

BUSINESS TIMES®

JULY 17-23, 2009 SERVING SANTA BARBARA, VENTURA AND SAN LUIS OBISPO COUNTIES • WWW.PACBIZTIMES.COM VOL. 10, No. 19

\$60M sought in business jet accident

BY STEPHEN NELLIS
Staff Writer

The most disruptive accident at the Santa Barbara airport in decades has spurred a \$60 million civil lawsuit between the parent company one of the Tri-Counties' biggest private companies and a French maker of corporate jets.

The accident took place June 10, 2007,

when a 13-passenger Dassault Mystere Falcon 900 ran off the main runway at the Santa Barbara airport, snapping the front landing gear and coming to rest in the dirt nearly 600 feet away. The crash closed down the runway for six hours on a Sunday evening, forcing the cancellation of several commuter flights to the region's busiest airport.

The Falcon jet is part of the business

empire of Stephen Sorensen, chairman and chief executive officer of Santa Barbara-based Select Staffing, the third-largest private company in the region. The jet is owned by Santa Barbara-based Trishan Air and was being leased to Select's parent company, Koosharem Corp., one of the plaintiffs in the lawsuit.

The plane was fully loaded with fuel and passengers for a cross-country busi-

ness trip to Tampa, Fla. Select confirmed that company President Paul Sorensen was on the plane but said that his brother Stephen was not.

Details about the two-year-old incident are now emerging in a lawsuit filed in federal court in Los Angeles. Koosharem alleges that Dassault Falcon Jet Corp., the plane's manufacturer, published mis-

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Towbes thrives in tough times

Michael Towbes likes to keep busy.

In the face of the worst recession he can remember, Towbes, one of the region's most successful builders and bank owners, will not be slowing down anytime soon. The best evidence for that is a wall full of plans in the Towbes Group conference room in downtown Santa Barbara.

Towbes' success over 50 years in business stems from focusing on operating in the tri-county region and building profits for the long term. He has an uncanny way of figuring out how to make money — in good times and bad, said Harold Edwards, chief executive officer of Limoneira Co. in Santa Paula.

At age 80, Towbes is working on a 108-unit apartment project in the city of Ventura, a 100-unit expansion of his Willow Springs rental project in Goleta and an extension of aerospace components maker ATK's facility on the South Coast.

His banking enterprise, Montecito Bank & Trust, is perhaps

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HENRY DUBROFF
Editor



JEFF CLARK PHOTO

Gills Onions co-owner Steve Gill holds stands in front of the firm's new fuel-cell plant, which will turn onion waste into 600 kilowatts of clean electricity.

Energy, layer by layer Gills Onions launches fuel cell facility

BY STEPHEN NELLIS
Staff Writer

Spending \$9.5 million is enough to make most business owners cry, but for Steve Gill, co-owner of Gills Onions, it meant the fulfillment of a longtime goal.

Gills processes as many as a million pounds of onions a day at its Oxnard facility, which employs about 400 people and is the largest onion processor in the country. Its

daily work generates about 300,000 pounds of onion waste, but a new energy recovery system at Gills turns what was once thrown away into clean heat and electricity and valuable cattle feed. The system generates 600 kilowatts of electricity.

"It's a hard pill to swallow, but it's been one my goals for my whole life to take care of this waste," Gill told the Business Times.

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Partners key to bank buy

BY SARA HAMILTON
Staff Writer

Behind the scenes of the Bank of Santa Barbara sale — one of the biggest to hit the city in recent years — is a team of tri-county heavyweights headed by veteran Santa Barbara banker Eloy Ortega.

Ortega assembled about 10 investors, including Kinko's founder Paul Orfalea, Tim Marquez of Venoco and Hutton Foundation President Thomas Parker.

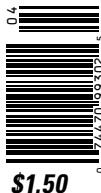
The deal got off the ground a few months ago, when Ortega was approached by a few investors who were interested in starting a new bank.

"I quickly squelched that," Ortega told the Business Times. "I'm not interested in starting a new bank, especially in today's times. I proposed that we acquire an existing bank because it would be faster and more cost-effective."

That's when the growing team of investors started looking for an opportunity, but they didn't have to look very long before happening upon Bank of Santa Barbara. Ortega said it was a classic case of being in the right place at the right time.

"We've got a very high-profile group of local investors that have stepped up

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East Ventura Co.
\$75M home could be new resort
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BANK

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and wanted to bring this bank back into Santa Barbara," Ortega said. "Even though the minority interest was owned locally, we wanted to bring the full interest back into the community.

"I didn't approach the local branch," Ortega said. "I asked [Capitol] if I could buy controlling interest, and I was put in touch with the right folks."

Before the sale, Bank of Santa Barbara was majority-owned by Michigan-based Capitol Bancorp. Chairman and Chief Executive Officer Joseph Reid appears to have been open to Ortega's unsolicited offer.

The exact price of the sale wasn't disclosed, but Ortega said he agreed to a total price of 1.6 times the tangible common equity of the \$62 million Bank of Santa Barbara.

"It's a pretty complex transaction, but it's one of those deals where both parties walk away and are not necessarily ecstatic. Neither end comes out feeling like they beat up the other guy," Ortega told the Business Times. "We didn't get a steal, but they didn't end up with a whole lot of money on the table either. There are a lot of moving pieces in this deal."

As reported earlier by the Business Times, Capitol Bancorp had been working through a string of consolidations and divestitures when it was approached by Ortega. The company's troubles seem to have started when it posted a wider-than-expected first-quarter loss.

"Capitol has historically concentrated on the expansion and retention of affiliates," Reid said in a statement. "However, we believe that this opportunity to return the bank to a group of local investors in the Santa Barbara community, while supporting many of our strategic objectives, will be mutually beneficial."

Capitol said it will continue to provide data processing and back-office support functions to Bank of Santa Barbara after the transaction is finalized in the early fourth quarter.

Ortega expects a capital offering about six months after the completion of the sale. Part of that funding will help support a plan for a branch in the Montecito area. He said he would also consider expanding into the Goleta area, but "bricks and mortar are pretty expensive, so we're going to stick with what we've got right now."

Investors agreed that they would be wise to take Ortega's advice. Before acquiring Bank of Santa Barbara, Ortega was president and CEO of City Commerce Bank and founding president and CEO of Business

I proposed that we acquire an existing bank because it would be faster and more cost-effective.

Eloy Ortega

Veteran banker on buying Bank of Santa Barbara

First National Bank.

Marquez said that although he doesn't know much about banks, "I have known [Ortega] for many years and trust him implicitly. He has an outstanding reputation with small banks and is well-respected in the community, which is very important."

Marquez said that when Ortega contacted him two months ago, he had already brought on Orfalea and Parker as investors.

"I've known Eloy for a long time, and I've always thought that he runs a great bank," Parker said. "He's got the formula down for how to create a nice little community bank."

Ortega knows he has a winning recipe, and he's not looking to change the mix for Bank of Santa Barbara.

"There are going to be a lot of similarities," Ortega said, promising the latest in

technology and a focus on customer service. "My model is to focus on client services, and it's a model that's worked for me and my prior banks, and I think it'll work here. It's an easy way to do business, but it's hard to get there."

Though Ortega said it was a little premature to be talking about staffing changes, he plans to bring in a few new board members.

"The corporate board members – the ones that are really representing Capitol Bancorp – will be resigning," Ortega said. "We expect to end up with nine outside directors, but we hope to retain the existing board and staff because that's really who built the organization. We want to build upon what they've already created, not tear it down and start over."

CKE

Continued from page 3A

competitors that rely on volume.

In late June, the company said same-store sales for its 3,100 company-operated stores were down about 2 percent over the past fiscal year and quarterly profits declined about 13 percent, from \$16.6 million to \$14.4 million. But its individual store margin was nearly 20 percent, what CEO Andy Puzder called "the highest in the industry."

CKE is making its online push while businesses everywhere are trying to find out how social media and sites such as YouTube can help their bottom line.

Josh Gordon, a New York-based author of several books on selling in the Web 2.0 age and a recent white paper titled "The Coming Change in Social Media Business Applications: Separating the Biz from the

Buzz," said it's not time to cut the marketing department quite yet. Facebook and YouTube are supplements, not replacements, Gordon said.

"I don't know that companies are making any money using [social media]. They're supporting activities that do make money," Gordon said. However, if you're targeting a young audience, Gordon said, social media "is almost foolproof."

Haley said CKE has no plans to forsake traditional television spots for YouTube.

"While [digital video] is growing and very targeted, it's still hard to deliver the number of eyeballs digitally that you can get with television, assuming you have enough of a budget to do justice to a television schedule," Haley said.

And because viewers have to choose to click on a digital video spot, the message can't get straight to the pitch. The spots are better suited to building brand image.

"It has to have an entertainment component," Haley said. "You can be more

direct in your message in a television ad because you're working with a 30-second window and because TV is more of a push media."

One thing Carl's Jr. may have going for it in social media is the brand's edginess. The company features scantily clad women in its advertisements, and menu items such as its guacamole bacon burger don't pretend to be health food. The message is that if you're a hungry young man who's tired of being nagged to behave well and eat your vegetables, CKE has your burger.

"That plays very well in social media. You can't just talk about your restaurant," Gordon said. "You have to turn it into a lifestyle thing. They're taking a sort of attitudinal approach: We're cool, we're edgy, we're making fun of your teachers, we're on your side."

In 2007, CKE's elected to edit its "Flat Buns" commercial for its new patty melt because a schoolteacher dancing sugges-

tively on top of her desk drew protest from educators. Earlier this year, the company put out a press release about how men made irritable by hunger could find relief in a new product: "Carl's Jr. announces cure for the common crabs: New crisp burritos are just what the doctor ordered."

"The worst thing in social media is to be safe and have people say, 'That's nice,'" Gordon said. "You have to get people to say, 'Wow, that's great, and I'll send it to all of my friends,' or 'Wow, that's horrible, and I'm going to post a response.' In either one, there's drama."

CKE's Haley said that the metrics and geo-targeting online marketing allows will play into the firm's strategy to go against the trend of ever-cheaper menu items in favor of profitable burgers.

"We don't have a lot of 99-cent stuff, but the food we have is a good value for the money," Haley said. "It's comparable to a sit-down restaurant but a lot cheaper."

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