

# LOS ANGELES BUSINESS JOURNAL

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## Up Front



Positive attitude helps Barry Shore overcome disability and start company. **PAGE 3**

## News & Analysis



Ryan Ratner's sculptured crash helmets are having a big impact. **PAGE 5**

## Photo Essay



How a local company makes oil from algae. **PAGE 12**

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## FDIC Boots Founder Off Board, Imposes Industry Ban

**BANKING:** Real estate mogul David Lee cited for loan to wife.

By **JACQUELYN RYAN** Staff Reporter

L.A. commercial real estate mogul David Lee has been kicked off the board of the bank he founded six years ago and banned from working in banking after the Federal Deposit Insurance Corp. concluded he participated in risky banking practices and gained financially from doing so.



Lee

The bank, **Premier Business Bank**, said that the ban stems from a 2007 loan the bank made to a member of Lee's family. The FDIC issued the removal order and assessed a \$75,000 civil penalty against Lee Dec. 19. Lee denied the allegations but elected not to fight them and stepped down. The order is a rare occurrence for someone of his position in the banking industry, according to industry experts.

"The thing that strikes me is he's a principal who's

permanently barred from banking," said Gary Findley, president of banking law firm **Gary Steven Findley & Associates** in Anaheim.

"You see it for a teller or loan officer caught in embezzlement, but these aren't the owners who owned the bank. I can't remember the last time I saw that."

The FDIC would not comment on its action in this case. However, an FDIC official, speaking generally, said the agency does not lightly remove officers or ban them from banking. Most often it issues informal

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## Safe Harbor



Not Shipping Out: Jack Wall at Al Larson Boat Shop on L.A. port's Terminal Island.

RINGO H.W. CHEULABJ

## Port's new cargo plan won't move all tenants

By **JAMES RUFUS KOREN** Staff Reporter

FROM the exposed wooden rafters of its machine shop, built in the 1930s, to the ancient-looking rails and pulleys that haul ships out of Fish Harbor, the **Al Larson Boat Shop** on Terminal Island reeks of history, of days when fishing vessels and pleasure boats were common in San Pedro Bay.

But the shop's antique look isn't by design. Like many other tenants in Fish Harbor, which is home to a small fishing fleet, the shop has been on short-term leases for decades as its landlord, the Port of Los Angeles, considered turning all or part of the small harbor into another terminal to handle cargo from Asia. Those short-term leases, measured in months rather than decades, made it foolish for the boat shop and other tenants to invest in any major improvements.

But things have changed in the past seven months.

Port officials in July finally started creating their plan for Fish Harbor. They asked shipping companies how much cargo space they need, asked railroads what improvements

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## YouTube Gets Creatives in Los Angeles

**INTERNET:** Media companies vie for piece of production pie.

By **NATALIE JARVEY** Staff Reporter

Amanda Taylor is ready to roll out her vision of the next big thing in reality dance competitions. A blend of popular shows "Dancing With the Stars" and "So You Think You Can Dance," her competition, called "Dance Showdown," will pair novices with pro dancers. The audience will vote on their favorites.

But Taylor's show won't be on ABC or Fox. Instead, she's hoping to capture the attention of millions of viewers on **YouTube**.

Her company, **DanceOn**, is one of dozens that have signed on to develop video for YouTube's initiative to bring professionally produced content to its online video website as opposed to its famous clips of silly cats.

**7** Number of local companies already creating original programs for YouTube

There's a high concentration of these companies forming in Los Angeles as the city fast becomes known as a new-

media and online entertainment hub.

Taylor even moved her 15-person company to Los Angeles from New York in December to be closer to other new-media companies.

"It's interesting to see how YouTube celebrities are all gravitating to L.A.," said Taylor, DanceOn's chief executive. "What's going on in content creation is here. There's definitely a lot of interesting things going on in this area and we wanted to be part of that."

Since YouTube announced its plans to put money

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## L.A. Employers Tell State to Lay Off With Unemployment Tax

By **HOWARD FINE** Staff Reporter

For candy makers John and Tempe Brooks, it's the stealth tax that they fear could eat much of their business.

The husband and wife, who own **Adams & Brooks Inc.**, near downtown Los Angeles, worry a series of hikes that started last month in the unemployment insurance tax could thwart their growth plans.

The little-noticed hikes are designed to reduce the \$10 billion annual deficit in California's unemployment insurance fund.

Tempe Brooks, the company's secretary and

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# Origin Oil's Green Gold

By **JAMES RUFUS KOREN** Staff Reporter  
Photos by **RINGO H.W. CHIU**

**O**RIGINOIL Inc. is in the business of creating oil from the unlikelyst of sources: algae. Not unlike the greenish slime that grows in a stagnant swimming pool.

Last week, the company invited members of the National Algae Association to its Adams Boulevard headquarters to show off its newest product: the algae appliance, which separates algae from the water in which it grows and breaks apart algae cells to release the tiny particles of oil inside.

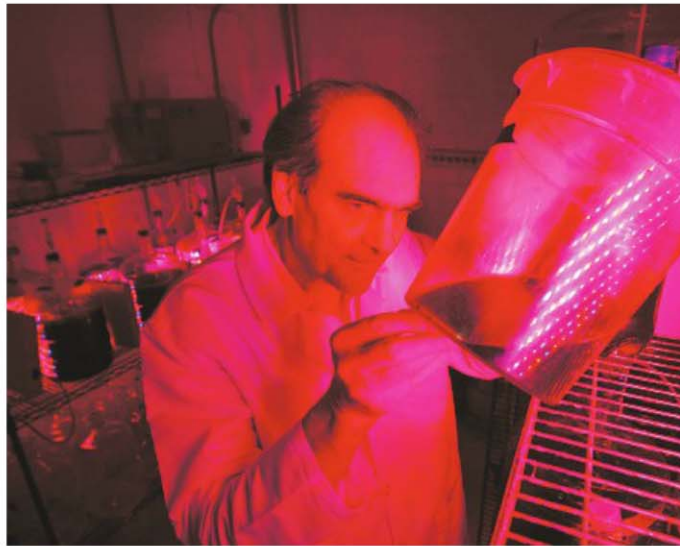
"There are lots of people growing algae. Our technology is in processing that," said OriginOil Chief Executive Riggs Eckelberry. "We're in extraction and post-processing."

The algae appliance sucks up specially engineered forms of algae in water and runs the mixture through pipes that bombard it with gentle electromagnetic pulses. The pulses break apart the algae cell walls and make the cells cling to one another, helping separate algae from the water.

The resulting sludge is called algae crude, which in turn can be processed into bio crude. That product can be processed by regular oil refineries into petroleum products including diesel and jet fuel.

But turning algae crude into bio crude is hard to do in large quantities. OriginOil's next project is working with the Department of Energy's Idaho National Laboratory to build a system that does just that.

Crude oil is made from algae and other plant life that was buried under thousands of feet of soil and rock, creating a high-heat, high-pressure environment that after millions of years yields a precious energy resource. Eckelberry said the system being developed by OriginOil and the laboratory aims to do the same, but in weeks instead of eons.



1

In OriginOil's "nursery," company co-founder Nicholas Eckelberry eyes an algae sample sent to OriginOil by a potential customer. Algae growers send their algae to the company to see how well its oil extraction technology works.



2

Samples start in beakers, then move on to bottles, tubs and three-gallon jugs as the algae multiplies. Samples are fed with carbon dioxide and with red and blue light, which algae cells favor more than other wavelengths.



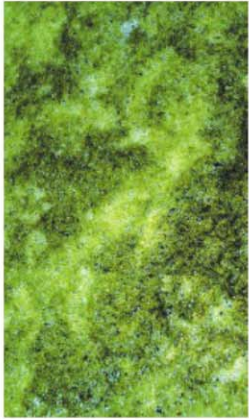
3

Eckelberry and Jose Sanchez, OriginOil's vice president of growth and production, check on a 200-gallon algae batch. Once a batch has reached this size, the algae can be processed.



4

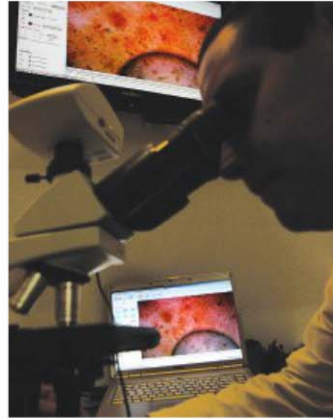
After weeks or months of growth, the algae is run through OriginOil's algae appliance, which breaks apart algae cell walls – allowing oil inside to be released – and separates algae from the water it grows in.



**5** A close up of algae crude, the end product of the algae appliance.



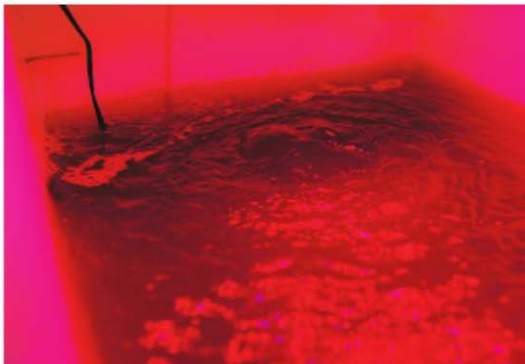
**6** Gavin Gray, OriginOil's senior director of engineering, scoops up a spoonful of algae crude. The algae appliance uses tiny air bubbles to lift broken-up algae out of water, giving the algae a frothy consistency.



**7** Sanchez views a sample of algae crude in the company's lab. The image shows that algae cells, intact before being processed through the algae appliance, are almost all split apart, releasing oil and proteins into the mixture.



**8** Sanchez checks on another algae batch, this one growing while an electric current runs through it. Algae harvesting and processing is OriginOil's focus, but its scientists are also experimenting with ways to increase algae growers' yield.



**9** A close-up of another test-batch of algae. Along with the algae appliance and other technology, OriginOil eventually plans to develop and sell algae-boosting additives to algae producers.



**10** After other processes, OriginOil's algae crude is turned into bio crude, shown here. Bio crude is similar to standard crude oil and can be processed into gasoline and other petroleum products. The company is working with the Idaho National Laboratory to make that process feasible on a large scale.