

# Little Red Feather Gets Off to a Running Start With Ponies

**RACING:** Syndicate rallies stars to enjoy ownership without stress of winning.

**H**ORSE racing has for decades attracted celebrity investors. In recent years however their numbers have dwindled as it has become clear just how tough it is to make money – and to avoid losing money – owning a racehorse.



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## Feather Racing.

Koch is the grandson of producer Howard W. Koch (“Airplane,” “Ghost”), who was very much into horse racing himself. The younger Koch grew up around racetracks and has been syndicating horses since graduating from college in 1991, always looking to take his passion to the next level.

Now, he’s built a company that has attracted younger investors including rapper Jay-Z, NFL quarterback Tom Brady, a group from the New York Mets including Paul LoDuca and David Wright, and a group of players from hockey’s St. Louis Blues.

The HBO show “Entourage” will feature an episode about horse racing later this season, and some of the scenes were shot at Little Red Feather’s barn. (Show writers were inspired when they learned the group has a horse named Tsetse Fly, which was – coincidentally – a code word in the show.)

“We are the young guns. We lose a race and then go and party anyways,” said Don Chatlos,

co-founder and trainer for the syndicate.

Koch teamed up with Chatlos in 2002 to start the partnership. Chatlos had been an assistant trainer for Ron Ellis, who trains horses for Bradley Wayne Hughes, founder and chairman of Glendale-based **Public Storage Inc.**, among others.

The partnership initially raised \$140,000 to acquire three horses. Many of its early investors were people with whom Koch had a connection in the entertainment industry. They included producers, writers, editors, attorneys and bankers.

One of their initial investments was in a horse named Singletary. The horse was purchased for \$30,000 and won at the 2004 Breeder’s Cup, which carried a \$1.5 million prize.

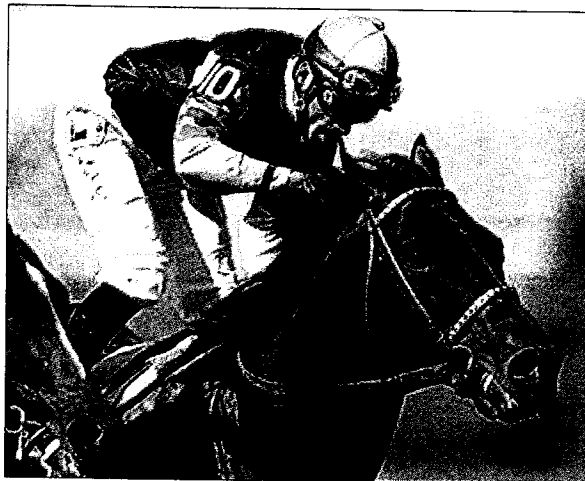
“Most trainers in that race had 80 wins, but I only had 12 going into that race and won,” said Chatlos.

Since winning, the business model has changed due to an influx of capital. The partnerships raised more than \$1.5 million during 2005 and 2006. Koch now asks investors to pool money before investing in horses, which lessens risk and management fees. Conversely, it also leads to better investments because a higher percentage of capital goes directly toward the cost of the horses. Nevertheless, he advises people to use only disposable income because horses are such a risky investment.

“We have no incentive to buy more expensive horses because we are not taking a commission,” said Koch. “We are trying to buy the best horse for the best value.”

The cost of those horses is typically much greater than the \$30,000 investment in Singletary. In order to get back to that winner’s circle, the company is investing in horses that cost upwards of \$300,000 each.

Winnings are divided up among the investors with the company taking a cut as



**Jockeying:** Singletary winning the 2004 Breeder’s Cup.

well. The company provides investors with a full financial statement of winnings and takes a net profit at the end of the year only if its investors have made a profit as well.

The company currently has stables in Southern California and New York and opened its third stable earlier this year in Philadelphia. The syndicate would love to have a local hero.

“We didn’t do that well at Santa Anita, but we are excited about a horse running at Hollywood Park at the beginning of May,” Koch said.

## Figuring on Bucks

The sport of mixed martial arts is exploding in popularity, led in large part by the fighters of the Ultimate Fighting Championship.

There’s another epic tussle involving the UFC under way, and it involves a couple of local heavyweights, Malibu-based **Jakks Pacific Inc.** and El Segundo-based **Mattel Inc.**

They are both negotiating with **Zuffa LLC**, the Las Vegas-based owner and operator of UFC, for the multimillion dollar licensing rights to make action figures based on the sport’s biggest stars, including Chuck “The Iceman” Liddell, Randy Couture, Tito Ortiz and Quinton Jackson.

Don Gold, Zuffa’s executive vice president of entertainment, confirmed that the company is in negotiations with several companies to produce the collectibles. The two

local firms are thought to be frontrunners, given their marketing muscle and background. Jakks Pacific already has licensing rights for World Wrestling Entertainment characters.

The rights aren’t going to come cheaply. The growth of UFC both domestically and internationally is startling. The eyebrows of sports marketers worldwide were raised last October, when a UFC pay-per-view event drew higher ratings among the coveted 18- to 24-year-old male demographic than the first game of the World Series did on broadcast TV. UFC acquired Pride Fighting, its major competitor in Japan last month.

Action sports figures are growing in popularity, particularly among adult collectors who have more income to invest in the products.

UFC signed an exclusive deal with Agoura Hills-based **THQ International Inc.** in January to publish video games through 2011. It also expects to announce deals for UFC-branded apparel such as hats and T-shirts.

## Going for Gold

Olympic athletes may soon be flipping, breaststroking and running on a cell phone near you.

Last week, the Los Angeles-based **Wasserman Media Group** announced an exclusive partnership with a trio of Olympic Sports governing bodies to represent them on sponsorship and marketing issues. The organizations are: **USA Gymnastics**, **USA Swimming** and **USA Track & Field**. WMG will also develop digital platforms to broaden distribution and original programming.

The deal further bulks up WMG’s burgeoning digital content division, which is dedicated to providing sports content for the Internet and mobile platforms. It also has a management division that represent athletes as well as a division that deals with corporate sponsorships and marketing.

The marketing division hopes to capitalize on the hundreds of thousands of members of the gymnastics, swimming and track athletes that participate in club activities nationwide. The three organizations hold more than 15,000 events across the country annually.

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