

ORANGE COUNTY BUSINESS JOURNAL

Vol. 41, No. 27 THE COMMUNITY OF BUSINESS™ July 2-8, 2018 • \$1.50

OptimaTax Finds Its Niche in Tax Debtors

FINANCE: Santa Ana firm sees no end to tax problems

By PETER J. BRENNAN

Why in the world would anyone want customers who won't even pay the Internal Revenue Service? And confront the IRS on a daily basis? Not to mention, why enter an industry considered sleazy and where some of the biggest players have been accused of wrongdoing and ended up bankrupt?

Jesse Stockwell, 40, and Harry Langenberg, 41, knew all this when they founded **OptimaTax Relief**



Partners in taxes: Jesse Stockwell and Harry Langenberg saw opportunity in messed-up tax delinquents service industry

Optima Tax 48

Special Report

Accounting Firms & Management Consultants page 15

OC Execs Flex Their Optimism in Q3 Survey

ECONOMY: Sales hopes, hiring plans pop CSUF index to record levels

By PETE WEITZNER

Orange County executives expect the regional expansion to keep going in the third quarter. In fact, they pushed the optimism needle into the red. According to **California State University-Fullerton's** Orange County Business Expectations Survey, the



Puri: index at top 'despite rising interest rates'

CSUF Survey 39

Incubators BLD Capital, Adventus Launch in OC

STARTUPS: Hood kitchen doubles size, grows offerings

By SHERRY HSIEH

Innovation is the buzzword, but the entrepreneurial spirit isn't limited to those with ideas for a company, but also unique incubation models. The new kids on the Orange County block include



Gilbertson: says BLD Capital rapidly growing number of incubated firms

Incubator 14

\$20 Million VC Fund Reaches for Esports Joystick

TECHNOLOGY: Sector vet aims to close 'language' gap

By CHRIS CASACCHIA

Orange County entrepreneur **Paul Ward** has launched a \$20 million venture capital fund dedicated solely to esports.



Ward: there was 'true disconnect between experienced investors and esports innovators'

Stage 2 46

Franchise Players

Two restaurant chain deals, \$190M in annual sales

By PAUL HUGHES

Newport Beach private equity investors that bought two franchises in 11 months are on the hunt for more.

Britt Private Capital LLC and **Jupiter Holdings LLC** led acquisitions

of Oakland-based **Mountain Mike's Pizza** in April 2017 and Irvine-based **Juice It Up** in March.

Mountain Mike's moved to 24 Corporate Plaza; Juice It Up kept its Sky Park Circle address.

Both buys are restaurant operators, but **Chris Britt** and **Edmond St. Geme**,

founders, respectively, of the private equity firms, aren't just food aggressive. The focus is franchising.

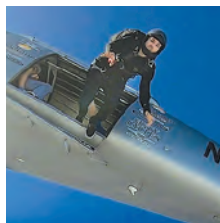
"Food is not the only space," they intend to buy in, Britt said.

He's been managing partner with **Matt Witte** of Newport Beach-based **Marwit**

Pizza 32

MAIL TO:

3 Hyundai, Kia restructures operations for local autonomy to combat slumping sales



4 Executives find common hobby in skydiving

THE LISTS

ACCOUNTING FIRMS See page 23

MANAGEMENT CONSULTANTS See page 28

Rank	Company	Revenue	Employees	OC	Franchise	OC CEO	OC CFO
1	Deloitte	\$1.2B	1,200	100%	0%	John Puri	John Puri
2	KPMG	\$800M	800	100%	0%	John Puri	John Puri
3	EY	\$600M	600	100%	0%	John Puri	John Puri
4	PwC	\$500M	500	100%	0%	John Puri	John Puri
5	Grant Thornton	\$400M	400	100%	0%	John Puri	John Puri

Now ranked #1 Fastest Growing Firm in the U.S.

Source: Accounting Today

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CALENDAR

July 2-11, 2018

Compiled by Brian Alvarado



All-American Boys Chorus to perform at Alexandra Nechita Center for the Arts July 7



Riding the recovery: low inventory, unemployment been boon to cos. like Tustin-based Pan American, which manages, renovates 'High B' complexes like Ascent in Los Alamitos

TV & RADIO PROGRAMS

- **Inside OC With Rick Reiff** (KDOC-TV), Sunday 5:30 a.m.; (KOCE-TV/PBS SoCal), Tuesday 1 a.m., Repeats Friday 2:30 a.m., 9:30 a.m., 5 p.m., Saturday 4:30 p.m., Sunday 11 a.m. and 5 p.m., Monday 12:30 a.m., Guests (July 8): California Policy Center public affairs specialist Clare Venegas; California Policy Center president Will Swaim
- **Critical Mass Radio Show** hosted by **Richard Franzi** (OC Talk Radio), Tuesday 4 p.m., Guests (July 10): Wood Gutmann & Bogart Vice President Elena Viera; Zach Abrams, CHOC; Angelo Ponzi, The Ponzi Group

CAREER BOOSTS

THURSDAY, JULY 5

- **Branding & Website Strategy For Your Organization** (SCORE Chapter 114), Brea, 6 p.m., free, (714) 550-7369, goo.gl/7cXPV7

MONDAY, JULY 9

- **How to Craft a 30-Second Commercial that Gets Results** (Performance Strategies, Management Consulting Group), Santa Ana, 11:30 a.m., \$25, (562) 577-7000, goo.gl/u82ay6
- **July International Association of Women OC Networking Event** (NAPW – North Orange County Chapter), Costa Mesa, 5:30 p.m., \$25, (949) 812-1110, goo.gl/cssTsY

TUESDAY, JULY 10

- **Social Media For Your Business** (DCO Consulting), San Clemente, 8 a.m., free, (949) 492-1131, goo.gl/SMhNMV
- **Basics of Accounting – The Language of Business** (SCORE Chapter 114), La Habra, 5:30 p.m., free, (714) 550-7369, goo.gl/MEf7Cc
- **Small Business Jump Start** (SBDC Orange County), Garden Grove, 6 p.m., \$10, (714) 564-5200, orangecountysbdc.org
- **Optimizing Your Content Success with SEO and Google Analytics** (SCORE Chapter 114), Rancho Santa Margarita, 6 p.m., free, (714) 550-7369, goo.gl/KckUtW
- **Speed Networking for Business Professionals** (OC NetworkNite), Costa Mesa, 7 p.m., \$21.50-\$26, networknite.com/orange-county

WEDNESDAY, JULY 11

- **Irvine Career Fair** (National Career Fairs), Irvine, 11 a.m., free, (877) 561-5627, goo.gl/9H1xtu
- **OC Cigar Night Business Mixer** (Cigar Night Business Mixer Group), Costa Mesa, 5:30 p.m., \$30, (877) 331-2533, goo.gl/eDS4L9
- **Pro Speed Networking Launch Event** (Network After Work), Irvine, 6 p.m., \$20-\$40, goo.gl/6moXEX

RECURRING

- **Business and Bagels Networking OC Meeting** (Business and Bagels Networking OC), TBA, every Monday, 8 a.m., cost varies, goo.gl/FaKlhf
- **CSUF Entrepreneur Round Table** (CSUF Startup), Placentia, every second Tuesday, 6 p.m., free, (657) 278-3464, goo.gl/WCqHgF
- **Laguna Niguel Connectors Networking Event** (Laguna Niguel Connectors), Laguna Niguel, every first Wednesday, 5:30 p.m., free, (949) 249-9463, lagunaniguelconnectors.com
- **Spark: Summertime Networking & Happy Hour** (Orange County Freelancers Union), TBA, every first Wednesday, 6 p.m., free, goo.gl/Gu2TKW
- **Coastal NAFE Network** (National Association for Female Executives), Seal Beach, every fourth Thursday, 6 p.m., cost varies, (951) 255-9200, nafe.com

EVENTS

- **Red, White & Boom Party** (Orange Hill Restaurant), Orange, July 3, 7 p.m., \$40-\$65, (714) 997-2910, goo.gl/wWzPQj
- **4th of July Brunch Cruise** (Annual Yacht Parties), Newport Beach, July 4, 11 a.m., \$54-\$87.50, (714) 485-6543, goo.gl/w1PvRG
- **4th of July Festival** (North Orange County Chamber of Commerce), Fullerton, July 4, 5 p.m., free, (714) 738-6545, nocchamber.com
- **July 4th Firework Show** (City of Dana Point), Dana Point, July 4, 9 p.m., free, (949) 248-3530, danapoint.org
- **Annual 4th of July Run in the Parks** (YMCA Orange County), Laguna Niguel, July 4, 7:30 a.m., cost varies, ymcaoc.org
- **Downtown Fullerton Art Walk** (Fullerton Art Walk), Fullerton, July 6, 6 p.m., free, (714) 879-1993, goo.gl/XrF92X
- **Kayaking the Upper Newport Bay** (Newport Bay Conservancy), Newport Beach, July 7, 9:45 a.m., \$12.50-\$25, (949) 923-2296, goo.gl/M7xnSA
- **Celebrate America Concert** (All-American Boys Chorus), Orange, July 7, 6 p.m., \$20-\$40, (714) 361-3920, taabc.org
- **Lucas Murgida: None of This is Real** (CSUF Grand Central Art Center), Santa Ana, July 7, 7 p.m., free, (714) 567-7233, grandcentralartcenter.com
- **Craft & Arts - Chapman Crafted Beer** (Craft & Arts by Stamp Pop), Orange, July 9, 7 p.m., \$35, goo.gl/AFaoBF
- **Concerts in the Park Food Drive** (Tustin Community Foundation), Tustin, July 11, 6 p.m., free, (714) 393-8506, tustincommunityfoundation.org

CSUF Survey

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composite index touched an all-time high of 98.1, a decent pop from the second quarter's 94.4.

The survey measuring hiring, sales, purchasing, capital investment and profit forecasts of local business owners and senior executives had been speaking to more modest growth just last year, 88.2 for the fourth quarter. But the spurt to a record level in the third quarter follows 95.2 and 94.4 readings in the first two quarters of the year, the highest sustained readings of the expectations gauge since Project Director **Anil Puri** of the Woods Center for Economic Analysis and Forecasting has been canvassing industry leaders small to large. The center is part of CSUF's Mihaylo College of Business and Economics.

"Executives are still very optimistic about the economy," Puri said. "In fact, on the list of their concerns, the overall economy has come down—they're more concerned about regulations, which has more to do with Congress and the legislature."

Seventy-three percent of owners and execs see sales rising in the third quarter, compared to 67% in the second quarter. And 65% predict a profits boost, versus 57% just three months ago.

"It's basically been a great 10-year run," said **Rick Hoegler**, the second-generation boss of Tustin-based property manager **Pan American Properties Inc.**, which manages over 3,000 apartment units.

Pan American, which also manages industrial, office and retail, now does about \$7.5 million in business and employs about 125. Both are records for the 35-year-old company.

But business isn't about driving in the rearview mirror. "We're already overdue for a correction," Hoegler said.

"We have to get smarter."

Price Perils

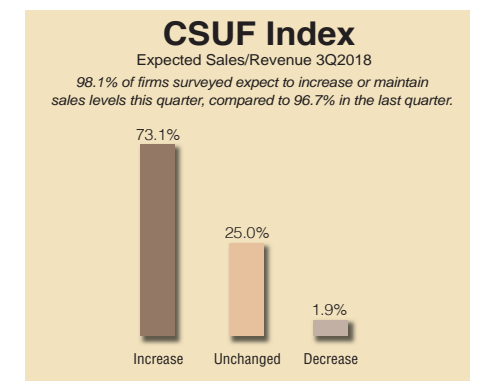
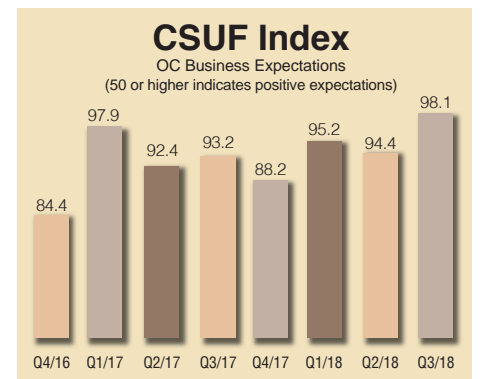
On all six of the survey's business metrics, companies here are far and away in expansion mode this quarter. By margins of 10-1 or better, they're looking to boost payrolls, inventories and capital investment.

"The acceleration of depreciation schedules, that's going to be a big deal," Hoegler said, pointing up a feature of the Tax Cuts and Jobs Act of 2017.

Respondents' plans to add to payrolls dipped slightly to 47.1% versus 49.0%; less than 4% say they plan to cut jobs.

The bigger issue may be filling the openings, as the county's jobless rate fell in May to a 19-year-low of 2.6%.

"There's wage pressure, for sure," Hoegler said.



Hoegler said. "And wages are just part of the inflation picture. Ask any property manager, there's increases on pretty much what everything costs."

Hoegler's company also owns a piece of some of its apartment complexes but anticipates that sales transactions will slow. "Everyone thinks their sow's ear is worth a million dollars now," he said. "And with a strong economy and low unemployment, who wants to sell?"

Survey director Puri said he's concerned about rising short-term interest rates, and something that used to be a chief concern in the survey: the rising level of U.S. debt. He pointed to a Congressional Budget Office analysis last week that projected a \$15 trillion deficit by year-end. "It will be 105% of GDP in 10 years," the economist said. "And that's the highest level since World War II."

The stock market's been wobbly for most of the year, the recent worries being attributed to a brewing tariff war. Puri said some of his survey's respondents think the U.S. stiffening its position on trade could yield long-term benefits, but "really they are split, and feel that companies here will be hurt in the short run."

Method Used

The survey was based on responses of 58 senior-level OC executives, a 7% response rate of the 400 to 450 queried. Thirty percent of responding companies employ 20 to 100, 30% 100 to 1,000, 31% 20 or fewer, and 13% more than 1,000. Puri started conducting the survey in 2000. ■

Submit listings to Calendar, Orange County Business Journal, 18500 Von Karman Ave., Ste. 150, Irvine, CA 92612, or fax to (949) 833-8751, or email to features@ocbj.com at least two weeks before the event. Include the following: event name, host organization, location, date, time, cost, phone number, website and contact name. Typically, for-profit events costing more than \$125 per day will not be listed.