

BUSINESS

SATURDAY, AUGUST 24, 2013 :: LATIMES.COM/BUSINESS

DOW 15,010.51 ▲ 46.77 | S&P 500 1,663.50 ▲ 6.54 | NASDAQ 3,657.79 ▲ 19.08 | GOLD \$1,395.70 ▲ 24.50 | OIL \$106.42 ▲ 1.39 | EURO \$1.3383 ▲ 0.0027 | U.S. T-NOTE (10-yr.) 2.81% ▼ 0.07



KIRK MCKOY Los Angeles Times

ACTOR AND HOUSE FLIPPER Kristoffer Winters at his latest project, an estate in Holmby Hills that he and actor Jeremy Renner recently sold for \$24 million. The recovering real estate market has seen an increase in flipping at all price points.

ESPN bows out of show on head injuries

The network insists it was not pressured by the NFL to pull out of the 'Frontline' project.

BY JOE FLINT

ESPN has severed ties with a hard-hitting PBS "Frontline" documentary about the National Football League's management of player head injuries—a two-hour show that was a collaboration between the sports giant and the public television network.

The decision raises questions about whether the sports network yielded to pressure from the NFL, and highlights the delicate balance it must maintain with its billion-dollar partner.

ESPN asked Thursday to have its logos and credit removed from the "Frontline" episode, which includes interviews with former NFL players and is not expected to portray the league in a flattering light.

"League of Denial" began production more than a year ago as a PBS-ESPN collaboration, produced by Raneey Aronson-Rath and David Fanning and featuring ESPN reporters Mark Fainaru-Wada and Steve Fainaru.

The NFL declined to participate in the making of the show, which asks whether the league withheld from players information about the long-term health effects of football head injuries.

PBS and ESPN reprinted. [See ESPN, B3]

Pardon our star dust

Celebrity sweat is behind some of the biggest house-flipping projects in L.A.

BY LAUREN BEALE

In Tinseltown, even movie stars can be found playing the home-flipping game—and this year they've upped the ante.

Celebrity muscle is behind some mega-bucks Westside property turnarounds, part of a boom in the rapid buy-fix-resell mania known as flipping.

Actors Jeremy Renner and Kristoffer Winters have roughly two dozen house flips under their tool belts. They just sold an estate in Holmby Hills for \$24 million. The Roaring '20s Art Deco-style mansion, which Winters dubbed the Reserve, is set at the end of a cobblestone driveway on two acres.

Brad Blumenthal, who played Jerry Lewis in "Pulp Fiction," and co-investor Leo Hauser have a contemporary compound they created in Hollywood Hills West listed for sale at \$28.8 million. Set above the Sunset Strip, the sleek home and guesthouse make the most of their head-on city views.

The ranks of celebrity home flippers include Oscar-winning actress Diane Keaton, "L.A. Law" actor Corbin Bernsen and his wife, actress-interior designer Amanda Pays, and "Dr. Quinn, Medicine Woman" star Jane Seymour, area real estate agents say. Other entertainers opt to invest in home flipping behind the scenes and let someone else do the work.

Flipping activity is frenzied this year and not just among the famous.

The recovering real [See Flipping, B2]



JIM BARTSCH

THIS HOLLYWOOD HILLS home, part of a compound, was redone by actor Brad Blumenthal and developer Leo Hauser. It's on the market for \$28.8 million.



JIM BARTSCH

BLUMENTHAL'S project takes advantage of city views. The actor, who has flipped 16 homes in as many years, says his focus was on creating a trophy property.

Court rules in debt default

Argentina must pay full amount to one group of investors, judges decide.

BY KEN BENSINGER

Argentina's long slugfest with Wall Street over its sovereign debt default—the largest ever—has left the South American nation unbowed after losing another round in U.S. courts.

A federal appeals court ruled Friday that Argentina must pay a group of bond investors more than \$1.3 billion, the full amount of principal and interest, if it wants to continue making discounted payments that other creditors have agreed to accept.

Argentina has publicly vowed to never pay face value on those notes, so the unanimous decision by the three-judge panel of the U.S. 2nd Circuit Court of Appeals could force a default on the country's other debts.

However, the court stayed its ruling to allow the U.S. Supreme Court to decide whether to hear an appeal from Argentina in a related case. Yields on Argentine bonds fell slightly after the ruling, reflecting the fact that the stay at least buys more time for the country.

The heated dispute between the nation of 40 million [See Argentina, B4]

Stocks gain a day after Nasdaq outage

BY ANDREW TANGEL

NEW YORK — Investors shook off the after-effects of the Nasdaq Stock Market's three-hour outage, which rattled investor confidence in high-speed electronic trading, and spurred the ma-

ior indexes to a second straight day of gains Friday.

Nasdaq's technical snafu, dubbed a flash freeze, renewed fears of Wall Street technology run amok, but investor worries seemed to ebb.

On Friday, Robert Greifeld, chief executive of the exchange's parent company, Nasdaq OMX Group Inc., defended the company's response and declared the exchange "came back successfully" from Thursday's outage.

But that didn't quell such critics as U.S. Sen. Mark R. Warner (D-Va.), who called the glitch "troubling." He urged the Securities and Exchange Commission in a letter Friday to conduct a "thorough investigation."

For the week, the major U.S. indexes barely budged despite the flash freeze and the release of minutes from the last Federal Reserve meeting, which showed that [See Markets, B5]

HIGHWAY 1

Tesla's touted top safety rating comes with fine print

Model S isn't alone in getting NHTSA's high marks. Rival luxury cars weren't tested.

BY JERRY HIRSCH

Is the Tesla Model S really the safest car on the road?

One key fact went unnoticed this week as Tesla Motors Inc. trumpeted its "best" crash-test rating in the media: The federal government doesn't test most other luxury cars.

So the Model S may be safer than many cars costing far less. But whether it's safer than direct competitors from BMW, Audi and Mercedes-Benz—considered among the safest cars available—remains a mystery.

What's more, the federal safety regulators privately reprimanded the automaker for publicly claiming the



NOAH BERGER Bloomberg

WHETHER the Model S is safer than rivals from BMW, Audi and Mercedes remains a mystery. Above, a Model S is assembled in July in Fremont, Calif.

Model S scored better than any other car, according to a source familiar with the discussions. In fact, Tesla is among seven cars since 2011 that received the highest rating in all categories, according to the National Highway Traffic Safety Administra-

tion. Knowing safety is a top consumer priority, automakers often use crash-test data to hype their vehicles. But the tests are just one measure of safety and can often provide a skewed picture, ex- [See Tesla, B4]

Fed conference

IMF chief Christine Lagarde urges central banks to consider the global effects of any cutbacks. B3

Coming Sunday

Sordid allegations, and Richard Nanula's surprising resignation as chairman of the Miramax film company.

Tech Savvy B2
Classifieds B5-6

TECH SAVVY

Getting more out of your Yelp search

Here are some tips to help you wade through the endless sea of reviews.

By ANDREA CHANG

Accusations about Yelp Inc.'s business practices and authenticity of reviews have angered scores of small-business owners.

They also have left some consumers feeling confused about what they can and can't trust on the popular site, which features 42 million reviews on bars, restaurants, orthodontists, body shops, gyms, nail salons, hotels and much more.

Although Yelp is the leading user-review website, plenty of other sites offer online reviews from users. For restaurants alone, people can turn not only to Yelp but

also to OpenTable, Google and MenuPages, among others.

Here are some tips to help you wade through the endless sea of reviews on Yelp:

■ **Don't rely solely on the overall star rating.** Read a bit deeper because the rating can be misleading, especially if reviewers are basing their scores on something you don't particularly care about, such as valet parking.

■ **Change the way reviews are sorted.** The priority is important because most users look at only the first few reviews. When you first arrive at a company's Yelp page, it automatically shows you reviews that are ordered according to "Yelp Sort," which is "determined by recency, user voting and other review quality factors."

Yelp says Yelp Sort is applied to all businesses regardless of whether they advertise, but the method

raises suspicions that Yelp unfairly manipulates the order. You can re-order the reviews by clicking one of several options, including sorting by date or star rating.

You also can choose to look just at reviews that have been deemed useful by other Yelpers, or read reviews only written by "Elite" Yelpers, people who are extremely active on Yelp and thus expected to be more credible.

■ **Search for what you care about.** Yelp enables people to search for specific terms within a business' mass of reviews, which is helpful when a business has hundreds or thousands of reviews. For instance, if you want to know whether a restaurant is pet-friendly, search for "dog" within that restaurant's reviews. You can search for customer service or other terms to narrow results to what you care about.

■ **Look at an individual**

reviewer's statistics. You're more likely to trust reviews from people who write frequently and who have a good distribution of stars that reflect a mix of positive and negative reviews.

■ **Check out the filtered reviews.** Many business owners who don't advertise with Yelp believe that their favorable reviews are filtered out, leaving only the negative ones behind. On the opposite end, there have been accusations that Yelp filters negative reviews for businesses that do pay up. If you're suspicious, scroll to the bottom of a business' page and click on filtered reviews. Then you can decide for yourself.

■ **Write your own reviews.** Some people say reviews never seem to be in line with their own experiences. So start writing your own.

For Yelpers who are confused about why their reviews have been filtered in

the past, it helps to include a photo of yourself, to write several reviews to build legitimacy and to include useful information instead of short, random generalizations such as: "Food was bomb."

Despite some consumers' misgivings about the site, Yelp has 108 million visitors a month, making it the place to go for business reviews. Those numbers understandably make business owners with poor ratings nervous.

By hosting 22 town halls in major U.S. cities this year, Yelp hopes to smooth things over with business owners and dispel much of the speculation surrounding the San Francisco company.

"Over the last few years we've ramped up our efforts," Yelp spokeswoman Rachel Walker said. "There's just a general misunderstanding."

andrea.chang@latimes.com
 Twitter: @byandreachang

BUSINESS BRIEFING

COURTS

Sears faces lawsuit over appliances

Sears Holdings Corp. must face consumer class-action litigation over alleged washing machine defects, a federal appeals court in Chicago ruled after being asked to reconsider the issue by the U.S. Supreme Court.

Consumers accused the retailer of selling appliances with faulty computer control systems. They also alleged that the front-loading machines, made by Whirlpool Corp. and sold under Sears' Kenmore brand, accumulate mold.

STOCK EXCHANGES

2 owners may be in merger talks

Bats Global Markets Inc. and Direct Edge Holdings are in merger discussions, a transaction that would combine two of the biggest U.S. stock exchange owners, according to two people with direct knowledge of the matter.

Talks are in progress and may come to nothing, said the people, who asked not to be identified because the matter is private. The discussions come as futures market IntercontinentalExchange Inc. prepares to complete the acquisition of NYSE Euronext.

Uniting Lenexa, Kan.-based Bats and Direct Edge in Jersey City, N.J., would create the second-largest exchange operator, behind the combined NYSE-ICE.

DRUGS

Amgen seeks to cut Onyx offer

Amgen Inc. is pushing to pay less than the \$130 a share it offered this month for Onyx Pharmaceuticals Inc. after failing to obtain requested clinical trial data, said people with knowledge of the matter.

Onyx refused to give Amgen additional data on blood-cancer treatment Kyprolis, said one of the people, who asked not to be named because the process is private.

Amgen wanted the information to more accurately value the drug, people familiar with the situation said. Onyx doesn't want to relinquish the data in part because they pertain to individual patients, one person said.

BANKING

JPMorgan unit under review

JPMorgan Chase & Co. is reviewing its correspondent banking unit and not taking on new business from foreign lenders after regulators identified deficiencies in its anti-money-laundering procedures.

The bank said in a memo last week that its treasury services unit won't take on new correspondent clients or new business from existing customers who use the bank to process transactions. The halt allows JPMorgan to review its existing relationships.

"Serving financial institutions in correspondent banking has been, and will continue to be, a core strength of ours," spokesman Brian Marchiony said.

REAL ESTATE

Strip club can't afford the rent

Nearly two decades after they made the nation gawk by forming its first unionized strip club, the dancers at San Francisco's Lusty Lady are hanging up their thongs.

The employee-owned co-op club will close in two weeks because it can no longer afford its rent.

General manager Scott Farrell said that while the workers own the club, they don't own the North Beach building where rent was \$5,500 a month in 2001 but now runs more than \$16,000.

Eviction proceedings began against the club earlier this year when it fell behind on rent.

—TIMES WIRE REPORTS

Script in one hand, blueprints in the other

[Flipping, from B1] Estate market has seen an increase in flipping at all price points, with the quick turnover of luxury properties nearly doubling since last year, according to Data-Quick, a real estate information provider. In the \$1-million-plus market, 5.3% of properties were flipped in the first six months of this year, compared with 3.4% during the first half of last year.

In the luxury niche, home flips typically require at least a year to complete, compared with six months in the overall market, said Jan Brzeski of Arixa Capital Advisors, which provides funding for homes in prime locations being renovated for resale. The flippers he works with typically see profits in the 12% to 20% range, he said.

Stars who are also flippers have the added advantages of a built-in publicity hook, an established network of contacts and unique insight into the taste of the well-heeled Hollywood crowd.

Still, most celebs prefer to stick to their day jobs rather than put millions of dollars at risk.

"There are not a whole lot who are playing at this level," said real estate broker Billy Rose of the Agency, who is one of the listing agents for the Sunset Strip compound. Those who dare, he said, often want to make an architectural statement as well as money.

That would describe the Renner-Winters team, who began flipping houses as a way to survive between roles

and now specialize in dramatic houses.

"As an actor starting out, you can have so much free time on your hands," Winters said. "I used to have the nicest apartments and people would say, 'Hey, can you help me out?'"

Renner and Winters, who were both in the Oscar-winning film "The Hurt Locker," started flipping a dozen years ago, turning around a \$600,000 house in the Nichols Canyon area for \$900,000.

"We didn't have any clue as to what we were doing," Winters said of the first flip. "But we made a really nice chunk of change."

They sunk the profits into another house and another, often living in the homes they were renovating early on, he said. "We would sleep on the sofas."

The challenge and artistic outlet has proven a fit for their talents. Winters likens the flipping process to "figuring out the Rubik's Cube on how I can make this house flow better."

They have sold most of their homes furnished, which meant settling in the next place and starting from scratch — sometimes without power or water, Winters said. "My office used to be in an SUV."

A monthly gym pass would provide a place to shower and brush their teeth.

Balancing acting careers and construction projects presented its own challenges, Winters said. "I'd have 10 pages of script to memorize, and guys to supervise on the work site."

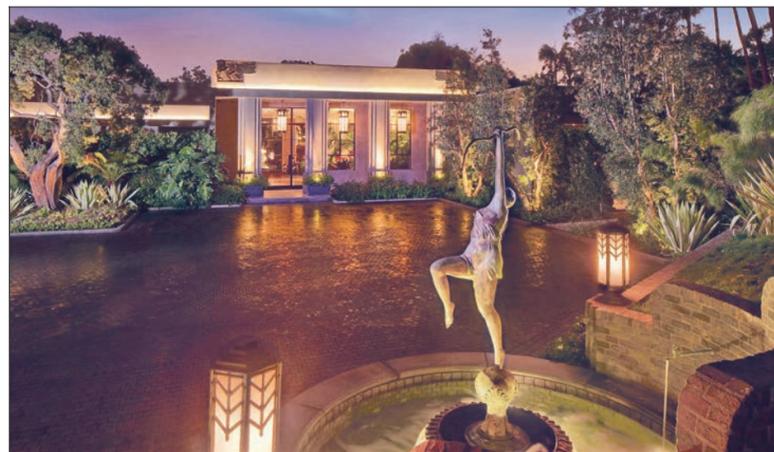
Up until the last several years, the two made more money flipping houses than acting, Winters said. Now, Renner keeps busy with films such as "The Bourne Legacy" and "The Avengers," and Winters is focusing full-time on flipping houses, often bringing in other financial partners. He has offices on Sunset Boulevard and a staff of five.

Winters is juggling several projects — one with Renner and two with clients — while he looks for his next



ALLEN J. SCHABEN Los Angeles Times

JEREMY RENNER arrives at the 2013 Academy Awards in February. He and Kristoffer Winters began flipping houses as a way to survive between roles.



Mark Singer Photography

AN ESTATE in Holmby Hills dubbed the Reserve was just sold for \$24 million by Renner and Winters. The mansion is set at the end of a cobblestone driveway.

house to tackle.

The Reserve, with a wine cellar, a theater, six bedrooms, 11 bathrooms and 10,000-plus square feet of living space, is the most ambitious undertaking to date. The property cost \$7 million and the nearly \$25-million asking price included pretty much everything the buyer needed to move right in.

"If you are going after a big-boy house you have to know your market and your clientele," Winters said. Convenience is essential in this niche market, especially with foreign buyers. "They don't want to spend two years with an interior designer."

The new owner needed to bring only a toothbrush, suitcase and laptop, he said. "The Wi-Fi was already set up."

At Blumenthal's house

above the Sunset Strip, the focus is also on creating a trophy property.

"These are one-of-a-kind gems that no one else has," said the actor, who has flipped 16 homes in as many years. "People want a sexy house."

The one-acre-plus compound he helped develop includes 13,000 square feet of living space in three structures — a main house, a guesthouse and a gym/wellness center above the garage.

Designed by noted architect Hagy Belzberg, the estate features spaces for indoor-outdoor living, a swimming pool and a lawn. There are eight bedrooms and nine bathrooms.

The wine "cellar" is a glass-walled room with bottles artfully displayed. The kitchen, often the heart of a

party, has its own dining and living areas.

Despite the high finances involved in developing the home, Blumenthal is confident he has the winning combination of panoramic city views, usable outdoor space and lawn and architectural style to warrant the \$28.8-million price tag.

"I've never come close to losing money on a house," he said. "I don't get involved unless it's a no-brainer."

Winters, however, is willing to admit that as the budgets have gotten bigger, so has the financial risk.

"It's a big gamble," said Winters, who said he continues to learn each time he tackles a house. "You just hope you make less mistakes."

lauren.beale@latimes.com
 Twitter: @LATHotProperty

Sales of new homes decline 13% in July

By ANDREW KHOURI

New-home sales fell sharply in July as buyers battled higher interest rates that have made purchases more expensive.

Sales of newly built homes fell 13.4% last month from June, the U.S. Commerce Department said Friday. July's seasonally adjusted annual rate of 394,000 was far below expectations and June's five-year high was revised downward.

Rick Judson, chairman of the National Assn. of Home Builders, said rising rates helped drive down home sales during the month "as people reassess their budgets to determine how much house they can afford."

"Consumers just need a little time to adjust to the new parameters of the mar-



SCOTT OLSON Getty Images

JULY'S SALES of 394,000 new homes was far below expectations. Above, a house in Chicago has a buyer.

ket," Judson said in a statement.

Both supply and home prices increased in July compared with a month earlier. Buyers paid a median of \$257,200 for a new house last

month. If new homes continued to sell at the current rate, there would be a 5.2 months' supply, an 18-month high.

Despite the sales drop-off from June, new-home sales

remain 6.8% higher than a year earlier.

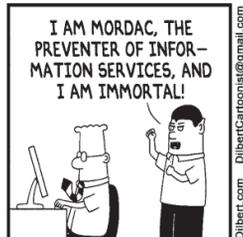
The housing recovery has builders increasingly optimistic about the new-home market, but they have yet to ramp up construction to normal pre-Great Recession levels. Developers cite the lack of ready-to-go lots and a shortage of qualified labor among their concerns.

IHS Global Insight economist Patrick Newport said July's drop is just the latest sign in recent months of a "loss of momentum" in new-home sales. "Tough access to credit for builders might also be harming new-home sales and could have contributed to a recent drop in single family building permits, he wrote in an emailed analysis.

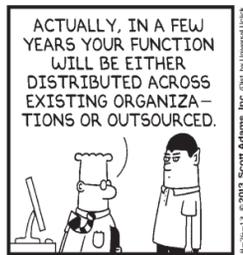
andrew.khouri@latimes.com

Dilbert

By SCOTT ADAMS



Dilbert.com DilbertCartoonists@gmail.com



Dilbert.com DilbertCartoonists@gmail.com



Dilbert.com DilbertCartoonists@gmail.com

MINI MARKET FOR SALE
 Best Location in South Gate Tweedy Mile, cross street from library and school LOW RENT. HIGH POTENTIAL 10 years open. MAKE AN OFFER!
 Amigos Mini Market
 805 895-1895
 best offer take it