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## TECHNOLOGY

G. PASCAL ZACHARY

materials cost for their products. Among U.S. computer makers, IBM seems least likely to be caught in a bind. It struck a deal last year to produce these screens jointly in Japan with Toshiba. Hitachi and Sharp also are offering these displays to U.S. companies. Once volume production begins next year, they will sell their now-pricey color screens at below cost in order to prime demand, predicts Stanford Resources Inc., a San Jose, Calif., market researcher.

### Making Networks as Fast As Machines They Link

DESIGNERS are starting to pay attention to a thorny problem involving increasingly powerful desktop computers used by engineers and scientists.

Almost all of these computers are linked with other machines, and the networks aren't getting any faster. As a result, the raw speed of the new workstations is being wasted when users share or swap data, which occurs often.

Designers are tackling the problem by building devices that transfer data among workstations and among different networks of machines at a hundred times the current speed of 10 million bits of data a second.

The National Science Foundation, the Lawrence Livermore National Laboratory and many private companies are funding efforts to build speedier networks, which will change the nature of computing by making it possible for a scientist to receive live video or realistic color models on a workstation.

But this change won't be painless. Current standards for networks, such as Ethernet and Token Ring, may need to be overhauled or even scrapped. And so will current desktop computers used by researchers. "This is probably the single most interesting problem that I'm dealing with," says Andreas Bechtolsheim, a computer designer at Sun Microsystems Inc.

### Recording Music on CDs Isn't Around the Corner

CONSUMERS won't be able to record on blank compact disks for a few years.

Equipment that both records on and plays CDs is considered a sure-fire hit with consumers, but a combination of factors have kept such machines off the market so far.

Officials at Sony Corp. and N.V. Philips, which control pa-

# THE WALL STREET JOURNAL

# MARKETPLACE

July 16, 1990

## WORKPLACE

### Employers' Use of Accident Records Raises Specter of Blacklisted Workers

By GILBERT FUCHSBERG

Staff Reporter of THE WALL STREET JOURNAL  
Are workers who are hurt on the job being blacklisted?

That's the central question in a dispute over an employer practice that is growing fast nationwide: the use of accident records to screen applicants for physically demanding jobs.

A Louisiana consumer group is raising a storm targeting Employers' Information Service Inc. of Gretna, La., for collecting and selling reports on workers' compensation claims and injury-related lawsuits filed by thousands of people in several Southern states.

Meanwhile, a Fort Collins, Colo., company is amassing injury records from around the country on a data base that it says now contains files on 7.5 million Americans. Some 4,000 employers paid the company, Avert Inc., to run checks on 200,000 prospective workers last year, twice as many as the year before.

#### Judging Risks

Proponents of the practice—popular in such heavy industries as construction and oil—say that injury records can help employers judge if an applicant poses an unreasonable liability. Given soaring costs for health-care and workers' compensation insurance, companies say they can't afford to hire workers who may be unfit or at high risk for accidents. Another concern is fraud—workers who jump from job to job, collecting money for hard-to-confirm injuries such as stress or back strain.

"If someone's always falling off scaffolding, there's probably something wrong," says Michael J. Moore, a Duke University economist who studies workers' compensation. Adds Norman D. Bates, a Framingham, Mass., corporate liability consultant: "You don't want to hire a walking disaster who's going to end up costing your company lots of money in worker comp claims."

Injury records represent one of several means—including skills exams, drug tests and credit checks—that are gaining in use as concern grows among companies about the quality and character of workers.

But privacy experts and others charge that a lack of safeguards leaves injury and workers' compensation records open to abuse. They say employers, in their zeal to cut costs and keep their workplaces "prob-

lem free," may be unfairly and illegally discriminating against applicants who have made legitimate claims. If compiling and consulting such records increases, some worry, people may grow reluctant to report accidents or pursue workers' compensation—simply for fear of reducing their appeal to future employers.

"If you build up these data bases, that works against the whole concept of healthy people and healthy workplaces," says Alan F. Westin, a Columbia University professor and former government consultant who advocates privacy protections for job applicants.

#### Worker's Experience

In Baton Rouge, David Czernik, director of the Louisiana Consumers League, is seeking constraints on the use of injury records through a campaign to shed light on Employers' Information Service. In speeches to consumer groups, testimony before a congressional panel and at rallies of previously injured workers, Mr. Czernik has charged that the organization's files constitute a blacklist. And, he maintains, workers—even healthy ones—are unknowingly being rejected from jobs because they are on file. "It's frustrating and victimizing for the individual who wants to get back into productive work," he says.

Employers' Information Service disputes Mr. Czernik's claims, and he can't point to hard evidence. But he cites local

workers whose experiences have them worried, such as 22-year-old John B. Lavergne of Ville Platte, La. Mr. Lavergne says he still suffers pain from a February incident when he hurt his back while lifting 55-gallon drums on an oil-drilling rig off the Louisiana coast.

Mayronne Enterprises Inc. of Harvey, La., which operated the rig, paid Mr. Lavergne's medical bills and salary while putting him on light duty for two months. But in April, he says, he was suddenly let go. A supervisor told him the company wouldn't pay workers' compensation for his disability, he says, and told him "they were going to make my life miserable if I saw a lawyer about it."

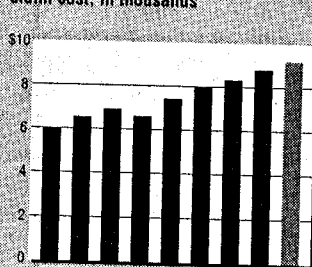
The supervisor "claimed they were going to put my name in a computer and I would never get another job," says Mr. Lavergne. He has since hired a lawyer to file a claim—now pending—to recover the medical costs and lost wages allowed under workers' compensation.

Mayronne, which is fighting the claim, denies that anyone threatened Mr. Lavergne. But Mike Mayronne, president, acknowledges that the company contributes data to and uses Employers' Information Service. "We use that as a source to try to weed out people who've been involved in lawsuits and litigation in this industry and to help scrutinize people that we hire," Mr.

Please Turn to Page B5, Column 3

### Costs of Job Injuries Rise

Average workers' compensation claim cost, in thousands



\*Projected  
Source: National Council on Compensation Insurance

Lost workdays due to occupational injuries, per 100 full-time workers in the private sector



Source: Bureau of Labor Statistics

## TRAVEL

### Accor On Marriott Lodging

By C. AND

Staff Reporters of THE WALL STREET JOURNAL

Accor S.A., vying to acquire Motel 6 of the hotel business, is offering overnight packages.

In a news conference, both sides of the French company's takeover of the economy motel chain made Accor a going concern, which they say is the most profitable.

The Motel 6 group, the number of the number of prompting General time co-chairman claim Accor has 132,000 rooms in Marriott Corp.'s inventory, as "new" ing service now number of franchises apparently would gory.

While analysts prove of Accor's the expensive Motel risky jump. Accor has been disappearing industry is shrinking market.

But the French the huge U.S. market in a string of investments in U.S. Groupe Michelin's royal Goodrich Traveler S.A.'s acquisition.

Accor agreed to budget hotel chain partnership unit, \$1.3 billion. The French company's share of the transaction, according to a source, is \$1 billion.

For its money, bargain-basement rents spread across the country.

## MEDICINE

### Anti-Nuclear Sentiment Spurs Boycott of GE

By AMAL KUMAR NAJ

Staff Reporter of THE WALL STREET JOURNAL  
Anti-nuclear politics are influencing purchases of medical equipment at some hospitals.

Upset over General Electric Co.'s in-

## MEDIA

### The National Tries to Counter Slowdown

By PATRICK M. REILLY

Staff Reporter of THE WALL STREET JOURNAL  
Five and a half months after its launch as the nation's first sports-only daily newspaper, The National is still wrestling with problems ranging from getting late scores into its various editions to squelching rumors that star columnist Mike Lupica is leaving.

Yes, the National is doing something about the late scores, and no, Mr. Lupica says, he isn't leaving. But it remains unclear how long the paper will survive.

### Sizing Up the National

Launched: Jan. 31, 1990

Estimated circulation: 90,000 in New York, 40,000 in Chicago, 40,000 in Los Angeles

Cities to be added this year: San Francisco, Dallas, Detroit, Boston, Miami/



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## Spurn Goods, Far Work

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# Raises the Specter of Blacklisting

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Mayronne says. "You want people who don't have any complications."

Mr. Mayronne says Mr. Laverne was hired despite a previous back-injury claim with another company. "He's compensated, and the next thing you know he's got another back injury," Mr. Mayronne says. "We took a chance, and we got burned on him." While not accusing Mr. Laverne of fraud, Mr. Mayronne says doctors weren't able to substantiate his medical claims. "Nobody's got a problem with anybody who is legitimately hurt," Mr. Mayronne says. But "a lot of people are trying to take advantage."

## Soaring Costs

Mr. Mayronne complains that multimillion-dollar disability claims in the oil services business have helped push the company's workers' compensation insurance premiums to nearly \$30 per \$100 of payroll this year, from \$24 in 1987. "It's out of sight," he says.

Also contributing to a rise in workers' compensation rates nationwide are soaring health-care costs. Medical expenses now comprise 40% of the total workers' compensation bill, up from 30% a decade ago. Compensation for lost income accounts for most of the remainder. Private employers lost 76 workdays per 100 workers because of occupational injuries in 1988, up from 70 in 1987, according to the latest Bureau of Labor Statistics data. The average claim, meanwhile, rose to an estimated \$9,225 last year from \$8,811 in 1988, says the National Council on Compensation Insurance, which helps set premium rates in 32 states.

By comparison, checking past injury claims is relatively cheap: as little as \$4.50 for each person through Employers' Information Service and \$5 through Avert.

## Disclosure to Applicants

Both companies say their activities are legal, coming under the same federal law that allows credit-reporting agencies to gather and sell personal financial information. That law demands that applicants be told when they're rejected because of data in a consumer report, and both companies inform injury-data users of that rule.

But at the same time, employers who consult injury records must tread carefully to avoid breaking state laws that govern how such reports may be used. In many states, including Louisiana, employers can't legally reject an applicant merely because of prior injury claims.

That's a restriction Mr. Czernik contends is "widely ignored." But in their literature, both Employers' Information Service and Avert warn employers not to reject workers solely on the basis of their reports. They suggest using the data to help verify information on applications, plan pre-employment physical exams and place workers in the right jobs.

## 'No Guarantees'

"This is a red flag for further inquiries," says Rutledge C. Clement Jr., an attorney for Employers' Information Service to whom the company referred calls. But asked how abuses are prevented, he says: "There are no guarantees."

Organized in the 1960s as a nonprofit organization, Employers' Information Service collects information on employees both from "member" companies and public records. Mr. Clement declines to say how many workers are documented in the organization's files, how many inquiries are made each year or how many companies belong. He says only that membership has dropped to "several hundred" from many times that a decade ago, before economic woes in the Gulf Coast region shut down many construction and oil companies.

Industrial Foundation of America Inc. of Odessa, Texas, one of a handful of concerns similar to Employers' Information Service, declined to discuss its operations. Avert, which says it is the only national provider of injury records, has doubled its business annually since starting in 1987. Revenue is expected to total \$4 million over the next year, says Michael D.

DeWitt, Avert's marketing director.

Avert compiles its data base largely by buying computer tapes and copying records from state agencies that administer workers' compensation. Some 39 states make public certain records of claims, lawsuits and other injury-related matters.

Hensel Phelps Construction Co., Greeley, Colo., started checking applications against Avert's files two years ago as part of a screening program that includes special physical exams to test the strength of prospective workers. As a result, incidents of back strain have dropped 27%. Still, the fact of previous claims "wouldn't necessarily mean we'd eliminate" applicants, says Michael J. Pennington, director of safety and health.

Allowing that workers whose claims are on record could fall prey to unscrupulous firms, Mr. DeWitt says Avert relies on the discretion of its clients to follow the law when using its files. "I'd hate to see someone not get a job simply because he's filed a claim," he says.

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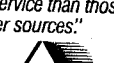
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## Genentech Inc. Says Profit Is Down 45%

By a WALL STREET JOURNAL Staff Reporter

**SOUTH SAN FRANCISCO, Calif.**—Genentech Inc., citing merger-related expenses, said second-quarter net income was down 45% on a 15% increase in revenue. Genentech also said it expects a loss for the year because of merger costs.

The biotechnology company said net income for the quarter was \$5.3 million, or six cents a share, down from \$9.6 million, or 11 cents a share, for the year-ago quarter. Revenue rose to \$112.5 million from \$97.9 million.

Genentech blamed the drop in net income on \$7.2 million in expenses related to its pending sale of a controlling stake to Roche Holdings Inc. of Switzerland. The company said sales of its heart attack drug, Activase, were \$48.3 million for the second quarter, compared with \$48 million for the 1989 quarter. Sales of Protopin, a human growth hormone, were \$41.2 million, up from \$31.1 million a year ago, the company said.

Genentech's stock closed Friday at \$29, down 50 cents, in New York Stock Exchange composite trading.

## The National Hopes Late Edition Sparks Circulation Growth

Continued From Page B1

chi & Saatchi DFS-Pacific in Torrance, Calif., whose Toyota Motor Sales client is a charter advertiser in the National. "We wouldn't be in the National if we didn't think it had a good chance. But the longer I wait for the audit, the antsy I get."

As for Mr. Lupica, the National's fiery columnist who was wooed from the New York Daily News, he is staying put. He admits, though, that it hasn't been easy. "I probably had a more difficult period of adjustment because of my own diminished readership in New York," Mr. Lupica says. "But as we get more cities, it will get better. We are finally coming out of our shakedown cruise."

## Kollmorgen Multiwire Division

**SIMSBURY, Conn.**—Kollmorgen Corp. said it signed a letter of intent to sell the assets and business of its Multiwire division to Winthrop Investment Corp., a New York financial holding company.

Terms weren't disclosed. But Kollmorgen said the sale, taken together with the recently reported sale of the discrete wiring part of its PCK Technology division, wouldn't significantly affect results.

A maker of motors and electro-optical systems, Kollmorgen earlier had said it would close the Multiwire division if it failed to find a buyer.