



**On a roll**  
Shane Thompson and his backers believe the rib shack he opened near Atlanta four years ago could be a national chain. 7D

## OPENING BELL All is calm in markets for holiday

Two regional manufacturing indexes will kick off a quiet week between holidays today.

The Richmond Federal Reserve's manufacturing gauge is due at 9 a.m. Dallas time, followed by the Dallas Fed's counterpart at 9:30 a.m.

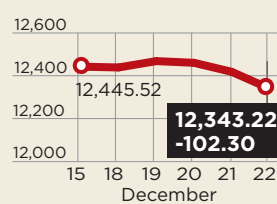
Wall Street will be almost empty this week. No initial public offerings are planned, and only the thinnest smattering of companies have scheduled earnings reports.

From wire reports

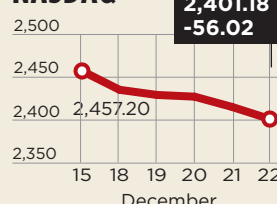
### THE MARKETS

Last week's trading

#### DOW JONES



#### NASDAQ



#### S&P 500



### ENERGY WATCH

#### Weekly changes



**Crude**  
\$62.41  
-1.02  
Near-term futures, per barrel

**Gas**  
\$2.21  
+0.023  
Dallas, regular unleaded

### INSIDE BUSINESS

#### MySpace fighting spam, scams

The site bills itself as a "place for friends." Increasingly, it is also a place for unfriendly attacks from digital miscreants. 2D



#### Nothing to watch in DirecTV's switch

Subscribers will see little immediate change after the deal Friday in which Liberty Media Corp. became the largest shareholder in DirecTV. But in the long run, the service may add features that could benefit consumers. 4D

#### Small firms forgo retirement plans

Most small companies' owners believe they can't afford to help workers save, but new financial products could fit their budgets. **Small Business Report, 6D**

#### Robert Miller

Business Day column, 4D

### INDEX

Executive changes ..... 2D  
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# The little things that ring up big smiles

## Growing popularity of gift cards means fewer returns after Christmas

By MARIA HALKIAS  
Staff Writer

Millions of Americans will go shopping this week, with an estimated \$24 billion worth of gift cards collectively burning holes in their pockets.

The continued growth of gift

cards means lines at registers should remain long, while lines at return counters will see fewer dads bringing back purple sweaters.

"It would logically follow that if someone receives a gift card that they'll use it to get exactly what they want and there should be fewer issues with size, color and personal preference," said Sherrie McAvoy, partner and U.S. retail sector leader for Deloitte & Touche LLP.

The holiday season isn't quite over for retailers. And they'll be

watching their numbers closely because, according to accounting rules, they can't book gift card sales as revenue until they are used to purchase merchandise.

"The week after Christmas has come to represent 10 to 15 percent of a season's sales," said Scott Krugman, spokesman for the industry's National Retail Federation.

Retailers don't report gift card sales separately, but surveys find that shoppers are using them more. "We think there was a big surge

of gift card buying the last weekend, as the level of procrastinating was a little higher this year," Ms. McAvoy said.

Retailers also like gift cards because shoppers who use them are more likely to pay full price for merchandise and will supplement the card value with their own money. Also, some shoppers lose their cards or never use them, giving chains a windfall.

The National Retail Federation has commissioned a gift card sur-

vey from BIGresearch the last four years. It estimated gift card sales would reach \$24.8 billion this holiday season, up from \$18.5 billion in 2005. The average consumer planned to spend more on gift cards — \$116.51, compared with \$88.03 in 2005.

Still, an estimated one in three consumers will return a gift this year, according to the retail organization.

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# What color is your bamboo shoot?



Photos by JOHNNY HANSON/Special Contributor

Plants grown at Hibiscus Hill Plantation in Waller, Texas, can be used to color food products like culinary vinegar. Producers of organic foods are fueling demand for organically grown crops to be used as pigment in their products.

## Organic foods try to lure buyers with right tint

Demand for pigment leads farms to grow crops for their natural hue

By PAULA LAVIGNE  
Staff Writer

The makers of organic food can't put artificial colors in their products. But they can use colors from natural sources such as beets, seeds and flowers.

The result can mean beets in ice cream, carrots in candy and vegetables in fruit smoothies — which may not sound appetizing but is supposed to make organic food more desirable.

To compete with mainstream rivals, the rapid-

ly growing organic foods industry wants its pastas, cookies, cereals and other foods to appeal to the eye as much as the conscience of the average consumer.

"Food is a sensory experience," said Kelly Shea, vice president of organic stewardship for White-Wave Foods, a subsidiary of Dallas-based Dean Foods Co., one of the largest producers of organic products. "When we eat, we're feeding our taste buds and our eyes and our nose."

Organic colors come in a relatively limited palette. Yet the organic trend is to encourage the creativity to devise natural coloring agents.

Certain strains of beets and carrots — along

*"A hibiscus is ... a giant billboard saying, 'Here I am. Eat me. I'm healthy.' It's nothing but pure pigment the size of your hand."*

Carlton Colmenares, research farm manager for Hibiscus Hill Plantation

See ORGANIC Page 7D

# Late rush expected as Medicare deadline looms

## Seniors have been slow to enroll in drug plans, but there's still time left

By BOB MOOS  
Staff Writer

Mary Farrell is under some deadline pressure. Like millions of other Medicare beneficiaries, the 70-year-old Dallas woman has until midnight New Year's Eve to switch to a drug plan that better fits her needs and pocketbook.

Ms. Farrell, who's on 11 pre-

scriptions, has been shopping for a plan that will reduce her out-of-pocket expenses in 2007. This year, she fell into the drug benefit's coverage gap in June and spent more than \$3,000 for her medicine.

"I'm looking for a comprehensive plan that's going to help me pay for my prescriptions through the doughnut hole," the retired systems analyst said. "I've narrowed my search to two plans and just have to compare them."

Medicare's second open enrollment for drug coverage has been quieter than the first one a year ago,

but Medicare officials are still bracing for a last-minute rush as seniors try to find a better deal before the New Year's Eve deadline.

Polls by health care organizations have shown that about one in 10 seniors with Medicare drug plans, or slightly more than 2 million beneficiaries, will make a switch during this year's six-week enrollment period.

Seniors who are satisfied with their drug plan don't need to sign up again; they'll be automatically re-enrolled for 2007.

Still, Medicare officials urge all

beneficiaries to check their drug plan's cost and coverage for 2007, since many insurers have announced changes in their monthly premiums, co-payments and the medications they'll cover next year.

"What worked for you this year may not be your best option for next year," said acting Medicare administrator Leslie Norwalk.

Texas seniors can choose from 60 stand-alone drug plans for 2007, 13 more than in 2006.

A nationwide survey by the Kaiser Family Foundation found that 77 percent of enrollees belong to

### DigitalEXTRA

6 Links: Log on for a table comparing the plans available to Texans. [DallasNews.com/Extra](http://DallasNews.com/Extra)

plans that are increasing their premiums for 2007 and that 28 percent are in plans where the increases exceed 25 percent.

Kaiser also discovered that more plans will offer gap coverage

See VETTING Page 5D

# Seeking growth, barbecue chains go whole hog

Herds rushing into expansion; some say they may be too bullish

By HARRY R. WEBER  
Associated Press

McDONOUGH, Ga. — Slow-cooked ribs are often served up by mom-and-pop roadside restaurants, but Shane Thompson and his backers believe the shack he opened in this Atlanta suburb four years ago is a model for a national chain.

Shane's Rib Shack, with its mouthwatering ribs and short wait times, has 40 restaurants in eight states, and it plans to open 60 more in the next year.

Parent company Raving Brands, a privately held firm that bought the concept from Mr. Thompson in 2004, has a lofty goal of 2,000 locations across the country by 2020 in an industry where the largest U.S. barbecue chain has about 150 restaurants.

Analysts and competitors are watching to see whether Shane's, with projected systemwide sales this year of \$19 million, fizzles or sizzles.

"It's going to come down to the food," said Harry Balzer, a food industry analyst at market researcher NPD Group.

Shane's serves ribs and pork barbecue sandwiches, but it has also branched out into wings, chicken tenders and salads.

Mr. Thompson, 37, the chief food taster and the chain's public face, said he pays attention to what customers throw away, noting their plates are often clean. He said that bodes well for the chain's growth plans.

Ron Paul, president of Technomic Inc., a Chicago-based research and consulting firm for the food service industry, said the chain's fast-casual concept could be a welcome alternative to typical full-service barbecue restaurants.

Another positive, he said, is there are only a few big chains in the barbecue industry now — and most are full-service. Sonny's Real Pit Bar-B-Q, founded in Gainesville, Fla., is the largest barbecue chain in the U.S., with more than 150 locations in nine Southeastern states. Next is Minnetonka, Minn.-based Famous Dave's of America Inc., with 142 restaurants in 35 states. Smokey Bones Bar-



Photos by RIC FELD/Associated Press

Shane Thompson, chief food taster and public face of Shane's Rib Shack, watches what his customers throw away — and not much of his barbecue makes it into restaurant trash cans.

beque & Grill, started in Orlando, Fla., has more than 125 locations in the East and Midwest.

With the biggest players relatively small by big restaurant chain standards, Mr. Paul said his question is whether Shane's can sustain the explosive growth it envisions on a national scale.

"When you bring a regional food into certain geographies, its not a concept, it's a menu item," he said.

But Shane's officials are betting that franchisees in other parts of the country will see ribs and barbecue as an opportunity.

"We think there are some heavy

meat eaters in the Midwest," said Chris Morocco, executive vice president and chief development officer for Atlanta-based Raving Brands.

The Shane's chain, with locations mostly in the South, has one restaurant in Phoenix with another three planned. Four restaurants are planned in Columbus, Ohio, and a group of investors is exploring opportunities to open restaurants in the Kansas City area, said Bret Eldridge, vice president of franchise support for Shane's.

Mr. Morocco cited as pluses an average wait time for food of 3 1/2 to four minutes, and the relatively

small start-up cost — \$400,000 to \$500,000 on average for a 2,500-square-foot restaurant.

Franchisees pay a \$25,000 initial fee and 5 percent of sales each year.

By comparison, full-service Sonny's requires prospective franchisees to have \$500,000 in liquid assets and the ability to borrow \$1.57 million per location.

Shane's competitors also see room for growth in the barbecue restaurant industry.

Dallas-based Dickey's Barbecue Pit, a fast-casual chain like Shane's, has 85 restaurants and more under development. It is

looking to grow at a rate of 60 locations per year starting in 2008, said president Roland Dickey Jr. Its average start-up cost and wait time are similar to Shane's, while its 3,000-square-foot restaurants are slightly larger.

"Fast-casual barbecue is one of the most underserved restaurant categories there is," Mr. Dickey said.

As of Nov. 10, Famous Dave's had signed development agreements for an additional 164 franchised locations, which would more than double its current size.

Tulsa, Okla.-based Rib Crib Corp. has 45 locations in seven states, with a goal to reach 100 in the next three to five years, said Marc Chastain, the chain's chief financial officer and vice president of franchising.

His full-service chain's start-up costs run about \$1 million for a 4,300-square-foot location.

Mr. Chastain said he believes that barbecue can break regional stereotypes and that there's room to grow in the industry, particularly in the fast-casual segment. But he wonders how big is too big.

"I don't know if there's enough market for 2,000 units," Mr. Chastain said. "There's a possibility there's room for that many small-format ones, but I think it's yet to be proven."



Shane's Rib Shack has 40 restaurants in eight states and plans to open 60 next year, with a goal of 2,000 by 2020.

## Organic foods demand a broader palette

Continued from Page 1D

with other produce, seeds and flowers — are harvested purely for their hue. And demand is growing, with companies persuading farmers to grow more crops for color.

The colors can be more than just a pretty sight. They're also believed to be good for you, said Carlton Colmenares, research farm manager for Hibiscus Hill Plantation, a 277-acre organic research and production facility for hibiscus flowers in Waller, Texas.

Brightly colored crops are packed with disease-fighting antioxidants that are found in pigment, he said.

"A hibiscus is ... a giant billboard saying, 'Here I am. Eat me. I'm healthy,'" he said. "It's nothing but pure pigment the size of your hand."

Hibiscus Hill Plantation sells a specially bred organic North American hibiscus for its antioxidant power, he said, and processors could easily use them to add a bright reddish tint to certain products.

But some people in the natural foods industry don't see much demand for organic food coloring beyond a small market for children's food, a fast-growing organic category that needs colors to tempt picky eaters.

"Food coloring doesn't really jibe with the organic industry," said Scott Simons, spokesman for Whole Foods Market Inc. in Austin, the nation's largest organic retailer. "Our customers are looking for foods in their most natural, unadulterated state."

### Natural vs. organic

The U.S. Department of Agriculture allows producers to use natural food colors even if they aren't certified organic, although some purists argue that processors should do without until there's an organic alternative.

Products that use natural colors can bear the USDA Organic label. But they would have to use all organic ingredients, including organic colors, to label their products "100 percent organic."

That's an attractive advantage, which is one reason why WhiteWave's Horizon Organic dairy brand would like to find organic colors as soon as possible, Ms. Shea said.

WhiteWave, which lists natural colorings in some Horizon yogurts, smoothies and cheeses, uses two of the most popular natural colors: annatto, a reddish pulp from a tropical tree, and natural turmeric, a yellow spice often used for curry. The company is also testing an organic color, but officials wouldn't say what kind.

WhiteWave experimented with coloring strawberry milk, but none of the current colors worked, Ms.



Photos by JOHNNY HANSON/Special Contributor

Chickens serve as bug control at Hibiscus Hill Plantation in Waller, Texas. The facility grows organic hibiscus that can be used to add a reddish tint to certain food products.



Carlton Colmenares of Hibiscus Hill Plantation says crops grown for their colors can also be good for your health.

Shea said.

So Horizon strawberry milk is white, unlike the bright pink non-organic brands on the shelf. Ms. Shea said WhiteWave might reconsider adding reddish tint once there's a suitable — and preferably organic — option.

"This is going to be a market-driven opportunity for suppliers," she said. "If there's enough of a demand, they'll create the supply."

### Red Dye No. 2

Interest in natural food coloring picked up in the 1970s, when the Food and Drug Administration pulled the popular Red Dye No. 2 synthetic food coloring because of fears that the coal tar substance could cause cancer.

Artificial or synthetic colors are often made from petroleum-based substances and have been associated with health conditions such as attention deficit disorder in children. The FDA says its approved color additives are safe.

Food coloring manufacturers say they've already seen increased orders for natural colors and interest in organic alternatives, although the industry's growth is

hard to measure because many producers don't specifically market their products as color additives.

Overall, organic products were projected to grow 14 percent from last year to almost \$16 billion in retail sales in 2006.

At Nature's Flavors in Orange, Calif., sales have skyrocketed, said chemist and owner Bill Sabo, and he's getting inquiries from major producers such as General Mills Inc.

Nature's Flavors offers a few organic colors, and Mr. Sabo said he's traveling the world looking for farmers who will grow organic crops so he can expand his line.

There is a competitive incentive to develop organic colors. USDA rules state that as soon as an organic color is widely available, companies must use it. For example, if dozens of companies are using natural nonorganic beet coloring in their organic products and organic beet coloring becomes widely available, those companies must switch, even if the organic beet coloring is more expensive.

If you're the one making that organic color, you're in luck.

This spring, the National Organic Standards Board is scheduled to devise a precise list of natural colors that can be used in organic foods until organic colors are commercially available.

"Savvy entrepreneurs can look at [that list] as their list of business possibilities," said WhiteWave's Ms. Shea.

Makers of organic caramel color say they can meet demand right now. D.D. Williamson, a color manufacturer in Louisville, Ky., offers an organic caramel color made from cane syrup and rice syrup.

Colas, breads, cookies, soy sauce, cereal and even pet foods use caramel coloring. It's in "almost anything that's brown," said Owen Parker, vice president of research and development. Mr. Parker said the color is made by heat-treating the syrup.

### The beet beat

The difficulty in getting natural food colors varies by crop.

Beet farmers in Wisconsin are growing a variety of table beets chock full of deep red pigment for natural food coloring. Converting some to organic would be easy, said Irwin Goldman, professor of horticulture at the University of Wisconsin-Madison.

Beets have a short 70-day growing season, so weeds aren't much of a problem, and cold winters kill off a lot of the pests, meaning farmers could probably forgo chemical weed and bug killers, he said.

He and other researchers have worked for decades to breed beets with a dense pigment called betalain. A regular table beet has about 250 grams of betalain; the beets used for color have about 1,250 grams.

"It's nearly black when you cut it open," Mr. Goldman said.

The beet color works well in yogurt, ice cream and candy, he said, but doesn't hold up in baked goods.

Stabilizing color is a challenge with many natural sources, said Stefan Hake, chief executive of GNT USA, a Tarrytown, N.Y., company that produces natural food colorings.

Prime pigments can come from elderberries, cherries, strawberries, pineapple, pumpkin, red cabbage, orange carrots and even purple carrots, but understanding their chemistry is key.

Put blueberry juice into a glass of Sprite or 7Up, and it turns red, he said. Put blueberry juice in milk, and the color shifts toward the bluish side, and it's gray by the end of the day.

"It's not just how color works," he said. "It's how does it interact with what you're adding it to."

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## Mortgage Minute

By: Kevin Miller, President, TexasLending.com  
Lender & Broker

**Q. I have heard reports that PMI is now tax deductible. Is that correct?**

**A.** Private Mortgage Insurance (PMI) is paid by homeowners to insurance companies for the benefit of the lender for cases where the homeowner defaults on the note. Until recently PMI has not been tax deductible. However this past week President Bush signed into law a provision allowing PMI to become tax deductible in 2007. Preliminary information tells us that for any household making under \$100,000 gross yearly income, PMI on the mortgage will be tax deductible for purchases and refinances. We have also been told this includes mortgage insurance premiums for FHA loans. Existing mortgages will not be possible for the PMI tax deduction. The PMI deduction will dampen the need for second liens in the home buying process but will allow homeowners to purchase homes with little to no money down on one low rate while deducting the PMI. To apply for your home loan today contact TexasLending.com and send your email questions to info@texaslending.com

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