

## Up Front



Comedian Pauly Shore in serious family feud over Comedy Store. **PAGE 3**

## Sports Business



Dodgers chop suite fees and make other sweet pitches to business. **PAGE 8**

## People



How L.A. Planning Director Gail Goldberg got her career started at age 44. **PAGE 16**

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# HELD UP

## LACMA wants delayed 'Train' to roll; critics say it's off track.

By DAVID HALDANE Staff Reporter

**T**HE Los Angeles County Museum of Art's quest to conspicuously suspend a steam locomotive high above its Wilshire Boulevard campus is a project that remains up in the air.

The financial hurdles are significant — and so are some pointed questions as to whether this installation is what Los Angeles wants as its newest, permanent icon. But LACMA's president said the museum is committed to raising the money to hoist the locomotive, and superstar artist Jeff Koons told the Business Journal last week that he's ready to start construction on the project.

"This will be a huge effort. The museum is committed to realizing this artist's vision," said museum President Melody Kanschak.

"It will be a real bell tower for LACMA, providing a

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Train and Crane: A rendering of Jeff Koons' towering LACMA installation.



## Allegations Skewer CEO of Lampoon

### ENTERTAINMENT: Durham surprised by FBI raid on offices.

By CHARLES PROCTOR Staff Reporter

Poor National Lampoon Inc. Its former chief executive was arrested one year ago, pleaded guilty to charges of stock manipulation and is now awaiting sentencing. Now, Tim Durham, who was brought in to turn around the West Hollywood entertainment company, faces allegations that he misappropriated investor funds and ran a multimillion-dollar Ponzi scheme in Ohio.



Durham

FBI agents recently raided his offices in Indianapolis and Akron, Ohio, carting off computer hard drives

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## Local Firms Make Case for Discounts

### LAW: Alternative fee panels help clients cut big legal bills.

By ALEXA HYLAND Staff Reporter

Lawyers have long billed by the hour. And clients have long complained about the unpredictable, huge bills they got.

But thanks to the recession, several L.A. law firms — including some big, prestigious ones — are changing the way they charge clients. They are billing flat fees for a defined project, charging less for an unsuccessful outcome or simply reducing rates.

In fact, several local firms recently formed alternative fee committees that work with corporate clients to figure different ways to charge for services. And they

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## Fixture Makers Must Get the Lead Out

### MANUFACTURING: Suppliers benefit by going with the flow.

By FRANCISCO VARA-ORTA Staff Reporter

Champion Arrowhead faced a tough question after a new state law, which goes into effect Jan. 1, drastically reduced the amount of lead allowed in plumbing fixtures that touch potable water.

Should the midsize L.A. manufacturer spend \$1 million in a down market to revamp its product line? Or should it save the money and start marketing its existing faucets and other fixtures solely outside California?

Champion Arrowhead, which derives 90 percent of sales inside the state, decided to spend the money and create a lead-free product line. Now, it's hoping other

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**'The California market is too big to kiss goodbye. I think more and more people are going to see California's example and pass similar laws so our demand will go up.'**

Tim Strelitz, California Metal-X

# Manufacturing: Plumbing Firms Take Lead on Lead

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states will soon follow suit.

"They say California always is at the forefront of change and you have to get ahead of it or it'll likely knock you down," said Chief Executive Jim Gitney, who acknowledged that "it's been tough finding the money when business is overall down."

Signed into law by Gov. Arnold Schwarzenegger in 2006, Assembly Bill 1953 prohibits more than 0.25 percent lead content in metal fixtures and pipes that carry drinkable water. The legal limit had been 8 percent for pipes and 4 percent for plumbing fixtures.

Already hit hard by offshore competition, the state's plumbing manufacturers strongly opposed the bill, complaining it would raise costs and put many companies out of business. It hasn't helped since that the collapse of the construction industry has cut even more deeply into plumbing sales.

However, once the bill was signed into law, Champion Arrowhead and another Los Angeles County company, California Metal-X, decided the best response was to start making low-lead and lead-free products given that California accounts for 20 percent of the \$2.3 billion U.S. plumbing fixture market.

The companies are hoping the move will give them a leg up as similar regulations go into effect in Vermont and possibly Washington, D.C., and Maryland. Indeed, industry heavyweights such as Delta Faucet and Chicago Faucets have launched no-lead or low-lead products, anticipating the market growth.

James Simonelli, executive director of the California Metals Coalition, a Sacramento-based industry group representing more than 10,000 businesses within or related to the metalworking industry, said some plumbing manufacturing companies in the state may shift to selling only outside California. But companies such as Champion Arrowhead and California Metal-X will benefit when the economy rebounds.

"Hundreds of thousands of products worth millions of dollars will be prohibited from being sold in California, but still can be sold elsewhere for now," Simonelli said. "However, I think the magnitude of this law will pressure manufacturers everywhere to go lead free, so that'll be to their advantage."

## Reducing exposure

Lead is commonly used in metal manufacturing because it's malleable and inexpensive. But for the last 70 years, government regulators have been slowly squeezing the lead out of products from paint to gasoline because of environmental and health concerns such as brain damage in children and kidney problems in adults.

While lead exposure for most people today comes from old paint chips, unhealthy levels of lead in drinking water supplies prompted the legislation. (The bill, however, does not extend to other plumbing goods that are not intended to come in contact with drinking water, such as fixtures and fittings for showers.)

Champion Arrowhead, which has a 50,000-square-foot plant in Lincoln Heights and 125 employees, isn't the only local manufacturer trying to gain a competitive advantage.

California Metal-X is a small South L.A. foundry with just 24 employees makes brass and bronze ingots that are melted and cast into fixtures by manufacturers. The company recently spent \$500,000 to research and develop a lead-free brass ingot.

Tim Strelitz, the foundry's co-founder and



Piped In: Champion Arrowhead CEO Jim Gitney with one of his lead-free faucets at the company's L.A. facility.

PHOTOS BY RINGO H.W. CHIU/LAB1



Pouring It On: Assortment of lead-free products from Champion Arrowhead.

president, said his company's share of sales to California manufacturers has shrunk to 10 percent since he opened his business in Los Angeles 30 years ago. But he expects that to go up substantially in the next few years as demand for lead-free products increases, especially as California "greens" itself.

"The California market is too big to kiss goodbye," Strelitz said. "I think more and more people are going to see California's

example and pass similar laws so our demand will go up."

So far, Strelitz is happy with this decision. He said he's seen a 10 percent spike in sales since introducing the line last month. However, it hasn't been easy to comply with the law.

Both California Metal-X and Champion Arrowhead spent the last year and a half prepping for the regulation. It required them to receive certification by state-approved third-

party certifiers, such as with NSF International or Underwriters Laboratories.

Penalties are stiff for manufacturers, distributors and retailers that illegally sell fixtures with high lead levels — up to \$6,000 a day. However, no single agency has been assigned to enforce the regulation, aside from the state Department of Toxic Substances Control, which only has the authority randomly to test products and report violations to the state's Department of Health Services. The health department, in turn, can determine if any fine will be assessed. But it remains unclear whether the manufacturer, distributor or retailer — or all three — would have to pay it.

## Old inventory

California Metal-X, which makes 100 different alloys, will continue to sell some lead ingots on a case-by-case basis for fixtures that do not come in contact with drinking water. But it's touting its lead-free ingot, which is priced at \$2.80 to \$3 per pound, about \$1 less than the lead alloy.

As for Champion Arrowhead, the company now has a complete lead-free line of 2,500 products. The items are sold in contractor supply stores and retail outlets such as Ace Hardware. It is selling its remaining inventory with lead content to out-of-state clients.

Gitney said so far he has been pleased with the lead-free line, which went on sale in October.

"What I learned is that all manufacturing operations should have to think about how to green themselves to stay competitive and desired in the industry," Gitney said. "The last few weeks we've been getting more calls and business is up substantially this fourth quarter compared to last year."