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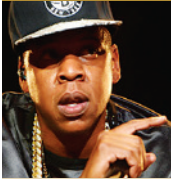
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Up Front



Why is Paul Sunshine offering a drink to condo shoppers? **PAGE 3**

News & Analysis



Jay-Z's bringing his show downtown, but not everyone's happy. **PAGE 6**

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Houlihan Lokey CEO Scott Beiser wouldn't get hired there today. **PAGE 13**

MAIL TO:

Policy Buyer Says Brokers Dead Wrong on Mortality

INSURANCE: Investor claims firm misrepresented health of insured.

By **ALFRED LEE** Staff Reporter

Dennis Gilbert has been one of the most powerful agents in baseball history, a top insurance salesman to Hollywood stars and a bidder for the Los Angeles Dodgers and Texas Rangers. But now a much more arcane venture, selling current life insurance policies to third-party investors, has a former client saying he's responsible for millions in losses.

The conflict arises from Gilbert and former partner **Michael Krupin's** alleged sale of insurance policies on

the secondary market to **Mark Kress**, a marketing wizard who made millions selling jewelry on QVC and cosmetic products for thinning hair.

Like many other transactions in the multibillion-dollar industry known as life settlements, the deals involved an investor buying other people's life insurance policies in order to collect money upon their death.

But Kress claims that he bought policies of people who turned out to be much healthier than Gilbert represented, costing him millions of dollars.

Gilbert isn't known for his involvement in life settlements; most of the major players in the industry are in New York state and Florida. But he is among a wave

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RINGO H.W. CHIU/LA8J

At Bat: Dennis Gilbert in 2011.



Shield Operatives: Rick Licht, left, and Doug Schaer at Hero Ventures in Westwood.

RINGO H.W. CHIU/LA8J

SUPER RISKY?

Show looks to ride cape of Marvel movies

By **JONATHAN POLAKOFF** Staff Reporter

TWO L.A. entrepreneurs are hoping they can conquer the world of traveling entertainment shows with some help from Captain America, Iron Man, Thor and other **Marvel** characters.

Rick Licht and **Doug Schaer**, co-founders of Westwood startup **Hero Ventures**, are preparing to launch a multimillion-dollar, comic book-themed attraction called the **Marvel Experience**, which will hit the road later this year and be pro-

duced in giant inflatable domes.

The project turned from plan to reality thanks to Hero's licensing deal with **Walt Disney Co.'s** Marvel division. Since then, the founders have raised millions from big-name investors. The question now is whether they will generate a Hulk-size smash in return for their faith and efforts when they stage their first event later this year.

"We put everything into this," said Licht, chief

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Homebuilder On Move Into Cities

REAL ESTATE: KB refocuses from suburbs to transit hubs.

By **MATT PRESSBERG** Staff Reporter

KB Home became a multibillion-dollar real estate company building homes in the ballooning suburbs. But when the housing market dried up in 2008, so did the company's main line of business.

Now, for its next act, the Westwood homebuilder is making a big bet on upscale professionals buying condos, townhouses and homes in cities.

Los Angeles might be famous for its suburban sprawl, but KB has recently been loading up on land on its home turf to build higher-density urban infill

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THE LIST

The 25 largest residential developers with projects in L.A. County **PAGE 18**

Companies Not Sweet on Tweets

PR: SEC's change in disclosure regulations sets firms atwitter.

By **SUBRINA HUDSON** Staff Reporter

An anonymous trader wanted to short-sell a major consumer company with a \$10 billion market cap. To secure his position, he posted on Twitter that the company's offices were being raided by the FBI, sending the company's shares tumbling.

PondelWilkinson Inc., the company's outside investor relations and strategic public relations firm, discovered the news and quickly took to Twitter to dispel the false rumor about its client, which it declined to name.

Though an extreme example, social media do pose challenges for public companies. Not only do the companies need to be able to respond quickly and nimbly to outside events, they must

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It's the little details that are vital. Little things make big things happen.

- John Wooden

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'This is the way theme park attractions are going – with in-your-face-type of experiences. And these kinds of stories that involve the Hulk and Iron Man, this is where it's at today.'

DENNIS SPEIGEL, International Theme Park Services

Entertainment: Comics Show Books Marvel Heroes

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executive officer. "I emptied my bank account. I maxed out every credit card and had to borrow money from friends and family."

The company plans to produce an elaborate event that will capitalize on and also promote the popularity of Marvel characters that have become pop-culture phenomena in movies such as "The Avengers," which made \$1.5 billion at the global box office two years ago.

At each stop, the attraction will cost about \$2.5 million to produce, which Hero expects to recoup with ticket, merchandise and concession sales. But since the production will not be part of an existing theme park, drawing visitors will pose a challenge as it travels across the nation.

Hero is now wrestling with substantial technical and logistical challenges of staging the show, including mounting the five inflated, opaque dome structures that attendees will navigate in the course of the two-hour attraction.

The events will be staged on two-acre sites at locations such as stadium parking lots. Possible sites include the MetLife Stadium in East Rutherford, N.J., or possibly the Rose Bowl parking lot in Pasadena. The company has also been looking into spots that have hosted Cirque du Soleil, which sometimes uses a similar pop-up strategy – at the Santa Monica Pier, for example.

Attendees will advance through the attraction as if they were in a video game. Interactive elements will include a 4-D motion ride and 3-D video projected panoramically on the interior of a dome – a cross between an Imax theater and a planetarium, Schaer said. Each four stop will last about 17 to 24 days.

It's a big bet on an unproven concept, but Dennis Spiegel, president of theme park consultancy and management firm International Theme Park Services in Cincinnati, who is familiar with the plan, said it shows promise due to the use of new technologies and tie-ins with Marvel's intellectual property.

"This is the way theme park attractions are going – with in-your-face-type of experiences," Spiegel said. "And these kinds of stories that involve the Hulk and Iron Man, this is where it's at today."

Baseball beginnings

Licht and Schaer crossed paths frequently while working for Major League Baseball players.

Licht in 1994 founded an L.A. law practice that focused on contract negotiations and business ventures for athletes. Clients included **Ken Griffey Jr.** and **Barry Bonds**. Schaer has also represented Major Leaguers in varying capacities as an agent, adviser and attorney.

The pair had talked about going into business for years with the hopes of staging flashy shows. They frequently attended pro sports events for fans, for example at all-star games, but found them generally lacking excitement. They thought they could do better.

Licht was particularly shaken by the death of his close friend and client Ken Caminiti, a former National League most valuable player with the San Diego Padres who died of a drug overdose in 2004. He decided to concentrate on his own pursuits rather than represent others and began to work full time on what is now Hero in 2009.

Schaer, Hero's chief operating officer, and Chief Production Officer **Jason Rosen**, an entertainment studio veteran, joined him in 2011.

They first pitched the idea of a domed attraction to the **National Baseball Hall of**



Comic-Book Panel: Jason Rosen, left, Rick Licht and Doug Schaer at Hero Ventures' headquarters in Westwood.

Fame in Cooperstown, N.Y. The museum passed, but the partners already had a list of other projects they wanted to develop. At the top of that list was one with Marvel characters.

Licht reached out to friend **Russ Brown**, who at the time was a vice president at Marvel. Within days, the co-founders heard back from Marvel's then-President, **Simon Philips**, who told them to expect a call from lawyers to work out terms.

With a licensing deal in place, the company found prominent business people who believed in the plan.

Through a mutual acquaintance, Hero pitched **Michael Cohl**, a former chairman at Beverly Hills concert promoter **Live Nation Entertainment**, whose expertise and relationships earned him an equity stake and board seat. **Jesse Harris**, a co-producer with Cohl of Broadway musical "Spider-Man: Turn Off the Dark," also came on as a partner and board member.

The five partners bankrolled the seven-figure deal for the rights to the Marvel universe, which includes about 8,000 characters.

Currently, Marvel's biggest-name characters are divided across several movie studios, but the live attraction will be able to use all of them. Hero will also pay royalties to Marvel based on ticket sales and other revenue generated by the attraction.

The deal fits Marvel's core licensing business, said **Sean Haran**, vice president of business development at Marvel Studios offices in Burbank. Even as box-office returns have surpassed licensing revenue, such deals are still central to the company as they bring in revenue at low cost.

"At our core, we're still a licensing company," Haran said.

After the licensing outlay, the company finally had the foundation to approach new backers. The timing was good, as "Avengers" was released to theaters with astounding success the next year and became the third-highest-grossing film of all time, behind "Avatar" and "Titanic."

Among those was **Steve Tisch**, Cohl's friend and an owner of pro football's New York Giants. The Hero team made the pitch over lunch and Tisch, whose son is a Spider-Man fan, decided to invest. Hero has also raised money from **Shamrock Holdings**, the personal investment vehicle for members of the family of the late Roy E. Disney.

Finding financing

Hero has raised about \$16.5 million, according to the co-founders, allowing Licht and Schaer to take a small salary and move into a Westwood office across from the Occidental Petroleum building – so they don't have to work at Starbucks anymore.

"We were working wherever we could work," Licht said, "wherever we could find some Wi-Fi."

The company is considering seven locations in major markets for its first shows to generate initial buzz before going wider.

The plan is to make money through ticket sales of \$30 each, plus merchandise and concessions.

The domes, which are made of PVC resin, polymer and other elements, are expensive. But Hero believes they're a better investment than paying convention centers or arenas a cut of sales, which can be up to 25 percent at some locations.

Hero's royalty payments to Marvel will range for the most part between 10 percent and 20 percent of sales.

Schaer said Hero is planning for the attraction to handle as many as 10,000 people a night. Attendees will arrive at scheduled times and enter the domes in seven-minute intervals to avoid excessive crowds inside.

Hero could recoup the \$2.5 million cost of producing each event by selling roughly 5,900 tickets a day over the course of 17 nights, if it pays Marvel a median royalty of 15 percent on ticket sales. In addition, it would receive revenue through merchandise and concession sales.

Part of Hero's challenge will be building an audience. Marvel will help by promoting the show on social media, but most of the marketing and publicity work will be handled by Hero. The company also plans on getting noticed by putting the domes in high-traffic areas. The structures, which were designed by live-events company **Absolute Hollywood**, will be as tall as six-stories high.

Hero is putting an estimated \$30 million into preparing the production and sustaining the venture through the first year of operations. That includes the money raised from investors, upfront cash commitments of \$5 million from vendors in the form of an advance against royalties and about \$10 million of work from partners who are helping to co-produce the attraction. Some of those firms have been offered profit participation.

Hero has a full-time staff of about 10 people, but there are about 40 people working full time on the attraction, including employees at partner firms. For example, Hero is working with L.A. previsualization visual effects firm **Third Floor**, which worked on "Avengers," to map out how certain effects will look when completed. Hero has also worked with other artists who have worked on Marvel movies.

The story at the Marvel Experience will be based on the age-old comic-book battle of good vs. evil. Licht and Schaer would not elaborate any further on which characters will be featured, but they said the animation, which is being created exclusively for the attraction, will be different from what people have seen in the movies.

Haran at Marvel has seen some of the attraction's initial creative plans and is impressed with the project.

"It's an incredibly ambitious project," he said. "They're trying to do something that's never been done before and trying to create a new business model. We think they're in a good position to succeed and we're making every effort to help."