



Service
Gabriel Carini, CEO of Carini Heating and Air Conditioning, is making his business grow through a variety of initiatives, innovation and solid service.
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Finance
Teresa Kakadelas, of Blankinship & Foster, has addressed the needs of the firm's women clients, including through the creation of Wise Women luncheons that focus on investments and estate planning.
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RISING IN THE WEST

S.D. Jobs Created by Foreign Investment



England	11,861 jobs
Japan	8,738 jobs
Switzerland	4,685 jobs
France	4,025 jobs
Germany	2,979 jobs
Canada	2,054 jobs
Sweden	1,718 jobs
Republic of Korea	1,266 jobs
Singapore	993 jobs
Netherlands	618 jobs

Source: San Diego Regional Economic Development Council

ECONOMY: New Program Part of Japan and S.D.'s Shared Interests, Ambitions

By BRITTANY MEILING

The University of California, San Diego is launching a new program to promote the sharing of ideas, talent and venture capital between Japan and San Diego.

The Japan Forum for Innovation and Technology will serve as a hub to connect researchers and companies, especially those working in biotech, information technology and wireless communications. The idea is to focus on the intersection of biotech with the

Internet of Things to better delve into the world of health sensors, smart watches and other "things" with connectivity.

"There's something very exciting happening in Japan," said **Ulrike Schaede**, professor of Japanese Business and head of the UC San Diego School of Global Policy and Strategy. "Very quietly over the last decade, Japan's economy has been repositioning. Japanese companies are becoming industry leaders, with a new energy to pursue cutting-edge technologies."



Ulrike Schaede

Japan page 42

OncoSec page 26

Biotech Prepares Financially, Clinically

BIOTECH: Adds Staff, Uplists to Nasdaq Prior to Phase 2

By BRITTANY MEILING

OncoSec Medical Inc., a public biotech company that's operated largely under the radar in San Diego, has uplisted to the **Nasdaq** in a move to attract investors with more weight.

The company was previously listed on the over-the-counter market, an exchange that hasn't earned the same credibility as major players on Wall Street such as the **New York Stock Exchange** and **Nasdaq**. OTC stocks,

Kratos' Division Sale Ditches a Lot of Debt

DEFENSE: Analyst Calls It 'A Tax Driven Transaction'

By BRAD GRAVES

Kratos Defense & Security Solutions Inc. is making good on its pledge to sell part of the company, disclosing on June 1 that it struck a deal to sell its Electronic Products Division for \$265 million. It plans to retire debt with the proceeds.

The buyer is **Ultra Electronics Holdings PLC**, the publicly traded, London-based defense and electronics contractor.

Publicly traded **Kratos** (Nasdaq: KTOS) hopes to buy back approximately \$175 million to \$200 million of its 7 percent senior

Kratos page 28

Join the Clubs: Hotels Moving Into Gaslamp

TRAVEL: Millennials Draw Designer, High-Tech Properties

By LOU HIRSH

Downtown San Diego's historic Gaslamp Quarter has long been a magnet for tourists and locals drawn to its lively bar and restaurant scene. Recent trends suggest it's also becoming a major hub for new hotel development.

Briad Lodging Group of New Jersey recently received city approvals to develop a 116-room hotel, to be branded **AC Hotels by Marriott**, on a Fifth Avenue site where Briad currently operates a **TGI Friday's** restaurant. The hotel is expected to open by 2016, though a Briad

Gaslamp page 38

Special Report: Banking & Finance

Branch Closures Along Border Raise Concerns

BANKING: Regulatory Costs, Lack of Customers Cited

By MICHAEL LIPKIN

When **Bank of America's** Calexico branch shuts down on June 15, the border city of about 40,000 will have just two bank locations. Three other banks moved out of Calexico since 2012, while San Ysidro has

seen a little less than half of its 13 bank branches shutter in the past three years.

The closure of 10 of the two cities' 19 bank branches comes as banks face increased pressure from regulators to combat the cross-border flow of money tied to Mexican and Colombian drug cartels.

While the banks point primarily to decreased demand for physical bank locations,

Border Banks page 17

Top Ranked Bank in California*

Equal Housing Lender Member FDIC
 *Bank Director Magazine, 2014. Among Banks with \$5 Billion to \$50 Billion in Assets. CVB Financial Corp. is the holding company for Citizens Business Bank. 0615



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see page 9 for more

Japan:

► from page 1
We are trying to catch that wave early on with this program.”

A History of Working Together

UC San Diego's interest in Japan is not new. In fact, the university's extensive programs in Japanese studies have fueled relationships between the two regions for years. “We have long had a very strong Japan commitment,” Schaeede said. “This new forum will allow us to build those relationships further, and provide even more opportunities to the community and companies interested in these fields.”

The university is home to a sizable group of faculty and scholars with research interests in Japan. The new forum will provide a hub for cross-disciplinary research relating to Japan, in scholarly fields including business, medical, biological sciences and engineering.

In addition to pursuing research on business and technology in Japan, the new initiative is designed to bolster new opportunities to connect companies and universities in Japan and San Diego.

“It is important for Japan to create new industry and academic relations in the fields of life sciences and the Internet of Things with the United States,” said Hiroshi Fujiwara, president and founder of the Japanese IT company Broadband Tower Inc. “San Diego's prominence in these industries, which is in large part fueled by UC San Diego, makes this region a key partner for international collaboration.”

The new forum was made possible by a pledged gift of \$300,000 from Fujiwara's company.



Photo courtesy of University of California, San Diego

A recent forum at the University of California, San Diego brought together Peter Cowhey, dean of the School of International Relations and Pacific Studies, Hiroshi Fujiwara, president and founder of the Japanese IT company Broadband Tower Inc., and Ulrike Schaeede, head of the university's School of Global Policy and Strategy.

Strengths and Weakness

Schaeede said San Diego is a perfect complement to Japan's business interests.

“If you look at what San Diego is great at, it's IT and wireless,” Schaeede said. “The region is leading the country in wireless tech, and San Diego is the third-largest cluster for biotechnology in the country. Plus, UC San Diego is very strong in bioengineering. These are areas where San Diego stands out.”

But it's not only the city's strong suits that attract Japanese companies, Schaeede said. It may also be the city's perceived weakness that fuels interest in the region.

“Sometimes business people in this town see San Diego as... not as big as it could be, Schaeede said.

San Diego's greatest competitors — San Francisco, Boston and Silicon Valley — have better access to venture

capital and large financial institutions, for example.

“(Those regions) have entrenched mechanisms for how they do business,” Schaeede said. “There are hierarchies for venture companies, for example. San Diego is in a very different place. We are very open, and that feeds into the Japanese interest. They're paying more attention to us.”

And we're paying closer attention to them.

How Japan helps S.D.

The connection with Japan is a two-way street. While Japan is interested in San Diego for its business sectors, the city also has much to glean from a relationship with Japan. In fact, San Diego's largest life science industry group, Biocom, has been developing deeper connections with the Pacific Rim country

over the past year.

Joe Panetta, president and CEO of Biocom, said he sees interesting partnership opportunities in Japan for San Diego companies focused on drug development, regenerative medicine and digital health.

With many drug patents expiring, the pharmaceutical industry in Japan has a need for products. The biopharmaceutical companies on the East Coast, San Diego's biggest competitors, are more inclined to create partnerships with Europe due to geographical advantages, which means San Diego companies have a better chance of striking deals in Japan, Singapore, South Korea and other Asian countries, Panetta said.

Japan's financial influence is already well established in San Diego. In September, Daichi Sankyo acquired San Diego's Ambit Biosciences and its drug for acute myeloid leukemia for as much as \$410 million. In 2013, Japanese specialty chemical and pharmaceutical maker Ajinomoto acquired San Diego contract drug manufacturer Althea Technologies for \$175 million. In 2012, Takeda closed its operation in South San Francisco and expanded its San Diego center of excellence.

Biocom and the Japan Bioindustry Association signed a formal partnership agreement last summer, and at least 10 Japanese companies have joined Biocom, including Ajinomoto Pharmaceuticals, health tech firm NF Corp.; and the oil manufacturing company J-Oil Mills Inc.



Joe Panetta

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These indexes list the people, businesses, associations, organizations, etc., that are named in this week's issue. The numbers refer to the page on which the name is found.

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