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FLIGHT LANDS



Ready for unvelling: 1 of 8 offices opening in about a month

REAL ESTATE: March opening for first phase

■ By KATIE MURAR

Tustin's Flight office project, set to open in about a month, has a number of firsts going for it.

It's Orange County's first substantial ground-up creative office campus—Flight's initial phase of development, an eight-building collection of offices, a 12,000-square-foot food hall and meeting space in total runs about 470,000 square feet—and is the first sizeable office project to open near John Wayne Airport in over a year.

► *Flight 70*



Miller: excited to 'get people here in person'

Allied Universal Tops \$7 Billion Valuation

SERVICES: Canadian fund to become main investor

■ By PETER J. BRENNAN

Santa Ana's **Allied Universal**, the nation's largest private security force, is getting a new main shareholder and a valuation topping \$7 billion after an investment that poises the company for an additional growth push.



Jones: technology helps valuation

► *Allied 31*

Cremo's \$75M Shave, Skin Cream Club

RETAIL: Ramping up men's grooming offerings

■ By SUBRINA HUDSON

When Laguna Beach-based men's grooming line **Cremo Co. LLC** launched in 2005 with a single product—shaving cream—it was years before the industry of men's grooming products would see the kind of disruption ushered in by the likes of **Harry's Inc.** and **Dollar Shave Club**.



Company products on display at Target

► *Cremo 73*

Booming Business In Controversial Psychiatry

HEALTHCARE: Amen unfazed by critics

■ By SHERRY HSIEH

Dr. **Daniel Amen** has a crazy idea.

He believes that traditional psychiatry, rather than merely discussing the issues pertaining to mental disorders, could be improved with the help of images of the brain, among other



Weber: became a fan then CEO after daughter's treatment

► *Amen 8*



G80 Sport: 2019 model starts around \$55,000

New Beginning for Genesis Hyundai Offshoot Reworks Sales Plan

■ By SUBRINA HUDSON

A new title for **Genesis Motor America's** top U.S. executive, **Erwin Raphael**, is one of the smaller tweaks taking place at Fountain Valley's luxury carmaker, which abruptly switched sales strategies last year and is finalizing its new plan.

Raphael this month was named the carmaker's chief operating officer. He was promoted after serving as general manager for three years, shortly after the company's 2015 spinoff from South Korean parent **Hyundai Motor Co.**

Raphael said much like his vision for the carmaker, his responsibilities—leading strategic direction, management, sales and marketing—will remain relatively the same.

► *Genesis 80*

3 Irvine-based Acorns releases new debit card allowing users to save and invest funds



14 Center Street Promenade, a three-building property that LAB Holding owns in downtown Anaheim, is on the sales block for \$13.6M combined

THE LIST

COMMERCIAL BANKS
See page 26



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OC Insider
by Mark Mueller

Canadian Dollars

Pensions are a hot topic in this week's edition: note Canada's No. 2 pension fund taking a 40% stake, and providing a \$400 million war chest, to **Steve Jones' Allied Universal** (see story, front page).

The Santa Ana security firm's 210,000 employee count is roughly three times the size of the active personnel in the Canadian Armed Forces, by the way.

The news of the Canadian pension fund investment came hours before Ontario's **Blackberry** completed its \$1.4 billion buy of **Stuart McClure's Cylance**. McClure is remaining in charge of the combined Irvine ops, although you might see him a bit more on some local golf courses (see story, page 80).

For more pension news, see the somewhat worrisome back-page take from **Chapman University's Jim Doti** and **Fadel Lawandy** on what rising pension liabilities mean to OC cities and their economic health.

Even more distressing pension fund news came out last week when federal pension fund regulators sued former OC Register owners **Eric Spitz** and **Aaron Kushner**, and others, alleging a massive "breach of fiduciary duties" related to the newspaper's employee pension fund.

The lawsuit—covered by the LA Times and WSJ, but not the Register—isn't a pretty read; the feds want \$54.7 million from the defendants.

Editor at Large **Rick Reiff**—host to some of the most spirited local televised debates prior to the '18 elections—waded into blue waters last week. Here's the Original Insider's report:

Who better to comment on the changing face of Orange County than its new Democratic House reps? Asked about the county's rich and easy reputation in an **OC Forum Q & A** at the **Pacific Club**, north county Congressman **Gil Cisneros** quipped, "They aren't filming any 'Real Housewives' episodes in the 39th [district]." That brought a smile, wave of acknowledgment and quick rejoinder from south county's **Katie Porter**: "My housewives are woke!"

Cisneros, Porter and **Harley Rouda**, stunning winners in last November's blue wave election, discussed policy goals in broad strokes, for the most part steering away from anti-Trump rhetoric and striking bipartisan notes. Rouda said 10 of his first 87 votes have been from the Democratic Party line.

Memo to Republicans aiming to take back the seats in 2020: These three are working their districts. Porter said she's logged more than 26,000 miles in six weeks commuting back and forth from Washington, D.C.

Two weeks ago we featured the new emergency room at **Hoag Hospital Irvine**, funded in large part by **Ben** and **Carmela Du**.

OCBJ reporter/editor **Paul Hughes** got an up close and unexpected tour of the facility last week when a nose bleed led to a 911 emergency. Like a true journalist, the incident didn't stop Paul from taking notes or pictures.

All's now well. His report: "When bleeding profusely, head over to Hoag and make sure **Cynthia's** your PA and **Sarah's** your nurse."

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Parcel Pending Sale a Home Run for OC Investors

STARTUPS: Initial backers earn nearly 20-fold return

■ By JASMINE SPEARING-BOWEN

Parcel Pending founder and Chief Executive **Lori Torres** isn't the only one smiling after last month's sale of her upstart Irvine-based company, which uses electronic lockers and proprietary software to store and access delivered packages.

Also excited about the sale of **Parcel Pending** to French mail services company **Neopost**, which bought the company for a figure cited as more than \$100 million: Orange County's startup ecosystem, which kicks off 2019 with a high-profile and highly profitable exit.



Torres: \$100M+ sale but thinks it 'could have gone higher'

Parcel Pending is "a case study in local entrepreneurship," according to **Grant Van Cleve**, chairman of the board of governors for local in-

vestor network **Tech Coast Angels**, noting that Torres' company was developed and funded using OC resources such as the **Small Business Development Center**, **OCTANE**, and **TCA**.

TCA invested \$1.25 million in **Parcel Pending** shortly after Torres started the company in 2013, alongside other undisclosed investors.

In 2016, a separate Newport Beach investment group is reported to have kicked in an additional \$15 million.

Van Cleve said last month's sale brought in a nearly 20-fold return for **Parcel Pending's** initial investors, which translates to about \$25 million for TCA and its co-angel investors.

Torres thinks **Neopost**—a nearly \$800 million valued company that provides an assortment of mail services, and is looking to crack the U.S.

► *Parcel Pending 7*

Acorns Sees Green With New Debit Card

TECHNOLOGY: Follows HQ move, \$105M funding round

■ By CHRIS CASACCHIA

Acorns Grow Inc. has quickly sprouted another microinvesting product.

More than 350,000 consumers have enrolled in **Acorns Spend**, a new offering from the fast-growing Irvine-based fintech firm. It combines an **Acorns**-branded debit card tied to a checking account, and allows users to save and invest money.

The product's quick growth has come in only a few months. **Acorns** launched the service in beta at the end of 2018 without a marketing campaign.

The first 100,000 debit cards for **Acorns**

Spend, made out of tungsten, sold out in less than four days, according to news reports.

"We're really head-down focused on **Acorns Spend**," Chief Executive **Noah Kerner** told the Business Journal at the company's newly minted headquarters at UCI Research Park.

The **Acorns Spend** product—similar to the company's first big microinvesting app **Acorns Core**, which has more than 4 million users—rounds up spare change, but instead of investing it in exchange-traded funds, or ETFs, it's redirected into automated retire-

ment contributions.

The round-ups are in real time and include rewards from some local restaurants and shops that reinvest up to 10% of purchases back to the account.

Financial Wellness

The value proposition of **Acorns Spend** is essentially an extension of the company and Kerner's vision for it to become "the first financial wellness network that enables everyday Americans to save and invest every day," he said.

Acorns is making headway on that vision, less than five years after launching its first product.

The company was founded by area investment banking pioneer **Walter Crutenden**—

► *Acorns 79*

LoanDepot, United Capital Talk Tech

FINANCE: See software products making waves

■ By PETER J. BRENNAN

Two of Orange County's larger finance companies are expecting big sources of growth from new software offerings.

Foothill Ranch-based **loanDepot LLC**, the second largest nonbank retail mortgage originator in the U.S., said its new "mello smartloan" digital mortgage process trims the often time-consuming and frustrating loan application process to as few as eight days.

"We'll see savings of up to 50% of the typical cost of a loan," **loanDepot** Chief Operating Officer **Tammy Richards** said in an interview. "There's nothing else like it in the industry."


In Newport Beach, registered investment adviser **United Capital Financial Advisers LLC** reported its white-label software platform has won such acceptance that partner assets using the product has doubled to \$22.5 billion in the past four months.

"It's a large opportunity—you're talking in the trillions of dollars," said **Mike Capelle**, a co-founder of **United Capital** and its chief platform officer.

"We're just getting started. We're happy to see the reception."

► *Software 70*

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Flight

► from page 1

Flight—which upon completion will be the largest office park in Tustin—also marks the largest commercial project to be built on the city's former Marine base in about a dozen years, since the District at Tustin Legacy shopping center opened its doors.

Parke Miller, executive vice president of **Lincoln Property Co.**, notes more mundane but notable achievements for the project, whose first phase of construction is estimated at about \$150 million.

"We are ahead of schedule and under budget," Miller told the Business Journal this month during a tour of the property.

The Costa Mesa office of Lincoln is developing the project with Boston-based real estate private equity firm **Alcion Ventures LP**.

The two bought the 17.5 acres holding the first phase of development in 2016 for a reported \$26 million. They have a few years to close on the second land site that can accommodate nearly an additional 500,000 square feet of buildings.

The Lincoln-Alcion venture is the second development group tasked with the city's office development in the shadow of the base's two iconic blimp hangars. An earlier group headed by **Shea Properties** walked away from a planned mixed-use project in 2010 amid the last recession.

The change in development groups allowed for a re-thinking of the city's office needs, and brought about the creative office focus for the project, which is next to a soon-to-open Tustin-run park near the intersection of Barranca Parkway and Red Hill Avenue.

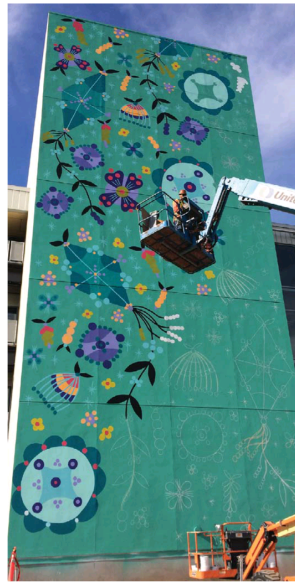
"After years of talking about it, we are excited to finally unveil the project and get people here in person," Miller said.

Tenant Wish List

With construction of the buildings wrapping up, landscaping work being finalized, and a series of large murals being painted on some of the structures by a handful of regional artists, Lincoln's next task is nailing down tenants.

Flight's first batch of occupants will begin building out their spaces in the next few weeks, with the first occupants moving in around mid-year, Miller said.

While he declined to disclose company names, Miller said the first leases to be finalized will likely be to technology companies "who understand the importance of having a



Mural installations going up outside creative office buildings in Tustin

dynamic office space."

The tech industry "is comfortable being the first mover, and they are rewarded for that," said Miller, who cited Lincoln's work in the Playa Vista area of Westside Los Angeles as a blueprint for what his team is looking to achieve in Tustin.

Tenants are expected to range from Fortune 50 companies to smaller, more entrepreneurial firms looking to increase their OC presence, he said.

Coworking firms—the fastest-growing source of office leasing in OC the past year—were also cited by Miller as a likely occupant.

Work Well Win, a Greenwich, Conn.-based coworking firm whose only West Coast site is now in Santa Monica, lists Flight as a soon-to-open facility running about 25,000 square feet, with a May opening.

The local office of **CBRE Group Inc.** is handling leasing for the campus.

Monthly rents are in the range of \$3.25 per square foot, Miller said.

Flight is the first big ground-up office project to open near John Wayne Airport

\$74M Portfolio Buy

Lincoln Property Co. remains an active investor in area office properties, along with its recent development efforts.

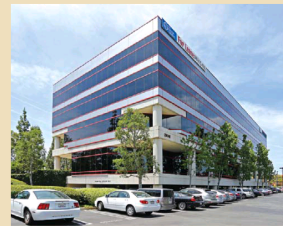
The company recently closed on a six-building office portfolio of local buildings previously owned by Santa Ana-based **Colton Co.**

It paid about \$74 million for the 400,000-square-foot collection of offices, which includes two buildings in Orange, two more in Laguna Hills, one in Anaheim and one in Lake Forest.

The buildings range from 46,000 to 98,000 square feet and are about 86% occupied.

Lincoln plans to "make high-impact aesthetic improvements along with base building capital to upgrade all building systems," said Lincoln's **Parke Miller**.

"The portfolio has a great mix of local, national and entrepreneurial high quality tenants and we aren't trying to reinvent the wheel here. Rather, we are focused on restoring these assets into high quality jewel box type [of] office properties that will be best in respective class," Miller said.



Laguna Hills office one of six Colton Co. buildings just bought in \$74M deal

This purchase echoes a similar transaction that Lincoln closed last year.

In September, it purchased an eight-building portfolio of office buildings in Newport Beach and Irvine for \$160 million with New York-based private equity firm **Angelo Gordon & Co.**

Those buildings total about 520,000 square feet, and sold for about \$307 per square foot.

The Colton Co. collection sold for \$185 per square foot.

—Katie Murar

since 2017's opening of the Boardwalk in Irvine; signs at that project indicate its about 50% leased now.

The initial phase of construction at Flight includes two 90,000-square-foot buildings, one 93,000-square-foot building, a 145,000-square-foot office and four smaller-sized, single-tenant buildings, running from 6,500 to 13,000 square feet.

Those eight buildings will hold upward of 2,500 employees when leased.

Office tenants won't be the only visitors to the project. Lincoln next month will be taking the wraps off The Mess Hall, a food-centric spot similar to Trade—the first upscale food hall in Irvine.

Lincoln Property opened Trade two years ago at 2222 Michelson Drive, a few blocks from John Wayne Airport. It's now for sale.

Flight is also touting other amenities ranging from a bike share program to exercise classes to gathering spots with unique touches, like a hammock garden and outdoor stand-up desks. A new neighboring park managed by the city—the 26-acre Tustin Legacy Park—is also slated to open in a few months.

Next Up

Lincoln's next area development will be a smaller-scale project in Costa Mesa: a re-vamp of an existing multitenant complex along Paularino Avenue that is also home to the Dallas-based real estate firm's local office.

The \$12 million renovation will update the façade of the four buildings, renovate a currently unused central courtyard and add an event space and coffee shop. The rebranded complex next to the Costa Mesa (55) Freeway, will be called Culture Yard.

The Costa Mesa planning commission recently approved the project. If all goes to plan, construction will wrap up by September.

The 72,500-square-foot campus is home to about seven tenants, like **FBA Engineering**, and preleasing is ongoing for "anywhere from three to five more tenants."

One of these new tenants is coworking company **FLDWRK**, which is moving into part of a building taking up 13,000 square feet from its current location at 270 Baker St.

As with Flight, CBRE is handling leasing for Culture Yard. ■

Software

► from page 3

Representatives of both companies said it's not only Silicon Valley that can produce groundbreaking technology.

"Development can come from anywhere," Richards said. "It doesn't need to come from a valley. Quality comes from the deep understanding of the mortgage industry that we have."

Faster Mortgages

Since **Anthony Hsieh** began loanDepot in 2010, the company has exploded to 6,500 employees and has originated about \$165 billion in mortgages, including \$33 billion last year, trailing only mortgage giant **Quicken Loans Inc.** among nonbanks.

Previously, mortgage companies relied on applicants to supply information such as employment, income and tax filings, which needed to be verified by a manual process involving a paper trail, Richards said.

Now, loanDepot can obtain the same infor-



Capelle: white-label licensing a huge growth area

mation directly from financial entities such as banks, she said.

"We're getting data straight from data sources rather than paper that needs to be reviewed," she said. "It was not done before because it's costly to create the technology."

LoanDepot has spent more than \$80 million on proprietary technology to improve the on-line process, she said.

One of the biggest changes is a "digital appraisal" that can eliminate the need for a physical appraisal of a home if certain criteria are met, such as the property being within a price range for that neighborhood. The cost savings can range between \$500 and \$900 if an appraisal isn't needed.

Many other companies claim they have an online application, but their back-end process is still inefficient with much paperwork, Richards said.

She said Quicken Loans, the leader in mortgage originations, will have to catch up with loanDepot.

"I'm not trying to poke the bear," she laughed.

United Potential

Chief Executive **Joe Duran** began United Capital in 2005, boosting its assets through a strategy of both organic and acquisitive growth by rolling up smaller firms around the country. It now has 89 offices nationwide, 700 employees and \$23 billion in assets under management, making it one of the country's biggest registered investment advisers.

Since the company is spending about \$15 million annually on technology, Duran saw an opportunity to license its software to other RIAs and in 2016 the company introduced FinLife Partners, a white-label wealth management platform.

The platform permits advisers to use United Capital's software tools, which provide a variety of financial analysis in an easy-to-use format.

Last year, the company made two key

changes to the software, relating to costs and how it's distributed:

- It switched the fee structure from 10 basis points of a client's portfolio to a more simplified \$600 a year fee, per client.

- It opened the platform from just **Salesforce.com** to permit other customer relationship management software like **Junxure** and **Redtail Technology Inc.**

"We went around the country to get feedback and learned quite a bit," Capelle said. "It's what the market is asking for."

The platform now provides software for clients at 38 other RIAs.

The potential market could be trillions of dollars as the company plans to license the product to institutional investors and brokerages in addition to RIAs, Capelle said.

The firm's annual revenue now tops \$200 million.

Duran, in a statement, suggested that United Capital's licensing business may overtake its wealth management unit.

"The day may come soon when FinLife Partners eclipses United Capital in size," Duran said. ■