



# OC Insider

by Pete Weitzner

## Tinker to Evers, Stoecker to Niccol

BIG stories this week, grist for the mill ... **FivePoint-City of Hope** alliance, \$200M centerpiece of **Great Park Neighborhoods** medical campus; Newport Beach serial entrepreneur **Alan True**, shifting seamlessly from China-based furniture importer to U.S. food-biz disruptor; OC-borne fintechs **Acorns** and **SAY** drawing love and lead investment from **BlackRock** and **Steve Cohen's Point72**; and the "Did I read that right?" story, **Chipotle Mexican Grill** and **Taco Bell**-poached boss **Brian Niccol** getting out of Denver, escaping New York, moving HQ and as many as 250 top-level jobs to Newport Beach ... low-cost, low-reg, low-tax OC.

"The move to California will ... position us well in the competition for top talent," Niccol said in a statement.

This week's issue my 52<sup>nd</sup> since returning to the productive economy ... 52 Thursday marathons, 152 "How did I not know about this company?" moments and 252 lists. Maybe more ... and some sublime symmetry, or to complete the headline metaphor, around-the-horn.

Among the first executives I met with upon return was **Dean Stoecker**, co-founder and CEO of data-analytics SaaS creator **Alteryx**.

"Why Irvine?" I asked, especially when most of his capital came from Silicon Valley.

"Less expensive, less competition for everything," Stoecker said of Orange County—acting like a boss who'd hired good people and could enjoy his meal. "And the business culture is better here."

Other takes, **Alteryx** and **Chipotle's** OC ops are in the 200-250 range, give or take. Could grow. More likely they'll be among the lynchpins of the ecosystem, high-paying, innovative businesses employing hundreds, not thousands—no Amazon2 here, no Apple2 and maybe ... no problem.

And from ex-**Blackstone** partner and **OC-TANe** CEO **Bill Carpou**: "A true innovator in the food industry is building their business here in SoCal ... (with a) desire to have access to talent, a strength of OC."

And? "Who says a company is not headquartered where the CEO wants to be!"



**Showtime: Dennis Kuhl at Light the Night Breakfast**

It was the annual Light the Night Executive Breakfast of the **Leukemia and Lymphoma Society of OC-IE**. Kuhl is president of the event and fundraising campaign for victims of blood cancers. Thirteen years. With cell-replacement therapies and other breakthroughs, Kuhl's now hopeful. "I've seen what they're doing, seen the kids. Miracles. They're growing up." **Leukemia Cup Regatta**, June 2, **Bahia Corinthian Yacht Club**; **Light the Night Walk**, Sept. 22, **Angel Stadium**.

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# Co-Working Firm Latest Big Addition to Quad

## REAL ESTATE: 102K SF for Spaces at 3 OC office locations

By MARK MUELLER

Orange County's rapidly growing base of co-working spaces geared to smaller businesses is expanding to another prominent location at a nearly ready office campus in the Irvine Spectrum.

Newport Beach-based **Irvine Co.** said it will add **Spaces**, a creative-workspace provider that's been making a big push in Southern California, to its Quad at Discovery Business Center development.

Spaces will lease 41,000 square feet at **Spaces 6**



Rendering: Quad office campus scheduled to open this summer in Irvine Spectrum

# Athletes First's Historic Deal With NBA Union

## SPORTS: NFL superagency crosses over to the NBA

By CHRIS CASACCHIA

The **National Basketball Players Association** bucked tradition and decades of history in selecting a new subsidiary formed by **Athletes First LLC** in Laguna Hills to handle licensing and other partnerships for its star players rather than the league that helped make it the most powerful union in professional sports.

It's about branding the players collectively: endorsements, sponsorships and licensing deals. Under the NBA, the focus was solely retail and video games, according to AFP and the union.

Under an agreement with **Athletes First**



**Murphy: 'success has allowed us to create our own brand'**

**Partners**, the New York-based marketing agency will also create content and events for **THINK450**, a subsidiary of the NBPA, which represents more than 450 players.

"For the first time since 1955, they decided to not sell those rights to the NBA," said Athletes First co-founder and President **Brian Murphy**, who will lead the new unit, AIP.

The first seeds of expansion were planted three years ago when Athletes First sold a 33% stake in the business for a reported \$16.5 million to Tokyo-based **Dentsu Inc.**, one of the

world's largest advertising companies, with revenue over \$8 billion.

Credit an assist to **Joseph Ueberroth**, the founder and president of Newport Beach-based **Bellwether Financial Group** who made the introduction, and his father and OC 50er, **Peter Ueberroth**, who has a long-standing relationship with Dentsu through his **Contrarian Group Inc.** and other business dealings.

Dentsu handles sponsorships for this year's **Fédération Internationale de Football Association World Cup** in Russia and the 2020 Summer Olympics in Tokyo, among other sports federations throughout Asia and Europe.

AIP will partner with the company and its family of media and advertising agencies under **Dentsu Aegis Network**, which employs more than 40,000 in 139 countries.

► Athletes 10

# Ad Firm INK Bets On Its Own Creativity

## MARKETING: Starts with businesses it knows best

By MEDIHA DIMARTINO

A Laguna Beach-based ad agency that's helped numerous entrepreneurs take their brands to the next level is now cultivating its own business ideas. **INK** launched **2nd & Elm Real Estate**, a startup that generates sales leads in exchange for a share of an agent's commission. It's also developing a spirits brand it plans to unveil this year.

"We see it as a natural progression from the brand-building work that we've done for our clients over the last 11 years and the equity stakes that we've taken in other companies," said co-founder and Chief Operating Officer **Megan Lavender**. She referred to INK's 10% ownership of **Aerodrome LLC**, a Henderson, Nev.-based drone airport that offers unmanned aircraft systems flight training, and an equity stake it took in **The Fig**, a project in downtown Los Angeles that combines retail, student housing, office space and a proposed 300-room hotel. Both transactions were sort of barter—the agency developed a marketing strategy and materials in exchange for minority stake in the ventures.

"Three years ago we decided to go down the **INK 10**



**Lavender: co-founder says 'sky's the limit' on creating own brands**



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## Athletes

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AIP ran its first campaign during Mother's Day on social and digital media, commercials airing during the Cleveland Cavaliers and Boston Celtics national broadcast. The activation, in partnership with **Budweiser**, featured the stories of several NBA players and their moms.

The firm is putting the final touches on sales packages and working with **THINK450** to determine potential partners as it develops domestic and international strategies.

"We're going to continue to move forward and focus on different countries around the world where basketball is very popular, such as China and the Philippines," Murphy said. "We're going to look for major corporations and major brands who want to partner with the NBPA."

### Recruitment

The firm landed some notable hires for its first 10 employees, including longtime sports marketer and former NFL and NASCAR executive **Jim O'Connell**, who will serve as president. **Jene Elzie**, former vice president of international marketing at the NBA, is chief growth officer; **Sean Downes**, former chief ex-



Expansion mode: Laguna Hills agency added New York office to launch media company

ecutive of **Medallion Sports Properties**, serves as vice president of sponsorship sales; and **Matt Shulman**, former vice president of property sales for **Turner Sports**, is vice president of platform sales and client services.

AIP will also look beyond traditional sponsorships into activism, a torch many of the league's star athletes, such as **LeBron James**, **Kevin Durant** and **Chris Paul**, are proud to carry.

"Maybe tackle some social issues that are of concern to the NBA players and try to make a difference," Murphy said. "Not just your normal, stereotypical sponsorship deals."

The latest developments come during another strong NFL draft for Athletes First, which represented nine players, including first rounders **Josh Rosen**, **Derwin James** and **Frank Ragnow**.

Rosen, a standout quarterback at the **University of California-Los Angeles**, was drafted No. 10 by the Arizona Cardinals. James, a safety, was drafted No. 17 by the Los Angeles Chargers, and Ragnow, a center, was picked No. 20 by the Detroit Lions and is expected to start.

"We had a fantastic draft," Murphy said.

The agency represents about 130 active NFL

players, including Super Bowl MVP **Nick Foles**, **Clay Matthews**, **Josh Norman** and **Earl Thomas**, as well as Dallas Cowboys head coach **Jason Garrett**, NCAA football head coaches **Urban Meyer** and **Brian Kelly**, and ESPN personalities **Steve Young** and **Matt Hasselbeck**.

Its client roster also includes some free agents and retirees, including Santa Margarita Catholic High School alumnus **Carson Palmer**.

Last year Forbes ranked the company No. 19 among sports agencies, with commissions tallying \$35.1 million through September.

Newport Beach-based **Boras Corp.** was No. 6 at \$108.3 million, and **Rep One Sports** in Irvine was No. 37 at \$15.8 million.

Athletes First, led by Chief Executive **David Dunn**, has nearly \$1.2 billion in contracts under its management. **Dunn**, **Murphy** and UCLA Law grad **Joby Branion** founded the agency in 2001.

"That success has allowed us to create our own brand," Murphy said.

The company debuted its first television show tied to the draft.

"Destination Dallas," produced by its **GOAT Farm Media** unit, followed several clients through draft weekend last month. Client and former Super Bowl champion **Aaron Rodgers** was an executive producer.

"We'll have other projects down the road," **Murphy** said. ■



Laguna digs: INK execs hope creative HQ will spur creative juices as it builds brands of its own



California dreamin': holding a business meeting in South Laguna

## INK

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path of taking equity stakes in very select companies that we support," said INK President **Todd Henderson**. "Now we've evolved that model further where we're launching our own brands and incubating them from the ground up."

Real estate is an industry that INK is very familiar with and where it sees "some real potential for positive disruption," **Lavender** said. In 2016 it repositioned China-based homebuilder **Landsea Group Co. Ltd.** for the U.S. audience, and last month helped launch **YOUunion**, a student-housing brand owned by **Ladera Ranch**-based real estate investment trust **SmartStop Asset Management LLC**. Its local real estate clients also include Irvine-based developer **Sares-Regis Group**, homebuilder **Shea Homes** and Newport Beach-based developer **Trammell Crow Co.**

### Next Step

2nd & Elm's powered by "the engine of a 30-person, multimillion-dollar ad agency with a very successful track record" that it can leverage to market and sell homes, **Lavender** said, adding that the startup launched four months ago and has been well-received by agents, who would rather focus on closing the sale than "spend their time door-knocking for leads."

Details about INK's second venture, sched-

uled to debut in the third quarter, are still under wraps, **Henderson** said.

"We saw an interesting overlay of opportunity and changing legislation and access to certain assets that gave us a competitive advantage," he said. "When we looked really sharply at those things, it gave us inclination to take the next step."



Henderson: plans two or three (brand) launches a year ... modest but still relatively aggressive'

Spirits is a product category INK wanted to "break into for a while, and this seemed like the right time," added **Lavender**, who spent the first 10 years of her career working with a number of well-known spirits brands.

And there's more to come.

"We're going to keep our focus on maybe two or three launches a year," **Henderson** said. "I think we want to keep those launches modest but still relatively aggressive."

The editors at *Inc. Magazine* ranked it on its *Inc. 5000* list of the fastest-growing private companies four times, most recently in 2014. The magazine estimated INK's 2014 sales at \$4.5 million, with a four-year growth rate of 47%. It employs about 30.

The agency, jointly owned by **Henderson** and **Lavender**, says it's on track to reach \$10 million in revenue this year.

Its first stake—the drone airport—is operational and has been "a good investment." "We are in discussions with potential buyers of the brand," **Henderson** said.

### Added Benefits

Developing brands diversifies INK's revenue

streams and helps it attract and retain creative talent.

"There's something very satisfying about building a brand that you have an equity stake in or that we own outright—the sky's the limit in terms of what we can create," **Lavender** said. "There are no guardrails."

Its new Laguna Beach office may help, too—it has a fireman's pole, meditation teepee, hammocks, game room and full bar. Then there's the ocean, and "whales swimming by the windows on a daily basis."

"We have a lot of millennial employees, and the ability to take a lunch break and go surfing, come back to the agency, shower off and then keep working, I think really allows them to spur creativity," she said.

INK's clients include **Aliso Viejo**-based **Quest Software**; **Ingram Micro Inc.** in Irvine; and **Yokohama Tire Corp.** in Santa Ana. **Ingram** recently held a "pretty rigorous agency review process," and hired INK to develop branding for

its **CloudBlue**, a cloud software and services platform.

"That entire brand was developed soup to nuts in 60 days," **Henderson** said. "We were really under the gun to get something prepared and ready for launch at their cloud summit event in Boca Raton last week. ... We worked on the identity, the logo, landing page, brand video, and now we're transitioning into things like demand generation, full web development and campaign activation."

INK's agency-client relationships also can benefit from its entrepreneurial spirit.

**Henderson** said the equity-based model usually keeps the agency's management "involved for a much longer period of time, so instead of it being a transactional relationship, we step in typically in these engagements as a board member. ... I think that the team that we have here brings a level of business knowledge and acumen to the work for our more traditional clients in a way that only has an added benefit to them." ■



Agency work: INK helped brand and launch CloudBlue, new software unit of Ingram Micro