



Al Violette of Exeter is one of dozens of people who bought land from Bill and Barbara Gourley, allegedly without being told there were liens on the properties. Construction of his house is incomplete as the case remains unresolved.

BANGOR DAILY NEWS PHOTOS BY JOHN CLARKE RUSS

HOME OWNERSHIP DREAM TURNS INTO NIGHTMARE

BY BILL TROTTER
OF THE NEWS STAFF

For residents of Down Wind Boulevard in Newport, buying subdivided land off Route 7 has been anything but a step toward realizing the home of their dreams.

Instead, it has turned out to be a financial nightmare.

Owners of 10 lots along the narrow dirt road claim they were ripped off by Canaan real estate developers Bill and Barbara Gourley. They say the Gourleys sold them land in the subdivision and never told them about liens on the properties, even as some of them started clearing trees and building homes on land to which others had better legal claims.

There are 10 subdivisions scattered throughout the rolling hills of western Penobscot County where 68 people bought land from the couple without knowing the properties already had liens on them, according to documents filed in Penobscot County Superior Court. Overall, the documents list the names of 245 people who are considered victims of financial crimes the Gourleys are accused of committing.

"[Bill Gourley] told me and my wife this property was free of all encumbrances," Down Wind Boulevard resident James Winn said recently. "[Now] we're being foreclosed on. He just lied and lied and lied."

Most of the people who live on Down Wind Boulevard are facing foreclosure and could end up being evicted because they cannot afford to pay off the multiple liens on their properties, according to Winn.

As a result of a civil suit brought against the Gourleys by the state Attorney General, the cou-



James Winn and his wife Lois Morong, who also bought property from the Gourleys, stand in front of their Newport home.

ple has been ordered by a judge to repay \$4.5 million to 130 investors in their real estate development business, Bill & Barb Gourley, Inc. Bill Gourley is 62 years old and Barbara Gourley is 52.

According to prosecutors, the couple ran the business like a Ponzi scheme, soliciting investments by promising unusually high rates of return, between 12 and 20 percent, and then paying interest on the investments by recruiting still more investors. Such schemes are illegal because eventually no more participants can be recruited and the money vanishes, leaving recent investors financially high and dry.

The Gourleys have pleaded innocent, however, to criminal indictments brought against them in Penobscot County Superior Court. They also have filed for Chapter 11 bankruptcy protection in federal bankruptcy court in Bangor.

Buyers allege couple failed to disclose liens on property

Before the Gourleys sold the parcels in question, investors in the Gourleys' business, several of whom each contributed more than \$100,000, were given liens on the properties in exchange for the money they invested. In the wake of the Gourleys' bankruptcy filing, investors have been trying to recoup their losses from the land buyers by collecting on the liens, according to people involved in the case.

Deeds that document the land purchases indicate that several people who bought land in 2002 and 2003 from the Gourleys agreed to pay the couple 15 percent interest on mortgages lasting 15 years. At the time, typical 15-year mortgage interest rates were around five and six percent, according to several Web sites that track historical mortgage rate data.

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Mill gets \$35M boost in Lincoln

\$794,000 hike in tax revenue to ensue

BY NICK SAMBIDES JR.
OF THE NEWS STAFF

LINCOLN — A California firm has invested \$35 million into Lincoln Paper and Tissue LLC as part of a plan to double the plant's tissue-making capacity, create at least 35 new full-time jobs and boost the town's annual tax revenue by about \$794,000.

PCG Capital Partners of La Jolla, the private equity investment arm of Pacific Corporate Group LLC, announced the investment Friday. As part of the deal, the company gets a noncontrolling stake in the company and names two representatives to Lincoln Paper and Tissue's board of directors.

Lincoln Paper "closely fits our objective of partnering with companies that enjoy leading market positions and proven management teams," Douglas Meltzer, managing director of PCG Capital Partners, said Friday.

"The company has a line of profitable niche products that will grow more important as retailers increasingly choose private label products over major consumer brands," Meltzer added.

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Drivers worldwide feel fuel price sting

BY GEORGE JAHN
THE ASSOCIATED PRESS

VIENNA, Austria — While U.S. motorists complain of having to pay \$2.60 a gallon, the relentless surge of oil prices is leading to even more colossal gas pains for Europeans who were paying much more than Americans even before crude began climbing.

So far, there has been no repeat on the old continent of the tragic death in the U.S. of an Alabama service station owner who was run over last week while trying to stop a driver from speeding off without paying.

Still, the painful price increases have led to some changes in European driving habits.

Germans are tanking up on home-heating fuel. Poles are crossing the border to Ukraine to buy cheaper fuel. And Swedish motorists are flocking to a southwestern town where price wars have made gas about 30 percent cheaper than the national average of \$5.66 a gallon.

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Business in brief

BANGOR: STRIKE THREAT LOOMS AT CONSTRUCTION COMPANY Teamsters said this week that unless contract negotiations improve, they plan to strike Monday against Lane Construction Corp. At issue are benefit increases Lane proposed for a three-year contract with approximately 70 of its unionized truck drivers in Maine. Teamsters Local 340 President James Carson said Thursday Lane is offering \$2.25 an hour in total benefit increases over the three-year period, but the union wants increases worth \$2.75, he said. Carson said the union is reluctant to strike over a 50-cent difference but that the drivers already have rejected the company's offer three times. Attempts Friday to contact officials with Lane Construction were unsuccessful. Lane, which has its national headquarters in Meriden, Conn., has operations in 15 eastern states and the District of Columbia, according to the company's Web site. During peak construction season, it employs 4,500 people. The company owns and operates plants in 11 municipalities in Maine. Its local offices are on Odlin Road in Bangor.

Number of commercial condos in Maine rising

BY DOUG KESSELI
OF THE NEWS STAFF

HERMON — To help fill a new commercial building going in Pinewood Business Park on Route 2, owners Ray and Judy Wood are going condo.

The Brewer-based developers are building the 31,000-square-foot building off Route 2 with the intent of parceling it out and selling space outright to smaller businesses in condominium style in the future.

Usually associated with residential properties, the idea of condominiums has been applied to commercial properties — including the requisite condo board and bylaws — for decades.

What makes the Pinewood building different is that, in most cases, commercial condominiums have been employed in existing buildings or ones that have been renovated, not a completely new building as the Woods are proposing.

"Hardly ever has anything new been built with this in mind," Ray Wood said this week.

That may be because doing so is constructing a building on speculation, like building homes in a subdivision before you have buyers, Rod McKay, Bangor's economic development director, said Thursday.

"You don't hear about it very often," McKay said.

And those reasons and others are why the Woods are hedging their bets. Businesses moving into the Pinewood building will have the option of buying the property after renting it for three years. That way, the company will have a track record to draw upon as well as three years of operating expenses under their belt so that there are no surprise costs when they go to buy it, Wood said Friday.

As part of the deal, the plan is also to return to the tenant busi-

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Greenspan warns of downfall

Bloated trade, budget deficits threaten long-term economy

BY JEANNINE AVERSA
THE ASSOCIATED PRESS

JACKSON, Wyo. — Federal Reserve Chairman Alan Greenspan on Friday cautioned Americans against thinking the value of their homes and other investments will only go higher, saying "history has not dealt kindly" with that kind of optimism.

Greenspan also said that bloated trade and budget deficits threaten the long-term health of the U.S. economy.

His warnings, made at a high-profile economic policy conference, came as the Fed chief and prominent economists pondered his 18 years at the central bank and the legacy he will leave. He is expected to step down in five months.

Rising house and stock prices have made many people feel more wealthy and have helped to support consumer spending, a key ingredient of the economy's good health.

Greenspan, however, said people shouldn't count on that paper wealth, which can evaporate if economic conditions deteriorate rapidly.

"History has not dealt kindly with the aftermath of protracted periods of low-risk premiums."

Alan Greenspan,
Federal Reserve chairman

"What they perceive as newly abundant liquidity can readily disappear," he said. "Any onset of increased investor caution" could cause home and stock prices to drop, he noted.

A long spell of low interest rates and low risks for investors

has especially encouraged investment in homes. Greenspan worried about what would happen if that climate were to change.

"History has not dealt kindly with the aftermath of protracted periods of low-risk premiums," he said.

Low interest rates have powered the booming housing market. Home sales have hit record highs four years in a row, and house prices are surging. In previous speeches, Greenspan has warned of "froth" and "speculative fervor" gripping some local housing markets.

If house prices were to fall suddenly or if interest rates were to rise rapidly, some local housing markets, homeowners and lenders could get clobbered.

"Greenspan is giving individuals ample warning that they need to take that into account," Allen Sinai, chief global economist at Decision Economics, said in an interview. "He's throwing out a yellow flag of caution."