

# BUSINESS

## MONDAY'S CLOSE

Dow	S&P 500	NYSE	Nasdaq	Gold	Crude oil
↓ -48.45 17,051.73	↓ -4.59 1,973.63	↓ -28.25 10,957.67	↓ -745 4,424.70	↑ \$4.50 \$1,313.70	↑ \$1.46 \$104.59

### LOCAL BIZ

#### Lower gas prices spell relief at the pump

Has reliable price relief pulled up to Sacramento-area gas pumps? The latest numbers suggest it has.

National price tracker GasBuddy.com, which surveys more than 700 regional gas outlets daily, said the average retail price of gas in the area fell 4.4 cents to \$3.94 a gallon over the past week. In the last two weeks, the average price fell more than 8 cents, after hovering above the \$4-a-gallon threshold through the July Fourth holiday.

Sacramento-area prices are now 5 cents lower than one month ago but still 4.6 cents higher than this time last year.

Nationally, the average pump price fell 3.3 cents to \$3.57 a gallon over the past week – down nearly 12 cents from last month.

Patrick DeHaan, GasBuddy's senior petroleum analyst, said in a statement that prices "have been gently falling" in every state except Wyoming, Ohio and Indiana.

– Mark Glover

#### Newport Beach oil firm loses in fraud lawsuit

State officials said Monday they obtained a \$20.4 million judgment against a Newport Beach firm for fraudulently marketing oil and gas investments.

Synergy Oil LLC and company manager Robert Falco were slapped with the judgment in late June in Orange County Superior Court.

The company "defrauded investors with misrepresentations about the true nature of their business dealings," said Jan Lynn Owen, the state's commissioner of business oversight, in a news release.

The state sued Synergy and Falco in 2012, claiming they conned 265 people nationwide into investing a combined \$13 million in oil and gas exploration deals. It was not known how many of those investors were from California.

The defendants were ordered to return the money and pay a \$6.6 million fine.

– Dale Kaster

#### Area's office vacancy rate keeps dropping

The vacancy rate for office buildings in the Sacramento region continued its gradual decline in this year's second quarter, at 21.12 percent, according to the commercial brokerage firm of Cornish & Carey Commercial Newmark Knight Frank.

It marked the sixth consecutive quarter of decreases, following five years of increases. The vacancy rate peaked at an all-time high of nearly 24 percent in 2012.

Cornish & Carey said the second-quarter vacancy rate was helped by Covered California, the statewide health care insurance program, occupying 123,000 square feet of space at 1601 Exposition Blvd. in Sacramento.

"The slow but steady decrease in the office vacancy rate is a clear sign that the regional economy is improving," said John Frisch, regional managing director of Cornish & Carey, in a statement.

The company said the 21.12 percent vacancy rate translates into nearly 14 million square feet of office space.

– Mark Glover

# Farm-to-Fork event a fast sellout

WITH JUST 400 TOWER BRIDGE TICKETS, MANY FOODIES FRUSTRATED

BY ERNESTO GARCIA MORALES AND CHRIS MACIAS  
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For days, Steven Starr, a Sacramento resident and proclaimed foodie, was planning to buy two tickets to the second annual Farm-to-Fork dinner on the Tower Bridge. He'd circled the date on his calendar and sent reminders to his phone.

But on Monday, when tickets went on sale at 10 a.m. for the Sept. 28 dinner, Starr – and hundreds of others – were shut out. Within minutes, all of the individual tickets for the \$175-per-head dinner were gobbled up.

"They need to provide enough tickets to the general public to attend, so folks like me, who appreciate Ella, Mulvaney's, and other fine-dining places, can go," said a frustrated Starr. "The public were never afforded the opportunity to buy tickets."

With only 400 seats available, about 3,000 people went to www.farmtofork.com to score tickets, according to the Sacramento Convention & Visitors Bureau, a primary organizer of the dinner, which caps the city's second annual Farm-to-Fork celebration in late September.

The dinner, which features an all-star cast of local chefs, is geared for 600 guests. Two hundred of those seats were claimed Friday via a pre-sale for sponsors, at a cost of \$5,000 for a table of eight.

Sacramento-based Five Star Bank, which specializes in commercial and some agricultural loans, is returning as a corporate sponsor this year.

"The farm-to-fork movement is fundamental to our community," said CEO James Beckwith. "We have a deep level of appreciation for agriculture. It is a recognition for our region

and a wonderful celebration we can all sit down to."

Tim Johnson, CEO of the California Rice Commission, another returning sponsor, said, "We really do it to promote agriculture in the region."

A first-time sponsor to the Farm-to-Fork event is Sacramento Republic FC, the city's new minor league soccer team, which bought a table of eight.

Erika Bjork, team spokeswoman, said being at the dinner helps raise the team's profile.

"Our club is about elevating our presence as the Indomitable City and a huge part of it is to raise our profile," Bjork said. "Being part of Farm-to-Fork does that."

Proceeds from the Tower Bridge gala are used to fund a variety of activities during the Farm-to-Fork celebration, which runs from Sept. 13 to 28, including a free festival Sept. 27 on

Capitol Mall. In its 2013 debut, the festival drew 25,000 attendees.

Last year, tickets for the inaugural Tower Bridge dinner sold out in less than eight hours. Given the demand for seats, organizers considered increasing the individual ticket price this year, but opted instead to increase the cost – by \$1,500 – for sponsored tables.

"We didn't want to raise the ticket price in part to not get too far ahead of ourselves with the general public," said Mike Testa, senior vice president of the Sacramento Convention & Visitors Bureau. "It's not a cheap ticket, but still semi-affordable. There's still many dinners in this region that cost more than \$175. We said, 'Let's not get greedy on this thing.'"

As of late Monday, the waiting list for the Tower Bridge dinner stood at 527 hopefuls.

Call The Bee's Ernesto Morales, (916) 326-5577.

## U.S. craft beer gains fans abroad



This historic gasworks in Berlin will house a Stone Brewing facility that will serve Germany and Europe.



Stone Brewing Co.

Stone Brewing Co. CEO and co-founder Greg Koch, center, toasts the crowd Saturday after announcing the Escondido company's plan to build a brewery and bistro in Berlin. Stone Brewing is spending about \$25 million on the project.

## AS DEMAND GROWS, AMERICAN BREWERIES SET UP SHOP IN EUROPE

BY MICHAEL FELBERBAUM  
The Associated Press

RICHMOND, Va. – Helping to quench a growing thirst for American craft beer overseas, some of the United States' largest craft breweries are setting up shop in Europe, challenging the very beers that inspired them on their home turfs.

It's the latest phenomenon in the flourishing craft beer industry, which got its start emulating the European brews that defined many of the beer styles we drink today.

The move also marks a contin-

uing departure from the status quo of mass market lagers or stouts, demonstrating a willingness of American breweries to explore – and innovate – old-world beer styles from Belgium, Germany and the United Kingdom.

The U.S. craft beer scene is so fresh and dynamic, Europeans are becoming as excited about it as Americans, said Mike Hinkley, co-founder of San Diego-based Green Flash Brewing Co. "Even though they're used to all these amazing European beers, now there's just

more variety."

U.S. craft beer exports grew sixfold during the past five years, jumping from about 46,000 barrels in 2009 to more than 282,500 barrels in 2013, worth an estimated \$73 million, according to the Brewers Association, the Colorado-based trade group for the majority of the 3,000 brewing companies in the United States.

Of course, it's still a fraction of overall production; U.S. craft brewers produced a total of 15.6 million barrels last year.

Just last week, Green Flash became the first U.S. craft brewery to begin making and selling fresh beer in the European market under a

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## Panel probes hedge funds' taxes

BY KEVIN G. HALL  
McClatchy Washington Bureau

WASHINGTON – Two giant global banks helped at least a dozen hedge funds skirt full tax payment on more than \$100 billion worth of stock trades, according to a new congressional investigation made public Monday.

The probe by the Senate Permanent Subcommittee on Investigations will be the subject of a daylong hearing today and also spells more trouble for the embattled Internal Revenue Service.

At issue is whether complex financial deals arranged by London-based Barclays Bank PLC and Germany's Deutsche Bank AG deliberately helped hedge funds skirt U.S. tax laws for financial advantage and bend rules designed to protect the financial system from excessive borrowing to finance speculative bets.

The IRS in 2010 issued a warning against the financial instruments at question in the Senate probe, but roughly four years later, no additional tax money has been collected from the hedge funds involved, Senate investigators said.

Hedge funds are private investment vehicles for wealthy investors, and their steep costs to join effectively lock out ordinary Americans. They are often partnerships, whose investors are partners who reap the tax savings afforded by the deals.

The Senate report alleges

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# Tesla idles factory to retool for SUV model

BY ALAN OHNSMAN  
Bloomberg News

LOS ANGELES – Tesla Motors has halted production at its sole assembly plant for the first time for a revamp the company said is necessary to speed Model S output and prepare it to make electric crossovers.

Work to reconfigure the production floor at the Fremont facility began Monday, and vehicle assembly will resume Aug. 4 with a goal of boosting production by 25 percent, Simon Sproule, a Tesla spokesman, said. Upgrades mainly involve modifications to the factory's body and general assembly lines and will cost about \$100 million, he said.

"This represents the single biggest investment in the plant since we really started

operations and enables us for higher volumes," Sproule said by phone Monday. "It gets us ready to build X and to do it on the same line as the S."

Chief Executive Officer Elon Musk, who also leads rocket maker Space Exploration Technologies Corp., has said he wants Tesla to deliver at least 35,000 Model S sedans to global customers this year, a jump of about 56 percent from 2013. The Palo Alto-based company's expansion is led by the start of shipments to China and Britain in the second quarter, followed by deliveries to Hong Kong, Japan and Australia in the year's second half.

Tesla, which charges from \$71,000 for its Model S, was producing almost 700 units per week at the end of the first quarter with a goal of in-



Paul Sakuma The Associated Press

Tesla workers cheer the first Model S cars in 2012 at the Fremont factory. Production ceased Monday for a planned revamp.

creasing that to 1,000 later this year, Musk said in a May 7 letter to investors.

Weekly production at the plant was approaching 800 units ahead of the current project, Sproule said. Musk in May had said the upgrades

would idle plant production for about 10 days in July.

"I'm sure with the popularity of the vehicle and need for production and the fact that it's the sole production facility, they are laser-focused on changing over and revamping

it as quickly as they can," said Michael Robinet, a managing director at IHS Automotive in Southfield, Michigan.

The Fremont plant, which also makes the car's lithium-ion battery pack and motor, needs to be modified to start building Model X sport utility vehicles later this year, Sproule said. Pricing for the battery-powered light truck, which ships to customers early next year, hasn't been announced yet.

During the retooling period, assembly workers can take vacation time or come to the plant for maintenance and training shifts, Sproule said.

Tesla is California's largest automotive employer with more than 6,000 people working at its plant, headquarters, design center, stores and service facilities.