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Up Front



Latest high-dollar dessert? Designer tarts by Yolanda Santos. **PAGE 3**

Construction

Why a new law is raining work on fire sprinkler installers. **PAGE 5**



Public Relations



Is lobbyist Harvey Englander too well connected? **PAGE 8**

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SPECIAL REPORT REAL ESTATE QUARTERLY



Creative Drive

With its beachside locale, Santa Monica has long attracted businesses. But now, the city has become a virtual hot spot for today's generation of Internet ventures, especially those involved with social networking websites. Fast-growing companies are lured to the abundant creative office space with high ceilings and exposed brick. They like to install playful amenities – such as the 1948 Cadillac Fleetwood, above, that doubles as a couch at automotive website Edmunds.com. In this Real Estate Quarterly, the Business Journal explains how these tech companies have revved up Santa Monica's real estate market and earned the city a new moniker: Silicon Beach.

BEGINNING ON PAGE 19

Missing Links Stunt L.A. Sites

INTERNET: Local marketers lose affiliates to sales tax law.

By **JAMES RUFUS KOREN** Staff Reporter

It's known as the Amazon tax, but the new California law that requires online retailers to collect sales taxes is affecting more companies than just the Internet sales giant.

West L.A.-based Savings.com has lost more than 50 affiliated online retailers and Santa Monica-based SurfMyAds.com has lost 150. Gone are Amazon.com, Zappos.com and Overstock.com, among others, as many major online retailers have cut ties to California-based marketing companies since the law took effect July 1.

"Losing 50 big guys hurts a lot," said Loren Bendele, chief executive of Savings.com. "We work with thousands of online merchants ... but the top 150

Please see **INTERNET** page 43

Bad Environment For Development?

GOVERNMENT: Business aims to rewrite antigrowth CEQA.

By **HOWARD FINE** Staff Reporter

Local business groups have launched a campaign to reform one of the state's major environmental laws because they believe it stifles development and slows job creation.

They want to reform the California Environmental Quality Act, which requires developers and government agencies to conduct environmental reviews for major projects and explicitly gives citizens the right to file lawsuits over development.

The business groups – including the Los Angeles, Long Beach and Hollywood chambers of commerce, the Valley Industry and Commerce Association and the Central City Association – say the law has resulted

Please see **GOVERNMENT** page 43

Supplement Maker Joins the Clubs

HEALTH CARE: Storefront model pumps up Herbalife sales.

By **RICHARD CLOUGH** Staff Reporter

It has become something of a ritual for many of them, arriving by 8 a.m. each day at a nondescript building at Nordhoff Street and Sepulveda Boulevard in North Hills.

Dozens of women and men, most of them Latino and residents of this working-class neighborhood, gather at an Herbalife-sponsored "nutrition club" on the second floor, above a smoke shop and a beauty salon.

They are there for their daily cup of tea and a weight-loss shake. Though there are no signs outside, the club is thriving along with thousands like it. And

that has been providing an energy boost of sorts for downtown L.A. supplement maker Herbalife Ltd.

The clubs have become popular with dieters who don't want to shell out \$35 or more for a month's supply of shakes but are more than willing to drop a few bucks a day – and have a chance to chat with friends. Some even have regular seats.

"People like to come here to socialize," said Gustavo Zepeda, the 54-year-old owner of the North Hills club and about 200 other locations across Southern California.

Nutrition clubs, which have proved particularly popular in Latino communities, are reinvigorating Herbalife's global sales and providing a platform for the company to penetrate new markets. The adoption

Please see **HEALTH CARE** page 42



Bottoms Up: Patrons at North Hills Herbalife club.

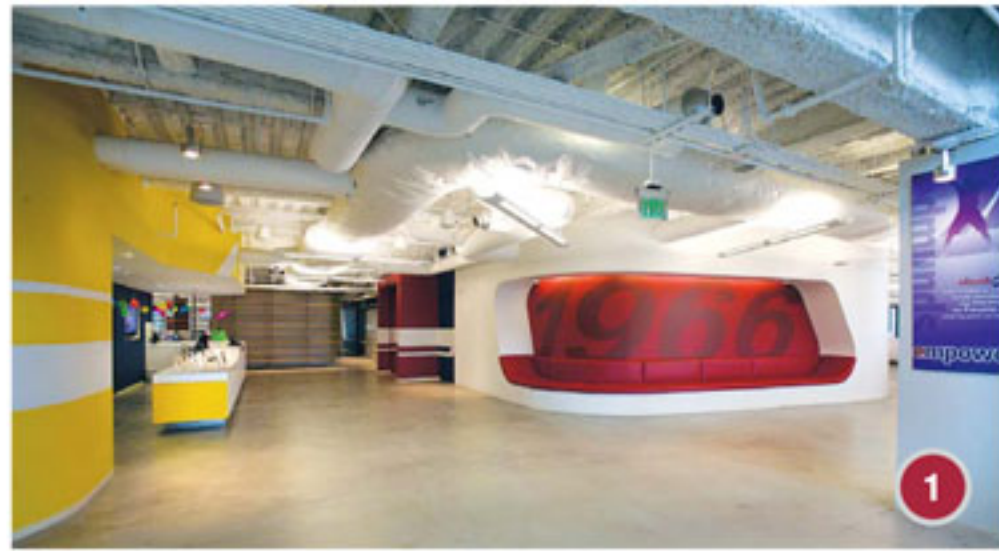
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SOLUTIONS + PERSPECTIVE

The **EDMUNDS INC.** office sets a high standard for work space in Santa Monica's growing tech cluster. The company, which operates consumer auto websites, moved into the spacious 1620 26th St. office in October 2006. Its intent was to build a colorful and playful environment that would encourage creativity.



- 1. A red bench in the lobby imprinted with the date of the company's founding.
- 2. Rows of hanging monitors in one of the work spaces keep employees connected.

Space Race

Photos by RINGO H.W. CHIU



- 6. Company-wide meetings are held in the "Great Room," which has comfy couches and a 60-foot coffee bar.
- 7. A 1948 Cadillac Fleetwood doubles as a couch, adding a touch of whimsy to the work area.
- 8. A game room on the top floor – with ping pong tables and traditional arcade games – lets employees blow off steam.
- 9. Color and murals add warmth to what otherwise would be plain walls.





3. An open floor plan gives employees opportunity for communication and interaction.

4. A central staircase adorned with colorful geometric patterns connects the office's three floors.

5. The elevator bank keeps the mood playful with the outline of a car painted along the wall.

