The 9th and 10th Amendments of the Bill of Rights provide these guarantees to American citizens:
  • The protection against rights being assumed by government that were not specifically enumerated in the U.S. Constitution.
  • Powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.

The doctrine of enumerated powers is the citizen’s principal defense against overweening – the excessive assumption by the government of powers not given to it by the people. Unfortunately, overweening seems to be a guiding principle of the U.S. government in recent years.

A few of many examples:

New legislation – The Patient Protection and Affordable Care Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act will authorize bureaucrats, without legislative ratification by Congress, to highly regulate healthcare and financial services – approximately 20 percent of the U.S. economy.


Business ownership – The U.S. Government now owns a significant interest in many businesses including: General Motors, AIG Insurance, Fannie Mae and Freddie Mac. Government ownership is in conflict with the free-market system.

America needs to change course and return to the fundamental values that made our country great: smaller government; fiscal responsibility; less bureaucracy, regulations and government intervention; a free-market economic system; and the right to own and control property.

The founding fathers designed an extraordinarily thoughtful plan of government. One important element is the right to elect government officials – the citizens’ ultimate control to keep government from taking away our freedoms and personal liberties.

Americans must keep our country’s values secure for this and the future generations to come. We must stop deficit spending, the erosion of personal liberty and the diminution of the free-market system. 2012 is a critical year for every citizen to review the issues and do his or her duty to protect freedom and reign in the out-of-control growth of the federal government.

Ed Lane is publisher of The Lane Report.

The Research Challenge Trust Fund, commonly known as “Bucks for Brains,” is a strategic investment in university research designed to create new jobs, generate new economic activity and provide new opportunities for Kentucky citizens. At the University of Louisville the impact of Bucks for Brains has been far reaching. Economic development continues to advance at UofL, and across the region, through enhanced research dollars—the multiplier effect of research-related investment—and the commercialization of research. More importantly, the quality of life for Kentuckians is improving because of the strides in research that span bioengineering, business, law, medicine and the arts.

Read more about the exceptional milestones our Bucks for Brains faculty have reached at louisville.edu/bucksforbrains
HIGHLAND HEIGHTS: N. KY. SUPER BUSINESS ACCELERATOR FORMED TO SPUR 50 HIGH-TECH INFORMATICS STARTUPS

WITH a vision to fuel economic growth in Northern Kentucky and lay the foundation of an informatics-industry cluster, a super business accelerator called UpTech has been created to provide startup companies with financial and developmental support.

UpTech has committed to funding 50 of the best and brightest early-stage informatics companies from the United States and abroad, and will invest up to $100,000 into each of the startups that demonstrate their commercial potential through an application and review process. UpTech will provide each business with six months of free, premium riverfront office space along with essential business support.

“Several Greater Cincinnati-area companies have joined forces with UpTech to provide the winners with the critical business support they need during the early foundational stages,” said Bill Scheyer, co-founder of UpTech. “These local companies will provide the legal, financial, accounting, and marketing/public relations support startups need to become strong, successful businesses.”

The UpTech winners will receive support from Northern Kentucky University’s College of Informatics along with on-campus informatics labs and facilities for collaboration, events and seminars.

“We believe UpTech has the tools to be among the nation’s top tier of tech-related business accelerators, attracting passionate and creative entrepreneurs whose ideas could spark tomorrow’s most dynamic enterprises,” said Rich Boehne, president and CEO of E.W. Scripps Co., a Fortune 100 media company based in Cincinnati.

A panel of national informatics, futurists, business and investment experts from companies such as CBS, Cisco, Dell, Procter & Gamble, SAP, Scripps and Summus Software will serve as the contest judges. The judging will look at seed-level ideas to support health information technology, cloud computing virtualization, business analytics, digital media and cyber security.

More information is available at uptakechideas.org.

STATE: KENTUCKY AMONG FIRST TO BEGIN CERTIFYING ‘WORK-READY COMMUNITIES’ TO HELP DRIVE GROWTH

KENTUCKY is among the first three states to be accepted into the national ACT Certified Work Ready Communities Academy, a program designed to help states achieve the workforce skills that drive economic growth.

A leadership team from Kentucky representing workforce development, education and economic development will participate in the academy during the next 12 months. ACT, which is usually associated with educational testing, is establishing a national baseline for state workforce standards that each state can build on through its Certified Work Ready Communities program. The academy gives Kentucky leaders the opportunity to collaborate with other state leaders on workforce development strategies.

To become certified, communities must gather local support and apply for the Work Ready Community designation. Earning that status assures employers that a local workforce has the skills to staff existing jobs and master the technologies new jobs will require. Counties will have to meet criteria in six areas: high school graduation rate, National Career Readiness Certificate holders, demonstrated community commitment, educational attainment, soft-skills development and digital literacy.

“Being invited to participate as an inaugural member of this program means that Kentucky will help shape the national conversation and movement to close the skills gap in the workforce, and be on the forefront of transforming our local economies and giving communities a competitive edge,” said Kentucky Department of Workforce Investment Commissioner Beth Brinly.

LOUISVILLE: UofL, INNOVATE TEAM TO COMMERCIALIZE AGE-RELATED RESEARCH

THE International Center for Long Term Care Innovation (InnovateLTC) has signed an agreement with the University of Louisville’s Research Foundation Inc. to accelerate commercialization of products and services related to aging.

Researchers at UofL will help validate research findings and InnovateLTC will build the infrastructure required to bring innovations to the marketplace.

“Our partnership complements the university’s current commercialization strategy for the life-sciences sector, while expanding services for products, service models and technology that benefit both the quality of care and the quality of life as we age,” said InnovateLTC President and CEO John Reinhart.

Besides potentially commercializing aging-related research and discoveries, “The partnership will also allow our faculty a chance to collaborate with industries and consumers in real-world situations and that can be a real game changer,” said William Pierce, executive vice president for research and innovation at UofL.

InnovateLTC will partner with UofL’s Office of Technology Transfer to map out a strategy for obtaining trademarks, patent filings and licensing agreements.

Aging-related research at UofL is conducted in a variety of disciplines, Pierce added.

“This would not be confined at all to geriatric medicine,” he said. “It would include disciplines such as engineering, social work, law and business.”

Reinhart said there could be vast amounts of untapped research that is ripe for commercialization but has gone unexamined because it does not fall into the traditional life-sciences categories of either pharmaceutical or medical device.
NEW AD CAMPAIGN CELEBRATES KENTUCKY’S UNIQUE TOURIST SITES

Kentucky’s Department of Travel has launched a new marketing campaign that focuses on attractions that are unique to The Bluegrass State, such as Mammoth Cave, the Kentucky Horse Park and the National Corvette Museum. The new campaign, called “There’s Only One,” will differentiate Kentucky from other destinations by emphasizing 31 places and things travelers to and within the commonwealth can experience that cannot be replicated anywhere else. Additional locations will be added after they complete a certification process. Tourism is one of Kentucky’s major revenue producers, generating an economic impact of $11.3 billion and $1.2 billion in taxes. The industry employs some 170,000 Kentuckians.

BUSINESS BRIEFS

BARDSTOWN
■ Sykes Enterprises is in the process of adding 40 to 60 employees at its Bardstown call center to support a Fortune 100 communications client. The Florida-based company, which opened the Bardstown center in 2009, is hiring both full-time and part-time employees to add to its existing 450-member work force.

BOONE COUNTY
■ Post Glover Resistors plans to consolidate its Milford, Ohio, location — which it acquired through a merger in 2010 with T&B Resistors — and its Erlanger, Ky., operation into one large facility in unincorporated Boone County. The expansion represents a $5 million investment and will add 19 new jobs to the existing 100-member work force. Post Glover President Richard Field said that the expansion will enable the company to produce components that are currently purchased in Italy.

BOWLING GREEN
■ Western Kentucky University’s Board of Regents has approved a new doctor of physical therapy degree. The DPT is the university’s third practice-based doctoral program, following Educational Leadership and Nursing Practice, and is the third physical therapy doctoral program in Kentucky. The first WKU DPT class will start in August.

■ The new Southern Kentucky Performing Arts Center is slated to open in downtown Bowling Green on March 10. The 1,800-seat facility will feature an expansive stage and state-of-the-art theatrical and sound equipment that will be able to accommodate everything from Broadway shows and classical music to comedy performances, lectures or large corporate gatherings. An additional 200-seat flexible studio theatre will host blues or jazz bands, intimate theatrical productions, local performing troupes or school groups and other groups that require a smaller, more flexible and intimate performance environment.

OUTHEAST Kentucky Economic Development Corp. (SKED) is offering a nationally recognized entrepreneurial and small business-training program to help give small-business owners and entrepreneurs the tools they need to build and grow their companies.

■ Entrepreneural SMARTS: Simple Methods And Reality-based Training for Success” sessions are being scheduled in 10 Kentucky communities over the next year. The seminars will be led by Pat Bradley, SKED small-business training specialist, and Tamara Clontz, an independent consultant and member of B2B CFO Partners LLC, who have been trained in presenting the Core Four Business Planning Course and will also convey the first-hand knowledge they have gained from years of extensive experience in small-business management.

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Entrepreneurs and small-business owners attending the sessions will be instructed in basic knowledge about starting, financing and operating a business and planning for success. Class participants will also be given the tools needed to determine if business ownership is for them.

SKED Executive Director Greg Jones says this new entrepreneurial training program is a natural progression for SKED and its mission of job creation and building a better economic future for the residents of Southeast Kentucky.

Thanks to a grant from the Appalachian Regional Commission and financial support from SKED, the training sessions are being offered for $25 per person. Information on the scheduled class sites, dates and registration is available at southeast-kentucky.com or by calling (606) 677-6102.

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BUSINESS BRIEFS

FRANKLIN
■ Franklin County Career and Technical Center (FCCTC) has launched a new alternative fuels lab, where vocational students are learning how to reuse waste oil to produce alternative fuels. To produce its first batch of fuel, the center collected waste oil donated by local restaurants to convert to biodiesel. Eventually, FCCTC will convert waste oil from the district school cafeterias to biodiesel. Presently, however, biodiesel produced by the school is used for nonroad applications: Automotive technology students at FCCTC are able to run comparative exhaust emission analysis on conventional diesel versus waste oil derived biodiesel made in the laboratory.

GEORGETOWN
■ Aichi Forge USA Inc. is expanding its Georgetown plant and plans to add 26 new jobs at its only U.S. operation, where it currently employs a 204-member work force. Aichi Forge is a large steel-forging manufacturer primarily serving the automotive and truck market. The company’s $5.5 million investment, which will include new equipment and plant updates, will allow the company to diversify its current market to further expand into the heavy truck and transmission applications. The project is expected to be complete by the end of the year.

■ The Cincinnati Bengals have informed Georgetown College that they will not be returning to Kentucky for their summer training camp, ending a 15-year tradition. Bengals owner Mike Brown said the decision resulted from the new collective bargaining agreement between the NFL and its players that limits the number of practices. “That’s nothing the Bengals or Georgetown College wanted to see happen,” Brown said, “but it is the hand we are dealt, so we both have to adjust to it.”

HEBRON
■ UPS is cutting more than 400 jobs at its supply chain solutions warehouse in Hebron after losing one its largest customers, Zulily, a Seattle-based Internet company that specializes in baby items, informed UPS that it plans to handle its distribution in-house rather than contracting UPS to manage its inventory. The Hebron facility will be left with a staff of approximately 150 following the cuts.

HENDerson
■ Northwest Kentucky Forward, a public-private economic development partnership, has received grant funding from the USDA Rural Development Administration and the Delta Regional Authority to develop a business incubator. The Northwest Kentucky Entrepreneurship Center will be located in downtown Henderson and will include at least seven offices, including an executive suite; at least four entrepreneurial suites; a conference room and training room.

KNOX COUNTY
■ Knox and Bell counties are receiving $1.5 million in Multi-County Local Government Economic Development Funds/Cool Severance Funds to help renovate the former Knox County Hospital to serve as a new facility for Union College’s academic nursing and health science programs. The additional facility will help accommodate Union College’s expanding registered nurse and bachelor of science in nursing programs, which are expected to grow by 200 students within a five-year period. Union’s current undergraduate yearly enrollment is approximately 700 students.

LA GRANGE
■ The Rawlings Group, an insurance claims recovery company, is planning to add 100 workers to its existing 660-member work force, according to a report by The Courier-Journal. The company has been located in La Grange since 2007 and now ranks as Oldham County’s largest employer.

LOUISVILLE: BLUE GAINS CONTROLLING INTEREST IN JAMAICAN FUEL COMPANY

BLUE Equity, a private equity firm headquartered in Louisville, has acquired a controlling interest in Cool Petroleum Limited, the licensed user of Shell brands in Jamaica.

Cool Petroleum is one of Jamaica’s largest corporations, with 2011 revenues of more than $370 million, and is one of the largest suppliers of raw materials in Jamaica, serving a variety of manufacturing industries such as furniture, paints, coatings, packaging, adhesives and the automotive sector. In addition, Cool maintains the only commercial bulk chemical storage facility in Jamaica and serves as a supply hub for the entire Caribbean market. It is currently a market leader in the region and is in the process of expanding its product line.

Blue Equity purchased controlling interest in Cool Petroleum pursuant to agreements through which it acquired Neal and Massy Holdings Ltd.’s stake in Cool Petroleum and an undeclared number of Cool Petroleum shares from Cool Corp Limited. Financial details of the transaction were not disclosed.

Jonathan S. Blue, chairman and managing director of Blue Equity, will assume the role of chairman and CEO of Cool.

Blue Equity’s other portfolio interests in the Caribbean already include Island Ice & Beverage Co. Limited (IIBC), which manufactures and distributes packaged ice and various beverages in the Caribbean. Through its retail and wholesale channels, IIBC supplies over 750 locations in Jamaica and operates industrial manufacturing facilities in Kingston and Montego Bay, Jamaica.

LOUISVILLE: LUCKETT & FARLEY A/E FIRM NOW 100 PERCENT EMPLOYEE OWNED

LUCKETT & Farley, one of the state’s oldest architecture and engineering firms, is now a 100 percent employee-owned company.

“By providing a way for Luckett & Farley’s employee-owners to create real wealth for themselves and their families, we’re confident that all of our folks will continue to provide the best service and technical solutions to our clients, ensuring the continued long-term success of what is now their company too,” Luckett & Farley President and CEO Ed Jerdonek said.

Luckett & Farley originally started its employee stock ownership plan (ESOP) in January 2000, when the previous owners of the firm each sold equal shares of their stock to total just over 26 percent of the company’s equity. Over the years, the ESOP has continued to grow as a result of employee retirements and redemptions to a high of just over 61 percent of the company’s total equity. As a result, the ESOP became the largest shareholder at Luckett & Farley. According to company officials, planning for the transition to a 100 percent employee-owned company has been in motion since early last year.

According to the company, the transaction is being funded internally with no external debt capital. Luckett & Farley has practiced in Louisville since 1853 and was recently named as one of the best places to work in Kentucky for the fourth consecutive year as part of the Best Places to Work awards program.

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• UPS Ground delivery will be paid by Kaman Industrial Technologies.
• Other customer-specified shipment methods will be charged to the customer.
• Promotional offer ends April 30, 2012.
**BUSINESS BRIEFS**

**LEXINGTON**
- Lexington is one of six cities that will lose flight service from AirTran Airways as a result of the recent acquisition of AirTran by Southwest Airlines. AirTran began flight service between Lexington and Florida destinations in February 2011. Southwest said it plans to discontinue AirTran operations effective Aug. 12.

**LONDON**
- Wazoo Sports, a regional sports network that has been broadcasting Kentucky high school and college sporting events on TV and the Internet since 2007, has filed for Chapter 11 bankruptcy. The late-December filing came shortly after the London-based company was dropped by several of its broadcast affiliates.

**LOUISVILLE**
- Southwest Airlines will begin offering nonstop jet service between Louisville International Airport and Atlanta’s Hartsfield-Jackson International Airport, effective August 12. Southwest will operate three daily flights utilizing the 137-seat Boeing 737 aircraft. With this addition, Southwest will offer daily nonstop flights from Louisville to Atlanta, Baltimore, Chicago/Midway, Las Vegas, Orlando, Phoenix, St. Louis and Tampa.
- A group of physical therapy businesses has joined forces to form an industry advocacy group that is being headquartered in Louisville. The Physical Therapy Business Alliance represents more than 90 practices in 20-plus states with over 250 locations and 750 licensed therapists.
- Trilogy Health Services is expanding its Louisville headquarters to accommodate “major growth in the region.” The expansion will result in 50 new jobs and will entail a $1.76 million investment in new equipment and building expenses and $3 million in new annual payroll. Founded in 1997, Trilogy is a provider of senior living and long-term healthcare services and operates 65 health campuses throughout the Midwest.
- Donan Engineering Co., a Louisville-based forensic engineering and fire investigation services firm, has added new offices in Austin and Dallas, Texas. The new locations are the company’s first foray into the Texas market and bring Donan’s total number of offices to 38 locations in 19 states. The firm currently has approximately 210 employees and anticipates growing to 280 by the end of 2012.
- Delta Air Lines has announced plans to add daily nonstop jet service between Louisville International Airport and New York’s JFK International Airport. The new service, which will begin July 11, will be operated by Delta Connection carrier Chautauqua Airlines using 50-seat jet aircraft.
- After a strong year of growth that included opening its 3,000th restaurant in North America, Louisville-based pizza chain Papa John’s International is offering a franchisee incentive that includes no franchise fee, a royalty waiver, $50,000 in equipment and a $5,000 food service credit. The program is generally available for new U.S. unit development agreements signed by qualifying franchisees through Nov. 18, 2012, for new restaurant openings on or before Dec. 30, 2012.
- As part of an effort to streamline operations, Colbert Packaging Corp., a manufacturer of folding cartons, rigid paper boxes and paperboard specialty products, has announced plans to close its 33,500-s.f. manufacturing facility in Louisville by mid-March. Colbert obtained the Louisville facility, as well as equipment, inventory, employees and customer accounts, in its 2009 acquisition of folding carton manufacturer Dayton Carton. Equipment and customers currently serviced through Louisville will be transitioned to Colbert facilities in Illinois and Indiana. The majority of the plant’s 35 full-time employees will be offered the opportunity to apply for positions at other Colbert facilities.

**LOUISVILLE: JEFFERSON NATIONAL TO MOVE CORPORATE HQ TO LOUISVILLE**

Jefferson National Financial Corp. (JNFC) has announced plans to relocate its company headquarters from New York to Louisville, creating 95 jobs at an average annual salary of more than $85,000. In addition, the company plans to more than double its existing 14,000-s.f. office space in Louisville, where it currently employs a staff of 55.

Jefferson National Financial serves more than 43,000 customers nationwide and distributes financial products and services through a nationwide network of 1,600 Registered Investment Advisors and other independent fee-based advisers. JNFC CEO Mitchell H. Caplan said $2 million in tax incentives preliminarily approved by the Kentucky Economic Development Finance Authority were a significant factor in the company’s decision to grow and expand in the Louisville area. The performance-based incentive allows a company to keep a portion of its investment, dependent on the terms of the agreement through corporate income tax credits and wage assessments by meeting job and investment targets.

JNFC’s expansion plans follow an $83 million management buy-out of the company, led by Caplan, the former CEO of E*Trade Financial, who joined JNFC in 2010.

“Starting in 2005, Jefferson National completely re-engineered the way variable annuities are bought and sold with a singular focus on serving fee-based advisers,” Caplan noted following the buy-out announcement. “Transforming the product with a proprietary technology platform, and rebuilding the distribution from the traditional wholesaler-driven model to a unique direct-marketing model, we have been able to dramatically reduce costs, create greater consumer value and become the leading variable annuity provider to the fee-based channel.”

Jefferson National Financial Corp.’s proprietary technology and unique distribution model have positioned them as a leader in the fast-changing financial services industry,” said Daryl Snyder, vice president of economic development at Greater Louisville Inc. “We’re delighted they see Louisville as the right location to attract the talent they need as they grow their corporate headquarters.”

**STATE: BACKROADS BIKE ROUTES NEW WAY TO EXPLORE KY BOURBON TRAIL**

The Kentucky Distillers Association and the Bluegrass Cycling Club have teamed up to provide back-road bike routes for the popular Kentucky Bourbon Trail that take tourists through Kentucky’s rolling hills and scenic countryside.

“We’ve been surprised at the growing number of requests for bicycling routes,” said KDA President Eric Gregory. “So we turned to the experts who know the roads and who know the roads that work best for bicyclists.”

Created by the KDA in 1999, the Kentucky Bourbon Trail tour features six distilleries, each offering a unique and educational experience in the art and craft of bourbon-making: Four Roses, Heaven Hill, Jim Beam, Maker’s Mark, Wild Turkey and Woodford Reserve. Last year the trail attracted visitors from all 50 states and 16 countries.

Maps and cue sheets for the bike routes are available at kybourbontrail.com or bgcycling.org.
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BUSINESS BRIEFS

LOUISVILLE
- The Kentucky Public Service Commission has approved a land exchange that will assist in the completion of a 100-mile hiking and biking trail in Louisville. Louisville Gas & Electric Co. (LG&E) will deed nearly seven acres of land at its Cane Run power plant in western Jefferson County to Louisville/Jefferson County Metro Government in exchange for 17 acres of vacant city-owned property that abuts the Cane Run plant property. Because the city property has a higher appraised value, LG&E also will pay $56,400 to Louisville Metro government. The city intends to use the acquired land for the Ohio River Levee Trail, which is a portion of the longer Louisville Loop Trail that is being built to circle the city.

MADISONVILLE
- High Tech Chrome Plating Inc. is investing nearly $2 million to expand its facility in Madisonville. The project will more than double the existing plant by adding 18,000 s.f. and result in the eventual hiring of approximately 15 more employees. High Tech, which provides chrome plating of specialized rollers and equipment used in manufacturing applications, currently has approximately 10 employees.

- United Central Industrial Supply, a mining and industrial supply distributor, is consolidating its Madisonville and Henderson operations and plans to add 16,000 s.f. to the Madisonville plant to accommodate the expansion. The project will more than double the size of the plant and will likely result in additional hiring as well. The Madisonville plant currently has a staff of 12.

MOUNT STERLING
- Olympic Steel has expanded the scope of its plans for a new steel service center in Mount Sterling and has purchased an additional 100,000 s.f. facility to accommodate increased growth. The Cleveland-based company will add 40 jobs to the initial 20 jobs that were planned when the project was announced last summer. Olympic Steel will now occupy two Mount Sterling plants, which will facilitate steel processing, machining and material handling. The existing facility has been operational since the first quarter of 2011; the recently acquired facility is expected to be operational by the second quarter of this year. The project represents a total investment of $11.2 million.

NICHOLASVILLE
- SMC Manufacturing Services has announced plans for a new manufacturing facility in Nicholasville that will create 94 new jobs. SMC, which acquired the Custom Wiring company last spring, will be located in the former 22,500 s.f. Custom Wiring building and will manufacture circuit board assemblies and perform systems integration for the electronics industry. The company has already begun operations and anticipates ramping up to full capacity by early 2013.

OWENSBORO
- First Security Bank, headquartered in Owensboro, is investing more than $3 million to build a new 30,000-s.f. headquarters facility. The new building, which is part of a broad community downtown development initiative, is scheduled to be complete by summer. First Security is a $570 million bank with more than 100 employees. The company also has offices in Bowling Green, Franklin and Lexington, and an office in Evansville, Ind.

PARIS
- Windstone Farms LLC, a Paris-based producer of jams, has been acquired by Algood Food Co. for an undisclosed price. Louisville-based Algood, which packs private-label peanut butter, jellies and preserves, has been producing blackberry and strawberry jams for Windstone for the past 14 years. Windstone is sold in hundreds of Kroger, Walmart, Sam’s Club and Meijer stores and will now operate as a division of Algood Food.

BOWLING GREEN: CSX RANKS TRANSPARK AMONG TOP U.S. MANUFACTURING SITES

CSX Corp., one of the nation’s leading transportation companies, has certified the Kentucky Transpark in Bowling Green as a CSX Select Site, ranking it as one of only five sites in the nation to be considered the best manufacturing properties on CSX’s rail network spanning 23 states.

The Transpark’s Lot 6 is the only site in Kentucky – and one of only two sites in the southeastern United States – to receive the certification.

CSX introduced CSX Select Sites as a new program to provide customers a simple way to access certified, rail-ready properties for a variety of industrial uses.

The Kentucky Transpark is a business and industrial park located on 900 acres next to U.S. 31-W and Highway 68/80. The park is within one mile of Interstate 65 with a planned connector road to bring immediate access to the interstate. The Transpark can accommodate heavy and light industrial manufacturing operations, and is currently home to several automotive companies, including American Howe International, Bowling Green Metalforming and Cannon Automotive Solutions.

The CSX Rail Spur, completed in spring 2010, extends from the CSX main line, beginning at the Highway 68/80 rail-road overpass and running parallel to Highway 68/80 past Mizpah Road to Lot 6 at Commonwealth Boulevard. A grant from the Commonwealth of Kentucky funded the $4.1 million rail spur development project, building 7,100 feet of rail.

“Ultimately, these sites will represent many of the best manufacturing properties along CSX’s rail network in the eastern U.S.,” said Clark Robertson, CSX assistant vice president-regional development. “The Select Site designation promotes shorter decision timelines, increased speed to market and lower up-front development risk for companies seeking industrial property to place their manufacturing operations.”

Select Sites are marketed on the CSX website, further increasing marketability.

“This certification gives us a competitive advantage at the Transpark and in south-central Kentucky because of the stringent criteria identified by CSX and Austin Consulting,” Warren County Judge-Executive Michael Buchanon said. “We are gaining yet another opportunity here to point to reasons that make the Transpark an ideal location for business – in fact, one of the best in the nation.”

Submissions Welcome
To submit news and photographs for publication in Fast Lane, please mail information to: The Lane Report, 201 East Main Street, 14th Floor, Lexington, KY 40507-2003 or send via e-mail to editorial@lanereport.com.

Color photographs are preferred, either in standard form or digital. For digital photographs, a resolution of 300 dpi is required, formatted in either jpeg or tif.
LOUISVILLE: NEACE LUUKENS PURCHASE OF BERRYMAN EXPANDS KY FOOTPRINT

OUISVILLE-based insurance company Neace Lukens has acquired Berryman Insurance Agency, a full-service, independent insurance agency based in Hartford, Ky.

The purchase is Neace Lukens’ first acquisition since its partnership with AssuredPartners Inc., a Florida company that acquires and invests in property and casualty and employee benefits brokerage businesses.

AssuredPartners Senior Vice President Eric Anderson said the goal of the recent acquisition was to expand Neace Lukens’ footprint in Kentucky.

Berryman has been in operation since 1937 and under the same ownership since 1969. In addition to its Hartford location, Berryman also has offices in Owensboro and Hardinsburg. The company specializes in auto, home, property, liability, workers compensation, life and health insurance.

Neace Lukens, founded in 1991, has more than 150 licensed agents and more than 600 employees operating in 22 offices throughout Kentucky, Ohio, Indiana, Illinois, Michigan, Tennessee, Arizona, Georgia, Arkansas, Florida and South Carolina. The company was recently named as one of the best places to work in Kentucky by the Kentucky Chamber of Commerce for the third consecutive year and the fourth time in the past five years.

Financial details of the transaction were not disclosed.

BUSINESS BRIEFS

RUSSELL COUNTY

The U.S. Army Corp of Engineers is soliciting proposals for the development and operation of a new commercial marina on Lake Cumberland in Russell County, northeast of Albany. The project would encompass approximately 162 acres and would accommodate 100 to 250 boats.

SHEPHERDSVILLE

Magna Seating of America has opened a new 139,500-s.f. facility in Shepherdsville and announced that it will be hiring a significantly larger number of employees than originally projected. The company had initially planned to hire around 216 workers but now expects that figure to be as high as 450. The Shepherdsville plant will produce seating and seating components to support production of the Ford Escape at the Louisville Assembly Plant, which is slated to begin production in early April after an extensive $600 million renovation.

STATE

ACS, a company that specializes in business process outsourcing and information technology services, has announced that it will assume the name of parent company Xerox and drop the ACS name. Since being acquired by Xerox in 2010, the company had been operating as ACS, a Xerox Company. ACS has a major presence in Kentucky, employing nearly 5,000 people at locations across the state.

LOUISVILLE: NEACE LUUKENS PURCHASE OF BERRYMAN EXPANDS KY FOOTPRINT

BUSINESS BRIEFS

RUSSELL COUNTY

SHEPHERDSVILLE

STATE

BUSINESS BRIEFS

RUSSELL COUNTY

SHEPHERDSVILLE

STATE

LOUISVILLE: NEACE LUUKENS PURCHASE OF BERRYMAN EXPANDS KY FOOTPRINT

BUSINESS BRIEFS

RUSSELL COUNTY

SHEPHERDSVILLE

STATE
BUSINESS BRIEFS

INDIANA

■ Sunshine Manufacturing, a company that produces tanning products and lotions, is relocating its manufacturing facility from Arizona to Indiana, creating up to 180 new jobs. The company will occupy a 105,000-s.f. facility in Indiana and is expected to be operational by this spring. The company’s portfolio of brands includes Australian Gold, Designer Skin, Swedish Beauty and California Tan.

■ California-based NantWorks plans to locate a new pharmaceutical manufacturing plant in Terre Haute, Ind., that will create up to 254 new jobs by 2016. The pharmaceutical company plans to invest $85.5 million to redevelop the former Pfizer facility on approximately 210 acres on the south side of Terre Haute. The new manufacturing plant, which is expected to be operational in 2015, will produce injectable and oncological drugs.

TENNESSEE

■ ABB, a Swiss power and automation technology group, has acquired Thomas & Betts Corp., a Memphis-based company that specializes in low-voltage products, in a transaction valued at $3.9 billion. The combined product portfolio and enhanced distribution network will enable ABB to double its addressable market in North America to approximately $24 billion. Thomas & Betts will become a new global business unit led out of Memphis under the leadership of current Thomas & Betts Chairman and CEO Dominic J. Pileggi. Thomas & Betts employs approximately 9,400 people and is estimated to report 2011 revenues of approximately $2.3 billion. ABB operates in approximately 100 countries and employs about 130,000 people. The company reported approximately $5 billion in revenue for the first nine months of 2011.

■ Gaylord Entertainment and Dolly Parton’s Dollywood Co. have formed a joint venture with plans to develop a 114-acre family entertainment zone adjacent to the Gaylord Opryland Resort and Convention Center in Nashville. Phase one of the as-yet-unnamed project will be a $50 million water and snow park that is being billed as the first of its kind in the United States. The park is projected to open in the summer of 2014.

■ Briggs & Stratton Corp., a Wisconsin-based producer of outdoor power equipment, plans to close its manufacturing plant in Newbern, Tenn., by mid-May and will move the plant’s operations to a facility in McCombough, Ga., as part of a consolidation plan that also involves shifting production from the Czech Republic to Murray, Ky., and reconfiguring and idling certain assets at its Poplar Bluff, Mo., plant. The Tennessee plant closing will affect 600 employees.

OHIO

■ New York-based marketing agency Eric Mower + Associates has acquired Strata-G Communications, a full-service advertising agency headquartered in Cincinnati. EMA has 215 professionals and estimated 2011 capitalized billings of $210 million, while Strata-G has more than 35 professionals and $55 million in capitalized billings. Together, they create an integrated marketing firm with estimated 2012 capitalized billings approaching $250 million and more than 250 full-time employees in seven offices in Buffalo, Rochester, Syracuse and Albany, N.Y.; Charlotte, N.C.; Atlanta, Ga.; and Cincinnati, Ohio. Strata-G will continue local operations as Strata-G/Eric Mower + Associates.

WEST VIRGINIA

■ The West Virginia Ports Authority has been awarded $12 million by the U.S. Department of Transportation to construct an intermodal terminal along Norfolk Southern’s Heartland Corridor near Prichard. The Prichard intermodal facility is being developed to serve as a cargo transfer station along the Norfolk Southern rail line. Once completed, the facility will give industries in West Virginia, Ohio and Kentucky more modern and efficient freight container service and improved access to international rail lines.

INDIANA: AMAZON SALES TAX AGREEMENT MAY ADD $25M TO INDIANA REVENUES

The State of Indiana has reached an agreement with Amazon.com to begin collecting Indiana sales tax on Internet purchases.

According to the agreement between Amazon and the Indiana Department of Revenue, the company will voluntarily begin to collect and remit Indiana sales tax beginning Jan. 1, 2014 or 90 days from the enactment of federal legislation, whichever is earlier. The state will not assess the company for sales tax for other periods.

“The Indiana State Budget Agency and DOR estimate that revenue from sales tax remittal by Amazon would be approximately $20 million to $25 million per year. Indiana will become the fourth state to reach such an agreement with Amazon, but Indiana Gov. Mitch Daniels said he would continue to push for federal action to address the issue. According to a report by the Indianapolis Business Journal, the agreement follows a lawsuit by Simon Property Group, an Indianapolis-based mall owner, and lobbying by traditional retailers who claimed that online retailers have an unfair price advantage.

“The only complete answer to this problem is a federal solution that treats all retailers and all states the same,” said Daniels. “But for now, Amazon has helped us address the largest single piece of the shortfall, and we appreciate the company working with us to find a solution.”

TENNESSEE: RAYMOND JAMES FINANCIAL ACQUIRES MORGAN KEEGAN FOR $930M

Raymond James Financial Inc. has announced a definitive stock purchase agreement to acquire Memphis-based Morgan Keegan & Co. Inc. for $930 million.

“While our preference is generally organic growth, we have used strategic mergers to grow throughout our history when the timing and pricing are right and, most importantly, when there is a strong cultural fit and clear path for integration,” said Paul C. Reilly, CEO of Florida-based Raymond James Financial. “This merger … represents a major step toward achieving our vision of being the premier alternative to Wall Street.”

The combined businesses of Raymond James and Morgan Keegan will create one of the country’s largest full-service wealth management and investment banking firms not headquartered on Wall Street. The addition of Morgan Keegan’s more than 1,000 private client financial advisors increases Raymond James’ advisor count to more than 6,000.

Raymond James officials say they are committed to maintaining a large presence in Memphis, where the firm has had retail and institutional offices for years prior to merging with Morgan Keegan. Raymond James’ fixed income and public finance businesses will be centered in Memphis and the firm intends to continue to operate a regional support center there. Morgan Keegan CEO John Carson will join Raymond James as president and will oversee the firm’s fixed income and public finance operations.
A sampling of economic development data

NO-SO-BETTER BUSINESSES
Most complained-about business sectors in 2011
A wide range of industries topped the lists of business categories that brought in the most complaints to Kentucky’s two Better Business Bureaus.

2011 TOP COMPLAINED-ABOUT INDUSTRIES

Central/Eastern Kentucky
874* Health Clubs
236 Auto Dealers - New & Used
98 Books - Textbooks New & Used
94 Manufacturers & Producers
60 Door-to-Door Sales - Magazines
60 Television - Cable/Satellite
59 Auto Repair & Service
55 Furniture - Retail
47 Roofing Contractors
42 Heating & Air Conditioning Contractors

Louisville/Southern Indiana/Western Kentucky
292 Manufacturers & Producers
284 Auto Dealers - New Cars
243 Hospitalization, Medical & Surgical Plans
237 Auto Dealers - Used Cars
144 Credit Card Processing Service
136 Restaurants
132 Cable TV, Internet & Telephone Installation Service
129 Roofing Contractors
100 Furniture - Retail
100 Plumbing Fixtures, Parts, Supplies - Retail

RUNNING THE NUMBERS
Thoroughbred wagering shows signs of improvement
U.S. wagering on Thoroughbred racing saw a significant increase for December 2011, the first year-over-year increase since November 2009. Fourth-quarter wagering in 2011 was also up compared to the third quarter for the first time since 2007. For the year, annual purses were up for the first time since 2007.

December 2011 vs. December 2010

<table>
<thead>
<tr>
<th>Indicator</th>
<th>December 2011</th>
<th>December 2010</th>
<th>%Change</th>
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<tr>
<td>Wagering on U.S. Races*</td>
<td>$800,597,776</td>
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<td>U.S. Purses</td>
<td>$69,878,527</td>
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<td>U.S. Race Days</td>
<td>348</td>
<td>314</td>
<td>-10.19%</td>
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YTD 2011 vs. YTD 2010

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<th>Indicator</th>
<th>Annual 2011</th>
<th>Annual 2010</th>
<th>%Change</th>
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</thead>
<tbody>
<tr>
<td>Wagering on U.S. Races*</td>
<td>$10,770,426,313</td>
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<td>U.S. Purses</td>
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<tr>
<td>U.S. Race Days</td>
<td>5,298</td>
<td>5,473</td>
<td>-3.20%</td>
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</table>

*Includes worldwide commingled wagering on U.S. races.

ON THE ROAD AGAIN
Business travel in 2011 exceeds industry expectations
Business travel finished 2011 with stronger growth than expected and the industry expects to see measured but steady expansion in 2012 that is greater than anticipated GDP growth, according to the latest Business Travel Quarterly Outlook - United States from the Global Business Travel Association. GBTA forecasts that business travel spending will increase by 4.6 percent in 2012 with a slight (0.8 percent) decline in business trips.

GBTA U.S. Business Travel Outlook
U.S. Domestic plus International Outbound

Year-to-year % Change
-15.0% -10.0% -5.0% 0.0% 5.0% 10.0%
2009 2010 2011 2012 2013

Total U.S. Business Travel Trips Total U.S. Business Travel Spending

Source: Global Business Travel Association

* This figure is significantly higher than the others due to a change in the BBB system whereby complaints against some large national chains are handled by the BBB in the company’s headquarters area. In this case, a national health club chain is based in Lexington, so the Central Kentucky BBB now handles all complaints nationwide for that company.

Source: Better Business Bureau of Central & Eastern Kentucky/Better Business Bureau of Louisville, Southern Indiana and Western Kentucky
**CORPORATE MOVES**

*New leadership for Kentucky businesses*

**AGRICULTURE**
- The Kentucky Center for Agriculture and Rural Development has named Aleta Botts as coordinator for its new agribusiness grant facilitation program.

**AUTOMOTIVE**
- John D. Hill has been promoted to chief operating officer and executive vice president of The Sam Swope Auto Group, a Louisville-based automobile dealership.

**BANKING/FINANCE**
- Tucker Ballinger has been named president of Forcht Bank.
- Alexander Rorke has joined Hilliard Lyons as senior vice president-director of public finance.
- Scott Midgett has been appointed vice president-information technology manager for First Security Bank of Owensboro.
- Stephen Witting has been named Evansville (Ind.) area president for the company.

**ECONOMIC DEVELOPMENT**
- Lance J. Lawrence has been named vice president and market manager for First Security Bank’s Lexington market.
- Ken Herndon has been promoted to director of operations and communications for the Louisville Downtown Management District.

**EDUCATION**
- Mary Ellen Slone has joined Georgetown College as executive scholar and marketing director.
- Dr. Kevin Kirby has joined Northern Kentucky University as dean of the College of Informatics.
- Kara Little Covert has joined the Transylvania University alumni and development office as associate vice president for advancement.

**ENGINEERING**
- Fred Eastridge has joined Lexington-based ECSI LLC as director of civil engineering services.

**EQUINE**
- Robert Hammond has joined Darby Dan Farm in Lexington as general manager.

**FOOD/SPIRITS**
- Debbie Morris has been promoted to vice president of Bardstown-based Heaven Hill Distilleries Inc.

**GOVERNMENT**
- Brydon D. Ross has joined The Council of State Governments’ national policy and research staff in Lexington as director of energy and environmental safety.

**HOSPITALITY/TOURISM**
- Craig Greenberg has been named president of Louisville-based 21c Museum Hotels.

**INSURANCE**
- David McMullen has been named president of Lexington-based Kentucky National Insurance.

**LEGAL**
- Philip C. Eschels, a partner in the Louisville office of Bingham Greenebaum Doll, has been named co-chair of the firm’s labor and employment practice group. Mark H. Oppenheimer has been named managing partner for the firm’s Louisville office. Carolyne M. Brown has been named managing partner of BGD’s Lexington office.

**MEDIA**
- Kenny Colston has been named the state capital bureau chief for Kentucky Public Radio, a consortium of seven public radio stations that include Louisville Public Media/WPLJ, WEKU, WUKY, WNKU, WKMS, WMBY and WKYS.

**UTILITIES**
- LG&E and KU Energy LLC have announced the following appointments: Brad Rives, chief financial officer, has assumed the newly created position of chief administrative officer. Kent Blake, vice president of corporate planning and development, has been promoted to chief financial officer. Gerald Reynolds has joined the company as general counsel, chief compliance officer and corporate secretary.

**DEPARTURES**
- John McCall, executive vice president, general counsel, corporate secretary and chief compliance officer of LG&E and KU Energy LLC, has announced plans to retire effective June 30.
ON THE BOARDS

Kentuckians named to organizational leadership roles

PADUCAH AREA CHAMBER OF COMMERCE
- The Paducah Area Chamber of Commerce has announced its 2012 board of directors: Chair - Tom Garrett, Paducah & Louisiana Railway; Chaired by Lynn King, Lourdes Hospital; and Vice-chair - Deborah Edmonds, Edmonds Gallery; Vice Chair - Brian Accolla, Attorney & Business Advocate - Duncan Pitchford, Whidow, Roberts, Houston & Straub; Vice Chair of Membership and Marketing - Leslie Heath, Century 21; Vice Chair of Education and Workforce - Bill Moger, Harper Industries; Treasurer - Mike Karnes, Williams, Williams, and Lentz; At-Large - Joe Tarantino, USEC; Immediate Past Chair - Glen Anderson, Paducah Water; and President - Elaine Spalding. New board members include: David Simon, CSI; Sheila Barger, Marquette Transportation; and Leslie Heath, Century 21. Continuing board members are: Gay Adkins, President - The Paducah Sun; Michael Byers, Crouse Corp.; J. Bryan Carner, US Bank; Tom Clayton, Paducah Bank; Todd Duff, Innovations Branding House; Leon Owens, Swift & Sons; Pastor - Barbara Veazey, Western Baptist Hospital; Kelly Nickolos, Jackson Purchase Energy Corp.; Steve Penrod, USEC; and Andrea Underwood of Paducah Power Inc. Ex-officio board members are: Van Newberry, McCracken County judge-executive; Bill Paxton, mayor of Paducah; Joni Goodman, Leadership Paducah Foundation; Dr. Nancy Waldrop, McCracken Co. Schools; Dr. Randy Greene, Paducah Independent Schools; Dr. Barbara Veazey, WKCTC; Dr. Brian Van Horn, MSU; Terry Reeves, Entre-Paducah; and Tony Rock, GPEDC.

BLUE GRASS FARMS CHARITIES
- Blue Grass Farms Charities, a nonprofit organization devoted to providing social services to those working in the Central Kentucky Thoroughbred industry, has elected five new members to its board of directors: Tony Cissell (Divina Farms); Jennifer Lapasnick (Thoroughbred Times); John Egan (Marlak Insurance Co.); Susanne Davis (The Jockey Club); and Gibson Wood (Whicker Farm). These new officers are: President - Mary G. Green; Treasurer - Susan Thomas; Secretary - Chris Morris; and Board Members: Chris Morris, Four Roses Distillery.

DOWNTOWNLEXINGTONCORP.
- The Downtown Lexington Corp. has announced its new 2012 board of directors and officers: President – Woodford Webb; President-Elect – Joe Terry; Immediate Past President – Kevin Weaver; Vice President – Mike Ash; Vice President – Vitale Buford; Vice President – Tommie Jeutt; Treasurer – Paul Johnston, Secretary – Mary Elizabeth Wright; At-Large members – Steve Kelly, Debbie Long, Becky Reinhold, Special Consultant – Isabel Yates, Ex-Officio members – Kevin Atkins, Cmdr. Lawrence Weather, Gary Means, Renee Jackson, Serving on the board of directors for Lexington Farm- ers Market: Jeff Fugate, Downtown Development Authority; Bill Henderson, R. J. Cormin; Kris Kimel, Kentucky Science & Technology Corp.; Joe Miller, Rhino Energy; Marty Roth-child, Hilton, Lexington/Downtown; Steve Sigl, SIS; and Preston Worley, Mckrayer, McGinnis, Leslie & Kirkland.

COMMERCIALCONNECT
- Richard E. Last has joined the board of Commercial Connect LLC, a Louisville company that is seeking to establish authorization for a new domain, .shop, for the purpose of electronic commerce on the Internet.

EUKENTRANCENERTHEARTS
- The EKU Center for the Arts Community Operations Board has elected officers for the 2012-2013 term: Chair – Dr. Bob Rogow; Vice Chair – David Fernandez; Treasurer – Barry Poynter. Board members are: Diane Kerby, Jr. Tunnell; Buzz Cornell; Clark Edson; Kathy Edson, Dr. Richard Crosby; Jill Price, Cheryl Stone and Marc Whitt.

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION
- Pam Miller has been appointed as the new chair of the Kentucky Council on Postsecondary Education. She replaces University of Pikeville President Paul Patton, who has resigned from the council due to his interest in advocating that the university become a state university.

KENTUCKY DISTILLERS ASSOCIATION
- Jeff Conder of Beam Inc. has been named chairman of the Kentucky Distillers Association. Other officers include: Vice Chair – Tom Krekecker, Campari Group; Secretary-Treasurer – Joe Fraser, Heaven Hill. Board members for 2012 include: Chris Morris, Brown-Forman; Andrea Wilson, Diageo North American; and John Rhea, Four Roses Distillery.

KENTUCKY DISTRICT JUDGES ASSOCIATION
- Nelson County District Court Judge Robert W. Heaton has been elected president of the Kentucky District Judges Association.

NORTHERNKENTUCKYCONVENTIONCENTER
- Kathryn M. Groob, a business executive and consultant for November Strategies, has been named to the board of directors for the Northern Kentucky Convention Center.

OWENSBOROCOMMUNITYANDTECHNICALCOLLEGE
- Michael T. Baker has been named to the board of the Owensboro Community and Technical College. Baker, of Lewisport, is a management and leadership consultant.

UK COLLEGE OF LAW VISITING COMMITTEE
- Taft A. McKinstry has been appointed to the University of Kentucky College of Law Visiting Committee, which includes active alumni who meet regularly with the dean, faculty and students to provide guidance. McKinstry is a managing member of Fowler Mease & Bell PLLC.

WORLDTTRADECENTERKENTUCKY
- The following individuals have been named to the executive committee of the World Trade Center Kentucky board of directors: Chair – Robert Brown; Chair-Elect – Glen Krebs; Vice Chair – Zachary Scott; Secretary – Gina Greathouse; and Treasurer – Joe Smith. In addition, Donna Moloney, Eric Sauvage and Nana Mensah have been elected to the board.
Ed Lane: The Kentucky Coal Association (KCA) represents coal companies operating approximately 440 mines in Eastern and Western Kentucky. Based on 2009 data, coal production in Kentucky was 112.9 million tons. Kentucky’s 2009 coal sales were $3.3 billion dollars based on $58 a ton. What is KCA’s outlook for Kentucky’s coal industry in 2012?

Bill Bissett: If I had to pick one word right now for the coal industry in Kentucky, that word would be “uncertainty.” That’s very concerning in a bad economy in any business, but especially when you have large, publicly traded multinational corporations as well as privately owned smaller companies.

Uncertainty is never good for businesses or the people employed by businesses. The coal industry faces a lot of challenges. I’m not sure that the public – 4.1 million Kentuckians – truly understands how uncertainty in the coal industry can have a direct effect on the entire economy of Kentucky.

EL: What are two or three areas of uncertainty?

BB: One would be the economy; this is a challenging time for all businesses. Beyond that, the coal industry, especially in Appalachia, has found itself at odds with Washington, D.C., and the Obama administration. President Obama and his Environmental Protection Agency have specifically targeted Appalachian coal production for what the EPA calls “enhanced review.” KCA feels increased scrutiny is unfair based either on geography or the competitiveness between coal basins in Eastern or Western Kentucky.

It’s for these reasons that the KCA and Gov. Steve Beshear have sued Lisa Jackson, the administrator of the EPA. We are very confident we’ll win our lawsuit later this year.

A third issue is: How will power companies provide electricity for the commonwealth and the entire country? Do we use natural gas or other forms of energy? Every form of electricity production has some type of economic and environmental cost. The pros and cons of all energy sources need to be carefully considered because they all impact affordability and reliability – the two poles in electricity production.

EL: The EPA has placed higher emission standards on power plants and has restricted, delayed or objected to the issuance of mining permits in some cases. How serious is the problem for coal mining companies?

BB: Nitric oxide and sulfur dioxide emissions from power plants have steadily declined since 1970. Carbon dioxide emissions have increased due to increased power consumption. Since April 1, 2010, no surface mine in Eastern Kentucky has received an “individual” permit to mine coal. That’s half the coal production of Eastern Kentucky and a serious economic concern to a region that doesn’t have a diversified economy.

The permits the EPA objected to were either extensions of existing operations or new operations. When the state of Kentucky reviews a permit and says it’s good, you can mine coal; when state-approved permits were sent to EPA’s Region 4 headquarters in Atlanta, they were objected to.

On Sept. 28, 2011, the EPA objected to 19 permits; these objections were similar to 21 that happened a year ago. There is no specificity as to why the EPA was objecting, and the notice given was all in one letter. Beyond the economic consideration, the unfairness is that the exact same permit as in Western Kentucky, in Illinois or in Wyoming would be approved. The EPA is discriminating – not by congressional action, but by using a document from a bureaucrat.

Energy Information Assistance (EIA) estimates that in the United States electricity demand will increase by 40 percent by 2025. The United States will need to increase electricity production at a time when the EPA is clearly trying to limit one area of coal production. How will the energy industry meet this demand? It can’t go down to Walmart and buy it.

EL: How are new EPA regulations going to affect the costs of electricity in Kentucky? How does Kentucky’s cost of electricity rank nationwide?

BB: Kentucky benefits from one of the lowest cost per kilowatt rates in the nation. When Gov. Beshear travels to India to lure manufacturers to the commonwealth, one of the first things he talks about is Kentucky’s rate per kilowatt hour. Kentucky continues to benefit by retaining manufacturing that many other states have lost not to other states but to other countries. If electric utility rates increase because of environmental surcharges, it will damage the state’s ability to attract manufacturers and likely cause manufacturers – like aluminum companies – to consider overseas locations. Other advanced manufacturing opportunities that Mayors Jim Gray (Lexington) and Greg Fischer (Louisville) are trying to attract could be jeopardized.

Kentucky is competing with 49 other states and foreign countries to attract
new and expanding advanced manufacturing businesses. The cost per kilowatt hour is a major factor in site selection, and uncertainty puts Kentucky’s competitive advantage in question.

EL: What are two foreign countries that have competitive power sources?
BB: India and China. In site selection, one of the pie wedges is utility costs. Other costs are wages, health insurance, real estate costs, taxes and environmental scrutiny. One of the few cost comparisons Kentucky can win is electricity rates. India and China are paying about the same costs for raw materials used in manufacturing, but their labor and environmental costs are much less.

The United States has a very reliable system of electricity generation that affects life expectancy and the production of goods. China does not.

EL: What about nuclear energy?
BB: Nuclear plants tend to be older facilities, and the industry hasn’t built a U.S. nuclear power plant in some time. Now, with the effects of the (March 2011) Japanese tsunami, it may be even longer. But, again, the United States needs new sources of power to meet the projected 40 percent increase in electric demand.

In Kentucky, utilities have a mandate to use the most affordable process to create electricity but to also provide reliable electricity; a utility can’t occasionally shut off electricity to a hospital, school or airport. So when it considers what kind of fuel it is going to use, there are two tracks to consider. Each form of electricity production has positives and negatives.

Coal can be stockpiled. Natural gas is delivered in a pipeline, but a supply in large tanks can’t sit outside the power plant; if pipeline service is interrupted, the plant cannot produce electricity.

Renewable sources – wind, solar, geothermal – are very popular in a lot of ways and have less impact on the environment, but they don’t produce enough electricity to be viable. Renewable sources have issues of affordability, reliability and scope (how much electricity can be produced). Utilities will change as government dictates and to a certain degree based on what consumers dictate, but cost will always be passed through to the ratepayer. So at the end of the day, the customer is picking up the tab.

After the Three Mile Island meltdown (in 1979), nuclear power was not an option for most of the United States. And there may have been a day when the coal industry was concerned about competition from nuclear power. Today, the industry truly believes a projected 40 percent increase in energy demand both domestically and internationally will boost the demand for coal. The major question is will the industry be able to mine it? As I told The Paducah Sun newspaper, the KCA is neutral on nuclear power development but asks that it exist as a long-term choice for electricity generation. When electricity production depends on subsidies or government incentives, it will not exist long-term in the marketplace.

EL: How many persons are employed at Kentucky coal companies – miners, support and administrative staff? What is the salary range for miners?
BB: There are more than 18,000 coal miners who mine coal every day. For every one miner, three other coal company workers are dependent on that miner for their livelihoods. Starting salaries for miners in rural Kentucky range from $65,000 to $70,000 with excellent benefits.

EL: What percentage of U.S. coal does Kentucky produce?
BB: Kentucky is ranked third in the United States in coal production. About 10 percent of the nation’s coal is produced in Kentucky from the Appalachian (east) and Illinois (west) coal basins. About two-thirds of Kentucky coal is from the east and about one-third from the west.

Users buy coal for very specific reasons: for temperature production and the by-products that remain after coal is used in combustion. Ninety-four percent of Kentucky’s coal is used for electricity production, mostly in Southern states. The varying degrees of quality and how coal will be used determines its prices.

EL: What entities are the biggest users of Kentucky coal?
BB: Electric power plants accounted for 94 percent of all Kentucky coal sold in 2009. People would be surprised at that. One of the two factoids that people seem most surprised about regarding Kentucky coal is that the lion’s share is not shipped overseas; it remains domestic, and a sizable amount remains in the state.

The second fact is that 97 percent of Kentucky coal miners are not union members. That goes against that public perception. Kentucky is a right-to-work state. Our miners are very well paid, are in demand, have excellent benefits and good retirement plans. That need for union representation for coal miners working in the field no longer exists, and as union membership has decreased safety has gotten better.

EL: Coal companies extracting coal in Kentucky pay a severance fee. How are these fees invested by the state?
BB: Half the severance fees from the coalfields return to local communities to be used for development, roads, water projects and school infrastructure. The other half goes into the state’s General Fund. Recent Frankfort budget projections estimate coal severance would be one of the few revenue streams that will increase.

EL: Former Gov. Paul Patton and Speaker of the Kentucky House Greg Stumbo are advocating the use of coal severance fees to help fund the University of Pikeville. Do you like this use for severance fees, and do you feel this proposed investment a good idea?
BB: This is a question for experts in higher education. Before a long-term decision is made on how to spend coal severance fees, our legislators need to be certain the future of the coal industry will be vibrant and able to meet the obligations. With the Obama administration in D.C., making long-term severance fee revenue projections, especially in Appalachia and in the eastern coalfields, is a concern.

EL: Is that because there is more surface mining in the east?
BB: Appalachian coal mining is split about 50 percent underground and 50 percent surface. The scrutiny is overwhelming on surface mining, but a lot of the EPA’s enhanced review is also underground.

EL: How long will coal severance fees last in Kentucky?
BB: There are 86.3 billion tons of Kentucky coal reserves that remain, but all reserves cannot be economically mined.

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Top Five States for Coal Production in 2009

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<th>State</th>
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<td>Wyoming</td>
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<td>West Virginia</td>
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<td>Kentucky</td>
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<td>Montana</td>
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At the current rate of extraction and level of mining technology, perhaps a 20- to 30-year supply of coal reserves remain. That being said, when you compare how the industry mined coal 40 years ago to how it mines today, technology has seen a huge improvement not only in safety but also in productivity.

**EL:** What kinds of technology are boosting productivity?

**BB:** Robotics, or continuous-miner machines, allow coal miners to be away from the mine face itself and permit continuous production of coal, which is obviously beneficial to everyone. Surface mining technology allows coal to be mined in a way that has less dirt and rock with it, reducing plant prep costs (removing dirt and rock) and the volume of water used and treated in the process. Robotics is also making it safer for miners because it moves them away from where the mining process is occurring. If you review the overall safety trends, the industry continues to do a better job with mine safety, but we have more work to do.

**EL:** What type of mine safety initiatives are now in effect?

**BB:** First-response training occurs at every mine. In an emergency, you not only have to get someone who is injured out of the mine but also transport them to the nearest emergency healthcare facility. As you know, some coal mines are in remote locations. So there is a need to respond quickly and efficiently. Some of the larger mines have a nurse on site to provide immediate medical care as well as a doctor available over closed-circuit television.

The companies’ safety initiatives focus on the miner. Everyone in this industry will tell you the most important element is the miner. Taking care of our coal miners secures the economic future of the coal industry. It goes beyond prevening accidents. The health of the miner is protected through good dust-control efforts, methane detection that will automatically shut off all machinery should methane be detected as well as constant training and inspection from both regulators and company mine safety technicians.

Coal companies have their own inspectors to make sure operations are in compliance, just like any industries do. I don’t think people realize that. Some mines have had more inspection days than operation days.

**EL:** What is a coal company’s obligation to reclaim land after mining is complete?

**BB:** I spend a good amount of time talking with environmental activists. I was recently at a dinner with people of different environmental persuasions. Surface mining remains a lot of what I talk about in my job. The coal industry has to tell the total story of the mining process.

Begin with the fact that someone owns the land and is paid royalties on coal that is extracted. The property owner also decides what they want to do with the land after the mining process is final. You can’t land on an Eastern Kentucky airport that wasn’t a surface mine at one point. Once a strip mine has been properly reclaimed or has a good post-mine land use, we forget it ever was a coal mine because it’s now a development of some type. That’s not in every case; only about 10 percent of strip mines are developed, but most are returned to their approximate original contour.

**EL:** How is coal transported?

**BB:** Kentucky mining companies use many different ways to get coal to market: rail, truck, barge, etc. I’m originally from West Virginia, where you see coal trucks, trains and barges literally on the steps of the state capitol. In Kentucky, we don’t see coal being transported. You don’t see coal trains or trucks. You don’t see it in Louisville, Lexington or Frankfort. The coal industry in Kentucky is very much out of sight, out of mind. So one of KCA’s challenges is how to remind people that, yes, there actually are coal mines in Kentucky and they have a major economic impact on our economy.

**EL:** How is KCA’s and the coal mining industry’s relationship with the Kentucky Energy and Environmental Cabinet?

**BB:** I would say collaborative. We are not always in agreement. The main thing we ask for is a line of communication. The KCA doesn’t always expect to be in agreement, but it does expect to have a clear answer and an open door and would expect the entire environmental community to have the same level of access.

**EL:** What is the greatest challenge to the coal industry?

**BB:** The greatest challenge, not just facing coal but everyone who works in a field connected to electricity production, is: How do we meet that increased demand that is going to quickly be upon us? Coal production in Kentucky is essentially flat at present. Kentuckians want affordable electricity; they want their light switch to work, and anything that interrupts reliable service is going to create a lot of concern. The challenge is getting more people to understand coal production affects electricity production. The availability, reliability and cost of electricity production affects the overall economy whether you’re running the University of Kentucky or a small screen-printing shop. Everyone has to pay their electric bill.

If you buy a Chevrolet Volt electric hybrid car, 92 of every 100 miles you travel in Kentucky are powered by coal, 92 of 100 emails, and 92 of 100 cell phone calls are powered by coal. The “black rock” is providing the power to record this interview. Kentuckians don’t realize how important coal-fired power plants are in their daily life.

**EL:** What is the future for export sales?

**BB:** The Energy Information Administration (eia.gov) is a very useful website. This is one example: In 2008 the United States used 1.1 billion tons of coal; China used 2.8 billion tons. Flash forward to 2030, and the expectation is U.S. coal consumption will increase 211 million tons and China’s consumption will increase by 2.1 billion tons. China is going to need about a billion tons of coal from somewhere else. Will that be from Eastern and Western Kentucky?

The KCA gets calls every other week from brokers and purchasers wanting to buy millions of tons of coal right now to ship overseas. Most of our member coal companies are already locked into long-term contracts and don’t have a lot of coal sitting around waiting to be purchased. Domestic coal demand is going to increase, and the international demand is going to skyrocket.
IT’S TIME
KENTUCKY REBOUNDED
SOMEBODY OTHER THAN
THE BASKETBALL COURT.

A winning attitude gets companies through whatever economic conditions come their way. And that confidence and persistence will power Kentucky’s economic resurgence. The Lane Report is an information tool that helps business leaders succeed in today’s resurgent economy. We hope you’re one of them!
America’s Top Lawyer

ABA President Bill Robinson’s people skills and professional acumen made him a leading Kentucky attorney long ago

BY GREG PAETH

In its most pejorative interpretation, the old adage “It’s not what you know but who you know” suggests family connections or friendships usually trump raw talent when two people compete for one job. Nearly everyone knows at least one case in which a barely competent Bob Jones got promoted to vice president of Acme Whirligigs primarily because he happens to be the favored nephew of company president Harold Jones.

William Taylor “Bill” Robinson III takes no offense, however, to the suggestion that his success as an attorney is a 50-50 hybrid of what he knows as well as who he knows. With intention, Robinson built extensive who-he-knows connections on his own by plunging in and getting involved his entire life. He didn’t need – nor did he have – an Uncle Harold offering assistance.

In the 40-plus years since he graduated from the University of Kentucky law school in 1971, Robinson has been immersed in vitally important organizations and institutions in Northern Kentucky and Cincinnati. The result is that he is both a highly respected practitioner of the law and the go-to guy who’s on a first-name basis with nearly everyone who keeps the region humming. He has earned influence and is recognized as someone who can get things done. Robinson has a network that rivals Verizon’s.

Forests weep when someone prints 100 copies of his resume.

“I don’t think anyone saw me as a wallflower. I don’t think anybody saw me as a technician – someone totally focused on the technicalities of the practice and not enhancing those technicalities with people skills,” Robinson said one recent morning over crisp goetta, dry wheat toast, a bowl of fruit and coffee at one of his favorite breakfast stops in Crestview Hills, Ky.

“I’ve worked very hard to develop effective people skills, empathy with my clients, respect for my clients, understanding – because in our business the growth and development of our clientele is directly related to the referrals of satisfied clients.

“So I’d like to think that while I’ve been very successful on the technical side as a craftsman, I’ve also been very effective in the development of business because of the credibility that I’ve developed as a person who can be counted upon to get things done.” That reputation has served Robinson well.

For nearly five years, he has been member in charge of the Florence office of Frost Brown Todd LLC, which has some 450 attorneys in nine offices in Ohio, Kentucky, Tennessee, West Virginia and Indiana.

Last August, his success as a lawyer and commitment to the profession pro-
duced what may be his career capstone achievement: Robinson was elected president of the highly respected American Bar Association, self described as the world’s largest voluntary organization with some 400,000 members and a staff of 900.

The 135th president of the ABA is just the third Kentuckian to assume the lofty position. Robinson, who turned 67 early in January but seems to have the energy of someone 20 years younger, is both the face of and official spokesman for the organization. His comments are routinely included in national media releases in which the ABA offers its positions on everything from attorney-client communications for Guantanamo Bay detainees to funding for legal aid.

Despite that, his role has some built-in restrictions, Robinson said.

“I don’t have freedom of speech in the sense that if I’ve got something I’m excited about, and we don’t have ABA policy, I run out and speak for the ABA just because I’m the president,” he said. “I try conscientiously not to do that.”

ABA presidents travel a lot

And although the ABA post is unpaid (the organization covers travel expenses and provides a stipend for days when he’s representing the ABA), it is virtually a full-time job, Robinson said. It keeps him traveling throughout the country and around the world, spreading the gospel about the organization and its commitment to the rule of law.

His itinerary for January included more travel than most people do in a lifetime.

Shortly after the first of the year, Robinson, flew to Washington, D.C., where he addressed the annual meeting of the Association of American Law Schools. They then flew to Hong Kong for an appearance that coincided with the opening of the legal year in China. His speaking schedule then called for stops in Hanoi, Beijing, Seoul, Tokyo, New York, Memphis and Wilmington, Del. February opened with the ABA’s mid-year meeting in New Orleans.

Aside from bragging rights that go along with having a Kentuckian as ABA president, it’s difficult to determine whether his year-long role will have any specific far-reaching impact on the state.

Robinson, who previously served as the Kentucky Bar Association president, said one tangible benefit emerged last September when the UK College of Law hosted a national symposium on the underfunding of the courts, one of four primary issues he is focused on as ABA president. A dinner on the conference’s closing night honored Robinson for what UK described as his “ascendency” to the ABA presidency.

“I hope it (my presidency) brings honor to the commonwealth,” he said. “I can’t translate it into dollars and cents.”

The ABA’s Board of Governors met in Northern Kentucky last November primarily because it is Robinson’s home base.

A recent profile in the Legal Society Gazette published in Ireland described Robinson as someone who “might have been dispatched from central casting for a screen adaptation of a Grisham novel.” That observation is apt. The salt-and-pepper hair, well-cut dark suits, monogrammed French cuffs and BlackBerry Torch suggest success, power and affluence, someone perhaps fed with silver spoons. Robinson is, indeed, quite financially comfortable today, but his background is more stainless steel than silver.

Blue-collar and seminary background

Born in Covington and reared in a blue-collar Cincinnati neighborhood, Robinson is the son of a post office employee who held a second job as a maintenance man and a devoutly religious mother who attended Catholic Mass every day.

“He (my father) taught me what multitasking is all about. He worked the 3-11 shift at the post office and then got up very early every morning and worked until he went to the post office,” said Robinson, who worked side-by-side with his father on the maintenance job. “Still, to this day, the hero of my life is my dad. For my mom and my dad, it was all about one thing in life: their children being educated.”

Robinson is one of three children, all of whom are college graduates.

Following grammar school, he passed the entrance exam to attend the academically demanding St. Xavier High School, where he intended to play basketball. Those plans changed abruptly when he decided at 14 to become a priest and moved to Cincinnati’s St. Gregory’s Seminary. After five years in the seminary, however, Robinson’s career path changed again in 1964.

“In less than a month, I knew intuitively that it (the priesthood) wasn’t for me,” he said. About that time, his parents moved across the river to Edgewood in Northern Kentucky, and Robinson enrolled at what is now Thomas More College, owned and operated by the Diocese of Covington.

In college he demonstrated the involvement and leadership that have come to characterize his legal career, and he met Joan, who was studying to become a teacher. Robinson was one of the founders of the history honors society, co-chair of the prom, vice president of student government and winner of the outstanding senior award.

“Almost immediately, I intuitively wanted to become a lawyer,” Robinson said. “It just seemed like a logical choice given my seminary experience, because it’s about the service of others, trying to make a positive difference in the lives of others.”

After being accepted to law school and without consulting with anyone, Robinson enlisted in the Army with plans to serve in the airborne infantry and become an officer. At the end of advanced infantry training, though, and “one day short of the GI Bill (benefits),” Robinson said he was honorably discharged for medical reasons after his knees “swelled up like cantaloupes.”

He returned to Kentucky, married Joan in 1969, sold his Corvair to cover his first-year law school expenses and became a father when his first son Wil-

American Bar Association President Bill Robinson grew up in Cincinnati and Edgewood, Ky. His background includes several years at a Catholic seminary, a stint in the Army and degrees from what is now Thomas More College and the University of Kentucky Law School.
liam T. ("Tay") Robinson IV was born in 1970. Robinson supported his family and paid his law school bills with a third-shift job.

“I got a job as a night watchman in a dorm so I could study all night,” he said.

After graduation, he landed a job with a well-respected Cincinnati firm, but soon decided he could build a practice quicker in Kentucky. Robinson practiced in small firms with some of the most prominent attorneys in the region and became immersed in a long list of regional, state and national institutions and organizations.

In 1990, the large Louisville-based firm Greenbaum Doll McDonald (it became Bingham Greenbaum Doll in late 2011 after a merger) successfully courted Robinson. It wanted a high-profile lawyer to anchor its initial foray into Northern Kentucky and Cincinnati. He filled that role for 17 years, then made what many considered a surprising jump to Frost Brown Todd.

While plenty of attorneys move from one firm to another during their careers, Robinson’s departure from Greenbaum in March 2007 touched off an email tsunami in legal circles; speculation was that he would bring a truckload of clients to FBT. Robinson, then aged 62, says he determined that his options at Greenbaum were limited and that the move to FBT was a logical decision, even if it came at a time when many attorneys might be eyeing retirement rather than career choices.

Simple questions can prompt five-minute monologues by Robinson, but not regarding client retention and the shift in firms. “I didn’t lose any clients,” Robinson said, terminating that topic of discussion.

A commercial litigation specialist

Robinson’s practice focus in recent years has been on commercial litigation, contract disputes and defending against medical malpractice, class action and product liability claims. As with most attorneys, much of his work is done outside of court.

“Litigation over the last 15 to 20 years has gradually involved less and less courtroom time. Over 90 percent of the cases filed are resolved by settlement,” he said. “There is an intensified focus on mediation and arbitration for a complex set of reasons – time, crowded courtrooms, underfunded courts – so a large amount of dispute resolution is resolved through negotiation.”

Asked about significant cases, Robinson pointed to a trial in 2000, when he represented Corporex, a major Covington development firm that owns millions of dollars worth of commercial property. In the first “paperless” high-tech trial in Covington’s then-new federal courthouse, Robinson and his team won a $42 million verdict against a national investment firm that never followed through on plans to sell securities based on the value of warehouse properties, including some owned by Corporex.

“That certainly was the highlight of my career and one of the cases I’m most proud of,” Robinson said.

Robinson also represented Louisville’s Hillerich and Bradsby, manufacturer of the iconic Louisville Slugger baseball bats, in a dispute with the Major League Players Association over players’ signatures on bats and “bat-shaped products.” Legendary Brooklyn Dodgers shortstop and Louisville native Pee Wee Reese was among those testifying in a case eventually settled through negotiation.

“We resolved the dispute and both sides are doing fine ever since,” he said.

Robinson also claimed partial victory in a medical malpractice case in which a jury had returned a $23 million verdict for a hospital pharmacy error resulting in severe, permanent injury to a patient. With agreement to pursue the case no further, Robinson and the plaintiff’s attorney settled for $13.25 million. “Justice was done,” he said, and the agreement saved the hospital’s insurance company nearly $10 million.

“You know that old phrase, ‘Know when to hold ’em and know when to fold ’em.’ I’ve had good instincts for cases that may not have turned out well in the courtroom,” Robinson said. “I’ve settled them with the blessing of my client in advance and made the best of a difficult situation.”

ABA agenda: judicial budget cuts

Robinson’s agenda for his one-year term as ABA president is tightly focused. At a time when the economy is struggling to recover from a crippling recession, Robinson is alarmed about budget cutting in the courts, which was the topic for the UK symposium.

“It’s been a catalyst for this whole national discussion about the under-funding of the courts and I’m so pleased that it occurred at the College of Law of the University of Kentucky.”

That topic, as well as access to justice for minorities, diversity in the legal profession and volunteer service by lawyers are issues that he will address throughout his tenure, Robinson said.

Once his term is over in August, Robinson will have the opportunity to spend more time with his family. His two adult sons – Tay and Todd Arthur – are both married, live in Northern Kentucky and have careers of their own. Tay is the president of Strategic Settlements, a consulting firm that works with lawyers and other “claims professionals.” Younger son Todd is a branding and marketing entrepreneur. And Robinson’s eyes light up with pride when he mentions his two grandchildren, Tay’s 10-year-old daughter “Miss Brooke” and 6-year-old son William Taylor Robinson V.

Robinson also plans to return to FBT full-time.

“I love the practice of law. I find the stimulation and challenge of civil litigation to be energizing, fascinating,” he said. “It keeps me up late and gets me up early.”

Greg Paeth is a correspondent for The Lane Report. He can be reached at editorial@lanereport.com.
UNIVERSITY of Louisville officials recently received the school’s largest gift ever from an individual. Former UofL board of trustees member and philanthropist Owsley Brown Frazier donated $25 million during a ceremony in December on UofL’s Belknap campus. It’s believed to be the largest outright gift to a university or college in Kentucky.

The money will be used to improve the quality of academic, athletic and research programs at UofL.

Frazier maintains a low profile but his philanthropic generosity is monumental. Even before the big gift to UofL, he was reported to have raised or donated at least $500 million to a variety of public and private community institutions.

“The Gift and how its academic and research mission has flourished under President Jim Ramsey, I hope my gift will further that mission and spur others to do the same.”

Ramsey praised Frazier calling him “a personal friend and great friend of the city of Louisville, higher education and UofL in particular. His generosity is making a difference in the health, learning and quality of life for generations of students and Kentuckians.”

The gift brings to more than $40 million the amount Frazier and his daughters have given to UofL. In September 2011, the School of Business building was named Harry Frazier Hall after Owsley’s late brother Harry Frazier Jr.

One of Kentucky’s most generous residents Frazier’s recent large donation is part of UofL’s $1 billion capital campaign Charting Our Course – A Campaign for Kentucky’s Premier Metropolitan Research University, which he co-chairs. As of mid-February, the campaign has raised $587 million toward its goal.

Downtown Louisville and the UofL campus are sprinkled with institutions that are recipients of the Frazier family’s tradition of generosity.

Owsley Brown Frazier holds a law degree, an MBA and an honorary doctorate from UofL, and is past chairman of the school’s Board of Trustees. Frazier is the grandson of George Garvin Brown, who founded Brown-Forman Corp.

He was vice-chairman and the public face of Brown-Forman from 1983 until his retirement in 2000, but he remained on the board of directors. He first worked for the company as a trainee in 1955. After graduating from the UofL, he became the company’s lawyer in 1960, then joined the board of directors and became director of personnel in 1964.

Named for a Louisville native, the 2010 Flame of Excellence Award is given to a person for his or her leadership, volunteer service and generosity. On the occasion of the presentation of the 2010 Flame of Excellence Award to Frazier by the Leadership Kentucky organization, the Louisville native was lauded for having demonstrated a relentless lifelong commitment to his community.

Frazier has received many honors for his leadership, volunteer service and generosity. He has been a major donor to the medical community, including the Frazier Rehab Institute (founded by his mother, Amelia Brown Frazier).
Kentucky’s law firm managers forecast 2012 as a year of selectively improving business conditions for the legal services sector. The economy remains below the general business activity levels seen before the financial crisis hit in fall 2008 and the United States went into a steep recession, but the number of transactions and deals requiring legal support are increasing as overall optimism in the commercial world slowly brightens.

Law firms are focusing on niche strengths and improving service to their customers. Some managers expect merger activity among firms seeking stronger long-term financial positions.

There are signs of life in the corporate and commercial real estate sectors. Expectations that government policy will continue to evolve in healthcare, financial regulation, taxation and environmental compliance is generating a need for more legal business. But many of those customers, who themselves have been forced to tighten up operations in the upheaval of the past few years, are driving harder bargains for legal services.

There also is wariness that the confrontational political climate in an election year could continue to block policy resolutions and sustain the uncertainty that has helped dampen overall business activity the past couple of years.

Despite the unpredictability that continues to keep business decisions distinctly conservative, an improving economy should provide better operating results for the legal services sector in 2012.
“In 2012, Stites & Harbison believes there will be a carryover from the improving economic activity in 2011. Transactional activities continue to pick up, indicating companies are beginning to loosen their purse strings and invest in their businesses. Our healthcare practice will continue to grow in Kentucky, in both primary care and assisted living. Our intellectual property group, one of the largest in the Southeast, expects to experience strong growth yet again. Overall, we are optimistic for 2012.”

“The economy is still unpredictable and uncertain. One month there are positive and encouraging signs of recovery, but the next may bring global events or ineffectiveness in Washington that erode confidence in the kind of investments that drive growth. That said, we see more ‘deal’ activity than at this time last year and believe that trend will continue. Money has been sitting on the sidelines since the early part of the recession, and we are optimistic the time has come for people and companies to begin putting it to good use. We make it a point to know and understand our clients’ businesses, to be responsive to their needs, and to deliver what they ask for at the time they ask for it or before.”

“2012 will be an interesting test for law firms. A more robust economy – particularly in energy, which is important to our markets – could well result in stronger operating results for many firms, leading to the risk of amnesia as to the lessons that should have been learned from the revolutionary upheaval in our industry triggered by the 2008 financial crisis. The strong law firms five years from now will be the firms that have restructured their business model through alternative fee structures for more rational pricing of services, project management for more efficient delivery of services, and more collaborative and understanding partnerships with their clients.”

“Any predictions for 2012 need to take into consideration the political stalemate that is taking place in Washington. Even in an election year, we can’t afford more brinkmanship with things like the debt ceiling. It is very difficult for businesses to make long-term investments in financial and human capital when there is so much uncertainty. Without investment, the economy will continue to suffer. If we can avoid those kinds of self-inflicted wounds, we hope and expect to see gradual improvement in the Kentucky business climate for 2012. The ‘deal’ and ‘dirt’ lawyers in our corporate and real estate teams are seeing gradual increases in activity at the end of 2011 and the beginning of 2012. This gives us hope.”
“As the economy continues to rebound, we believe we have positioned ourselves with our business clients to find solutions to meet their needs. Our newly merged firm gives us a larger regional presence and greater depth of experience. Our attorneys will continue to focus in niche areas, providing a full range of service for clients seeking to keep their representation within one firm. With anticipated regulatory changes in banking, financial services, healthcare and employee benefits, we expect growth in our corporate, litigation, labor and intellectual property practices, as well as environment and estate planning.”

“When it comes to the economy, we are still living in unpredictable times. The fact remains that clients are more conservative with their spending than ever. Our profession is no different, as companies continue to evaluate risk. Today, it takes even more to be a good lawyer as clients are sophisticated and seek out more than just expert advice from their counsel. The law firms that take time to investigate what clients are prioritizing and those firms that are committed to client-centered relationships will benefit more when the economy rallies. Firms that invest in deeply understanding their clients’ goals will bring ‘real’ added value to their business and industry opportunities.”

“Government initiatives in the natural resources, healthcare and financial industries plus looming changes in labor and employment law create prospective obstacles for clients. Evolving legislation and increased regulatory scrutiny will force clients to be more proactive in compliance matters, highlighting a need for experienced legal counsel as tension grows between increasing compliance costs and maintaining profitability. The quest for economic stability is likely to lead to more consolidation and to mergers between smaller and mid-sized firms. Larger firms will be looking to expand: to enter new markets, enhance their capabilities and add depth to their bench to increase revenues.”

“It’s going to take a substantial uptick in the economy to bring the overall practice of law back to the point where we are hiring a vast number of people. When you have a recession like we’ve had, it doesn’t come back up with the speed the turn went down. There are so many issues we don’t have control over: the European economy, the global economy, what the U.S. Congress decides to do about the debt crisis. I have seen positive business with our clients; it leads me to believe things are coming back.”

“The 2012 outlook for the legal community is cautious optimism. Demand for legal services will increase in certain areas but still seem sluggish compared to 2008 and before. Businesses will continue to defer expenditures on less critical legal issues and seek to quickly resolve conflicts through alternative dispute resolution.”
Sturgill Turner expects practice growth in healthcare, long-term care, employment, e-discovery, civil litigation and ADR (alternative dispute resolution). Successful firms in 2012 must recognize client concerns about legal costs. Due to increased technology and a saturated hiring market for lawyers, small and mid-size firms will be able to provide many legal services with equal expertise as large regional firms but at a more reasonable cost.

“We have all come a long way, and business is better than it was during the 30 or so months we were in the recession. Our firm has noticed an upswing in the areas of bankruptcy and foreclosure, litigation, labor and employment law, healthcare and real estate, and we have hired several new lateral-move attorneys to help keep up the momentum. 2012 could be a challenge to corporate practice groups, with many companies experiencing decreases in deal flow; the global economy will continue to play a big role in what happens in the business sector. We will continue to keep our eye on the long term, making business decisions that are in our firm’s best interest and focus on client satisfaction.”

“As a firm with significant concentrations in the areas of litigation, creditor’s rights and commercial real estate, we experienced both the highs and the lows of the economy on the demand for legal services. Clients in litigation and creditor’s rights talk about pent up demand, but predictions of the release of such demand remain largely unrealized. For 2012, my optimism that there will be a greater need for commercial real estate legal services is tempered by the reality that it is an election year with uncertainty regarding the outcome as well as predictions of continued stock market volatility. Litigation and creditor’s rights will remain strong areas even though the number of foreclosures is trending down. Employment law – litigation in particular – is an area that we expect to continue to expand and help offset a continued lag in other areas.”

Outlook researcher: Kathie Stamps
Kentucky’s accounting services sector is expecting better business in 2012, but also sees its industry here going through a slow structural evolution that is taking place across the nation as well. Leaders of state CPA firms expect mergers and a demand for more complex, specialized services.

There are multiple social and business influences. The economy is slowly improving and finally luring cautious business operators back into action. International trade is increasing.

Federal tax policies are hitting their expiration dates, and state government has initiated a tax reform process. Compliance with business regulations put in place in response to the 2008-2009 financial crisis is more complex, especially for public companies.

Baby boomers who launched and built up CPA firms during the past generation are beginning to enter their retirement years; their focus is shifting to estate planning, and they are now considering merging or selling their accounting businesses.

The business world’s need and demand for CPAs’ expertise and informed advice is growing in 2012. Firms need talented members. The collective mood and expectation is distinctly, if not universally, positive for the coming year.

“The accounting profession is continuing to deal with ever more complex issues. We’re looking now at IFRS, international financial reporting standards that the world is using. We are also dealing with more complicated accounting disclosures. There are changes on the horizon for us in public accounting. I predict we will see more mergers in 2012 and beyond in order to provide services that continue to meet more complex client needs. The majority of our clients are Kentucky-based companies, but they are doing business across the nation and the globe. As a result, we have tax professionals who are well-versed in state and local tax laws and who deeply understand international tax. It’s a pretty complex world we live in. By merging and growing larger, it affords us the ability to have the specialists needed to provide a full range of services to clients.”

“You’re going to see a lot more merger activity among CPA firms, and some contraction in the number of firms because of the merger activity. This phenomenon has been going on for the last few years nationwide. Part of it is due to succession planning – the aging of CPAs – and part is due to the market environment we’re in with the economy. We have been through three mergers in the last seven years. The industry is becoming a lot more specialized to offer more services to the client at a better price. Specialization is becoming more and more critical. Smaller firms will become more niche-oriented.”

“Though the economy is still struggling, we are seeing increased signs of economic life: The stock market is off to a good start in 2012 (at least so far), merger and acquisition activity seems to be increasing, and business leaders are emerging from a cautious ‘wait and see’ posture and are again looking for ways to expand and improve their businesses. We also note that because income tax rates are scheduled to increase in 2013, the estate and gift tax laws are slated to become less...
favorable, and there is considerable talk about tax reform. Many businesses and families are looking for ways to take advantage of the current tax environment before it changes. We are convinced that the improving economy and the uncertain tax climate will drive up demand for CPA services in 2012, especially for consulting services, and we believe our firm is poised and staffed to help meet that demand.”

“While the recovery period appears to be over, the accounting profession is still facing slow growth, and profitability will remain relatively flat. There is also still uncertainty in the economic market, but Crowe’s diversification has helped us remain stable and to continue toward executing our vision and long-term growth strategy. What we’re seeing in the Kentucky market is that while profitability is better for many companies, credit is still a bit tight and companies with heavy debt loads continue to struggle.”

“I’m very optimistic for the future, in terms of our current client base. I see a lot of activity for new business through Greater Louisville Inc. When that happens, it provides opportunities for firms like ours to help businesses get set up and organized. We do more than just prepare tax returns; we play a role in assisting our clients in growth. We work with them in terms of strategy and planning, their organizational structure, and help them achieve their goals and objectives.”

“Despite the economic trends of the past few years there appears to be some increased activity in small and medium-sized businesses. This could be attributed to record-low interest rates, surplus labor and, of course, the opportunities entrepreneurial types seize even in the harshest of environments. While larger companies may reduce staff, products and/or services, other organizations are investing in property and equipment, hiring the best and brightest displaced by the recent downturn, and charting their course for the long term. Complex negotiations, acquisitions and tax-planning will result from the aforementioned increase in activity in certain sectors. Thus, trends in the accounting industry will include increased demand for public accounting services and niche consulting work.”

“We predict that projects and expansions will increase in 2012, but businesses will take fewer risks and will be much more cautious in new endeavors. Tax reform at both the state and federal level is still a concern, as is financial statement reporting standards with the continued pressure to adopt international accounting standards. We predict that 2012 will bring continued merger and acquisition activity in the public accounting industry as firms continue to capitalize on the efficiencies of technology and as many of the baby boomer CPA firm partners continue to retire. CPA firms will continue to fulfill the role of a valued business partner to the clients they serve.”

“At a time of such constant change and growing complexity, we clearly see a bright and expanding future for a multidisciplinary professional services firm providing audit, tax and advisory services. As the economy continues to recover, we’re helping our clients improve their business performance, address regulatory change, redefine their risk management structures, buy and sell assets, restructure their debt, and improve the depth and transparency of their financial reporting. Demand is solid for all of our businesses, as clients are turning to advisers for traditional consulting skills, coupled with deep know-how in risk, regulatory and tax matters that is independent from any particular technology or outsourcing solution.”

“Given the current state of our economy and the growing focus amongst leaders of all sorts around effective management of financial, strategic, operational and regulatory risks, there has never been a better opportunity for our profession. While a core focus of many in our profession is related to auditing and tax matters, everything that we do in some form or fashion addresses risks that our clients face. We will continue to see the profession become even more relevant in helping organizations of all types succeed in this very uncertain time and gain advantages by being on the front edge of risk management. I only see the accounting profession growing and being a key part of the growth of organizations in Kentucky, whether in a service role or in training the future leaders of these organizations.”

“The 2012 business outlook offers signs of improvement. In south central Kentucky, we are seeing more commercial construction across various industries and sectors. With such activity being a leading indicator for the overall economy, 2012 looks to be a better year. There has been an increased level of regulatory oversight on financing activity, which has caused some additional challenges as the economy begins to display some signs of recovery. Considering these factors, we do expect to see growth in the firm’s services for 2012 from increased business activity as we continue to assist our clients with their efficiency and profitability. This shift should also provide additional employment opportunities across the board from industries to the public practice of accounting.”

Outlook researcher: Kathy Stamps
Let’s bring in the forensic accountant.

Tune into an episode of “CSI” or “Law & Order” and you’re likely to hear that line from one of the fictional detectives. In the real world, business people are increasingly taking the same action. Forensic accounting is the fastest growing area in accounting today.

Often thought of as the new kid on the accounting block, in reality the field of forensic accounting has been around since the 1920s or ‘30s, said Ed Fenton, a professor of accounting at Eastern Kentucky University and a forensic accountant himself.

“Forensic accounting has become more public since the 1990s,” Fenton said. “That is in large part because of the public scandals and a flurry of television shows using forensic practices have drawn attention to financial fraud investigations and the heroes of these examinations – the forensic accountant.”

Fraud investigators will track down what happened, but deterrence is a better strategy

BY DEBRA GIBSON

These financial-based scandals and a flurry of television shows using forensic practices have drawn attention to financial fraud investigations and the heroes of these examinations – the forensic accountant.

Backtracking

Strictly speaking, a forensic accountant delves into a company’s finances to determine if fraud has occurred. All of the accountant’s work is done in a manner that can be used for legal purposes and discussed in court, according to Elizabeth Woodward, a forensic accountant with Dean Dorton Allen Ford.

“Forensic accounting has become more public since the 1990s,” Fenton said. “That is in large part because of the public scandals at companies such as Enron and WorldCom.”

The accountant is looking for the extent of the problem, precisely how it occurred, and who was involved.”

But while the scandals gave forensic accountants their 15 minutes of fame and the public an awareness of the field, forensic accounting is far more than the flashy fraud investigations. In reality it is a versatile business tool useful in companies of all types and sizes.

A shield rather than a silver bullet

It is in this broader context that forensic accountants can be helpful to most companies, even those that will never have to conduct a fraud investigation. Woodward and Fenton provided real-life scenarios that demonstrate the myriad roles for forensic accounting in business. They include:

Business valuation: When a company decides to buy another company, both need an accurate determination of worth. Typically, each company hires a forensic accountant to make this valuation.

Litigation support: When a business suffers damages, each side in the dispute typically hires a forensic accountant to provide an unbiased assessment of the damages. The accountant becomes an expert witness if the situation goes to court.

External audit: Every company listed on the stock exchange must be audited every year per regulations from the Securities and Exchange Commission (SEC). Forensic accountants can provide this unbiased audit.

Internal audit: Forensic accountants can perform a financial audit for that company’s purposes rather than for the SEC or other entities requiring an audit.

Litigation support: Forensic accountants are often called in to help attorneys for a business prepare for a trial. The accountant is an expert witness.

Internal controls: To help prevent fraud in the first place, forensic accountants can set up specialized procedures and division of duties.

Private business is the primary target

Even if a company implements internal controls and conducts regular audits, fraud still can occur. And private business is the most frequent target. Some 42.1
percent of fraud occurs in private businesses as opposed to public businesses, government and not-for-profits, according to Report to the Nation, a biennial assessment prepared by the Association of Certified Fraud Examiners (ACFA).

The latest Report to the Nation found that the typical organization loses 5 percent of its annual revenue to fraud. The median loss caused by the occupational fraud cases in this study was $160,000. Nearly one-quarter of the frauds involved losses of at least $1 million.

Perhaps not surprisingly, small organizations are disproportionately victimized by occupational fraud. These organizations are typically lacking in anti-fraud controls compared to their larger counterparts, which makes them particularly vulnerable to fraud. Woodward, a member of the association, often cites this report when making presentations about fraud to business groups. (See charts)

"Over the years, the reports show that not much has changed about the way people steal," Woodward said, "but fraudsters are always developing new twists."

That’s why Woodward goes beyond the books to look at the company’s culture. "I like to look at expense accounts," she said. "They can speak volumes. I am a firm believer if someone will steal one amount, even a small amount on an expense account, they will steal another amount another way."

Employees can also develop an entitlement mentality, Woodward said.

An ounce of prevention

To discourage fraud, ACFA offers numerous suggestions. The top seven:

1. Organizations should implement hotlines to receive tips from both internal and external sources. Such reporting mechanisms should allow anonymity and confidentiality, and employees should be encouraged to report suspicious activity without fear of reprisal.

2. Organizations tend to over-rely on audits. Audits are clearly important and can have a strong preventative effect on fraudulent behavior, but they should not be relied upon exclusively for fraud detection.

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3. Employee education is the foundation of preventing and detecting occupational fraud. Staff members are an organization’s top fraud detection method; employees must be trained in what constitutes fraud, how it hurts everyone in the company and how to report any questionable activity. Data show that most frauds are detected by tips and that organizations with anti-fraud training for employees and managers experience lower fraud losses.

4. Surprise audits are an effective, yet underutilized, tool in the fight against fraud. Less than 30 percent of victim organizations in the ACFA study conducted surprise audits; however, those organizations tended to have lower fraud losses and to detect frauds more quickly.

While surprise audits can be useful in detecting fraud, their most important benefit is in preventing fraud by creating a perception of detection. Generally speaking, occupational fraud perpetrators only commit fraud if they believe they will not be caught. The threat of surprise audits increases employees’ perception that fraud will be detected and thus has a strong deterrent effect on potential fraudsters.

5. Managers and owners of small businesses should focus their control investments on the most cost-effective mechanisms, such as hotlines and setting an ethical tone for their employees, as well as those most likely to help prevent and detect the specific fraud schemes that pose the greatest risks to their businesses.

6. Internal controls alone are insufficient to fully prevent occupational fraud. Though it is important for organizations to have strategic and effective anti-fraud controls in place, internal controls will not prevent all fraud from occurring, nor will they detect most fraud once it begins.

7. Fraudsters exhibit behavioral warning signs of their misdeeds. These red flags – such as living beyond one’s means or exhibiting control issues – will not be identified by traditional controls. Auditors and employees alike should be trained to recognize the common behavioral signs that a fraud is occurring and encouraged not to ignore such red flags, as they might be the key to detecting or deterring a fraud.

Debra Gibson is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.
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At Blue & Co., LLC, we want to be the best CPA firm for our clients. And to do that we know we need to be the best CPA firm for our employees. And apparently, we are. Thanks to our employees for naming us one of the Best Employers in Kentucky for 2012. It's an honor that's sure to make other firms – and their employees – a bit envious. 800-717-BLUE blueandco.com

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301 East Main Street, Suite 1100, Lexington, KY 40507 859-253-1100

blue
Healthcare • Construction • Not-for-Profit • Manufacturing • Agribusiness
## LARGEST LAW FIRMS IN KENTUCKY

Ranked by number of licensed attorneys in Kentucky

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<tr>
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Data Source: firm representatives & firm websites
# LARGEST CPA FIRMS IN KENTUCKY

Ranked by number of certified public accountants

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Data Sources: Kentucky Board of Accountancy, firm representatives & firm websites
I’m going to attempt to bring you a different perspective on the financial crisis today. I’m a real-world business person who was CEO of a large financial institution for 20 years and worked within the banking industry for 40 years. In that context, I view myself as having worked under the Federal Reserve. In theory, CEOs report to boards, who then report to shareholders. While that’s true of most businesses, in the financial services industry, we only quasi-report to boards, quasi-report to shareholders, and definitely report to regulators.

I’ve known many people who have worked for the Fed. In my experience, they’ve all been guilty of what F. A. Hayek called “fatal conceit.” It’s the belief that smart people can do the impossible – and I don’t care how great your mathematical models are, you cannot integrate the economic activity of 7 billion people around the planet.

The fundamental question – which I’m going to analyze from a human action perspective – is what does government policy incent real-world human beings to do? I strongly believe that the recent financial crisis, the ensuing recession, and the slow recovery were caused primarily by government policies. To explain this, I’m going to focus on two components: regulation and monetary policy.

FDIC Insurance

The foundation for regulation in the banking industry is insurance from the Federal Deposit Insurance Corp. (FDIC). It’s used to justify regulation because the banks are supposedly being “protected by the federal government.” In my opinion, FDIC insurance is one of the main contributors to the financial crisis – with Fed monetary policy errors and Freddie/Fannie’s affordable housing loans being the primary causes. FDIC insurance has destroyed market discipline in the banking system.

Most of the large institutions that failed financed their high-risk lending business using FDIC-insured deposits. They absolutely could not have done that in the private marketplace. In fact, if private deposit insurance had been in place, it would not have been available to most of the failed institutions unless they had double or triple their capital. With a private deposit insurance fund, I believe that the financial crisis would have been dramatically less severe.

Fair lending laws

The regulators used fair lending laws – designed to eliminate racial discrimination in lending – and the Community Reinvestment Act to force banks to make loans to unqualified borrowers in order to increase homeownership. Of course, the primary drivers of excessive investment in residential real estate were Freddie and Fannie, government-sponsored enterprises that would not exist in a free market. They had $2.5 trillion in subprime loans when they failed.

Banks were not designed to be low-income lenders, but we were forced to do that on a fairly large scale. It was a moral crusade – and there was a decidedly political aspect as well. The regulators aggressively pursued racial discrimination claims in the early Clinton and Obama years only to reverse these claims after the Republican congressional victories of 1994 and 2010. Subprime lending is now viewed as bad, but then it was a moral imperative.

On safety and soundness regulations, I don’t know of a single case where the regulators identified a significant problem in advance of the market. They’ve gotten involved a lot of times, and most of the time they’ve made the problem worse. Why is that?

Look at public choice theory. In the good times, regulators always underregulate. The examiners didn’t identify the problem because they didn’t understand the business. They had never lived through bad times before. Even if they had, they would have done nothing. Why? Politics. It’s not worth bringing heat on the agency.

In the course of my career, every time we’ve had a correction, the regulators have tightened lending standards – even for banks that have good credit histories. So, the Fed is currently printing money in

Add an inverted yield curve to artificial pricing of money and risk by Fed and FDIC, and you incent bad decisions

BY JOHN ALLISON

Reprinted from the Winter 2012 issue of the Cato Institute’s A Quarterly Message on Liberty publication.
Finally, the cost of regulation is enormous. If you asked me what I’d rather eliminate on the basis of perfect information. Well, in the real world, the short-term matters and perfect information doesn’t exist. So banks went out on the risk spectrum and made bad loans.

Global competition
With China and India’s entry into the global economy, billions of people were suddenly becoming more productive. Prices should’ve been in free fall in the early 2000s, but Greenspan didn’t allow that to happen, which sent a terrible signal to the economy. Those of us in the investment business didn’t see the resulting hidden inflation, and by holding prices up, we were in effect telling the Chinese to produce like crazy. This drove jobs out of the United States, drove up manufacturing wages, and encouraged excessive housing consumption.

I’ve also convinced private markets would have come up with a very different interest-rate scenario than the Fed did. Each of us – independent businesses, maximizing profits, not a bit concerned for the public good – would have created an interest-rate scenario that prevented many of these economic problems.

Redistribution of wealth
But there’s a deeper issue. The Fed says that it’s currently holding interest rates below market rates – which means it’s redistributing wealth from savers to borrowers. This arbitrary redistribution is unethical and very destructive. That alone would condemn the Fed in my view.

End of the Fed
So what should we do? I’m for getting rid of the Fed. As long as it exists, the temptation for Congress to borrow us into economic chaos will be there. Congress will never discipline itself if the Fed can print money. We need a private banking system with a gold standard.

And ending the Fed is not an option, I think the second-best solution would be to cap the growth in the money supply at 3 percent, as Milton Friedman suggested. A more politically acceptable alternative would be to raise capital limits for financial institutions and transfer risk from the public to the bank shareholders. This would require privatizing FDIC insurance and getting rid of 95 percent of the regulations.

The market is based on experimentation. The existence of a government agency, on the other hand, destroys the learning process. If we’d had a private financial market since 1913, when the Fed was created, many of the issues we’re struggling with would have solved themselves a long time ago, and we would have a very advanced monetary system in the United States right now.

But we stopped the learning process. The most important as the policy mistakes have been, I believe that the real cause of the financial crisis is philosophical. More specifically, we got into this mess through a combination of altruism and pragmatism, which is what I call “the free-lunch mentality.” The Fed is a classic altruistic organization. It has been trying to save indebted borrowers – and failing banks – by driving down rates so they can get out of trouble. It’s using pragmatic standards in an “emergency” situation. Unfortunately, this free-lunch mentality leads to a lack of personal responsibility, which is the central issue that underlies all of our financial problems.

Interestingly enough, the solutions are philosophical as well. When most people think about life, liberty and the pursuit of happiness, they focus on liberty. But the world-changing idea was the pursuit of happiness. Before the Enlightenment, everybody existed for somebody else – for the good of the king, the state or the church. Nobody existed for their own good.

What Thomas Jefferson said was that each of us has a moral right to pursue our own personal happiness. It was that idea that created the most successful society in history.

One of the main problems in this crisis has been a failure of leadership. What is leadership? It’s creating an environment in which people can pursue their personal happiness, in which people are clear about their purpose and can use their capacity to think. This environment is the key to raising self-esteem, which means doing the best you can do, given your level of knowledge and skill. This, in turn, has an enormous social implication.

Take an entry-level construction worker – a bricklayer. He has a very tough life, but he gets something very precious for his work. He gets to be proud of himself. Take that same bricklayer and give him welfare. He’s better off financially, but he loses his pride. He loses his self-esteem.

There has been a lot of focus recently on security. The Fed is there to make us “secure.” But this is not the land of security. The United States is the land of opportunity – the opportunity to be great, the opportunity to fail and try again, and most importantly the opportunity for that bricklayer to live life on his own terms, to pursue his personal happiness. That is the American sense of life, and that is what is so precious to protect.
SPOTLIGHT ON THE ARTS

Kentucky Crafted Returns to Lexington
March 1-4 at the Convention Center

CELEBRATING its 30th anniversary, Kentucky Crafted: The Market will take place March 1-4 at a new venue in its original hometown, the Lexington Convention Center. The arts marketplace, which debuted in 1981 at the Kentucky Horse Park, returns to Lexington after a long run at the Kentucky Exposition Center in Louisville.

The state-sponsored wholesale/retail arts show produced by the Kentucky Arts Council generates more than $1 million annually in product sales. Visitors this year will find 181 exhibitors and can shop for paintings, prints, jewelry, wearable art, home décor, furniture and artisan foods along with commonwealth-related books and CDs.

The Kentucky Stage will feature 15 live music performances by Arts Council’s Performing Arts Directory members as well as workshops and hands-on activities ranging from gospel singing and creative writing to fabric dyeing, weaving, drumming and dance.

As always, the first two days are for wholesale trade and open only to qualified business owners of retail venues. This typically attracts 300 to 400 buyers from 15 to 20 states. On March 3-4, the public has its turn to buy new work before it hits store shelves or gallery walls.

Governor’s Mansion Features Special Art Exhibit

A new exhibit “Commissioned to Create: Works by Artists Who Created the Governor’s Awards (1995-2011)” is on display through April 15 at the Governor’s Mansion. It includes the awards along with other works created by the artists.

Featured artists are: Dan Neil Barnes, Lexington; Wayne Bates, Murray; William Duffy, Louisville; Linda Fifield, McKee; Ken Gastineau, Berea; Tracy Hawkins, Lexington; John Lackey, Lexington; the late Homer Ledford, Winchester; the late Rude Osoinik, Berea; Stephen Rolfe Powell, Danville; Arturo Alonzo Sandoval, Lexington; Rebekka Seigel, Owenton; Brooke Forrest White Jr., Louisville; LaVon Van Williams Jr., Lexington; and Jennifer Zingg, Frankfort.

The exhibit is open during regularly scheduled tours of the mansion from 9 a.m. to 11 a.m. Tuesdays and Thursdays (excluding some federal and all state holidays). The governor’s home is at 704 Capital Ave. in Frankfort.

Oxford American Honors Frank X Walker

ENTUCKY writer and a University of Kentucky English professor Frank X Walker has been named to “The Oxford American: The Southern Magazine of Good Writing”’s list of The Most Creative Teachers in the South.

“We have a monolithic stereotype of Appalachia that is more of a caricature,” Walker said in his interview with “Oxford American.” “They think of Boss Hogg or ‘The Beverly Hillbillies,’ when, in fact, there are vibrant black cultures in the likes of Birmingham and Pittsburgh ... and great figures like Carter G. Woodson, creator of Black History Month, and playwright August Wilson. Somehow this is left out of the definition.”

Walker’s poetry and teaching practice is fueled by this common misidentification of racial diversity in Appalachia. In fact, he coined a term to correct this conception: “Affrilachia.” The word was added to Webster’s Dictionary in 1996.

KAC Awards Artist Residency Grants

THE Kentucky Arts Council awarded $25,380 in Teacher Initiated Program grants for 47 weeks of short-term teaching artist residencies this spring in commonwealth schools. The grant program provides students and teachers hands-on experience making art under the guidance of professionals.

Residencies vary widely, depending on the planning of the teacher and the artist or artists hired for the residency. This group of residencies includes mural projects, explorations of cultural traditions, visual arts, animation, storytelling and dance.

Additionally, participating artists collaborate with teachers to design and implement programs that continue incorporating art into curricula after the residency is completed.

Grant amounts are $540, $1,080, $1,620 and $2,160 based on the length of the residencies, which can be for one to four weeks.

Transy Hires Poet Maurice Manning

CLAIMED poet Maurice Manning is returning to his native Kentucky as an English professor at Transylvania University in Lexington. He joins the faculty full-time in September; until then, he will organize readings on campus during the winter and May terms.

Manning won the 2000 Yale Series of Younger Poets award for his “Lawrence Booth’s Book of Visions” and was a 2011 Pulitzer Prize poetry finalist for “The Common Man.” He has four published books and has been in “The New Yorker,” “The Southern Review,” “Poetry,” “Shenandoah” and other magazines.

Manning has a master’s in English from the University of Kentucky and has always maintained a home in Washington County. He returns from Indiana University where he has been an English professor and associate director of the creative writing program. He also teaches in creative writing programs at Warren Wilson College in Asheville, N.C., and Sewanee: The University of the South in Tennessee. Manning previously taught at DePauw University.

IU granted him the John Simon Guggenheim Fellowship in April, and he used the award to come back to Kentucky to write poems for a book tentatively titled “The Gone and the Going Away.”

Kentucky Crafted Returns to Lexington
March 1-4 at the Convention Center

Oxford American Honors Frank X Walker

Transy Hires Poet Maurice Manning

Governor’s Mansion Features Special Art Exhibit

KAC Awards Artist Residency Grants

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EXPLORING KENTUCKY

Yew Dell Gardens in Crestwood is listed on the National Register of Historic Places and is considered one of the nation’s most exceptional gardens.

Emerald City Garden

Yew Dell Gardens is the perfect showcase for nature’s vibrant color palette

BY KATHERINE TANDY BROWN

R

EMEMBER the moment in “The Wizard of Oz,” when everything in Emerald City morphs from green to vibrant “living” color? According to Paul Cappiello, executive director of Yew Dell Gardens in Crestwood, just outside Louisville, that same awesome moment occurs when folks experience the gardens for the first time.

“When visitors come to Yew Dell, the setting is wonderful,” he said. “They drive beside railroad tracks, past warehouses and crooked telephone poles. Then they walk through our entrance barn and have this magical “Wizard of Oz” moment when they open the door and everything’s in color.”

With formal and informal gardens showing off annuals, perennials, trees, shrubs and nearly every imaginable plant, something’s always blooming at Yew Dell. There’s the Overlook Gardens with plants that can survive in hot, dry locations; Sunken Garden with alpine plants; Dry Stream Garden, with a demo of how a stream garden can be combined with effective handling of surface storm-water; Big Pine Garden with selections not yet on the market. And gardens are open weekday hours only.

A number of programs assure that kids are VIPs at Yew Dell. Families can use nature and garden backpacks crammed with bug catchers, magnifiers, nature guides and journals for free. Admission is $7 for adults and $5 for seniors, while children under 12, active military and Yew Dell members get in free.

In an ongoing search to locate more sustainable plants for gardeners, Yew Dell travels the world collecting specimens to test and trial new varieties for breeders. The now-popular Knockout roses were trialed here before hitting Yew Dell’s buildings and gardens. Having survived development pressures that emerged upon Klein’s 1988 death, the property has since 2001 become a thriving 60-acre botanical garden with hundreds of members and 250 volunteers.

In one of four types of tours. You can do it yourself with a visitor guide and map, available online or at the gardens. Walk in the woods on Yew Dell’s mile-plus hiking trail past a two-acre pond and beaver dams. Pick up a free iPod for an audio tour. (Yes, you must return it before you leave!) Or, with a two-week notice, groups can learn from a guide all about the garden’s history, development of the botanical gardens, sustainable focus and ongoing research.

Among its raft of community events are festivals, plant sales, Boo Dell at Halloween, and the Third Thursday Concert Series, with an eclectic selection of live music and easy boxed picnic supper delivered from Crestwood’s Red Pepper Café.

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UK’s HBEER Helps Houseboat Makers Set a New Course

The financial crisis of 2008 and subsequent recession drained sales for Kentucky’s houseboat manufacturing industry, idling hundreds of workers. However, a ribbon cutting Jan. 27 near downtown Monticello, Ky., holds great promise.

It was a christening for the first prototype from the University of Kentucky’s Houseboat to Energy Efficient Residences (HBEER) initiative. HBEER is a partnership between the UK College of Design, the Center for Applied Energy Research at UK, the Kentucky Highlands Investment Corp. and the Kentucky Housing Corp.

The multiyear project was initiated in the fall of 2009 in response to the economic downturn’s impact on the houseboat manufacturing industry. More than 50 students and faculty at the UK’s School of Architecture developed models of energy-efficient, affordable housing that could be produced with houseboat manufacturing expertise.

Today, HBEER is creating green jobs and bringing back to work some of the 575 skilled workers and 1,000 related jobs that were lost in the houseboat manufacturing and marine industries due to the economy.

“The transfer of knowledge and expertise gained during the HBEER project traces the path of an arc leading directly from design research conducted at the University of Kentucky to design products meant to address important energy and economic needs of communities in the Commonwealth of Kentucky and beyond,” said UK College of Design Dean Michael Speaks.

Among highlights of the HBEER project:
• Estimated energy costs are about $1.65 per day, which is one-half to one-sixth of energy bills for other housing alternatives.
• More than 80 percent of the home value is derived from products made in Kentucky, creating or saving further jobs.
• Stardust Cruisers went from 12 full-time and 12 contract workers to 56 full-time employees, including six dedicated to the HBEER project. Stardust has improved its houseboats’ energy efficiency and is now exporting new products.
• A second HBEER prototype has been delivered to Whitley County and should be completed by the end of February. A next phase of the HBEER project will include a prototype for multifamily housing as well as classroom space for schools as an energy efficient and more durable alternative to portable classrooms.

Ah, lemonade – how sweet it is.

Kentucky Leaps 20 Spots to 14th Place in Education Week’s U.S. Ranking

Kentucky’s rank among all states on key education indicators improved dramatically this year, placing the state 14th for its work on academic standards, the teaching profession and other variables related to public education.

Each year, Education Week, a national publication focusing on P-12 education, produces a special “Quality Counts” issue. It tracks key indicators and grades states on their policy efforts and outcomes. Last year, Kentucky ranked 34th.

“Kentucky continues to show measurable progress in education, and the rankings provided in ‘Quality Counts’ recognize the hard work of teachers, administrators, parents and community members,” said Gov. Steve Beshear.

“Much of the impetus for Kentucky’s high ranking can be traced to 2009’s Senate Bill 1,” said Kentucky Education Commissioner Terry Holliday. “That legislation set us on a course to become a leader nationwide, and with the support of Gov. Beshear, legislators, teachers, administrators and parents, Kentucky’s work in school accountability, teacher training, college/career readiness and stronger academic standards is moving us in the right direction.”

“Quality Counts” provides data and information about efforts in six areas:
Louisville Gains a Reputation for Food

LOUISVILLE keeps gaining respect as a restaurant town. This month the Zagat restaurant guide organization named the city one of the “Best Foodie Getaways Around the World.”

“You’ll find an impressive amount of top-notch restaurants featuring both rustic and city-fied food” in Louisville, according to an article published on the well-known restaurant digest’s website at blog.zagat.com.

“Being on lists like this is not only a lot of fun, it’s another indication of the growing strength of the food and beverage sector in the city’s economy,” said Mayor Greg Fischer. “Louisville has worked hard to enhance our already strong reputation for great food.”

In addition to the Zagat list, Louisville was named one of the South’s Ten “Tastiest Towns” by Southern Living magazine in December. The Slow Foods National Congress will be held in Louisville this spring, and in the summer Middlebury College in Vermont will send 12 students to a program called FoodWorks Louisville.

Fischer even gave a “State of the Local Food Economy” speech last month, discussing how private-public partnerships had reinvented Louisville’s food scene – building on a tradition of fine hospitality by becoming truly innovative and cutting-edge. Excellent culinary-arts education programs at Sullivan University and Jefferson Community Technical College supply local restaurants with top-quality chefs, while initiatives such as Farm to Table help connect local farmers to caterers, chefs and school cafeterias.

The city’s innovative food and beverage sector is one of four business clusters Louisville economic development officials are using as a launching pad to generate business creation.

Recipe for Better Health Gets $150,000 Boost

LOUISVILLE’S efforts to combat youth obesity are gaining national attention and, as positive feedback, some cash.

Mayor Greg Fischer accepted the first annual Childhood Obesity Prevention award at the U.S. Conference of Mayor’s winter meeting in Washington, D.C., in January. The award cited the mayor’s Healthy Hometown Movement, which ranges from stores that bring fresh produce to underserved neighborhoods to gardens at local schools to voluntary menu labeling at local restaurants. It comes with funding of $150,000 that will help the city expand the initiative.

“Creating a healthier Louisville is one of our top goals. Although we are way too high on the list of many health risks, this award shows we are working hard toward a solution to these challenges,” Fischer said. “We will use the funding that comes with this award to help empower young people to become more entrepreneurial as well as to become change agents as they help to improve access to healthy foods right in their own neighborhoods.”

A group of 50 Louisville Youth Advocates ages 12-18 canvassed west Louisville and found increased access to fresh, healthy foods was a top priority. The findings helped lead to the opening of six Healthy in a Hurry Corner Stores that are now providing fruits and vegetables in neighborhoods such as Shawnee, Chickasaw and Smoketown.

Fischer said he wants the Youth Advocates to get even more engaged by developing community gardens and making the fresh produce available to Healthy in a Hurry stores at lower than market costs.

Louisville’s award was in the big city category. Lima, Ohio, and Allentown, Pa., won awards in the smaller-city competition.

UK Hybrid Operating Room Is World’s Best

Kentucky now boasts the most advanced hybrid operating room in the world, incorporating the highest-quality medical imaging system available at the UK Albert B. Chandler Hospital in Lexington. Imaging equipment that can render 3D views of intricate blood vessels or other surgery targets in only 30 seconds moves in tandem with the fully articulated surgical platform. Surgeons can use large high-definition displays, and procedures can stream live or be viewed later via the Internet for consultation or for instructional purposes. There was a two- to three-year design process for the new surgery suite that included visits to the world’s best ORs and life-size Styrofoam mockups to ensure new features were incorporated efficiently. Initial training and certification for staff and doctors will be a two-week process. Until someone develops and builds a more advanced OR, Kentucky patients and medical personnel have the best in the world.
COVINGTON: REPUBLIC BANK DONATION SUPPORTS URBAN PARTNERSHIP’S ‘CLEAN AND SAFE INITIATIVE’

Republic Bank donated $5,000 to the Urban Partnership of Covington to support UP’s ongoing effort to clean up downtown Covington. Republic’s gift will support the “Clean and Safe Initiative” that was launched last year and resulted in the collection of more than 26 tons of litter and the removal of graffiti from more than 500 locations during the first nine months of the program. Pictured here are (left to right) UP crew members Dave Ramey, Matt Congrave, UP Executive Director Pat Frew, Republic Vice President Steve Brunson and UP crew member Brian Berry.

DANVILLE: JOAN HALTOM HONORED FOR SERVICE TO HEALTH INDUSTRY

Joan Haltom, left, director of Pharmacy and Respiratory Therapy at Ephraim McDowell Regional Medical Center in Danville, was recently awarded the Kentucky Society of Health-System Pharmacists (KSHP) President’s Award for her service to the organization. Presenting the award was Amey Hugg, right, past president of KSHP.

SPRINGFIELD: KY HERITAGE COUNCIL PRESENTS 2012 AWARD TO MAIN STREET/RENAISSANCE PROGRAM

Former Kentucky Heritage Council Executive Director David Morgan (fourth from left) was on hand to present an award named in his honor, the David L. Morgan Outstanding Main Street Partner Award for 2012, which went to the Springfield Main Street/Renaissance Program for its downtown marketing partnership with St. Catharine College. Morgan retired in 2006 after 22 years as state historic preservation officer. Pictured here, from left to right, are Rocky Gorman, Kentucky Main Street Program state coordinator; Dr. David Donathan, professor of management/chair of Business, Management and CIS Department, St. Catharine College; Rachel Kennedy, Preservation Kentucky Inc. executive director; David Morgan; Nell Haydon, City of Springfield Main Street/Renaissance director; Laurie Smith, Main Street/Renaissance chairman; and Dr. John W. Cecconi, mayor of Springfield.

PAINTSVILLE: DINGUS GETS 2011 EIEA TOP REGIONAL ENTREPRENEUR AWARD

2011 Excellence in Entrepreneurship Award (EIEA) winner Sandra G. Dingus was recognized as one of the region’s top small-business owners and entrepreneurs this past fall at an EIEA Hometown Event in Paintsville. Dingus started Drug Testing Centers of America in Paintsville in 2007 in an effort to help combat the drug and alcohol abuse that contribute to workplace accidents. The company, which offers pre-employment drug and alcohol screening services, has since grown to include offices in West Virginia and Pennsylvania.
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