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Up Front



Local entrepreneur has cooked up L.A.-specific fortune cookies. **PAGE 3**

News & Analysis



Can you still call this wine 'Two-Buck Chuck'? **PAGE 8**

People



How Dan Schnur got to the 'pol position' in California. **PAGE 15**

MAIL TO:

TV Contest May Take Toll on Players

ENTERTAINMENT: 'Shark Tank' contract could bite entrepreneurs.

By **JONATHAN POLAKOFF** Staff Reporter

When entrepreneur **Scott Jordan** pitched his business to a group of well-heeled investors on ABC's "Shark Tank" last season, he didn't reach a deal with **Mark Cuban** or any of the other TV deal-makers.

But even without a cash infusion from any of the so-called sharks, he walked away knowing that producers and the network could take a bite out of his business in the future.

Buried in his contract is a clause that gives the show's producers, **Sony Pictures Television Inc.** and an affilia-

5%

Equity stake an entrepreneur might have to give producers to appear on 'Shark Tank.'

ate of reality producer **Mark Burnett's One Three Media**, as well as **Walt Disney Co.'s ABC network**, the option to take an equity stake in his company or to claim a share of his profits in perpetuity. All contestants apparently must sign such an agreement in exchange for appearing on the show.

The little-noticed provision was brought to light recently when former contestants, including Jordan, wrote about it online. Jordan isn't trying to get out of

Please see **ENTERTAINMENT** Page 42

Activist Lawyer Stalls Approvals

DEVELOPMENT: Target is latest project to be held up.

By **ALFRED LEE** Staff Reporter

Target Corp. executives thought they had finally gained city approval for a planned Hollywood store in November.

Yet despite a positive Los Angeles City Council vote, opposition from an activist group might force them to wait until next month — after which another legal battle likely awaits.

The delays are courtesy of a small and little-understood entity called the **La Mirada Avenue Neighborhood Association** and its attorney, **Robert P. Silverstein**.

Silverstein is a well-known thorn in the side of development interests in Hollywood. He says he's keeping builders honest and maintaining

Please see **DEVELOPMENT** Page 41



Not on Board: Tom Elliott at his Venice Ale House, where the homeless sometimes snatch food.

Out of Place?

Homeless 'bill of rights' alarming to business owners

By **HOWARD FINE** Staff Reporter

TOM ELLIOTT has come up with solutions for dealing with the homeless who intrude on his gastropub on the Venice boardwalk.

He's assigned one of his employees the task of shooing away homeless people who reach across a railing and grab food from his customers' plates. And he calls the police to arrest some of the more aggressive homeless people or escort them away from the premises.

So Elliott, who co-owns the **Venice Ale House**, was alarmed last week when he learned of a "homeless bill of rights" measure introduced last month in Sacramento that would give the homeless the right to conduct "life-sustaining activities" in

public spaces, including in front of businesses.

"I understand that the homeless should have rights, but my customers also have the right to eat undisturbed by the homeless," he said. "Any legislation that would make it more difficult for us to keep away people and prevent them from harassing our customers would make things very difficult for us."

Elliott, who chairs a new committee to improve the boardwalk, is not alone in his struggle to deal with the homeless. Many local business and property owners are alarmed by the bill, introduced by Assemblyman **Tom Ammiano**, D-San Francisco.

If passed, the bill would prevent cities and business improvement districts from targeting homeless

Please see **GOVERNMENT** Page 42



Projecting: Zefr's Raddon and James.

Film Clip Firm Grows Ad Role

INTERNET: Zefr eyes more dough from YouTube videos.

By **TOM DOTAN** Staff Reporter

Zefr Inc. pulled off the nearly impossible two years ago by getting all the major Hollywood studios to stop being the bad guys who take down movie clips that fans post to YouTube.

Now, the Venice company is trying to do something that's even harder for tech companies: make more money.

To that end, it recently acquired **Pipewave Inc.**, a Boston ad tech firm Zefr hopes will boost the effectiveness of its ads. Executives at Zefr said the move to beef up its ad technology is the next step for a company that's racking up more than 1 billion monthly views — for content it doesn't own.

Please see **INTERNET** Page 43



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'The risk of litigation is materially higher because of Mr. Silverstein and his clients. I advise all clients with projects in Hollywood to assume there will be litigation.'

DALE GOLDSMITH, Armbruster Goldsmith & Delvac LLP

'They want to say this is all a bunch of NIMBY unjustified activity, but we have successfully shown again and again the corruption in the process.'

ROBERT P. SILVERSTEIN

Development: Hollywood Activists Slow Projects

Continued from page 1

development standards. But opponents say he delays most projects, has killed some and adds to the cost of all. The term "greenmail" has been used to describe his tactics.

Though development fights are not uncommon in Hollywood, Silverstein and La Mirada have become the most active legal challengers there.

"The risk of litigation is materially higher because of Mr. Silverstein and his clients," said **Dale Goldsmith**, a partner at **Armbruster Goldsmith & Delvac LLP** who is representing Target and has faced off with Silverstein on about a dozen other projects.



Silverstein

"I advise all clients with projects in Hollywood to assume there will be litigation," he said.

Silverstein, an attorney since 1996, had worked on land-use fights in Beverly Hills and Rancho Cucamonga for years and still gets involved in cases all over Los Angeles County. But Hollywood became home field for the Pasadena attorney.

"We want compliance with the laws and an end to the dirty backroom deals," he said. "They want to say this is all a bunch of NIMBY unjustified activity, but we have successfully shown again and again the corruption in the process."

Not everyone is convinced of those motives.

Earlier this month, real estate blog Curbed LA posted a page of a settlement agreement secured by La Mirada and Silverstein from an unnamed developer, describing it as "greenmail." It detailed \$90,000 in costs and attorney's fees and a \$250,000 payment to La Mirada in exchange for dropping its challenge.

Silverstein called the post a "smear campaign," saying he also won concessions regarding project height and density, and that he has never filed lawsuits just to get settlement payments.

"We file meritorious lawsuits, and that's why we've won so many trials," he said.

Active opposition

Despite its public battles, little is known about La Mirada's membership. The only publicly identified member of the unincorporated neighborhood association is **Doug Haines**, and he and Silverstein declined to state how many members the group has. Haines said it formed in the mid-2000s and hired Silverstein to combat the construction of a Los Angeles Unified School District middle school in Hollywood. That project was canceled in 2006.

Benjamin Reznik, a local land-use attorney who reviewed the Target case for the Business Journal and is not affiliated with it, said he was troubled by the use of unincorporated associations as plaintiffs.

"A litigant should have a right to know who's suing him," he said.

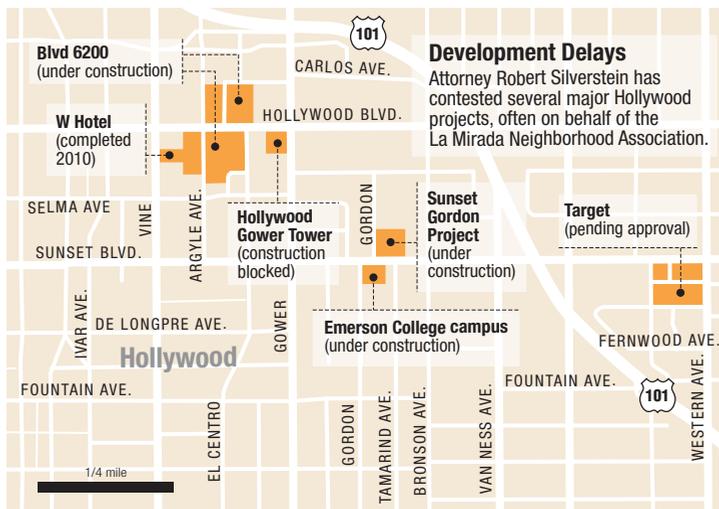
La Mirada and Silverstein, who have managed to delay the Target project for years, had varying degrees of success in other fights.

In July, Silverstein won a court ruling on behalf of La Mirada that blocked construction of a 20-story mixed-use tower on Hollywood Boulevard and Gower Street planned by **UDR Inc.** The developer has not said whether it will



RINGO H.W. CHIU/LABJ

Fenced In: Site of proposed Target store at Sunset Boulevard and Western Avenue.



attempt to gain new approvals.

The group is also one of several community groups that have challenged the new Hollywood Community Plan, which would change zoning codes.

Their opposition to developer **Gerding Edlen Development Co. LLC's** entitlements to build a tower at the site of an Old Spaghetti Factory on Sunset Boulevard helped usher the developer's exit from the project.

La Mirada, represented by Silverstein, challenged variances granted for the project in 2008 for height, density and other impacts, but lost at trial. La Mirada appealed, and while it lost that bid, in the two years Gerding Edlen spent fighting the opposition, the developer defaulted on its land loan. Frustrated representatives of the lender, **Washington Holdings**, blamed the litigation for killing the project.

The property was sold to **CIM Group**, which is planning a 22-story mixed-use tower at the site. La Mirada has mounted a fresh

challenge to that plan as well.

Several other Hollywood projects, from the Blvd 6200 mixed-use project developed by **DLJ Real Estate Capital Partners** and **Clarett West** at Hollywood Boulevard and Argyle Avenue to a satellite campus of Emerson College on Sunset and Gordon Street, have had to lock horns with Silverstein, who has sued on behalf of other clients. In the case of Emerson, Silverstein's case was dismissed, though the litigation consumed about 10 months after the project had received approvals.

Silverstein said he takes many cases on contingency, getting his fees through a settlement or after winning. In the case of the Hollywood and Gower court victory, he said he is seeking attorney's fees of about \$700,000.

"It raises the cost of development, and quite often there's a question of whether the public good is served by these challenges," said

Leron Gubler, president of the Hollywood Chamber of Commerce.

Growing frustration

The fight over the Target store has frustrated local business groups.

"Right now the entire block is blighted because of the delays in construction," Gubler said. "We're grateful Target has not given up on the project."

The project, planned for the southwest corner of Sunset and Western Avenue, would be a 164,000-square-foot store with an additional 30,000 square feet of other retail and restaurants.

The plans were submitted to the Department of City Planning and the City Council in 2009, but community opposition quickly centered on the project's height, as there would be two floors of above-ground parking in addition to one floor of retail.

The project was approved by the City Council in 2010, and was hit with two legal challenges, one filed by Silverstein on behalf of Haines. In the face of that opposition, Target gave up its approvals and commissioned a full environmental impact report.

Last month, objecting that the November hearing on the Target project had not been properly listed on the council agenda, La Mirada and Silverstein persuaded city officials to cancel the vote and reschedule. They also filed a December legal challenge to the project, their second in as many years aimed at scaling it back.

"The new environmental impact review and the new city approvals remain completely objectionable," Silverstein said. "It is consistent with what (Councilman Eric) Garcetti has prompted in development, which is bigger and taller. But on my client's side, people are unhappy because it means more traffic, less parking and a less livable community."

Now, with the report completed and the project moving back through the approvals process, Silverstein has filed a California Environmental Quality Act lawsuit in Los Angeles Superior Court challenging the environmental impact report on behalf of the La Mirada group.

"A lot of aspects of the specific plan would be gutted to accommodate Target's design," said Haines, who prefers a one-story project that he said the retailer initially considered.

A CEQA lawsuit must go to trial within a year, though the appeals process can stretch it out further and tack on more expenses.

A Target spokeswoman declined to comment about the Hollywood project, which still has the support of the Hollywood chamber and local officials. A spokesman for Councilman **Eric Garcetti**, whose district includes portions of Hollywood, said the project would be a boon to the area.

"It's going to bring 300 permanent jobs," said spokesman **Diego de la Garza**. "Where there's basically a vacant lot now will be an economic development project."

The plan is expected to sail through approvals when the City Council rehears the matter, perhaps as soon as next month. After that, it can technically begin construction, although many developers wait until a legal dispute is resolved before breaking ground.

Silverstein said his fights keep the development process honest.

"I'm trying to make sure that there isn't a misuse of governmental power, often in conjunction with developers who have access and connections the little guy doesn't have," he said.