

BUSINESS

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DOW 25,986.92 ▼ 137.65 | S&P 500 2,901.13 ▼ 12.91 | NASDAQ 8,088.36 ▼ 21.32 | GOLD \$1,197.70 ▼ 6.50 | OIL \$70.25 ▲ 0.74 | EURO \$1.1663 ▼ .0036 | U.S. T-NOTE (10-yr.) 2.86% ▼ 0.02

COMPANY TOWN



ALEX J. BERLINER ABImages

SUMNER REDSTONE, center, controls CBS and Viacom but it's unclear whether he has the mental capacity to authorize a suit filed on his behalf or make business decisions. With him are CBS board member Arnold Kopelson, left, and CBS chief Leslie Moonves.

Mogul's competency is key in probate case

Latest L.A. court skirmish highlights Sumner Redstone's failing health

BY MEG JAMES

After nearly three years of legal wrangling, key questions remain unanswered about whether ailing 95-year-old media mogul Sumner Redstone understands the activity that swirls around him.

At issue is whether Redstone — who can barely speak — has the mental capacity to authorize a lawsuit that was filed on his behalf, or changes made to the bylaws of one of the media companies he controls, CBS Corp.

On Thursday, in a courtroom in downtown Los Angeles, the issue of Redstone's competency once again took center stage. Redstone's

attorney, Robert Klieger, told a judge that the media titan's condition has deteriorated since May 2016, when Redstone last gave testimony in a long-running court battle with one of his former female companions.

"Mr. Redstone has an amazing comprehension of what's happening — but he has a very hard time speaking," Klieger told the judge. "And it has gotten much worse.... He largely uses an iPad to communicate and to answer questions — but they have to be boiled down. He can't communicate in sentences."

Los Angeles County Superior Court Judge David J. Cowan on Thursday approved a schedule for a fact-finding process that could ultimately shed light on whether the controlling

shareholder of CBS Corp. and Viacom Inc. is, in fact, mentally competent. Such a finding could have serious implications over who controls Redstone's empire and could add fuel to a boardroom battle that has engulfed CBS.

Thursday's hearing came in a long-running legal fight initially pursued by Manuela Herzer, one of Redstone's former female companions. Once part of Redstone's orbit, Herzer was kicked out of Redstone's Beverly Park mansion in October 2015 and later written out of his estate plan. Herzer tried unsuccessfully to restore her standing as an agent for Redstone and to secure a place in his will, which would put her in line for tens of millions of dollars from the estate of the ginger-haired [See Redstone, C4]

BILL ORDERS BOARDS TO ADD WOMEN

Measure, aimed at publicly held firms, is passed by state Senate and is sent to Brown.

BY PATRICK MCGREEVY

SACRAMENTO — Citing a lack of diversity in corporate boardrooms, California lawmakers on Thursday sent Gov. Jerry Brown a bill that would require women to be included on the boards of directors of firms based in the state.

The bill would require that publicly held corporations in California include at least one woman on their boards by the end of 2019, and at least two by July 2021. Corporate boards with six or more members would be required to have at least three women on the panels by the middle of 2021.

The measure was proposed because women make up 52% of the state's population but just 15% of the directors of its public corporations, said state Sen. Hannah-Beth Jackson (D-Santa Barbara), a coauthor of the bill with Senate leader Toni Atkins (D-San Diego).

"We are not going to ask anymore," Jackson said in a fiery floor speech. "We are tired of being nice. We're tired of being polite. We are going to require this because it's going to benefit the economy. It's going to benefit each of these companies."

The legislation was opposed by a coalition of 30 business groups including the California Restaurant Assn., the California Chamber of Commerce, the California Trucking Assn. and the Long Beach Area Cham- [See Boards, C3]



GENARO MOLINA Los Angeles Times

THE MEDIAN home price in Los Angeles County was \$607,500 in July, up 5.7% from a year earlier. Above, real estate agent Jim Crane, left, meets buyers Theresa and Dustin Dobson at a home in Westchester in 2014.

Home prices rise as sales flatten

Southland's median for July is 5.8% higher than in July 2017 but a bit off the June record.

BY ANDREW KHOURI

The Southern California median home price slipped in July from June's record high, but it was still up 5.8% from July 2017, according to data released Thursday by real estate firm CoreLogic.

The report showed that last month's median price — the point at which half the homes sold for more and half for less — clocked in at \$530,000 in the six-county region. That's down \$7,000 from June's all-time high. Some agents say the market is slowing as families increasingly find it difficult to afford a home.

Sales were essentially flat, rising only 0.3% from July 2017.

"The craze has calmed down," said San Fernando

Valley real estate agent Matt Epstein.

Any slowdown would be welcome news for would-be buyers, who are dealing with not only high home prices but also rising interest rates. On Thursday, Freddie Mac said the average rate this week on a 30-year fixed mortgage was 4.52%, up from 3.82% a year earlier.

CoreLogic said that once the rise in mortgage rates is factored in, the monthly payment on a median-priced house was up 13%

over the year.

Agents say some buyers are getting burned out after dealing with a market that's been on an upswing for more than six years.

Epstein said more homes are coming up for sale in the southeastern area of the San Fernando Valley he specializes in. As a result, buyers are being more selective, causing some properties with "unrealistic" asking prices to sit.

"I have seen a more pa- [See Home prices, C3]

Economy soars, but 40% of U.S. hardly getting by

DAVID LAZARUS

By virtually any yardstick, the U.S. economy is doing great. Unemployment is near a two-decade low. The stock market is strong. Corporate profits are at record highs.

Yet a report out this week finds that almost half of Americans are having trouble paying for basic needs such as food and housing.

The Urban Institute, a left-leaning Washington think tank, surveyed more than 7,500 adults about their experience making ends meet. It found that about 40% of people ages 18 to 64 faced some sort of hardship last year.

"It's certainly surprising and disconcerting that so many people are having difficulty meeting their basic needs," said Michael Karpman, a research associate at the Urban Institute and coauthor of the report.

"What we found is that a lot of people have to devote much of their income to fixed expenses like rent or healthcare," he told me. "If they're hit with a large, unexpected expense, they



simply can't cover it."

The stats become more troubling the deeper you drill down. More than 35% of families with at least one working adult reported difficulty meeting at least one basic need last year.

Almost a quarter of Americans experienced food insecurity, which is to say they didn't always know if they'd be able to eat if they were hungry.

A staggering 18% faced issues paying medical bills, and nearly as large a percentage reported skipping treatment for an ailment because they couldn't afford it.

Slightly more than 10% of Americans missed a rental or mortgage payment. Thirteen percent couldn't pay a utility bill.

While much of these economic woes were concentrated among lower-income households, the Urban Institute found that many middle-class families also struggled to pay their bills.

"About 20% of middle-class people are having trouble, mostly with healthcare," Karpman said.

That means a family of three making \$80,000 a year, or a single person making at least \$50,000, may be living paycheck to paycheck — [See Lazarus, C4]

Redstone's competency is at issue

[Redstone, from C1] mogul.

Herzer withdrew her lawsuit, but in April Redstone filed his own petition to preserve changes made in May 2016 that removed Herzer from his trust. The May 2016 change marked the 40th amendment to Redstone's trust, which maps out his wishes about how his property should be divided up and his empire run long after he is gone.

Herzer's legal team challenged Redstone's petition, contending that the mogul had lost his mental competence and that lawyers who surround him don't really know what he wants.

"We are going to depose every single person who has been around him," attorney Ronald Richards, who represents Herzer, said outside the courtroom. "And then it will be difficult for them to contain the true state of affairs."

The L.A. probate case is unfolding almost simultaneously with a more significant legal dispute, one that also delves into the question of Redstone's mental state.

In May, CBS board members voted to strip the Redstone family of its voting control of CBS, the venerable New York-based broadcasting company. The Redstone family countersued, and a Delaware judge overseeing the case expressed skepticism this month that Redstone was still of sound mind.

That lawsuit, which is scheduled for an October trial, will probably decide who controls CBS. Lawyers for the media company have argued that the elder Redstone does not have the capacity to authorize actions taken by his family's investment vehicle, over which his daughter Shari Redstone presides. She also has been pressing to reunite Viacom with CBS, a plan opposed by embattled CEO Les Moonves.

CBS has been roiled by recent allegations published in the New Yorker that Moonves sexually harassed several women decades ago. Moonves has denied forcing



AL SEIB Los Angeles Times
MANUELA Herzer is Sumner Redstone's former companion. In April the mogul filed a petition to preserve changes made in May 2016 that removed Herzer from his trust. Her legal team has challenged that petition.

himself on women. CBS is investigating the claims.

On Thursday, the Los Angeles judge also suggested that Redstone's competency might be an issue. Cowan noted that he watched a videotaped deposition that Redstone tried to give in May 2016 when Herzer was first trying to establish that Redstone no longer grasped reality.

"The issue of his capacity now, several years later, might be relevant," Cowan said. "When I saw Mr. Redstone several years ago, he was struggling. When people have dementia, or a degenerative disease, they do not necessarily recover from it."

In recent months, new evidence has surfaced casting further doubt on Redstone's mental capacity. In late January, during one of his frequent visits to Redstone's home above Beverly Hills, CBS board member Arnold

Kopelson — an Oscar-winning film producer and longtime Redstone friend — used his iPhone to make a video recording of the elderly executive.

In the video, Kopelson asks Redstone who runs CBS, and if Redstone recognized his friend of more than 30 years. Redstone failed to respond, according to a person who has been briefed on the recording but was not authorized to discuss it.

The Delaware judge, Andre G. Bouchard, has seen the Kopelson recording and appeared to be troubled by the situation. During an August hearing, Bouchard said he wanted to get to the bottom of "who is calling the shots" at National Amusements Inc., the Redstone family investment firm.

Sumner Redstone remains chief executive of National Amusements, which owns the controlling stakes

of both CBS and Viacom, the owner of prominent cable TV channels Comedy Central, MTV, Nickelodeon and the Paramount Pictures film studio in L.A.

In Thursday's two-hour hearing, Herzer's attorney, Richards, also referenced the Kopelson recording. Outside the courtroom, Richards would not say whether he had seen the recording, but he suggested he would include testimony from medical experts who were knowledgeable about Redstone's current condition. He plans to ask the judge to order that an independent neuropsychiatrist examine Redstone.

If Richards can demonstrate that Redstone was not competent in January, then he will ask Cowan to invalidate the Redstone petition that was filed in April.

Klieger, Sumner Redstone's attorney, said in

court papers that the Redstone family would not object to having the Kopelson tape introduced into the probate process but that they want to protect the mogul's privacy.

"This is truly a miracle," another Herzer attorney, Mary-Felicia Apanius, wrote in a court filing.

Herzer has been trying to establish that Redstone has been incompetent since 2015, when the mogul banished her from his home. Until then, Herzer was Redstone's healthcare agent and she ran his huge household in Beverly Park. But that changed abruptly in October 2015, when she was told to leave.

Her forced departure came six weeks after he had another former girlfriend, Sydney Holland, bounced from his home following revelations that Holland was having an affair, according to

court documents. A private investigator had captured photos of Holland with another man.

Redstone became enraged after seeing the photos and fell apart, prone to loud fits of sobbing and crying, according to court documents filed by Herzer and others.

It was Herzer's 2015 lawsuit that pulled back the curtain on Redstone's situation and the lengths to which family and friends have gone to keep him alive.

Since a 2014 bout with pneumonia, Redstone has been reliant on a feeding tube. He long ago lost the ability to walk and struggles to communicate by grunting or through an iPad programmed with buttons for "yes," and "no," according to court records.

The mogul attended an Angels baseball game in Anaheim in late April when the New York Yankees were in town, according to a person familiar with the situation. Nonetheless, Redstone's attorneys have consistently tried to shield him from further exams by independent doctors — a fact that irked Herzer, who sat in the front row of Cowan's courtroom.

"He went to a baseball game," Herzer said. "But he can't be examined by a doctor?"

After Herzer was pushed out, Shari Redstone took charge of her father's care. Herzer's team has long suspected that Shari Redstone also has been pulling the legal strings.

The May 2016 trust changes removed Herzer from Redstone's estate. Redstone also designated his daughter to have power of attorney — should he be declared incapacitated.

Klieger said that Redstone had one overriding request: "He would like to have finality about his trust and his estate plan before he passes."

The judge has set a Jan. 14 trial date for the probate case.

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Economy favors one-percenters

[Lazarus, from C1] and could be devastated by a single medical bill.

This week's report is the latest indication that while the gravy train may be chugging through corporate boardrooms and shareholder meetings, many ordinary American workers have been left behind.

All that economic growth isn't translating into higher wages, which means much of the wealth now being created is landing in the laps of the 1% and not trickling down any further.

Real average hourly earnings were down 0.2% last month compared with a year before. The typical worker is making less while the cost of stuff has grown. Considering that consumer spending accounts for about two-thirds of all U.S. economic activity, this is a very big deal.

"These days, a lot of that spending is being done by the people at the very top because they're the only ones with money," said Michael Reich, an economic professor at UC Berkeley.

He said this can boost economic growth as long as the super-rich are constantly trying to outdo one another with ever-larger yachts, "but I don't consider that the best use of our resources."

President Trump said his administration would be committed to the "forgotten men and women" of the United States, but that was an empty promise. His economic policies have focused almost exclusively on the well-being of corporations and the wealthy.

Trump pledged his \$1.5 trillion in tax cuts would boost average paychecks by as much as \$9,000 a year as businesses shared their tax savings with employees.

In reality, corporations received 11 times more in tax cuts than they doled out in one-time bonuses or modest wage hikes, according to the advocacy group Americans for Tax Fairness.

Moreover, companies are spending 101 times as much on stock buybacks as they



FRANCINE ORR Los Angeles Times

A REPORT released by the Urban Institute this week finds that almost half of Americans are having trouble paying for basic needs such as food and housing.

are on bonuses and wages, enriching shareholders at the expense of workers, the group found.

More than half of Americans say they've seen no change to their paychecks, according to a CNBC poll.

If you account for inflation, the typical American worker now has the same purchasing power as he or she did 40 years ago, according to the Pew Research Center.

As if that wasn't insulting enough, inflation-adjusted weekly wages have risen just 4.3% for workers in the bottom quarter of earners since 2000. For people in the top tenth, real wages are up nearly 16% over the same period.

Benjamin Griffy, an assistant professor of economics at New York's University at Albany, said the low unemployment rate shows that jobs are being created. However, they're not very good jobs.

"They aren't high-paying jobs, and they aren't jobs that offer particularly stable employment," he said. "And since those are a large fraction of the jobs that have been added, average wages haven't risen to the degree that we would expect."

There are other factors. Technological advances have allowed companies to make do with fewer employees. Organized labor is much less influential than it once was.

And, simply put, conservative lawmakers have placed a policy emphasis on empowering corporate greed rather than economic fairness.

House Speaker Paul D. Ryan (R-Wis.) on corporate tax cuts: "This is without question the single most important thing we can do to once again make America the best place to do business."

Ryan on raising the minimum wage: "For every wage you raise, you actually end up losing jobs. You end up destroying jobs."

On Thursday, Trump said he wanted to cancel 2.1% pay raises for hundreds of thousands of federal workers. He said the government didn't have enough money.

There's no excuse for millions of working people in the richest country in the history of the world being unable to feed themselves or keep a roof over their heads.

Nor is there a rational explanation for millions

being without health coverage, or facing financial ruin in the event of a serious medical problem.

These are signs of a society that has lost its way, in which the comfort of a relative few has become a higher priority than the well-being of the vast majority.

What can be done? Most economists say a higher minimum wage — a living wage — is a key part of the remedy, as is a greater emphasis on education.

They also point to the need for a more progressive tax system that spreads the nation's wealth more equitably, and for a social safety net that prevents people from falling through the cracks.

No, I'm not making a case for socialism.

I'm making a case for decency.

Although why anybody should have to is beyond me.

David Lazarus' column runs Tuesdays and Fridays. He also can be seen daily on KTLA-TV Channel 5 and followed on Twitter @DavidLaz. Send your tips or feedback to david.lazarus@latimes.com.

Major stock indexes

Index	Close	Daily change	Daily % change	YTD % change
Dow industrials	25,986.92	-137.65	-0.53	+5.13
S&P 500	2,901.13	-12.91	-0.44	+8.51
Nasdaq composite	8,088.36	-21.32	-0.26	+17.17
S&P 400	2,039.49	-10.74	-0.52	+7.31
Russell 2000	1,732.35	-2.40	-0.14	+12.82
EuroStoxx 50	3,071.61	-12.15	-0.39	-3.34
Nikkei (Japan)	22,869.50	+21.28	+0.09	+0.46
Hang Seng (Hong Kong)	28,164.05	-252.39	-0.89	-5.87

Source: AP

MARKET ROUNDUP

Stocks fall amid trade war worries

ASSOCIATED PRESS

U.S. stocks skidded Thursday after a report that the Trump administration could put tariffs on \$200 billion worth of Chinese goods as early as next week.

After a weak start, stocks fell further after Bloomberg News said the U.S. government was getting ready to ramp up its trade dispute with China. The additional tariffs would be a major escalation in the trade fight.

Major exporters including chemical companies and machinery makers took big losses. Technology firms also fell. Banks slid along with interest rates, and some weak second-quarter results hurt retailers.

Stocks were coming off a four-day surge that brought them to record highs as the United States appeared to make progress in trade talks with Mexico and Canada.

The Standard & Poor's 500 index fell 12.91 points, or 0.4%, to 2,901.13. The Dow Jones industrial average fell 137.65 points, or 0.5%, to 25,986.92. The Nasdaq composite fell 21.32 points, or 0.3%, to 8,088.36. The Russell 2000 index edged down 2.40 points, or 0.1%, to 1,732.35.

Construction equipment maker Caterpillar fell 2% to \$139.06. Gold and copper miner Freeport-McMoRan slid 3.5% to \$14.15. General Motors fell 2% to \$36.36.

Discount retailer Dollar Tree plunged 15.5% to \$79.78 after its quarterly profit and sales missed projections.

Clothing retailer Abercrombie & Fitch dived 17.2% to \$22.55 after its sales disappointed. PVH, which owns Calvin Klein and Tommy Hilfger, sank 9.6% to \$141.67.

Arts and crafts retailer Michaels fell 14.8% to \$17.01.

Signet Jewelers soared 23.8% to \$67.68 after its sales flew past expectations and it raised its full-year forecasts.

Clothing and accessories retailer Tilly's jumped 14.6% to \$20.63 after its report.

Video game maker Electronic Arts dropped 9.8% to \$115.94 after it said the release of a major game would be delayed four weeks. It also said the strong dollar was hurting its sales.

K2M Group leaped 26% to \$27.50 after larger medical device maker Stryker agreed to buy it for \$27.50 a share, or \$1.2 billion. Stryker slipped 1.3% to \$169.02.

Campbell Soup fell 2.1% to \$39.15 after saying it will sell its international and fresh-food businesses to pay down debt and will focus on its snack and soup business in North America.

Oil prices rose. Benchmark U.S. crude rose 1.4% to \$70.25 a barrel. Brent crude rose 0.8% to \$77.77 a barrel. Wholesale gasoline rose 1.8% to \$2.14 a gallon. Heating oil inched up 0.3% to \$2.25 a gallon. Natural gas rose 0.4% to \$2.87 per 1,000 cubic feet.

Bond prices rose. The yield on the 10-year Treasury note fell to 2.86% from 2.88%.

Gold fell 0.5% to \$1,205 an ounce. Silver sank 1.5% to \$14.59 an ounce. Copper fell 0.7% to \$2.71 a pound.