

THR's Power Business Managers

The moneymen and women on this third annual list handle the finances, and sometimes financial misfortunes, of Hollywood stars who need help with everything from taxes to stocks to investments to chrome-plated electric cars.

PLUS The ever-changing intersection of Wall Street and Wilshire as private money flows — and ebbs

Edited by Matthew Belloni

Wall Street's Rocky Love Affair With the Movies

By Paul Bond and Georg Szalai

Call it Hollywood's Golden Age: During a five-year period ending in August 2009, about \$17.4 billion in film-slate financing poured into the movie business, with major banks like Goldman Sachs eager to get in on the action. Then the recession hit, many deals went south, and the money dried up. But finance insiders say the drought is about to end. "There's more activity, more phone calls, more term sheets and people coming in and pitching deals. For a

while, there was none of that," says Larry Ulman, a former partner at Gibson Dunn who has worked on transactions for Relativity Media, David Ellison's Skydance Productions and others.

Universal, whose five-year pact with Elliott Management is set to expire in 2013, is said to be seeking as much as \$500 million from investors looking for partnerships as long as five years, according to insiders. Fox and Sony similarly are on the hunt. And film-finance pro Schuyler Moore is helping raise \$100 million for Singapore-based Infiniti Media Fund, backed by Carolco Pictures co-founder Mario Kassab.

It's likely, though, that the big banks won't invest in these and other projects that might pop up, say several financial experts, given their recent disappointments in Hollywood.

Goldman, for example, helped The Weinstein

THE LIST



Howard Altman
Grant Tarr Barash
& Altman

Long considered among the very best Hollywood moneymen, Altman is incredibly selective when choosing whether to take on a new client. Pretty much every A-lister he represents comes to him on referral, mostly from Hollywood's top lawyers, who through the years have fed him a steady stream of big names including Naomi Watts, Jessica Alba, Ethan Hawke and Dwayne "The Rock" Johnson. He has managed his own firm since 1989, after working at the former accounting giant Arthur Andersen. Best known for understanding exactly how much gorgeous mansion his clients can afford, Altman offers a wide range of services that include making sure his clients are getting proper residuals and profit participation.



Evan Bell
Bell & Co.

Even when he's at a Hollywood movie premiere and mixing it up with big-name stars, Bell — with his big brown hair and bushy mustache — stands out. He spent time doing accounting work for large corporations before he got bored. So now he shuttles back and forth between the home office in New York and Los Angeles, working with a diverse group of entertainers from such older media types as Bill O'Reilly and Mary Albert to younger ones such as Amanda Seyfried and Steven Soderbergh. One of the toughest aspects of working with celebrities? "Honestly, it's like pulling teeth to get them to look at a portfolio," he says. On the other hand, his phone will ring off the hook any time the stock market has a particularly rough day. When that happens, he simply tells clients, "Go home and take a cold shower."



Terry Bird
Chapman Bird Grey
& Tessler

Ever wondered who can possibly tell Angelina Jolie what to do? When it comes to financial decisions, Bird has her attention. And as one of the rare women who manages the finances of top Hollywood stars, she has been instrumental in financial planning for actors like Matthew Broderick, purposely keeping her firm midsize so she can take a hands-on role with each of her clients. The firm might not have as many partners as some of the others in Hollywood, but it's what it does — like manage details on The Rolling Stones' most recent concert tour — that counts.





Andrew Crow
WGS&

In addition to standard money-management services, Crow touts a particular expertise in creating and maintaining nonprofit organizations for his do-gooder Hollywood clients. For instance, Crow set up The Descendants actress (and client) **Shailene Woodley's** environmental charity All It Takes, drafting governance documents as well as providing accounting and tax support (and hosting board meetings in his office). "That, in turn, saves the charity money, time and resources," notes Crow. Other clients include recording artist **David Foster** and Friday Night Lights actress **Adrianne Palicki**.



Scott Feinstein
Summit Business Management

Most business managers rely on agents and lawyers to lead their clients, but Feinstein has cultivated his expanding network through word-of-mouth among Hollywood's up-and-comers (including *Twilight's* **Taylor Lautner**). This year, two of Feinstein's clients, **Aaron Paul** (*Breaking Bad*) and **Eric Stonestreet** (*Modern Family*), won Emmys, while a third, **Mayim Bialik**, was nominated for *The Big Bang Theory*. Feinstein says he loves sending e-mails to those whose finances he manages to reg them if they are spending too much. He calls it a "cover-your-ass letter."



Richard Feldstein
Nigro Karlin Segal & Feldstein

Feldstein has one of the more impressive rosters of music clients: **Madonna**, **Dr. Dre**, **Lenny Kravitz**, **Maroon 5** and guitarists **Slash** and **Izzy Stradlin**, both formerly with Guns N' Roses, are just a few. Dad to Jonah Hill (see the resemblance?), Feldstein spends about four months a year at his firm's New York office and the rest at the L.A. headquarters. "I don't know how you can handle some of these clients without having a presence" in both places, he says. "You have to be on the ground to know the [local] real estate laws." Aside from work, his compulsion is to "fight to keep my waistline down." He recently had his first session with a personal trainer.



Todd Gelfand
Gelfand Rennett & Feldman

Gelfand runs the firm his father, Marshall, co-founded in 1967. Back in the '70s and '80s, the company was the "it" firm in music circles. These days, it has expanded from such rockers as **Bob Dylan** and **Nell Diamond** to A-list actors like **Will Smith** and sports superstars like **Carmelo Anthony**. "We can facilitate all aspects of a client's financial life, from managing a singer's entire worldwide tour to negotiating a lease on the latest electric vehicle," says Gelfand. The aggressive business manager

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Co. launch in 2005 by arranging \$500 million in financing and participating in a \$490 million investment for an undisclosed stake. In 2010, TWC had to hand over control of more than 200 films from its library to creditors Goldman and an insurance company. This year, TWC made a final \$40 million payment to settle its years-old credit arrangement with Goldman.

"It was a disaster," says one film financier. But others speculate that Goldman's fees on the deals were hefty enough to cover its losses. (Goldman didn't respond to a request for comment.) In another example, JPMorgan Chase and Credit Suisse First Boston led a bank syndicate that provided debt financing for the \$4.8 billion leveraged buyout of MGM in 2004. By 2010, as the market turned, MGM declared bankruptcy and was taken over by Spyglass Entertainment executives Gary Barber and Roger Birnbaum. "Equity was wiped out in that deal," says the financier. "About 160 banks lost money. Every major bank had a piece of that thing."

Sometimes, say experts, the banks ended up with investments they didn't want. "The slate-financing wave was driven by a lot of the same forces as the subprime-mortgage wave," says one finance expert. "With both, the banks created loans with the idea they'd sell them to third parties, but they ended up holding a lot of that paper themselves."

Now, as deal activity ticks up, transactions such as former supermarket mogul **Ron Burkle's** recent investment of hundreds of millions in *Relativity* seem like the new normal. Plus, more money is coming in from such places as Russia and China. "It's less likely you'll see Goldman, Dresdner, JPMorgan or Merrill Lynch agenting slate deals today," says **Stephen Prough**, co-founder



From left: MGM's *Red Dawn* remake was delayed until 2012 because of its 2010 bankruptcy; former MGM CEO **Harry Sloan** (right) joined (from left) **Arnold Schwarzenegger**, **Sylvester Stallone** and **Bruce Willis** at the 2006 premiere of *Rocky Balboa*; *Relativity* CEO **Ryan Kavanaugh** (left) with *Haywire* star **Channing Tatum**.

of Salem Partners. "They're shying away from the sort of structured finance that got them into trouble, so instead you'll see creative structures from specialized lenders and hedge funds."

Gone, too, will be the 15 percent fees studios took off of gross receipts. New deals will call for something closer to 8 percent, say insiders, and some also will insist on overhead caps. Other changes will seek to make Hollywood's notoriously opaque accounting more transparent.

Moore, for example, has been arguing for studios to reward investors with a percentage of box-office returns rather than complicated net-proceeds formulas, "so that

is adventurous in his private life, too: A few years ago, he summited Mt. Kilimanjaro; now, he's visiting every single Major League Baseball park with his youngest son — and he's got 12 to go.

whose entire sound library was destroyed by a fire in the studio," he says. The CPA worked with lawyers and insurers to deal with the mess and was able to recover \$6.3 million in the case.

do we have them in our life if they're not going to listen to us?" he says. His duties also extend outside the typical job requirement: A traveling client once called in the middle of the night to tell him he thought he left his refrigerator open.



Alan Goldman
Goldman & Krell

What started as a business management practice that attracted big music acts in the 1980s (**Poison** and **Belinda Carlisle**, to name a few) and then expanded to actors like **Keanu Reeves** now is growing once again with European imports such as **Piers Morgan** and horror director **Nikolaj Halstrom**. What Goldman offers his clients is truly eclectic, from normal tax and accounting duties to such tasks as restructuring contracts and even overseeing litigation. "I quarterbacked a lawsuit for a client [video game director **Keith Arem**]



Barry Greenfield
Altman, Greenfield & Selvaggi

When it comes to unruly Hollywood clients who won't curb their spending, Greenfield isn't shy about throwing down the hammer. "You bring them into the office, you sit them down, and you take their credit cards away. Seriously!" he laughs. Aside from harsh circumstances, however, the Los Angeles-based business manager's philosophy is to give his clientele — which includes **Gwyneth Paltrow**, **Steve Martin**, **Ashton Kutcher** and **Annette Bening** — the proper advice and hope they make the right decisions. "Why else



Al Hagaman
O'Neil Hagaman

Along with such business managers as **Mary Ann McCready** (**Keith Urban**, **Kelly Clarkson**) and **Gary Haber** (**Carrie Underwood**), the Nashville-based Hagaman and his firm represent tons of country music clients, from **Tim McGraw** and **Faith Hill** to the **Dixie Chicks**, **Trace Adkins** and **Emmylou Harris**, according to sources. (Hagaman declined to speak with THR.) The specialty requires an intimate knowledge of recording contracts and royalty revenue calculations.



Michael Kaplan
Miller Kaplan Arase & Co.

Kaplan's firm manages about 6,000 clients through offices in Seattle, Las Vegas, San Francisco and Los Angeles. Given that deep client roster of directors, producers, writers and several top music industry players, it might seem difficult to service them all. But Kaplan insists he takes a hands-on approach. "I like to spend time with them discussing exactly what we're doing," he says. That philosophy means that while clients are handing over their finances to be dealt with, Kaplan includes them in the management decision-making process as much as possible. "I want them to be aware of how I'm dealing with it for them."



Michael Karlin
Nigro Karlin Segal & Feldstein

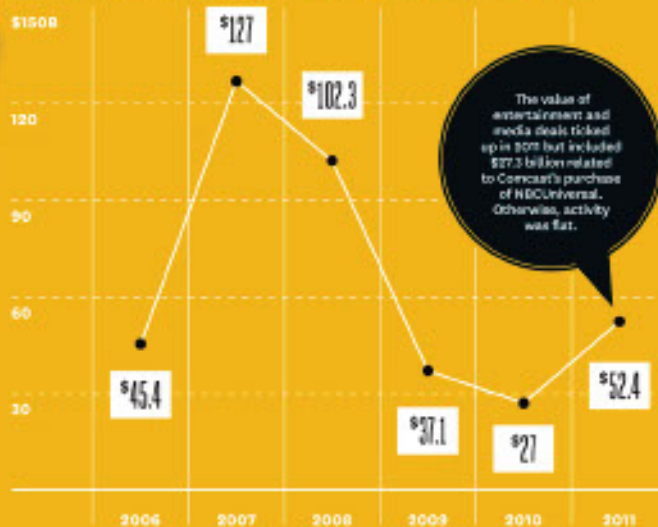
Karlin co-founded one of the largest business management



"If you can figure out which movies are going to do well, you shouldn't be a banker — you should be in the studio business."

Larry Ulman

ENTERTAINMENT DEAL ACTIVITY



you can open the trades the next day and know what you're entitled to."

At least one studio, Paramount, hopes that's not the case as it's locked in a legal battle with Melrose 2, a fund that put up \$375 million to help finance, among others, *Mission: Impossible III*, *Blades of Glory* and the *Transformers* movies but says it hasn't made any profit.

"These kinds of deals were sold as low-risk with potentially high returns, but there was actually extreme volatility," says Prough. "Some deals worked — like with Legendary Pictures, where the junior capital might have made 10 times their money — but there were many more deals where the equity and mezzanine were wiped out and the senior took a loss."

While many point to the Legendary-Warner Bros. and Dune Capital-Fox partnerships as evidence that massive slate-financing deals can work if structured properly, other observers simply call it luck.

Dune, which opted for a string of random Fox movies rather than picking specific titles, had the good fortune that its slate included *Avatar*. Legendary, on the other hand, came close to failing, even though it had its pick of Warner films, excluding the *Harry Potter* franchise. After making money on 2005's *Batman Begins*, Legendary endured losses with such titles as *Superman Returns* and *Lady in the Water*. "Its one-third interest in *300* brought them back from the dead, allowed them to raise additional equity, and the next movie was [megahit] *The Dark Knight*," recalls one expert. Warner Bros. and Legendary declined comment.

If the big banks do come back to Hollywood, they'd be wise to take the Dune approach and not try to cherry-pick titles, says Ulman: "If you can figure out which movies are going to do well, you shouldn't be a banker — you should be in the studio business." **EW**

companies in Hollywood, representing longtime music clients like **Van Halen** and film-television clients like **Joan Rivers**. His 200-person firm still is growing, but with director and actors fees being cut and the music business challenged, this hasn't been the easiest time to procure new clients. "Not everyone can afford a full-time business manager these days," he says. One of the ways his firm keeps expanding is by reaching out to execs and athletes who might appreciate rock-star financial treatment — ranging from simple tasks like paying bills to more complex responsibilities such as responding to life-threatening emergencies like when the roof of a client's home collapses (which, yes, has happened).

Gary Kress
Murphy & Kress.
Kress is a secretive guy. So secretive that he refused

to talk to THR for his profile, which is why we need to repeat the only known anecdote about Kress and his celebrity connections that we know — the time he enlisted the help of client **Matt Damon** and friend Mel Gibson to help Haitians. This year, THR can reveal that Kress' company employs as many as 19 people who generate as much as \$2.5 million in sales annually, according to Business.com and that Kress' clients allegedly include **David Schwimmer**, **Ben Affleck** and **Denzel Washington** — though Kress would not confirm or deny any of that, of course.

Steve Levitt
Sobul Primes & Schenkel
"I have one very successful entertainment client who told me, 'Next to my shrink, you're my most trusted adviser,' and that kind of summarizes what we do," says Levitt, whose clients include actors, writers

and producers as well as several executives, agents and lawyers. He says he abides by a simple strategy for investments: "The unusual ones tend to be the money losers. Restaurants sound fun until the money is gone." What's occupying much of Levitt's time nowadays is the "fiscal cliff," shorthand for the expiration of the George W. Bush tax cuts. "Those rates expire at the end of the year, and Congress has done nothing to extend them or enact new tax laws," he says. "Surprisingly, many people in Hollywood focus a lot on taxes. After paying their agent, lawyer and business manager, they realize their tax bill is a big number. My job is to make sure there are no surprises."

Matt Lichtenberg
Level Four Business Management
When Lichtenberg ventured into entertainment business

management in 1988, he spent far too many late nights at the Improv and Saturdays on set at *Saturday Night Live*. But he has developed a specialty representing top comedy clients such as **Larry David** and **Will Ferrell**. By 2007, when he joined Level Four, he had extended beyond comedy, representing such bands as **Smashing Pumpkins** and **U2**. Still, nothing prepared him for a 2 a.m. call this past summer when he learned client **Michael Clarke Duncan** had experienced a heart attack. Even more shocking was the next call from Duncan's lawyer revealing that the actor had secretly given Lichtenberg medical power of attorney. "The next thing I know, for the next six weeks, I was solely responsible for every medical decision, from do-not-resuscitate issues, to keeping things out of the press, to eventually arranging the funeral" when Duncan died in

September. "Not one of the fun jobs of a business manager."

John McIlwhee
Shepherd McIlwhee
Along with partner Rick Shepherd, McIlwhee maintains a small Los Angeles business management boutique with clients who are anything but small time: **Ben Stiller**, **Courtney Cox**, **Kurt Russell**, **Jon Favreau**, **Maura Tierney** and reality star **Kendra Wilkinson**, to name just a few. The 20-year veteran (it's the only job he has ever had) admits the profession in part because he gets the satisfaction of representing top Hollywood clients without the uncertainties that come with the entertainment business. "We're not crafting their careers," he notes. "The perception of us is much different — we're trying to help them live their lives to their fullest."

How Business Managers Say No to Very Famous People

By Eriq Gardner

NO." It's not a word often heard by A-list talent. But last year, New York-based business manager Evan Bell says he "begged and pleaded" when client Steven Soderbergh came to him and wanted to pour his savings into the development of a movie. The plan, explained Bell, would violate the cardinal rule of Hollywood: Never spend your own money. But Soderbergh didn't listen. He split the \$6.5 million production budget with star-producer Channing Tatum, and the movie, *Magic Mike*, went on to gross more than \$150 million globally this summer. "I looked foolish once again," jokes Bell.

Such is the tricky relationship Hollywood's top money managers have with clients whose careers are built on taking creative and, at times, financial risks. Often the voice of reason or devil's advocate on a star's team of representatives, the top business managers say it's better to appear too cautious than to explain an investment strategy that didn't turn out well.

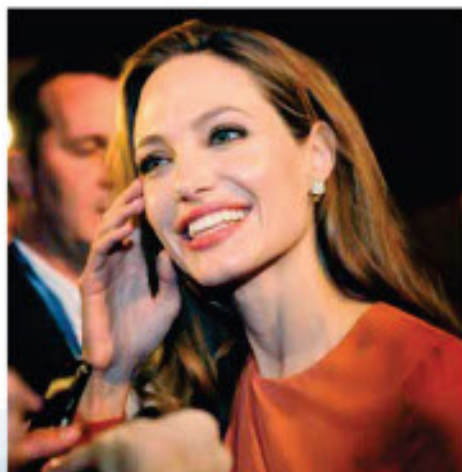
Some in Hollywood might fancy themselves the next Ashton Kutcher, who made a killing when he invested in Skype, or Justin Timberlake, who has done well in the tech space. But there are horror stories, too. U2's Bono, who co-founded Elevation Partners, plowed \$460 million into mobile device maker Palm before it hit trouble and \$300 million into *Forbes* despite the tough advertising market. And even though he is in the black thanks to an early investment in Facebook, now that the company's stock is sinking, one financial website dubbed the singer "the worst investor in America."

Bono has competition on that front. Bell says he has a client who had made four terrible investments before signing with him. "Why go into that fourth?" Bell recalls asking somewhat incredulously. "He answered, 'Statistically, I thought I had this one.' He was serious."

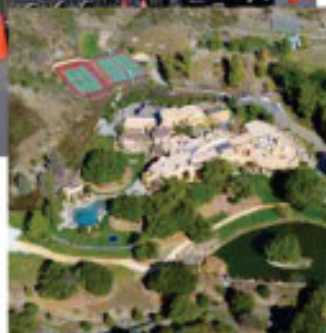
Business managers say entertainment clients present special challenges. Projecting a steady revenue stream

is never wise, given the fickle nature of the business. So in choosing between high-risk, great-upside plays and low-risk, steady-reward moves, they'll typically opt for a more conservative approach. "You don't lose a client because you're only making a 1 percent return," says business manager Scott Feinstein. "On the other hand, if you start losing, you'll hear about it."

Feinstein, who reps Taylor Lautner, Mila Kunis and *Breaking Bad*'s Aaron Paul, says a good money manager doesn't mind getting screamed at by clients. Requests to invest in restaurants are



Angelina Jolie and her family didn't script when they stayed at the 18th-century Cornhill Estate in Ayrshire, Scotland, in 2011 while Brad Pitt filmed *World War Z* in Glasgow.



Will Smith spent years renovating the family's \$50 million ranch-style estate in the Santa Monica Mountains above Malibu. The actor enjoyed many of the comforts of home in a lavish trailer during filming in New York for *Men in Black 3*.



Madonna's Beverly Hills home was listed for \$28 million in March. She and then-husband Guy Ritchie reportedly paid about \$12 million nine years ago.



Bieber drives a chrome-wrapped Fisker Karma electric car (value: \$100,000-plus). His business manager, Solomon Smallwood of Atlanta, has been with the singer since before he became a star.



Soderbergh (left) violated the cardinal rule of business managers: He invested his own money (with Tatum) in *Magic Mike*, but the film was a hit.



Andrew Meyer Freemark Financial

In late October, Meyer and his partner are moving their office from Santa Monica to a 10,000-square-foot space in Beverly Hills, in part to be closer to their clients, including cast members of the *Twilight* films and TV series *True Blood* and *The Office*. "The Westside used to be the destination, but the value for the money in real estate is significantly better in the Hollywood Hills and Los Feliz," says Meyer. "Our relatively young client base is gravitating east." Also keeping him occupied this year are the tax implications for actors who live in California but are shooting out of state: "We look at the real-dollar amount they'll be compensated after looking at regional taxes."



Julie Miller Holthouse Carlin & Van Trigt

"It's been a year of people thinking out of the box," says Miller, whose firm specializes in Hollywood writer-producers, among others. She won't reveal clients but notes that many are looking at different opportunities "because they know traditional moviemaking is changing." Still, much of Miller's work during the past year has been about purchasing good old-fashioned real estate, including a \$20 million residence for another A-lister.



Fred Nigro Nigro Karlin Segal & Feldstein

Nigro co-founded his firm in 1968 and has shepherded it through more than three decades of growth. The company now has a stable of about 500 clients. Nigro's best-known client is *David Letterman*—though he is loath to name others. "They either want you 100 percent of the time working on their affairs or get very jealous if they think you are not looking after their affairs—that's why business managers don't get out there," he explains. Nigro says his firm's sports practice is expanding rapidly. Athletes account for about 20 percent of its client base, whereas they were "barely on the radar" a decade ago. "Athletes only in the last 10 years have started to make really significant money like they do now," he says.



Bob Philpott Philpott Bills Stoll & Meeks

Philpott founded his namesake company in 1984 and preaches a steady and conservative approach to investing. It's a strategy that has allowed him to expand his firm to about 60 employees representing about 130 clients, including super-producers *Dick Wolf*, *Brian Grazer* and *Jerry Bruckheimer* as well as *Michael J. Fox*. Philpott, for example, advocates investment in short- to medium-term municipal bonds. "Despite all the headlines and all the craziness, that is the one asset class that has worked from 2007 until now," he says. And he maintains a "thou

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common, he says. But beware Burt Reynolds, Feinstein tells his clients, noting that the actor once went bankrupt after investing \$15 million in the PoFolk restaurant chain. Similarly, Eva Longoria's Vegas steakhouse Beso was shuttered this year. Feinstein struggles to win arguments over these types of investments because entertainers are optimists by psychological disposition — "maybe because they are used to having doors closed in their face every day," he says.

In assembling a star's portfolio, Feinstein likes to allocate no more than 50 percent in stocks and bonds, supplemented by the least sexy mutual funds imaginable. In addition, some stars might be surprised they are the proud owners of apartment buildings in such obscure locales as the San Fernando Valley. For some of his wealthier clients, Feinstein has also invested in private equity firms like the Blackstone Group.

Alan Goldman at Goldman & Knell says he divides up money between assets that will pay out dividends on a regular basis and wealth managers who can invest with an eye toward the long term. Those long-term assets include things like retail shopping centers, warehouses and business parks. But Goldman says he doesn't recommend his actors and directors hold individual rental units because "being someone's landlord is not something that many people are comfortable doing."

Bell, whose clients include Bill O'Reilly and Amanda Seyfried, sets up limited partnerships, investing in properties like apartment buildings in Manhattan's East Village. Other business managers don't like to pool investments, but they have ways of sharing the upside. "We do not recommend a real estate deal that we do not ourselves invest in," says Michael Karlin. "A partner here will participate pro rata to the investor."

Some celebrity investments are more splashy. Leonardo DiCaprio put \$4 million into Mobli, a



photo-sharing startup. Lady Gaga sank millions into a social network for celebs like herself. Fergie of the Black Eyed Peas has taken equity in a low-calorie vodka company. Perhaps the latest poster child for celebrity investor is Justin Bieber, who holds significant shares in a dozen companies including Spotify. But not even the celebrity association of Biebermania could help drive OPMG — a software company that disables text-messaging while driving — into anything more than just a penny stock.

Top money managers typically charge clients 5 percent of their earnings — similar to the fees entertainment lawyers charge — but they don't take extra commissions if investments deliver big returns. When sitting down with a star client, they first ask detailed financial questions, figure out the person's possible career trajectory, and arrive at what the investment risk tolerance should be. The truth is, despite the glamour, Hollywood as a class tends to be some of the most conservative investors on the planet — thanks in part to business managers. "Today it's about protecting the principal," says Karlin. "These clients take risks in their day-to-day profession. That's where the risk is. Investments shouldn't be risky."

That's not to say that celebrities don't get some "play money" to chase dreams of becoming Hollywood's next great venture capitalist. "Let's call it the Las Vegas account," Goldman says he tells clients. "Take all your stock tips and you can play." **EW**



Lautner's business manager Feinstein says he doesn't mind being screamed at by clients when he tells them not to buy expensive cars.

THE 5 BIGGEST SHOWBIZ MONEY DEBACLES

1 Bernie Madoff His infamous 20-year, \$50 billion Ponzi scheme is considered the largest financial fraud in history. Many Hollywood players took it on the chin in 2008, including *The Closer*'s Kyra Sedgwick and her husband Kevin Bacon, director Steven Spielberg, DreamWorks Animation mogul Jeffrey Katzenberg and screenwriter Eric Roth. With Madoff still in jail, several victims recovered at least a small part of their lost investments.

2 Dana Giacchetto The former business manager and Michael Ovitz buddy swindled millions of dollars in the late 1990s from his

A-list clients, including Matt Damon, Ben Affleck, Cameron Diaz and, most notably, Leonardo DiCaprio and Tobey Maguire. The stars terminated their professional relationship with Giacchetto after their money went missing and it was revealed that he was siphoning off more than \$10 million of his clients' earnings.

3 Elton John In 2002, the singer filed for bankruptcy protection after accruing debt at an astonishing rate of \$2 million a month. John has owned seven houses around the world, including an English estate and West Hollywood's Sierra Towers, which he recently

sold for \$4.7 million. His massive art collection was seized at the time of his bankruptcy, and the BBC reported a credit-card bill of \$400,000 a month. He had no trouble bouncing back, however, as he's reportedly worth \$355 million as of April.

4 Nicolas Cage The free-spending actor lost four homes to foreclosure (in Bel-Air, Las Vegas and two properties in New Orleans). He then sued his business manager for \$20 million for allegedly leading him down a path to bankruptcy, but the rep responded by blaming Cage for ignoring his pleas to stop the "destructive spending" on 12 cars and a \$1.6 million comics collection. The case settled.

5 Kim Basinger In 1989, the *Batman* actress thought it would be a good idea to purchase the town of Braselton, Ga., for \$20 million and turn it into a tourist attraction. It would have featured movie studios and a film festival — that is, had those in Hollywood been interested in trekking across the country to visit. Five years later, she and her partners sold Braselton for \$1 million and later declared bankruptcy. — BRUNDA KIRBY



Madoff (above) was arrested after his son alerted the FBI; John (right) once accumulated debt of \$2 million a month; Cage lost his pad in Bel-Air.



shalt not" list — on it are investing in things like nightclubs and restaurants. "For every five successes, there are 10,000 failures," says Philpott. "We would typically say: 'If all you want to do is buy yourself a table and do something with a friend, then fine, make the minimum investment. But we have to assume you are going to lose your money.'" But even Philpott has broken his own rule, investing in an outpost of Sushi Roku in Las Vegas. "I haven't failed yet — it is still hanging in there."



Brad Ross

Bemel Ross & Klein

Ross, whose clients include Matt LeBlanc and directors Roland Emmerich and Dean Devlin, prefers conservative investments. "Our goal is to beat inflation by a couple of points," he says, adding that real estate is a popular purchase. Still, he'll "take a flier" when clients are passionate, as when one tried to take advantage of the energy beverage craze by creating a "relaxing drink" or when another tried to create a customized disaster-supplies business. He also has been known to help clients acquire and insure collectibles including antique pens, first-edition books, rare coins and even some Andy Warhol paintings one client obtained from the artist himself. Says Ross, "Our motto: Live for today while you plan for tomorrow."



Steve Savitsky

Savitsky Satin & Bacon

The second generation of Hollywood business managers in his family (he joined his father's company during the mid-1990s), Savitsky and his boutique firm maintain clients in the music, film, TV and sports industries. What bonds his clients is a conservative approach to investments — and a charitable streak (Savitsky himself raises money for the Juvenile Diabetes Research Foundation).



Rick Schenkel

Sobul Primes & Schenkel

With about 25 employees, Schenkel's firm reps individuals and companies, provides traditional accounting and tax services and also works with investment pros. One longtime client is UTA, which Schenkel has advised since it started with one agent and a handful of clients. He also is active in the Water Buffalo Club, which has supported more than 100 Los Angeles charities that help underprivileged children with gifts for one-time capital expenditures. One of its fund-raising events is Christmas in July, where families mix with about 200 inner-city kids at the Santa Monica Pier and everybody goes home with gifts and school supplies.



Mickey Segal

Nigro Karlin Segal & Feldstein

Representing actors, performers, entertainment executives and a large number of musicians,

YOU CAN'T HIDE THE HOOKERS

A business manager offers candid advice on when to pay for a fancy dress instead of rent, how to avoid shady contractors and why actors should never lie about their expenses

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BY ANONYMOUS

our business manager is your protector. I am here to help you make the most out of your life, and since I have a great relationship with money and an intimate understanding of your finances, I am a tremendous resource for you. Here are five brutally honest tips to keep your balance sheet healthy:

1 KNOW WHEN TO SPLURGE

Hollywood people often find themselves having to make tough money choices. I repped an actress who was almost broke but needed a splashy new dress for a big premiere. It was either buy the dress or pay her rent. We sat down, discussed the options and decided she had to go for it. She bought an incredible outfit, walked the red carpet and was a complete knockout. That dress literally changed her career, and she has been working steadily ever since. And now she has a ton of cash in the bank.

2 KNOW WHEN TO SAVE

I go to great lengths to keep people solvent. You need to have reserves in the bank in case you don't get that offer during pilot season. If the funds start running low, make hard choices NOW! Take a cab to the premiere and hope a friend has a studio town car that can drop you at home. (Just make sure the cab lets you off down the street, and walk the rest of the way.)

3 JUST SAY NO TO DUMB INVESTMENTS

The market crash a few years ago changed everything. People that had no access to cash got screwed. That's why I plead with clients to avoid too many brokerage accounts, the dumb restaurant investments, the hedge funds with five-year waiting periods to withdraw. Higher eventual "returns" don't mean anything if you don't have the cash to pay the mortgage. Too many people in Hollywood are forced to wave bye-bye to all their houses. It's sad.

4 DON'T BE SUCKERED BY FAKE DEALS

Construction projects are the worst money pits, period. Celebrities get so much given to them for free, some think this applies to remodels. It doesn't. I always suggest three or four contractors my firm has vetted, but occasionally an actor will go rogue and hire a "contractor" that promises him a deal: "Just refer me to your other A-list friends." These people are stalkers or crooks (or both). I end up having to swoop in and appease the unpaid subcontractors who are about to file liens on the property. NEVER give contractors big lump sums, and always pay subs directly. Oh, and that reduced-price job just cost you 30 percent more than my top-notch guy.

5 OWN UP TO YOUR WILD PARTYING

I've seen it all, so don't be embarrassed by your go-go lifestyle. But please don't try to lie to me because you can't hide the hookers. I see the late-night ATM withdrawals at Les Girls, the cell-phone bills and the bank statements. It's easy to piece together last Saturday night's events. I've had clients "redirect" paychecks to a secret account, but I always find out because I reconcile W-2s. I'm trained to catch sneaky maneuvers — that's how I prevent people from stealing from you! BTW, I know that a charge to PCLTD on your Visa is for the Pleasure Chest ... we just code that to "personal."



Anonymous is a top Hollywood business manager who would never disclose your personal information.

Segal's firm has increased its revenue by 70 percent during the past five years. He reps about 40 pro athletes, including new L.A. Laker Dwight Howard. Segal says he tries to explain to clients how he has seen firsthand that success doesn't last forever. "They need to be careful how they spend and plan for the future so they are financially secure when and if the good times aren't around anymore," he says. Segal also is active in local government in Arcadia, Calif., and says he has helped raise more than \$100 million for charities.



Solomon Smallwood

TSG Financial Management

In 2009, the Atlanta-based Smallwood met Justin Bieber through his relationship with Bieber's mentor, Usher. Smallwood was invited to sit down and chat with manager Scooter Braun and Bieber's mom, Pattie. "This was before Justin Bieber became Justin Bieber, remember," recalls Smallwood. "The relationship has really grown since then. I'm the financial component of what we call Team Sexy." That team has generated

millions for the teen singing sensation, requiring Smallwood, who also reps Chris Brown and Jermaine Dupri, to allocate a big chunk of his time to securing the Biebs' future. "My firm's philosophy is rooted in education," he says. "Many clients abandoned college and sacrificed that for their career, and all of a sudden they're thrust into the spotlight. I've worked with clients who had never had a checking account before, and now they're making millions of dollars. It would be overwhelming even for mature, educated individuals, but

I find that when you undertake the education process with them, it makes it palatable for them." Smallwood says he looks for investment opportunities that will generate passive income long after an artist's touring and recording days are over. "And also a revenue stream for their descendants," he says. "Things that will be around long after Justin is gone."

Profiles written and reported by Matthew Belloni, Alex Ben Block, Paul Bond, Eric Gardner, Brandon Kirby and Daniel Miller.