

Up Front



Attraction builder Gary Goddard is now a movie mogul. **PAGE 3**

News & Analysis



Restaurant chain goes to public school. **PAGE 8**

Profile

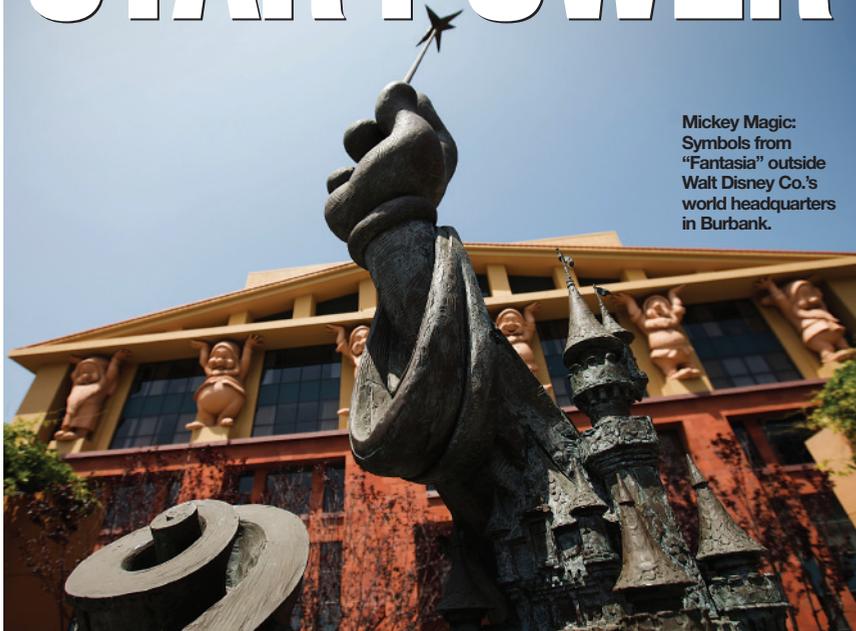


Entrepreneur Peter Derycz was a 'library slave.' **PAGE 10**

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SPECIAL REPORT PUBLIC COMPANIES

STAR POWER



Mickey Magic: Symbols from "Fantasia" outside Walt Disney Co.'s world headquarters in Burbank.

BLOOMBERG NEWS

High-fliers Disney, Amgen Lead Local Rise

By **JOEL RUSSELL** Staff Reporter

The investment wisdom that big companies can't grow as fast as smaller ones didn't work this year in the greater San Fernando Valley. The ranking of largest public companies is topped by two mature companies with a 30-percent plus growth in stock price, with both trading recently at all-time highs as the broader market reached new heights.

Walt Disney Co., once again ranked as the largest company in the region with a market cap of \$100 billion, an increase of \$26 billion since last year. The Burbank media and entertainment company's stock has appreciated by about a third over the past 12 months.

Second-place **Amgen Inc.**, the Thousand Oaks

biotech, is now worth about \$69 billion, a gain of \$16 billion since last year, when it also ranked second. Its stock has risen 36 percent.

John Ahn, president of financial services firm **B. Riley & Co.**, in downtown Los Angeles, said most companies in the greater San Fernando Valley outperformed the overall stock market.

The Dow Jones Industrial Average has gained 10.6 percent, the Standard & Poor's Index is up 13 percent while the BNY Mellon index of the greater Valley's 50 largest companies rose 22.3 percent in the past year.

Since the 2008 market crash, large capitalization stocks have outperformed the general market

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Hallmark Channel's Profits in the Cards

By **ELLIOT GOLAN** Staff Reporter

The Hallmark Channel is best known for programs where the wholesome and honest guy gets the girl and the family ends up happy and smiling. In a television landscape where most networks are trying to produce content rife with the danger and sex appeal that attracts younger viewers, and in turn, advertisers, Hallmark has its niche.

The channel's audience, mostly women ages 25 to 44, has become a highly profitable segment of the TV market.

In the last three years, **Crown Media Holdings, Inc.** of Studio City, which manages the Hallmark

Channel and its 2008 spinoff, Hallmark Movie Channel, has produced a return on equity of more than 95 percent, topping the Business Journal's list of most profitable companies in the San Fernando Valley.

That number is significantly higher than other successful Valley companies, such as apparel brand licensing company **Cherokee Inc.** and biotech giant **Amgen Inc.**, which produced about 60 and 20 percent returns respectively.

Moreover, Crown reported a net income of about \$450 million in that same three-year period.

"We've got a strong business and a lot of

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Lancaster Lands Aircraft Supplier

AVIATION: Incotec looks to catch ride on commercial industry.

By **MARK R. MADLER** Staff Reporter

Aircraft-fastener coating company **Incotec Corp.** is moving its headquarters and some of its manufacturing to Lancaster as it expands to supply the commercial aviation industry.

The Mojave company is remodeling a 20,000-square-foot building and will relocate about 50 employees by the end of the year. Incotec's expansion takes place as commercial aviation experiences a boom in aircraft manufacturing.

The company supplies to Chicago-based **Boeing Co.** and **Airbus SAS** of Toulouse, France, two of the world's largest aircraft companies, which are building new, fuel-efficient models. Other expanding customers include **Embraer S.A.**, of Sao Jose dos Campos, Brazil, **Bombardier Inc.** of Montreal, and **Commercial Aircraft Corp. of China**, or Comac, of Shanghai.

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PHOTO BY THOMAS WASFER

Ad Man: David Grant of MediaShift.

Advertising Firm Digs Oil Merger

INTERNET: MediaShift to tap public platform to fuel growth.

By **JOEL RUSSELL** Staff Reporter

There are some big public companies in the San Fernando Valley, but many are smaller. Then, there is **MediaShift Inc.**

It consists of one company and half of another. The Glendale Internet advertising company is the brainchild of entrepreneur **David Grant**, who founded it in 2010. In August, when he and his seed investors needed more capital to grow, they decided to merge with a publicly traded oil exploration company, sell off its assets and use the public platform to raise money.

On March 4, the company announced its stockholders had approved a plan to change the surviving company's name from **JMG**

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Cherokee Targets Chinese Market with Website

APPAREL: American brand will sell on country's Tmall.com retail site.

Apparel brand licensing company **Cherokee Inc.**, best known for its apparel lines sold at Target, has launched an online store on China's largest e-commerce website, Tmall.com.

The Van Nuys company first entered the Chinese market in 2010 at **RT Mart** stores, a chain that sells groceries, apparel and other goods. Cherokee is sold at 221 RT Mart locations.

Cherokee Chief Executive **Henry Stupp** said sales at RT Mart increased more than 40 percent since 2011. In addition, almost 60 percent of online shoppers in China are between the ages of 25 and 35, a target demographic for the brand.



RETAIL & HOSPITALITY

Elliot Golan

"The timing could not have been better to join Tmall.com," Stupp said in an email. "China has the largest buying population in the world. China is also the world's fastest-growing major economy. It offers the perfect platform to broaden our customer base."

Marshal Cohen, chief retail analyst for

New York market research firm **NPD Group Inc.**, said that apparel is one of the fastest-growing markets in China and establishing a presence early is crucial.

"As China becomes more modern and continues Westernizing, competition will grow. Entry now is much easier than it will be," he said.

Several other American apparel brands



Cheap Chic: Cherokee clothing on mannequins at RT Mart outlet in China.

already have storefronts on the site, including **Gap Inc.** and **Levi Strauss & Co.** Tmall.com claimed total apparel sales of about \$9 billion last year.

Cherokee brands are sold in more than 40 countries worldwide with global retail sales of almost \$2 billion.

Brewing Expansion

For the third time since 2007, **Fireman's Brew Inc.** is conducting a private stock offering to raise capital for expansion.

The Woodland Hills microbrewery is offering 6.25 million shares of common stock at 80 cents a share. The minimum purchase is 6,250 shares for \$5,000.

The company was founded in 2005 and began expanding out of California last year, using \$835,000 from a previous private stock offering to penetrate the Arizona, Colorado and Illinois markets, said Chief Operating Officer **David Johnson**.

This year, Fireman's Brew has already started distributing in Nebraska and Nevada.

"Our goal is to be in 10 states by April," Johnson said.

The company experienced 325 percent sales growth last year, Johnson said, prompting the company to start thinking about going public in the future.

"It's something we have on our radar," he said. "We don't know what will happen in the future, but it's an option."

Eric Shepard, executive editor at New York consulting firm **Beer Marketer's Insights**, said craft breweries are seeing a big opportunity to increase distribution at the national level. And despite a growing number of specialty beers, there is still room in the market.

"There will have to be a limit on distribution eventually, but we're not there yet," he said.

The offering will close in September and is not registered with the Securities and Exchange Commission. However, it is subject to regulations issued by the California Department of Corporations, limiting the

offering to qualified investors.

To date, the company said it has received 27 new investors from the offering.

Voila!

La Voila, an in-home hair, makeup and nail service from New York, has arrived in the San Fernando Valley.

Maria Velissaris, founder and chief executive of the company, brought La Voila to the area after a first year in New York during which the company became a preferred vendor at W Hotels and the Bryant Park Hotel in Manhattan.

La Voila has 10 stylists to serve the L.A. area. Velissaris said busy stay-at-home moms in affluent communities within the Valley are the customers the company is targeting.

"It's a reprieve for those who are too busy to spend all Saturday waiting in a salon," she said.

Prices for services can range anywhere from \$45 for a manicure to \$350 for a hair, makeup and nail service from the company's "Glam Squad."

Elizabeth TenHouten, an author and beauty expert in Los Angeles, said the company will find the Valley a fertile market.

"Regular women want the celebrity treatment," she said. "They want to compete with the women in magazines."

To achieve the celebrity look, La Voila employs contract stylists with experience that include working at **Walt Disney Co.** studios and with renowned personalities such as **Ryan Gosling** and **Eva Mendez**.

Velissaris said she is looking to get contracts in the movie and television industries in the Valley to provide studio and on-location services. The company is already in talks with studios in Burbank, home to Disney and Warner Bros.

"That's half the reason we're out here," she said.

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Small Business Lender Gets Its Own Line of Credit

BANKING: Utah bank boosts Fast A/R Funding, a retail factoring firm.

Calabasas alternative lender **Fast A/R Funding** has received a line of credit from a Utah bank that will go toward future growth of the company.

The financial assistance firm is adding to its sales staff as word spreads of what Fast A/R can offer small businesses in terms of loans collateralized by future invoice payments.

"We are generating five to 10 inquiries a day for possible new clients," said Chief Executive **Matt Begley**. "As the business scales, we are expanding the sales force."



Begley

Begley would not disclose the amount of the line of credit the company received from **TAB Bank** of Ogden, Utah.

Fast A/R uses a factoring model, a loan method that has been used for decades in the apparel industry and which Fast A/R has expanded

into other retail markets.

Factoring works this way: A company sells \$50,000 worth of product to a large retail chain. Rather than waiting 45 days to 60 days for payment from the retailer, the company gives the invoices to Fast A/R and receives a loan for 80 to 85 percent of the invoice amount. Eventually the retailer pays the



FINANCE

Mark R. Madler

\$50,000 to Fast A/R, which subtracts the original loan amount and its fee and then gives the balance to the client company.

Fast A/R's fee varies based on the size of the loan and how long it takes an invoice to be paid, Begley said.

While there are other factoring houses, Fast A/R separates itself from the pack and is able to go national by taking a paper intensive process and moving it all online.

"We created software that makes the whole process digital," Begley said. "The application, the invoices, getting advances is done via the web."

As Fast A/R grows, the company's strategy is to stay focused on small business clients. A typical client has annual revenue ranging from \$500,000 to \$5 million, Begley said, adding that they come from the technology, engineering services, consulting and food industries.

"There are bunches of different business that have not used factoring for whatever reasons," he added.

Mike Katz, owner of **Smart Planet**, a Canoga Park manufacturer of kitchenware and utensils, uses Fast A/R for the fast turnaround on the loans. The interest rate is more expensive than a traditional bank loan but the benefit is receiving money in two to three days rather than weeks or months, Katz said.

"The risk is on their end counting on that

you have made the sale," Katz said.

What Katz also found attractive about Fast A/R's model is that Smart Planet does not have to use every invoice for a loan. The company's sales tend to be seasonal with some months doing better than others, Katz said.

"They allowed us to pick and choose what we ran through them and some businesses do not do it that way," Katz said.

Deleting Debit Cards

First California Bank is getting out of the debit card business as it does not fit with the business plan of its new owner, **PacWest Bancorp**.

The board of directors at the Westlake Village institution approved last month winding down its electronic payment services division by the end of the year at a cost of about \$2.4 million.

The bank's entry into providing prepaid debit cards was short lived.

In 2011, First California completed its acquisition of the Electronic Banking Solutions division of **Palm Desert National Bank** for an undisclosed amount. At the time the acquisition was announced First California Chief Executive **C.G. Kum** said that prepaid debit cards would bring in a new revenue stream for the bank and complemented its growth strategy.

But that business is not one that PacWest, which is buying First California, wants to continue.

"PacWest concluded that the EPS division was not suited to PacWest's commercial banking business model and PacWest would proceed to exit the EPS division upon the completion of the merger," the bank stated in a filing

with the Securities and Exchange Commission.

PacWest is acquiring First California in a deal valued at \$231 million.

Banker Honored

Anne Williams, chief operating officer and chief credit officer at **California United Bank**, was honored by the **San Fernando Valley Financial Development Corp.** at its annual award reception.

Williams was recognized for her support of the organization and to small business in Southern California.

Williams is one of a kind, said **Roberto Barragan**, president of the SFV-FDC.

"We are so fortunate that someone with so much talent, wisdom and generosity works right here in the Valley," Barragan said in a prepared statement. "She has truly made a difference to our local economy with her unending devotion to assisting small businesses."

The reception took place Feb. 21 at **Panzanella Ristorante** in Sherman Oaks.

The Valley Financial Development Corp. is a non-profit formed by the Valley Economic Development Corp. to provide SBA 504 loans and loan guarantees to commercial banks through the California Small Business Loan Guarantee Program.

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