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FAMILY-OWNED BUSINESS AWARDS

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Family-Owned Business Award Nominees Start on Page A-56

Awards Ceremony at Hotel Irvine June 4, 2019

Ophthalmic Distributor Prides Trust, Service, Tenure

Flexibility, Experience Meet Eyecare Industry Change

By SHERRY HSIEH

10,000-SF in Irvine tripled company's HQ space

Stock-in-trade: ophthalmic products showroom; distributor offers 30 brands

A stroll through the Irvine Spectrum-area offices of **Ophthalmic Instruments Inc.** is a history lesson in more ways than one.

"There's **Dawn**, who handles operations; she's been with the company 30 years," says Chief Executive **Scott Shone**, pointing to his right as the tour begins.

"There's **Jenny**,"—Shone points to his left—"she does accounts and billing … been with us 15 years."

Workers aren't the only ones with long tenures at the ophthalmic products and supplies distributor. Shone's father, **Lou**, 70, founded the company in 1977, retiring just two years ago.

2nd-gen CEO Shone

Shone, 44, joined in 1997, the second generation to lead.

"We are run by family," he says, "and I'd say we have a pretty 'family atmosphere' too."

Ophthalmic Instruments has three regional offices—Northern California, Arizona and Colorado—and sales and field reps in eight states, including Nevada, Utah, Hawaii, New Mexico and Wyoming.

A cousin, **Jeff Mapson**, works in the Arizona operations, which Shone's older sister **Christy Shone-Mikesell**, 46, leads. Jeff's brothers **Dusty** and **Jay** are in NorCal.

Shone jokes it's helpful they don't all work in one office because "we'd kill each other." On a serious note, he says it's good to work with family since they are "people you trust."

Full Service

Ophthalmic Instruments sells devices, equipment and other supplies—even chairs—for eye exam rooms. Customers include **University of California-Irvine** and other schools, businesses like **Allergan PLC** and **Kaiser Permanente**, as well as independent ophthalmologists and optometrists.

Products come from makers including **Topcon Corp.**, **Haag-Streit Group**, **Marco Ophthalmic Inc.**, **Reichert Inc.** and about two dozen others.

The company also repairs and maintains equipment.

Customers get "a comprehensive line of quality ophthalmic products [and] a personal touch," Shone says.

For **Urban Eyecare** in Phoenix—a 2-year-old "comprehensive eyecare and optical boutique," according to its website—the Shone family business consulted on exam room design, walked the construction site, and sold, then installed the equipment, which it also maintains.

A program Christy introduced for her region called Color Studio offers exam room chairs in a hundred colors.

"Our value is in our services," Shone says. "We train our people … to be the best."

Family Size

This keeps clients coming to them for their needs, he says, and helps thwart potential competitors or even the manufacturers themselves, and also forges long-term relationships like the ones Ophthalmic Instruments has with its 34 workers (see box, right).

The global ophthalmic diagnostic and monitoring devices industry was about $7.4 billion in 2017, according to data from business intelligence firm **Global Market Insights Inc.** in Delaware. The domestic distribution market for the diagnostic equipment alone is a small part of that.

Competition can be fierce.

Shone declines to name competitors or give his company's revenue figures—noting only that its grown an average of 20% a year since 1997—but says Ophthalmic Instruments is one of the larger industry players, even with its focus on just eight western states.

Many distributors run in an annual revenue range of the low-to-mid eight figures.

Lombart Instrument in Virginia was founded in 1979, two years after Ophthalmic Instruments. It was bought in 2016 by lower-to-mid-market private equity investor **Atlantic Street Capital** in Connecticut, and claims that it's the biggest player. After several follow-on acquisitions by Atlantic Street—including that of Florida-based **Marco Ophthalmic Inc.** in January, and forming a new holding company, **Advancing Eyecare**—estimates of its revenue slice hover around $100 million.

Cal Coast Ophthalmic Instruments in Torrance, bought in 2018 by what is now **Essilor-Luxottica SA** in France—an optics giant with a $52 billion market cap and $11 billion in revenue—has annual revenue of about $12 million, according to a trade news outlet.

Grow Respect

When Shone joined the company in 1997, "it took me awhile to get people's respect, because the perception is that you are the boss's son and you come in and you get paid a lot of money and you don't have to do anything."

The truth is more commonplace: Lou Shone started his son out cleaning equipment.

"Very monotonous," Shone reports.

Unsurprisingly for a younger generation coming to work, some of his biggest contributions lay in technology—as in bringing Ophthalmic Instruments up to speed at the end of the millennium and into today.

The company at one point had one computer; salespeople waited in line to key in orders. Waiting took people away from selling and all work flowed from the single terminal.

Shone added computers, built a website and boosted accounting, billing and logistics to "streamline everything."

In 2012, it moved from a 3,200-square-foot facility in Tustin to its current 10,000-square-foot headquarters at 1 Musick, for all administration and including showroom, warehouse, shipping and logistics, and repair and maintenance space.

Business Model

Ophthalmic Instruments has matured as it has grown—and as its industry has changed.

Private equity has begun buying competitors, like Lombart, as well as clients. Acquisitions and roll-ups of physician practices, for instance, have changed the equation for Ophthalmic Instruments. It has lost accounts as new owners focused on costs.

"They want to go with the cheapest option," Shone says.

This lessened the influence of relationship-building but conversely offered an ability to scale, supplying multiple offices via one deal with a private equity owner instead of having to sell to each individual clinic. The family saved a big chunk of Arizona business that way.

"If we can take advantage of the opportunity, it will be good," Shone says.

He often thinks about what the company needs to do to be different in a crowded field, be it bundled services or vamped up marketing. A still-insular industry of largely local optics shops plus new players makes client retention and referrals from physicians, hospitals and clinics—95% of Ophthalmic Instruments' business—even more crucial.

Relationship-building isn't dead.

Handshake Deals

Good news for people at it 42 years.

"My dad's a handshake kinda guy," Shone says, so, "'if I give you my word that's a contract.'"

Ophthalmic Instruments' launch came partly from Lou feeling his prior job involved pushing pricier models to turn more profit.

"He told my mother he needed to either start his own business or get out," Shone says.

A company promotional video has Lou archly noting he'd only recommend what clients need.

Shone followed suit, focusing on trust, when a prospective client asked about buying second-hand equipment from a doctor closing up shop. Typically, Shone wouldn't recommend this, but he agreed to look at the equipment, and came away with a positive response.

"I told him to take [the deal]," Shone says, because "it was what he needed and he was getting a discount."

The new customer noted that Ophthalmic Instruments wouldn't make any money on it.

"That's okay," Shone told him. "You'll think of us next time."

Legacy Forward

Shone has 22 years of such work but almost didn't get into the family business at all.

Once during college, he was having breakfast with his parents and said he wasn't sure he wanted to do accounting—a bit of a career speed bump since he was majoring in it at **Oregon State University**.

"My dad was like, 'Want to work for me?' and I was like, 'What do you do again?'"

He's grown into the work since, partly via executive coaching and leadership groups under **Vistage International**, cultivating skills and professional friendships.

Shone isn't sure his two sons, 14 and 15, will sign on; if they do, he plans to make them start not just at entry-level—but working for someone else. He got into the industry right out of school and "only knew one way" to do it.

His boys, he hopes, will get experience, acquire broader views—a head start, perhaps, on the next quarter century. ■

Wrinkles in time: eyecare devices from the Roaring '20s; eyeglasses were slanged as 'cheaters'

Old Eyes

OC's relationship with eyecare is long and deep, including **Allergan PLC**'s roots in the business, **Gavin Herbert** family philanthropy to **University of California-Irvine** to back research and study, and **Marshall B. Ketchum University** in Fullerton, which began as an optometry school in Los Angeles more than a century ago.

Ophthalmic Instruments Inc. maintains a collection of equipment of the same venerability, including trial frames and lenses, lens measuring devices, and other items from the 1920s and 1930s.

Frames and lens makers of the early 20th century launched the domestic optical industry, with early efforts in the small attic workspace of **William Beecher**'s watch and jewelry business.

Jay Mapson, Scott Shone, Dusty Mapson, Christy Shone-Mikesell

Extended Family

A quarter of **Ophthalmic Instruments** workers have been with the company more than a decade, including two with longer tenures than Chief Executive **Scott Shone**.

■ **Dawn Grier**, operations manager, 30 years

■ **Jason La Bounty**, national service manager, 28 years

■ **Scott Shone**, chief executive, 22 years

■ **Jim Gunvordahl**, field service technician, 18 years

■ **Mariel Chinelatto**, service team, 17 years

■ **Patty Morales**, service team, 17 years

■ **Jenny Chrzan**, billing, 15 years

■ **Rose Pairis**, office manager, Northern California, 13 years

■ **Dusty Mapson**, division manager, Northern California, 11 years

Only founder **Lou Shone** served longer than those on this list: 40 years.

Locker Board Founder, Family, Firm Grind On

Kropfls Swim Upstream In Post 'Shark Tank' World

By JASMINE SPEARING-BOWEN

If the **Kropfl** family was on TV—again—they could call it "The Real Struggles of an OC Family Startup."

Two years ago, **Carson Kropfl** became an overnight sensation after the then-11-year-old appeared on ABC's "Shark Tank" to promote **Locker Board**, a startup producing a small skateboard that fits into a school locker.

After a $65,000 investment from "Shark Tank" venture panelist **Sir Richard Branson**, Kropfl splashed across national media, and was nominated as a Business Journal "Innovator of the Year" award and named to its OC 500 in 2017.

He and his business are growing up.

Now a fledgling teen with the sheen of notoriety wearing off, Kropfl is grinding away at his San Clemente-based firm trying to balance two busy schedules: those of an entrepreneur and a soon-to-be high school student.

Carson said schoolmates may think "running a business is easy, but you have to get all these patents, make sure everything is right with the boards, and push it so you actually sell." Overwhelming at times, "you have to keep on pushing."

Kropfl handles Locker Board's social media and marketing, meets with retailers, sets up in-store retail displays and leads new product development. He's added public speaking—and of course there are those monthly calls with reps for his first big investor: Branson's people in New York to discuss financials, strategy and legal issues.

The family that businesses together …

Carson: 'always going to choose' entrepreneurship

Retail Sales

"Everyone is like 'Oh you must be making millions,'" said **Carrie Kropfl**, Carson's mom and the company's only other employee. "You are just like, 'You have no clue.'"

She handles much of the daily duties: scheduling meetings, paperwork, running the website and shipping orders.

Locker Board outsources graphic design and a few other tasks.

Dad and husband, **Keith Kropfl**, reviews financials and brainstorms with Carson. He dove in the first year, providing funding—and teaching Carson how to use the tools to make all the boards by hand—but is busy as a full-time commercial real estate broker and principal at **Avison Young**'s Irvine office.

The company signed **PS Stix Skateboard Manufacturing** in Costa Mesa to meet demand for the boards.

Locker Board has sold about a thousand skateboards at prices running $98 to $116 via its website, **Amazon.com**, local retailers including **Jack's Surf Shop** in Dana Point and Huntington Beach, and **Common Ground**, a bike shop also in Huntington Beach.

Carrie said the company is self-supporting; Branson's buy-in valued the company at about $325,000.

It's working for wider distribution in a retail chain such as Irvine-based **Tilly's Inc.** or Lynnwood, Wash.-based **Zumiez**.

"I expected it to be this hard, but yeah it's a process," Carson said.

He said connections with smaller retailers have opened doors.

"My goal is to have a locker board in every backpack and locker across America," Carson said.

Cutting Class

At the end of the day, Carrie said, Carson's the one people want to talk to. She said most people understand that he's a kid chief executive and will work around his sometimes conflicting schedules, but if it's one or the other, her son chooses work.

"If it's Locker Board or something else, I'm just always going to choose being an entrepreneur," he said.

Still, just after "Shark Tank" aired, the Kropfls tried homeschooling but Carrie said Carson's too social for it.

"He was miserable," she said.

Finance Major

Even if Carson misses class, he's still getting an education.

The company made early miscues—working with people who didn't do what they said they would or who wanted to use Carson or the company to get to Branson.

The kid learned quickly.

"He can size people up," Carrie said. "We go into meetings, he tells me what he thinks and he is dead on."

Branson's the first choice for more funding, but Locker Board may look beyond for partnerships, as well.

Someone "strong in retail, to help grow the company," said Carrie, including globally. "[Carson] has people all over the world following him [on social media] and we haven't even tapped into those markets." ■

TruthMD

from page 1

"Together we're making healthcare better," Cunningham said. "It's a nice business to have together."

Scoring Investors

While Cunningham declined to reveal TruthMD's revenue, she confirmed the 60-employee company is generating more than $10 million annually and it's on a "growth spurt."

Private equity firms are calling every other day and large corporations have expressed an interest in buying it, the pair said.

A new investor is in the works, but details were unavailable at press time.

Existing investors have poured tens of millions into the company. They include **Scott Mather**, chief investor officer of U.S. core strategies at Newport Beach's **Pacific Investment Management Co.**; **Robert Day**, founder of the **Trust Company of the West** and chairman of the **W.M. Keck Foundation**, one of the nation's largest charities with $1.2 billion in assets; and **Gary L. Wilson**, the former chief executive at Northwest Airlines and a Board of Overseers member at the Keck School of Medicine at **University of Southern California**.

"I knew the founders of the company and was impressed by their passion and their background," Wilson said. "I first invested early at the company's founding, because I saw both the financial opportunity and the strong potential to improve the quality and cost of healthcare in this country."

Tom Coad, Rosen's former dentist—who at one time was the largest private investor in **Qualcomm Inc.** and co-founder of the Irvine-based wealth management firm that became **First Foundation Inc.** (Nasdaq: FFWM)—recently invested in TruthMD.

Photo courtesy of Miami Dolphins

Josh Rosen: NFL QB, an investor

"What they're going to do is notify people who the bad doctors are," Coad said. "It's something that's going to do a lot of good for a lot of people. It seems to be workable. I don't know if it will make a lot of money."

Rosen said his son, **Josh Rosen**, a former **UCLA** football player and now an **NFL** quarterback for the **Miami Dolphins**, is also an investor.

The Short List

The couple has a long history in the medical field. Rosen in 1989 completed advanced fellowship training in spinal surgery and is the founding director of the UCI Spine Center.

Cunningham ran her own medical public relations and marketing firm for 20 years, advising doctors, hospitals and medical device companies.

After Rosen questioned the FDA-approved spine product in 2004, they decided to form the Association for Medical Ethics. They successfully lobbied Congress to pass the Physician Payments Sunshine Act where pharmaceutical or medical device companies have to report which doctors they paid and why.

"This was pretty radical in the world of medicine back then," Cunningham said. "There were a lot of conflicts of interests."

Rosen would go on to testify in Congress in favor of the bill, and was later on **Barack Obama**'s short list to become surgeon general.

By 2012, the pair decided to start a for-profit venture to make their effort more fruitful.

"If you have a good idea, put in a profit motive and it will catch on," Rosen said.

It's truly a family business. Cunningham became chief executive while Rosen, who kept his day job at UCI, took on the role of research director, advising the employees on what information is important in the medical industry.

The duo have retained majority ownership and are scheduled to get married later this month.

They've hired so many millennial programmers that Cunningham joked "I feel like they are my kids."

The company originally had an office in Glendale, but discovered Los Angeles-area tech talent was more geared toward the entertainment industry. After looking around the country, they found the right tech talent in Alpharetta, Ga., where Cunningham often spends her weekdays. Rosen works by phone and flies to that office a couple times a year.

"We started with medical knowledge on what needed to be done," Rosen said. "It was medically based unlike the other companies that are programmer based."

Their system updates records when the sources do, whereas competitors such as **LexisNexis** aren't as quick because the information is difficult to collect, Cunningham said.

TruthMD sells its information to big insurance companies, government entities like Medicare and hospitals that do background checks.

They said fraud is rampant, saying it may be as high as 10% of the $300 billion annually paid by the Medicaid and Medicare systems. Scammers who know the system can find which numbers to use to file fake bills.

"There are a lot of dead people billing—they practice from the dead," chuckled Rosen, who has worked with an FBI task force to find people who have cheated the system.

In 2015, the couple scrubbed a Medicare file where they found after the fact $2 billion worth of payments that shouldn't have been made.

"Payers couldn't tell in real time whether they should pay; then they have huge departments that chase the money," Cunningham said. "We're changing the industry on how they do claims processing."

Another issue its system tackles: doctors who get in trouble in one state that move to other states where their prior deeds may remain hidden or take years to catch up.

Previously, insurance companies often base premiums on the doctor's field of practice rather than on a doctor's actual record. TruthMD helps insurance companies identify good physicians and readjust their premiums so those doctors are not paying for the malpractice of bad doctors.

Insurance companies "want to know the doctors who won't cost them a lot of money," Rosen said.

"I'm not condemning all doctors," Rosen said. "95% of doctors want to do the right thing. Only 5% will do anything for money. Those are the ones creating the problems."

The pair said their information is 95% accurate, compared to a typical industry average of 40%.

"That's why everybody is so excited about us," Cunningham said.

They don't intend to sell the company for at least a year, but if they do, they already have an idea of a version targeting consumers so they can better understand their doctor's skill levels.

Current grading systems are useless, she said.

"You should never rank your doctor like your sandwich shop," Cunningham said. ■

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FIFTH THIRD BANK

Selling a Family-Owned Business: Financial & Emotional Considerations

By Joseph Yurosek

The decision to sell a family-owned business involves strong emotions, interpersonal relationships with family members, and complex financial issues related to taxes and wealth management following the sale. To add to the complexity, many business owners have no exit strategy in place.

If you are considering selling your business (or think you may be in the next few years), consider these tips to maximize the value of your business, ease the financial and professional transition, preserve positive family dynamics, and have a successful selling experience.

Plan in Advance – but Expect the Unexpected
In a perfect world, family-owned businesses will allow at least two years to begin planning for a potential sale – but in many cases that isn't typical, or even possible. Most businesses are sold as a reaction to the owner's health, or an unsolicited offer from a competitor, or other circumstances, leaving six to nine months to put a plan together – depending on the size of the business and complexity of the deal. Even within that timeframe, there is work that can be done to assist the family.

That said, the more time you have to prepare, the better all family members who are involved in the business can prepare for the implications selling it may present and to potentially minimize the taxes on the sale – allowing you to maximize the value of your efforts.

Consider the Financial Impacts that Selling a Family Business Will Present
From a personal wealth standpoint, the issues can be complex since many family related expenses such as travel, entertainment, and charitable endeavors may be contained within the business. So understanding cash flow of the business and the owner is critical to developing a workable plan.

Business owners should understand how much money they need from the sale of the business to remain financially stable, and what they want life to look like once the business is sold. Those who know what they're going to do after the sale, who understand and are confident they have sufficient assets to live on after the sale, tend to have a more successful experience. That's where financial planning and wealth management comes into the process.

Get Your Business Operations (and Family Relationships) In Working Order
Family-owned businesses should have appropriate governance mechanisms in place within their family, based on the size and nature of the company. These can be as simple as informal gatherings or as formal as official meetings. Governance shouldn't be hard. It should be viewed as informed decision making. It may feel uncomfortable at first, but a biannual or annual family meeting prepares family members to start making decisions together. These meetings should include discussion about the business, but also a values-based discussion that identifies a family's core values, what wealth means and is to be used for within the family, as well as a discussion of the roles and responsibilities of family members.

On the business side, governance is equally important. The sale of a business impacts senior leadership, key customers and vendors and other community relationships. Work must be done to ensure those remain post-sale, and part of that includes a robust discussion about how long those with a stake in the company may be willing to stay on after the sale, whether there are business units, services, or product lines that are not core to the business that a potential buyer may not be interested in, including company-owned real estate. There is also the need to gather data and to build a library of information, contracts, and other types of data a buyer will want to review during the sales process.

Ultimately, family members and owners have to be in agreement for the sales process to be successful. If a buyer sees two partners or groups of family members who aren't on the same page, they are just going to move on to the next company.

Look at Your Business Like an Outsider
The nature, size, scope, and history of a family business will dictate just how much advanced planning is required to arrive at an appropriate valuation, but it also helps to view your family-owned business through the eyes of a person who isn't vested in it. While a family-owned business may include expenses (like salaries and assets unrelated to the core business) that will get stripped out in the valuation process, you should get the cleanest process on your side in advance of preparing your business for review by potential buyers.

In addition, consider the appeal of your current leadership from an outsider's perspective, and the value of relationships with third parties, customers, or vendors without the current stakeholders' continued involvement. The owner's departure shouldn't negatively impact the business.

If your business has a history of financially supporting a philanthropic cause or community events, family business owners should consider how they will continue their family legacy, should a new owner choose to abandon such initiatives.

What Partners Do You Need to Support the Sale?
Building a strong multi-functional team of professionals is critical to your success and will limit the range of issues you face following a sale. While the partners a family business needs to successfully complete the valuation – and ensure personal financial issues, wealth management, tax implications, and the legal transition for the sale are all intact – depends on the size and nature of the business itself, most will require assistance from a combination of investment bank professionals, accounting and wealth management firms, as well as transactional and estate planning attorneys.

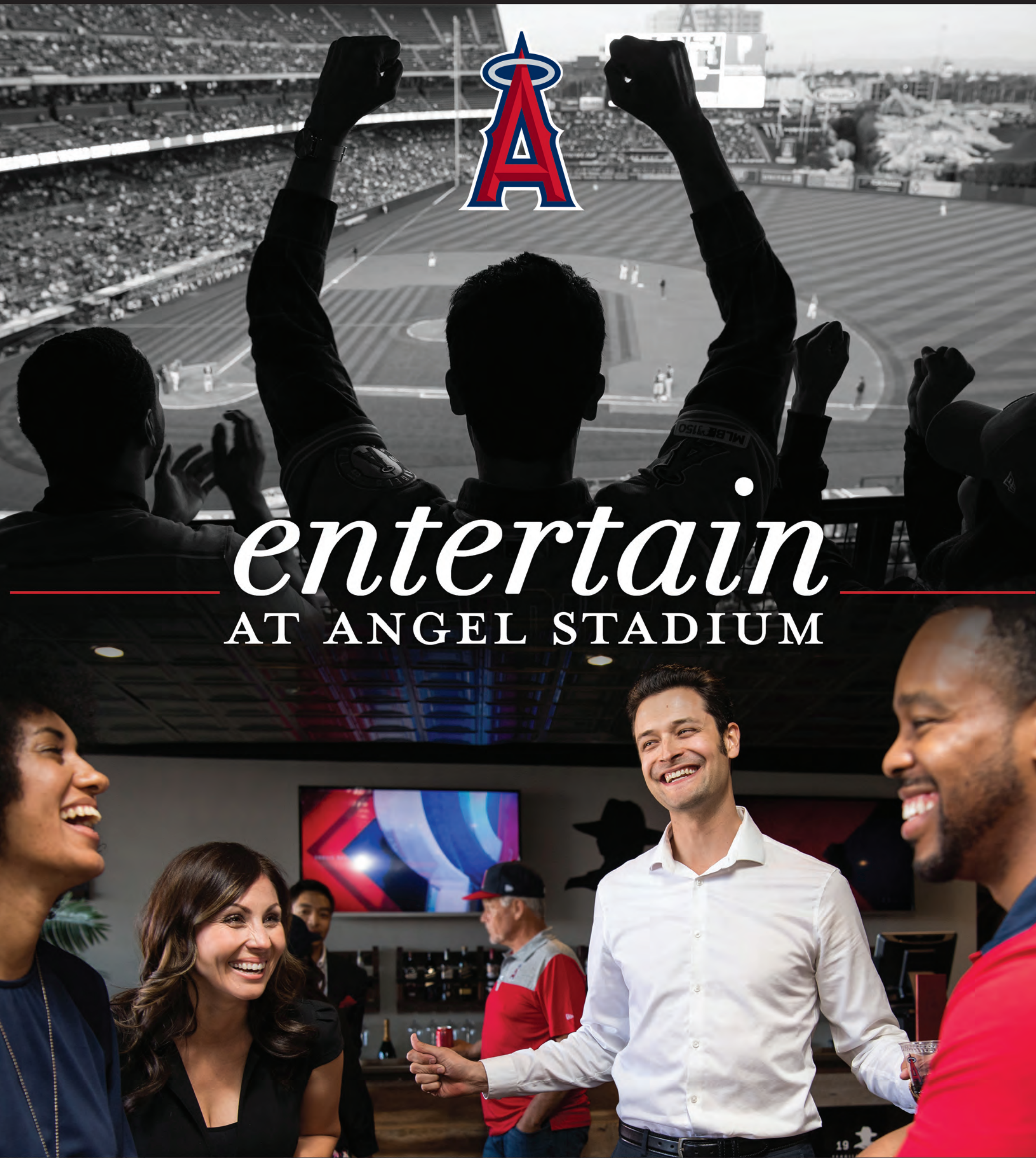
The success of a family-owned business sale is directly correlated to the expertise of the team you bring together and their ability to work together to support the transaction.

Fifth Third Bancorp is a diversified financial services company headquartered in Cininnait, Ohio. As of March 31, 2019, Fifth Third had $168 billion in assets and operated 1,207 full-service Banking Centers and 2,559 ATMs with Fifth Third branding in Ohio, Kentucky, Indiana, Michigan, Illinois, Florida, Tennessee, West Virginia, Georgia and North Carolina. In total, Fifth Third provides its customers with access to approximately 52,000 fee-free ATMs across the United States. . Fifth Third operates four main businesses: Commercial Banking, Branch Banking, Consumer Lending and Wealth & Asset Management.

Joe Yurosek

Fifth Third Bank hired Joe in December 2017 as California Market President to lead the Golden State's commercial vertical and market expansion strategy. An Orange County native and long-time resident, Joe has more than 25 years of banking experience; he joined Fifth Third from Comerica, where he served as market president for the Orange County region. He also was responsible for corporate middle-market strategy in Orange County, Long Beach and San Diego and co-led sponsor coverage strategy for Southern California. Joe holds a bachelor's degree from California Polytechnic State University – San Luis Obispo and earned his MBA from University of Southern California's Marshall School of Business.

For more information, please contact Joe Yurosek at (949) 576-3850 or joseph.yurosek@53.com.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AT ANGEL STADIUM

Entrepreneurs: You Need an Estate Plan to Protect Your Spouse and Business

While it's always important to have an estate plan in place to ensure your wishes are met and to protect your loved ones, it's especially crucial if you own a business, which is the family's main source of income or is a significant portion of your overall estate.

It will prevent a lot of worry and misunderstandings if couples who own businesses are open about their concerns regarding how the loss of income from a business might affect them, said Alma D. Banuelos, CTFA, national head of trust and estate services at City National Bank.

"Let's say the wife owns a very lucrative business. The stay at home spouse who does not generate income may have concerns about how they will be provided for after a death. In this case, it would be important for the spouse to know: What happens to the business and the income it provides me should you pass away? Am I receiving any portion of the business when you pass or do I become owner of your share," Banuelos said

An estate plan is critical in such situations because a lack of a plan for a business owner could leave business partners and/or family members in turmoil and the business itself in chaos.

If you own a business, there are three key issues to consider and discuss with your spouse to create a plan that protects them and the legacy you've built.

The Role of the Remaining Spouse

Many of the concerns that come about when one member of a married couple owns a business are strongly contingent on whether the business is owned outright.

When a business owner dies, the remaining spouse must handle both grieving and managing the financial repercussions of the spouse's death. When a business partner or multiple partners are involved, and the couple did not own 100 percent of the company, the issues become much more multi-layered. This is especially true if the remaining spouse wants to be involved in the business in some capacity. "In this case, there are two main questions to consider: Does the surviving spouse wish to, or have any ability to, assume a co-management role? Secondly, does the external business partner want to be in a partnership with the surviving spouse," Banuelos noted.

No matter what you decide, you should also have the same kind of frank conversation with your business partners about developing a plan to protect your loved one's interest in the company.

"It will ease a lot of anxiety for your spouse and family, as well as your business partner, if a plan is in place. A well thought-out business succession plan will ensure a seamless transition amongst all the parties while allowing the business to continue to operate efficiently,'" said Banuelos.

In most cases, even if a couple owns 100 percent of the business, the surviving spouse may not want to operate the company. "It's crucial for the spouse who doesn't run the business to be frank and feel comfortable saying, 'I'm worried about managing all this if you go before me,'" said Banuelos.

For these reasons, it's essential for couples — and their business partners — to anticipate and discuss possible ownership and management issues so their visions for the running of the company in the event of a death are aligned.

A Buy/Sell Agreement

"A buy/sell agreement takes into consideration what happens if the business owner dies or wants to retire," said Banuelos. "It may seem like common sense that a business agreement covering contingencies such as death or retirement should be an integral part of building a company. However, it's common for business owners to put off such tasks until long after the company is up and running."

A buy/sell agreement is as much about protecting your family as it is about protecting your business partners and your company. Not having some form of business succession plan or management agreement in place could prove disastrous.

"Let's say that your spouse has a 50/50 business partnership with someone. A worst-case scenario would be that the business has a pending government contract, but because of the demise of one of the partners, the other partner cannot act on it alone due to pre-established rule that says both partners must agree to new client contracts. Without a plan in place to detail what happens operationally when one partner passes away, the company's future could be in jeopardy," Banuelos explained.

Without a succession plan in place, in a worst-case scenario, the surviving spouse does not understand the business and declines to sign the government contract out of an abundance of caution. "Next thing you know, the contract lapses, potentially jeopardizing the business relationship," Banuelos said.

These and many other potential complications can be avoided with a comprehensive agreement that addresses how and by whom the company will be run if when one partner dies.

Division of Business Assets

Even when a company is solely owned by one person, how to fairly divide the assets of a business among family members can be a complicated issue.

"For many families running a business, it's often the case that much of their accumulated wealth is derived from that business," said Banuelos.

"That then gives rise to many questions. If only one or two of the family members work in the business, who inherits the business? Do you divide it equally among all or do you give the business to the family members who are working in it? If you give the business to some family members, do you then provide cash, bonds or securities to the other family members to offset the business interest," Banuelos added.

Even if you have a business succession plan in place, it's not enough to simply hand over the company to the family members most actively involved in the enterprise. That could cause an inheritance imbalance and result in friction between estate beneficiaries. "Typically, that's when we see insurance policies come into play," explained Banuelos. "For example, the business might be worth $5 million, so the parents buy a $5 million policy to equal the value of the business. Thus, so child one and two inherit the business and child three and four inherit the insurance proceeds. Please bear in mind, this is not the solution for all circumstance. An estate planning expert is best suited to advise you on how to remedy the potential imbalance of assets."

How to Prepare Your Business

Ownership of a business can add numerous complications to estate planning. It's a good idea to speak with a professional to ensure all possible family, partner and business-related concerns are covered in your will and estate plan.

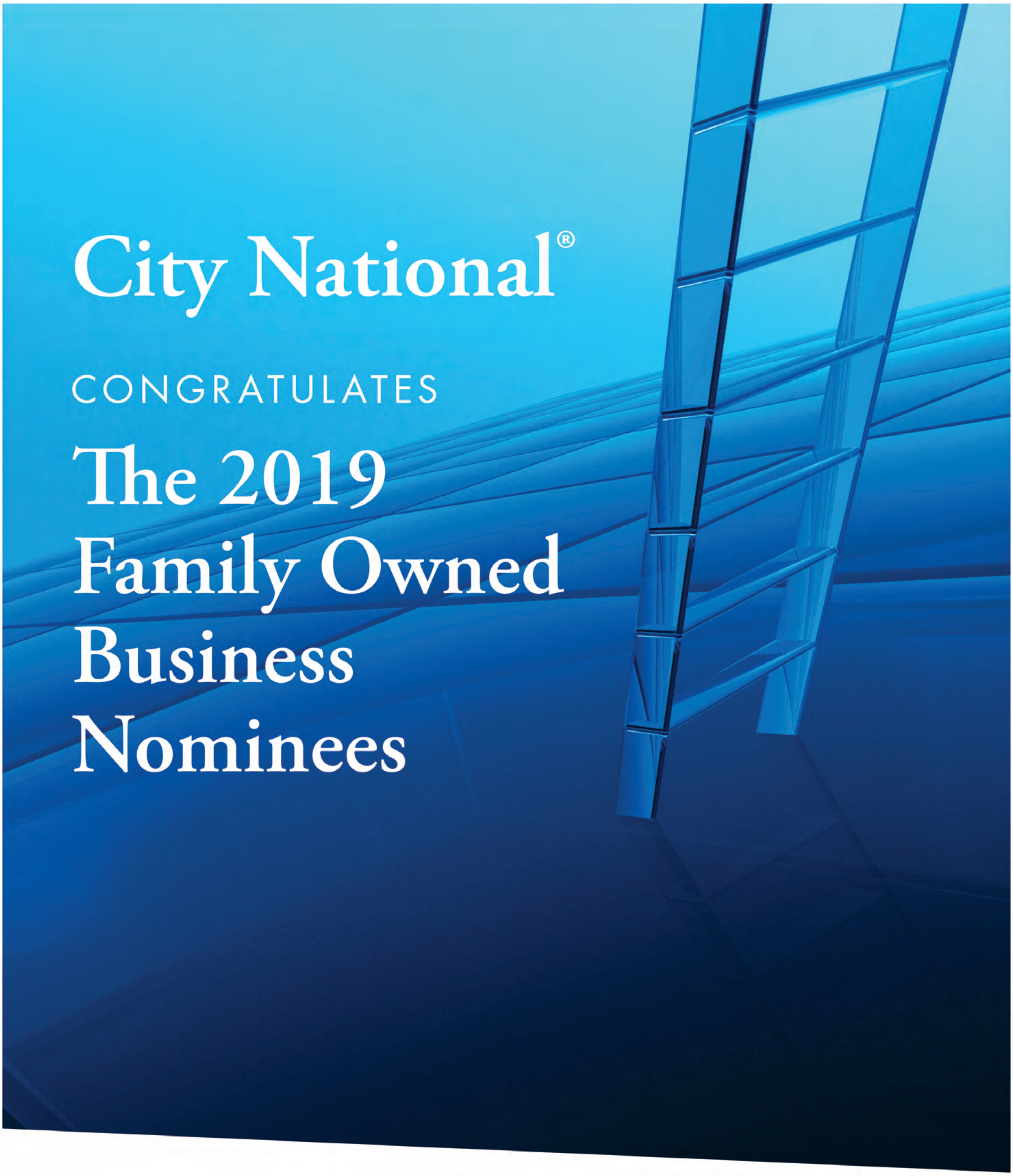
It's especially critical to speak with your spouse to ensure you're both on the same page when deciding what will happen to the business when you pass away.

City National Bank's wealth planners can help you craft the right plan for you, your spouse and your business. To learn more, contact us.

Alma D. Banuelos, CTFA

Alma D. Banuelos serves as Senior Vice President and National Head of Trust & Estate Services for City National and RBC Trust. In this capacity, Mrs. Banuelos has overall responsibility for all personal trust services, estate settlement, real estate and fiduciary activities, as well as, setting the vision, policy, governance and business objectives for the combined organization. Mrs. Banuelos is also charged with the national expansion of the business across City National Bank's footprint; leading a solution set of Fully Discretionary, Delegated and Directed Trusts.

For more information contact Banuelos at (213) 673-9203 or Alma.Banuelos@cnb.com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Inspire to Retire

By Rich Gunn, CEPA and Jasmine Menard-Lenczewski, CEPA

It is never too early to plan for retirement. For a business owner, this is especially true since their retirement often results in the sale or transition of their company.

More times than not, the sale of the business – which is typically about 70% or more of the owner's net worth – will be their main source of retirement income and determine their future lifestyle.

Unfortunately, too often the value of the business at sale does not meet the value needed for the lifestyle goals of the owner.

Luckily, there are things you can start doing now as a business owner to prepare for a sale and achieve your desired standard of living during your retirement years.

Start by calculating how much money you will need to retire in the lifestyle you desire. As each generation lives longer than the next, so your retirement years can last a long time. Do not underestimate your life expectancy or your budget for those years. A personal financial planner can help you to determine the size of the required nest egg. Once you've determined that nest egg number, calculate how much of it will come from the sale of your business. Once you've done the math, you can work on growing the value of the business to match your retirement needs.

Keep in mind, it is important to create realistic goals when retirement planning. What if the maximum value of your business will not be enough to fund your desired retirement? You may need to scale back plans to match your retirement income. While you may want to maintain or improve upon your current lifestyle in retirement, this is not always possible. Developing a plan with a financial planner, based on your position today and the years remaining until you retire can help you set realistic goals. Several studies indicate that happiness in retirement is not affected by how much wealth you have, but instead by whether your lifestyle fits within your income. If you will need to scale back your lifestyle in retirement, you want to be prepared before you sell your business.

The good news is there is a better alternative, so you may not need to scale back your retirement goals. By focusing on growing the value of your business before the time comes to sell, you can meet and exceed your retirement goals. The best way to approach growing your business is through a Value Acceleration Plan.

A Value Acceleration Plan is performed by a Certified Exit Planning Advisor (CEPA) and includes an assessment of the "Business Attractiveness" – or how good the business looks to a buyer – and an assessment of the "Business Readiness" – how ready the business is for sale. A Value Acceleration Plan does several things for you. It determines the current value of your business and a range of potential value at its current size. If your business is not at its highest value in that range (most businesses are not), a Value Acceleration Plan will include a detailed action plan of the steps required to make your business more attractive to buyers, and more ready for sale. It is a road map for how to get the business to its peak value, even without any growth, so you can make the most of your retirement.

Rich Gunn and Jasmine Menard-Lenczewski are the leaders of BPM's Value Acceleration Service Team, which helps with succession, transition and exit planning for business owners. Rich and Jasmine are both Certified Exit Planning Advisors and members of the Exit Planning Institute.


Gunn


Lenczewski

The Business Owners' Special Series (B.O.S.S.) is made up of several informational guides for business owners who are proactively seeking guidance from experts on how to implement value acceleration in their business. Find other informative BOSS articles by visiting www.bpmcpa.com/Services/Corporate-Finance-Consulting/Value-Acceleration-and-Exit-Planning/The-Business-Owners-Special-Series.

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Getting Out: When Does Exit Planning Become Exit Doing?

I have a wonderful client in his mid-seventies. He had engaged us originally to do his taxes. But then he needed help selling his business, which was an iconic, third-generation Bay-Area grocery. "Edward, I need your help. We have to sell. I'm tired, we can't afford to keep our people and I don't know what to do."

So, BPM cleaned up the financials, met with vendors, supervised management meetings and put the business on the market. Unfortunately, we failed to sell the business, but we had a contingency plan in place. And, after assisting with a careful and thorough liquidation, my client had successfully gotten out.


Webb

This year, 10,000 Baby Boomers will reach retirement age…each day. This surge will last for about 10 more years. These same people, aged 55-75, own more than 2.5 million small businesses in the US. The implications of those demographics are significant.

We all likely know people who have started a small business for any number of reasons: to support a lifestyle, to satisfy ambition, to employ family and friends or even to stave off unemployment. And most business owners are pretty good at what they do – be it hammer nails, create software or stock retail shelves. Unfortunately, many of them aren't very good at the mechanics of running a business, including things like accounting, human resources or corporate governance.

But this article isn't about going into business. Instead, it's about ownership transition – getting out. Transition starts with an owner's motivation. That could mean reaching retirement age, seeing an opportunity for profit or maybe rewarding loyal employees.

For a small business, an ownership transition has both an operational and an emotional aspect. The literature suggests third-party sales, divestitures, corporate restructurings, mergers or generational successions are all ownership transitions. This list includes any actions that fundamentally change the orientation an owner has with his or her business.

Transitions are often complicated business deals requiring careful preparation and thoughtful negotiations. Significant time and energy are expended to insure business and professional objectives are met. This work product requires high levels of business acumen to produce:

- Quality of Earnings Reports
- Accounting Cleanup
- Valuation Analyses
- Organization Chart
- Cap Tables

Carefully linked is the existential impact of selling a closely-held business, an impact that radiates out to affect other stakeholders as well as the owners. It is certainly fair to say the high level of both professional and personal capital invested in a small business makes ownership transition a significant passage for all involved.

This writer's more than 30 years of professional experience has created an awareness of this small business dynamic. Client data detailing over 200 owner transitions, and lengthy, in-depth interviews with business owners, have helped shape this understanding of a process that has economic and emotional motivations, as well as key functional and market-driven aspects.

There is a theme in management literature that intention is a defining attribute of the successful entrepreneur. The idea of planning an exit as part of an operational or startup strategy is very entrepreneurial in nature. This is not to suggest most "regular" small business owners are unintentional. Rather, their primary focus is actionable and oriented on relationship development and problem solving within shorter, more immediate time horizons.

This article challenges you to take the next step and look beyond intention to explore the relationship between motivation and the necessary actions of a business owner who is ready to get out. This process focuses on all small business owners, including entrepreneurs (the planners); it's the place where "exit strategy" becomes "exit doing."

Edward Webb is a partner in BPM's Advisory Practice Group. He leads the Firm's Corporate Finance Practice and has over 30 years of experience advising businesses of all sizes through difficult situations. Edward can be contacted at ewebb@bpmcpa.com.

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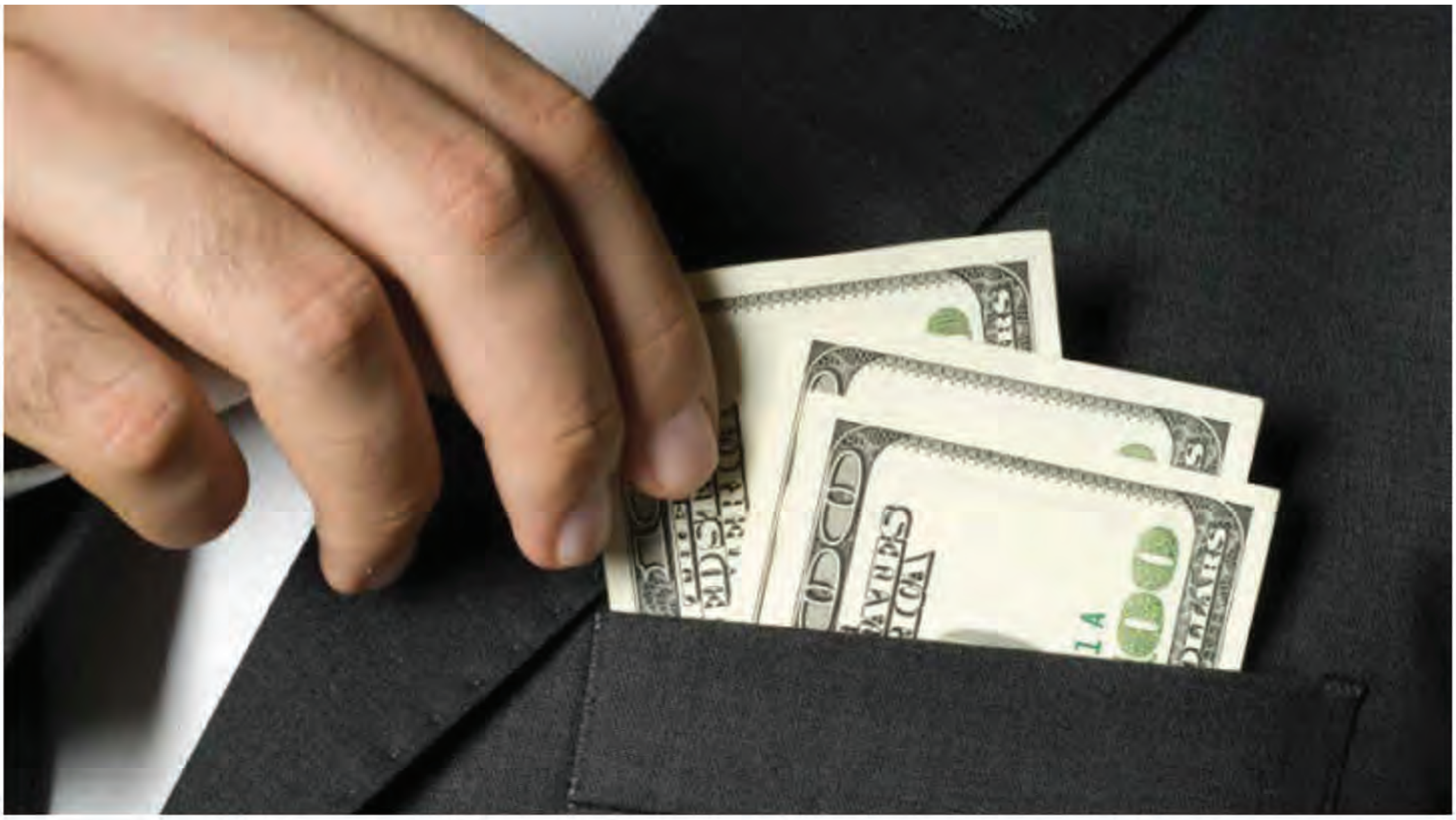

Businesses Need Asset Protection, Too

By Jeffrey M. Verdon, Managing Partner, Jeffrey M. Verdon Law Group, LLP

Here are several ways for family-owned and privately owned companies to place assets out of reach.

Affluent families and high-net-worth individuals have been using asset protection planning since the mid-1980s. Well, guess what? Businesses get sued, too. Yet, when you ask those in the C suite what they are doing to protect their company's assets from lawsuits, you mostly get a blank stare.

Small privately held businesses are often most at risk because litigation costs and expenses come out of the owner/executive pockets, not those of many multiples of shareholders.

Sometimes lawyers look to pile on a community of individual plaintiffs to scare the company into a settlement or face years of costly litigation and a drag on company morale.

The latest twist: so-called "Wage and Hour" disputes. A group of employees bands together, typically through the instigation of a plaintiff lawyer, who then sues the company about some issue surrounding the hours they worked and the wages they were paid.

These cases often start out small. But the plaintiff attorneys then contact many more employees, even past employees, to see if they want to join the "class." Worse, many insurers are now excluding coverage for these sorts of claims.

What Can YOU Do to Protect Your Business?

If your company has substantial retained earnings and liquid assets, you might be able to create a foreign asset protection trust (FAPT) where the company is both the settlor and discretionary beneficiary of the trust. Absent a fraudulent transfer, once titled in the FAPT and subject to the more protective laws of the FAPT jurisdiction, a subsequent creditor won't be able to enforce a judgment against the FAPT. This will discourage most lawsuits and encourage the parties to reach a settlement, generally far more favorable for the company than would have been the case had the FAPT not been created.

Private Retirement Plan

In California, business owners can also create a Private Retirement Plan (PRP), a type of retirement savings plan that, by statutory law, is exempt from lawsuits, even if you have to file for bankruptcy. Qualified plans are generally exempt but require the business owner to comply with complex ERISA and tax laws.

The PRP may be set up as a non-ERISA qualified plan taking it outside of the regulatory scheme and thus, not subject to the more complex rules.

There are few limitations on the amount that may be contributed to non-ERISA qualified plans, because contributions are not income-tax-deductible, yet the statutory exemptions from creditor claims applies. This makes the PRP a useful tool to insure there will be supplemental retirement income for the employer.

More Options Companies Can Consider to Protect Their Assets

1. Leasing equipment, rather than owning it, reduces a company's assets on its balance sheet.
2. Some corporations create separate companies for each brand that they own to reduce exposure.
3. Creating separate entities for the company's intellectual property (IP) and then licensing them to the operating company so the IP is not owned by the target of a future lawsuit.
4. Distributing retained earnings to shareholders and stakeholders so the funds aren't exposed to business liability. There's also the option of having the company owned by a foreign asset protection trust so the distributions are not subject to personal liability.

One of the best ways to level the litigation playing field is to place the assets out of reach of future potential plaintiffs or convert non-exempt assets to exempt assets ahead of any future claim. Once this is done, your company won't be so attractive to litigious plaintiff attorneys who only get paid if they recover assets from the judgments they obtain. Asset protection planning neutralizes this.

JEFFREY M. VERDON
LAW GROUP, LLP
The Fusion of Planning and Protection.

Jeffrey M. Verdon, Esq. is the Managing Partner of the Jeffrey M. Verdon Law Group, LLP, a Trusts & Estates boutique law firm located in Newport Beach, Calif. With more than 30 years of experience in designing and implementing comprehensive estate planning and asset protection structures, the law firm serves affluent families and successful business owners in solving their most complex and vexing estate tax, income tax, and asset protection goals and objectives. Please call us for a complimentary consultation.

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Transitioning Your Family-Owned Business to the Millennial Generation

by Glenn Carniello, CPA, HMWC CPAs & Business Advisors

Family-owned businesses are a strong part of the fabric comprising the American business landscape. They create an environment full of dynamics, both wonderful and challenging. One area we are advising in lately is business transition from one generation to the next. We have a number of companies we work with where the business is being transferred to the Millennial generation. For the last several years we have heard of Millennials and their place in the workforce. Now, we are seeing examples of businesses, both large and small, where individuals in their mid- to late-30s have controlling stakes in their old line, successful family businesses.

These individuals are bright and eager, and now have the daunting task of leading their family business forward to the next chapter. It is exciting for us to be an integral part of their team of trusted advisors. These young owners lean on us to help solve problems in operations and take on challenges in non-operational areas of business.

In one case a father is selling majority ownership to his son. The challenge is the method used to value the business was based primarily on the father's monthly personal cash flow desires versus the true value of the business. The valuation used was approximately double the true value. That company is now in the process of bringing the valuation in line with reality and restructuring the debt. In addition to constraining working capital for operations and growth, sufficient capital would not have been available to properly reward the efforts of the management group and employees. Difficult conversations are being had; however, ultimately it is critical that fairness prevails - to all those who rely on the business.

Other examples of Millennial owners being consultative include two late-30s owners taking over from one of their fathers. Their management and financial reporting systems lack the quality needed to properly reflect the results of their operations and manage key performance metrics on a regular basis. Our team is working with them to put the appropriate systems in place and train them on how to maintain and use the data. In addition, we identified a number of areas in their tax returns where the prior CPA failed to take appropriate special deductions resulting in their business paying too much in taxes. Lost tax deductions had cost them tens of thousands of dollars annually. We were able to amend their prior tax returns within the statute and recapture those monies. Another set of young owners who broke off from their former employer to start their own engineering firm is relying on us for similar consultative and tax services.

We are working with young owners, helping them become high-level business operators by providing an education in business ownership and management. What a thrill when we help that next generation of young and eager new business owners looking to take their businesses to the next level!

Contact Glenn at (714) 505-9000 or glenn.carniello@hmwccpa.com, or visit us online at hmwccpa.com.

HMWC CPAs & Business Advisors specializes in serving the financial and tax needs of privately-held businesses and their owners in Southern California.

Carniello

Custom Content

ROADMAP TO SUCCESS:
HOW FAMILY BUSINESSES CAN THRIVE

Mixing business and family brings about unique challenges, but family owned firms succeed by continually evolving and implementing industry best practices.

Family firms often operate by unspoken assumptions and informal processes. That can hurt the long-term viability of the business because decision-making can be based on family dynamics rather than business fundamentals. It can also raise doubts with potential and current employees about their opportunities for career growth.

In working with family owned businesses, we frequently see significant opportunities for business process improvements, especially when it comes to employee recruitment and retention.

Not surprisingly, these are the areas that are often overlooked. One reason they don't focus more on them is that close-knit family businesses may be wary of developing relationships with outside partners. However, as family owned businesses grow, expert advice is needed in order to thrive.

Creating A Competitive Advantage

Your employees are one of your greatest assets. To improve recruiting and retention, one of the biggest opportunities is to evaluate compensation and benefits.

A top-down analysis can determine how your company stacks up against the competition. Today, most S&P 500 companies regularly perform competitive benchmarking. By contrast, relatively few family businesses do, and they are unknowingly at a disadvantage.

Compensation benchmarking analyzes pay by type – straight salary, variable comp, stock options, stock awards, retirement programs, student loan repayment benefit, among others. Benefits benchmarking highlights the competitive strengths and weakness of your medical, dental and vision programs, along with wellness and other benefits. Benchmarking provides data by job category and across industry segments.

With unemployment at a 49-year low, market rate comp and benefits are even more crucial in attracting and retaining employees who can help build your business.

Managing Risk Effectively

Because of the trusted nature of relationships in family businesses, management teams at these firms can be highly vulnerable to cyber-attacks and the resulting financial fraud from organizations masquerading as clients and vendors.

A growing number of companies across the country are being swindled by phishing and other social engineering scams from emailed invoices and other electronic correspondence that encourage employees to unknowingly click. Smaller companies, in particular, are targets because they are often more trusting and less sophisticated than bigger companies with large IT departments.

If an employee unknowingly clicks on a fraudulent invoice, it could trigger a ransomware or malware attack, and wreak havoc on a company for months or even years. When a cyber-breach occurs, significant losses, reputational damage, lawsuits and regulatory scrutiny all follow.

Cyber insurance can minimize this risk. Many insurers are trying to underwrite this line of business to win the larger risk management relationship. As a result, cyber insurance is very affordable and provides deep coverage and comprehensive services in case of a breach. Depending on the size of the organization and business model, cyber insurance rates in 2019 are expected to decrease as much as 3% or increase 5%.

KEY TAKEAWAYS

Utilize compensation and benefits benchmarking.

Consider cyber insurance to protect against IT attacks.

Partner with an insurance broker who knows the unique challenges you face.

Another opportunity for family businesses is to review their current property insurance. Over the past few years, natural disasters in California and elsewhere have resulted in unprecedented losses for insurers. Many are responding by raising rates. A thorough review of your property insurance policies may help mitigate rate increases.

Now may also be a good time to review your Workers' Comp insurance. The average rate paid as a percentage of payroll for Workers' Comp in California is at historic lows. In 2017, rates dropped 11.4%. In 2018, employers have benefitted from another almost 16% reduction. In 2019 rates, are down another 8.5%.

The Next Level

Many family owned businesses have succeeded through gut instinct and without much outside advice. As these firms grow larger, however, the challenges become greater and the competition gets smarter.

Partnering with experts who can deliver valuable, ongoing advice that powers the growth of your family owned business is key to taking it to the next level.

MMA is a full-service employee benefits and business insurance brokerage that partners will emerging growth companies, including many family-owned businesses. We provide a strategic and holistic approach to managing risk and creating compensation and benefit programs that set you apart from the rest.

Learn more about how Marsh & McLennan Agency can help grow your business at MMA-West.com.

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MARSH & McLENNAN AGENCY

AYRES HOTELS

ELEVATE YOUR STAY

Ayres Hotels announces new hotel openings in Chula Vista, Vista and Rialto

Ayres Hotels, a family-owned and operated hotel collection in California, is opening their 2nd hotel in San Diego County with two more hotels slated for opening in downtown Vista and Rialto at the end of 2019.

Founded in 1984 by the Ayres family with the goal of providing guests clean rooms and five-star service at an honest value, Ayres Hotels have been recognized by TripAdvisor as the highest rated hotels in Southern California. Their three new hotels will continue to provide exceptional value for business and leisure travelers with signature complimentary Ayres amenities - lavish hot buffet breakfast, high-speed Wi-Fi, parking, pools and hot tubs, afternoon reception including appetizers and beverages, and state-of-the-art fitness and business centers. Beyond the complimentary comforts, the guest rooms embrace a serene, modern environment with refreshing, natural colors, offering sweeping views of the destination.

"Thirty-five years later, our goals and values remain the same across all of our 24 hotels. As we continue to grow, we look forward to welcoming more guests, so they can experience our award-winning service in a conveniently located, relaxing and home-like environment."- said Don Ayres.

Ayres Hotels has been family-owned and operated since 1984. For a complete listing of all Ayres hotels and for reservations, visit www.ayreshotels.com or call (714) 434-7800.


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Family-Owned Businesses and Strong Cultures Can Go Hand-in-Hand

Continuing its fourth generation of family ownership, Michael Dierberg serves as Chairman of the Board at FB Corporation (First Bank).

When I ask family-owned and other privately-held businesses about their competitive advantages, one of the most common answers I hear is about their ability to create a great environment for employees to thrive. Often, the culture of the organization is described as having a "family feel" in which employees feel closely connected to their colleagues, more engaged, face less turnover, and can be more nimble in how they anticipate and react to their customers' needs.

So, how do successful family-owned and other privately-held businesses create great cultures? By playing to their strengths. Such businesses may not have the resources available at larger organizations to help them develop a strong culture, such as large human resource departments to maximize team engagement, and the depth of talented leaders at the top of the company. Yet what they lack in resources, they make up for in other ways.

Below are some key takeaways from experts, our own experience, and from other family-owned businesses.

Make the most of your long-term perspective. A long-term perspective is perhaps the greatest advantage of family-owned businesses. Because family-owned businesses aren't beholden to meeting an analyst's quarterly earnings' expectations, they can focus on the company's and the community's long-term interests. While a short-term focus can lead to bad behavior and a destructive culture, a long-term perspective tends to always line up with doing what's right for the company, its employees, and its community.

Stay closely connected to each other. Since family-owned businesses are often small to mid-sized organizations, such companies can use their size to their advantage by staying closely connected to each other. This is

First Bank's long-term perspective includes doing what is right for the community with thousands of hours in volunteer service annually. Above: First Bank's employees filled backpacks with school supplies benefitting a local charity for at-risk youth.

Creating a great environment for employees to thrive and grow is a fundamental part of First Bank's culture. Two years ago, First Bank launched an annual Mentorship Program to continue developing future leaders within the organization.

the foundation of building a family feel and fostering teamwork within the organization. Although silos occur at organizations of any size, connecting to others on a regular basis encourages employees to respect and value each other and to avoid the development of an "us-versus-them" mentality.

Allow the company's inner voice to shine. As the experts at CMA Consulting have said, "[Be] authentic and true to the company's mission. Organizations that do this well know who they are and who they are not. Their engagement practices align with their employment brands, and their employment brands align with their customer brands, strategy, mission, and core values." You may learn more about this by reading, "Being the Best: Cultivating a Winning Workplace Culture".

Involve your colleagues in setting the course. More than five years ago, First Bank engaged in the most extensive and consuming strategic planning exercise we had ever gone through. We were transitioning from survival mode during the Great Recession to deciding on our path to our goal of becoming one of the finest financial services companies in the nation. What made that strategic planning effort so successful, and of continuing relevance to our path today, is that we deeply engaged employees at varying levels throughout the company in that effort. The result was the development of a plan that was our plan, not the plan of certain executives or the family. It was a better plan because of the valuable input we received in developing it and led to greater buy-in during execution.

Don't let family dynamics get in the way of being nimble. As a smaller, purpose-driven organization, being nimble should be part of your DNA. But, often it is not because of family dynamics or other office politics. While solving those issues is rarely easy, commit as a team and as a family to not letting those things get in the way of making the right decision or making the decision in a timely way.

As with many things in life, creating a great environment for employees to thrive is more of a journey than a destination. Family-owned and other privately-held businesses need to continually strive to improve and foster a strong culture. But, with the advantages we have, a great work environment and culture should be one of our calling cards.

To see how First Bank can help with all of your business needs, please contact one of our knowledgeable representatives.

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Grass Roots Developing.

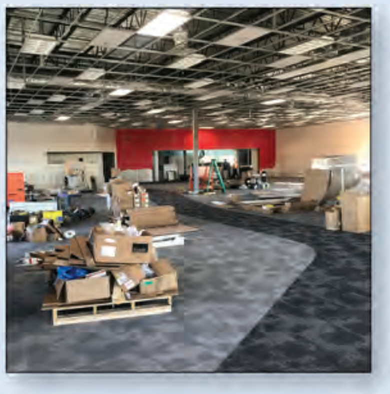
Dwight Manley's roots in Brea began in 1966. Having grown up and attended Brea schools through 1984, he has a unique perspective of what a "developer" see's when sizing up a parcel of land in his home town.

Fast Forward To 2003.

Dwight made his first purchase in downtown Brea in 2003 and made Tony Fanticola his 50/50 partner in a growing roster of Brea properties in 2006. Today, they own the majority of the properties that make up the "Brea Downtown", including the new 600 seat Improv showroom.

Additional Brea holdings include the 114 unit workforce/affordable housing project, the Mercury Apartments (in progress), and the recently completed redevelopment of the former Wells Fargo property at Brea Boulevard and Lambert Road.

They also own 6.5 prime acres off Imperial and Berry they purchased from Mercury Insurance, property they deaccessioned when they went paperless 3 years ago.



They also own Brea's "first" redevelopment project, the Brea Gaslight Square, a 1.7 acre center on Imperial between Flower and Orange across from Laurel Elementary school - which is currently being looked at for 3 new drive through businesses.

In 2015, Wells Fargo Bank opted to relocate and put "Founder's Corner," across the street from where Dwight attended Junior High from '78 through '80, on the market. 16 developers lined up to bid. Most bids were some form of strip mall design. One wasn't.

Manley Fanticola Holdings, LLC, the only local Brea developer bidding, knowing Brea did not have a drive through pharmacy nor a coffee drive through in that section of town, brought the most creative use of space to the table.

Spotting the opportunity for two drive through tenants to share the location, the space is the new home of CVS Health and the Coffee Bean & Tea Leaf, also with a large patio.

MF MANLEY FANTICOLA HOLDINGS, LLC

330 W. Birch Street, Suite 201 • Brea, CA 92821 • (714) 990-8748 • Email: Shannon@mfbrea.com

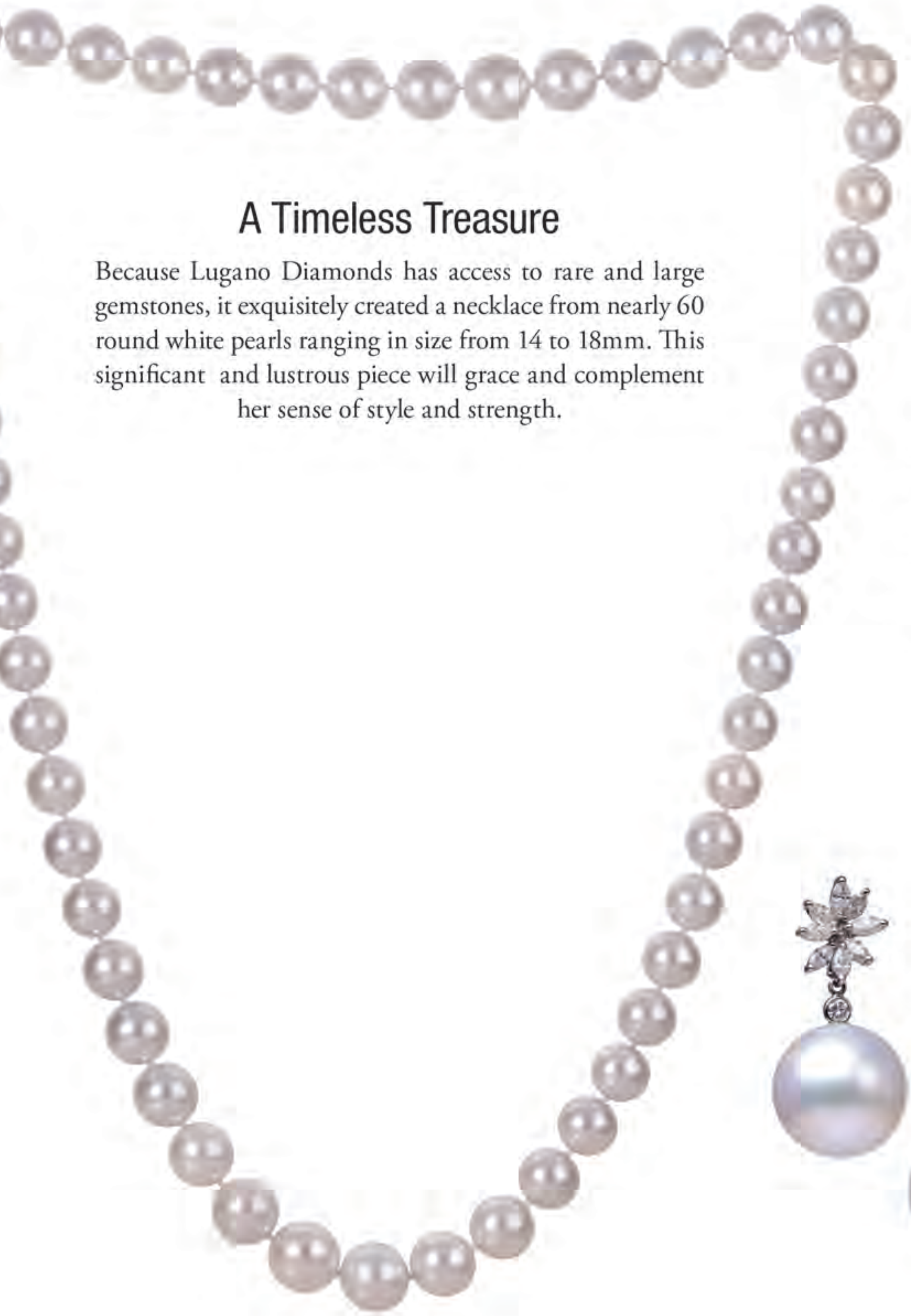
LUGANO DIAMONDS SHARES

PEARLS OF WISDOM

Passing down advice, experiences and traditions is essential for future generations to thrive. And oftentimes sharing knowledge creates long-lasting business relationships and opportunities that can continue for generations to come. Family-owned businesses, like Lugano Diamonds, play an important role in our communities year after year.

"As entrepreneurs, my parents instilled the value of owning and operating a family-owned business that contributes to our neighbors," said Moti Ferder, Lugano Diamonds CEO. *"Lugano Diamonds is proud to be a family business and continually strives to make a positive impact on our shared communities."*

In celebration of family-owned businesses, Lugano Diamonds presents elegant pearl pieces that will gracefully stand the test of time.



A Timeless Treasure

Because Lugano Diamonds has access to rare and large gemstones, it exquisitely created a necklace from nearly 60 round white pearls ranging in size from 14 to 18mm. This significant and lustrous piece will grace and complement her sense of style and strength.

Precious in Pink

The fabled Kasumi pearl is from the fresh water of Lake Kasumigaura in Japan. This pearl is highly sought after because of its intense color and historical significance. Because of environmental changes in the 1980s, very little Kasumi pearl production exists today and, as a result, the Kasumi pearl is quite rare. Lugano captures the rarity of a natural pink 18mm Kasumi pearl in a glowing ring. The pink pearl is surrounded by two and a half carats of fancy pink brilliant round diamonds and is finished with touches of 18k white and rose golds.

Spherical Sophistication

Lugano Diamonds accentuates the unique shape of pearls and diamonds to craft a staple jewelry piece: Pearl Drop Earrings. Each dangling white pearl sphere is contrasted by clusters of marquise cut collection VS diamonds. These understated earrings pair well with coffee meetings or date nights.

LUGANO® DIAMONDS

An experience as remarkable as our collection

We welcome you to view our stunning collection at the Lugano Diamonds Grand Salon located at 620 Newport Center Drive, Suite 100, Newport Beach, and our additional locations in Aspen and Palm Beach. Please call 866.584.2666 or email info@luganodiamonds.com for more information.

LUGANODIAMONDS.COM

6 Strategies to Increase the Sale Value of Your Business

No matter how successful your organization is and how proud you are of the business you've built, there will come a day when you'll need to step aside. By shoring up your exit strategy well ahead of time, you'll be in the best position to proactively and positively impact the outcome. Consistently implementing these six strategies - the "Six Ps" throughout the development and growth of your business will help you maximize the enterprise value of your organization when the time is right.

Strategy 1: Nail down your PRODUCTS (and/or services)
Get clear about exactly what you offer and how you stand out from your competition. Become comfortable articulating it in words, in writing, in front of large groups and during intimate gatherings. Identifying your sustainable competitive advantage—and communicating it quickly—will increase the value and attractiveness of your business.

Strategy 2: Maximize your PROFITS
The historical and future trend of growth is key to many deals where the purchase and sale value of the enterprise is based on a common metric being a multiple applied to earnings. Start-up entities might require a few years to break even or reach profitability, but this is to be expected. However, if yours is a mature company, you should be posting a trend of profits that you can demonstrate to buyers.

Strategy 3: Strengthen your PROCESSES for delivery
Potential buyers are going to look for ways that your product or service complements their investment portfolio. If you possess efficient processes that they can apply to other businesses they own, your company will appear even more valuable. Take the time to refine and develop every aspect of the processes you use to bring your product or service to market. Get your distribution channels, franchising models and any other integral processes squared away, as they all have concrete ancillary value to buyers.

Strategy 4: Shore up your governance and controls PRACTICES
When was the last time you took a close look at the basic nuts and bolts of how your company is run? Buyers will scrutinize every aspect of every business practice, reviewing the entire scope of your organization, from operations to overall governance (ex. board of directors), to the effectiveness of your internal controls. If your infrastructure and systems need updating, the time to act is now.

Strategy 5: Make sure you put the right PEOPLE in place
Is everyone in the ideal position? Future buyers will appreciate well-trained, solid performers—and their offer price will reflect it. If you're a sole-proprietor owner, ask yourself truthfully if your business can continue to prosper without you. If the answer is "yes," then you have done a great job of putting the right people in place. If not, you should act now to identify and fill the gap in skills and positions.

Strategy 6: Start PLANNING early
Break down each of these components into manageable steps, so the whole process is less overwhelming. By paying attention to what buyers will be looking for, you can make sure that you position yourself for a profitable sale and an enduring business that continues to succeed, long after the reins change hands.

Wayne R. Pinnell
Wayne R. Pinnell, CPA is the Managing Partner of Haskell & White, LLP, one of the largest independently owned accounting, auditing and tax consulting firms in Southern California. Haskell & White works with companies in a broad range of industries including real estate, manufacturing, distribution, life science, technology, and retail. He can be reached at (949) 450-6200 or wpinnell@hwcpa.com.

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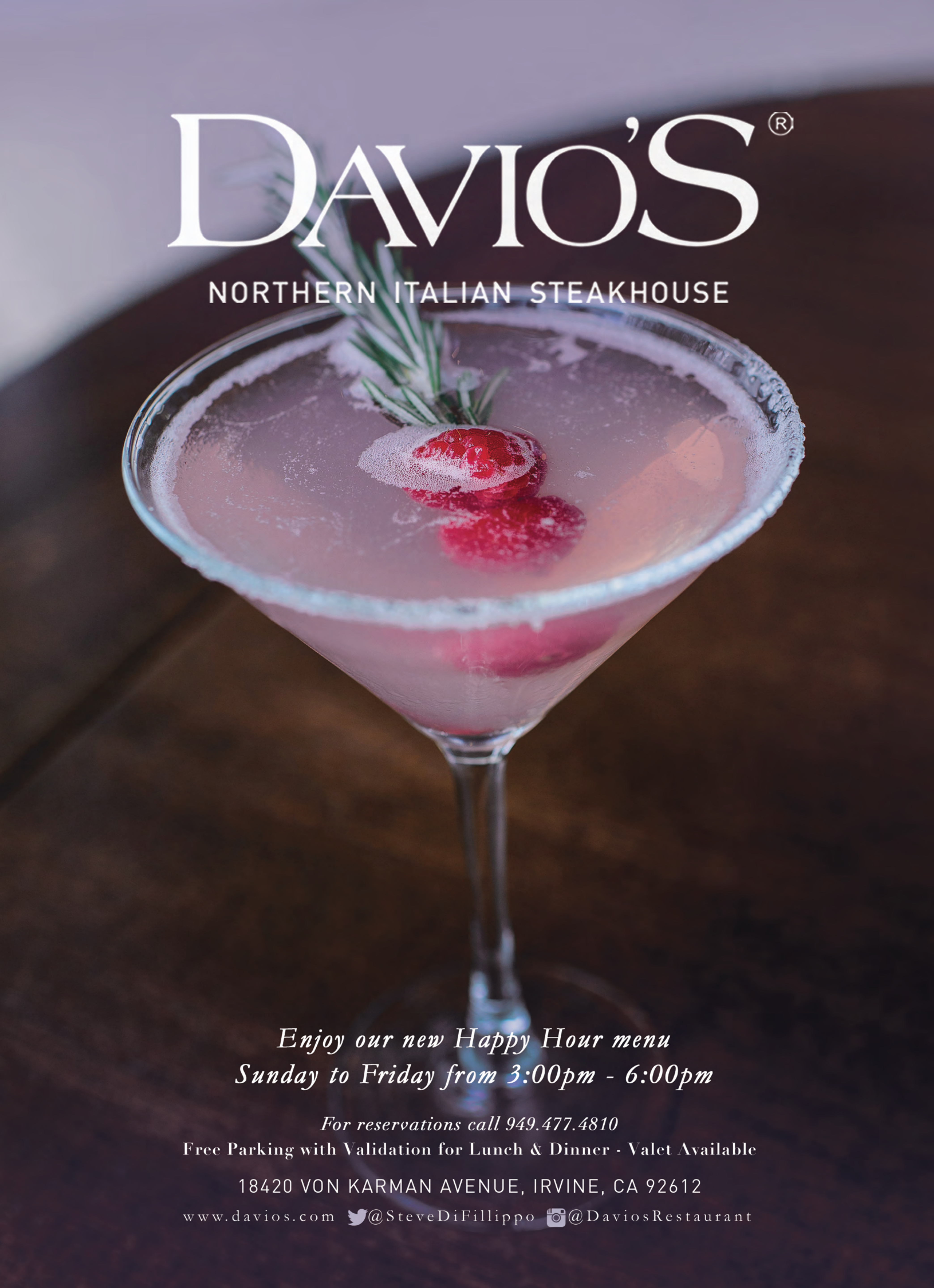
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FAMILY-OWNED BUSINESS AWARD NOMINEES

Ambsn, San Clemente
Dustin Odbert, Owner
Dylan Odbert, Creative Director

ambsn [pronounced: ambition] is a Southern California based swimwear brand founded and operated by brothers Dylan and Dustin Odbert as a fundraising event for a friends hospital bills. With a unique perspective on color, design and fit ambsn makes the most awesome shorts anywhere on the planet. Founded in 2006, with a home base in San Clemente, CA, ambsn produces top-quality California inspired menswear. The brothers and their staff have worked to make their location an inviting community space where people can come together and enjoy a coffee, espresso and pastries. In addition, ambsn collaborates with talented artists and brands to bring additional apparel to their collections. Ambsn products are also sold at PacSun and select surf shops.

Artemis Defense Institute, Lake Forest
Steven Lieberman, Co-Owner
Sandy Lieberman, Founder/Co-Owner
Chaney Lieberman, Associate

Founded in 2013 as innovators in stress inoculation, custom scenario, and indoor firearms training, Artemis Defense Institute has trained over 4,000 of Orange County's 18,000 CCW holders. It is a women-owned company. Steve is a guns rights attorney also serving as a JAG Captain in the California National Guard. Training Law Enforcement, Special Military Units, and the average citizen, Sandy and Steven live their company's motto: You have a right to bear arms...and a responsibility to train. Artemis Defense Institute (ADI) is more than a business, it's a community. Celebrating their 6th year anniversary this April, ADI has trained 4,000 of Orange County's 18,000 CCW holders. Using high-tech, immersive computer simulation technology, ADI can dissect complex and stressful scenarios to greatly enhance firearm proficiency and public safety. Plans for significant expansion are in the works.

A-Tech Consulting Inc., Orange
Robert Williams, President
Casandra Williams, CEO
Conan Williams, Vice President
Joe Williams, Operations Manager

Robert Williams has been in the environmental industry for over 30 years, starting his own business in 2002. He has been an integral part of the environmental industry bringing safe work environments to thousands of buildings across California. Robert and Casandra together have worked to create a work environment that provides an opportunity for women to learn and grow in a predominately male-dominated industry. A-Tech is a 2019 INC 5000 Fastest Growing Private Business Honoree and Robert is a 2018 Goldman Sachs 10,000 Small Business Program Graduate. A-Tech has a program called A-Tech cares that contributes time and money to a variety of community organizations including Armor of Light, Operation Christmas Child, Second Harvest Food Bank, Catarinas Club, California Coastal Cleanup, Donate Life, Casa Teresa and most importantly Orangewood Foundation.

Bayliss Law, Irvine
Katie Bayliss, Attorney/Counselor at Law
Shaun Bayliss, Office Manager

Bayliss Law is a family operated law practice focused primarily on estate planning, probate administration, real estate, business, and injury law. It was founded by attorney and counselor at law Katie Bayliss. Her husband and law school sweetheart Shaun Bayliss assists in managing the practice. In addition to running Bayliss Law which includes Dodge Probate and All In Realty (formerly "Katie B Realty"), the couple also manages Katie B Cosmetics. Prior to becoming an attorney, Katie obtained experience on Capitol Hill for the US House of Representatives and worked for an investment management company. For almost a decade, Katie has been practicing law with a focus on helping small business owners and families with young children. Katie also is licensed as a real estate broker and helping the API community achieve the American Dream of owning a home is one of her passions. Katie earned a BA in Economics at UCI and a Jurist Doctor at Western State University College of Law.

Bedrosians Tile & Stone, Anaheim
Gary Bedrosian, President
Larry Bedrosian, CEO
Marisa Bedrosian, General Counsel
Alicia Bedrosian, Director
Sabrina Bedrosian, Manager

Ed Bedrosian started Bedrosians Tile & Stone in 1948 and his two sons, Gary and Larry Bedrosian now run the company. They have grown the business from its start in Fresno, CA to open their headquarters in Anaheim, CA during the 1970s and now have over 35 locations nationwide. Bedrosians is now one of the largest independent porcelain tile and stone importers and distributors in the United States. The Bedrosians have been honored with Community Service awards from Habitat for Humanity, Fristers, World Vision, Albert Pujols Foundation, Generate Hope, their local church and numerous programs devoted to animals.

Bemus Landscape, San Clemente
Corin Bemus, CEO
Bill Bemus, Founder
Jon Parry, General Manager
Spencer Bemus, Branch Manager

Bemus Landscape is a family owned and operated commercial landscape company that has been in business since 1973. Bemus Landscape has installed and maintained commercial and residential properties throughout Southern California over the last 45 years, providing full-service landscape management. The company is technically experienced, service-oriented and quality measured. Encapsulated by the mission statement – Serving Clients, Growing People – Bemus Landscape's commitment is to serve clients by delivering high-quality service and increased property values while providing career opportunities for employees. The company was named as a *Lawn & Landscape* "Top 100 Landscape Company" in 2017 and won the 2016 California Landscape Contractors Association "Outstanding Achievement in the Retail/Office/Industrial Landscape Maintenance" Award.

Black Parrot Sign Studio, Tustin
Bill McInerney, Owner/President
Tammy McInerney, Sales and Marketing

After 30-plus years working in the High-Tech industry, Bill and his wife Tammy decided to make a break and follow a long-time dream of starting and growing their own business. In 2014 they formed Black Parrot Sign Studio, a full-service company that specializes in business signs, vehicle graphics and wall graphics. Their dedication to providing high-quality products and services was recognized almost immediately as they were chosen as a 2015 Tustin Business of the Year by their local Chamber of Commerce. They followed this success by becoming deeply involved with the community through their volunteerism and participation in the Tustin Chamber, Police Chief's Advisory Board, the Exchange Club, Rotary, and Elks. Both Bill & Tammy have been separately awarded as a "Super Hero of Tustin" for their volunteer work and most recently they are focusing their efforts on the OC Battle of the Badges Golf Tournament – an event created to raise awareness and funds for first responders throughout Orange County.

ConsensYs Property Management, Anaheim
Kevin Jones, Owner/CEO
Stephen Jones, Managing Partner
Suzanne Jones-Dunn, Partner
Jeff Jones, Partner

ConsensYs Property Management was founded in 1965 by Thomas F. Jones and his partners. It is a diverse portfolio which includes residential/commercial real estate, as well as homeowners associations, and covers Orange, Los Angeles, San Bernardino, Santa Barbara, and Riverside Counties. Dr. Jones has four children: Suzanne, Kevin, Jeff, and Stephen, who now operate the company.

FAMILY-OWNED BUSINESS AWARD NOMINEES

Headquartered in Anaheim, CA, ConsensYs Property Management is Los Angeles and Orange County's leading full-service property management firm. With over 50 years in the field of investment property and community association management, they provide experienced and knowledgeable management services for investment property owners and homeowners associations. In 2015 they received a Certificate of Recognition from the City of Anaheim.

Continental Interpreting Services Inc., Yorba Linda
Luis Echeverry, CEO/President
Consuelo Echeverry, CFO
Stephanie Echeverry, VP Business Development
Michael Echeverry, Lead Sound Technician

In 1992, Luis Echeverry started Continental Interpreting Services (CIS) together with wife, Consuelo in their Anaheim garage. Back then, Luis was a court-certified Spanish interpreter – however, his vision for his role in the language services industry was greater. Luis's entrepreneurial spirit allowed him to build a strong foundation that continues to grow after 25 years. Together, Luis and his family continue to be a strong competitor and – despite being family-owned – are recognized in the widespread American language services industry. To this day, the Echeverry family continue to view CIS as a continuous opportunity to create an impact in the language services industry. In 2014, the small business was among the Top 40 Language Service Providers in North America, according to market research firm, Common Sense Advisory.

CosmetiCare Plastic Surgery Center and MedSpa, Corona del Mar
Micheal Niccole, Founder/Medical Director
Devon Niccole, CEO
Penny Niccole, Board of Directors
Charm Niccole, Digital Content Contributor

Voted by his patients as one of the best plastic surgeons in Orange County, Dr. Michael Niccole is the founder and medical director of CosmetiCare Plastic Surgery Center and MedSpa. Since opening the doors in 1982, he has turned CosmetiCare into one of the most successful multi-specialty cosmetic rejuvenation centers in Southern California. Dr. Niccole and the CosmetiCare team help patients look and feel their best every day, through state-of-the-art techniques and procedures, unparalleled experience, and the highest standard of care. Nestled in Corona del Mar, CosmetiCare has become one of the most trusted and recognized names in plastic surgery in the United States largely due to its reputation and proven results. A portion of the revenue generated at CosmetiCare is donated to the Magic Mirror Foundation, a nonprofit that offers no-cost plastic surgery services to those in need including domestic abuse and accident victims, children from third world countries living with abnormalities, victims of bullying, breast cancer survivors and others in need of reconstructive surgery.

E Factor, Tustin
Kari Willis, President/ Co-Founder
Chris Willis, Vice President/ Co-Founder

Kari Willis and her husband Chris Willis started their own firm, E Factor to amplify their ability to make an impact in creating "experiences" for brands and events. Six years later, E Factor has grown exponentially, providing sales, marketing and event expertise across fields such as non-profits/charities, food & beverage, advertising, and wireless. The Willis' initially recognized a lack of impactful marketing in the wireless infrastructure industry and built a company to fill that need. Their drive and dissatisfaction with stagnation led them to new opportunities outside the wireless space, and the last seven years have seen steady growth across many industries. Willis's success has also led her to become the executive producer of a new innovative wireless trade conference. That conference, Wireless West, is now an annual 3-day event, with over 600 attendees from both the United States and abroad. Word of her success and expertise has allowed E Factor to grow at a remarkable rate.

Four Sons Brewing, Huntington Beach
Duke Dufresne, President
Daune Dufresne, Business Management
Deven Dufresne, Director of Operations
Derek Dufresne, Head Brewer
Drew Dufresne, Creative Director
Dustin Dufresne, Assistant Brewer

Four Sons Brewing began as a family project in 2013 with the actual business opening in September of 2014. One of the four sons had been brewing beer in his garage for quite some time and the family decided to turn that into a business. Since 2014, the business has expanded three times, continuing to occupy larger and larger areas of commercial/industrial space in Huntington Beach. From the modest brewery that first existed, there is now a major production facility capable of significant growth for years to come. Additionally, Four Sons beer is now distributed via a network of 10 distributors to locations throughout most of Southern California as well as Arizona, Utah, Colorado, and Tennessee. While continuing to further expand product distribution, the family is now in the process of establishing a distillery with its own production area and tasting room.

FUSION OF IDEAS, Lake Forest
Russ Taylor, CEO
Debbie Taylor, COO
Scott Taylor, Director of Enterprise Accounts

Led by a husband-and-wife team, Russ and Debbie Taylor, FUSION OF IDEAS is the only American mobile integration company of its kind that offers custom app development, full-color printing on mobile devices, and integration of mobile technology into organizations, all under one roof. The company was first to market with StealthArmor, a carbon fiber-like protective film for mobile devices, which was featured in Wired magazine and Gizmodo. FUSION OF IDEAS also captured the attention of The New York Times when it introduced a custom phone case that solved the blocked antenna issue on iPhone 4. From humble beginnings, the Taylors started their business as a small retail kiosk inside The Shops at Mission Viejo. Now operating out of its headquarters in Lake Forest, FUSION OF IDEAS has worked with more than 2,000 of the most significant brands in the world, including Capital One, Audi, Major League Baseball, and Hilton.

GrandPad, Orange
Scott Lien, CEO
Isaac Lien, Co-Founder/Head of Innovation & Employee Experience

GrandPad's origins began at Chapman University's incubator Launch Labs in 2014. Co-founder, Isaac Lien, was a student at Chapman during that time and co-founded the company with his dad, Scott Lien, to provide a simple and safe technology solution for older adults who were becoming increasingly disconnected from their families. Their big break came in 2016 when one of the world's top five PC companies, Acer, invested in the technology startup. GrandPad has consistently grown its subscribers and overall users since it released its offering in 2015. Over the past two years, the company's subscriber base has grown over an average of 30% quarter over quarter. Since launching its partnership with Consumer Cellular in May 2018, GrandPad sales have climbed significantly. GrandPad tablets are now offered in Target stores nationwide, as well as online.

FAMILY-OWNED BUSINESS AWARD NOMINEES

Haven Gastropub, Orange
Wil Dee, Founder/CEO
Jessica Dee, CFO

As founder and CEO of Haven Gastropub, Wil Dee, along with his wife, Jessica, not only set the bar but continue to raise it when it comes to the Orange County culinary and beverage scenes. Wil began his career in the service industry in the late 1990s, when the craft beer community had not come into existence. With the opening of Haven Gastropub in 2009, he brought one of the first true gastropub experiences to Orange County. Four years later, Wil opened the region's most diverse and extensive bottle shop and tasting room, Provisions Market, which follows his strict guidelines and system to ensure the very best selection of craft beer and wine on tap, and in bottles or cans. Wil's beverage programs have earned him numerous accolades, including "Best Gastropub" by industry authority, *Draft Magazine*; "Best Beer List" by locally driven Golden Foodie Awards; "Award of Excellence" from Wine Spectator for multiple years running; and numerous other nods, which serve to inspire him to reach even greater heights.

Institutional Wealth Consultants, Santa Ana
Mark Delp, CFP/President
Dina Delp, CPA/CFO

Mark and Dina Delp started their personal financial planning firm in 2009 and ended that year with three employees and under $500,000 of sales. This year they have 21 employees and expected sales of over $7 million. The team they assembled now advise on over $1 billion in client assets. That puts them in the top 10% of all firms nationwide. This is amazing growth but what they are most proud of is the culture of giving back that they have inspired. Over 80% of the employees are involved in at least one charity and many of them give their time and resources to multiple causes. Dina was instrumental in finding funding for an after-school tutoring program for at-risk elementary kids and they are both key leaders in Boy Scouts, Girl Scouts, and autism-related charities.

Mackenzie Corp, Lake Forest
Katie Rucker, President/Operations/Co-Owner
Jenny Dinnen, President of Sales & Marketing/Co-Owner
Ron Rucker, Production Manager
Carol Cromwell, Project Coordinator
Don Vivrette, Founder/Chief Ideation Officer

After years of working as an independent data analyst and business consultant for top tier companies around the globe, in 1985 Don Vivrette launched MacKenzie Corporation. Focused on being curious, creative, and customer-centric in every facet of operations, MacKenzie Corp sought to help businesses understand and leverage data analytics to increase revenue and strengthen value for their customers. Don used his growing business as an opportunity to foster dedication, problem-solving, and teamwork within his two young daughters; Jenny and Katie Vivrette. Initial success led to more projects and more employees; growing from a home-based office to its first commercial space in 1987. Fast forward 33 years, MacKenzie Corp now operates in Lake Forest led by second-generation ownership; daughters (and twin sisters) Jenny and Katie. Driven by a staff of 13 happy, motivated individuals, MacKenzie Corp has evolved into a full-service research and analytics company empowering clients and brands across the country grow their businesses.

Mark Beamish Waterproofing, Anaheim
Adam Beamish, President
Mark Beamish, Founder

In 1981, Mark Beamish was simply trying to find a way to create a better life for his young family. From his home garage in Anaheim, California he started in the industry by providing caulking and elastomeric membrane systems for concrete tilt-up buildings to local subcontractors. Little did he know that from such humble beginnings would come a firm that now boasts more than 100 dedicated employees serving a variety of general and specialty contractors from around the United States. Upon graduating from college, Mark's son Adam joined the company and started working in the field to fully understand every role within the company. MBW ultimately transitioned in 2009 when Adam took the reigns as president.

During his tenure, he's been successful in transitioning to second-generation management by achieving growth and profit during the recession, sustaining long-tenured employees (many with over 20 years of MBW experience), cultivating second-generation MBW employees, opening multiple offices to expand services to longtime loyal customers and to increase the number of opportunities for employee growth, and completing large-scale jobs and winning awards, which is secondary to employee growth and opportunities.

Montessori Funtime Preschool, Lake Forest
Dr. Seema Choudhary, Founder
Dharmendra Pal, Administrator

The Montessori Funtime Preschool was founded in 2008 when Dr. Seema Choudhary's kids were little. Dr. Seema Choudhary is a former UCI chemistry professor and current executive director of Montessori Funtime Preschools in Irvine and Lake Forest. Coming from a family of educators, her pursuit of excellence in education led to gaining further education & training in ECE (Early Childhood Education) and Montessori methodology of teaching. Between the ages of two to five years, children are at the apex of their ability to learn, their brains are like sponges and can soak up learning and that's why so important. Montessori activity time is a pivotal part of her program and with an equal emphasis on art, sport, group time, music & movement and healthy food. Kids blossom into avid capable and avid readers and are ready to learn more before graduating to kindergarten. Choudhary believes in 'Whole-child-development' with family involvement as the pillar of her school's foundation.

New American Funding, Tustin
Rick Arvielo, CEO
Patty Arvielo, President
Tom Briggs, Branch Manager
Rob Briggs, Branch Manager
Jim Golay, Facilities Manager
Marcia Gregorio, Production Manager
Tara Briggs, Loan Consultant







New American Funding is dedicated to helping other families and individuals improve their quality of living. The company is a Fannie Mae, Freddie Mac and Ginnie Mae direct lender; seller; and servicer; and even though they have thousands of employees, they're a family. Founded in 2003 by Rick and Patty Arvielo, the company is licensed in multiple states across the nation, funds approximately $900 million in home loans every month and maintains a servicing profile of $29.4 billion. New American Funding currently has 210+ retail branches and approximately 3,000 employees nationwide. The Arvielos remain active in the housing industry and community, fulfilling their passion of advocating for homeowners and underserved communities. They are active in the Mortgage Bankers Association, the National Association of Hispanic Real Estate Professionals and other organizations in the housing industry. In addition, they serve their community through a variety of philanthropic initiatives, including sponsoring community involvement among employees with their in-house Lending a Helping Hand program.

Oggi's Pizza and Brewing Co., San Clemente
George Hadjis, Founder/President
John Hadjis, Founder/Vice President

The Oggi's franchise was created by brothers, George and John Hadjis, who began serving their own pizzeria experience in August 1991. After more than 20 combined years working in the technology industry, George and John opened their first restaurant in Del Mar, California as a franchisee of an existing local pizza

FAMILY-OWNED BUSINESS AWARD NOMINEES

chain. Throughout the years, the restaurant concept evolved from a pizzeria style to a sports-themed restaurant with many televisions, the addition of delivery, followed by the evolution into the brewing industry. Oggi's Pizza and Brewing Co. has 16 locations in Southern California and Arizona. Oggi's is currently the official pizza of the Los Angeles Angels of Anaheim, and specific Oggi's menu items are also available at Angel Stadium. Oggi's award-winning brews have earned more than 50 medals in international, national and regional beer competitions.

Ophthalmic Instruments Inc., Irvine
Scott Shone, President/CEO
Christy Shone Mikesell, Division Manager-Arizona
Jeff Mapson, Service Specialist-Arizona
Dusty Mapson, Division Manager – Northern California
Jay Mapson, Sales – Northern California

For over 40 years, Ophthalmic Instruments, Inc. (OII) has been the premier distributor of a comprehensive line of quality ophthalmic products and supplies that are professionally installed and maintained. With four physical locations in the Western US, OII provides its customers with professionally trained field service representatives in eight states – California, Arizona, Nevada, Utah, Colorado, Hawaii, New Mexico and Wyoming. In the last two years, the OII workforce has increased by 20% and in 2012, moved from a 3,200 square foot building in Tustin to a 10,000 square foot building in Irvine. In the last seven years, OII has added three locations including new warehouses in California, Arizona and Colorado. OII has seen a 20% increase in sales over the last two years and is the small, local, 100% family owned business left among any of its major competitors. Customers include Optometrists and Ophthalmologists, Medical Providers, Hospitals, Clinics, Drug Companies, Government and Universities. Top customers include Kaiser Permanente, UC Irvine, Allergan, UCLA, Stanford, and UC San Diego.

Osmond Marketing, San Clemente
Amy Cook, CEO/Founder
Jason Osmond, Client Relations Director
Emily Woll, COO
Jeff Cook, CFO

Osmond Marketing is a woman-owned, full-service content marketing organization specifically designed to meet the needs of scaling businesses. Osmond Marketing's innovative model allows companies to expand services seamlessly as they grow. With unsurpassed quality and customer service, Osmond Marketing experienced 148% growth in 2015 and is on track to experience the same levels of growth this year. Osmond Marketing was ranked the 28th fastest-growing company at the MountainWest Capital Awards. Osmond Marketing was recently featured in Forbes and Huffington Post. Dr. Amy Osmond Cook, CEO of Osmond Marketing, received her Ph.D. from the University of Utah in Organizational Communication and has worked as an instructor at Arizona State University, Brigham Young University, and the University of Utah intermittently for the past 15 years. Amy was featured on the cover of Business Q Magazine as one of the top 40 under 40 entrepreneurs in Silicon Slopes. She has been featured in publications such as Forbes, People, and USA Today and on television shows such as Good Morning America.

Pacifica Hotels, Corona del Mar
Matt Marquis, Chief Executive Officer
Dale Marquis, Chairman of the Board
Adam Marquis, President
Chris Marquis, Executive VP

Pacifica Hotels began with a dozen hotels in the 1990s to 41 owned and managed properties along the California coast, Florida, and Hawaii. Pacifica Hotels has been repeatedly ranked as a Top 50 Hotel Management Company by Hotel Business and employs over 1,700 employees nationwide. Many of Pacifica's properties have also been nominated for "Gold Key" design awards and the company has been highlighted and featured in numerous press and magazines for its innovation, corporate leadership, and community involvement. In the last five years, Pacifica Hotels has expanded its third-party management platform, adding twelve additional hotel properties and more than doubling in its total hotel revenues. The company has also developed internally two hospitality/lodgings brands, called the Kinney and the Wayfarer. In 2019, the company also joint-ventured with an acquisition platform to manage and operate select-service hotels including brands such as Marriott, Hilton, and IHG across the United States. Most recently, Pacifica Hotels completed its largest transaction to date, the sale of its largest asset, the Courtyard by Marriott King Kamehameha's Kona Beach Hotel.

Philly's Best Cheesesteaks, Irvine
Bob Levey, Co-Founder
Andrea Levey, Co-Founder

Philly's Best Cheesesteaks, Southern California's destination for authentic Philly Cheesesteaks and Hoagies, is celebrating 26 years of true Philly flavor. The company was started by native Philadelphians and husband-and-wife team, Bob and Andrea Levey, who wanted to bring the flavors of Philadelphia to their new home. In 1992, they opened their first Philly's Best location in Fountain Valley. The company's authentic flavors start with proprietary recipes, along with ingredients and products direct from Philadelphia, including Amoroso® rolls, Wise® Chips, Taylor® Pork Roll, Frank's® Soda, Pennsylvania Dutch Birch Beer® and numerous TastyKake® offerings. A unique Philly brand and concept, Philly's Best has grown to 21 locations throughout Southern California.

QKYSonic, Garden Grove
Rakesh Tammabattula, CEO/Founder
Dr. Jacqueline Nguyen, COO

QYKSonic is a California-based health and beauty technology company that creates simple, yet revolutionary top-of-the-line skincare devices. QYKSonic was founded by Rakesh Tammabattula and Dr. Jacqueline Nguyen. QYKSonic's ZOE™, the first and only advance skincare device beauty device, powered by T Sonic® technology, was recently named one of the year's Best Product Award Winners by the prestigious Les Nouvelles Esthétiques & Spa Magazine. ZOE was nominated from thousands of products on the market to readers selected 44 product award winners recognized for their quality, results and innovation. With a background in IT engineering, Rakesh Tammabattula has always been innovative and highly interested in creating all things tech and electronic. After moving from Hyderabad, India to the US in 2008, Tammabattula hit the ground running as an entrepreneur. Prior to launching QYKSonic in 2017, he had founded two companies and created multiple patents.

Reborn Cabinets, Anaheim
Vincent Nardolillo, Founder
Brenda Nardolillo, Founder
Vince Nardolillo, President
Anthony Nardolillo, CFO

After driving across the country as a family in 1974, Vinny Nardo took jobs at local cabinetry companies in Anaheim. Vinny brought a "new" method of cabinetry to these companies: Refacing. Refacing was, and

FAMILY-OWNED BUSINESS AWARD NOMINEES

remains to be, a faster and more affordable way to restore cabinets. This new technique was so exciting and very profitable for the companies that Vinny worked for, that the couple saw an opportunity, so Vinny and Brenda decided to try to make a go of running a cabinetry company of their own. Reborn Cabinets was founded in 1983 with a $300 table saw and a 1,200 square foot office. Today, Reborn is still completely family owned and operated. In addition to the leadership of Vinny and Brenda, Vince Nardo and Anthony Nardo have expanded Reborn Cabinets to four locations, including their 10,000 foot Anaheim Showroom and manufacturing center. Two more California locations are in development in San Diego and Bay areas.

Recruitment LLC, Long Beach
Catherine Anderson Lawrence, President/CEO
Ian Patrick Anderson
Mark Lawrence

Catherine Anderson Lawrence brings 25 plus years of Commercial Banking, hands-on experience, and executive level management in talent acquisition. In her career, she has experience in special projects, training, department & company leader, full cycle recruiting, relationship management, coaching and specialty lending. Prior to joining Recruitment LLC, Lawrence spent 16 years at LANI specializing in recruiting for commercial lending, training and spearheading special bank projects at local and national banks. In addition, Lawrence has served on the CREW-OC(Commercial Real Estate Women of Orange County) Special Events board for 4 years.

StaffRehab, Newport Beach
Sara Palmer, Founder/CEO
Lindsay Joseph, Chief Talent Officer
Greg Palmer, Board Member

Founded in 2009, StaffRehab is a provider of candidates for school districts and health care facilities. StaffRehab's mission is to align candidates' and clients' values as the company's own. As experts in staffing, the firm partners with special education programs to provide specialists, such as physical therapists and physical therapy assistants, occupational therapists and occupational therapy assistants, speech-language pathologists, psychologists, counselors, school nurses, special education teachers, social workers, BCBAs, APE teachers, O&M specialists, VI teachers, and DHH teachers. StaffRehab has grown to employ more than 300 internal and contract employees. In addition, Sara has grown StaffRehab to more than $10 million in revenue annually. The company has made the Inc. 5000 list three years running and is one of the fastest growing businesses in this space providing services to more than 18,000 students annually. Palmer is driven by her personal philosophy: Do your best — and find and foster a team that you believe will do the same. She's motivated by the students that StaffRehab serves and by the team that StaffRehab has built.

Surf City Still Works, Huntington Beach
Josh Kornoff, Co-Founder
Elena Kornoff, Co-Founder

Josh and Elena co-founded Surf City Still Works, which is Huntington Beach's first-ever distillery. Since 2017, the couple has fast-tracked Surf City Still Works' operations to go from signing a warehouse lease to distilling their first batch in six months (usually a year-long process). Within six months of its grand opening, Surf City Still Works' spirits were picked up by major resorts including Balboa Bay Resort, Marriott Irvine Spectrum and Pasea, sold at Hi-Time Wine Cellar and Costco. The team signed a distribution partnership with Southern Glazers Wine & Spirits in March 2019. Less than a year after the grand opening, Surf City Still Works launched a canned cocktail line modeled after their own craft cocktail lineup.

FAMILY-OWNED BUSINESS AWARD NOMINEES

Elena and Josh distill vodka, gin, rum and whiskey and are dedicated to supporting local artists. Each bottle features the artwork from local surf-lifestyle artists to harness and share the spirit of California.

Tevora, Irvine
Ray Zadjmool, CEO
Nazy Fouladirad, COO

Founded in 2003, Tevora is a specialized management consultancy focused on cybersecurity, risk, and compliance services. Based in Irvine, CA, their experienced consultants are devoted to supporting the CISO in protecting their organization's digital assets. They make it their responsibility to ensure the CISO has the tools and guidance they need to build their departments, so they can prevent and respond to daily threats. Their expert advisors take the time to learn about each organization's unique pressures and challenges so they can help identify and execute the best solutions for each case. They take a hands-on approach to each new partnership, and –year after year –apply their cumulative learnings to continually strengthen the company's digital defenses.

The CPR Lady, Irvine
Helen McCracken, Founder
David Dudley, CEO
Angelica Dudley, Instructor/Admin

The CPR Lady Training Center began operating as an American Heart Association Training Center in March 1994. The Training Center is family owned and operated. Helen McCracken is the founder and owner of The CPR Lady Training Center and has been involved with the American Heart Association for over 30+ years at all levels - local, state, and national. Helen has been an AHA volunteer, Instructor, Training Center Coordinator, Regional Faculty and BLS National Faculty. Helen completed a four year appointment on the AHA National First Aid Committee. She was involved in writing the 2010 Guidelines for First Aid and development of the First Aid materials, video, and mobile app. Helen served as a member-at-large on the ECC The CPR Lady Training Center began operating as an American Heart Association Training Center in March 1994. In June 2013, she was appointed as an American Heart Association National Volunteer. July 2015 to June 2018, Helen was a member of the California ECC Committee and served as Chair of the Quality Assurance & Quality Improvement committee.

Tom Ferry International, Irvine
Tom Ferry, CEO
Kathy Ferry, Co-Founder
John Wesley, Director of Operations
Steve Belmonte, President
Joe Belmonte, VP of Sales

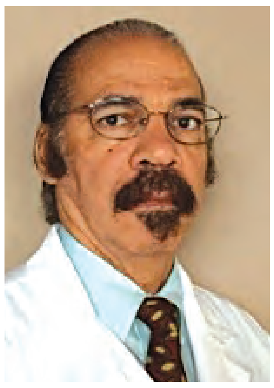
Tom Ferry is founder and CEO of Tom Ferry International, a real estate coaching and training company. Tom Ferry International is a group of experts led by master coach Tom Ferry, who has more than 30,000 hours of personal coaching experience and works daily to help agents and brokers grow prosperous businesses.Tom is the No. 1 "Real Estate Educator" as named by Swanepoel Power 200, a world-renowned speaker and the best-selling author of *Life! By Design*. He has influenced hundreds of thousands of real estate professionals by teaching multiple lead generation and conversion techniques focused on innovation and marketing.

VIP Rubber & Plastic, La Habra
Bernardyne (Deena) Campana, President
Howard Vipperman, Chairman of Board
Kathy LeClair, CFO
Cindy LeClair, VP Marketing
Lisa Perez, AP/AR
Albert Perez, VP Aerospace Sales
Dean Gillespie, VP Technical Sales

VIP Rubber & Plastic is one of the largest manufacturers of custom, American-made rubber & plastic products in the United States. Since 1961, they have manufactured high-quality products that have allowed their customers to emerge as leaders in their industry. Since then, many members of the family have come to play integral parts in the history of VIP's success. Sons, daughters, nieces, nephews, and family friends have all joined forces to keep VIP the viable, family-owned American manufacturer it still is today. Their core capabilities are rubber extrusion, plastic extrusion, rubber sheet and molded rubber.

Western Health Care, A Professional Medical Corporation, Carson
Veassa Johnson, Physician Owner, MD, MBA
Arnold Savage, Physician Owner, MD, MBA
Nnena Iman Savage, COO, MBA

In 1992, Dr. Johnson and her husband, Dr. Arnold Savage established Western Health Care, A Professional Medical Corporation a private group primary care medical practice located in the federally designated medically underserved area of South Los Angeles where Dr. Johnson was born and raised. Western Health Care has continued to grow and in 2014, opened its second office location in



Carson, CA where it continues to serve poor and working-class communities. The practice has grown from a private Fee for Service primary care practice to a practice operating two locations and holds seven IPA/managed health care contracts. It employs two full-time physicians, two physician assistants, three medical assistants, a licensed vocational nurse, a certified billing coder, and a practice manager who is their daughter, N. Iman Savage, MBA. Dr. Johnson is also co-founder of the W.I.S.H. Foundation, an acronym for Work, It Shall Happen. W.I.S.H. Foundation is a non-profit dedicated to the elimination of health, and educational disparities in underserved minority communities.

WMBC, Lake Forest
Scott Coles, President
David Coles, COO/Wealth Advisor
Evan Coles, Creative Strategist

Pioneering the evolution of wealth management since the early 80s, Scott Coles is the founder of WMBC. As a trusted advisor for both clientele and industry professionals, Scott has earned nearly 40 years of experience. With collective efforts between Scott and his sons, David Coles and Evan Coles, WMBC

launched Human Centric Wealth Planning, which is revolutionizing the industry and allowing men and women to live their best life now. Not just in retirement. The creation of Human Centric Wealth Planning™ began in 2015, born of the realization that 1) issues such as family relationships, career decisions, or vitality were much more important to individuals than the rate of return they can achieve and 2) that money is the main tool individual's use to bring about change or improvement in their life.

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