

Testing his mettle in Chicago

Coeur Mining CEO hopes move from Idaho can help burnish company

BY AMEET SACHDEV | Tribune reporter

When it comes to executive decisions, they don't come much bigger than relocating the corporate headquarters to another city. Mitchell Krebs has some advice for chief executives considering such a move:

"Ask yourself the following question and make sure you have a good and honest answer to it: 'How can a relocation help you achieve your business objectives?'" said the CEO of Coeur Mining Inc., who last year moved his company to Chi-

cago from Coeur d'Alene, Idaho.

Chicago gives him better transportation access to the company's far-flung operations and more management talent than Idaho. Still, the Second City is not the first city that comes to mind when you think of gold and silver mining. Denver and Toronto are at or near the top of the list.

For Krebs, 42, the city also represents a fresh start for a company he is trying to revitalize after a history of financial struggles and un-

happy investors. But the move and his other attempts to breathe new life into the company have been overshadowed by some stiff challenges.

Silver and gold prices crashed in 2013, falling 36 percent and 28 percent, respectively. Investors dumped precious metals in favor of stocks and other assets. In 2014, metals prices have rebounded slightly but remain well off their highs.

While all mining companies are grappling with the impact of lower prices, Krebs also is being tested by a corporate legacy of high operating costs and concerns that the company's biggest mine may be near-

ing the end of its life. Investors dumped the company's stock last year, with shares tumbling 55.9 percent.

Even after the sell-off, Coeur Mining's stock remains out of favor. Four out of the 10 research analysts who follow the company are bearish on the stock, according to Bloomberg.

"We're rooting for Mitch," said Chris Lichtenheldt, of Toronto-based Dundee Capital Markets, one of the analysts with a "sell" rating on Coeur. "But the company is going to struggle to make money at today's commodity prices."

In the first quarter, the

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Flip over for
careerbuilder



ALEX GARCIA/TRIBUNE PHOTOS

Zofia Zhabura gathers cocoa drops to count during processing at the Blommer Chocolate Co. factory in Chicago. The Blommer family has opened up its mysterious operations as it marks the company's 75th anniversary.

Cocoa, channeled

Inside the Blommer Chocolate Co. factory you've smelled but never seen — and the family that's run it for all of its 75 years



PHIL ROSENTHAL

The seductive smell of cocoa beans roasting, venting from a nondescript factory on West Kinzie Street, is how many Chicagoans know the Blommer Chocolate Co. — if we know it at all.

Three-quarters of a century after Blommer's founding here, its sweet scent still comes with an air of mystery.

A Chicago-based, family-run business, Blommer is not just tightly held but tightly protective, particularly when it comes to its operations and even the identity of its clients. Those of us who enjoy chocolate are quite likely Blommer consumers. But its customers are the brand-name companies it supplies with cocoa and chocolate products, coatings and other ingredients, and the customers come first.

There is a small factory store, where the public can buy treats made with Blommer products, and outsiders rarely get any closer. Even when the company broke precedent and staged a small media event at the plant a couple of years ago to tout its long-standing commitment



The Blommer Chocolate Co. processes about 45 percent of all cocoa beans processed in the U.S.

to cocoa crop sustainability, photography was banned.

But to mark the 75 years since Henry Blommer and two brothers launched North America's oldest and largest independent cocoa bean processor, grandsons Peter and Rick Blommer — cousins and today's co-chairmen — thought it time to briefly open up in acknowledgment of all that their family, employees and business partners have built.

"We just want to stop at this anniversary and say, 'Look at where we've come from,'" said Peter, the chief operating officer, whose father, Henry Jr., retains the title of chief executive though is no longer active in daily operations.

The timeworn joke is that Blom-

mer's factory isn't like that of the fictional but similarly private candymaker Willy Wonka, in that there's no chocolate river. "At least not on purpose," said Rick, who oversees global operations.

It's closer to the workplace in which Lucy Ricardo and Ethel Mertz famously struggled, though the lines move faster and what comes off them is never closer to a candy ready for consumption than a chocolate chip.

Near specialized machinery are pallets piled with stacks of newly filled sacks awaiting shipment. Workers wear hairnets, protective eyewear and lab coats. It's clean and smells great, but it looks a lot like plenty of other factories.

And it was nearly someone else's.

"We almost lost this business back in 1992," Peter said, recalling a tense 18-month stretch after Henry Sr.'s death.

Relatives who controlled 50 percent of the company cashed out, selling to giant rival Cargill, itself a family-controlled business. Cargill hungrily eyed the rest. But while the Minnesota-based commodities and food-processing multinational tested the Blommers still connected to the business, the public tug of war ultimately strengthened their resolve. When Cargill realized it would be unable to pry loose any

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Money manager woos city's elite with bold goals

With ads touting big returns, business model can grab regulators' attention

BY BECKY YERAK
Tribune reporter

Investor Stephen Messiah Coleman is courting cultured Chicagoans as clients, and not letting past run-ins with Missouri securities regulators get in the way.

Coleman, owner and chief investment officer of Daedalus Capital LLC, moved to Chicago two years ago from St. Louis. He has taken out a full-page ad in the Chicago Shakespeare Theater program, promising an investment return of 100 percent or more, in five years or less. "Like Babe Ruth, we call our shot and then we deliver," said the ad, which features a large photo of Coleman, 58.

What the ad doesn't say is that Coleman and Daedalus aren't registered as a broker or an investment adviser. In 2012, a Missouri county court ruled that no evidence was presented that investors lost money, but it fined them \$50,000 after finding they sold unregistered secu-

rities and acted as an unregistered investment adviser, in violation of securities laws.

Coleman, in an interview, said he doesn't need to be registered, partly because clients give him their usernames and passwords to allow him to manage money in their accounts, a practice known as proxy trading.

"The way we do it, our assets under management are officially zero because we don't have custody and we don't have any custody agreements," Coleman said. He said he is now managing about \$10 million, mostly belonging to Missourians.

Coleman said his investment strategy gets results, and he has fans among clients. But his business model — not having a license, selling unregistered securities, having access to customer accounts, promising big returns — can press many buttons among securities industry regulators.

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Frank advice on love, marriage, prenups



MELISSA HARRIS
Chicago Confidential

Three prominent Chicagoans — divorce attorney **Gemma Allen**, retired Cook County Domestic Relations Court Judge **Michele Lowrance**, and financial expert and columnist **Terry Savage** — have a combined three books and four divorces to their names.

And that's why the friends' first joint effort, "The New Love Deal: Everything You Must Know Before Marrying,

Moving In or Moving On," does not mince words.

Get it in writing, they advise couples-to-be. And yes, that means a prenup, although all three said the stereotypical reason for having one — a young bride wedding a rich, older man — no longer applies. (They've all witnessed a surge in cases in which stay-at-home dads could have benefited from one.)

But the book is about more than legalities. Allen, Lowrance and Savage walk couples through discussions about needs, money, what to do before moving in together and what to expect in court.

These conversations matter because, in a joint

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Inside the Blommer Chocolate factory

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more shares, the interlopers retreated and sold to the Blommers.

“That was an inflection point for us where we as a family, including those of us in the third generation just getting into the business, had to think about whether ... we wanted to fight for something that not only meant something to us sentimentally but had growth prospects,” Peter said. “We’ve grown sevenfold since then, and we’re positioned for more growth ahead.”

The Cargill conflict spurred the Blommers to seek out expert counsel on running a family business. They emerged from the fight with new purpose and new protocols concerning what the company would expect of family members and what family members could expect of the company.

Criteria were established for adding family members who might wish to come aboard, with requisites including a four-year college degree, five years of work experience and a skill set that the company needs. The company has two classes of stock, and family shares can throw off enough cash to discourage the Blommers not directly involved from agitating to break the ownership structure.

“We had no lockup or buy-sell arrangements, and now we do,” Peter said. “It’s really nice when you learn a lesson, it ends up with you getting a second chance.”

There are at present seven family members connected to the business. Peter’s dad is the lone second-generation Blommer company person. Five of six third-generation family members are officers, including Peter, who primarily works out of the Pennsylvania office. Rick and Peter Drake, who’s vice president of sales, are here in Chicago.

Yet another generation of Blommers is coming of age, but their parents stress that they should never feel entitled or obligated to assume a role in the family business. They have to want it. They have to earn it. Ownership is not necessarily tied to management.

John Ward, clinical professor of family enterprise at Northwestern University’s Kellogg School of Management and co-director of the Center for Family Enterprises, said he only knows Blommer Chocolate from “the aroma when I come off the Kennedy” Expressway. But, generally speaking, getting this far bodes well for the company.

“It was actually the rags-to-riches-to-rags cliché that motivated my interest in family businesses,” Ward said. “It seemed so fatalistic. ... It can be true, and statistically it is true, that not that many family businesses make it past the third or fourth generation, but those that make it to the third or fourth generation often sustain themselves very well.”

Although this is the third generation of Blommers running their company, it is the fourth generation in the chocolate business. Henry Sr.’s father was a partner in Milwaukee’s Ambrosia Chocolate (now part of Illinois-based Archer Daniels Midland). Henry was working there when he and his brothers decided in 1939 to strike out on their own in Chicago, long a major hub for commercial bakeries and candy-makers. Their routine was to take the train down from Milwaukee on Mondays, sleeping on cots between factory pallets, and return home Fridays. Peter and Rick Blommer recall spending nights at the factory themselves when they were younger.

“Most of us worked extensively during Christmas breaks and summers, doing some of the dirtiest jobs,” said Peter, who picked up an MBA and worked on Wall Street and then for Dole Food Co. before



ALEX GARCIA/TRIBUNE PHOTOS

Blommer Chocolate Co. executives Peter Blommer, left, chief operating officer, and Rick Blommer, head of global operations, are cousins and the grandsons of Henry Blommer, who started North America’s oldest and largest independent cocoa bean processor 75 years ago.



Zachary Curd experiments with flavors in a lab at the Blommer Chocolate Co. factory, where inventive flavorings are developed, produced and shipped to other companies.

returning to the family business full time. “Having been grounded in the hard, hot work that’s done out on the factory floor creates a real appreciation for everyone that we have working for us in the plants and given us a real hands-on knowledge of the operations.”

But if the workers got to know the Blommers, the public has not. There once was a short-lived Blommer Bar, but the company decades ago gave up whatever retail ambitions it had. Instead it has focused on harnessing what Peter called “the most beautiful but impossibly complex supply chain you’ve ever seen” and meeting the needs of an industry in the midst of a surge in growth unprecedented in recent memory.

Seventy percent of the company’s business is in supplying chocolate ingredients for branded confectionary, dairy and bak-

ing companies. The other 30 percent comes from its cocoa bean processing operation, which it built up at the urging of customers in the mid-1980s.

About 45 percent of all cocoa beans processed in the United States are processed by Blommer into cocoa butter, cocoa powder and a liquid distillation known as chocolate liquor for companies that make their own chocolate.

The chocolate liquor was a big deal for Blommer. Chocolate product once was always shipped in solid form, requiring it to be wrapped for transport, unwrapped and melted down again. Henry Blommer made it available in liquid form, shipping it via tank cars and providing equipment for customers to receive and store it.

Although the company does not name or discuss current customers, vintage trade-

paper reports and ads for Blommer equipment cite such recognizable brands as Tootsie Roll, See’s, Ovaltine, Peter Paul, Nabisco, Kraft, Sara Lee, De Met’s, Curtiss, Leaf, Keebler, Salerno and Brach.

“Innovation is a value-added part of what we do,” Peter said. “Our customers are cutting back on scientists and research and development people, and they want us to come to them with products and application ideas to help them boost their growth rates in a mature market.”

Flavorings developed in Blommer’s labs, produced and shipped as something that resembles chocolate chips, run the gamut from lemon to sweet potato. A baking company might use, say, cream cheese drops to bake red velvet cookies.

An entrepreneurial mindset, Rick said, “is in our DNA.”

All told, Blommer employs about 800 people across its four North American facilities, with around 250 workers at its Chicago plant and headquarters, roughly the same as at its Pennsylvania operation. The rest is split between factories in California and Ontario, Canada. “And we’re in the midst of adding capacity at all four facilities,” Peter said.

Rick, meanwhile, is overseeing Blommer’s recently established Chinese presence in the Pudong district of Shanghai. The company is looking to build out in China to service its current clients’ expansion efforts in the region as well as local entrepreneurs aiming to feed that nation’s still-new and fast-growing appetite for chocolate.

“I sort of feel like my grandfather all over again,” Rick said. “We’re starting from scratch. It’s a startup business there.”

They may not be seen. They may not be heard. But people may catch a whiff of the Blommers’ essence.

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Book has advice on love, prenups and marriage

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interview Thursday in the conference room of Allen’s law firm, Lowrance and Allen acknowledged never having prenups of their own. And Allen said the only point of disagreement in writing the book was how much emphasis to place on them.

“In the beginning, we were going to be more dictatorial about prenups,” Allen said. “And then we stepped back and said it’s more about love and communication. ... We don’t demand that everybody have the prenup. We demand that everybody have the conversation (about money). People talk about sex freely. They do not talk about money. It is the last taboo in American society, especially among people who are in love.”

Savage added: “Everybody talks about — and this is Michele’s line — what color the tablecloths are going to be at the wedding. People spend a lot of time planning the wedding but very little time planning a marriage.”

Marriage is like a test: “The less preparation you do, the more likely you are to fail,” Allen said.

Lowrance cited divorces caused by excessive spending or disputes over child-support payments.

“Had they worked out a protocol going in, the marriage might have sustained,” Lowrance said. “And I saw that sitting on the bench. And I saw the difficult things to communicate and their aversion to it.”

Part of their New Love Deal is that a prenup should no longer be viewed as a financial plan for when things go wrong. Instead, Savage described it as a plan for “how you will handle the money that comes in if one spouse is a stay-at-home and the other is the breadwinner. What are



ABEL URIBE/TRIBUNE PHOTO

Financial adviser Terry Savage, from left, retired Judge Michele Lowrance and divorce lawyer Gemma Allen co-wrote “The New Love Deal,” a book about modern relationships.

your life goals for handling your money today, for saving for important things in the future and for retirement?”

Allen offered other considerations. Do stay-at-home spouses have separate bank accounts, so they feel they still have power? How long is that spouse going to stay at home?

Savage said a big benefit of the process, even if the prenup is never used, is disclosure. She has observed marriages in which partners never disclosed pre-existing student loans, bankruptcies, child support obligations or assets.

At a minimum, Savage said, couples moving in together must sit down over a glass of wine — or a bottle of Jack Daniel’s, Lowrance quipped — and exchange credit reports.

“There are deals even for people who live together,” Allen said. “Because what you don’t want is to spend five years in this relationship with a person who earned a multiple of what you did and discover

you’ve accumulated nothing. Because you in good faith spent your money buying new bed linens and towels and decorating while they were investing.”

Savage said she went on national TV once and was asked about whether she had a prenup, to which she retorted, “I always do!” Allen chimed in: “But you were always avant-garde.”

“I’ve always believed it’s absolutely insane to fight over money after a relationship ends if you loved someone enough to marry him or her,” Savage said. “If you get that out of the way at the beginning, that doesn’t hang over you.”

The matter is deeply personal for Savage, who said that her parents went through a “long, bitter, drawn-out, costly” divorce when she was in her early 20s and her brothers were in their teens.

“It was truly divisive and frightening,” Savage said. “I will tell you that I had just started my career as a young stockbroker, and their home in the suburbs, because of

all of the wrangling, went into foreclosure. And I walked up, nine months pregnant, to the First National Bank with the check to pay off what was a relatively small balance on their mortgage. I have seen the devastation upfront.”

By this point in the interview, it was clear that Savage and Lowrance, who described marriage today as “until *change* do us part,” were more absolute in their support of prenups than Allen, who seemed to have more empathy for the romantics.

Savage joked that Allen’s perspective should be taken “with a grain of salt” because “what guy is going to sue the world’s best divorce lawyer for divorce?” Lowrance deadpanned: “a narcissist.”

“We have to abandon the mythology that abandoning rationality is the only way to stay romantic,” the judge said. “The mythology of marriage cannot be sustained.”

Lowrance identified several other myths, including that prenuptial agreements are easily broken. Lowrance said she never invalidated a prenup from the bench. And that’s one reason she now mediates prenups, among other family law matters, to ensure fairness.

All three women said they had learned something from one another while working on the book. Savage said she learned how to write as a team. Lowrance said Savage’s repeated admonitions finally prompted her to start paying attention to her own finances. And Allen said she has learned to be more direct. (Lowrance said Allen is so diplomatic she once described a client’s habit of spending money on porn sites as “a misuse of discretionary funds.”)

“We’ve been through many permutations of (divorce) news through the writing of this book,” Lowrance said. “Not the least of which was **Gwyneth Paltrow**’s ‘conscious uncoupling,’ which immediately led us all to agree that another title for our book could have been ‘Conscious Coupling.’”

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