

2012 EDITION



Region's Richest



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Once controversial, now a must-read report

When Region's Richest made its debut in 2011, our inaugural look at the 25 wealthiest people in the Tri-Counties was one of the most widely read special reports in the history of the Pacific Coast Business Times.

Despite concerns from some corners that we were going too "tabloid," Region's Richest quickly has become a must-read publication for members of the philanthropic community, and it has become an important way of measuring the true buying power behind the movers and shakers in the Ventura, Santa Barbara and San Luis Obispo region. It also puts Pacific Coast Business Times on equal footing with the Los Angeles Business Journal, Forbes and other publications that publish similar special reports.

For the second edition of Region's Richest, we've pretty much followed with the professional standards we set last year. We have worked largely from documents and we've tried to avoid guesswork when making our calculations. To protect the privacy of the 25 individuals and families profiled in this section, we aren't publishing private information such as home addresses or personal photographs.

To reiterate, virtually all of what we are including is taken from public documents or prior reporting, except in a few cases where individuals voluntarily divulged their own net worth.

WHY REGION'S RICHEST?

We continue to believe that publishing Region's Richest makes sense for the Tri-

Counties because a great deal of economic activity begins and ends with a revolving group wealthy individuals numbering between 25 and 100.

As economist Bill Watkins of California Lutheran University has pointed out, providing real estate, finance, insurance, health care and other services to wealthy individuals has a big impact.



HENRY DUBROFF
Editor

To put this in context, the cumulative net worth of the 2011 Region's Richest, roughly \$20 billion, is the equivalent of about 40 percent of the region's entire economic output of \$50 billion.

Their wealth far exceeds the market capitalization of all of the stocks based in the Tri-Counties, with the notable exception of Amgen.

Individuals on our list own major luxury resorts, banking enterprises and media companies. They help form the backbone of our economy, and it makes sense for anyone doing business in the Tri-Counties to know who they are.

Three are directly related to Amgen.

A second reason relates to capital investment. As you will read, our wealthiest citizens are incredibly philanthropic and they are savvy investors, funding numerous startups that are helping to invigorate the region's economy.

Oracle Chairman Jeff Henley's \$50 million gift to UC Santa Barbara demonstrates how the philanthropic investments of these individuals has helped our region recover faster from the Great Recession than other parts of California.

In updating Region's Richest, we went to established sources, including published material from Forbes, Yahoo Finance, Bloomberg, our own reporting and other respected news organizations.

We looked at Securities and Exchange Commission filings for publicly traded companies and other public documents to gather information about compensation, stock holdings and the value of mergers and acquisitions.

Where we had revenue numbers for private businesses we used formulas from the Stern School of Business at New York University and other sources to approximate their market value.

As with our 2011 special report, we contacted many of the people on our list and asked for their help in clarifying numbers. We did not try to assess real estate holdings, car collections or other assets that are hard to value or where it is impossible to know the value of loans that might substantially decrease that value.

Although we've tracked down information on several obvious candidates that we overlooked last year, Region's Richest continues to be a work in progress, and your feedback and insights will be helpful in improving our report in future years. You can reach me at hdubroff@pacbiztimes.com.

Region's Richest was produced by Special Reports Editor Jim Logan and Senior Editor Stephen Nellis. The cover was designed by advertising graphic designer Liz Nadel.

Finally, Region's Richest would not be possible without the ongoing support of our founding sponsor, Manchester Financial.

Who's Inside

Top Tier

1. David Murdock 3B
2. Ty Warner 3B
3. Herb Simon 4B
4. Peter Sperling 4B
5. Tom Barrack 4B

Middle Tier

6. Jerry Bruckheimer 4B
7. Gene Haas 4B
8. Fred Kavli 4B
9. Wendy McCaw 8B
10. Sarah Miller-McCune 8B
11. Kathy Ireland 8B
12. J.D. "Dave" Power III 8B
13. Paul Orfalea 8B
14. Tim Marquez 8B
15. Bill Foley 9B
16. Michael Towbes 9B
17. Ivan Reitman 9B
18. Jeff Henley 10B
19. Kevin Sharer 10B
20. Pam, Karl Lopker 10B

Bottom Tier

21. Chad Dreier 10B
22. Virgil Elings 10B
23. Roger Perlmutter 10B
24. Robert Bradway 11B
25. Lee Cole 11B



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The Top Tier



BLOOMBERG NEWS PHOTO

Dole Food Co. Chairman David Murdock has built a wide-ranging empire worth \$2.7 billion.

1 David Murdock

Net Worth: \$2.7 billion
Sources of wealth: Real estate, fresh fruit
Location: Westlake Village

David Murdock grew up in the tiny town of Wayne, Ohio, where he dropped out of school at age 14 due to his undiagnosed dyslexia. After completing several years of service in the U.S. Army, he returned homeless on the streets of Detroit before a good Samaritan gave him a \$1,200 loan. With the money, he bought a run-down diner he often frequented, turned it around, and sold it for a \$700 profit.

Murdock purchased a car and ventured west, to Phoenix, where for 17 years he bought cheap land and constructed affordable housing for people moving to the southwest after World War II. With money streaming in, he started investing in companies, eventually buying them up entirely. He acquired control of Castle & Cooke, which owned Dole Food Co., in 1985, and took possession of the small Hawaiian island of Lanai. Now, Dole is worth more than a billion dollars, with Murdock owning a majority of that; he also holds majority stakes in a variety of companies and develops real estate.

Today, at age 89, Murdock owns a 2,200-acre ranch in Ventura County — 15 minutes away from Dole's Westlake Village headquarters — with 800 koi in a man-made lake and a herd of longhorn cattle. He shuttles between his five residences on a private jet.

But Murdock has shifted his focus from wealth creation to health and longevity. He eats more than 20 types of fruits and vegetables every day, abstains from meat and dairy products, and exercises regularly. He spent \$500 million of his own money to establish the North Carolina Research Campus outside of Charlotte, which conducts scientific research on the relationship between plants and longevity.

Dole has suffered since Murdock took the company public for \$12.50 per share in 2009. Its shares have struggled to jump into the double digits, trading at \$8.88 on May 31, a number that's been characteristic of the company for the last year. On a May 3 earnings call, Dole CEO David DeLorenzo said the company is considering spinning off some of its businesses to improve its bottom line.

• Sources/methodology: Forbes, Business Times reporting and SEC filings.

2 Ty Warner

Net worth: \$2.4 billion
Sources of wealth: Plush toys, real estate
Location: Santa Barbara

The Beanie Baby billionaire amassed his wealth by selling fad collectible plush toys before turning into a real estate mogul with multiple holdings in the Santa Barbara area. At the peak of the Beanie Baby craze, Ty Inc. reportedly earned \$700 million a year in profits.

Ty Warner Hotels and Resorts owns the Four Seasons Hotel in New York — with the most expensive suite in the U.S., available for \$35,000 a night — the Kona Village resort in Hawaii and Las Ventanas al Paraiso Resort in Los Cabos, Mexico. Warner has a house in Montecito, where he also owns the beachfront Four Seasons Biltmore resort and San Ysidro Ranch, both hotel properties that suffered during the recession and missed analyst sales expectations. He put \$65 million into renovating the Coral Casino Beach & Cabana Club in Montecito before reopening it in 2008. He once owned the troubled Miramar development in Montecito but sold it to Los Angeles developer Rick Caruso.

His estimated wealth peaked at \$6 billion in the mid-2000s, but Forbes currently pegs it at \$2.4 billion — No. 166 on its list of wealthiest Americans.

He has donated millions to various philanthropic causes, including a \$1.5 million for the creation of the Ty Warner Sea Center on Santa Barbara's Stearns Wharf. He also donated 1 million Beanie Babies for children in Iraq and \$6 million to the Andre Agassi Foundation for underprivileged children in Las Vegas.

• Sources/methodology: Forbes, Business Times research and prior reporting.

Who made the cut and why

Who is truly deserving of being called a resident of the Tri-Counties, and who's a member of that elite set called the "Weekend Wealthy?"

Who is a potential future member of the list, where there just isn't quite enough information available to put a defensible number in print?

As the Business Times research for Region's Richest shows, figuring who's in and who's out is a tough call. In terms of residency, we were confronted with all of the complexities of the modern lifestyle.

On the one hand, there are obvious folks like Michael Towbes and Sara Miller-McCune, people who live in the region and whose principal businesses, Towbes Group and Sage Publications, respectively, are based here.

On the other hand, there are others, such as Oprah Winfrey and James Cameron, who have homes here and stop in frequently but really aren't rooted in the region.

To create an objective eligibility threshold for Region's Richest, we created a 25-point scoring system. We gave up to 10 points for primary residency, a second 10 for business interests and five points for philanthropy and other points of social connectedness.

By that scale, Indiana Pacers owner and shopping center mogul Herb Simon barely makes our list because his family life is centered in the region and his business interests include several holdings here, including an investment in Tecolote Bookstore.

Though technically a resident of Los Angeles, David Murdock's business holdings are based in our region, including his flagship Dole Food Co. and Four Seasons resort. Ditto Amgen former Chairman and CEO Kevin Sharer, believed to be a resident of Los Angeles County, whose wealth is largely derived from his holdings in Amgen.

Private agricultural and real estate wealth are defining features of Ventura, Santa Barbara and SLO counties, but assessing value is difficult because it's extremely difficult to tell how heavily leveraged those holdings might be. Justin Baldwin, who sold his landmark winery in San Luis Obispo County last year, and Mission Produce President Steve Barnard of Oxnard both come to mind.

Moreover, business leaders who have drifted out of the spotlight of the public markets are difficult to pin down. CKE Restaurants CEO Andy Puzder, for example, could probably make the list, given his real estate holdings and the buyout of his stock when his company went private.

However, with our Region's Richest special report and our 25-point system now in their second year, we can track changes in lifestyle and business interests that will inevitably change the list over time. And perhaps a transaction will surface that puts one or two people who are just outside our reach within our orbit in future years.

— *The Business Times*

3 Herb Simon

Net worth: \$1.8 billion
Source of wealth: Real Estate
Location: Santa Barbara

Simon co-founded Indianapolis-based Simon Property Group, now the largest publicly traded real estate company in the U.S. with a market cap of \$33.4 billion, in 1960 with two brothers. He built malls across the country and today the firm owns or has interests in 261 million square feet of space at 382 properties in North America, Europe and Asia. His company recently made a \$10 billion bid for rival General Growth Properties.



Now chairman emeritus of the mall company, Simon is sole owner of the Indiana Pacers. He recently had his seventh child with his third wife, a former Miss Universe. His family spends most of its time in Santa Barbara, although he also has a home in Indianapolis.

In the Tri-Counties, Simon Property Group owns Camarillo Premium Outlets.

Shares of his firm were trading in the \$150 range as of June 1, up \$35 per share from a year ago. Over the last 12 months, Simon has climbed from No. 880 on Forbes' list of the world's billionaires to No. 719.

• Sources/methodology: Forbes, Simon Property Group, Business Times reporting.

4 Peter Sperling

Net worth: \$1.2 billion
Source of wealth: Education
Location: Santa Barbara

With his father John, Peter Sperling helped turn Apollo Group, the owner of the University of Phoenix, into the largest and most prominent for-profit education company in the nation.

Sperling's father, a professor, left San Jose State University in 1976 to start the University of Phoenix. Sperling joined him in 1983 to help build the business. It went public in 1994 at 72 cents a share and then rose more than 1,100 percent over the next year and half.

While the company's shares have taken a large hit as the federal government debates how much subsidized student loan funding will be made available to for-profit institutions, Sperling has remained active in business in politics. He co-founded CallWave in the late 1990s, which had a successful run with an Internet answering machine until the death of dial-up. It resurrected itself as online meeting tool called Fuze Box.

In politics, Sperling has been a supporter of renewable energy, receiving a commendation from the state in 2011 for helping set renewable energy portfolio standards for California.

Sperling earned a bachelor's degree at UC Santa Barbara, but for his MBA he attended — where else? — the University of Phoenix.



The Middle Tier

5 Tom Barrack

Net worth: \$1.1 billion
Sources of wealth: Real Estate, Investments
Location: Santa Barbara

Tom Barrack, a real estate and media investor, founded the private-equity firm Colony Capital. Not only does he own luxury resorts and hotels from Las Vegas to Sardinia to Singapore, but he recently purchased Michael Jackson's Neverland estate in Santa Barbara County and movie distribution and production company Miramax. In 2005 he was named by Fortune as "The World's Greatest Real-Estate Investor," and indeed, his firm controls approximately \$30 billion in assets, of which most is real estate. Barrack, however, is distinct from other wealthy real-estate investors in that he does not shy from the spotlight. He counts actor Rob Lowe among his closest friends, and is considered by some to "invest" in celebrities — he recently restructured celebrity photographer Annie Leibovitz's debt, and is occasionally made tabloid fodder for being spotted with movie stars, Formula One race car drivers and professional athletes.

He splits time between his 1,200-acre ranch-mansion near Santa Barbara and his resort in Sardinia. He grew up in Culver City and attended the University of Southern California, receiving bachelor's and law degrees.

• Sources/methodology: Fortune, Forbes, Business Times research and prior reporting.

6 Jerry Bruckheimer

Net worth: \$850 million
Sources of wealth: Film, television
Location: Ojai

The characters in the movie franchise "Pirates of the Caribbean" might be seeking gold, but Jerry Bruckheimer has already hit the mother lode. The "Pirates" franchise alone has grossed \$3.5 billion, while all of his movies, videos and soundtracks have topped \$11 billion in receipts to date. He reportedly receives 7.5 percent of the amount his films gross.



Bruckheimer, 65, was born in Detroit to German immigrants. He moved to Los Angeles in the early 1970s and got his start in films as an associate producer for a small Western. In 1980, he co-produced "American Gigolo" and "Flashdance." Since then, he has produced more than 40 feature films, including "Beverly Hills Cop" and "Top Gun." In television he created the iconic "CSI" series, "Cold Case" and "The Amazing Race." Bruckheimer is currently working on the fifth movie in the "Pirates" franchise, along with a sequel to "Top Gun."

He owns a large ranch in Ojai, as well as a 22-seat Gulfstream IV Jet.

• Sources/methodology: Forbes Magazine, including formulas for calculating a co-producer's share of Hollywood hits, Business Times research.

7 Gene Haas

Net worth: \$740 million
Source of wealth: Manufacturing
Location: Oxnard

The founder and sole owner of Haas Automation — the largest machine tool maker in the U.S. — also founded his own Nascar team. He made national headlines after being arrested for criminal tax evasion in 2006.

He founded Haas Automation after inventing an automated indexer. Sales reached just under \$1 billion in 2008. But as U.S. auto makers struggled, Haas' sales plunged 60 percent; the firm cut 400 workers, a quarter of its employees, in 2008. It has since bounced back and expanded globally.

He formed the Nascar race team Haas CNC Racing in 2002, and joined forces with driver Tony Stewart in 2008 to create Stewart-Haas Racing.

Haas was arrested by the IRS in 2006 on suspicion of filing false tax returns, witness intimidation and conspiracy. He paid more than \$70 million in restitution and fines to the IRS and served 16 months in federal prison in Lompoc.

Noted for his philanthropic activities, he formed The Gene Haas Foundation in 1999.

• Sources/methodology: Business Times reporting, media reports, NYU Stern School of Business calculation for Haas Automation market value.

8 Fred Kavli

Net worth: \$600 million
Source of wealth: Manufacturing
Location: Oxnard

Fred Kavli, the Norwegian-born physicist/engineer turned entrepreneur and real estate mogul, is one of the more prolific philanthropists of the Tri-Counties. He founded 14 Kavli research institutes around the world and awards \$1 million Kavli Prizes in nanotechnology, neuroscience and astrophysics. His supported researchers have won multiple Nobel Prizes, and his foundation controls approximately \$100 million in assets.



He graduated from the Norwegian Institute of Technology with a degree in physics. In 1957 he founded Moorpark-based Kavlico Corp., specializing in navigational sensors for the aviation and defense industries. He sold the wholly owned company in 1999 for \$345 million. He has also been investing in real estate development for more than half a century.

• Sources/methodology: Business Times and Los Angeles Times reporting.