

Metro Business Briefing

BROKER PLEADS GUILTY A former stockbroker at D.H. Blair & Company pleaded guilty yesterday to enterprise corruption and securities fraud, the Manhattan district attorney, Robert M. Morgenthau, said. The broker, Alfred Palagonia, 34, was indicted last July along with 14 others on charges that they ran the company as a criminal enterprise. Mr. Palagonia admitted in State Supreme Court in Manhattan that he and other brokers conspired to keep certain stock prices artificially high by misleading customers, and sold them the overvalued stocks. Those customers lost money when the prices dropped.

Katherine E. Finkelstein (NYT)

THERE SHE IS, SMILING SERIOUSLY The Miss America Pageant has hired a new television producer in an effort



to give the pageant's annual broadcast a more serious air, the organization announced yesterday. The producer, Bob Bain, a former Fox Broadcasting executive, will replace Jeff Margolis, the show's producer since 1993. The replacement is one of several changes made by the company's chief executive, Robert Renneisen, a former executive with the Claridge Casino and Hotel Corporation who was hired early last year. The Atlantic City-based pageant, which started in 1921 and has been broadcast live for more than 40 years, has recently been losing viewership.

Tara Bahrapour (NYT)

FILLING A HOLE ON LONG ISLAND Krispy Kreme Doughnuts opened its first store on Long Island yesterday. Restaurant Associates, a subsidiary of Compass Group, which runs six Krispy Kreme stores in New York City, will run the new one, in East Meadow. (Bloomberg News)

BURNED-OUT FACTORY MAY MOVE Latex Foam Products announced plans yesterday to replace a manufacturing plant in Ansonia, Conn., that was destroyed by a fire last month. The company said it was considering sites in Connecticut and in the Southeast, and would reach a decision by the end of this month. About 240 employees at the factory, which made mattress cores, lost their jobs after the fire on May 14. (AP)

Commercial Real Estate

Phillips's Move to Midtown Is Not Just About Space

By EDWIN McDOWELL

After almost 20 years on the Upper East Side, Phillips, de Pury & Luxembourg, the third-place auction house, is moving its American headquarters to Midtown with the intention of renewing its rivalry with the much larger Sotheby's and Christie's.

Phillips has partially renovated its new home just off Fifth Avenue, a 12-story building at 3 West 57th Street, where it will be the sole tenant. It signed the lease for 60,000 square feet seven months ago, and after renovating the basement and three floors, held spring auctions there last month.

A skeletal staff is already at the new building. Once the other floors are refurbished, Phillips will move its entire New York staff of 250 employees from its current location at 406 East 79th Street, a 16,500-square-foot, three-story brick building that it rented for many years before buying it in 1996 from RFR Holding Company for \$3.1 million.

The new headquarters, a 54-year-old limestone building owned by El-Kam Realty of New York, was designed by Adolph Lanchen Muller. It is being redesigned by Patrick Mauger, a Paris architect. He recently finished a museum in Caen in Normandy and is designing an archaeological museum in Jarash, Jordan, and John Galliano's studio at Christian Dior in Paris.

Mark P. Boisi, a vice chairman of Colliers ABR, the Manhattan real

estate brokerage firm that represented Phillips in its lease of the property, said that the auction house rented the building both to have more room and because the site is less than a block from the 19 East 57th Street headquarters of LVMH Moët Hennessy Louis Vuitton, which bought Phillips in 1999. Phillips, which is 205 years old, merged in January with a Swiss auction house to become Phillips, de Pury & Luxembourg.

Mike Ullman, the group managing director of LVMH, said the company had no immediate plans to sell the old 79th Street building.

The new West 57th Street headquarters will enable the house to accommodate its auction salesroom, exhibition previews and client meetings under one roof. The five-year lease allows multiple five-year extensions, Mr. Ullman said. Brokers familiar with the area said typical asking rents were \$60 to \$65 a square foot annually for office space, and \$250 a square foot for ground-floor retail space.

The building's 5,000-square-foot ground floor, formerly occupied by the Greenwich Savings Bank, was attractive because of its 16-foot-high ceilings and an absence of columns, LVMH said. As the main salesroom, it will seat almost 300 people, and salesrooms on the third and fourth floors will each seat about 150.

Mr. Ullman said he was satisfied with how the spring auctions last month turned out, but added, "We're



Ruth Fremson/The New York Times

The salesroom at the new Phillips, de Pury & Luxembourg location, at 3 West 57th Street, shares the 5,000-square-foot ground floor with the lobby. Renovation of the building is expected to be complete in the fall.

going to make some aesthetic changes that we didn't have time to make for this year." One will be to move the auction turntable, which is used to display items during the auction, Mr. Ullman said, adding 42 seats to the ground floor. Another change is likely to result in improving the seating space throughout the building for customers who prefer private rooms, he said.

The building had been vacant for several years because of legal wrangling. RFR Holding bought it in 1991,

then leased it for eight years to Bank Melli Iran, an Iranian bank in the United States, giving it an option to buy the property in January 2000. But a Washington crackdown on Iranian businesses in the United States ended Melli Iran's plans. "They never even got to move in," said Aby Rosen, the president of RFR Holding.

About two years ago Iran agreed to sell its option to buy the building to El-Kam Realty, which is owned by Kamran Hakim. RFR sued the government of Iran to prevent the sale of

the option, but it was upheld in court. Because the terms of the option did not allow space to be leased in the building before January 2000, Mr. Hakim exercised his option to purchase on Jan. 31, 2000, and the transaction closed two months later.

"When we bought the building in 1991," Mr. Rosen said, "we bought it from Crossland Savings Bank for \$17 million, and it was one of the biggest deals of that year. It just shows you how bad the times were for real estate in New York back then."

Diamonds Aren't Forever: Scouts Face End of Hunt for Next Koufax

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of things. The thinking is: give these young guys a straw hat, a stopwatch and a radar gun and send them on their way."

Mr. Hagemann, 63, spent the last 17 years combing the backwoods and the blacktop of the region for the Atlanta baseball club — a Brave in Yankee country. Then in March, the Atlanta Braves announced the dismissal of 10 scouts and minor-league personnel, and Mr. Hagemann, well respected and well paid, was gone.

"I'm a pretty sophisticated man," Mr. Hagemann said. "I know what's

happening with corporate America, but I honestly believed baseball was beyond that. I was wrong big time."

The decision came from New York. The Atlanta Braves became part of the AOL Time Warner conglomerate in January when America Online merged with Time Warner. Since the merger, the company has eliminated nearly 2,500 jobs. One of those on the list of the eliminated was Mr. Hagemann, who was instrumental in the trade for John Smoltz, a skinny 19-year-old minor-league pitcher in the Detroit Tigers' farm system. Smoltz went on to become the National League Cy Young Award winner for the Braves in 1996.

According to Mr. Hagemann, he was done in by dot-com guys.

Costs did appear to play a role.

"It was a simple monetary decision," said one Braves official who exchanged his frankness for confidentiality. "Sad but true. He cost too much."

"Ah, John, you deserved it," Mr. Ford managed to say through the whole pouch of chewing tobacco wadded in his mouth. "The question is what took so long to fire you? We've been carrying you for years."

It was a joke, but Mr. Hagemann grimaced as though he were wearing a pair of ill-fitting shoes. "Yeah," he said. "I went from the penthouse to the outhouse before the first pitch of spring training was thrown."

Mr. Bissetti laughed, sipped his coffee and nodded. The same thing happened to him a few years ago. The Los Angeles Dodgers released him after 25 years. "Whole damn

ent, like John Hagemann, toils away in obscurity, gives his life over to the game. He crosses the country, combs the run-down ball fields, the streets and Little Leagues. He puts a million miles on his car, watches thousands of kids play the game, exists on buckets of fried chicken, sleeps in cheap motels and drinks plenty of bad coffee. His wife often eats dinner alone.

Not a single professional game could be played without the amateur scout. He is among the most knowledgeable people about baseball, the one responsible for finding the talent to put on the field.

The first whispers of such talent come from the "bird dogs," the local men like Mr. Ford who let the regional scouts know about the talented boys from the neighborhood.

"The modern-day scout, he don't know nothing," said Mr. Ford, who used to scout for the Cubs.

"They don't chew tobacco," he

tional League in hitting and who went to Xavierian High School in Bay Ridge, Brooklyn, who are the true and increasingly rare finds. But who found him? In the scouting world, claims become matters of false credit, lies and pettiness.

"Since a guy gets drafted by a club before he gets signed to a contract, it's hard to know who was the first to spot him," Mr. Hagemann said. "But everybody now wants the credit, because everyone is trying to climb the scouting ladder into the front office. It didn't used to be like that. Guys wanted to be in the field, because they loved the game."

The young guys are little more than data collectors, the old guys say, their objectivity perhaps twisted by recent events. They say the young guys have no feel for the game. The radar gun can tell you the speed of the ball, but it never got a batter out. It doesn't tell you about a kid's apti-