



Allina talks of merger with Aspen Medical

• Allina and Aspen Medical Group are in merger discussions that would expand Allina's presence in the east metro area.

By DAVID PHELPS
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Allina Hospitals and Clinics, the largest health care provider in the Twin Cities, is on the verge of getting bigger.

Allina confirmed this week that it is in merger discussions with Aspen Medical Group, St. Paul, a 33-year-old organization with eight clinics in the metropolitan area and a professional staff of 200.

In a statement after the Star Tribune inquired about the potential partnership, Minneapolis-based Allina said: "Allina and Aspen are currently in discussions regarding a strategic integration that would enhance both organizations' ability to provide exceptional care to their patients. The discussions are ongoing, and we expect a final decision to be made by the end of the year."

Both organizations are otherwise being tight-lipped about the transaction.

Allina continues: Aspen doctors have patients in Allina hospitals. **D3** ▶

Fed's top worry: It's still inflation

FEDERAL FUNDS RATE unchanged at **5.25%** Despite turmoil in the credit markets, the central bank voted to hold interest rates steady. **D3**

Iowa will get hangar for Mesaba work

• The Des Moines hangar will be used for Canadair maintenance.

By LIZ FEDOR • lfedor@startribune.com

City leaders in Des Moines plan to contribute \$4 million to help Mesaba Airlines build an \$11.8 million maintenance hangar at Des Moines International Airport.

Mesaba, a subsidiary of Eagan-based Northwest Airlines, announced Tuesday that it plans to use the 75,000-square-foot hangar for overnight maintenance work on 50-seat and 76-seat Canadair Regional Jets (CRJs).

Mesaba is expanding rapidly and will be operating 17 50-seat jets and three dozen 76-seat jets by the end of 2008.

Construction on the hangar is expected to begin later this year. Mesaba estimates that 30 people will be employed in Des Moines.

"It's a good project and a good fit for Northwest and Mesaba Airlines and for Des Moines," said Craig Smith, aviation director at the Des Moines airport.

Mesaba continues: Empty Duluth building called too big. **D2** ▶

Mac trustee quits as his fund falters



« I WANT YOU TO KNOW HOW PROFOUNDLY

SORRY AND DEEPLY

PAINED I AM ABOUT

WHAT HAPPENED. »

Jeff Larson, in an Aug. 3 apology to clients of his hedge fund

• The high-powered chairman of Macalester College's board of trustees resigned after his hedge fund nearly collapsed under the weight of \$1.6 billion in bad bets on corporate bonds.

By CHRIS SERRES
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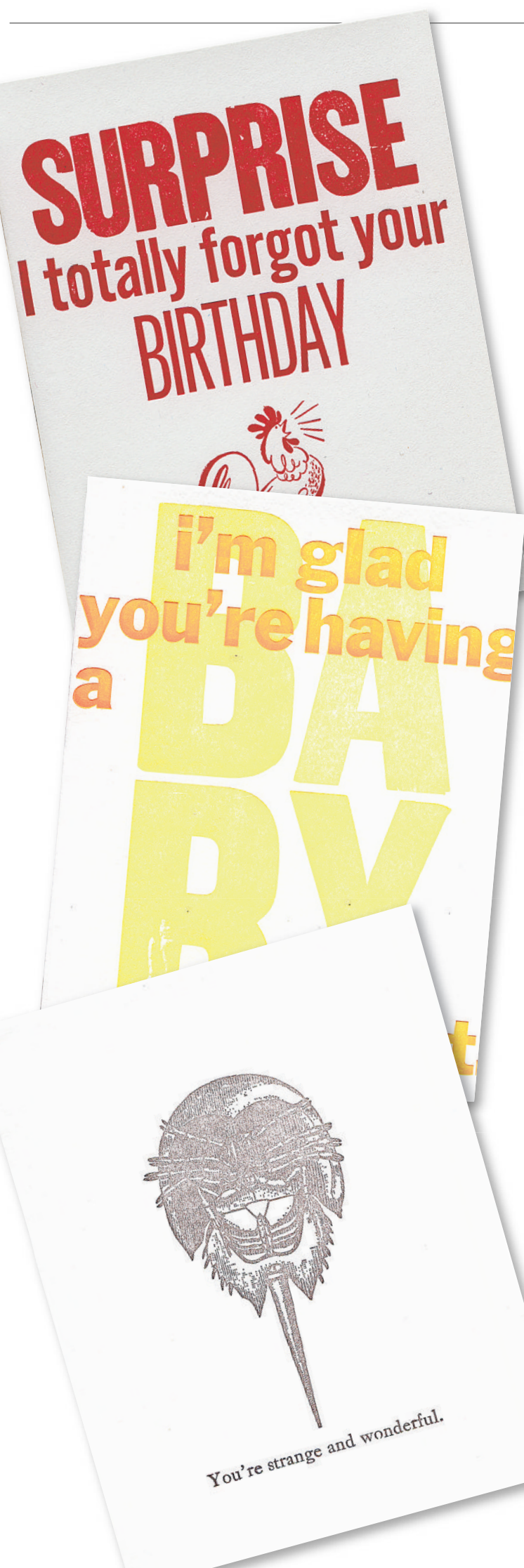
Jeff Larson, chairman of the Macalester College board of trustees and a key fundraiser for the college, has resigned following the near-meltdown of his hedge fund in Boston that made risky bets on corporate bonds.

In a letter sent Thursday to Macalester faculty, staff and students, Macalester president Brian Rosenberg said Larson stepped down to "devote his full attention to his business and personal affairs." In keeping with the college's conflict of interest policies, Macalester and its endowment did not invest in Larson's firm.

Larson was in meetings Tuesday and not available for comment.

Larson, 49, is managing partner of Sowood Capital Management, a hedge fund firm that has nearly collapsed under \$1.6 billion in losses on corporate bonds and derivatives. Sowood lost more than 50 percent of its value in July and last week agreed to sell most of its assets to Citadel Investment Group of Chicago.

Sowood continues: The drop reminds of the risks of hedge funds. **D5** ▶



DICK YOUNGBLOOD • yblood@startribune.com

Fran Shea, left, and her sister-in-law and partner, Jen Shea, in the Minneapolis garage where their design and letterpress company, Zeichen Press, is based.

Vintage printing and edgy humor

With an aging letterpress and an offbeat line of greeting cards, two Minneapolis women are working to grow their garage-based business.

SMALL BUSINESS
DICK YOUNGBLOOD



The line of greeting cards, printed with custom-mixed inks on a hand-fed letterpress, is clearly the product of a delightfully twisted mind.

Consider these cards for new mothers: One shows a drawing of a toddler and carries the line, "Eat, Sleep, Poop — Repeat." The other simply says, "I'm Glad You're Having a Baby — And I'm Not."

Then there's the valentine with a matronly woman, her hair done up in

a 1930s style, who smiles sweetly and says, "I'm Still Stalking You."

Or my favorite, a holiday card that shows a young girl gazing out a window at a snowy landscape and saying, "This Time of Year Fills Me With ... Greed!"

"We're no Hallmark," conceded Fran Shea, creator of these and a variety of similarly offbeat printed products produced by Zeichen Press, the garage-based design and letterpress company that she started in 2006 with her sister-in-law, Jen Shea.

Youngblood continues: "Hey, maybe people would buy this stuff." **D2** ▶

Former CEO convicted in first backdating trial

• Gregory Reyes, former head of Brocade Communications Systems, was found guilty of securities fraud. An appeal is planned.

By JORDAN ROBERTSON
Associated Press

SAN FRANCISCO — Gregory Reyes, former Brocade Communications Systems Inc. chief executive, was convicted Tuesday of defrauding investors in the first stock options backdating case to go to trial.

The conviction on all counts is considered an important validation of the Justice Department's options backdating probe, which has so

far led to criminal charges against at least 10 executives. Reyes' case was seen as an important test of whether a jury considers it a crime deserving of jail time.

Reyes wiped his forehead with a handkerchief and glared at the jury as the verdict was announced. His wife, Penny, sobbed. They embraced afterward and left the federal courthouse in San Francisco without commenting.

Reyes' lawyer said he plans to ap-



Gregory Reyes

peal.

"Today, we are disappointed. Tomorrow, we will continue the fight," attorney Richard Marmaro said in a statement. "Greg Reyes is innocent and we are confident he will ultimately

be exonerated. At all times, he acted in the best interests of the employees and shareholders of Brocade."

Brocade continues: Backdating is not illegal if it is disclosed and accounted for in company documents. **D5** ▶

Dow ▲ 35.52 13,504.30	Nasdaq ▲ 14.27 2,561.60	S&P 500 ▲ 9.04 1,476.71	NYSE ▲ 52.30 9,606.07	Russell 2K ▲ 7.74 774.13	ST100 ▲ 2.21 190.22	Gold (oz.) ▼ \$1.00 \$682.30	Oil (bbl.) ▲ \$0.36 \$72.42	3-month T-bill 4.94%	10-year T-note 4.77%	30-year T-bond 4.92%	Prime rate 8.25%	LIBOR 1 month 5.320%	U.S. dollar 0.7265 euro (▲ 0.0018) 118.39 yen (▼ 0.04)
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