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Signs inspire feuds, suits

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By JONATHAN SHIKES / The Press-Enterprise

The Pechanga Resort & Casino has sued a sign company to get a \$10,500-a-month ad plastered back on a prominent billboard along Highway 91 in Corona.

Regency Outdoor Advertising removed the display in September in violation of a two-year contract Pechanga had with the billboard's previous owner, the suit alleges. The Los Angeles agency then tried to resell the ad space for \$25,500 a month.

While the ad has reappeared in recent days, and an attorney for Pechanga said the two sides are trying to resolve the issue, the billboard has a contentious past.

Built in April 1998 by Murrieta-based Outdoor Media Group, the 14-by-48-foot billboard, and another one a few hundred feet away, caused a stir from the beginning.

When Riverside County officials saw the double-sided billboards, north of the highway, just west of Green River Road, they filed a temporary restraining order to prevent Outdoor Media from installing advertising, according to county court records.

Company owner Jon Gunderson said he believed he had a right to build because the county had given him permission for two signs in exchange for tearing down a billboard in Temecula where the county planned to widen a road.

But a location for the new signs was never agreed on, so Gunderson -- who is facing criminal tax evasion charges brought by the state of California -- built his signs on the Green River land, according to court records.

A competing billboard operator with its own sign a quarter mile away from Gunderson's also sued Outdoor Media, claiming it had violated county regulations and was hurting the market value of its billboard, court records show.

Attorneys for Gunderson and Regency didn't return phone calls seeking comment.

While billboards, which many people consider an aesthetic blight, cover the Southern California landscape, new ones are rarely approved and old ones are often torn down, said Donald Davis, an attorney with Burke, Williams and Sorensen.

"That makes the existing billboards more valuable and these issues more contentious," said Davis, who has helped numerous cities with their sign codes.

It also means rates are going up, said Randy Straub, general manager of the Inland offices of Lamar Outdoor Advertising, the nation's third largest billboard company. Viacom and Clear Channel are the largest.

"We are in a situation now where every board is occupied, so rates are set by what someone is willing to pay," he said.

The outdoor advertising industry generates more than \$5.5 billion in ad revenue every year, according to the Outdoor Advertising Association of America. Revenue through the first 10 months of last year was up 7.9 percent over the previous year.

The Green River Road billboards are valuable because they are on the border of Riverside and Orange counties, and because there are few billboards on Highway 91 and few new ones are permitted, he said.

Riverside County only permits about one new billboard per year, said deputy planning director Mark Balys.

Regulations haven't stopped billboard firms from erecting new signs and then taking a city or county to court. Dozens of California cases exist in which billboard companies have sued municipalities claiming their zoning laws are illegal, Davis said.

What usually happens is that the wording in a city's sign code often appears to favor ads over noncommercial messages, such as religious or political slogans.

This oversight is almost always unintentional on the part of the city or county, but that it "leaves room for billboard companies to file challenges," Davis said.

That's what happened in the Green River Road case.

Although Regency sued Outdoor Media claiming unfair business practices, they settled in 2000 with a financial arrangement involving the signs, said attorney Madison Spach, who has worked for both companies.

Regency and its owners, Drake and Brian Kennedy, then dropped the case against Regency and went after the county over its ordinance, turning the case into a First Amendment issue, which they fought through the federal courts.

"These folks were calling the kettle black," said Pam Walls, a Riverside County attorney who worked on the case.

Regency, which owns about 600 billboards and is one of the largest independent billboard companies, has been involved in dozens of legal battles with competitors, clients, city and county governments and former employees.

In 2003, the United States Court of Appeals for the Ninth Circuit ruled in favor of Riverside County and declared the billboards illegal under the county's sign code.

But the outcome didn't matter because the City of Corona had annexed the land where the billboards stood.

Gunderson sold most of the assets of Outdoor Media - not including the Green River billboards -- to Lamar in June 2003.

In April, Gunderson was arrested and accused of using phony tax deductions and failing to pay more than \$5 million in taxes on \$67 million of income in 1998 and 2003, including gains from the sale of Outdoor Media, according to the state.

Gunderson's wife, Mary, and their former accountant, Christopher Gruys, were also arrested. They have pleaded not guilty. The Gundersons' attorney, Richard Beswick, said he believes the charges against Mary Gunderson will be dropped this week. The case against Jon Gunderson will take longer to resolve because it is more complex, he said.