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INSIDE TODAY

Just considering U.S. government shut-down costs money – Congressional Republicans' threatened federal government shut-down is already costing U.S. taxpayers money and it has not even happened yet, budget experts said on Tuesday.

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Student loans could help avert U.S. airline pilot shortage – The head of the world's largest pilots union urged the airline industry on Monday to find ways to alleviate the rising costs of aviators' schooling, saying a shortage of regional airline pilots looms in the United States.

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Big Auto look to tech companies to fix cars over the air – As cars increasingly resemble digital devices, a group of technology firms that can send wireless software updates to cars are in hot demand by carmakers scrambling to catch up to Tesla Motors in the arena of over-the-air updates, or OTAs.

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U.S. court hears challenge to \$5.7 billion Visa, MasterCard settlement – A U.S. appeals court on Monday weighed whether to uphold the approval of an estimated \$5.7 billion antitrust settlement by MasterCard Inc and Visa Inc with merchants over credit card fees despite the objection of several major retailers.

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Pending home sales retreat in August but remain at healthy level – Pending home sales retreated in August but remained at a healthy level of activity and have now risen year-over-year for 12 consecutive months, according to the National Association of Realtors®. A modest increase in the West was offset by declines in all other regions.

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AT&T may take \$1.1 billion charge on DirecTV's Venezuela assets – AT&T Inc may take a charge estimated at \$1.1 billion related to DirecTV's Venezuela assets in what is the latest U.S. company to confront the South American country's currency woes.

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BUSINESS / TURNER INNOVATIONS

Turner Innovations participates in Rocky Mountain Life Science Investor Conference

"When new technology is developed at a University, how do you get it into the real world? That's what we do at Turner."

—Dr. Clark Turner

Jerry Olsen

SALT LAKE CITY (The Record/Times)

The Colorado BioScience Association (CBSA) recently announced that Turner Innovations of Orem was chosen as one of 30 companies to participate in the Rocky Mountain Life Science Investor and Partnering Conference (RMLIPC).

As one of the top 30 companies selected by a committee of investors, Orem-based Turner Innovations pitched their wares to investors at the Vail Marriot Mountain Resort last week.

Turner Innovations produces small, hand-held medical X-ray devices.

"I've been doing X-ray technology for over 30 years now," Dr. Clark Turner, owner and founder of Turner Innovations said. Dr. Turner describes himself as an "X-ray geek," and rightfully so.

In the middle of 2003, Turner's dentist asked if he had something lightweight that he could take on humanitarian missions to take dental X-rays in the field. The dentist said everything he could buy weighed 100 pounds, and he had to take a generator with him to power the machine. He was looking for something battery-powered and much smaller.

Turner had already developed a dental X-ray tube at a company called Moxtech.

"It was something about the size of your little finger that could be used in hand-held X-ray analyzers," Turner said.

"We eventually developed something called the Nomad. It's the world's first hand-held, battery-powered dental X-ray system," Turner added. The company also built a second-generation device called the Nomad Pro.

Turner said they eventually sold Moxtech in November 2012. That is when he decided to start a company called Turner Innovations.

The idea behind Turner Innovations is to take basic research ideas, and do applied research and product engineering in order to commercialize those ideas.

"Universities are really good at basic research and manufacturing companies are good at manufacturing, but there's a gap. When new technology is developed at a University, how do you get it into the real world? That's what we do at Turner," he said.

Turner said his company will soon launch a new type of radiation shielding material. Today, most radiation shielding material uses lead, however lead is environmentally un-



Dr. Turner shows off his newest invention: The Micro-C Medical Imaging System. He took this super light weight X-Ray machine to the Investors Conference in Vail Colorado, September 23. Photo Caption: Courtesy of Dr. Clark Turner

friendly and toxic.

"At Turner we've developed radiation shielding material with a product called bismuth," Turner said.

Bismuth is an environmentally safe and non-toxic material. It's a different type of material, but it shields X-rays just as well as lead. The company is selling the shielding material to be used as mobile barriers to the hospital industry, and to instrument manufacturers like GE Medical Systems.

That's one aspect of the business, but there's a more important one that relates to the earthquake that hit Haiti in 2010, and killed nearly 230,000 people.

Turner said: "At that time, I received several calls from doctors who were going to Haiti in order to treat injured patients. They wanted to use Turner's dental X-ray machines to get images of patients' bones.

"We ended up not sending the dental systems down there, because the existing X-ray equipment didn't contain the whole system. As a result, we put together a medical imaging device that is comparable to what we did on the dental side."

It's a field portable, hand-carried, battery-operated, medical-imaging device with no cords (aside from the USB cord that connects

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Turner Innovations participates in Rocky Mountain Life Science Investor Conference

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to your computer). The device is appropriately named the Micro-C.

The device runs through your laptop with the USB cord, and the image comes up on your laptop computer. The whole thing weighs about 17 pounds.

"The competing systems weigh about 300 pounds, so it has the potential to make a big difference," Turner said. Turner plans to take the Micro-C device with him to the conference in Denver.

"We need \$2 million to finish the design of the device, and get it cleared through the FDA. After that, the company will need an additional \$3 million in order to bring the product to commercialization. If we get the investment, we'll double the size of the company," said Turner.

April Giles, President and CEO of Colorado BioScience Association said, "45 investors participated in the conference, this year."

"We hold it every other year, and the event

this September will be the fourth. We also expect to see at least 220 attendees in Vail this year."

Giles added, when it comes to bioscience, investors in outlying areas like California, Boston have become increasingly interested in what's happening in the western United States.

With more than \$1.2 billion in financing and investments from 2011-2013, Colorado took the number one spot (among top ten states) for venture capital investment in the

life sciences. Utah came in second, with \$185 million in investments.

"The Rocky Mountain region is the largest and most advanced areas for bioscience between the two coasts," Giles said.

Following this year's Investment Conference, Dr Turner reported, "We made a lot of good contacts with potential investors at the conference in Vail that we plan on following up with in the next couple of weeks."

Big Auto look to tech companies to fix cars over the air

Continued from page A-1

Interest in the technology, through which certain car functions can be upgraded much the same way as an iPhone, comes as Tesla is set to deliver an OTA for hands-free cruise control this month, allowing its electric Model S sedans to drive themselves on freeways.

"Tesla has made great strides in raising the profile of OTA, making it appear somewhat sexy by showing how features could be added," said Strategy Analytics consultant Roger Lanctot. "They're almost poking the traditional carmakers in the eye by making it look so easy."

That has spurred the big automakers to get more serious about OTAs, although they are hampered by the challenge of making software compatible with internal combustion engines, dealers worried about losing service revenue and security concerns.

"There's a whole mindset change" as automakers embrace the need for the technology, said Honda spokesman Matt Sloustcher.

Oren Betzaleli, product strategy head for Israeli OTA firm Redbend, said four years ago it was hard to get in the door.

"Today, OTA is so important to car makers that we can get in right away to see the VPs of manufacturing," he said.

Betzaleli said between six and 10 auto companies are "engaged" with Redbend's technol-

ogy for cars but declined to name them. There are about 70 different computers in every modern car, each with software that has to be managed, Betzaleli said.

Michelle Avary, VP of auto products and strategy at wireless carrier Aeris, said she had "yet to speak to a single OEM (original equipment manufacturer) who is not active in this space right now."

The technology has set off a wave of partnerships, investments and acquisitions. Audio products maker Harman International Industries paid \$170 million to acquire Redbend and another \$780 million to buy Silicon Valley-based Symphony Teleca, another OTA firm. Both deals were in January.

Some big carmakers, including GM, BMW and Mercedes, are already using OTA updates, but mostly for their entertainment systems.

Mahbubul Alam, chief technology officer of Michigan-based global OTA firm Movimento, predicted that in three years nearly all car makers will have some kind of OTA capability.

Tesla has already introduced over 75 features via OTA, from raising the ground clearance of cars to boosting acceleration.

The recent hacking of a Jeep Cherokee through its telematics system has highlighted security vulnerabilities as cars add more digi-

tal technology, and auto experts say OTAs are the best way to minimize breaches because weak links can be quickly repaired.

Besides the practical advantages for consumers, who won't need to waste time at dealerships for new fixes, the technology may save money for automakers because up to half of warranty repair issues and recalls can be corrected through OTAs.

The cost of fixing an issue through a safety recall, in which dealers are compensated for repairs, versus an OTA is higher by a factor of 20 to 30, said Alam, without saying how he arrived at that estimate.

A September report from research company IHS found that global cost savings from OTAs will grow from \$2.7 billion today to more than \$35 billion in 2022. Those potential savings have eroded earlier resistance to OTAs, said Lanctot.

"That's where the chief financial officer says to the chief information officer, 'Get out of the way, buddy, if we don't do this, we're going out of business.'"

"NO TURNING BACK"

As much a tech company as an automaker, 12-year-old Tesla is free of the constraints its rivals face - complicated combustion engines, huge model ranges, four-year development

cycles and a reliance on car dealerships.

Tesla "started from a blank piece of paper," said Avary. "They didn't have 100 years of legacy engineering to contend with."

"Your typical combustion engine is still very mechanical. Your gasket blows, it's gone. Tesla is different, they have a lot more software in their cars, it's a very different beast."

Traditional carmakers' reliance on car dealers also impedes OTA adoption, with some dealers worried their lucrative service revenue will drop off if car owners come less frequently to dealerships when fixes are done by OTA updates, said Lanctot.

"It's not in carmakers' interest to annoy the dealer," he said.

Jackson, Michigan, Chrysler dealer Wes Lutz defends his role, arguing that while Tesla's higher income clients may be tech buffs keen on OTAs, the average car owner is less savvy and needs hand-holding.

"When it's daylight savings time and the clock changes, I have customers lining up out the door!" Lutz said.

(Reporting By Alexandria Sage. Editing by Steve Trousdale and John Pickering)

U.S. court hears challenge to \$5.7 billion Visa, MasterCard settlement

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A lawyer for retailers including Target Corp and Amazon.com Inc urged the 2nd U.S. Circuit Court of Appeals in New York to reject the deal, saying it forces merchants to give up their rights to sue over various policies and practices.

"The defendants are trying to buy something that is not for sale," said Thomas Goldstein, the lawyer.

But Paul Clement, a lawyer for merchants who negotiated the deal, said the settlement was fair and provided not just \$5.7 billion but reforms an expert valued as worth up to \$62 billion.

"There was meaningful relief here," he said.

The settlement, the largest in a U.S. antitrust class action, resolved lawsuits by merchants pending since 2005. The lawsuits accused Visa and MasterCard of fixing the fees they were charged each time customers used credit or debit cards.

Merchants also claimed Visa and MasterCard prevented retailers from encouraging customers to use cheaper payment methods.

U.S. District Judge John Gleeson in Brooklyn in 2013 approved the deal, saying it provided significant monetary award and meaningful relief.

The settlement provides for cash payments



to merchants and lets them begin charging customers a surcharge when they use Visa or MasterCard credit cards.

Around 8,000 merchants, representing 25 percent of the transactional volume at issue, opted out of the deal, driving its value down to \$5.7 billion from \$7.2 billion. Over 30 lawsuits by those opt-outs are pending.

Those retailers say a broad litigation release in the settlement forces current and future merchants who accept Visa or MasterCard to forgo rights to sue over various current and future policies and practices.

The deal's approval was thrown into further flux after Keila Ravelo, an ex-lawyer at MasterCard's law firm, was charged in December with engaging in a fraud scheme.

Following her arrest, the firm, Willkie Farr & Gallagher, discovered an exchange of communications between Gary Friedman, a lawyer for the plaintiffs, and Ravelo.

Some retailers say the exchange of confidential information tainted the deal. Similar communications between Friedman and Ravelo resulted in August in a federal judge

rejecting a separate antitrust settlement with American Express Co.

The case is *In Re: Payment Card Interchange Fee and Merchant Discount Antitrust Litigation*, 2nd U.S. Circuit Court of Appeals, No. 12-4671.

(Reporting by Nate Raymond in New York; Editing by Cynthia Osterman)

BofA to cut "a couple of hundred" jobs

(Reuters) - Bank of America Corp is planning "a couple of hundred" job cuts at its global banking and markets unit, the Wall Street Journal reported.

The bank could announce the layoffs as early as Tuesday, the Journal said, citing people familiar with the matter.

Bank of America, which had about 216,700 full-time employees as of June 30, could not be immediately reached for comment.

Investment banks have been known to axe jobs at this time of year, just ahead of bonus season.

Bank of America's third-quarter trading revenue may fall between 5 percent and 6 percent due to weakness in its fixed income business, Chief Executive Brian Moynihan said at a con-

ference less than two weeks ago.

Moynihan, known within the bank as a problem-fixer and a cost-cutter, had previously said the trading business would need to trim expenses if results did not improve.

Bond trading has been under pressure since the financial crisis as new rules discourage banks from trading off their own balance sheet and regulators demand that banks boost capital.

Recent concerns over the slowing Chinese economy and the Greek debt crisis are expected to further cut into banks' trading volumes.

During the second quarter, bond trading revenue at every major bank, with the exception of Morgan Stanley, declined from a year earlier.