

# LOS ANGELES BUSINESS JOURNAL

October 2 - 8, 2006

**This Week**  
VOLUME 28  
NUMBER 40

**The List**  
The 25 largest chambers of commerce in Los Angeles County. **27**

**Interview**



Jeff Seabold learned the real estate trade domestically; now he's playing on an international stage. **23**

**Up Front**

Aerospace is once again thriving in the regional economy, but now it's dominated by small companies instead of giant contractors. **3**

**News & Analysis**



Ed Kaminsky helps traded athletes find digs in their new cities. **5**

**Corporate Focus**

Tag-It Pacific has had its share of trouble in the volatile world of apparel trim. **30**

**Mergers**

Acquisitions were few in August, but insiders say the deal pipelines are full. **35**

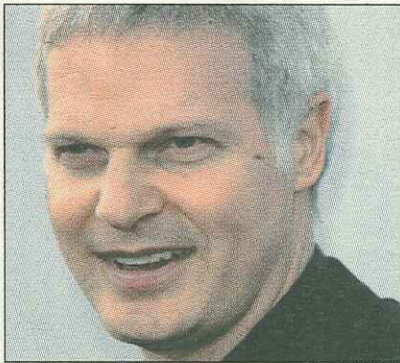
**INSIDE**

- Commentary 50
- Data Bank 21
- Econowatch 38
- LABJ 200 32
- Mediawatch 16
- Newsmakers 25
- Real Estate 40
- Regional Report 14

## Ballot Boxing: Big Oil, Bing In a \$lugfest

By HOWARD FINE  
Staff Reporter

It's Hollywood versus the oil companies, and, for now, it's about a draw. Oil companies, including L.A.'s own **Occidental Petroleum Corp.**, have put up most of the \$51 million to oppose November ballot's Proposition 87, which would impose a 6 percent tax on most oil produced in the state to fund alternative energy projects.



Big Spender: Producer Stephen Bing

Normally, that would be enough money to sink any ballot measure. But into the breach has stepped Hollywood producer Stephen Bing, who has put up \$40 million of his own money in support

Please see **BALLOT** page 11

## YouTube, Music Firms Nearing Rights Harmony

By DAN COX  
Staff Reporter

Peace may be breaking out in the copyright infringement war between viral video giant **YouTube Inc.** and the major music companies whose tunes are appropriated to provide soundtracks for many of the site's clips.

In less than a year, the wildly popular short videos posted by users on YouTube – the site is visited more than 100 million times a day – have become a cultural phenomenon. They're usually

wacky, often weird, occasionally inspired – and probably illegal because the songs and videos often are used without paying fees to those who originally created the materials.

Several recent developments have altered the battlefield terrain significantly.

In September, YouTube said that it would introduce technology to spot copyrighted material. YouTube will not stop the copyrighted material from being posted, but it would be willing to share

Please see **YOUTUBE** page 38



Getting It Down: The Pussycat Dolls rehearse for a concert at CenterStaging in Burbank.

## Warming Up

### Baseball, CenterStaging team up

By ANNE RILEY-KATZ  
Staff Reporter

It's hard to imagine an entertainment alliance more out of left field than this one.

Burbank-based **CenterStaging Corp.**, which owns a massive sound stage and rehearsal studio campus near the Burbank airport, has teamed with **Major League Baseball Inc.** to promote Rehearsals.com.

The partners are marketing the site, which features performances and backstage looks at up-and-coming acts and A-list musical performers – such as Christina Aguilera and the Pussycat Dolls – who use the rehearsal studios to prep for concert tours. Initial access will be free to users; the revenue will come from sponsorships, pay features and merchandise sales.

"Every rock star wants to be an athlete and every athlete wants to be a rock star," said Dinn Mann, editor in chief of MLB Advanced Media, which is Major League Baseball's interactive media and Internet division.

"We wanted to expand beyond games played on the field and pair with established, like-minded brands that already do or can stand on their own," Mann said. "We already have a

Please see **REHEARSALS** page 46

## Homeless Expanding Downtown's Skid Row in Ruling's Wake

By DANIEL MILLER  
Staff Reporter

In an alley behind South Hill Street, several homeless people rummaged through trash cans last week, drinking beer and tending to their cardboard encampment.

Typical activities for L.A.'s Skid Row, but the problem is, the alley is several blocks northwest of Skid Row boundaries.

The happenings last week behind Loft Appeal, a South Hill Street furniture store, highlight a growing concern expressed by downtown businesses, property owners, and civic leaders: In recent months the homeless population has spread to areas outside the usual borders of Skid Row, downtown's homeless neighborhood.

"We cannot walk out of our back door without

either seeing someone urinating, defecating or shooting drugs," said Rich Reams, co-owner of the 903 S. Hill St. furniture store. "We've had customers attacked, and car doors kicked in. The number of tents is way more than six months ago."

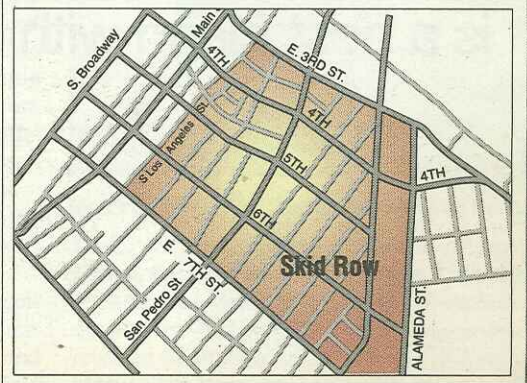
The spread of the Skid Row homeless population – along with its attendant drug use and dealing, public defecation and prostitution – is being blamed on an April ruling by the Ninth Circuit Court of Appeals in a lawsuit brought by the American Civil Liberties Union over the city's tactics for policing the homeless.

The ruling stated that police could not prohibit the homeless from camping on streets so long as there were not enough beds in shelters to house all the homeless.

Please see **HOMELESS** page 44

### Beyond Borders

Has Skid Row expanded?



Shimmer. Sparkle. Savor.

It's not too early to start planning your holiday events. Let us add the sparkle to your celebrations at Patina, Cafe Pinot, Nick & Stef's Steakhouse, Zucca Ristorante or Kendall's Brasserie.

**PATINA**  
GROUP  
www.patinagroup.com  
866 9 PATINA

2 51000 000001 8

**ED KAMINSKY**  
**REALTOR**

Drafted? Traded? Retiring? New Contract?

Nationwide Real Estate, Relocation and Lending services exclusively for athletes.

**Sport Star**  
relocation

Ed Kaminsky: His company has expanded its client list to include about 50 professional athletes, including several L.A. Lakers.

RINGO H.W. CHIU/LABJ

## Moving Experience

SportStar Relocation helps traded athletes find homes in new cities

By DANIEL MILLER  
Staff Reporter

FOR many people, it's hard to sympathize with professional basketball or football players who make millions each year, even when they are traded to new teams, forcing them to uproot their families and relocate.

Ed Kaminsky understands that but also empathizes with the downside of athletes' careers — and is making a few bucks on it in the process.

The Manhattan Beach-based real estate professional is the head of **SportStar Relocation**, which helps professional athletes find homes and settle into new communities after they have been traded, drafted, or signed to new teams. Industry professionals say there is no other business in the country that offers this type of service.

"Often when these guys are drafted or traded they are left helpless," said Kaminsky, who founded the Manhattan Beach company two years ago. "A lot of teams aren't there for the players, they treat them like stock and trade them off and leave them hanging."

After spending the last two years building a nationwide network of about 2,000 real estate

agents, Kaminsky said his efforts are starting to pay dividends, with the company expanding its client list to include about 50 professional athletes. The affiliated agents typically work as residential real estate agents full time in their own cities but take and give referrals to Kaminsky's company.

Recently the company has worked with Los Angeles Lakers players Jim Jackson, Hammond Williams, and Aaron McKie; Cincinnati Bengals quarterback Carson Palmer; and Washington Redskins running back T.J. Duckett.

Its revenue is derived from regular real estate commissions — though they are large, given the often oversized homes athletes tend to buy with their oversized paychecks.

In addition to helping athletes find new homes and sell old houses, the company provides clients with a variety of other free services designed to make athletes' transitions into new environments easier. SportStar Relocation can set athletes up with chauffeurs, bodyguards, personal chefs, and nannies. The company can also help athletes with their moves to new areas by managing the transport of vehicles and furnishings.

Those tasks often are left to a team's director of player development to handle. Chip

Schaefer, director of player development for the Los Angeles Lakers, has referred players to SportStar, among several other agencies that specialize in high-end homes.

"In professional sports there is a certain amount of upheaval when a trade is made or on the day of the draft a player finds out his new address and has to move his life 3,000 miles away," said Schaefer. "For people who have families and children, you like to have a knowledgeable resource in a city."

### Airport close

Kaminsky, who also owns ItzSold Residential Real Estate in Manhattan Beach, said that his 19 years of experience in the beach community facilitated the creation of his company.

In recent years, the city has become popular for local professional athletes because of its proximity to the Los Angeles International Airport, the practice facilities for the Lakers, Clippers and Kings in nearby El Segundo, and its relative closeness to downtown Los Angeles and Staples Center. The city also has a strong school system.

"(Athletes are) trying to combine the dynamic of where they work, practice and the airport," Schaefer said. "I like to think of it as a

triangle. You come in from a road trip at 3 a.m. and you don't want to drive an hour to get home. And you want to drive a reasonable distance to games."

Prior to forming the new company, Kaminsky worked with other athletes who relocated to Manhattan Beach. The city is home to such athletes as former Los Angeles Dodger Eric Karros, soccer player Landon Donovan, and several Kings players.

In Jackson's case, Kaminsky helped the NBA journeyman relocate to Hermosa Beach after he signed with the Lakers last season. Jackson has played for 12 teams in 14 years.

"(Jackson's) wife called, and said that she had been through the routine and that it has always been frustrating for them," Kaminsky said. "I was so happy when she said that this was their smoothest transition. I found them a place, had groceries in the kitchen and the newspaper delivered when they arrived."

In creating the SportsStar network, Kaminsky said that he interviewed each real estate agent the company wanted to work with to ensure that only discreet and highly professional brokers would be brought on board.

(SportsStar takes a 35 percent cut of the commission on first-time transactions with agents in other cities, and a smaller cut thereafter.) But not everyone is convinced the business model has long-term viability.

"Basketball players like to spend big bucks on houses and Manhattan Beach is the center," said Stephen Shapiro, chairman of Westside Estate Agency Inc., a high-end residential brokerage. "(But) there is not enough business and upside on individual deals to make the lack of business pay off."

Don't tell that to Nancy Pulley, a Washington, D.C.-based real estate agent who began working for Kaminsky's company last year. Pulley recently helped Redskins running back Duckett find a townhouse to lease on short notice after he was traded from the Atlanta Falcons to the Redskins in late August.

"Preseason was over with and (the Redskins) were ready to start the games and he needed to be up here," Pulley said. "He couldn't come and see what the market was like and lollygag, so I previewed everything I needed to show him. It was narrowed down to the three prime properties so he could choose."

Another SportStar broker, Elizabeth Roberts, who is based near Boston, worked with current San Diego Padres relief pitcher Alan Embree when he left the Boston Red Sox to play for the New York Yankees. "We can help them move quickly without a lot of headaches for the family," Roberts said.

Kaminsky said that close client-broker relationships and word-of-mouth response should help the business grow. Indeed that has already happened with the Lakers.

Schaefer said that while he often counsels new Lakers players on housing options when they seek his advice, the team has no formalized process to help its athletes find housing and other services. He called SportStar Relocation a "really original concept."

## 50 Cents Will Get You a Copy — \$2.2 Billion Will Get You the L.A. Times

By JOEL RUSSELL  
Staff Reporter

Anyone wishing to buy the Los Angeles Times should get ready to write a check for at least \$2.2 billion. But the current owner probably won't sell it, according to a new report from **Merrill Lynch** analyst Lauren Fine.

Speculation about selling the Times first surfaced in June thanks to a letter from the investment trusts of the Chandler family, owners of the newspaper before it sold to Chicago-based **Tribune Co.** in 2000. The letter, filed with the Securities & Exchange Commission, complained that Tribune's current strategy of trying to integrate TV and newspaper assets hadn't worked. Instead, the company should split its TV and newspaper

assets into separate companies.

After months of resisting the strategy switch, the Tribune board announced on Sept. 27 that a special committee will explore "alternatives for creating additional value for shareholders. The process is expected to conclude by the end of 2006."

But according to Fine's report, dividing the assets won't unlock much hidden value. She puts the fair market price of Tribune stock at \$33 per share. Following the announcement of the strategic review the stock quickly jumped 10 percent higher, but it now trades for about \$33.

The report examined six strategic options, including selling all the Tribune assets piecemeal. As part of that option, the analysis put the price of the Times between \$2.2 billion and \$2.4 billion.

However, Tribune would lose valuable tax benefits by selling the Times. Corporations can value assets based on their last selling price, so updating and increasing that price jacks up the tax payments. "Since Tribune has owned its newspapers for quite some time and inherited the tax-basis of the Times Mirror newspapers, the tax basis is likely quite low," states the Merrill Lynch report. "The low basis could explain why Tribune management seems to be reluctant to sell the Los Angeles Times despite reported interest from local billionaires."

Those billionaires include Eli Broad, co-founder of **KB Home**, and David Geffen, co-founder of **DreamWorks Animation SKG Inc.** (Separately, 20 local civic and business leaders, including the Business Journal's publisher, Matt

Toledo, wrote a letter last month urging Tribune to invest more money in the Times.)

The report estimates 2006 revenues for the Times at \$1.1 billion, with an EBITDA (earnings before interest, taxes, depreciation and amortization) margin of 21 percent, or \$228.7 million.

The report values Tribune's other L.A.-based asset, **KTLA-TV** (Channel 5), at \$737 million. The station will garner estimated revenues of \$166 million this year and should have an EBITDA margin of 35.5 percent (\$59 million).

As recently as early 2004, Tribune traded at more than \$50 per share. In contrast to Fine, Morningstar analyst James Walden views Tribune as currently undervalued and believes that "any of these scenarios could unlock tremendous value for shareholders."