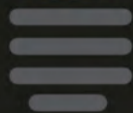


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**AWARD
NOMINEES
START ON**
Page 22

■ Accelerators Put Startups World Into High Gear **PAGE 2**

■ Innovators in Spotlight on Show **PAGE 4**

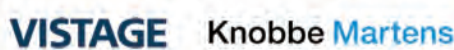
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Accelerators Help Bridge County's Vast Sprawl

Jumpstart Companies By Various Means

By DEIRDRE NEWMAN

Accelerators play a multifaceted role in any startups ecosystem, providing access to investors and mentors and helping companies scale.

The main difference between accelerators and incubators is that the former typically invests in early-stage companies within a three- to six-month time frame, and helps them establish market validation. The latter typically nurtures ideas, but that's not always the case. Some accelerators morph from one incarnation to another, while others act as hybrids.

In Orange County in particular, accelerators provide collaborative spaces that overcome the sprawl of the county by being spread out across it, said **Ray Chan**, managing director of Newport Beach-based **K5 Ventures**, which started as an accelerator and grew into an early-stage investment firm.



Chan: accelerators afford collaboration for first time in OC

"They generate an important collaborative atmosphere that we've never had in Orange County before," he said. "Orange County was more disconnected than places like Santa Monica and Silicon Valley. Accelerators address the problem that size presents by providing focused places for entrepreneurs to come together."

The community of accelerators of various types continues to expand, including the latest entry, Wayfinder, which is managed by **Applied Innovation**, the innovation institute at the **University of California-Irvine**. It's a hybrid type of incubator that accelerates venture development (see graphic, opposite).

Granddaddy Accelerator

Aliso Viejo-based **Octane** started the Launchpad accelerator in 2009. It uses a rolling admissions process and doesn't charge a fee or take equity in the companies that participate. Launchpad uses the power of data, predictive analytics, and good old human interaction to create capital strategies and prepare companies to meet investors and identify other growth resources.



Carpou: 400-plus firms have gone through Launchpad

More than 400 companies have cycled through Launchpad, over 350 of those having received funding, Chief Executive **Bill Carpou** said. The companies have received \$1.6 billion in capital, and if you add in those that have achieved exits, that rises to \$2.1 billion. Carpou said there have also been \$500 million-plus in liquidity events for some of those companies, where founders and investors were able to cash out their stakes.

Launchpad is part of a special capital-access program administered by the Governor's Office of Business and Economic Development. It outperformed the other 42 statewide programs over the past two fiscal years and on its own accounted for more than 25% of the total capital infusion amassed statewide, according to **Mike Daniel**, regional director of the **Orange County/Inland Empire Small**

Business Development Center Network.

Octane is a nonprofit operating as both a 501(c)(3) and a 501(c)(6).

One grateful Launchpad graduate is Irvine-based **Mavenlink**, a business software maker that passed through the accelerator in 2010. It's since raised \$84 million and expanded its employee base by 260, according to Chief Executive **Ray Grainger**.

"Octane has provided invaluable support, and their new growth services platform will further help develop the Orange County ecosystem," Grainger said via email. "We are committed to building our company in Orange County and supporting Octane to lead the evolution of this ecosystem to world class."

Meeting Tech Need

Entrepreneurs and long-term investors Chan and **Amir Banifatemi** started **K5 Ventures** as the **K5 Launch** accelerator-oriented fund because they identified a need in Southern California—specifically OC—for more sustainable technology-based businesses and the creation of an ecosystem similar to those in Silicon Valley, Boston and New York City, Banifatemi said.

They started **K5 Launch** in late 2010 as one of the first accelerators in the region, they said. Nine months later, they concluded that the accelerator model needed more of an established system of technology entrepreneurs, more funding sources, and widespread collaboration between stakeholders to sustain growing demand, Banifatemi said.

They adapted the best elements of the ac-



Banifatemi: big hopes OC to be 'meaningful hub of innovation and social progress'

celerator model and turned it into a hands-on investment firm. That meant working directly with companies by providing capital and expertise to help in execution, achieving the right market fit for the product, and helping demonstrate business viability. **K5** takes 5% to 15% ownership stakes based on the company's value and how much it invests, Banifatemi said.

K5 Ventures, as it's now known, has worked with and advised more than 1,200 early-stage companies within the past six years and made more than 100 investments. Recent exits include **Flipagram**, which was acquired by China-based **Toutiao**, and **Connectifier**, which Sunnyvale-based **LinkedIn** acquired.

Banifatemi said that "with more than seven partners and more than 200 experts working with us, we have large hopes for Orange County as a meaningful hub of innovation and social progress."

Hybrid of Sorts

Ergo Accel was born out of the desire to work with early-stage companies wanting to grow rapidly and plug into a community of mentors and advisers aligned with their goals, said founder **Peter Polydor**, chief executive of **Ergo Capital**, which supports the accelerator.

Ergo Accel is in the Eureka Building in Irvine, which Polydor owns. Like a traditional accelerator, it invests capital in companies—\$15,000 each—and surrounds them with people and tools for growth. But it functions more like an incubator, in that it provides space for companies for up to a year.

It's taken on three companies since launching in January and has a goal of finding more entrepreneurs and maxing out at 10 companies in any given year.

Cutting-Edge Concepts

Blasmo started in 2010 as a social media

agency and became an accelerator in 2015. Founder and Chief Executive **Peter Perez Jr.** said it's forward-looking in concert with his mindset, which "has always been 10 steps ahead of what we are trying to accomplish."



Perez: startups 'should self-sustain'

He said he's self-funded the accelerator from the get-go with approximately \$50,000 and uses the same bootstrapping mentality to launch companies, most of which focus on software-as-a-service or are monthly subscription-based companies.

"We believe each startup on its own should self-sustain with little to no help from the outside," he said.

Blasmo offers discounted services, such as design, development, branding and marketing in exchange for 2% to 5% of equity in companies it accelerates, Perez said. It uses "growth-hacking" tactics that require small budgets to vet minimal viable product. Growth hacking is a way for marketers to grow their businesses from the inside out instead of relying on traditional external means, such as Google ads.

"Why go all out and spend thousands of dollars on marketing, when in 2017, all the free and reasonable resources are at your disposal?" Perez said. "Through our own experiences and trials and tribulations, we pass that mentorship down. At the moment, we don't have any angel investors or venture capitalists we are working with. We just align [the companies] with the right tools and tactics to get them funded."

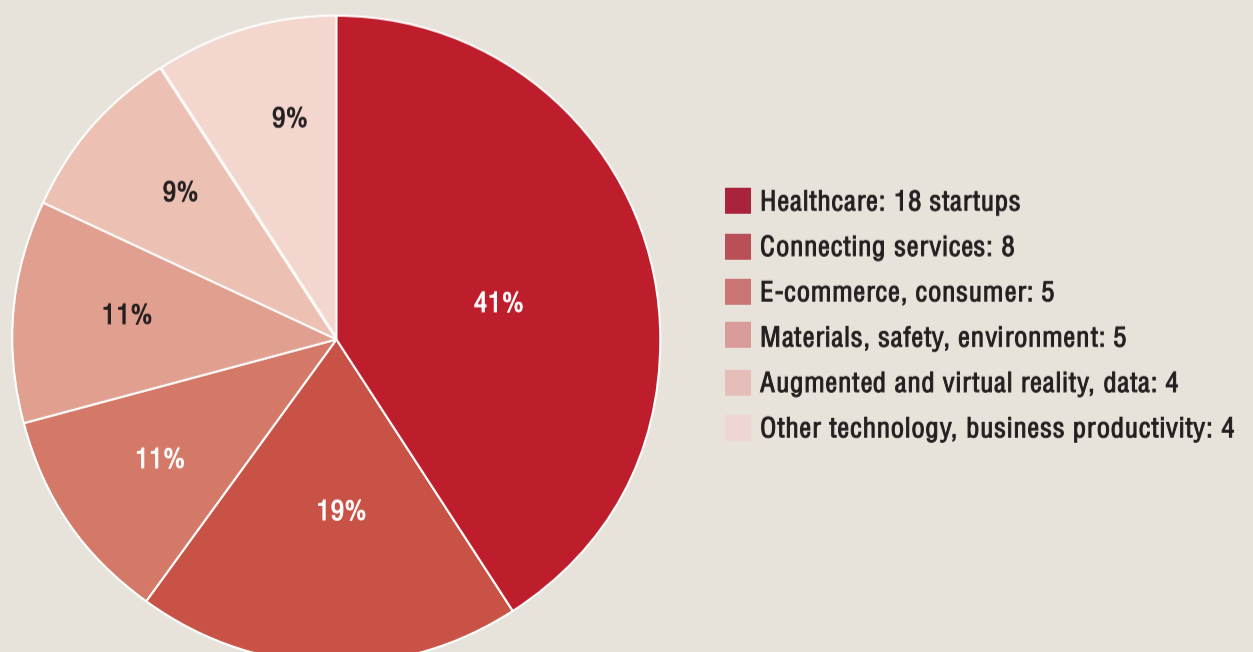
Blasmo is currently helping **Qard**, an ethereum-based app for company founders, designers, developers and growth hackers.

► Accelerators 4

Data Analysis

UCI START-UPS

The Wayfinder incubator at University of California-Irvine's Applied Innovation helps UCI-affiliated startups accelerate venture development. Year-to-date it's worked with 50 companies, 44 of which are still active. An industry breakdown:



Source: UCI Applied Innovation, Business Journal analysis
Note: Healthcare includes patient services, devices, drugs, and fitness; Percentages rounded

Research by Deirdre Newman
Graphic by Brette Miller



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Entrepreneurs Stars of Livestreamed Show

MyStartup.Live Focuses On Founders' Passions

By DEIRDRE NEWMAN

A public relations and marketing expert harnessed the passion around Orange County startups into a weekly livestreamed show that debuted in June.

Kevin Allen's MyStartup.Live is filmed in an Irvine studio and streams on Facebook, YouTube and Periscope.

The weekly show focuses on early-stage startups, typically those from less than a year to 18 months old.

"That's when the biggest challenges come," Allen said, "such as funding, building a team and prototyping."

Beginnings

MyStartup.Live resulted from a serendipitous conversation earlier this year between Allen and his Laguna Beach neighbor **Craig Burns**, a former gaffer, or chief electrician



Burns: Allen's neighbor, who produces a show about behind-the-scenes film workers, gave him idea to do show

over TV and movie set lighting, who founded Laguna Beach-based **Burnie's Grip and Lighting**.

Burns already leased a small studio in Irvine. He'd started his own livestreaming show called "Burnie's Apple Box," for which he interviews people who work behind the scenes in entertainment, such as gaffers and grips.

Allen had recently left his job at Foothill Ranch-based **Kawasaki Motors Corp. U.S.A.** as manager of public relations and race marketing. He said he felt the entrepreneurial itch and wanted to do his own thing, especially with a new baby on the way.

He co-founded a marketing and public relations agency out of his home office called **real.Marketing**. He also got involved as a marketing lead with **Whale Startups**, which is comprised of eight **University of California-Irvine** students working to build mobile apps and launch them in an accelerated fashion. The first is a DJ-request app connecting DJs and their audiences.

Burns invited Allen to talk about marketing as a guest on his show. They both felt afterward that Allen had more to say, so Burns suggested he start his own show about mar-



On the air: Allen, left, interviews biofuel entrepreneur Thomas Peters during filming of a recent episode

keting. Allen liked the idea but thought it would be "more exciting" to talk to entrepreneurs about their businesses, and went that route instead.

Of the guests Allen's interviewed, he said four had never been on camera. So, in addition to interviewing them, he provides tips about how to present themselves in the medium.

"I can help them at the same time I'm giving them exposure," he said.

Depth and Breadth

Allen finds most of his guests at OC startup events, such as those put on by **1 Million Cups Irvine**, a weekly gathering of entrepreneurs at **The Cove**, the physical space of UCI's innovation institute, **Applied Innovation**; **Tech Coast Venture Network**; **Orange Coast Tech Happy Hour**; and **Startup Grind**, a series of startup events.

Guests have included **Pete Wong**, who created food journaling app **Yummi**; **Zach Little**, a UCI student who helped form joint venture **Vanguard Products Group**, which markets products made overseas using Fulfillment by Amazon; and **Nick Nguyen**, who built **Waatcher**, a round-the-

clock price tracker of select Amazon.com items.

On a recent Friday afternoon, Allen interviewed **Thomas Peters**, founder of Newport Beach-based **UnderSea Energy**, which creates biodiesel fuel from microalgae.

Peters talked about the trials and tribulations he endured bringing his concept to fruition and about the epiphany he experienced one night contemplating the ocean's enormity and wondering if it could be used to harvest biodiesel.

He did some research and found that the only entity that had even tried was **NASA** in one of the first attempts to research biofuels developed from microalgae as a viable alternative to petroleum-based fuel.

The agency discovered that algae works as an alternative, but faced the challenge of making the cost of biofuel competitive with petroleum fuel, he said. The program has been discontinued, but at the time the price of oil was much cheaper than it is now, he pointed out.

Undeterred, Peters soldiered on. With a background in the trucking industry—he worked as a driver while getting his MBA at the **University of Southern California**—he

was well aware of the enormous expense of fuel. He said he wanted to both cut the cost and contribute to clean air, but he had no science background.

That didn't stop him either, he explained to Allen. Instead, he developed the giant **Orca-Sphere**, which is placed underwater, using a controlled environment to grow algae.

The company has developed biodiesel fuel for the aviation, marine and transportation industries. It's also working with the U.S. Navy and the Department of Defense to develop, test and certify algae-derived fuel that meets their standards.

Peters is starting out by producing the biofuel off the OC coast, and said he hopes to eventually expand production globally to places like China and India.

Being on MyStartup.Live was a win-win, he said.

"Not only do I want to see Kevin's show expand, but I also want to spread awareness of what I'm doing," Peters said. "I believe too often, most startups aren't actually creating anything and are far more focused on apps and web-related services. Clean energy is a rapidly growing marketplace, and OC can lead the nation in this area." ■

Accelerators

from page 2

Ethereum, like bitcoin, is a form of cryptocurrency. The demographic groups Qard targets can use the app to harness the entire scope of their personal brands, including choosing whom to communicate with, and they're paid via blockchain for their insights, Perez said. Blockchain is a database enabling an open, distributed ledger that records transactions between parties. It was originally developed to enable safe trading of cryptocurrency.

Individual Power

Local investor **Grant Van Cleve** set up the **VC Invest** accelerator in 2010 to expedite growth of companies in which he saw potential.

He started with a fund, the amount of which he declined to disclose, and in the first

couple of years invested in only a few companies. Starting in the third year, he picked up speed, understanding that diversification is considered key to portfolio returns. That resulted in 48 deals in the past three years, and he's now invested in 55 companies. He said he gets shares but typically doesn't ask for sweat equity in the companies in exchange for his acceleration expertise. Some "official" accelerators ask for additional sweat equity, shares received in exchange for the work they do helping companies grow, he said.

"The relationship with the founders needs to evolve organically, not contractually," he said. "Nurturing links with the region's



Van Cleve: linking with founders 'a personal privilege'

founders has been a personal privilege, and something which has led to investment over time. They're not clients or applicants. They're comrades-in-arms."

Despite investing for breadth, he said he's made deep connections with a dozen companies, such as serving on the board or as an official adviser. Those include "stars," such as Irvine-based **Buy It Installed** and Newport Beach-based **Jetbuilt**. Van Cleve plays coach by chatting on the phone for a couple of weeks with the founder or executive teams and playing matchmaker by introducing them to potential investors or teammates at networking events.

He's also played the lead in bringing the companies to the attention of Irvine-based **Tech Coast Angels**, the largest angel investor group in the U.S., of which he's president.

His focus nowadays is nurturing existing bets and awaiting returns so he can continue "sowing seeds." ■

Ideas Welcome Here

The OC chapter of Silicon Valley-based **Founder Institute** started in 2014 as a very early-stage, four-month accelerator where founders need only an idea or two to enter the program.

Through the institute, founders take the ideas, create a company, work on validating the ideas, and develop a launch strategy. If their company gains traction after they graduate, they continue to grow or have potential to be admitted to next-stage accelerators, such as **Y Combinator**, **Techstars** or **500 Startups**, said **Aman Singha**, a director of the chapter. Those accelerators concentrate on companies in later stages when teams have been formed and there's more focus on fine-tuning product development, he said.

Nearly 30 startups have graduated from the OC chapter, Singha said. Because it works with companies so early in their life cycles, there haven't been breakout stories yet. ■

P...LEASE, Don't Lose Sight of the New Lease Accounting Standard

by Gordon S. MacLean, CPA, Partner & Director of Audit Services, RJI

Last year, the Financial Accounting Standards Board (FASB) issued the long-awaited standard that will **significantly impact** the reporting of leases on a company's balance sheet. This includes **all leases**, including real estate and equipment leases. The new standard requires lessees to recognize all leases with terms greater than 12 months on their balance sheet as a right-of-use (ROU) asset and a corresponding lease liability. Previously, these types of leases were limited to financial statement disclosures only. Although not directly related, these new leasing rules result from the events that happened over a decade ago, namely the 2001 Enron, WorldCom and Arthur Anderson abuses. In these instances, debts were kept off balance sheets so that performances appeared better.



This standard will likely impact companies in a variety of areas, including accounting, finance, tax, financial reporting and IT.

The new guidance is effective in 2019 for public companies (only six quarterly reporting periods away), and 2020 for non-public companies. While many think they have ample time to implement this standard, recent studies have shown that many companies are already behind the 8-ball, and implementation is taking much longer than expected.

While there are many benefits to the new leasing standard, such as:

- ▶ Elimination of off-balance sheet financing;
- ▶ Improved transparency and comparability; and
- ▶ Elimination of the opportunity to structure a lease for a desired outcome (i.e., keep the obligations off the balance sheet).

There are also some significant costs:

- ▶ Implementation costs;
- ▶ Additional resources needed to evaluate current leasing arrangements;
- ▶ Costs to educate employees and stakeholders; and
- ▶ Additional processes and controls necessary to accumulate and report the leases.

Additional implications:

- ▶ Potential changes to key balance sheet and income statement metrics, including covenant issues;
- ▶ Enhanced financial statement disclosures;
- ▶ Changes to lease vs. buy analyses; and
- ▶ Possible bank covenant issues (debt to equity ratios).

Significant Changes for Lessees

A lessee will recognize on their balance sheet the value of the asset as a ROU asset and a corresponding lease liability for the minimum lease payments, discounted at the rate implicit in the lease. Lessees will maintain substantially the same expense recognition patterns for operating leases and finance leases (i.e., existing capital leases). Changes come in terms of the balance sheet and ongoing lease administration.

Significant Changes for Lessors

Accounting by the lessor will remain substantially unchanged. Lessors will determine lease classification based on whether the lease is effectively a financing or a sale, rather than an operating lease – the concept underlying existing generally accepted accounting principles (GAAP).

For an effective implementation effort, one should be cognizant of the following:

- ▶ Understand the accounting requirements and changes;
- ▶ Gain a comprehensive understanding of your lease population;
- ▶ Assess your existing technology and requirements; and
- ▶ Develop a detailed plan of action.

Whether you are beginning your analysis of the new lease standard or are well into your implementation, you should consider working with your accounting firm or consultant to facilitate a timely transition. Time may not be your friend.

Gordon S. MacLean, CPA

Gordon is a Partner and the Director of Audit Services at RJI. He has 30 years of experience, including 20 years at a Big 4 firm. He specializes in audits of publicly traded and privately held businesses in the manufacturing, technology, medical device, real estate, hospitality, distribution and professional services industries. Gordon can be reached at 949.852.1600 or at gmaclea@rjicpas.com.



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Investing in a Disruptive Software Solution?

With today's rapid advancement of technology, companies are either innovating or being out-innovated

Disruptive innovators target a segment of the market and gain a foothold with new technologies, often offering a new feature that benefits the customers they serve.

This is not a new concept: companies have been investing in software for years to make business tasks more efficient, reduce costs, and improve business processes.

And it's not just in high-tech industries; disruption via software solutions is occurring in a variety of spaces. Some of the clearest examples are now household names; Airbnb and Uber leveraged software technology to become industry leaders in hospitality and transportation, without having to purchase any real estate or cars.



The emergence of the Internet of Things ("IoT") has only increased customer and business demand for software tools that enhance connectivity. We're all witnessing a revolution in the way that businesses communicate. Doctors can diagnose conditions without seeing a patient in person, manufacturing companies can track

inventory without visiting the warehouse, and homebuyers can apply for a mortgage without visiting a loan office, all from a mobile device.

Nearly every company has a need to develop a software solution that provides a competitive advantage in the marketplace. Adopting a disruptive innovation strategy is often not an easy task, as it may require a shift in resources or even require disrupting the business itself. Whether a Fortune 500 business or a cash-strapped start-up, investing in a digital solution often means spending significant resources and shelving other business priorities. However, the urgency in developing digital solutions has never been greater, and companies need to invest in a digital strategy to stay relevant in today's technology-driven world.

How BDO can help

To start, your company may be able to recoup its development costs with tax incentives:

One of the biggest hurdles to embracing technological change – including the IoT and beyond – is figuring out how to pay for it: 31 percent of surveyed manufacturers rank budget and resources as their biggest challenges to applying IoT capabilities. – *The MPI Internet of Things Study* (sponsored by BDO), p. 4.

Yet many companies that invest in new technology often do not take advantage of the R&D tax credit, a tax incentive designed to encourage investment in innovative projects and that is available whether the projects are unique or not and even whether they succeed or not. R&D tax credits offer companies significant benefits, typically averaging more than 10 percent of qualified spending.

In general, federal and state R&D tax credits are available to businesses that attempt to develop or improve the functionality or performance of a product, process, software, or other component. If they use engineering or the physical, biological, or computer sciences to evaluate alternatives to eliminate uncertainty regarding the business' capability or method to develop or improve the component, or the component's appropriate design, they likely qualify.

The Protecting Americans from Tax Hikes ("PATH") Act of 2015 made the R&D tax credit even more beneficial for small businesses. Starting in 2017, start-up companies may qualify to use R&D tax credits to offset up to \$250,000 of payroll taxes per year, as well as offset any amount of their Alternative Minimum Tax.

BDO's R&D professionals have helped thousands of companies in virtually every industry claim and support over \$3 billion of benefits for their R&D and R&D-related investments. Visit www.bdo.com for an explanation of R&D tax credits or to take an R&D tax credit evaluation and see if your organization may qualify for an R&D tax credit.

Freeing up your innovators

Where investments to develop new or improved technologies can qualify for tax incentives like R&D credits and provide capital to finance your

innovations and innovators, finding ways to make your other business processes more efficient and effective – e.g., bookkeeping, accounting, regulatory compliance – can provide additional funding.

One way to achieve this and save your business money and your people time is outsourcing, a business which itself has recently been disrupted. **BDO Drive** is one such disruptor. A new, integrated outsourcing solution for financial management, accounting services, and business intelligence, **BDO Drive** provides its users with a real-time, mobile view of their business's performance and access to a dedicated team of experienced professionals to provide analysis, identify opportunities, and collaborate on growth strategies.

"**BDO Drive** fundamentally improves upon the traditional concept of business outsourcing. It gives clients the power of rich information, business intelligence and insight that enables them to operate more efficiently and effectively," says Kelly Johnson, National Leader of BDO USA, LLP's Business Services & Outsourcing practice.



With **BDO Drive**, your dedicated team is there to analyze, collaborate, and support. Your business will run more effectively. You'll make decisions more strategically. Your team is also your connection to the expansive resources of BDO: specialists in more than 100 accounting, tax, consulting, and financial advisory areas, dedicated industry practices, and professionals on-ground wherever in the world you do business. Visit www.bdodrive.com for more information on these innovative services.

Why BDO?

Succeeding in a complex and disruptive business environment is challenging, and clients expect their advisors to be forward thinking and insightful. At BDO, we are committed to helping our clients thrive every day and to providing useful services that assist them on their road to success. If you have questions about R&D tax credits, **BDO Drive** and outsourced accounting, or any other business service, don't hesitate to get to know BDO.

"We help our clients grow," said, Wong. "We provide strategic planning to help them understand their current financial standing, identify opportunities and risks, and help ensure effective and efficient execution so that they can focus their time and attention on developing their technologies and the business needs that surround them."

David Wong

Specialized Tax Services Partner and West Region Leader for R&D and the Section 199 Domestic Production Activities Deduction ("DPAD") Tax Services team, David has 15 years of experience servicing diverse groups of clients across several industries. Contact David at 310 557 8254 or [dwong@bdo.com](mailto:d Wong@bdo.com).



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Fixing the Unfixable Cap Table

by Marc Boiron, Attorney, Rutan & Tucker, LLP

Unfortunately, being a startup is hard. Startups are cash strapped but need advice. Most of them forgo legal advice because of the high cost of obtaining good advice, which is completely understandable. However, once the average startup becomes a high-growth startup or needs capital to reach high-growth startup "status," it needs to deal with the issues that resulted from the lack of good legal advice. Often times, the cap table has suffered the most.

Many startups with grand aspirations hear through the grapevine that incorporating in Delaware is the right choice. That is generally true but, until a few years ago, many of the capitalization problems of a Delaware incorporated startup could not be fixed without monumental efforts that may be unsuccessful.

A common issue that arises with startup companies is that they find out shares previously issued had not been properly issued to some or all of their stockholders who hold "bad" stock. The company often discovers the problem in connection with an equity financing, which is when it brings in reputable legal counsel for the first time.

Many startups and lawyers then try to fix the problem by having the board and stockholders ratify the improperly issued shares without knowing that Delaware case law does not permit that ratification. Therefore, the problems are exacerbated.

Historically, the only correct way to solve the problem was to track down every person who had ever owned stock of the company and have them agree that all of the actual stockholders were exchanging their "good" and "bad" shares for "good" shares and all other stockholders were agreeing that they did not have any rights in the stock of the company. On the eve of an equity financing it was the last thing management wanted to handle.

Fortunately, the Delaware corporate statute was amended several years ago to give startups a way to fix issues, including cap table issues that Delaware courts previously had determined could not be fixed. Although widely used, most startups (and, unfortunately, many attorneys representing startups), have never heard of or forget about Section 204 of the Delaware General Corporation Law.

Although Section 204 is a complicated statute with many nuances, at a high level, it permits a company to fix problems by ratifying prior acts using the following steps:

1. The board of directors must ratify the "defective corporate act" with specific details in the ratification regarding that act and nature of the issues created by the act. In layman terms, a defective corporate act is the thing that was done wrong (such as, issuing shares that were not authorized, improperly electing directors, or approving another action without properly authorizing it).

2. If the stockholders would have needed to approve the defective corporate act when it was originally taken incorrectly, then the stockholders also must ratify the defective corporate act. Only the stockholders that own valid stock (i.e., stock that is known to have been properly issued) are entitled to approve the ratification. A notice would need to be sent to all of the stockholders if the ratification were done at a meeting, but most startups will act by written consent. If the ratification occurs by written consent, then a notice that stockholders approved the defective

corporate act needs to be given to all of the stockholders – those holding "good" and "bad" stock – and they need to be informed of their right to ask the Delaware Court of Chancery to declare the ratification invalid.

3. If the stockholders would not have needed to approve the defective corporate act when it was originally taken incorrectly, then no stockholder approval is needed to ratify the act but notice of the ratification of the defective corporate act by the board of directors still needs to be given to all of the stockholders – those holding "good" and "bad" stock – and they need to be informed of their right to ask the Delaware Court of Chancery to declare the ratification invalid.

4. If the defective corporate act would have required a filing with the Delaware Secretary of State when it was originally taken incorrectly, then the company would need to file what is referred to as a "certificate of validation." The certificate of validation must provide a detailed recital of, among other things, each defective corporate act and the nature of the issue created by the act. A separate certificate of validation needs to be filed for each defective corporate act that would have required a filing at the time of the original act. The minimum filing fee for each certificate of validation is a whopping \$2,500. In a recent Delaware case, the court noted that a company had filed 22 certificates of validation, which cost that company at least \$55,000.

Section 204 has a broad application. It has been used to ratify (i) a board's failure to follow corporate formalities when authorizing a stock issuance, (ii) technical dating discrepancies in stockholder consents, (iii) improper notice to stockholders, (iv) various missing records issues, timing issues, authority issues, and validity of board and stock issues, and (v) a failure properly to seek the required approval from either a board of director or stockholders.

However, it also has limitations. Among other limitations, a recent case decided in Delaware has made clear that the procedures set out above cannot be used to overturn an action taken in the past. If stockholders previously rejected a proposed corporate act, Section 204 cannot be used to retroactively overturn that act.

The best part about a ratification under Section 204 is that it works retroactively so that all other corporate acts taken after the incorrect act in reliance on that original act having been properly taken are fixed as well. That being said, just because the ability to fix mistakes exists, it does not mean companies should rely on it. The process can get complicated and result in significant legal costs and filing fees, but it gives startups a way out from their early mistakes and a way to fix what used to be an unfixable cap table.

Marc Boiron

Marc Boiron focuses his practice on transactional matters involving emerging and middle-market companies formed in Delaware and California. Before joining Rutan & Tucker, LLP, Marc practiced corporate law at the premiere law firm in Delaware. He is an attorney in the Orange County office of Rutan & Tucker, LLP. You can reach him at 714.338.1861 or mboiron@rutan.com.



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Innovative Capital Raising for Innovative Orange County Companies

by Parker Schweich and Amit Singh, Shareholders, Stradling

One thing that innovative companies in Orange County often struggle with, especially in their early years, is finding capital to fund their innovation. The good news is that, in recent years, the government has helped to promote small company capital formation by relaxing the rules and regulations under the securities laws to make capital more accessible and less expensive to obtain. Innovative companies that may have had difficulty privately raising funds from venture capitalists or angel investors, or that may not be in a position legally or financially to do a traditional public offering, now have two useful capital raising alternatives available to them through Regulation Crowdfunding and Regulation A+.

Although Regulation Crowdfunding and Regulation A+ were adopted in 2015, offerings under these rules have gained significant traction during the first half of 2017. During that period, there were 309 companies that filed forms to conduct new offerings under those regulations. Regulation Crowdfunding was more widely-used, with 80 percent of those issues conducting a Regulation Crowdfunding offering. Driving some of the success of equity crowdfunding are the intermediary registered broker-dealers or online funding portals that are required to be used under Regulation Crowdfunding and that also often are used for Regulation A+ offerings. During the first half of 2017, 97 percent of all offerings involved funding portals, with the remainder using broker-dealers. Although more than two dozen portals participated in Regulation Crowdfunding, the five largest portals based on the number of offerings accounted for 78 percent of the initiated offerings. Wefunder Portal LLC was by far the most-widely used, having taken part in 78 offerings. StartEngine Capital LLC and SI Securities rounded out the top three, used by 37 and 34 companies, respectively. These portals are innovating in the equity crowdfunding space by making the regulatory and investor solicitation processes user-friendly for companies seeking equity crowdfunding. With the assistance of legal counsel, companies can complete their crowdfunding campaign profiles online by entering information into HTML webforms on the funding portal's web pages. The portal then performs its due diligence and seamlessly generates the required Form C for filing with the Securities and Exchange Commission. The legal disclosures required under Regulation Crowdfunding are far more streamlined than what is required for traditional public offerings.

In the first six months of 2017, there were 214 initial Form C filings submitted with the SEC to conduct a Regulation Crowdfunding offering. The SEC reported there were 163 unique offerings between May 16, 2016, when the regulation took effect, and December 31, 2016.

With Regulation Crowdfunding, domestic private companies that are not otherwise disqualified can raise up to \$1,070,000 every twelve months through selling equity, debt or convertible notes and do not need to provide audited financial statements (reviewed financial statements are sufficient) unless they have

previously raised capital under Regulation Crowdfunding. After raising crowdfunded capital, however, a company must comply with ongoing reporting requirements by filing an annual report and financial statements each year with the SEC. Before and during a crowdfunding campaign, companies need to be careful with advertising their investment opportunity – they can only provide limited notice information about the offering and must direct all potential investors to the intermediary's platform.

Regulation A+ allows companies to raise up to \$50 million in a 12-month period from both accredited investors and the general public. This regulation is similar to a traditional initial public offering, but with more limited disclosure requirements than a full-fledged IPO. Regulation A+, which is still relatively new, having taken effect in June 2015, provides for two tiers of offerings: Tier 1 for offerings of securities up to \$20 million; and Tier 2 for offerings of up to \$50 million. Upon qualification by the SEC of a Tier 2 offering under Regulation A+, the issuer will immediately become a semi-public company, subject to an ongoing reporting regime. However, the Regulation A+ periodic reports are required semi-annually as opposed to quarterly, and the disclosure requirements of the Regulation A+ periodic and current reports are generally reduced as compared to certain Exchange Act filings. A major benefit of Regulation A+ is the ability to "test the waters" to see if there is adequate interest in the offering before incurring the significant expense of preparing Form 1-A for filing with the SEC.

In the first half of 2017, prospective issuers filed offering statements for 63 Regulation A+ offerings that have been qualified by the SEC (offerings must be qualified by the SEC before issuers may sell securities). Tier 2 offerings comprised approximately 71 percent of the qualified offerings. The number of qualified offerings are on pace to surpass those in the months after Regulation A+ took effect on June 19, 2015. According to the SEC, approximately 81 qualified offerings were filed in the 16 months between when the regulation became effective through October 31, 2016.

When a crowdfunding offering under Regulation Crowdfunding or Regulation A+ is conducted properly, it can be a powerful tool for innovative companies that seek to raise capital. The successful crowdfunded companies are those that have been just as innovative with their capital raising efforts as they have been with their own businesses. Companies that started off with successful product crowdfunding campaigns through sites like Kickstarter or Indiegogo are more apt to find success with equity crowdfunding, not just because product crowdfunding is a good proving ground for equity crowdfunding, but also because the buzz generated in the internet-connected public is invaluable passive marketing for the company and its business. Having a company's securities as widely distributed as its products could provide a significant bump in brand recognition and could be part of a well-crafted marketing strategy.

Parker Schweich

Parker Schweich is a shareholder in Stradling's Corporate and Securities practice group and is a member of the firm's Public Company, Mergers & Acquisitions and Emerging Growth practice groups. Parker helps clients raise capital, invest in or acquire businesses, achieve successful exits and navigate the complexities of corporate and securities laws. He has decades of experience helping companies finance their businesses through public and private offerings of equity and debt securities, including initial public offerings and other registered public offerings, PIPE transactions and other private placements, crowdfunding, private equity, and venture capital financings. Parker has extensive experience advising companies and investors in a variety of industries, including life sciences, medical devices, software, Internet, technology, financial services, food and beverage, apparel and consumer/retail. Contact him at pschweich@sycr.com.



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How to Transform an Institution Into an Innovation

by Robert Santana, CEO, Boys & Girls Clubs of Central Orange Coast

"If it ain't broke, don't fix it." If your venerated nonprofit has always done things a certain way, innovation is too often met with that reticent refrain.

But just because it "ain't broke" doesn't mean it still works for your community.

When I arrived as a volunteer at the Boys & Girls Club of Santa Ana, the nonprofit's mission was to "keep kids off the street."

An Xbox and a pizza could do that. We needed to do more. Kids need a way to end the cycle of poverty and break past the circumstances limiting their potential. So we **started asking questions and challenging ingrained assumptions**, until we arrived at a mission that has innovation at its very core.

Our new mission is to ensure every child has mentors and champions in life. To accomplish this, we needed to distinguish between thinking like a charity and thinking like a social enterprise. To us, **being a nonprofit is a tax status, not a business plan**.

Nine years ago, at the age of 28, I was named CEO of the Boys & Girls Club of Santa Ana. Today, we have emerged as a flagship institution of innovation. I oversee 60 sites throughout Orange County, serve as an advisor to the Boys & Girls Club organization nationwide and promote social entrepreneurship across the country.

We teach other nonprofits to abandon their mindset of scarcity. Nonprofits traditionally beg for every donation, but why apply a weak business strategy to a mission that is critical to society?

By **presenting the right mission that inspires people and drives change, we partner with the business community to create collective impact and deliver real results**. This has changed our reputation, as well as our approach. The key factors for innovation are leadership, culture and flexibility. Too often, nonprofits exhibit none of the above. So we adopted the for-profit world's embrace of results.

We developed the Impact Model, a holistic strategy focused on academic

VISTAGE reinforcement, fitness and a wide range of enrichment curriculum. **We are constantly evolving our curriculum to match kids' needs.**

Sometimes this means veering out of our comfort zone. To prepare kids for the economy that awaits, we wanted to teach them to code. None of us knew how. **Rather than say, "We can't," we said, "We'd better learn."**

I reached out to the tech community in Orange County and to Vistage Worldwide, a peer advisory group of CEOs, business owners and executives. Today, our kids learn coding — along with robotics, engineering, Toastmasters and entrepreneurship.

No, that's not what we had always done, but it's what we needed to be doing. The club wasn't broke, but **we owed it to our clients to make it better**.

Visit www.boysandgirlsclub.com for more information about the Boys & Girls Clubs of Central Orange Coast.

Robert Santana

A United States Air Force veteran, Robert Santana is the **CEO of the Boys & Girls Clubs of Central Orange Coast, serving Santa Ana, Costa Mesa, Irvine, Newport Beach and Orange**. He also advises and consults several nonprofit and for-profit executives. For five years, Robert has been a member of Vistage Worldwide, Inc., an organization for high-integrity CEOs and executive leaders. Robert has received leadership training at Harvard Business School's Executive Education; an MBA from National University; a bachelor's degree in child development from California State University, Fullerton; and an associate degree in criminal justice from Hawaii Pacific University. Contact him at 714.543.5540 or rsantana@boysandgirlsclub.com. Visit www.santanaleadership.com for more information.



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Exhausted Patents!

by Derek Bayles and Andrew Douglas, Partners, Knobbe Martens

The Supreme Court has recently broadened the doctrine of patent exhaustion. No, this has nothing to do with old or worn out patents. Rather, the doctrine dictates when and how a patent owner's rights for controlling a patented item in commerce become extinguished.

What is patent exhaustion?

A patent is a grant of a bundle of rights for stopping others from exploiting a patented invention. The bundle of rights includes the right to stop the unauthorized use, sale, or importation of the invention. While patent exhaustion is not a new concept, the Supreme Court has recently expanded it. In general, when a patent owner sells its patented product, this entire bundle of rights immediately evaporates with respect to the specific item that was sold. It does not matter where, to whom, or under what circumstances the patent owner sells its product. From that instant forward, the specific item that was sold can be re-used, re-sold, or imported by anyone, anywhere, without fear of a patent infringement accusation.

Will patent exhaustion affect your business?

There are legitimate reasons why a patent owner may wish to control a patented product even after a commercial transaction. A medical device company, for example, may wish to prevent, for safety purposes, the re-use of a patented single use diagnostic kit. Or an electronics company may wish to prevent importation of its patented products after selling them more cheaply in a foreign country to benefit those who do not enjoy the same standard of living as domestic customers. But under the doctrine of patent exhaustion, a sale of the single use medical diagnostic kit may extinguish patent rights which could otherwise be used to prevent that kit from being re-used under conditions for which it was not designed. Similarly, a foreign sale may extinguish U.S. patent rights which could otherwise be used to prevent the company's foreign sale units from being imported and cheaply re-sold domestically.

How to address patent exhaustion

If your company relies on post-sale restrictions on patented products, then an

audit of your practices is needed. There are a number of strategies which may be effective. A commercial transaction structured as a license or lease—rather than an outright sale—may avoid patent exhaustion. Technological features, such as software code or computer chips, may be incorporated into your product to prevent unauthorized uses. It may also be possible to draft your patents to preserve patent infringement claims against objectionable post-transaction uses. While there is no one-size-fits-all strategy, a qualified patent attorney can help you navigate the new realities surrounding patent exhaustion.

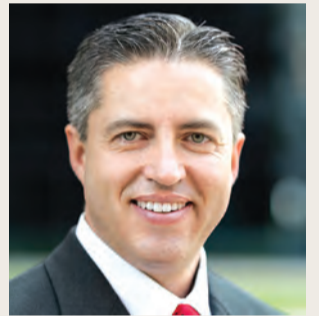
Andrew Douglas

Andrew Douglas is a partner in the Irvine office of Knobbe Martens, where his practice focuses on patent portfolio management, counseling on licensing, trademarks, and other forms of intellectual property. Mr. Douglas represents clients in a variety of technologies, including medical devices, consumer products, automotive innovations and other mechanical engineering related technologies. He can be reached at 949.760.0404 or andrew.douglas@knobbe.com.



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Investors Influencing the Orange County Technology Market

The flow of capital to Southern California is at an all-time high as investment firms are focusing on emerging businesses in Orange County. According to a PricewaterhouseCoopers, MoneyTree Report for 2017; over \$1 billion has been invested in the field of technology resulting in an influx of new positions to fill. Last year over \$429M in funding from venture capitalists added to Southern California businesses in the first and second quarter.

While start-ups are popping up throughout Southern California, one particular area has established itself as a real player in the tech field: Orange County.

Orange County has a long established technology-driven job market and is known for a variety of businesses specializing in innovative IT solutions. Many different start-ups are flocking to the area because of the amount of venture capital being pumped into new companies in the county, many of them focusing on voice communications, network and Internet access, applications development, data center services, and more.

Four emerging technology trends that have made the move to Orange County and regularly have positions to fill are: virtual reality, artificial intelligence, big data, and cyber security.

These types of businesses are booming in Orange County, giving long-term growth in these areas a favorable outlook.

The hottest technology jobs that are regularly available in Orange County are: software engineers, application developers, security administrator, big data

engineers, Java/J2EE architects, data scientist and network engineers. A career in the tech industry is continually emerging; many companies must quickly adapt and hire new talent to assist with rapid change and growth.

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Parik Mattoo VP-IT Business Development & Marketing

Parik is an industry expert with 12+ years of successful experience in full lifecycle sales and business development. Parik has a proven ability to foster relationships with C-suite and senior executives for IT, operations, and engineering. He is distinguished by his passion for sales, his focus on collaborative team building, and his commitment to meeting customer demands. Please contact Parik at pmattoo@marqueewfs.com for more information.



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Warning – Read Your Binding Arbitration Agreements Carefully

Many contracts have a provision requiring parties to submit disputes to binding arbitration. Some people say arbitrating disputes is more advantageous than litigating in court because the process is faster, cheaper, and confidential. However, before signing away your right to a day in court, be aware of arbitration pitfalls.

Unless your contract provides otherwise, arbitrators do not have to follow the law. This makes predicting an outcome difficult. Overturning an arbitration award is virtually impossible, unless you can prove the arbitrator exceeded his/her power (e.g., the arbitrator remade a contract or violated a party's statutory right). Thus, arbitrators can misapply the law and leave you stuck with a decision that would not survive appellate review, were it available.



There is no guarantee that arbitration will be faster, cheaper, or even confidential. Arbitrators are not bound by court rules regarding timing so they are free to set any schedule they want. Arbitrators charge for their time, and their fees, which would be avoided in litigation, add up quickly. Confidentiality can be a mirage if a party challenges the arbitrator's decision in court because the arbitration proceedings enter the public record.

There are steps you can take to avoid these drawbacks. Arbitration is a creature of contract, and so whatever the parties state in their contract governs how the arbitration will proceed. The parties can agree that the arbitrator must follow the law and errors are subject to appellate review. They can agree to limit depositions to keep the proceedings swift and inexpensive. The potential arbitration provisions are limited only by your imagination.

Arbitration provisions are tucked at the back of most contracts. Before blindly agreeing to submit potential disputes to arbitration, be sure you fully understand the arbitration provision and consider alternatives. Otherwise, you may find yourself in a dispute forum that will not provide you the relief you expected.

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How to Protect Your IP When You Want to Manufacture in China

by Ryan Dean, Partner, Umberg Zipser LLP

Doing business internationally, and particularly in China, is inevitable for many companies. To secure the strongest protection for your intellectual property (IP), there are a number of different considerations before beginning production.

For example, before disclosing information to a manufacturer, it is important to take inventory of what IP rights you have and make initial filings to protect those rights. Like many countries, China follows a first-to-file practice for patents and trademarks so it is critical to file early. Too often, a manufacturer files in its own name for patent or trademark protection in China on the very product it is helping to bring to market. By not filing first in China, U.S. companies often will pay significantly more in the future to cancel an errant registration.

Your initial filings are critical to later show you created that idea or brand, and help prevent others from registering similar rights. When possible, you should file in both the U.S. and China before disclosing an invention to best position you to cancel any later-filed IP rights in China on the same technology.

Along with the initial filings, you should obtain a confidentiality agreement with the potential partner. The agreement should include dispute resolution in China or an International Tribunal unless the Chinese company has U.S. assets, the parties' initials on every page, and the company's seal. The agreement should also include specific language prohibiting the potential partner from filing for IP rights on what is disclosed.

When providing confidential information, the disclosure should clearly list the

confidential information and the date provided, and be signed by the receiving party. This can be extremely helpful for any later disputes concerning breach of the confidentiality agreement or ownership of patents on the technology.

Companies should also direct manufacturing in China. Ownership of IP rights, including any derivations, should be clearly stated in the manufacturing agreement. If a problem arises during production, you should spearhead efforts including any design changes to avoid situations where the manufacturer can claim ownership of the solution.

As these are just a few of the considerations that face companies who want to do business in China, companies are well advised to seek experienced counsel to ensure their rights are protected.

Ryan Dean

Ryan Dean is a partner at Umberg Zipser LLP who specializes in securing and enforcing intellectual property rights worldwide. Ryan can be reached at 949.679.0052 or RDean@umbergzipser.com.



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The digital era has altered the landscape of how business is conducted. Buyers and businesses are no longer divided by structural or geographic borders, but connected by technology. As device-wielding consumers increasingly browse online for their products and services, merchants (both foreign and domestic) are responding with more choices and convenience. Companies of all sizes are competing for e-commerce dominance by acting locally but thinking globally.

Shopping also has gone global as nearly half of online shoppers in the U.S. bought items from international retailers, according to the latest UPS Pulse of the Online Shopper study. Of those who purchased from an international retailer, more than one-third of respondents wanted unique products not found from American retailers.

Despite the global shopping trend and the majority of the world's commerce lying outside the United States, most American businesses have not grown globally. Less than one percent of American businesses export, according to the Small Business Administration, and of those that export, 58% ship to only one country.

Companies such as shipping and logistics provider UPS are driving global growth.

"UPS has been crossing borders for more than 40 years, growing our business globally and helping our customers grow theirs," said UPS CEO David Abney in a speech during Alibaba's Gateway 17 conference. "In that time, we've lived and learned a lot, and passed it along to our customers."

Free trade agreements, coupled with the right shipping partner expertise, can help break down barriers in both understanding the ins and outs of exports as well as help companies gain access to a whole new world of customers. UPS

offers its customers a variety of business solutions designed to remove some of those external regulation barriers that hinder global trade. They include:

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"We've helped make small businesses into big businesses for 110 years," said Abney. "Our goal is to make it easy for small businesses, tight on resources, to navigate the unfamiliar seas of global commerce."

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I CAN'T DO THAT WITH A PATENT, CAN I?

By: Grant Langton and Joseph Teleoglou

While most are aware of the marketplace advantage that patents afford by blocking competitors from making, using or selling the patented technology, patents can also operate to provide leverage for entering new markets, boost revenue, and increase investment and/or acquisition appeal.

Increase Demand for Your Product

Although a patent protects against copying the patented invention, patenting the space around a core technology can further increase the landscape of protection. For example, a company may invent a chair with four legs, a back, and a seat, and take the common approach of patenting the chair. A forward-thinking company may go further and patent alternative seating solutions such as a chair with three legs and/or a stool with four legs and no back. This expanded seating patent portfolio will prevent competitors from selling alternative seating devices, thereby ensuring a broadened marketplace advantage and increased demand for the company's chairs.

Surprise the Competition

Companies may also use patents as a "smoke screen" to hide their true intentions from competitors, allowing them to make an unexpected splash when a core product is released. For example, a company may wish to secretly enter the bicycle market. The company may not only file patent applications for bicycles, but also for surfboards, skateboards, and scooters in order to mask the company's true intentions. Furthermore, if the company only desires U.S. patent protection, the company may request non-publication of the bicycle patent application(s) to further hide their intentions until the patent issues.

Expand Your Product Offerings

A company may develop a patent portfolio for the purpose of entering a new market by patenting key improvements in the new market with the intent of cross-licensing. For example, a company in the business of manufacturing containers may develop a patent portfolio directed to key advances in cabinets, intending to enter the cabinet market. Although existing cabinet companies may own patents restricting the container company from using base cabinet technology, the container company may enter a cross-licensing deal with competitors in the cabinet market. In such a deal, the container company would grant licenses for their key cabinet advances in exchange for licenses directed to the base cabinet technology, thereby anticipating and avoiding possible patent infringement issues associated with entering the new market.

Increase Cash Flow

Marketable patent portfolios may be developed by entities not intending to make or sell the patented technology themselves, for the purpose of licensing the patents to spin-offs or to existing companies having an interest in marketing the patented technology. Such licensing ventures reward both sides, with the patent holders receiving money and the licensees receiving the exclusive rights to make, use and sell the patented technology.

Some companies may develop advancements in technologies unrelated to their core business, either purposefully or incidentally. These advancements may be patented with the intent to license the patents to companies who deal with the patented technology, providing a secondary stream of income. Also, some companies may occasionally change focus from an old technology to a new technology. Although these companies may no longer utilize patents from the old technology, they may license these patents to other companies that still focus on the old technology.

"A company that has not protected their key technologies will often not receive a second glance from investors or potential acquirers."

Increase Company Value for Investment or Acquisition

Patents can make or break investment or acquisition opportunities. A company that has not protected their key technologies will often not receive a second glance from investors or potential acquirers. Conversely, a strong patent portfolio can attract investors and make a company more attractive for acquisition, and may be used as a basis for company valuation.

Many companies monitor recently published patent applications to follow advances by competitors. Occasionally these companies identify a published patent application or patent that they believe will grow their business and may in turn make an offer to the patent holder to acquire the patent-holder's company.

Important Reminder

Although patents can be used to add value in numerous ways, you may lose the benefit of patent protection by publicly disclosing your invention without first filing a provisional or non-provisional patent application.

For more information about Intellectual Property services, visit <https://www.swlaw.com/services/intellectual-property-and-technology>.



Grant Langton is a partner in the firm's intellectual property group and serves as chair of the intellectual property group in Los Angeles and co-chair of the intellectual property group in California. With 25 years of experience handling patent prosecution, trademark prosecution, enforcement, licensing and IP counseling, Grant helps clients strategically develop, protect, maintain and exploit their intellectual property assets both domestically and abroad. Reach Grant at 213.929.2505 or glangton@swlaw.com.



Joseph Teleoglou is an intellectual property attorney with experience counseling clients regarding IP issues, and preparing and prosecuting trademark and patent applications (U.S. and foreign) in a variety of industries including software, telecommunications systems, microelectronics, electronics hardware, control systems, aerospace systems, automobile systems, electromechanical systems and business methods. Reach Joseph at 714.427.7511 or jteleoglou@swlaw.com.

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2017 INNOVATOR OF THE YEAR AWARD NOMINEES

Acorns, Irvine*Jeff Cruttenden, Co-Founder/CEO*

In 2012, Jeffrey Cruttenden co-founded Acorns with his father, Walter, to simplify investing and connect it to everyday life. After the company's founding, the father-son team developed a diversified portfolio with advisement from a board of financial professionals, including Nobel-Prize-winning economist Dr. Harry Markowitz. The firm's Acorns app permits users, for \$1/month, to automatically invest spare change in ETFs like Vanguard's S&P 500. Recently, Acorns ranked No. 22 on the *Wall Street Journal's* list of "Top 25 Tech Companies to Watch." The company has grown to more than 850,000 accounts and \$150 million invested.

**Activbody Inc., Aliso Viejo***Leo Griffin, CEO*

Activbody aspires to make the world healthier with fitness and health technologies designed to make exercise fun and convenient. In 2017, Leo Griffin and Activbody launched Activ5, the world's first strength training device and smartphone app that coaches users through five-minute, full-body workouts and measures data such as strength, precision and other personal metrics. Activ5 exercises are all based on isometrics, one of the fastest and most efficient ways to build strength, accelerate weight loss and tone the body. According to the AHA, WHO and CDC, every adult should be strength training, particularly as we age. It helps to prevent diseases, increase our body functionality and make us happier. Unfortunately, most people are too busy to make it to the gym, so Activbody designed a system that allows users to do exercise routines in just five minutes. Activ5 exercises are discrete and static, so users can workout at their desks, while watching TV or on a plane – making the benefits of isometric fitness available anytime, anywhere.

**American Metal Bearing Co., Garden Grove***John Henderson, President*

American Metal Bearing Co. (AMB) was founded in 1921, specializing in the design, manufacture and reconditioning of plain bearings for all industrial applications. Since the company's beginning in a small shop, AMB has grown to become a leading supplier of engineered components and systems to both commercial businesses and some of the largest militaries and their suppliers around the world. Having grown into an engineering company, AMB was able to supply marine bearings that were designed, engineered and constructed in-house to the U.S. Navy and Merchant Marines. AMB also produces oil and water lubricated propulsion shaft bearings for 75% of new U.S. Navy ship construction. Today, AMB has grown to use some of the most advanced engineering and machining techniques to keep customers supplied with the latest advancements in the field.

**Anaheim Fire & Rescue, Anaheim***Randy Bruegman, Anaheim Fire Chief*

Anaheim Fire Chief Randy R. Bruegman joined Anaheim's city leadership team in 2010. Recognizing the need for a Mobile Integrated Health Care solution, Bruegman championed the effort to implement the agency's Community Care Response Unit (CCRU), an innovative public-private partnership with Kaiser Permanente Orange County and CARE Ambulance Service, coordinating with Dr. Gary Smith, a California licensed physician. First to launch in California last year, the CCRU responds to non-urgent medical requests with an ambulance staffed by a certified nurse practitioner and a fire captain/paramedic in lieu of a standard paramedic engine/truck and ambulance response. The nurse practitioner is able to triage and treat low acuity calls in the field in order to lower ambulance transports to the hospital – providing quality care in the field and reducing health care system costs. Since launch, the CCRU has treated 550+ patients and has kept 48% of them from being transported to overcrowded emergency departments.

**Arbela Technologies, Irvine***Nima Bakhtiary, President/CEO*

Nima Bakhtiary brings more than 20 years of experience in software, business consulting, and implementation of complex and multi-national financial and supply chain solutions. He is one of the founders of Arbela Technologies and has been president and CEO since October 2006. Under his leadership, the organization has become trusted advisors to numerous firms, delivering high-value business and technology consulting services to companies around the world. Arbela Technologies prides itself on helping companies lower the costs of offshore manufacturing – providing organizations a competitive edge by giving them an end-to-end solution by digitizing their



processes. Arbela Technologies has helped manufacturing clients grow profitably by 20% to 50% a year.

AutoGravity, Irvine*Andy Hinrichs, Founder/CEO*

Andy Hinrichs founded AutoGravity knowing the next generation of car buyers were ready for change. Since its first pilot in summer 2016, AutoGravity has attracted more than half a million car shoppers seeking convenience, transparency and choice through the AutoGravity iOS and Android apps. AutoGravity expanded its geographic reach in 2017 and is now live in 49 states. The AutoGravity user base continues to grow nearly 10% month over month. AutoGravity partners with the world's leading banks and financial services companies, and has joined forces with more than 1,500 franchise car dealerships, including four of the five largest dealer groups in the U.S. Through these partnerships, AutoGravity technology simplified the auto financing experience, delivering personalized finance offers to prospective purchasers within minutes. In July, AutoGravity moved into a brand new Irvine facility featuring a modern working environment for its digital natives.

**Axonics Modulation Technologies Inc., Irvine***Ray Cohen, CEO*

Ray Cohen co-founded Axonics Modulation Technologies Inc. in late 2013 to develop an innovative, implantable neuromodulation device for the treatment of overactive bladder and bowel dysfunction. In three rounds of funding, Cohen and his team have raised \$93 million in venture capital since March 2014. The company gained CE Mark in June 2016 and Canadian approval in December 2016. Axonics successfully completed a 50-patient EU clinical study, and is currently in the process of seeking FDA approval. The Axonics SNM System is the world's smallest, rechargeable neuromodulation device and has been qualified to last 15+ years in the body. Prior to Axonics, no active implantable medical device had ever been validated to function for as long in the human body.

**BANKCODE, Laguna Beach***Cheri Tree, Founder/CEO*

Cheri Tree built BANKCODE in a 1,600-square-foot storage unit in Newport Beach, where she lived for 18 months, into a company that has more than \$5 million in sales in more than 40 different countries. She's the leading expert in the world on selling using the power of personality science, and has spoken at Harvard University and UC Berkeley. She has also published a white paper from study conducted by San Francisco State University proving her powerful invention of the B.A.N.K. methodology could predict buying behavior in less than 90 seconds. As a tool for sales, B.A.N.K. has been used successfully for more than 20 years. The four "buying personalities" used to type people have consistently increased sales success for users in the marketplace. In 2014, Tree won the AWREY Entrepreneur of the Year Award in Monte Carlo for making a difference in the world.

**Beeya, Laguna Beach***Ladan Davia CEO/Founder*

Ladan Davia started her first company in the tech space, Excelerate Test Prep, at 21. When she discovered the troubles people had during the hiring and employment process, she started Beeya at 23. The idea of finding a job online is not a new idea, nor is the idea of connecting people in a professional network. What is a new and innovative idea is what Davia has created in Beeya. Beeya is a platform that automatically matches employers and employees together using a matching algorithm based off of specific requirements selected by the user. The website brings the online job hunt, social network and professional network ideas all onto one platform. Beeya allows the user to look for exactly the job or candidate they desire, while filtering out results they don't want. Beeya is now serving 98 companies and almost 7,000 employees in Orange County.

**Casa Romantica Cultural Center & Gardens, San Clemente***Berenika Schmitz, Executive Director*

Under Berenika Schmitz's leadership, Casa Romantica Cultural Center and Gardens has seen unprecedented growth, and its successful trajectory as a cultural center is valuable and important to the Orange County community. Casa Romantica has seen a 172% increase in visitor general admissions, a 217% increase in program patrons, and a 32% increase in weddings and private events. Next season, Casa Romantica will start a new Casa Jazz Club; commission a new tap dance choreography from numerous dancers; commission a



Innovators of Opportunity



Since 1924, Goodwill of Orange County has been in the business of helping people who are facing barriers find and keep meaningful employment.

Greenberg Gross LLP is proud to support Goodwill's mission of helping people reach their full potential and thrive.

A recent donation to the career center will help Goodwill expand its reach and double its workforce development services, including education, training, and employment services.

These services give people facing challenges the opportunity to achieve their highest levels of personal and economic independence, as well as greater self-confidence and personal worth.



The donation to Goodwill of Orange County by Greenberg Gross will allow the career center to double its workforce development services.

"Goodwill of Orange County is the finest provider of life-changing job skills and training around and we are proud to play a role in helping to achieve this community-improving mission."

Wayne Gross
Partner, Greenberg Gross LLP

Greenberg Gross salutes Goodwill of Orange County for its commitment to providing opportunities for those in need.

To learn more about Goodwill of Orange County, visit ocgoodwill.org.



2017 INNOVATOR OF THE YEAR AWARD NOMINEES

site-specific Midsummer Night's Dream; an exhibition of Rwandan Art; and exhibition of the art of Baja, as well as Dutch art; and also host a panel of leaders on the importance of arts education. These are just a few of the 80+ events per year that help Casa Romantica flourish. Berenika has also established the Casa Romantica Music Festival and Academy, which provides free musical training to underserved children. The only criterion for admission is a willingness and passion to learn.

CHOC Children's Foundation, Orange

Dennis McClellan, SVP/Chief Development Officer

The CHOC Children's Foundation supports CHOC Children's Hospital's mission through innovative, philanthropic techniques and approaches. The Foundation has a successful record of past fundraising and the outlook for the future is even brighter under the leadership of Dennis K. McClellan. Through the engagement of new philanthropic strategies, refreshed initiatives and a renewed spirit of innovation, the Foundation has had exceptional success with increasing commitments of more than \$1 million over the past five years and more than \$35 million in total giving for fiscal year 2017. These gifts are playing an important role in program expansion to meet the diverse needs of Orange County's children, including cutting-edge stem-cell genomic research; groundbreaking approaches in pediatric mental health by building the first inpatient center for OC children under 12; a state-of-the-art Neonatal Intensive Care Unit – able to accommodate babies as small as 23 weeks old; a robust Child Life program that creates a kid-friendly environment for patients; the only pediatric trauma center in Orange County; as well as advancing "CHOC 2020," the institution's strategic plan.

**cloudvirga, Irvine**

Kyle Kamrooz, Co-Founder/COO

An experienced lending and financial technology professional, Kyle Kamrooz has 17+ years of executive management experience. Kamrooz co-founded cloudvirga in 2015, a developer of modern mortgage workflows and technology that is re-imagining the digital mortgage process and making it possible for lenders of all sizes to remain competitive. Cloudvirga's next-generation loan officer and direct-to-consumer point-of-sale systems leverage data and automation to cut overall loan costs, giving borrowers more control and reducing the time it takes to close a loan for both borrowers and lenders. The company's clients report that 70% of consumers who start a loan application using cloudvirga's platform complete the application without further loan officer intervention and 42% of them do it on a mobile device. Cloudvirga has raised nearly \$23 million in venture capital from investors that include a Blackstone Group portfolio company, Upfront Ventures, Dallas Capital and an affiliate of a top-five mortgage originator. The company has already processed more than \$7 billion in loans for an initial customer roster that includes eight of the top 40 non-bank mortgage originators in the U.S.

**Cosemi Technologies Inc., Irvine**

Nguyen Nguyen, President/CEO

With the conviction that high-speed connectivity would play a critical role in the future, Dr. Nguyen Xuan Nguyen leveraged his successful technology background and founded Cosemi Technologies Inc. in 2006. Cosemi Technologies designs and manufactures optical components. The company became an industry leader in photodetectors for the telecom industry. As the founder and CEO, Nguyen drives the company's innovation and vision. Fiber optics were once considered impossible on a mass scale due to their prohibitively expensive cost. Under Nguyen's leadership, Cosemi is bringing cost-effective fiber optics solutions to the mass market. He has guided the growth of Cosemi, including its recent sale of its photodetector business to Avago Technologies U.S. Inc., a Broadcom Limited company.

**Digsy Inc., Fullerton**

Andrew Bermudez, CEO/Co-Founder

Founded in 2015, Digsy is tech-enabled, on-demand brokerage services platform. Digsy has helped hundreds of small and large business find a new home and helped agents lease/sell more than \$60 million in commercial real estate. Prior to forming Digsy, Andrew Bermudez was senior vice president of real estate brokerage firm, Lee & Associates. Bermudez has helped Digsy grow from an idea to a venture- and angel-backed tech startup. Investors backing Digsy include a Zillow board member, a former CEO of Apple Computers, K5 Ventures, Tech Coast Angels and former Google employees. Bermudez has helped Digsy raise more than \$1.3 million in funding.

**Educasic, Huntington Beach**

Melissa Murphy, Founder/CEO

Since forming in 2014 and launching its first product in 2015, Educasic has added more than 120,000 teachers, parents and students to its classroom-connected

early childhood education (ECE) platform. Melissa Murphy has built a well-rounded team that is passionate about education technology in the early education realm. From the start, it has been the company's mission to help bridge the gap between the classroom and the home by connecting teachers and parents. Through the establishment and fostering of this connection via Educasic's platform, students of all backgrounds ultimately achieve greater success in their early education. Sights is Educasic's first program on the platform. The digital sight word learning platform has gained 120,000+ users since its launch in 2015 and has already received accolades. The company just launched a redesign in late June to further improve parent-teacher communication. Educasic is currently working on two more early education programs that are set to launch in the winter of 2017-2018. One of these programs, Spells, leverages the Amazon Echo to improve spelling efficiency in young students.

**Ergo21, Newport Beach**

Steve Gambhir, President

Steve Gambhir has changed the lives of thousands of people with back, tailbone and buttock problems with his seat cushion, Ergo21. Gambhir licensed the unique technology and created Ergo21, a high-level cushion and back support that can be used in multiple ways – in the car, on a sofa, bed, and during yoga and meditation. The product has become so popular that Gambhir is closing in on his first \$1 million in sales, and is also expanding his product line with LiquiCell-filled bicycle seats, pillow cases and shoe insoles. With 500+ five-star reviews on Amazon, Ergo21 is poised to become the leader in the seat cushion industry. The Ergo21 is getting rave reviews from drivers of all kind from Uber and bus drivers to pilots. In addition, wheelchair users also are getting relief from pressure sores when they use the Ergo21 cushions.

**EvaDrop Smart Shower, Irvine**

Torrey Tayenaka, Founder/Inventor

In 2014, Torrey Tayenaka invented EvaDrop Smart Shower, the world's first smart shower designed to reduce the amount of water used while maximizing the user's shower experience. The company pre-sold more than \$135K in orders on Indiegogo and is now ready for manufacturing. From founding his first production startup in high school to his multi-faceted role as CEO of Sparkhouse Media today, Tayenaka is an acclaimed force in high-concept, branded video production and serial entrepreneurship. Fueled by a strong desire to pay it forward, Tayenaka has his hands in a wide range of pursuits – environmental, technological, medical and charitable. At any given time, he may play the role of inventor, producer or promoter, designing and developing projects he believes have the potential to change the world.

**Ever-Pretty, Irvine**

Anna Shi, Owner/CEO/Founder

Anna Shi founded Ever-Pretty in 2006. The company was first launched in the ever-changing European fashion market and was brought to the U.S. in 2011. Shi started with the dream of changing women's dress fashion on a global scale by creating superior women's dresses for affordable prices. All of Ever-Pretty's dresses retail for under \$100. The designs are meant to be timeless pieces. Ever-Pretty, an online shopping site, is the one-stop dress shop for all occasions, including prom, weddings, date night, vacations, etc. Ever-Pretty was created to make dress shopping easy and fun, with thousands of styles for customers to browse through. This year, Shi donated 600+ dresses on behalf of Ever-Pretty to the YWCA of North Orange County's 2017 Prom Project. More than 68 high school girls from low-income families participated in a day of dreams, being pampered and empowered by personal shoppers before their high school prom.

**Executive Next Practices Institute, Irvine**

Scott Hamilton, CEO

Executive Next Practices Institute (ENP) is based at UCI Applied Innovation. To date, the company has led 228 forums involving all industry sectors. The Executive Next Practices Forum is an established network of FORTUNE 5000 c-level and key executive leaders who meet to review "first look" innovations in business and leadership strategies. The unique and highly collaborative sessions are held in a non-solicitation environment to encourage leaders to engage, create and build powerful business relationships. Scott Hamilton, the founder of the organization, has grown ENP Forums into a national organization by looking at the latest in trends and helping businesses grow in this fast-paced business climate. He is also the founder of Next Work Strategy, a top advisory firm for mid- to large-cap companies.





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FunBand Inc., Irvine*Rehema Feleke, Co-Founder/CEO*

Dr. Rehema Feleke received her medical degree from Loma Linda School of Medicine, and currently practices emergency medicine at UCLA. She earned her Healthcare Executive MBA in 2016 at the Paul Merage School of Business. Her company, FunBand Inc., was conceived during her MBA program after a near-abduction experience of a friend's daughter. FunBand's mission is to help keep kids safe so families can focus on fun. FunBand has developed a system to keep track of young children that is convenient and gives families peace of mind. Feleke recruited a team, developed a business plan, entered the New Venture Competition and went on to win first place in May 2016. FunBand Inc. also won Best Presentation at the Orange County Tech Coast Angels Fast Pitch Competition in March 2017. The company has plans to launch in the marketplace October 2017.

**Fusion Academy, Huntington Beach & Mission Viejo***Marissa Johnson, Head of School, Mission Viejo**Maryam Pourmohsen, Head of School, Huntington Beach*

Fusion Academy is a revolutionary private high school that offers one-to-one teaching where students can flourish emotionally, socially and academically. Marissa



Johnson helped to open seven Fusion Schools in two years. In her position as regional director, she helped spearhead the central region growth. Maryam Pourmohsen takes pride in providing growth opportunities for her employees at Fusion Academy Huntington Beach. To date, 10 of Fusion Academy's current leaders were hired as teachers, and now, thanks in large part to the mentorship, opportunities and coaching Pourmohsen has provided, they've grown to become prominent figures at the organization. Today, Fusion Academy has schools in Dallas, Plano, Austin and Lake Forest, to name a few.

Girl Scouts of Orange County, Irvine*Nancy Nygren, CEO*

Orange County faces a shortfall of STEM-educated workers, and females fill only 24% of STEM jobs nationally. Through her passion for innovation, Nancy Nygren created several initiatives to ensure that OC's 21,000 Girl Scouts have early access to STEM programs. The Girl Scouts of Orange County STEM Consortium is in its third year and aligns Girl Scouts with leading OC STEM companies, a collaboration that has introduced OC girls to new Girl Scout STEM badges it created and experiences provided through participating companies. At the heart of the Argyros Girl Scout Leadership Center opening this fall is INSPIRE, a locally developed multimedia interactive experience through which girls virtually meet women spanning diverse careers (and learn the vital role STEM plays in what they do) and learn to take action to change the world. Voice for Girls, an annual think tank rallying community leaders around girls' leadership potential, focuses on issues affecting girls and motivates attendees to take action in our community.

**GlobeChat, Newport Beach***Kevin Strom, Founder/CEO*

Kevin Strom has created the first global universal communication platform connecting people throughout the world regardless of language or distance. GlobeChat provides a single unified global communication platform, instantly connecting people throughout the world regardless of language. GlobeChat's patent pending "System and Method for Multi-Lingual Networking and Communication" provides the ability to broadcast a message in one language to multiple recipients throughout the world, each receiving the message instantly and automatically in their own native language. GlobeChat is most popular with international businesses and global travelers, spreading to 150 countries in less than a year. GlobeChat was released throughout the world on April 1, 2016. GlobeChat won the Tech Coast Angels 2016 Celebration of Entrepreneurship Competition placing No. 1 among 120 of the top new companies in Orange County.

**Greenwave Systems, Irvine***Martin Manniche, Founder/Chairman/CEO*

Martin Manniche is the founder, chairman and CEO at Greenwave Systems, the leading global managed services and Internet of Things (IoT) venture. His ability to visualize and bring a product concept to life distinguishes him in the industry. Talent, commitment and passion for innovation have earned him 100+ industry accolades. Since founding



Greenwave in 2008, Manniche has piloted Greenwave in raising \$90 million in total funding. The company's global presence has expanded to Denmark, UK, Germany, Korea, Silicon Valley, and an R&D facility in Singapore that has grown to almost 100 employees. These expansions have led to a 45% increase in global headcount and a 54% increase in revenue since 2014. Greenwave's secure and scalable offering has resulted in successful partnerships with industry giants, including Verizon, Frontier Communications, IBM, DIRECTV and more.

Hypoallergenic Air LLC, Fountain Valley*Woody Young, President*

Woody Young has had significant interest in more than 15 companies over the years, and has built multiple worldwide companies into iconic, globally recognized brands. Young's products have received more than 2 billion impressions in TV, film and pop culture in the last 10 years alone. In 2006, he invested in Air Oasis LLC and helped lead the company to become the global leader in energy-saving air quality solutions – sanitizing an estimated 100 million square feet of space every day. Since then, he has invested in the growth of a number of early stage tech companies. Hypoallergenic Air LLC, one of his latest ventures, is transforming how world-class facilities look at energy savings, air quality and environmental impact. Hypoallergenic Air has commercialized and greatly improved on NASA's breakthrough sanitization practices with the company's exclusive nanotechnology. This revolutionary technology was designed to address the complex air quality issues presented to the U.S. Space Program in future deep space manned missions to Mars.

**Inspired Art Wine, Costa Mesa***Karen Nguyen, Founder/CEO*

Inspired Art Wine is the only premier art studio/wine bar of its kind in the U.S. Inspired Art Wine provides fun art for novice painters, as well as fine arts focused on technique and art history. Also a wine bar and art gallery, Inspired Art Wine's wine selection and artwork are personally curated by Karen Nguyen. Within a year of opening, Inspired Art Wine has consistently earned five-star reviews from customers and corporations. With ticket sales seeing double-digit growth month after month, Inspired Art Wine's corporate clients include Google, Starbucks, Microsoft, Hyundai, Ritz Carlton, Deloitte, Ernst & Young, among others. One of the core principles at Inspired is to instill a sense of community service, which has led to the partnerships with nonprofits such as Segerstrom Center for the Arts, the City of Costa Mesa, UC Irvine, Rooster's Foundation, Elks Lodge and ASPCA. Through the "Paint for Cause" initiative, Nguyen donates proceeds of private events to nonprofits to benefit Operation Gift a Smile, Abalone Project and Rooster's Foundation.

**iPourIt Inc., Lake Forest***Brett Jones, CTO/Founder*

Brett Jones founded and patented iPourIt in 2011. iPourIt is a self-serve tap dispense technology that promotes consumer choice and sampling, while also providing detailed data for targeted marketing and loyalty programs. iPourIt has been the answer to many objectives created by the craft beer industry. For example, Pour Taproom was looking for a way to implement a "tasting room" concept. Traditional service methods were either too expensive or time-consuming. The challenge was to allow 100 people to get educated on craft beer, sample their preferred amount and have every ounce charged to a tab. iPourIt was able to introduce integrated touchscreen technology to provide product branding/descriptions, ABV, IBUs, pricing and recommended glassware on a 7" Android tablet placed above each tap. The company has close to 3 million ounces poured each month through the iPourIt system. iPourIt's client base has grown substantially and includes nationally recognized brands, such as zpizza, PizzaRev, Round Table Pizza and Marriott Hotels. In addition, the company's original clients have now become multi-unit operators across California and the country.

**iWALKFree, Garden Grove***Brad Hunter, President*

iWALKFree is the award-winning crutch and knee scooter alternative for all below-knee injuries. It gives users hands-free/pain-free mobility and the ability to live a functional, independent lifestyle. iWALKFree has been the subject of numerous clinical and university studies and has won numerous awards, including the prestigious i-Novo Medica Award for "Best Design" in 2016 presented in Düsseldorf, Germany and voted on by 120,000 medical professionals around the globe. In September 2013, iWALKFree launched the next generation of hands-free crutches – the iWALK2.0. The iWALK2.0 was carefully engineered to be easier to learn, more comfortable and efficient at an even lower price. Notable users of the iWALK2.0 include sports stars and actor Harrison Ford. Sales have continued to grow each year by an average of 140%. The iWALK2.0 is the best-selling crutch on Amazon, Walmart.com, Walgreens.com and CVS.com.



2017 INNOVATOR OF THE YEAR AWARD NOMINEES

JenaValve Technology Inc., Irvine
Victoria Carr-Brendel, CEO

JenaValve Technology Inc. is a private, venture-capital-backed company headquartered in Irvine with operations in Munich, Germany. JenaValve develops, manufactures and markets transcatheter aortic valve repair systems to treat patients suffering from aortic valve disease. The company's Transapical TAVR system has CE Mark approval for aortic valve stenosis and for the unique indication to treat patients suffering from aortic valve insufficiency. JenaValve currently markets this product in Europe and other selected markets worldwide. The company is currently pursuing U.S. FDA approval for the device. Victoria Carr-Brendel has more than 25 years of medical device experience, including the development and commercialization of medical device products across disease states, from diabetes to peripheral vasculature to electrophysiology. She began her career with Baxter Healthcare in the research and development of an artificial pancreas.



Nick Kovacevich has taken Kush Bottles from a small, three-man operation to a dynamic, growing, publicly traded company with offices in three states, multiple vertical markets, 60+ employees and close to \$10 million in revenue on sales of more than 100 million units. He has done this by recruiting a team of experienced and dedicated people, creating an atmosphere of inclusion and rewarding accomplishment. Under Kovacevich's the leadership, Kush Bottles continues to grow with each quarter. He recently orchestrated several major acquisitions, including acquiring a genome bio-tech lab to create a new line of products in the company's portfolio. Acquisitions will add to significant internal growth. Additionally, the company is now selling globally, and has added direct-to-consumer sales to complement B2B sales.

**Just Food For Dogs, Los Alamitos**
Shawn Buckley, President/Founder

Shawn Buckley is a serial entrepreneur who, at 19, co-founded a bicycle accessory company which was then purchased by GT Bicycles. He stayed with the company and helped grow sales from \$1 million to \$95 million in five years. At 25, he started a PR agency and 11 years later sold it to a firm in LA. He then bought the rights to the oldest baby carriage company in the world (a UK company) and started Silver Cross, producer of the most expensive strollers in the world, which he later sold to Halsall International for \$5.7 million. Buckley founded Just Food For Dogs (JFFD), an all-natural pet food company. Human-grade pet food has been proven to be healthy – using restaurant-quality ingredients intended for humans but nutritionally balanced for dogs and cats. All of JFFD's products are made in kitchens open to the public and supported by veterinarians. Today, JFFD has eight retail locations throughout Los Angeles and Orange County with a commercial facility that fills online orders.

**LAB Holdings LLC, Costa Mesa**
Shaheen Sadeghi, Founder/CEO

In 1993, on a mission to combat stale retail homogenization in Orange County, Shaheen Sadeghi founded The LAB, an acronym for "Little American Business." Using design and merchandising experience from his 20+ years in the apparel business, Sadeghi began by repurposing neglected structures and historic buildings into vibrant, site-specific retail communities. His LAB team sought out and gathered local entrepreneurs for each specific neighborhood audience – incorporating art, music and fashion into an ever-evolving and refreshed environment. A key ingredient for each project has been local involvement via outreach, partnerships and on-site events in a welcoming indoor/outdoor gathering place. In Costa Mesa, the firm created the SoBeCa area (South on Bristol entertainment culture and arts), incorporating the LAB, the CAMP and neighboring businesses. Currently, the LAB team is collaborating with the cities of Laguna Niguel, Long Beach, Corona and San Marcos on larger scale and multi-purpose redevelopment projects.

**Kush Bottles Inc., Santa Ana**
*Nicholas Kovacevich, Co-Founder/CEO***Lithium Cycles, Tustin**
John Kim, CEO/Founder

Lithium Cycles is a company that designs, manufactures and distributes unique electric motorbikes. Launching in 2016 with their first product, the Super 73, a

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1000-watt electric motorbike with a cup holder, the company raised more than \$400,000 in presales during its initial Kickstarter launch. The makers of the Super 73 are on target to reach \$1 million in their first year of sales, with several more models planned. There is currently a four-month waitlist for the company's 2017 models. With a global distribution strategy in the works, Lithium Cycles is primed for expansion and will look to open a round of Series A funding this summer.

Locker Board, San Clemente

Carson Kropfl, Inventor/Chief Fun Officer

Eleven-year-old Carson Kropfl invented the Locker Board Skateboard in October 2016. It was his first year in middle school and he wanted a skateboard that would fit in his locker. None of his boards would fit, so he decided to make one. Kropfl takes recycled skateboard decks and reshapes them to fit inside of backpacks and lockers. Since opening, Kropfl has handmade 300+ skateboard decks while attending school. He has also launched an online store and shipped skateboards all over the country. His innovative spirit has created an entrepreneurial movement at his school – with kids developing their own products as a result of Kropfl's effort and vision. Kropfl donates \$1 for every board he sells to the Tony Hawk Foundation. He has also recently partnered with iRideiRecycle, a national recycling company that has set up skateboard recycling programs in skateboard shops across the country.

**Loil, Costa Mesa**

Zachary Martin, CEO

Zachary Martin founded Loil in November 2016 and in January 2017, the company had its official public launch. Loil provides on-demand, scheduled and recurring auto maintenance directly to customers. The company provides a professional mechanic who goes directly to clients' homes, offices or wherever a vehicle may be. The company experienced 200% monthly growth beginning in January and has partnerships with organizations such as The Irvine Company and CARFAX. Loil was approached in April 2017 to be acquired by a larger automotive company based in San Francisco. That acquisition is currently being finalized.

**Masimo Corp., Irvine**

Joe Kiani, CEO/Chairman of the Board

Joe Kiani is one of the most recognized leaders in the medical technology industry due to his work to revolutionize non-invasive patient monitoring to improve patient outcomes, champion intellectual property rights and lead group purchasing organization reform. In recent years, he has received additional recognition across the broader healthcare industry for founding and leading the Patient Safety Movement to bring doctors, nurses, hospital executives, medical technology companies and government leaders together to focus on reducing preventable deaths in U.S. hospitals from more than 200,000 per year to zero. Kiani invented Signal Extraction Technology (SET®), which has led to dramatic improvements in patient care and reductions in cost of care, and today is used to monitor more than 100 million patients per year around the world. Masimo is publicly traded with a valuation greater than \$2 billion; employs 4,500 people worldwide, including 500 in its Irvine-based headquarters; and has introduced multiple innovative and award-winning, non-invasive monitoring technologies.

**Mavenlink, Irvine**

Raymond Grainger, CEO/Founder

At Mavenlink, Ray Grainger is leading the mission to reinvent the way the world conducts business. Mavenlink's enterprise-class SaaS platform enables service organizations to successfully manage and scale their people, projects and profits. Mavenlink is one of the fastest-growing companies in the U.S. Following consecutive years of triple-digit growth, the company recently announced a major expansion plan that included the opening of two international offices (London and Melbourne), the addition of two new U.S. locations in Boston and Salt Lake City, and significant growth plans for its San Francisco office and Irvine corporate headquarters. In November, Mavenlink raised \$39 million from Goldman Sachs, totaling \$84 million to date. Mavenlink has recently received several prestigious distinctions for its innovative solution, company growth and client satisfaction. In 2017, the company has been awarded the Gold Stevie for the Project Management category and has been named a finalist in three SIIA Codie Business Technology categories.

**Meridian AR, Tustin**

Robert Brown, Founder/CEO

Robert Brown has more than 25 years of experience as an entrepreneur and senior executive for Fortune 100 brands overseeing P&L, marketing, sales, products, engineering, finance and service initiatives. Founded in 2015, Meridian

AR is one of the first companies to integrate three leading technologies – mixed reality, cloud/IoT and cognitive computing technology specifically for the enterprise – to serve companies in the automotive, medical, retail and other sectors. Meridian's technology enables consumers to experience the things they want before buying them simply by holding up their mobile device to a product, place or situation. The company started with a small round of seed money and has grown to become one of the leading innovators and drivers of the market.

**Mission Heritage Medical Group, Mission Viejo**

Vasu Sunkara, Clinical Site Director

As site director for the Mission Heritage Medical Group (MHMG) Urgent Care, Vasu Sunkara has introduced novel quality-of-care algorithms in the clinic that have significantly facilitated patient care and allowed the facility to provide quality care to an average of 30-35 patients daily. The Urgent Care's primary care establishment protocol, which confirms whether a patient has an established PCP, has been successful in connecting non-established patients with accepting providers in network. The fast track ER triage protocol, which identifies at-risk patients who come to the Urgent Care, has expedited identification and care for at-risk patients who need ER triage. In the community, Sunkara's work includes starting a lecture series to inform and educate patients in the local community on red flag medical symptoms requiring immediate care. This series – Facilitating Appropriate Care Today – is in coordination with Mission Hospital and is an opportunity to engage with the local community, to inform, educate and to allow community members to get to know providers.

**Money360, Ladera Ranch**

Evan Gentry, CEO/Founder

Money360, a nationwide direct lender transforming commercial real estate finance into a fast, transparent and reliable marketplace for borrowers and investors, is the latest in a long line of successful companies founded by Evan Gentry, a longtime entrepreneur and innovator. Gentry founded the company to replace pre-recession banking models with a less costly, more efficient lending platform for commercial real estate financing. Today, the company has revolutionized the market, providing an innovative alternative lending platform that is now completing tens of millions of dollars in transactions monthly and experiencing exponential growth that is positioning Money360 to exceed \$500 million for its total portfolio by the end of 2017. The company also expanded into several new regional divisions throughout the U.S. to accommodate an increased deal flow and expanding base of borrowers and capital partners in the U.S. and abroad. Gentry's other successful ventures include MoneyLine Lending Services, an Inc. 500 company, and G8 Capital, a real estate investment firm.

**MSC Software Corp., Newport Beach**

Dominic Gallelo, President/CEO

Founded in 1963, MSC Software is one of the 10 "original" software companies and a global leader in helping product manufacturers advance their engineering methods with Computer Aided Engineering (CAE) software and services that test the structural integrity and functional viability of their projects and products. MSC's technology was critical for putting a man on the moon and helping NASA to safely land Curiosity on Mars. Academic institutions, researchers and students employ MSC's technology to expand their knowledge and the horizon of simulation. MSC employs 1,300 professionals in 20 countries. Customers rely on MSC's software to predict the behaviors of their products to ensure safe, comfortable and sometimes thrilling operation. From 2000 to 2010, the company stumbled with failed strategies. Revenue was declining 14% and software revenue was declining 25%. Enter new CEO Dominic Gallelo. The company was taken private and he set off on retooling MSC to deliver great engineering simulation software. This culminated in the sale of the company in April 2017 for \$834 million.

**MuHu Inc., Newport Beach**

Blake Gasca, CEO/Founder

MuHu is a disruptive mobile video intelligence company. Dedicated to providing the transportation industry with innovative, value-added technologies, MuHu is driving a radical shift in the way the world protects people and businesses on the road. Blake Gasca is a co-founder of MuHu's predecessor, Convoy Technologies. Convoy Technologies designed, engineered and manufactured electronic products that were used on military, construction



2017 INNOVATOR OF THE YEAR AWARD NOMINEES

and commercial vehicles. He guided the company from a startup to an award-winning, high-growth organization. He now drives success for MuHu, where he brings a zealous passion to innovate, save lives, lower total client cost of operations and deliver high-quality solutions. Gasca earned his business degree at Loyola Marymount University, where he majored in information system quantitative management and international business. He has experience in operations management, mobile technology, strategic planning and IT solutions.

My Mobile Watchdog, Newport Beach Robert Lotter, CEO

Robert Lotter has founded a number of technology startups and has served as an advisor, inventor, board member, or at times, CEO. These startups include a range of products and services from mobile security to high-tech hydrogen production. My Mobile Watchdog (MMWD) was spun out of another company founded by Lotter in the early 2000s as an incubator and technology platform. The DNA of MMWD is a law enforcement application created by Lotter called Radar. Radar and its iterative technologies have been used by law enforcement worldwide to capture and convict thousands of child predators. My Mobile Watchdog is an app that helps parents monitor their child's mobile activity to check if rules are being followed. The app brings 20+ parental controls to a child's mobile device. Parents can then use their computer, tablet, iPhone or Android smartphone to monitor usage, manage settings and set up alerts.



Netreo Inc., Irvine Kevin Kinsey, CEO

Kevin Kinsey's first job out of college was with AT&T selling PBX phone systems; during his time at AT&T, he innovated a better way to sell the product and as a result, he was in the top 2% of salespeople for the entire six years he was there. After leaving AT&T, Kinsey went to work for a start-up systems integrator as a salesperson. Kinsey eventually was promoted to sales management and ultimately VP of Sales. After a Fortune-500 company bought the company, Kinsey was asked to run the entire organization for the remainder of an agreed-upon, two-year earn-out period. During that time period, Kinsey and his partners deployed a number of best-of-breed monitoring and network management tools in order to support their customers. At the close of this two-year period, Kinsey and his partners went on to form Netreo, a premier provider of IT management solutions for enterprise business. Today, Netreo employs 21 workers and conducts business in numerous countries around the globe. Clients include Wells Fargo, AON and Broadcom, and client retention is 96.5%.



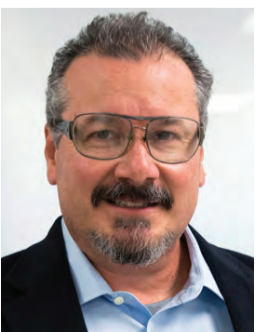
New American Funding, Tustin Rick Arvielo, Co-Founder/CEO Patty Arvielo, Co-Founder/ President

Honored by Ernst and Young as the 2016 EY Entrepreneur of The Year® Orange County, Rick Arvielo is a leader in the mortgage industry. He transformed a small, mortgage refinance call center into a national mortgage banker that currently funds more than \$1 billion a month. The company now has 130+ nationwide branches and has been ranked four times on the *Inc.5000* list of fastest-growing companies in the nation. With more than 30 years of experience in the mortgage industry, Patty Arvielo has risen to the top executive ranks and has become a source of lending expertise. In an industry where women are in the minority, Patty mentors other women in business and provides a corporate environment for women to excel on merit. Her natural leadership and commitment to helping women has fueled New American Funding's success and contributed to her role as an iconic mortgage leader. Patty and Rick lead one of Orange County's top minority-owned companies; employing 2,400+ individuals, 57% of which are female, with many C-level positions held by women.



Pacific American Life Science Learning Center, Irvine Tony Brown, CEO

Pacific American Life Science Learning Center is a privately owned bio skills facility. The company provides physicians and medical device companies with the space, equipment and event management staff to successfully perform hands-on training, R&D, and educational courses. The company has brought surgical education to a state-of-the-art level in Irvine. The company started in San Diego in 2011 and expanded this year to Irvine, bringing surgical excellence and training to surgeons. The company started as an off-shoot of a sister company started in 1996, Pacific American Medical Service.



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Pacific Dental Services, Irvine*David Baker, Chief Information Officer*

David Baker is a proven international business and technology strategist with a love for innovation. Baker brings experience from the startup level all the way through to some of the largest Fortune 500 companies. Joining Pacific Dental Services (PDS) in October 2016, Baker leads the PDS IT teams through their ambitious digital transformation goals. The "Dental Office of the Future" is an ongoing initiative to bring traditional disparate clinical devices into a connected digital ecosystem driving a data-rich platform evolution. Imagine being welcomed on your phone as you drive into the carpark, greeted personally as you walk into the office before you say a word and having immediate access to your dental history and options. This is all in the making and the pinnacle of the data age is upon us. Baker believes IT should be as intuitive as it is in the home environment. PDS is the country's leading dental business support organization.

**Parcel Pending Inc., Irvine***Lori Torres, CEO/Founder*

After coming up with a business plan, Lori Torres left her stable job at The Irvine Company and launched her own business, Parcel Pending, in 2013. Parcel Pending is an electronic locker storage system that eliminates the need for management to handle residents' packages and enables them to pick up packages 24/7 in their apartment community. Torres jumped in two-fold, beginning the initial Parcel Pending startup phase, while working towards achieving her MBA at Pepperdine University, Graziadio School of Business & Management. While Torres was developing the software to customize the electronic lockers, she was also leveraging the details of manufacturing a heavy-weighted product in Asia, all without funding. Now with 80 employees, Parcel Pending provides a comprehensive, automated solution to the growing package management problems facing multi-family housing communities.

**Pedego Electric Bikes, Fountain Valley***Don DiCostanzo, CEO/Co-Founder*

A lifelong love of bicycles and a dislike of hills prompted serial automotive industry entrepreneur Don DiCostanzo to start Pedego Electric Bikes, rated the #1 electric bike brand by Navigant Research. Pedego has been on the *Inc. 5000* for 2014, 2015 and 2016. Founded in 2008, Pedego is devoted to delighting its customers and empowering its dealers. The first Pedego-branded store opened in 2011 in Huntington Beach. Today, there are 100 Pedego stores worldwide. 95% of Pedego store owners are Baby Boomers who were looking for a second career after retiring or being displaced from other careers. Pedego bikes are also sold in hundreds of bike shops. Pedego bikes are the choice of leading bicycle tour companies, including Dylan's Tours in San Francisco and DC Insider Tours. Pedego is known for having the highest-quality electric bikes, the most models (12) and colors, and for delivering unparalleled support to its dealers and customers, including the industry's longest warranty at two years.

**PhageTech Inc., Irvine***Richard Henson, Founder*

PhageTech is one of the most high-profile biotech firms to be spun out of publicly funded research at UC Irvine School of Physical Sciences. The product of this research is an entirely new class of materials – bioconductors. Like semiconductors, bioconductors can connect directly to a digital device and allow blood and urine test results to be delivered electronically without a lab or highly skilled operator, all at a fraction of the current cost. Current research is focused on studying the recurrence of bladder cancer by checking for biomarkers in urine. This promises to reduce the painful and costly methods of current bladder cancer treatment. Future developments will allow testing of many other cancers and infectious diseases, a major problem in developing countries where there are no labs or even reliable electricity. The ability to deliver inexpensive and scalable testing to underserved populations will make a significant impact to global health and the economy. Richard Henson was previously CEO and co-founder of Source Scientific, a biotech firm that developed diagnostic instrumentation for major healthcare companies.

**Plutos Sama LLC, Irvine***Matthew Browndorf, CEO*

Plutos Sama LLC, founded in 2013 by Matthew Browndorf, is a vertically integrated holding company with an expanding portfolio of entities providing its clients comprehensive business solutions. Plutos Sama LLC developed a diverse

and stable revenue stream in an expanding, or declining, economy that is cyclic agnostic to origination volume and supply of non-performing loans. Revenue streams across all business platforms are enhanced with cross-selling of services that work due to the complementary platforms that service each other, providing clients with a one-stop shop for all their professional needs.

Posh Tech LLC, Laguna Hills*Adam Badawy, Inventor/Owner*

Traveling from hotel to hotel, Adam Badawy noticed that the hotels never had enough outlets to charge electronics. With this revelation, Badawy sketched a prototype doodle on a napkin and after two years of refinements, the doodle design is now his current project, Connect CHARLIE. 12-in-1. Connect CHARLIE safely charges all electronics with three plugs and nine USB ports. The product also features an LED nightlight and is small enough to fit into the palm of your hand. The company recently held a successful crowdfunding campaign on Kickstarter and Amazon's Launch Pad program. After 12 months of hard work and commitment, Connect CHARLIE can now be found in major retail stores such as Home Depot, Sharper Image, Houzz, and Bed Bath & Beyond.

**See Jane Go Inc., Laguna Hills***Cassandra Miller, COO*

Cassandra Miller is proud to use her unique skill set to help other women and serve a deep community need, while being part of building a successful business enterprise. She joined See Jane Go at its inception with only an idea and initial seed money of \$250,000. In her efforts as COO, Miller has led the team in the development of the company's mobile application, business model, technology strategy, product innovations, key product and business model differentiators, financial modeling and budgeting, regulatory policies and strategies, and the overall customer experience. Her key achievements include garnering 15,000+ user sign-ups and 700 drivers on-boarded within the first 90 days of operation. See Jane Go is a women-driving-women ride hail option.

**Ship & Shore Environmental Inc., Signal Hill***Anoosheh Oskouian, President/CEO*

Anoosheh Oskouian launched her pollution control business in the fall of 2000, when the opportunity arose for her to reinvent what had been a metal fabricating company. Since then, Oskouian's company has developed a comprehensive array of engineering and manufacturing capabilities. With increasing market demand on businesses to reduce operational costs as a driver, Oskouian has continuously expanded her company's product lines and services. In April 2017, the company announced the introduction of Hydroflare, a first-to-market technology developed by Ship & Shore in partnership with Hydrozonix, a leading water quality management company. The companies joined forces in response to recent demand for a viable, efficient and long-term solution for managing water sourcing and wastewater treatment in hydraulic fracturing. This year, Ship & Shore Environmental closed deals with two multi-billion dollar firms and is expecting a healthy boost in the company's China market share. In California, the company closed deals with two major local manufacturers to provide end-to-end pollution abatement services.

**Software Anywhere, San Juan Capistrano***Jeffrey Scott, CEO/Platform Architect*

Jeff Scott has been building innovative tech startups in Orange County since 1995. Software Anywhere, Scott's for-profit, mission-driven software company, is proving that companies can incorporate extreme giving models, while still achieving for-profit goals. Scott leads the company as the CEO and lead technical architect developing applications on the Salesforce.com platform. Inspired by the Salesforce Foundation, Scott and his team spend more than 33% of their time working on community projects, including a cutting-edge high-school technology internship program that extends to a full college scholarship for students who stay on full-time with his companies. Last December marked the 10-year anniversary of giving, and in August, his team of 10 full-time employees achieved their most significant milestone of providing over \$10 million of sustainable community impact since the program started in 2007. Looking ahead, the next evolution is being defined with a focus on solving the 10 largest challenges that nonprofit organizations face, including the first goal of providing software applications at no cost built exclusively on the Salesforce.com platform.





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Employers May Sue For Online Defamation

By: James J. McDonald, Jr., Fisher Phillips



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The situation is a familiar one. Disgruntled current or former employees leave negative and harmful comments about their employer on online workplace review websites such as glassdoor.com or vault.com, or on customer review sites such as yelp.com. Until recently, employers had little recourse. Website operators are generally immune from liability under the federal Communications Decency Act of 1996, and they historically have objected strenuously, on First Amendment and privacy grounds, to identifying persons who post defamatory comments anonymously on their websites.

A recent California appellate court ruling, however, clarifies when an employer may compel a website operator to identify persons posting defamatory statements online so that they can be sued individually. The case, *ZL Technologies, Inc. v. Does*, involved seven anonymously-posted reviews by current and former employees of ZL Technologies on glassdoor.com. The reviews communicated negative information about the company and its management. The company sought to sue the employees and former employees for defamation, and it subpoenaed glassdoor.com for information identifying the posters. The website operator refused to comply with the subpoenas and the court dismissed the case. The company appealed and received a much more favorable ruling from the court of appeal.

The appellate court recognized the First Amendment right of individuals to publish even harsh criticism of other persons or organizations. Yet, quoting an earlier court decision, the court maintained: "When vigorous criticism descends into defamation ... constitutional protection is no longer available." The court further recognized that a corporation can be defamed by statements that injure its business reputation and that a corporation's reputation as an employer is an important aspect of its business reputation.

The court held that in order to obtain the identity of anonymous posters from a website operator, an employer must be able to establish the prima facie elements of a legally sufficient claim for libel. These are (1) a false and unprivileged written publication (2) that injures another's reputation. The key element is a *falsehood*, and for this reason courts distinguish between statements of fact and statements of opinion, and only the former can produce liability for defamation. Statements of opinion generally are constitutionally-protected. Only statements that involve provably false assertions of fact may be the basis for compelling a website operator to identify an anonymous poster.

Thus, for example, assertions that a company is "unfair to its employees" or "fails to promote the best candidates into management," or has supervisors who are "poor communicators and terrible mentors" are mere statements of opinion. They cannot serve as the basis for a defamation lawsuit.

On the other hand are statements of purported fact that may be disproven. The court in the *ZL Technologies* case cited some examples of potentially defamatory statements: That the company had no organizational chart, job titles or job descriptions; that most new hires left the company within three to six months; that the company had 50% employee turnover; that the company's CEO disparaged subordinates in the presence of their peers; that there was a 90% turnover rate in sales and marketing.

Similarly actionable statements (if untrue) might include "the company is frequently sued for discrimination," "the CEO has affairs with young attractive employees," "the company ships

defective parts to customers hoping they won't notice," "female engineers are paid less than male engineers for the same work," "the company is in default with its lenders," and "women never get promoted into management unless they are related to the owners."

Of course, not every unfavorable statement about an employer on a website will warrant a defamation lawsuit. But where a concerted campaign by current or former employees is underway that is spreading false information damaging to a company's business reputation, this new case provides a potent weapon for the employer to use to fight back.

James J. McDonald, Jr. is managing partner of the Irvine office of Fisher & Phillips LLP. He is author of *California Employment Law: An Employer's Guide*, published by the Society for Human Resource Management.



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Sports 1 Marketing, Irvine

David Meltzer, CEO
Warren Moon, Founder/President

After a successful career in technology, Dave Meltzer launched his career in sports as CEO of the sports agency, Leigh Steinberg Sports and Entertainment (LSSE). At LSSE, Meltzer helped negotiate more than \$2 billion in contracts before leaving to start Sports 1 Marketing (S1M) in 2010 with Hall of Fame quarterback Warren Moon. Since its inception, S1M has rapidly grown to a full-service marketing agency and recently launched its Aggregated Marketing Platform, which has won numerous awards as a disruptor in sports and event marketing. Moon has been a game-changer throughout his career in the sports industry. In 1984, he joined the NFL as a part of the Houston Oilers. He was the first African-American quarterback inducted into the Pro Football Hall of Fame. After his playing career, he joined LSSE in a business development role. S1M was recently named Advertising & Entertainment Advisory Firm of The Year (US) by ACQ5 Global Awards.

**St. Joseph Hoag Health, Irvine**

Andre Vovan, Executive Medical Director of Clinical Effectiveness

Andre Vovan, MD, MBA FCCM is winning the fight against sepsis infections, which strike more than one million Americans, kill a quarter of those affected and cost the U.S. health system \$24 billion each year. For physicians and hospitals across the country, sepsis is a difficult problem because it is rarely recognized early enough, treatment protocols are not standardized, systems for handling it are not well-coordinated, and hospital staff is not always trained on best treatments. Thanks to Vovan, who is on a mission to decrease both mortality and the cost of sepsis care, there are now innovative and proven solutions for American hospitals and health systems, including a revolutionary sepsis treatment app which doctors can use for screening and treatment tracking. Through his innovative and proven concepts introduced at St. Joseph Hoag Health, Vovan has helped save more than 250 lives in the past year alone and \$8.5 million by eliminating inefficient processes.

**Swift Engineering Inc., San Clemente**

Andrew Streett, Chief Scientist/Principal Investigator

Swift Engineering is a product development company with 30+ years of experience designing and building high-performance vehicles – specializing in unmanned systems, autonomy, robotics and advanced composites. Swift was founded in 1983 and has produced more than 500 vehicles in its 60,000-square-foot, advanced design and manufacturing facility. In 2000, Swift Engineering diversified into aerospace vehicles and has worked on space, aerospace, aeronautical, terrestrial and underwater, manned and unmanned, defense and commercial designs and vehicles. In 2001, Swift Engineering started the development of the Swift KillerBee, a runway independent, four-foot wingspan, catapult launch and net recovery UAS. By 2009, this vehicle had a 10-foot wingspan, 15-hour endurance and could carry a 60-pound payload. Swift Engineering sold this asset to Northrop Grumman and it was renamed the Northrop Bat. Andrew Streett leads Swift's Products and Technologies Portfolio. He has grown a few concepts into a portfolio of nearly 30 intellectual property assets and multiple patents.

**SYSPRO USA, Costa Mesa**

Joey Benadretti, President

Joey Benadretti co-founded SYSPRO USA in 1987 with Brian Stein, current SYSPRO USA CEO, to fill a perceived void in the market for a feature-rich, highly cost-effective ERP (Enterprise Resource Planning) software solution to enhance the efficiencies of growing manufacturers and distributors in the United States, the Caribbean, and Central and South America. As president and joint managing director, Benadretti has applied his leadership skills and marketing expertise to build an in-depth organization that serves the company's expanding reseller channel and user base. Today, SYSPRO USA employs a top professional team and boasts a roster of thousands of customers.

**The Development Partner Institute, Newport Beach**

Peter Bryant, Co-Founder/Board Chair

The Development Partner Institute's (DPI) mission is to radically improve the social, environmental and economic outcomes of all stakeholders involved in resource developments globally. The DPI was formed to continue the innovative work by the Kellogg Innovation Network (KIN) at the Kellogg School of Management. It is supported by leading companies including Anglo American, Exxaro Resources, Barrick Gold and Hatch. Peter Bryant, along with the chief executive of Anglo American, Mark Cutifani, co-led this effort from initial conversations in 2011 to its official launch in March 2017. From 2013 through 2015, Bryant convened groups of diverse stakeholders, including more than 20 CEOs and chairpersons, at the Vatican and the Church of England, where they were welcomed by the Pope and hosted by Cardinal Peter Turkson, as well as the Archbishop of Canterbury and head of the Methodist Church. This unique approach to bringing together different stakeholders to achieve a new shared vision on the future of mining, with a focus on surrounding communities, had never before been achieved.

**The Innovation Institute, La Palma & Newport Beach**

Joe Randolph, President/CEO

The concept for The Innovation Institute, a hub and incubator for some of healthcare's best ideas, was one near to the mind and heart of Joe Randolph for years before its launch. As COO of a major health system in California, Randolph was aware that it would take more than a single great innovation to transform the quality of care for the patients and communities he served. What healthcare needed was a sustainable model of innovation, one that could provide perpetual improvements to the quality and delivery of healthcare. Since its launch in 2013, The Innovation Institute has been dedicated to leading the transformation of healthcare through innovation. Today, through its business model, medical products can be developed, funded and delivered to the patients who need them. The Institute's Innovation Lab, based in Newport Beach, serves as the primary hub for innovation – physicians, industry partners and outside innovators gather at the Lab to identify problems and formulate solutions. Beyond the Newport Beach location, the Institute facilitates innovation for five health system investors across the nation.

**The Wooden Floor, Santa Ana**

Dawn Reese, CEO

Dawn S. Reese leverages 25+ years of business and nonprofit management experience to be a life-changer for low-income youth, and help propel The Wooden Floor forward. The Wooden Floor currently serves 375 at-risk students year-round with dance, college and career readiness, and family support services. Since 2005, 100% of The Wooden Floor's graduates have finished high school on time and immediately enrolled in higher education. This is more than double the national average for their socioeconomic peers. This year, The Wooden Floor celebrates its largest graduating class to date. Reese led the efforts to take The Wooden Floor's model national and signed their first licensed partner in Washington, DC in 2015. Under her leadership, The Wooden Floor is also opening a second location in Santa Ana to serve 100 more students and their families by the end of 2017. Reese received the 2016 Center for Leadership Award for Innovation from California State University, Fullerton and the 2015 Difference Makers Award for Small Nonprofit Person of the Year from the Santa Ana Chamber of Commerce.

**Ultimate Ears Pro, Irvine**

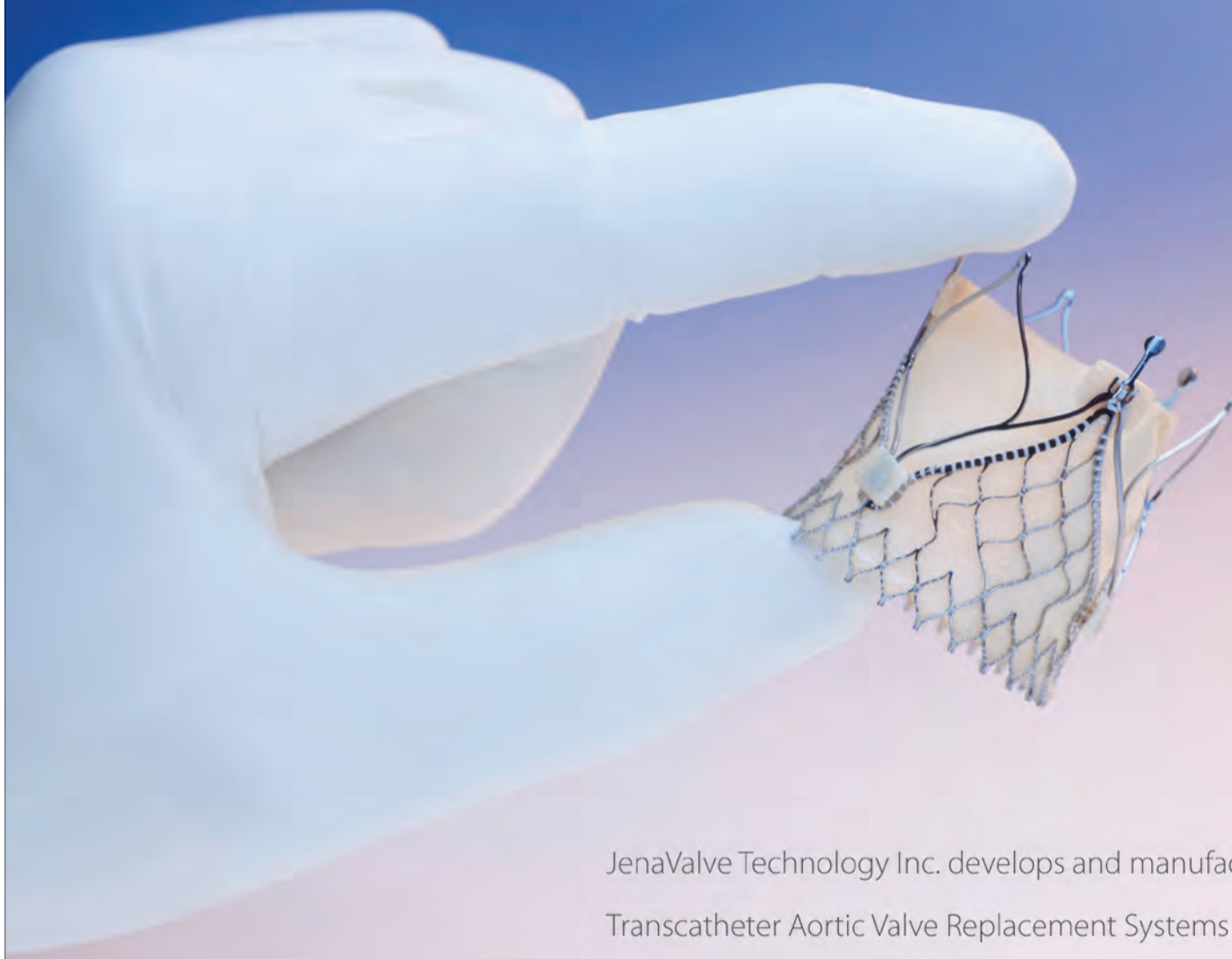
Philippe Depallens, Vice President/General Manager

Philippe Depallens manages Ultimate Ears Pro's entire portfolio of in-ear monitor and monitoring system products, including the definition, development and commercial launch of all new products for the retail and custom lines. Depallens was first in the market to understand that a digital process for custom in-ear monitors would improve the customer's experience. Ultimate Ears Pro, a brand of Logitech, has been revolutionizing the way artists perform music on stage for more than 20 years. Ultimate Ears Pro was founded in 1995 when Alex Van Halen and his monitor engineer wanted to have a better sound experience. Raising the industry standard for quality, Ultimate Ears embraced a cutting-edge digital operational process to provide customers with the most finely tuned music experience yet. That experience has since expanded to include a revolutionary ear laser scanner, the UE 3D Ear Scanner. The result is a more streamlined and quicker overall customer experience. With the addition of UE Pro Sound Tap to its lineup of in-ear monitors and systems in 2017, Ultimate Ears Pro brings professional monitoring to everyone with a simple plug-and-play solution.





JenaValve is honored to be nominated as Innovator of the Year



JenaValve Technology Inc. develops and manufactures minimally invasive Transcatheter Aortic Valve Replacement Systems designed for patients for the treatment of aortic valve disease; specifically, symptomatic, severe aortic stenosis and aortic regurgitation.

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2017 INNOVATOR OF THE YEAR AWARD NOMINEES

University of California, Irvine, Irvine

Michael Dennin, Ph.D., Vice Provost for Teaching and Learning/Dean, Division of Undergraduate Education

Michael Dennin's leadership at the University of California, Irvine has sparked some of the most dramatic and innovative changes the campus has seen in the last 50 years. His most significant accomplishment in 2017 is his vision of modernization in leading the Office of the Vice Provost for Teaching and Learning. This new division has sparked updated academic programs, compatible community partnerships, current curriculum and national outreach like never before, resulting in UCI's number of recognitions for embracing student diversity and college access – helping first generation students and low-income students achieve the American Dream. Founded in 1965, the mission of the University of California, Irvine is to catalyze the community and enhance lives through rigorous academics, cutting-edge research and dedicated public service. Located in one of the world's safest and most economically vibrant communities, UCI is Orange County's second-largest employer, contributing \$5 billion annually to the local economy. For the Fall 2017 term, UCI received more than 104,000 applications – more than all but two universities nationwide.

**Urban Produce, Irvine**

Ed Horton, CEO

A pioneer in Controlled Environmental Agriculture, Ed Horton and his team at Urban Produce efficiently grow 16 acres of USDA-certified organic produce on just 1/8 an acre. His patented technology allows for organic produce to be grown above or below ground in natural or artificial light. Urban Produce's patented High-Density Vertical Growing System places seeded trays on 25 rows stacked vertically on a hanging carrier. The seeded trays rotate along a conveyor in the growing unit to ensure proper air flow, light (Philips LED light panels) distribution, along with adequate water and organic nutrient delivery. He's further streamlined the process by integrating it with a proprietary, software-control system programmed to provide water and nutrients to each carrier, tailored to the plant's individual needs. On a mission to globalize local produce, Horton plans to build his sustainable farming units around the world. Urban Produce is currently licensing its patented vertical growing technology. In just three years, Horton has increased his company's sales by 600%.

**Vantari Genetics, Irvine**

Nick Arroyo, CEO

Vantari Genetics is a clinical laboratory specializing in genetics, known for a proactive approach to healthcare, from anticipating drug interactions to analyzing risk for inherited diseases and cancer. Nick Arroyo co-founded the genetic testing company in 2011. Earlier this year, Vantari attracted the attention of the History Channel in its search for the most beautiful laboratory in the nation, and was used for footage in the documentary, *The Jesus Strand: A Search for DNA*. The Vantari creative team won an award in the 2016 OC Design Awards. In March 2017, Vantari acquired Miratech labs in Indianapolis, which amplified business volume and expanded market to the Midwest. Recently, Vantari was selected by GeneMatch to be the testing laboratory to genotype 350,000 patients for Alzheimer's disease. Since partnering with Color Genomics in 2016, Vantari has been able to offer the most affordable cancer test in the nation for just \$249, with the option to be covered by insurance. Vantari has sponsored and partnered extensively with the Susan G. Komen Foundation and the St. Baldrick's Foundation.

**VCNetwork.co, Irvine**

Shinta W. Dhanuwardoyo, Founding Partner/CEO
Jenny Q. Ta, Founding Partner/CEO

In 2016, Shinta Dhanuwardoyo and Jenny Q. Ta conceived VCNetwork.co, an online platform that connects venture capitalists and businesses. The award-winning partnership between these two innovative women has shown that both understand that VC investing is about connections. Being recognized as one of the "99 Most Powerful Women" by Globe Asia and "Inspiring Women Honor Roll" by Forbes Indonesia, Dhanuwardoyo is a brand in her own right in the Indonesian digital space. She had been in the sector since 1996 – a little over two decades – when she founded her



first company, Bubu.com. Ta is a seasoned entrepreneur with two successful ventures to her credit. She was the founder and CEO of Titan Securities, a full-service investment firm that was acquired in 2005. Prior to founding Titan Securities, she was the driving force behind Vantage Investments, a full-service broker-dealer startup she founded in 1998-99 at the age of 27, and grew to a quarter of a billion dollars in assets.

ViridiSTOR, Tustin

Terry Mullin, CEO/President

After leaving Quest Software, Terry Mullin focused on a key innovation that he felt would have significant impact. In 2004, after attending trade shows his entire career, it became apparent that the event marketplace had not addressed the need to deliver information digitally. For the majority of Mullin's career, he has innovated hardware and software solutions to make information more accessible, manageable and distributable, all while greatly reducing the costs associated with paper-based information. Mullin founded an information delivery system for the \$565-billion events industry. ViridiSTOR's patented Presenter software is a powerful content management system that is easier to use than most web browsers. This sustainable solution saves and makes money at every event where it is used. The ViridiSTOR solution was also deployed at the annual Lions Clubs International Convention. At the event, 30,000 Lions from around the world took a tremendous step towards a paperless event using the Presenter USB.

**Virtium Technology Inc., Rancho Santa Margarita**

Phu Hoang, CEO

Virtium was founded in 1997 to engineer and manufacture embedded storage and industrial memory products required in infrastructure-based applications and Internet of Things (IoT). Virtium's products touch people lives through cell phone towers, heart monitors, flight entertainment, train safety monitors and military backpack laptops. Phu Hoang saw the demand for IoT, and envisioned steady storage technology growth in the infrastructure telecommunication, networking, medical, energy and transportation markets. He has utilized this experience and knowledge to satisfy tough and constantly changing customer requirements with the best technology, the best people, world-class engineering and manufacturing. The company constantly invents new technologies and builds 200+ different products today. Virtium owns numerous patents and is now positioned to remain the market leader with its innovations in storage endurance, encryptions and security. Virtium sells its products to the world's largest companies, including GE, GD, Ericsson, Nokia-Alcatel and Juniper Networks.

**WAXIE Sanitary Supply, Santa Ana**

Charles Wax, Chairman/CEO

WAXIE Sanitary Supply is a company rich in family history, strong in company values and rooted in industry commitment. WAXIE is a story of success, of three generations achieving the American dream, and the result of hard work and dedication. WAXIE prides itself on the legacies of its founders, and in the loyalty, hard work and steadfastness of its employees. The Wax family history begins in the early 1900s, when Isaac Wax and his wife Sadie, immigrated to the United States from Russia. Soon after settling in Utah, Isaac opened several merchant supply stores in the Salt Lake Valley. The Wax family was known for going above and beyond to care for their customers, and many people in the Utah communities still tell stories of their extraordinary customer service. In addition to being the chairman and CEO of WAXIE, Charles Wax was also the past chairman of Network Services, a member-owned, Chicago-based, \$6.7 billion distribution organization.

**Zadara Storage, Irvine**

Nelson Nahum, CEO/Co-Founder

Nelson Nahum identified a future need for enterprise storage as a service – growing Zadara Storage from an idea to multi-million dollar business within a few years. Zadara Storage offers enterprise Storage-as-a-Service (STaaS) through the award-winning Zadara Storage Cloud. Nahum brings 20+ years of experience in the storage industry in multiple storage software development positions. He is known for creating innovative products and successfully bringing them to the market. Prior to co-founding Zadara Storage, he was a Fellow and VP of Software Engineering at LSI Corp., where he was responsible for an engineering team of more than 250 people. Nahum holds multiple patents related to storage systems.



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Third Annual
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Congratulations 2017 Nominees!

Acorns - Jeff Cruttenden
Activbody Inc. - Leo Griffin
American Metal Bearing Co. - John L. Henderson
Anaheim Fire & Rescue - Randy Bruegman
Arbela Technologies - Nima Bakhtiary
AutoGravity - Andy Hinrichs
Axonics Modulation Technologies Inc. - Ray Cohen
BANKCODE - Cheri Tree
Beeya - Ladan Davia
Casa Romantica Cultural Center & Gardens - Berenika Schmitz
CHOC Children's Foundation - Dennis McClellan
cloudvirga - Kyle Kamrooz
Cosemi Technologies Inc. - Nguyen Nguyen
Digsy Inc. - Andrew Bermudez
Educasic - Melissa Murphy
Ergo21 - Steve Gambhir
EvaDrop Smart Shower - Torrey Tayenaka
Ever-Pretty - Anna Shi
Executive Next Practices Institute - Scott Hamilton
FunBand Inc. - Rehema Feleke
Fusion Academy - Marissa Johnson & Maryam Pourmohsen
Girl Scouts of Orange County - Nancy Nygren
GlobeChat - Kevin Strom
Greenwave Systems - Martin Manniche
Hypoallergenic Air LLC - Woody Young

Inspired Art Wine - Karen Nguyen
iPourIt Inc. - Brett Jones
iWALKFree - Brad Hunter
JenaValve Technology Inc. - Victoria Carr-Brendel
Just Food For Dogs - Shawn Buckley
Kush Bottles Inc. - Nicholas Kovacevich
LAB Holdings LLC - Shaheen Sadeghi
Lithium Cycles - John Kim
Locker Board - Carson Kropfl
Loil - Zachary Martin
Masimo Corp. - Joe E. Kiani
Mavenlink - Raymond Grainger
Meridian AR - Robert Brown
Mission Heritage Medical Group - Vasu Sunkara
Money360 - Evan Gentry
MSC Software Corp. - Dominic Gallelo
MuHu Inc. - Blake Gasca
My Mobile Watchdog - Robert Lotter
Netreo Inc. - Kevin Kinsey
New American Funding - Rick & Patty Arvielo
Pacific American Life Science Learning Center - Tony Brown
Pacific Dental Services - David Baker
Parcel Pending Inc. - Lori Torres
Pedego Electric Bikes - Don DiCostanzo

PhageTech Inc. - Richard Henson
Plutos Sama LLC - Matthew Browndorf
Posh Tech LLC - Adam Badawy
See Jane Go Inc. - Cassandra Miller
Ship & Shore Environmental Inc. - Anoosheh Oskouian
Software Anywhere - Jeffrey Scott
Sports 1 Marketing - David Meltzer & Warren Moon
St. Joseph Hoag Health - Dr. Andre Vovan
Swift Engineering Inc. - Andrew Streett
SYSPRO USA - Joey Benadretti
The Development Partner Institute - Peter Bryant
The Innovation Institute - Joe Randolph
The Wooden Floor - Dawn S. Reese
Ultimate Ears Pro - Philippe Depallens
University of California, Irvine - Michael Dennin, Ph.D.
Urban Produce - Ed Horton
Vantari Genetics - Nick Arroyo
VCNetwork.co - Shinta W. Dhanuwardoyo & Jenny Q. Ta
ViridiSTOR - Terry Mullin
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