

FYIBUSINESS | NEWS, TRENDS AND EVENTS IN TULSA BUSINESS

Amsterdam company acquires NMW

A company based in Amsterdam, the Netherlands, has acquired the operations of a Nowata manufacturer.

Amfiltergroup BV, which designs, manufactures and services critical process filtration products in a wide array of industries, has purchased NMW Inc., a privately-owned manufacturer of filter housings and backwashable filtration systems for oil and gas, chemical and petrochemical industries.

Terms of the transaction were

not disclosed.

NMW, which celebrates its 100th anniversary in 2007, markets products under the Nowata Filtration and ProGuard Filtration brand names. Amfiltergroup's products are sold under the Amfilter, LFC and Vanpipe brand names.

"Nowata produces critical process filters used in the manufacture of chemicals for a variety of industries," said Andrea Davi, Amfiltergroup's chairman and

chief executive officer. ". . . We are very excited about being able to add Nowata's products to our existing range of precision filter products so that we can offer total solutions to our customers' filtration requirements."

Davi also said that Nowata Filtration is critical to Amfiltergroup's geographic expansion in the Western Hemisphere.

Mark McLennan, president of sales and marketing, research and development for Amfilter-

group, said in an e-mail that the company is "already in the process of looking to add people into the business to support the growth from last year and the increasing market demands we are seeing for Amfiltergroup products."

David L. Perkins Jr. of Verco advised the seller in this transaction.

Online hookup cuts phone bill

When Marlene Johansing moved to San Miguel de Allende in Mexico, her phone bills became one of her biggest everyday expenses.

Keeping connected by phone to friends, family and others, even sparingly, cost \$250 to \$300 a month, she said.

But last year she discovered voice over Internet protocol, an emerging technology that allows consumers to make phone calls through an Internet connection.

The Internet calls are more reliable than her former long-distance phone service, she said, at a fraction of the cost — only \$30 a month.

About 5 million U.S. households have taken the same tack, according to Forrester Research Inc. in Cambridge, Mass. That's a tiny fraction of the domestic telecommunications market, but the growth has been tremendous — roughly 200 percent in the last year, said Maribel Lopez, a vice president at Forrester.

An Internet phone connects to a different wiring system, but from the consumer's standpoint, the service is nearly identical: You pick up the phone, hear a dial tone, dial a number by pressing buttons, and wait for someone to answer the ring.

These phone systems are



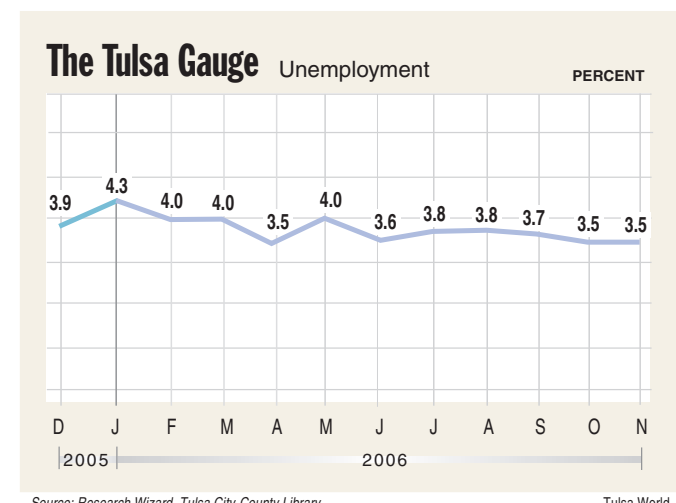
KATHY KRISTOF

offered through a wide array of companies, including Internet-only carriers such as Vonage and Skype as well as big cable firms such as Comcast and Charter Communications.

You need two things to use Internet phone service. The first is a broadband Internet connection — such as cable-modem or DSL service instead of a dial-up link. The second is a backup plan when power goes out, the cable or DSL service isn't working, and you need 911 service.

The biggest saving will be from the absence of fees and taxes that show up on an ordinary phone bill but don't apply to Internet calls. Extras, such as voice mail and caller ID, are often free.

Los Angeles Times staff writer Kathy M. Kristof welcomes your comments and suggestions but regrets that she cannot respond individually to letters or phone calls. Write to Personal Finance, Business Section, Los Angeles Times, 202 W. 1st St. 90012, or e-mail kathy.kristof@latimes.com.



Oklahoma credit unions to build headquarters

Members of the Oklahoma Credit Union League broke ground Wednesday on Credit Union House, a multi-use facility that will be within view of the Oklahoma State Capitol in Oklahoma City.

The building will serve as the main headquarters for the state trade association, the OCUA, as well as provide meeting and training facilities for credit unions, community members and legislators. The two-story building will be located east of

Lincoln Boulevard on 33rd Street.

Oklahoma Credit Union House is being financed through a limited stock offering in which 25 Oklahoma credit unions participated. Construction is expected to begin this spring.

The league is the state trade association representing 83 credit unions and nearly 1 million credit union members statewide.

KALLAY:

For years, few legal problems occurred.

FROM E-1

Kallay is best known for the Woodland Park development, a bustling movie and restaurant venue near U.S. 169 and 71st Street.

Kallay said he and his partners earned \$3.5 million on the development. He said much of his earnings were spent irresponsibly on an expensive home and by doling out \$50,000 and \$20,000 bonuses to employees.

Additionally, Kallay discussed his business, bad debt, allegations of fraud and Las Vegas gambling trips. He also discussed plans for a comeback that includes Eastland Mall in addition to Rockford Village.

Kallay bought Eastland last year and sold it for \$2.8 million. He said he remains involved as a limited partner in the development and says it could yield \$20 million for investors when occupied as a business center with retail space.

The gregarious Kallay has helped form more than 45 companies since 1990, records show. He is known for taking risks on properties that other developers ignore or overlook.

Kallay said the high-stakes transactions involved in commercial development have some similarities to the transactions of gambling.

"I'm the kind of guy who can bet the maximum on three hands" and not flinch, Kallay said. "One partner got sick and had to go up to his room when I bet those hands. It made him that sick. I don't gamble unless it fits my system."

After living the life of a millionaire that includes playing polo, Kallay said he is now strapped for cash. On some nights, he said, he shops at the discount store and buys "cheapo" bread and other discount food items.

But Kallay and his wife, Suzanne, have retained their Southern Hills Country Club membership for practical reasons, he said.

"We don't miss meals, but there have been times when we didn't have food in the house but we chose to pay our club bill," Kallay said. ". . . It's really about balancing the assets."

As he attempts to dig out from what he describes as a financial mess, Kallay said he still lives in his \$1 million home although he mainly keeps to one room.

"I'm a typical guy," he said. "I can get by with less space and fewer things."

Local banker Evans Rector said Kallay is one of the best when it comes to commercial development.

"He has an uncanny ability to have a number of options on any particular development, and he knows how to structure something so that it works," said Rector, president of Bank of the Ozarks, Oklahoma Division.

Rector financed Kallay's de-

Edward Kallay

Profession: Commercial developer

Major project: Development of Cinemark — hotel and restaurant property near 71st Street and U.S. 169

Personal: Born July 4, 1960

Age: 46

Home: 2625 E. 37th St. (assessor's value is \$980,000)

Title: President of Kallay Group

Memberships: Southern Hills Country Club

Education: Bachelor's degree in economics, Westminster College, Fulton, Mo.

Hobby: Polo



velopment of Woodland Park among other projects.

"I've dealt with Ed for more than 15 years and never had a problem with him or his projects," Rector said. "We're looking at financing three different projects for him right now."

Shelby Oakley, a Kallay investor and friend, also can attest to Kallay's business skills.

"He's probably the best I ever saw at spotting the good deal that others miss," said Oakley, who developed Keystone Plaza in Sand Springs on a suggestion from Kallay. "The problem is that once he finds it, he just gives it away to other people who may not know what to do with it."

After many years with few legal problems, Kallay and his companies were named as a defendant in 15 lawsuits from 2004 to 2006. The suits include foreclosures and bad bank notes in addition to claims of fraud.

Five of the lawsuits have been dismissed or settled, while five others have resulted in judgments against Kallay or his companies. The final five suits are pending.

In Tulsa County District Court, M&I Marshall and Ilsley Bank won foreclosure judgments against Kallay and his companies for about \$210,000, while SpiritBank is seeking \$280,000 for a defaulted note.

Additionally, land records reveal about \$220,000 in tax liens filed against Kallay and Associates and Suzanne Kallay. One tax lien filed Aug. 23, 2005, by the IRS totals \$206,394.

Even with debt and legal problems, Kallay said he will win it all back and pay every one off, eventually.

"I have a list of everyone I owe, and I intend to pay everyone," Kallay said. "I'm not going anywhere."

Kallay said some of his trouble had its seed in one of his most successful business deals. Developing and selling the 55 acres that became Woodland Park created volumes of cash that he admits he could not handle.

In addition to spreading around money to friends and associates, Kallay said he built

a house he could not afford.

"I made a dumb decision," he said. "I thought the house would take my wife's mind off her father, who was ill with cancer. It didn't work. We ended up building more than we could afford. I probably spent all the money we had. I kind of stuck my head in the sand."

Records show that Kallay's 6,450-square-foot home is valued at \$980,800.

There were other factors contributing as well. In about 2002, Wyatt McVay moved to Tulsa from Virginia to invest with Kallay's projects, records show.

Court records show lawsuits and legal actions in which McVay and Kallay argued over property proceeds and a sales commission. In one case, McVay collected a \$111,000 commission that Kallay says was his. McVay eventually paid \$50,000 of the commission to Kallay, records show.

McVay declined to comment when contacted by the Tulsa World. His attorney, Heath Hardcastle, said McVay has no ill will toward Kallay.

In another case, McVay asserted what appears to be his legal right to claim all proceeds from a commercial development at 15th Street and Yale Avenue, court documents show. Consequently, Kallay was sued for alleged fraud by B.P. Loughridge, a local investor from whom Kallay borrowed \$100,000 and then failed to pay off when the development deal matured. The case was dismissed May 13, 2004.

"I paid back everything I owed him and more," Kallay said of Loughridge. "I have never defrauded anyone, ever. And if other investors ever lost money, it was because they chose to do so or they didn't step up."

In another lawsuit, McVay had Kallay evicted from his offices in the 4100 block of South Harvard Avenue last April for non-payment of rent.

After years of speculation, Kallay has moved closer to developing Rockford Village. He is working with investor Robert Mazzetti, a retired orthopedic surgeon from Austin, Texas.

While the deal shows promise of going forward, the development does not come without problems. Kallay has been sued by the paving and excavation companies that installed the utilities and roads at Rockford Village. McGuire Brothers Construction and Carter Excavation are seeking \$224,485, which they claim Kallay owes them.

In the meantime, Kallay has secured a contract with Iron Horse Development to purchase all of the property and develop a dozen office buildings there during the next 24 months, said Bob David, with Iron Horse. David said he hopes to close the deal within 30 days.

As Kallay moves forward, he said he realizes the changes he has gone through during the past few years.

"This is all behind me, really, and I'm happier than I've ever been," Kallay said. "I'm sorry that some people are disappointed in me, but I'm going to pay back everyone I owe."

Tulsa World staff writer Curtis Killman contributed to this report.

'Nanotechnology impacts so many things, from cancer treatment to oil-field valves. It validates the thought that everything man-made will be impacted by nanotechnology over the next century.'

JIM MASON

EXECUTIVE DIRECTOR OF THE OKLAHOMA NANOTECHNOLOGY INITIATIVE



STEPHEN HOLMAN / Tulsa World

An assortment of products that use nanotechnology for scent elimination are displayed on the shelves at Bass Pro Shops in Broken Arrow.

NANO:

A nanometer is one-billionth of a meter.

FROM E-1

touched by nanotechnology. According to the Project on Emerging Technologies, a part of the Woodrow Wilson International Center for Scholars, more than 300 nanotech products are commercially available. They include athletic equipment, computer processors, car wax, cosmetics, home pregnancy tests, sunscreens and the iPod Nano from Apple Inc.

Mason said nanotechnology application is potentially limitless.

"Nanotechnology impacts so many things, from cancer treatment to oil-field valves," he said. "It validates the thought that everything man-made will be impacted by nanotechnology over the next century."

Clothing brands such as L.L. Bean, Gap and Eddie Bauer are making some shirts, pants and swimsuits with a nanotech treatment that can resist stains or repel water while remaining flexible and comfortable.

Steve Rice, manager at Macy's in Woodland Hills Mall, said nanotechnology is starting to appear in more advanced lines of clothing, such as some Perry Ellis men's suits that arrived this month.

"They're water- and stain-repellent and have wrinkle recovery," he said. "And rather than regular wool, they have a natural stretch to them for more active customers."

Rice said that, at \$450, they're comparable in price to other suits at the store.

Still, some consumers don't realize they could be wearing nan-

otechnology.

"Our customers have been surprised to see the technology in suits," Rice said.

Nanotech clothing is also available at Bass Pro. Some new hunting jackets, such as those made by ARC Outdoors of Broken Arrow, have silver woven into fabric to eliminate scent.

Edwards said the nanoengineered fabrics are selling moderately so far.

Sometimes, only certain parts of a product are nano-enhanced. General Motors Corp. has incorporated a lighter nanotech body molding into all its vehicles; the company says it's now using 660,000 pounds of the material per year.

Not that customers are noticing, said Steve Lahmeyer, a sales associate at Marc Miller Buick Pontiac GMC.

"Honestly, not many people even ask," he said. "I'd say people aren't too aware of it."

Other car companies have found different uses for nanotechnology. The paint on Mercedes Benz vehicles is nanoengineered to resist scratching, according to the company.

Metal sports equipment is starting to become stronger and lighter thanks to nanoengineering. Jake Lasley, manager of T-Town Bicycles of Tulsa, said individual nanotech parts such as handlebars and wheel forks have been in stock for more than a year, with entire frames to follow in coming months.

He said the products appeal to many cycling enthusiasts, though not all.

"I think it's quite a bit better, though something that's good for one person isn't as good to another," Lasley said.

Sam Burr, a sales associate with Academy Sports & Outdoors at 6120 E. 41st St., said nanoengineered metals are making tennis rackets, baseball bats and golf clubs stronger and lighter.

Hunting technology embraced

The Oklahoma Nanotechnology Initiative wants to make local companies more aware of the new technology, but at least one has already embraced it.

ARC Outdoors, a Broken Arrow-based maker of hunting apparel, introduced a nanoengineered hunting jacket last year.

J.T. Griffin, president of ARC Outdoors, said he wasn't necessarily looking to incorporate nanotechnology into his products but discovered it could solve a classic hunter problem — how to eliminate human scent so animals with highly developed senses of smell can be stalked more easily.

"A couple years ago we looked into the medical industry for various anti-odor technologies, and we found silver-based products reduced odor in the fabric," Griffin said.

Simple coatings of silver were difficult and expensive to manufacture. But a nanotechnology process developed by NP Tech of Seoul, South Korea, could embed tiny particles into the fabric permanently.

"They had looked at working with fabric, but at that point they didn't have any viable options for commercialization," Griffin said.

After careful research, ARC decided to partner with NP Tech. Now, a volume of silver the size of a golf ball is dispersed into fabric the size of five football fields.

The products are nanoengineered in South Korea and assembled in various overseas factories.

Griffin said his products are sold by retailers such as Bass Pro Shops, Wal-Mart Stores Inc. and Cabela's starting at \$20, and are doing well.

"Our biggest challenge right now is just making enough," he said.

He said he's looking at introducing nanotech into additional products but isn't ready to unveil them yet.

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Most of the nanotech sports equipment is at the upper end of the price range — a nanoengineered Easton Stealth baseball bat costs \$349.

Sports enthusiasts are the most likely buyers of upper-end equipment, and unlike casual buyers, most of them do research to learn about the benefits nanotech can provide.

"If they're going to spend that much money, they'll have read about it," Burr said.

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