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JULY 21 • 2014 EDITION

Forbes

CELEBRITY 100
THE WORLD'S MOST POWERFUL STARS
PLUS: THE NEW BOX OFFICE HERO—JESUS

THE MELLONS
THE SIXTH AND SEVENTH GENERATIONS—$12 BILLION AND GROWING

AMERICA'S RICHEST FAMILIES

FROM THE WALTONS TO THE KENNEDYS,
THE FIRST DEFINITIVE RANKING OF THE NATION'S 185 BILLIONAIRE CLANS

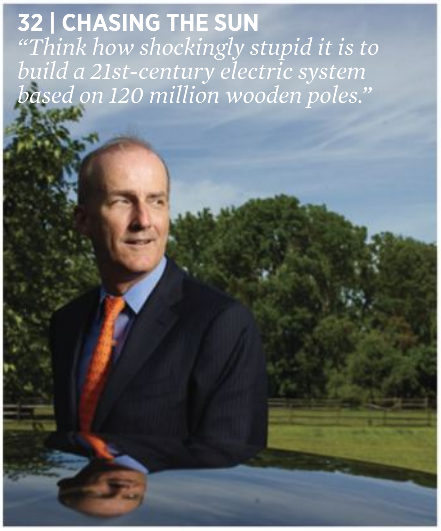
"THERE'S NO REASON WE CAN'T MANUFACTURE IN THE U.S."

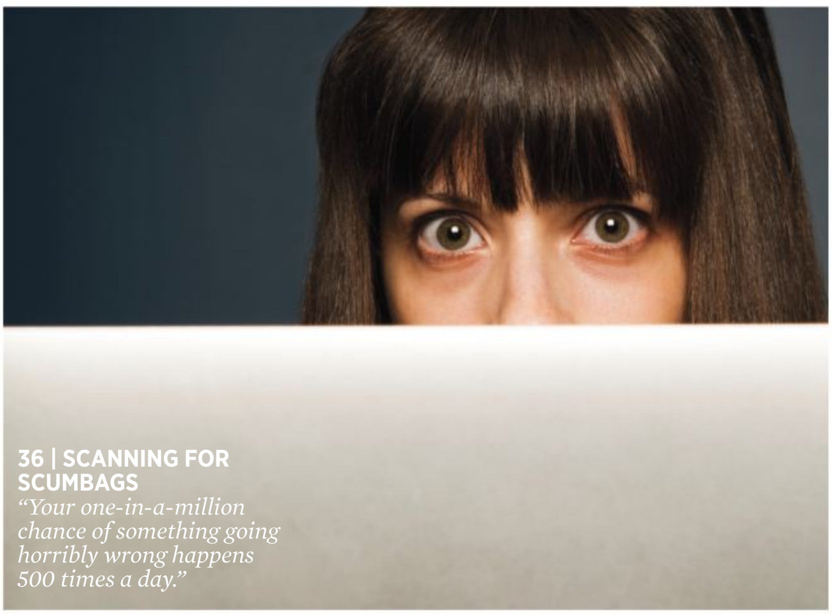
TONY MENEGHETTI
COO, TIMBUK2

AMERICA'S RICHEST FAMILIES

COVER PHOTOGRAPH BY JAMEL TOPPIN FOR FORBES

LEADERBOARD





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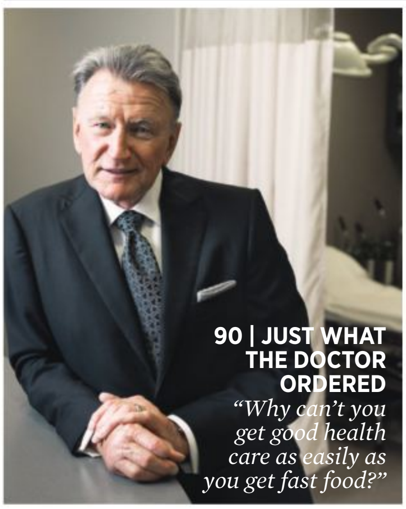

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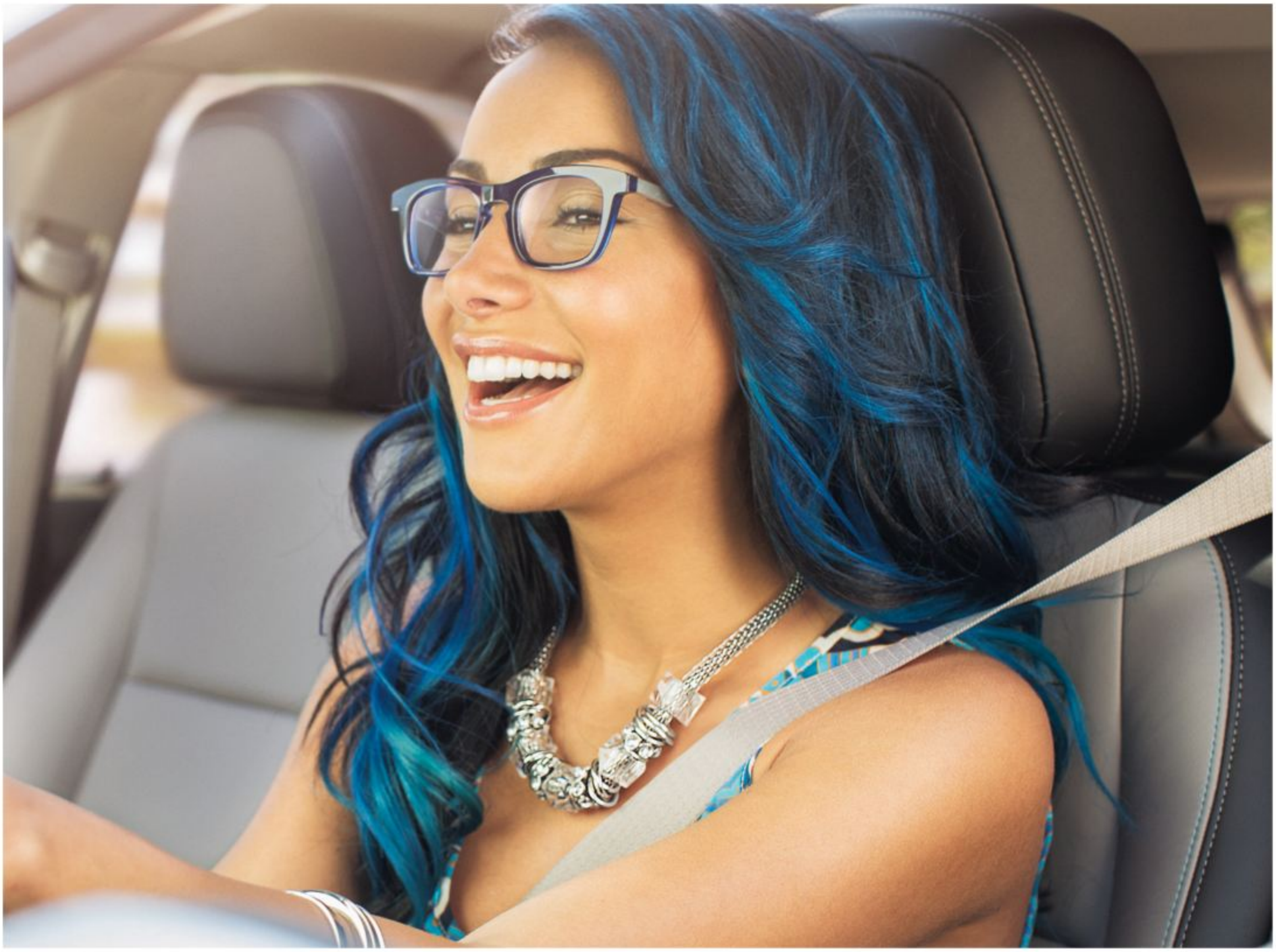

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Moving In Fast-Forward

BY LEWIS D'VORKIN

I'm known for a few sayings at FORBES. "Get stuff done" is at the top of the list. Actually, I use a saltier version, which is emblazoned on a T-shirt draped on a sofa in my office. Over the last four years that motto produced the most aggressive product road map in the news business. In January came my new mantra: "Faster, faster, faster." Competitive forces demanded we launch new "stuff" even more quickly. Here's what's in store for our readers this summer.

Newsletters: We've provided FORBES readers with premium investing advice ($19.99 to $800 annually) for decades. Soon 40 newsletter writers will use the same Web publishing tools as our reporters and expert contributors. That means subscribers can easily access their newsletters on Forbes.com. It also makes it easy for interested digital readers to sign up for premium newsletter content promoted alongside free content.

Thoughts on the Business of Life: They were first introduced by our founder, B.C. Forbes, in his newspaper column. His son Malcolm devoted the back page of FORBES to quotes. Now this beloved feature—13,000 quotes from 3,000 people—will be enhanced online, with a focus on mobile viewing, sharing and searching.

Photo Gallery: FORBES is well known for photo galleries, many of them associated with our popular wealth lists and rankings. A new mobile gallery with swiping and full-screen images will offer a far better experience for the 10 million people who use phones to access Forbes.com.

The Magazine: Total redesigns are fast giving way to iterative updates. Our front-of-the-book pages (*see p. 14*) will now include features that integrate a digital and social sensibility. Photography across the magazine will be bigger and bolder. Navigational devices will also be added to improve browsing.

And there's more to come this fall, including the digital launch of ForbesLife, a luxury vertical that makes use of our highly successful Forbes.com contributor model. Michael Solomon, the ForbesLife editor, is recruiting 150 writers to cover travel, food, fashion, arts, culture and, of course, expensive toys. We'll be using new publishing technologies to create sleek article pages, dramatic images and easy navigation to stories that interest readers. Luxury marketers will be able to engage with consumers in new ways.

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THE TIME HAS COME: DEFUND THE IRS

BY STEVE FORBES, EDITOR-IN-CHIEF

THE CURRENT IRS scandals are now bigger than those of Watergate in the 1970s and Teapot Dome in the 1920s. The most powerful and feared government agency was turned loose on groups of citizens who the White House and congressional Democrats felt threatened their power. President Franklin Roosevelt used the IRS against opponents, as did Presidents John Kennedy, Lyndon Johnson and Richard Nixon. Conservative think tanks were rightfully suspicious they were being singled out for tax audits during the Clinton Administration. But none of those abuses was of the sweeping nature of the ones that began in 2010 and have taken place against ordinary citizens who have spontaneously come together in countless organizations to fight the current regime's egregious policies and threats to liberty.

IRS wrongdoing is symptomatic of the Obama Administration. Changing the law by executive fiat, creating law by executive decree, and abusing the law by employing police powers in federal agencies all fundamentally pervert and threaten the foundation of this Republic.

Defenders of liberty, especially Republicans, must now think and act strategically. This means concerted campaigns must be launched to educate the public on what's taking place. It means attacking smartly and with focus.

The educating must begin now. The Supreme Court smackdown of the President's illegal recess appointments to the National Labor Relations Board provides an excellent news peg. This should be closely followed by attacks that culminate in defunding almost all of the IRS after the midterm elections, which the Democrats will lose badly. There can be no more continuing resolutions that allow the tax-collection agency to operate business as usual, even though Congress hasn't passed an appropriations bill. If a continuing resolution is necessary to avoid a government shutdown, then by all means pass one—but specifically do a near-zeroing-out of the IRS (the only exception would be a handful of clerks to process refunds) until these scandals are fully and credibly investigated. If the President vetoes such a budget resolution, the onus is on him, not Congress.

Another McNamara

Robert Strange McNamara, U.S. Defense Secretary from 1961–68, was hailed in his day as a technocratic genius, a man who could dazzlingly run anything (he'd just been named president of Ford Motor before being tapped to manage the Pentagon by newly elected President John F. Kennedy) through awesome numbers crunching and cold, scientific analysis. McNamara brought his formidable mind to bear on the troubling, growing communist insurgency in South Vietnam. He thought "escalation" was the key to victory, that the gradual application of increasing U.S. military power would force North Vietnam, the mastermind and supplier of the rebels in the South, to cry uncle. McNamara put much stock in enemy "body counts" and other metrics to gauge how close we were to winning. The U.S. lost its first war, and, too late, McNamara was shunted aside.

As a consolation prize McNamara was given the presidency of the World Bank, where he went on a binge of "poverty-fighting" spending. Throw enough money at the Third World and, voilà, disease would be eliminated, schools would blossom and economies would flourish as infrastructure projects sprouted up everywhere. Alas, poverty persisted and corruption mushroomed.

McNamara is long gone, but bad-judgment-cum-grandiosity is alive and well in the person of former Treasury Secretary Hank Paulson.

Not content with bearing major responsibility for one of our worst-ever economic disasters—one whose effects, thanks to persistent errors, weigh us and the world down to this day—Paulson now wants to help lead the charge to save us from global warming. In a *New York Times* op-ed Paulson has trotted out all the moldy jeremiads of the planet burning up while coastal cities are inundated with rising oceans if we don't rid the planet of carbon dioxide emissions by taxing them into extinction.

One hardly knows where to begin. The global-warming issue is hardly settled—in fact, the evidence is becoming increasingly adverse for the Al Gores of the world. Temperatures change for a variety of reasons, including sun spots. Such shifts have been going on from time immemorial. Some experts believe we're still in the process of recovering from the mini ice age that began around 1300 and didn't end until the early 1800s. Before that cold wave hit, wine was routinely produced in southern England.

Even if you buy into man-made climate change, the inconvenient truth indicates that, overall, warming does more good than harm. Nonetheless, Paulson wants to burden us with more taxes to force the use of renewable energy sources. Goodness, hasn't the man read about Germany and Denmark, which went whole hog for renewables? Electricity costs in Germany are about three times those in the U.S.

Paulson airily dismisses energy cost differentials: "Renewable energy can outcompete dirty fuels once pollution costs are accounted for." Ah, yes, if the numbers don't work, impute additional costs! What price does he place on the hundreds of thousands of birds, including endangered species, that windmills routinely chop up?

In recent years some $1 trillion in all sorts of subsidies have been expended on renewables in the name of battling global warming. Ponder for a moment what all those resources

McNamara giving a Vietnam War briefing.

could have done to benefit mankind if they'd been invested in creating new products and services, in research to fight such diseases as Alzheimer's, or to increase crop yields.

For the record, carbon emissions in the U.S. are falling, thanks in part to the revolution in natural gas drilling.

Instead of trying to foist McNamara-like grand schemes on us, Paulson should ponder why, during his tenure, the world came close to suffering the financial version of cardiac arrest.

The principal cause was the weak-dollar policy that he and two of his predecessors pursued. Weak money always begets economic disasters. Ask Argentina. What the Paulsons of the world don't grasp is that money measures value, the way scales measure weight. It infinitely facilitates commerce, replacing the hopelessly cumbersome process of barter. Money represents a claim on products and services, just as a coat-check ticket is a claim on your jacket at a restaurant. A money system is crucially dependent on trust. Counterfeiting is illegal because it's a form of thievery: It creates money out of nothing. Yet when the government does just that, it's called "stimulus." John Locke famously noted that when governments change the value of money, the lender or creditor is cheated.

When money has a fixed value—which the dollar had for 180 years under the gold standard—it always facilitates long-term growth.

A weakening dollar didn't bother Paulson, because he thought it would help U.S. exports. Think about that à la John Locke: Weakening the greenback is a form of cheating; it's no different from selling someone a pound of cheese that actually weighs only 14 ounces.

When you undermine a currency money flees to commodities and other hard assets. Yet Paulson, his immediate predecessors and the Federal Reserve have never linked the dots between the weak dollar and the surge in oil prices or the bubble in housing.

Paulson committed other ghastly errors of McNamara-like proportions: his blindness to the devastating impact the newly installed principle of mark-to-market accounting was having on already beleaguered banks (once the House of Representatives forced its virtual suspension in March 2009, the bear market abruptly ended and stocks soared); his decision to bail out the creditors of Bear Stearns (setting up expectations that the bigger Lehman Bros. would be treated similarly, and when it wasn't, panic set in); his crude "offer you can't refuse" bludgeoning of solvent banks to accept Tarp money, a process that has led to the banks becoming virtual vassals of the federal government; and his many arbitrary choices as to which institutions to seize, which to put out of existence and which to let live.

It all added up to a catastrophic mess that led to the monstrous Dodd-Frank Act and an array of constitutional affronts, including the Federal Reserve's unprecedented power-grabbing. No wonder the economies of the U.S. and the world are struggling.

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Rank	Name	Earnings	Money rank	Press rank	Social rank
1	Beyoncé Knowles	$115 M	2	1	6
2	LeBron James	$72 M	19	9	22
3	Dr. Dre	$620 M	1	79	30
4	Oprah Winfrey	$82 M	11	4	23
5	Ellen DeGeneres	$70 M	21	37	11
6	Jay Z	$60 M	32	17	21
7	Floyd Mayweather	$105 M	3	61	40
8	Rihanna	$48 M	41	11	2
17	Miley Cyrus	$36 M	51	19	10
18	Taylor Swift	$64 M	29	23	5
19	Lady Gaga	$33 M	55	5	4
20	Kanye West	$30 M	62	13	25
21	Calvin Harris	$66 M	23	78	26
21	Tiger Woods	$61 M	31	7	57
23	Dwayne Johnson	$52 M	38	73	18
24	Rafael Nadal	$45 M	45	8	31

CELEBRITY 100

THE MOST POWERFUL STARS

For the first time since Beyoncé debuted on the FORBES Celebrity 100 in 2004, the singer claims the top spot on our list, thanks mostly to her massive Mrs. Carter World Tour. But Beyoncé is about more than music. Her business empire includes clothes and perfume, and she commands instant attention with her 63 million Facebook fans and 13 million followers on Instagram. Rankings on the Celebrity 100 combine earnings with press mentions, social media power and a "cultural impact" figure. Dr. Dre is our highest earner, making an astounding $620 million over the past 12 months (the most ever for a celebrity), thanks to Apple's purchase of his Beats headphone line for $3 billion. Madonna falls off the list despite ranking fifth last year, while Bradley Cooper and Jimmy Fallon are making their debuts.

earnings | money rank | press rank | social rank

$50 M | 2 | 4 | 6

Rank	Name	Earnings	Money rank	Press rank	Social rank
33	Justin Bieber	$80 M	14	12	1
33	Kevin Durant	$32 M	57	35	36
33	Jennifer Lopez	$37 M	49	43	12
36	Sandra Bullock	$51 M	39	22	90
45	Jimmy Fallon	$12 M	90	48	42
45	Lionel Messi	$65 M	26	3	15
47	Avicii	$28 M	65	82	19
48	Bradley Cooper	$46 M	44	40	90
56	Tyler Perry	$70 M	21	88	34
58	Gordon Ramsay	$47 M	42	71	61
59	Rush Limbaugh	$66 M	23	85	78
60	Jon Stewart	$16 M	85	68	54
69	Serena Williams	$22 M	74	27	58
70	Kenny Chesney	$44 M	46	99	45
71	J.J. Abrams	$28 M	65	64	90
72	Neil Patrick Harris	$18 M	78	70	51
73	Angelina Jolie	$18 M	78	18	90
74	Kevin Spacey	$16 M	85	58	53
75	Will Smith	$32 M	57	41	16
76	Scarlett Johansson	$17 M	82	28	90
85	Li Na	$24 M	72	54	65
86	Sean Hannity	$30 M	62	95	75
86	Seth MacFarlane	$35 M	52	90	60
88	Bryan Cranston	$7 M	95	57	73
89	Jon Hamm	$10 M	92	87	90
89	Gwyneth Paltrow	$19 M	77	72	71
91	Kate Moss	$7 M	95	46	90
92	Meryl Streep	$10 M	92	34	80

MUSICIAN PERSONALITY ATHLETE DIRECTOR/PRODUCER ACTOR/ACTRESS AUTHOR MODEL

9	Katy Perry	$40 M	47	14	3
10	Robert Downey Jr.	$75 M	17	67	29
11	Steven Spielberg	$100 M	4	36	90
12	Jennifer Lawrence	$34 M	54	16	52
13	Bon Jovi	$82 M	11	63	20
13	Bruno Mars	$60 M	32	49	8
15	Kobe Bryant	$62 M	30	42	28
16	Roger Federer	$55 M	36	6	39

25	Bruce Springsteen	$81 M	13	24	49
26	Eagles	$100 M	4	47	64
26	Justin Timberlake	$57 M	35	20	13
28	One Direction	$75 M	17	44	7
29	Paul McCartney	$71 M	20	26	50
30	Cristiano Ronaldo	$80 M	14	2	9
31	Sean “Diddy” Combs	$60 M	32	77	35
31	Ryan Seacrest	$65 M	26	84	32

37	James Patterson	$90 M	8	86	68
38	Pharrell Williams	$22 M	74	31	38
39	Glenn Beck	$90 M	8	96	67
39	Peyton Manning	$27 M	69	15	90
41	Mark Burnett	$86 M	10	100	86
42	Simon Cowell	$95 M	6	29	46
43	Novak Djokovic	$33 M	55	10	48
44	Phil Mickelson	$54 M	37	32	87

48	Peter Jackson	$50 M	40	56	74
50	Michael Bay	$66 M	23	80	85
51	Toby Keith	$65 M	26	97	47
52	Leonardo DiCaprio	$39 M	48	38	88
52	Matthew McConaughey	$21 M	76	25	69
54	Sofia Vergara	$37 M	49	74	43
55	Dwyane Wade	$30 M	62	45	33
56	Gisele Bündchen	$47 M	42	89	55

60	Mark Wahlberg	$32 M	57	53	37
62	Howard Stern	$95 M	6	93	76
63	Hugh Jackman	$18 M	78	33	27
63	Ashton Kutcher	$26 M	70	60	24
63	Maria Sharapova	$24 M	72	39	41
66	Vin Diesel	$25 M	71	62	14
67	Ben Affleck	$35 M	52	51	81
68	Joss Whedon	$32 M	57	91	82

77	Jennifer Aniston	$31 M	61	52	90
78	Dan Brown	$28 M	65	65	56
79	John Green	$9 M	94	81	89
80	Kim Kardashian	$28 M	65	21	17
81	Amy Adams	$13 M	88	30	84
82	Stephen King	$17 M	82	50	66
83	Dr. Phil McGraw	$77 M	16	66	63
84	J.K. Rowling	$14 M	87	59	59

93	Kerry Washington	$6 M	98	75	62
94	Kate Upton	$7 M	95	83	77
95	Veronica Roth	$17 M	82	92	83
96	Zooey Deschanel	$6 M	98	94	44
97	Cameron Diaz	$18 M	78	55	72
97	Lena Dunham	$3.5 M	100	76	79
99	Kaley Cuoco	$11 M	91	98	70
100	Natalie Portman	$13 M	88	69	90

EDITED BY DOROTHY POMERANTZ; REPORTED BY ZACK O'MALLEY GREENBURG, KURT BADENHAUSEN, CLARE O'CONNOR, NATALIE ROBEHMED, EMILY CANAL, RYAN MAC, KATE PIERCE, VANNA LE AND ALICIA ADAMCZYK.

0.001

*Size of a **blood sample**, relative to the size of a normal blood draw, on which Theranos is able to run diagnostic tests.*

NEW BILLIONAIRE

BLOODY AMAZING

ELIZABETH HOLMES, 30, is the youngest woman to become a self-made billionaire—and she's done so four times over. In 2003, as a Stanford undergrad, she founded Theranos, a Palo Alto company that's disrupting the business of blood testing, replacing the services provided by giants like Laboratory Corp. of America and Qwest. "What we're about is the belief that access to affordable and real-time health information is a basic human right, and it's a civil right," she says.

Theranos has raised approximately $400 million, with a recent round valuing it at $9 billion—more than the market caps of any of her rivals. Holmes holds 50% of the stock, putting her net worth at $4.5 billion. With just a drop of blood Theranos can do the same tests that used to require vials of it, at lower cost. "It's one of those white-whale type of approaches, where if this were to become mainstream, then the entire diagnostic testing market would turn over," says Mike Cherny, the diagnostics analyst at International Strategy & Investment.

Right now Theranos is still small. Its testing centers have been installed at 21 Walgreen's clinics, with more on the way; it also has a partnership with Intermountain Healthcare.

SCORECARD

WINNERS

ELON MUSK +$1.2 BILLION NET WORTH: $9.4 BILLION
Tesla shares climb 17% in 11 days after the company goes open source with its patents.

HAROLD HAMM +$760 MILLION NET WORTH: $20 BILLION
As Iraq tensions threaten the world's oil supply, the U.S.' biggest fracker benefits.

MICHAEL JORDAN +NEW BILLIONAIRE NET WORTH: $1 BILLION
Jordan never retired. Still earning $90 million a year selling shoes, he ups his stake in the NBA's Charlotte Hornets and becomes the first NBA star worth a billion.

LOSERS

LARRY ELLISON –$1.9 BILLION NET WORTH: $50.3 BILLION
Oracle suffers a lackluster earnings report, then announces it will shell out a hefty $5.3 billion for touchscreen maker Micros Systems.

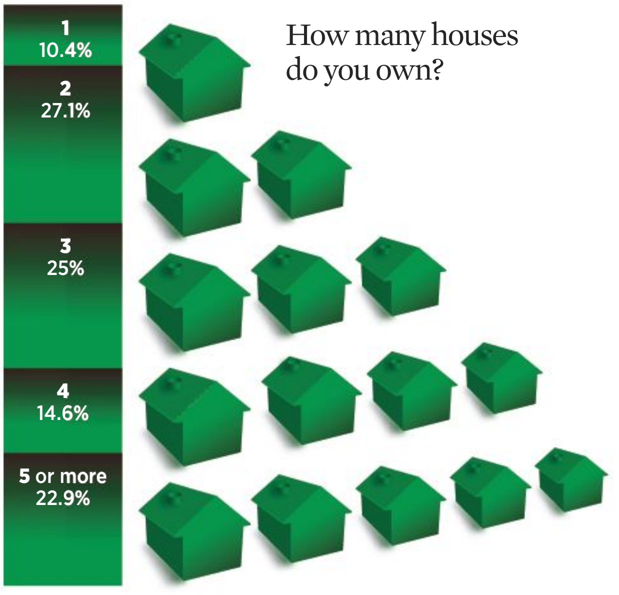
WILLIAM ERBEY –$240 MILLION NET WORTH: $2.3 BILLION
The feds auction off distressed home loans, but his Altisource Residential can't match the $3.3 billion bid by rival Lone Star Funds.

CHIP WILSON –BOARDROOM NET WORTH: $1.9 BILLION
After trying and failing to oust two directors from Lululemon's board, the company's deposed chairman considers launching a counterattack to regain control.

FIGURES REFLECT THE CHANGE IN VALUE OF PUBLICLY TRADED HOLDINGS FROM JUNE 10 TO JUNE 24.
SOURCES: INTERACTIVE DATA VIA FACTSET RESEARCH SYSTEMS; FORBES.

ASK 50 BILLIONAIRES

HOMES SWEET HOMES



HOLMES BY MATTHEW HERPER; SCORECARD BY DAN ALEXANDER

LEADERBOARD

0.13

*Percentage of **"scratch" golfers** out of the 700,000 registered by the United States Golf Association.*

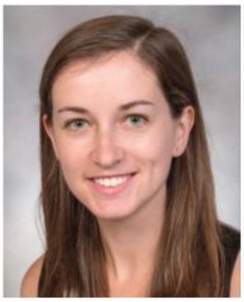
30 UNDER 30

RADICAL RESPIRATORS & SMART GLOVES

Medical marvels from FORBES' 30 Under 30 in 30 words or less.

Jocelyn Brown

3RD STONE DESIGN | 26



Her infant respirator costs only $400 versus $6,000 for a traditional one, giving hope for millions of babies in the emerging world. First up: Malawi, South Africa, Tanzania and Zambia.

Ryan Farris

PARKER HANNIFIN | 29

The engineer built a wearable exoskeleton that enables paraplegics to walk. It can be donned with one hand; disassembled, it fits in a carry-on. Available in Europe and the U.S. in 2015.

Marc Succi

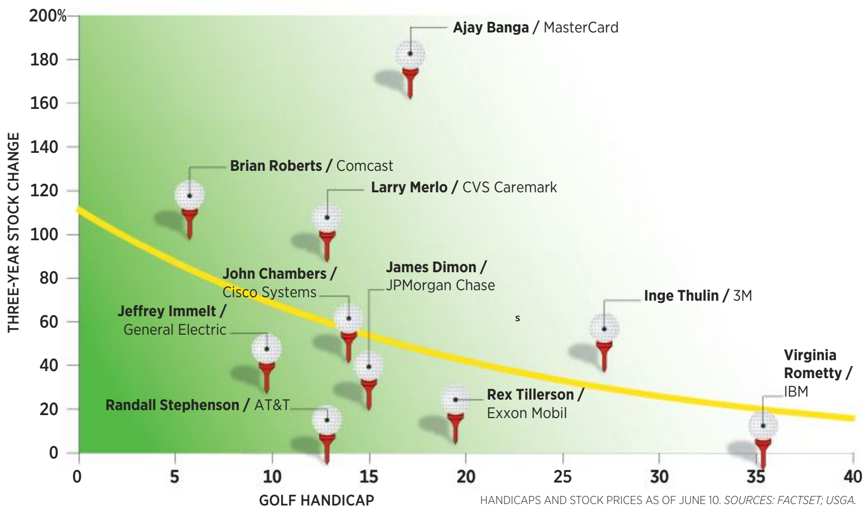
AUGMI LABS | 26

While at Harvard he developed the Vascular Medicine Glove, a noninvasive, needle-free alternative to monitoring blood flow after vascular surgery. He's now a resident at Massachusetts General.

TRENDLINE

HELPFUL HANDICAPS

WORRIED YOUR INVESTMENT is suffering because the CEO is spending too much time on the links? Don't be. We took the handicaps of ten golfers among the execs running America's 50 most valuable companies and compared them with share prices, and—surprise!—the better golfers also tended to have better-performing stocks. The results dovetail with a 2010 study from two Spanish economists who found that CEOs who play golf earn more than their nongolfing peers, and the better they play, the higher their pay.

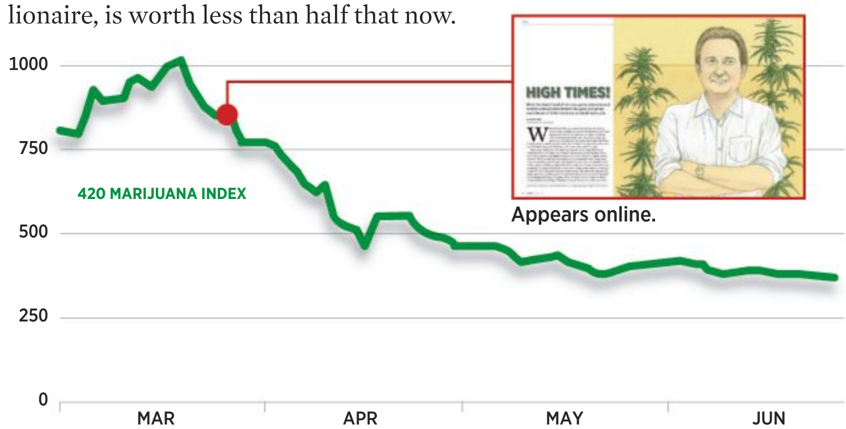


HANDICAPS AND STOCK PRICES AS OF JUNE 10. *SOURCES: FACTSET; USGA.*

FOLLOW-THROUGH

POT ROAST

THE 420 MARIJUANA INDEX (yes, there is such a thing) is down over 50% since we ran our article about marijuana penny stocks ("High Times"), warning of "a huge, emerging red flag for mom-and-pop investors." Bart Mackay, the Las Vegas lawyer who, three months ago, was a pot-stock billionaire, is worth less than half that now.



30 UNDER 30 BY KATHRYN DILL; GOLF BY LIYAN CHEN
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250,000

*Number of visitors each year to the **Museo Ferrari,** the company's museum in Maranello, Italy.*

PROVENANCE

ITALIAN PUREBRED

Earlier this year at an auction in Arizona, a 1956 Ferrari 410 Superamerica Series 1 Coupe sold for $3.3 million—a million dollars higher than analysts had predicted. Maybe they should have expected more. At the time of its birth the Superamerica was the fastest car Ferrari had ever built, with a 4.9-liter V-12 engine cranking out 340hp and a top speed of 150mph. Only 16 were made. The January sale was just the sixth time the car had changed hands—but it boasts an extraordinary history, owned at times by an Italian race car driver, a Du Pont heir and the man who sold Kurt Cobain that fatal gun.

MARCH 1956
Luigi Chinetti, an Alfa Romeo mechanic cum race car driver who immigrated to the U.S. during World War II, imports the 410, where he shows it off at the New York International Auto Show. Chinetti was a famous driver who drove in 22 consecutive 24 Hours of Le Mans races, winning three times.

SUMMER 1956
Du Pont heir, yachtsman and sport-fishing champion William Kemble Carpenter of Montchanin, Del. buys the 410 Superamerica for $17,000. Carpenter's father, Robert Ruliph Morgan Carpenter, sat on DuPont's board and owned the Philadelphia Phillies from 1943 to 1949.

1961
Carpenter sells the 410 Superamerica to Lauren and Hazel Dennen, who own the Heritage House inn near Mendocino, Calif., made famous in the 1978 Alan Alda flick *Same Time Next Year*. The couple owned the car for four years before selling it to a physician named George Kerrigan in February 1965.

1968
Stan Baker tracks down Kerrigan in Orinda, Calif. and persuades him to sell the car. Baker was a shotgun-barrel expert who owned Seattle's Stan Baker Sports, the store where Nirvana front man Kurt Cobain spent $307.38 on the Remington he used to commit suicide in 1994. Baker has the then-silver 410 painted fire-engine red.

JULY 1982
Baker displays the Ferrari for the first time in public at the Concours d'Elegance at the Village Green Resort in Eugene, Ore. Two years later he shows it again at the Ferrari Club of America International Meeting in Carmel Valley, Calif., where it wins its class for its unblemished state and extreme rarity.

1994
Baker drives the Superamerica in the 1,000-mile Colorado Grand Rally through the Rocky Mountains and does it again in 1997 with help from fellow car nut Bob Lukarel. Baker dies three years later.

2001–02
The Baker collection of dozens of cars, including a 1955 Mercedes-Benz 300SL Gullwing and a 1954 Ferrari Europa, is gradually sold off, with Seattle car collector Ken McBride purchasing the Superamerica and updating its front seats and interior trim. McBride drives the car again in the 2007 Colorado Grand Rally, telling reporters that of his collection he loved it the most, even more than his 275 GTB and 250 SWB Ferraris.

2014
Four years after McBride dies at age 59, his Superamerica is listed for $2.25 million in Gooding & Co.'s auction in Scottsdale, Ariz. A private collector in Pennsylvania buys it for $3.3 million.

BY HANNAH ELLIOTT

TOP: VITTORIO ZUNINO CELOTTO / GETTY IMAGES; CAR: COURTESY OF GOODING & COMPANY. PHOTO BY BRIAN HENNIKER; CARPENTER: INTERNATIONAL GAME FISH ASSOCIATION; CHINETTI: GETTY IMAGES

$1,825.97

Inflation-adjusted price for ***an ounce of gold*** *in August 2011, the highest amount for which the metal has ever sold.*

PLOT POINTS

THAT SINKING FEELING

EVERY ARMCHAIR PIRATE dreams of finding sunken treasure, but it turns out hauling up chests full of gold bars and pieces of eight is a lousy way to get rich. Recovery usually costs millions of dollars, and even before the loot is on dry land you can look forward to being sued by insurers and other claimants. A few years back Odyssey Marine Exploration, the biggest player in the game, spent $2.6 million recovering an estimated $500 million in gold coins from a Spanish shipwreck and then had to give it all back to Spain—plus a $1 million fine. And that's just one of the misadventures on our treasure map of misery.

WHYDAH GALLY
A pirate ship ran aground in 1717 and was discovered in 1982. It's said to have carried treasure worth $400 million. Salvagers have found artifacts like cannons and the ship's bell but no massive hoard of gold.

PORT NICHOLSON
In 2008 Greg Brooks, a Maine treasure hunter, finds a World War II British freighter and later insists it carried $3 billion in precious metals. The U.K. says there's little more onboard than auto and weapon parts—and it owns it all anyway.

CENTRAL AMERICA
Treasure hunter Tommy Thompson discovers a Gold Rush ship in 1987. He eventually sells a reported $52 million worth of gold—then skips town without paying his investors a cent. In 2014 they pick Odyssey to resume salvage, and this spring the company pulls up its first 60 pounds.

GAIRSOPPA
Odyssey wins a contract from the U.K. in 2010 to salvage a cargo ship sunk by a U-boat in 1941. It recovers $80 million worth of silver, by far its most lucrative haul, and keeps a little more than half after expenses and payments to Britain.

NUESTRA SENORA DE ATOCHA
A Spanish ship sunk in 1622 is discovered in the 1970s by adventurer Mel Fisher, who claims it holds $400 million in gold. Historians suspect the number is closer to $20 million. Fisher's heirs continue to dive the wreck.

REPUBLIC
A steamship sinks in a storm in 1865 and is discovered by Odyssey in 2003. In a rare success, Odyssey has recovered enough gold and silver coins to sell $43 million worth.

BLACK SWAN
Odyssey announces a discovery in 2007, which it code-names "Black Swan," and extracts an estimated half-billion dollars' worth of coins. Spain sues for ownership, saying the ship is a naval frigate sunk in 1804, and wins. Odyssey gets nothing and is ordered to pay Spain $1 million for "bad faith and abusive litigation."

SAN JOSE
A salvage company signs a deal with Colombia in 1984 to find a ship supposedly laden with billions of dollars' worth of Spanish treasure and share the proceeds. After the company claims to locate the vessel, Colombia reneges, insisting on full ownership. The matter remains in litigation 30 years later.

BY FREDERICK E. ALLEN
TOP: GETTY IMAGES


An integrated IP network brings it all together.
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MOBILIZING YOUR WORLD™

Stay in the Game

Joint Replacement Innovations Help You Recover Faster With Less Pain, More Gain

BY K. H. QUEEN

Although joint replacement surgery has improved the quality of life for many, studies show that only three out of ten people who would benefit from a hip or knee replacement get it done, says Dr. Richard Berger, assistant professor of orthopedics at Rush University Medical Center in Chicago. Many surgery candidates needlessly worry about pain and long recovery times.

"Patients say, 'My grandma had this surgery and she said it hurt so badly that she would never do it again,'" Berger explains.

But procedures have improved dramatically since your grandmother had her surgery. Today's patients don't need general anesthesia—just numbing from the waist down. New techniques and instruments reduce pain by sparing muscles, ligaments and tendons, and recovery is measured in weeks, not months. Many patients go home the same day, and in some cases they can return to the activities they love in less than two weeks.

"Patients wake up more quickly, feel better and recover faster," Berger says. "It alleviates a lot of their fears knowing that they as the patient are able to breathe on their own by using a less aggressive approach when going under anesthesia."

Dr. Richard Berger, assistant professor of orthopedics at Rush University Medical Center in Chicago

Hips: Less Invasive Anterior Technique Promotes Faster Recovery

Berger performs hip surgeries using the anterior technique, in which an incision is made at the front of the hip instead of through the gluteal muscles. "Since we spare the muscles, our patients feel much better right away," Berger says. "They have less pain when they wake up from surgery than they had that morning when they came into the hospital. It's remarkable."

The traditional posterior approach to hip replacement involves cutting the gluteals, which leaves patients sore and uncomfortable as they recover. They also have to take more precautions for a longer period of time because of concerns that the new hip could dislocate. "These patients aren't allowed to twist at the waist, bend forward more than 90 degrees or cross their legs for six weeks," Berger says.

> "Patients wake up more quickly, feel better and recover faster."
>
> —DR. RICHARD BERGER

Berger's patients take the same precautions, but only for the first three weeks.

In four weeks, "they're walking unaided," he says. "They're off their pain medications. They're riding bikes. They're playing golf and tennis again."

Knees: No Needless Cutting of Muscles

Berger sees similar results with his muscle-sparing approach to knee replacement. Since 2005, he has performed total knee replacements using improved techniques and instruments he designed. These allow him to avoid cutting the quadriceps.

Patients who got their first knee replacement elsewhere rave about the results of their second surgery with Dr. Berger. "They feared undergoing surgery again because they may not have had a great experience," Berger says. "But once they go through it with us, they say, 'This was so much better. I wish I had done it five years ago.'"

Patients are often playing golf or tennis, hiking or skiing within four weeks, he says. New joints give people a new lease on life. "Some patients are actually back on the golf course with their new hips and knees even 10 days later," Berger says. "They love it, especially this time of year."

Ric Schmidt hiking with his daughters (left) and enjoying the view from a mountaintop (right).

Climbing Every Mountain, Thanks to New Knees

Climbing the 19,200 feet to the summit of Mt. Kilimanjaro in 2008 posed no problem for Ric Schmidt. As usual, he reached the peak in the first group. But going down, every step caused intense agony. He was the last man to the base, as always.

"I never quit," says Schmidt, 64. "But coming down Kilimanjaro, it was like someone was sticking an ice pick into the side of my knee with every step." After 25 years of pushing through the pain, Schmidt knew he had to do something.

Two partial knee replacements with pioneering orthopedic surgeon Dr. Richard Berger have allowed Schmidt to continue his passion of mountain climbing with his daughters.

Schmidt played football in high school, power lifted and began mountain climbing in college, and ran half marathons as an adult. But he blames his bad knees on throwing the hammer in high school and college track. The pain started in his mid-30s.

As president of a hospital system, Schmidt had access to numerous orthopedic surgeons and began researching his options. He was told that he needed total knee replacements but that the surgery wasn't recommended for someone his age (then in his 40s) because the new knees would wear out and the second replacements would be tricky.

In 2009, his research led him to Dr. Berger. Berger took additional X-rays and determined that Schmidt could get by with partial knee replacements—of just the inside (medial) portion of each knee. That left open the possibility of total knee replacement later.

> **"I climbed a 15,000-footer seven months after my second knee was operated on."**
>
> **—RIC SCHMIDT**

Recovery time was one of Schmidt's concerns. Berger invited him to come to his waiting room anytime and talk to the patients who were in for follow-up appointments 10 days after surgery. "They weren't limping," Schmidt marvels. "You wouldn't have known they had just had surgery."

More amazing was Schmidt's own surgery day. He had his first knee done in June 2009 at 8 a.m. on a Friday. By 9:30, he was in physical therapy learning to walk up and down stairs. By 11 a.m. he was walking out of the hospital. Monday, he was back at work. Three weeks later, Schmidt and his wife toured German vineyards, walking up to 10 miles a day. Berger operated on the other knee in December 2009, and Schmidt was hiking in the Andes by the end of June 2010.

"I climbed a 15,000-footer seven months after my second knee was operated on," he says.

Thanks to his improved knees, Schmidt has set a goal of hiking six of the world's seven summits—the highest mountains on the seven continents. (He likely will skip Everest because of the three-month time commitment.)

After his surgery, Schmidt was able to climb Kilimanjaro for the second time, and went on to conquer Mt. Elbrus in Russia and Mt. Aconcagua in South America.

"The biggest joy for me is that my daughters and I are able to climb together—that's what makes it so fun," he says. "Since having my surgery with Dr. Berger, returning to my passion for mountain climbing has been enjoyable not only on my way up the mountain but equally as fun on my way down. Whether I'm at the front, the middle or the back of the pack, finishing pain free makes the entire expedition for my family and me fun from the beginning to the end." ■

LEADERBOARD

1%

***Share of respondents** to a recent Northwestern Mutual survey who answered at least 90% of finance and investing questions correctly.*

ACTIVE CONVERSATION

TWITTER CHAT

Our lead story in the June 30 Investment Guide explained how to improve your 401(k) performance. We held a Twitter chat for readers seeking more advice from investing editor **JANET NOVACK** and writer **TOM ANDERSON.** Highlights:

@KEITHMCCORMIC What options do I have if my company-run 401(k) is not earning enough, especially if it's below inflation?

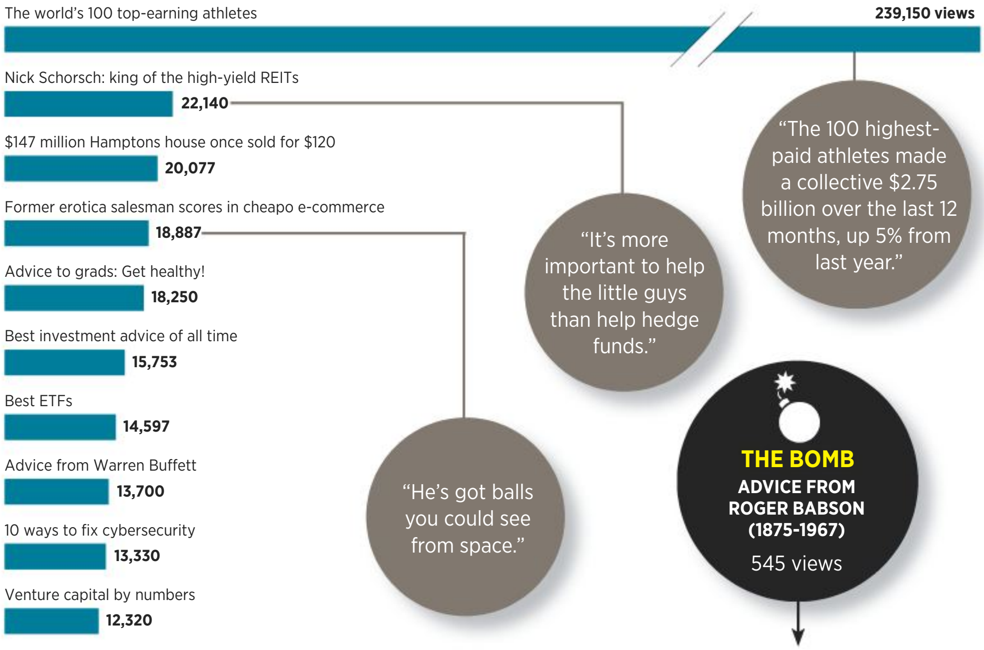
@FORBES If you don't like your 401(k) options, see if your company will open a brokerage window—lets you invest in other funds.

@FILMBUFF100 Are bonds a safe investment?

@FORBES Bond funds can go down. But a well diversified portfolio will have both stocks and bonds. There's a tradeoff.

THE INTEREST GRAPH

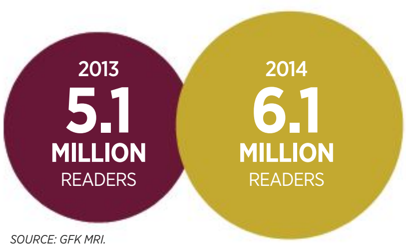
Of the 31 stories from last issue, our midyear Investment Guide, here are the top ten most-viewed by the 55 million readers of Forbes.com.



FLOYD MAYWEATHER . . . HUMBLEBRAGS

The greatest counterpuncher of all time topped our highest-paid athletes list for the second year in a row with $105 million in earnings. The champ issued his own press release: "I'm humbled and extremely fortunate to be recognized by FORBES as the highest-paid athlete once again. It's all about hard work and dedication, which is so important and a key part of my financial success." Couldn't agree more.

TOUT SHEET



SOURCE: GFK MRI.

97 YEARS AND STILL GROWING
FORBES magazine's readership is up more than 20%. You like us. We appreciate it.

Congrats to Assistant Managing Editor **KERRY A. DOLAN** and contributing writer **RAFAEL MARQUES DE MORAIS** on winning a Gerald Loeb award, the Oscar of business reporting, for their Sept. 2, 2013 investigative report into how Isabel dos Santos, the daughter of kleptocratic Angolan President José Eduardo dos Santos, amassed a $3 billion fortune in a country where people live on $2 a day. An Angolan newspaper initially crowed when we named her a billionaire. As we wrote in our prize-winning story: "Angolans should be mortified, not proud."

TOP: GETTY IMAGES; MAYWEATHER: BRYAN STEFFY / GETTY IMAGES

PEACE THROUGH WEAKNESS
THE U.S. AND JAPAN SPUTTER

THE U.S. HAS set aside the doctrine of "peace through strength," relying instead on hope and multilateralism. The *New York Times* captured the consequences of this in its June 23 headline on Iraq: "Reality Overtakes Hope." That's just the latest evidence of policy failure.

Russia has reabsorbed Crimea and may control parts of eastern Ukraine, scaring other neighbors. A tape recording recently caught the foreign minister of Poland—the U.S.' best friend in eastern Europe—telling a former finance minister over dinner that ties with the U.S. are worthless.

China cut a major energy deal with Russia and is working closely with Canada, which must be deeply frustrated by the U.S.' refusal to pipe Canada's midcontinent oil. China's economic strength makes it popular in many African countries, even as it lays claim to islands 800 miles south of Hong Kong.

This creates a massive challenge in Asia. Japan's Diet wasn't able to agree on an update to Article Nine of the 1947 constitution, which renounces war, the use of force, the maintenance of armed forces and belligerency. This leaves a big vacuum as the U.S. reduces its global presence.

The Obama Administration is hoping that conflicts in Asia can resolve themselves through discourse and negotiation, but that strategy would work only if both the American and the Japanese economies were strong.

China's GDP will top $10 trillion this year—double Japan's and growing fast. In contrast, Prime Minister Shinzo Abe's structural reforms have fizzled, and Japan is pursuing

a Fed-style monetary policy (more government, less growth). This means Japan's national wealth is dissipating. Household net financial assets ($15 trillion) have been growing more slowly than the national debt ($14 trillion), leaving no cushion for the aging population or interest rate increases.

STABLE MONEY IS CRITICAL

Currencies play a key role in all of these developments. For 20 years the yuan has matched or been stronger than the U.S. dollar, creating stability and growth. China defied the 1997–99 devaluation crisis in Asia, with then premier Zhu Rongji declaring that the yuan would be "strong and stable."

Following China's lead, Vladimir Putin adopted ruble stability in 2000, when he became Russia's president. From 2002 through the bankruptcy of Lehman Bros. in 2008, the ruble was stronger than the dollar and yuan, a track record that solidified Putin's rule and has helped the ruble withstand the recent U.S. and European sanctions.

In contrast, the yen has undergone wild swings in value that discourage investment. It lost 40% against the dollar and yuan during the Asia crisis and has swung back and forth across a wide range ever since. Japan is missing the opportunity for structural reforms from Shinzo Abe's election as prime minister in December 2012. To restart the recovery Mr. Abe should set a ceiling at 100 yen per dollar to stabilize the yen's value, as Switzerland has done with its franc, boosting growth.

Weighing on the U.S. and the dollar, the Fed says interest rates should stay at zero. That policy enriches the rich and hammers median living standards. Each month that the Fed keeps interest rates at zero distorts market-based investment decisions, hurting liberal economies and pushing the global economy away from capitalism.

Growth is not rocket science. It requires stable money, a market-based interest rate, low tax rates on a broad base, a liberal trading environment and effective regulation. These policies aren't being adhered to; consequently, the U.S. is losing its important global leadership position, which puts peace at risk.

Hard choices lie ahead. If we want the U.S. to be stronger and see the world become more peaceful, economic policies need to improve. As long as the dollar is weak and oil prices high, the West's sanctions against Russia hurt the West more than they hurt Russia or Iran. The solution is to strengthen the dollar to reduce commodity prices and invite investment and jobs. This would also increase the U.S.' real median income, where declines have been a key cause of income inequality and the global perception that the U.S. is weak. F

DAVID MALPASS, GLOBAL ECONOMIST, PRESIDENT OF ENCIMA GLOBAL LLC; PAUL JOHNSON, EMINENT BRITISH HISTORIAN AND AUTHOR; AMITY SHLAES, DIRECTOR, THE 4% GROWTH PROJECT, GEORGE W. BUSH INSTITUTE; AND LEE KUAN YEW, FORMER PRIME MINISTER OF SINGAPORE, ROTATE IN WRITING THIS COLUMN. TO SEE PAST CURRENT EVENTS COLUMNS, VISIT OUR WEBSITE AT WWW.FORBES.COM/CURRENTEVENTS.

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VC VIEW
INVESTABLE TRENDS

HEWLETT-PACKARD began in 1939 in a Palo Alto, Calif. garage and is known as Silicon Valley's first startup. But the first use of the term "Silicon Valley" would come 32 years later. Don Hoefler, a writer, used it in 1971 to label a series of stories in the weekly newspaper *Electronic News*. "Silicon" stood for the area's semiconductor companies: Fairchild Semiconductor, National Semiconductor and a three-year-old startup called Intel, among others.

Venture capital in Silicon Valley got going around the same time. Kleiner Perkins Caufield & Byers began in 1972. It went on to fund AOL, Amazon, Compaq, Genentech, Sun Microsystems, Netscape and Google. Rival firm Sequoia Capital was also founded in 1972. It went on to fund Apple, Oracle, Cisco, Electronic Arts, Google, YouTube, LinkedIn and WhatsApp (sold earlier this year to Facebook for $19 billion).

The technology/venture capital partnership has been pure gold. It has made Silicon Valley a champion in the global economy. The Valley has suffered busts—notably the 2000–02 dot-com crash—but mostly it's leaped from boom to boom, thanks to this powerful pairing.

So which technologies are Silicon Valley venture capitalists backing today? My FORBES colleague Bruce Upbin and I recently moderated a panel on funding trends with top Valley VCs.

• Enterprise IT will be radically transformed. Incumbents, such as IBM, HP, Cisco and Oracle, are going to face new competition from startups that will bring gamelike software to accounting, inventory management and logistics.

• Commercial banks will suffer a relative decline. Peer-to-peer lending models à la the Lending Club will snatch traditional banking's customers.

• Digital home networks that link everything from televisions and telephones to heating and air-conditioning systems will become common.

But there's a dark side. Digital home networks will be a hacker's paradise. Teenage pranksters won't call your home to ask if your refrigerator's running. They'll hack into your home network to turn off your refrigerator. Professional hackers will probe your home network for credit card and banking passwords. Therefore, home digital security will become a big business.

• The health insurance industry will be seriously disrupted by employers. Most companies with more than 500 employees will self-insure. They'll use technology networks to eliminate physician networks and payment systems. The future can be seen at Stanford Medicine, which contracts directly with many Silicon Valley companies.

• Tiny technology and big data will transform health diagnostics and treatment courses. Like in a scene out of the 1966 sci-fi thriller *Fantastic Voyage*, a patient will swallow or be injected with a tiny chip. The chip will relay huge amounts of microbiomics (the study of the interlocking systems of human cells and microbial life in our bodies) data. This will be analyzed by doctors and reviewed by analytics engines so that a diagnosis and treatment plan can be made.

• The "last-second economy" will continue to grow. An already successful example of this is Uber, the car-ride service that's reachable via a mobile phone app. More and more products and services—even physician services—will be priced based on the Internet's real-time auction price.

• Spot pricing for health care procedures will become the norm. Consider MRIs. The cost of a new MRI machine is around $2 million, yet it's typically used from 9 a.m. to 5 p.m. Why not create a market for discount MRIs scheduled during off-hours—for example, 50% off at 11 p.m. or 80% off at 3 a.m.? This is coming, say the VCs.

• A woman entrepreneur (relatively rare in the Valley) will start a company with a $50 billion exit plan (either as an initial public offering or an acquisition). That would make it Facebook-size. But would this be a first? Cisco was started in 1984 by Sandra Lerner and Leonard Bosack, who at the time were married. It reached a market value of $555 billion in early 2000, so in a sense this has already happened.

• Smartphones will be slimmer, lighter. Credit cards will become smarter and have apps, just like cellphones. The war to dominate your wallet has started.

Silicon Valley venture capitalists are investing in these ideas today. That means the VCs expect these ideas to gain traction within five years and make money within ten. Stay tuned.

RICH KARLGAARD IS THE PUBLISHER AT FORBES. HIS LATEST BOOK, *THE SOFT EDGE: WHERE GREAT COMPANIES FIND LASTING SUCCESS*, CAME OUT IN APRIL. FOR HIS PAST COLUMNS AND BLOGS VISIT OUR WEBSITE AT WWW.FORBES.COM/KARLGAARD.

Grabbing for Green

NRG Energy is one of the nation's biggest operators of carbon-belching power plants. No wonder CEO David Crane is so keen to become the emperor of alternative energy.

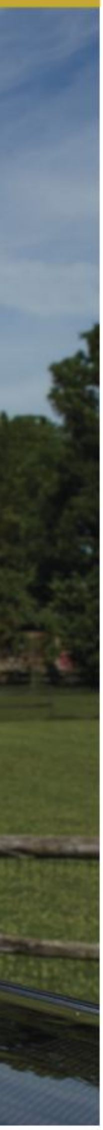
BY CHRISTOPHER HELMAN

Here comes the sun: CEO David Crane says NRG's future depends on finding cleaner ways of powering U.S. homes.

DAVID YELLEN FOR FORBES

In the basement of the Princeton, N.J. home of David Crane, CEO of electricity giant NRG Energy, sits a backup generator. Called the Beacon 10, it was designed by Dean Kamen, inventor of the Segway scooter. The device runs on natural gas fed by Crane's residential gas line.

At peak output it can generate 10 kilowatts—about three times the current drawn by the average home. Unlike other backup generators on the market today, the Beacon 10 is a so-called Stirling engine (it features pistons inside a closed chamber that move at a rate governed by the amount of heat applied to the outside of the chamber). Kamen has spent ten years working to perfect his Stirling, which is far quieter



and more efficient than a common diesel backup generator.

The plan, says Crane, is for Kamen to work out the kinks (Crane's setup is just the second one out of the lab) over the next 18 months and get the costs down to about $10,000 per machine—the point at which homeowners who suffered a weeks-long blackout from Hurricane Sandy or Katrina or Ike might be interested. "In two years I would expect high-end home builders to be installing them," says Kamen.

But what gets Crane really jazzed is that, with natural gas prices cheap enough, the Beacon 10 is more than just a backup and instead works around the clock in tandem with the solar panels on his roof. This is the future, he says. If the price is comparable, how could you not want to make your electricity at your own home rather than rely on the grid to get it to you? Rooftop solar is NRG's fastest-growing business. Crane is confident that the Beacon 10 could be much bigger. "Think how shockingly stupid it is to build a 21st-century electric system based on 120 million wooden poles," Crane, 55, taunted a conference of utility executives earlier this year.

But the question is this: Why on earth would Crane be interested in this stuff at all? NRG is the nation's biggest nonutility electricity producer, with $12 billion in annual revenue. Just two years ago it acquired a heap of fossil-fuel power plants in its $5.5 billion acquisition of GenOn. Today its 105 power plants generate 46,000 megawatts in 24 states, with 54% coming from natural gas, 29% from coal, but less than 3.5% from alternatives like wind and solar.

It's precisely because of NRG's heavy exposure to coal that Crane is sprinting to expand the alternatives business. While there is no carbon tax in the U.S. yet, the EPA's increasing regulation of coal-fired power plants worries investors in the electricity industry—especially NRG investors. Analyst Hugh Wynne of Bernstein Research modeled how a hypothetical carbon dioxide emissions tax of $10 per ton would affect the nation's biggest electricity generators. He found that NRG would be hurt the most, suffering a 50% blow to earnings. The next worse would be the AES Corp., at 3% of earnings. Why the outsize hit? NRG isn't a utility, so it can't appeal to regulators to let it recoup carbon costs from ratepayers.

Luckily for NRG, any carbon tax remains years off. That means "Crane has lots of time to move the rhetoric," says Brandon Blossman, managing director of research at Tudor, Pickering, Holt & Co. "And lots of money to spend building new income streams not tied to coal generation."

In recalibrating NRG to be a clean, green power provider, what Crane intends to do is sell (or preferably lease) tens of thousands of solar systems and Stirling engines and smart thermostats to homeowners. It's the kind of business plan that Elon Musk's SolarCity—the nation's biggest installer of home solar systems—has been working to perfect in recent years, generating $200 million in annual sales and $6 billion of market capitalization in the process. Crane intends to grab some of that for NRG (which has just twice the market cap). "We're going to build a capability that is going to beat SolarCity," says Crane. "Our advantage is that we have all this other cross-selling stuff built in."

Through its retail electric provider, Reliant Energy, NRG has more than 2 million customers. Crane hopes the shift to green power systems will help keep them. "The loyalty that those customers have to us is almost zero," says Crane. "Our annual churn rate is 30%. Some people will switch electricity providers for one tenth of a cent per kilowatt-hour." Since 80% of residential solar installations are done on 20-year leases, "that means that you're my customer for the next 20 years. You're not leaving."

It will take some real doing for this new gear to make an impact on NRG. It got just $200 million from solar sales last year (up from nothing in 2011). That could double this year with NRG's acquisition of solar installer Roof Diagnostics and the completion of the Ivanpah solar installation in California, the nation's largest.

To further justify NRG's push into "distributed generation" like solar panels and basement generators, Crane talks up his belief that the U.S. power grid will succumb to a slow death caused by anticarbon regulation and ever-cheaper alternatives like rooftop solar. It's like the U.S. Postal Service, he says. All the important mail already goes by UPS or FedEx. That puts the post office in a death spiral: It has to raise rates to cover costs, but those higher rates drive away more customers. Electric utilities have already begun responding in the same way by charging home solar adopters new fees for staying attached to the grid.

Crane even questions the dogma that natu-

TRENDING

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PERSON

RICHARD ANDERSON

Soaring stock, solid profits, improving reputation: Delta's CEO has mastered the vagaries of the airline business—for now, at least.

COMPANY

PHILLIPS 66

Hottest IPO of the last 12 months? A limited partnership that owns pipelines and logistics assets, with shares way up since July 23 debut.

ORGANIZATION

EX-IM BANK

Fight over America's Export-Import Bank exposes fissures in GOP between big-business conservatives who want to keep it and Tea Party types who want it shuttered.

ral gas will forever save us from the great carbon shibboleth: the idea that there's enough natural gas to heat all the homes, run all the power plants, fuel all the heavy-duty vehicles and still export gas. "I'm a believer that fracking is amazing," he says. "But can it do all of those?"

So what about the contraption in his basement? Crane believes there will be a substantial advantage of cheap nat gas for home power for a long time, especially since regulators require that gas supplies to homes never be interrupted, no matter the cost to utilities—it just wouldn't do to have Grandma freeze to death.

An ivy-educated (Princeton, Harvard Law) investment banker who grew up in Cleveland, Crane got into the electricity business in the 1990s, working at Lehman Brothers' power group. He later ran wholesale generator International Power until NRG poached him for the CEO slot in 2003. At that time NRG was emerging from bankruptcy, having fallen victim to the upheaval of Enron's collapse. Early in his tenure NRG sold a handful of power plants, then in 2006 it bought Texas Genco for $8.3 billion to get a foothold in the lucrative Texas market. He also launched a $13 billion-plus plan to build two additional reactors at the South Texas Project nuclear plant but abandoned the venture in 2011 (and wrote off $300 million in development costs) after slow permitting and newly plentiful natural gas killed the economics of new nukes. Then came the acquisition of GenOn in 2012. All along, say analysts, Crane has shown the ability to change tack with the times.

While it will be a "cultural challenge" for NRG, the move toward distributed generation is "exactly right," says Jon Creyts, managing director at the Rocky Mountain Institute, an energy think tank. "We're moving toward a time when people can go down to Home Depot and choose a new home generator just as they would choose a new furnace for their home."

RMI (headed by famed energy theorist Amory Lovins) has been working with NRG to design systems for Crane's second-favorite testing ground: Necker Island, Richard Branson's retreat in the British Virgin Islands. The billionaire had longed to wean his island off the diesel generators ubiquitous across the Caribbean.

Diesel is easy and reliable, but generating electricity from it costs about 27 cents per kwh. On the mainland gas turbines do about 7 cents per kwh and offshore wind 20 cents, while solar panels come in at around 13 cents per kwh—all with a lighter carbon footprint. So Branson contracted with NRG to build a microgrid on Necker.

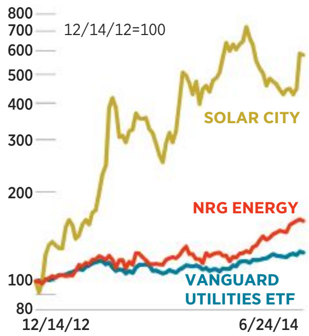
The secret to the system is custom software that balances the electricity demands of the island against the current being generated by a wind turbine and solar panels. Excess power is stored in a battery. When it's 3 in the afternoon and the wind is blowing, the sun shining and the batteries full, the grid operates a reverse-osmosis system to desalinate ocean water.

"What we hope to do is use Necker as a test island to show how it can be done," says Branson. "The only way we're going to win this war is by creative entrepreneurship."

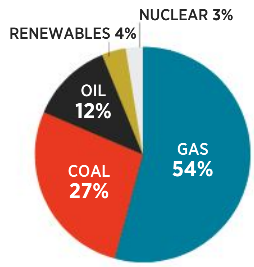
On the Caribbean's larger islands there's potential for the excess power to charge electric cars. In time some islands could slash their diesel imports. The same methods could work in the U.S., with electric cars effectively serving as a mobile fleet of batteries that can help stabilize the power grid when they are parked and plugged in. "Fifty million electric cars tied into the grid would be a pretty good storage system for the U.S.," says Crane. "But it will take a long time." For now it's back to the basement. *

THE CLEAN PREMIUM

CAN NRG CONVINCE INVESTORS IT'S A GREEN GROWTH STOCK?



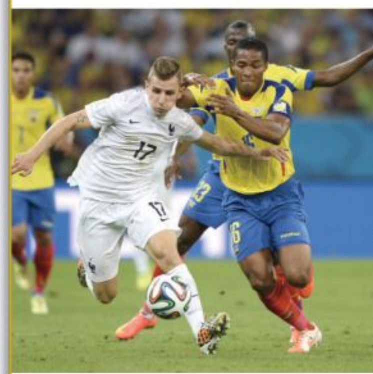
NRG'S NET CAPACITY BY FUEL TYPE
NORTH AMERICA



TOTAL: **46,000** megawatts

GREEN, YELLOW, RED

WHICH LEAGUES ARE WINNING THIS SEASON'S HYPERCOMPETITIVE MARKET FOR FAN ATTENTION?



FRANCK FIFE / AFP / GETTY IMAGES

FIFA
Lots of scoring (for *fútbol,* anyway) and great story lines overcome fears of a Brazilian boondoggle. American TV audiences for U.S. matches nearly hit BCS title-game numbers. Is it finally soccer's time?

PGA TOUR
Sure, el Tigre is back, but at 38 he's unlikely to repeat the magic. Discerning fans fear dominance by Teutonic robot Martin Kaymer, who won the U.S. Open by eight strokes—and sapped TV viewership by 46%.

MLB
Attendance is down. Hockey broadcasts—televised hockey!—topped Fox's baseball games during NHL playoffs. Midway through its interminable February-to-November campaign, the national pastime grinds on.

FINAL THOUGHT

"Anything that won't sell, I don't want to invent. Its sale is proof of utility, and utility is success." —**THOMAS EDISON**

Twitter's Cleanup Patrol

Del Harvey wades through the darkest content on Twitter to decide what's legitimate free expression and what's abuse that gets the ax.

BY KASHMIR HILL

THE GALA ON A RECENT Thursday evening was typical boom-time San Francisco glitz. Attendees from Google, Yahoo and Facebook traded in jeans and hoodies for cocktail attire and snacked on hanger steak and new peas inside the Beaux Arts City Hall. The convening cause, however, was rather dark: the 30th anniversary of the founding of the National Center for Missing & Exploited Children. The nonprofit worked with these tech giants to install PhotoDNA, which scans all images uploaded to their sites for child porn. This nexus of light and dark is where Del Harvey lives, and there she was working the room in a sleeveless black dress. "I haven't seen you since the suicide summit," she greeted one group of guests.

Harvey was the 25th employee at Twit-

Watching what you say: The one-in-a-million chance of something going wrong on Twitter happens 500 times a day.

CHRISTIAN PEACOCK FOR FORBES

GoToMeeting is dependable, easy to use and works on a Mac, PC, smartphone or tablet. Your next meeting, close at hand.

Try it free for 30 days. | gotomeeting.com ter, where her official title is vice president of trust and safety, but she's more like Silicon Valley's chief sanitation officer, dealing with the dirtiest stuff on Twitter: spam, harassment, child exploitation, threats of rape and murder. As Facebook and Twitter have become the public squares of the digital age, their censors now "have more power over the future of privacy and free expression than any king or president or Supreme Court justice," writes constitutional scholar Jeffrey Rosen. Twitter famously prizes free expression, but as a business it needs to ensure its platform doesn't turn into a toxic-speech zone that scares off users and advertisers. Harvey is the person Twitter trusts to walk that line. With a daily volume of a half-billion tweets, "your one-in-a-million chance of something going horribly wrong happens 500 times a day," says Harvey. "My job is predicting and designing for catastrophes."

Not listening to Harvey tends to be a bad idea. Last December Twitter decided to eliminate users' ability to "block" people they didn't like from following and retweeting their accounts, replacing it with a mute option so they simply wouldn't see the trolls in their feed. Harvey warned it was a terrible idea and would make cyberbullying easier. The blocking feature was pulled anyway, and the ensuing outcry was such that Twitter reversed the decision within 12 hours. It later tacked on the mute button as an option.

Harvey has an unusual background for someone with so much power over public speech. She isn't a lawyer and won't say if she graduated from college. Del Harvey is not her real name. She is secretive about her past but allows that she grew up in the South, where she spent a summer as a lifeguard at a state mental institution working with troubled youth. Her education about the dark side of the Internet came instead from experience. In 2003, when she was 21, she started volunteering for Perverted Justice, a group that posed as young kids online to engage potential pedophiles in chats. When they "caught" one, they'd post the chats along with the identity of the would-be molester. She eventually became the site's law enforcement liaison, bundling up evidence for local police, and later reprised her young-girl (and boy) decoy role on the NBC show *To Catch a Predator*. Her work put people in jail, and she adopted the pseudonym then to conceal her identity from exposed pedophiles. "I do a lot in my life to make myself difficult to locate." It informs her work: She advised Twitter to scrub location data from uploaded photos to prevent stalkers from using them to locate people.

Harvey was hired by Twitter in 2008 to deal with a proliferation of spam accounts harassing early users. "Del became an encyclopedia of the weird things people were doing," says Twitter cofounder Jason Goldman. Though she accidentally shut down the founders' accounts as "spam" when she first arrived, she proved herself by thwarting the pranksters at chatboard 4Chan from derailing a race between Ashton Kutcher and CNN to be the first Twitter user with a million followers. When Goldman left in 2010, his farewell advice was to protect Twitter's brand by protecting users and "respecting their voice." He wrote, "In case of emergency, trust Del."

Twitter is so big that Harvey's decisions invariably offend someone. The site came under criticism this year for blocking tweets in Pakistan—it later unblocked them—and last year in the U.K. for allowing rape and murder threats to be tweeted at women, including a female politician. Twitter doesn't allow threats but relies on its community to flag them for removal and report them to the police. While Twitter has automated systems to weed out spam, tweets about direct violence and suicide require manual review. "Context matters," says Harvey. "'Hey bitch' can be a greeting or form of abuse."

Harvey professes to be an optimist despite it all. "There are bad things out there, but I work alongside so many people trying to stop it." On her left wrist is a tattoo of the heart emoticon <3. "It means hope."

GADGETS WE LOVE

A REALLY BIG SHOW

Remember the early-adopter thrill of being the only person on the block with a 32-inch plasma screen? If you're *way* into watching television—and are sitting atop a Ralph Kramden-size pile of couch change—you can revisit those heady days with the Titan Zeus ($1.7 million; titanscreens.com). The new set from the British purveyor of super-high-end screen technology measures an astounding 370 inches, which means the *Seinfeld* foursome could lie head-to-toe diagonally across it, with more than enough room for Newman to spare. It has 4K resolution, so your programming choices (for now) will be a bit limited. Titan also offers 173-, 196- and 251-inch models, but come on—as you remember from those plasma days, nothing impresses like the biggest TV in town. Your next challenge: clearing wall space for it. —*Brian Dawson*

FINAL THOUGHT

"To live is to war with trolls." —**HENRIK IBSEN**

Crowd Pleasers

Applause relies on a network of 140,000 geeks worldwide to stress-test new apps. How do you grow rapidly—and still maintain quality control?

BY KARSTEN STRAUSS

Last winter, when a publicly traded media-streaming company with millions of global users needed to stress-test its app on 100-plus different devices, it called a little outfit named Applause. "Anybody would know who it is," laughs Doron Reuveni, cofounder and CEO of Applause. He's not telling because he's sworn to secrecy. He quickly mobilized 500 testers from 78 countries on five continents—including IT geeks in London, Madrid, Munich, São Paulo, Philadelphia and Bangalore. They kicked the app's tires on various desktops, phones, gaming consoles and smart TVs to analyze functionality and user experience. Backup teams? Of course.

"We needed to have everything covered and completed by the morning after," says Reuveni, 47. Applause of Framingham, Mass. relies on 140,000-plus crowdsourced testers and bug-seekers to root out imperfection. Last year it had $24 million in revenue—profitable for only brief stretches—working for the likes of Google, Microsoft and News UK. Applause expects $35 million or so by year-end 2014. "Our focus is building a big company for a generation," says Reuveni. "Not profitability in the next 12 months."

To expand into Europe, Applause spent an estimated $5 million to buy Testhub in Berlin. It has also launched new analytics, letting customers test for glitches and monitor operations and user feedback. But it's still barely a blip in what Reuveni says is a $20-billion-a-year business for testing and analytics, overshadowed by Hewlett-Packard, IBM and CA Technologies, which specialize in Web and PC apps. It's in mobile that Applause sees its future, as the app culture mushrooms in Asia and western Europe.

Here's the challenge for the seven-year-old Applause: how to keep growing and still maintain control over its ever-expanding mass of testers. "Recruiting the supply is easy; vetting and engaging is harder," says Matt Johnston, Applause's 39-year-old chief strategist.

Potential testers fill out profiles of their location, languages spoken and technical experience. They're compensated after training, completing at least one unpaid job and impressing established testers. "Only by creating a great deal of value for customers do you rise up the ranks; if you're not creating value for customers, you're not invited to future projects," says Johnston.

Applause's matching algorithm taps only 20% of testers to do paid work. Payouts are calculated according to how many snafus and failures they discover and how critical those are to a customer. About 2% of testers are full-timers for Applause and can make up to $10,000 a month; less active worker bees make under $1,000. The majority—some 80%—are simply content to be part of the network. Last year the company paid out roughly $15 million to testers.

If anyone can control a mob, it's Reuveni and Roy Solomon, his 35-year-old cofounder and product manager. Both served in intel units in the Israel Defense Forces. Reuveni focused on signal interception and decryption. "Usually you don't get that level of responsibility right out of school," says the lean, avid runner. "In the military you do." He was recruited by management-software firm Enigma in 1997, working up to senior vice president. He left in 2006 with thoughts of starting his own company.

Reuveni met Solomon at a party while visiting Israel in 2007. After leaving the IDF in 2000, Solomon worked at startups IncrediMail, Blue Security and genealogy social site MyHeritage. He zeroed in on a critical pain point: Companies build apps to reach millions of people in thousands of locations on hundreds of devices, and it all has to work perfectly. The pain, he realized,

Aiming for perfection on behalf of millions of users in hundreds of countries across dozens of devices: Matt Johnston, Doron Reuveni and Roy Solomon of Applause.

JASON GROW FOR FORBES

was global, "and it's only going to get worse."

At the time testing was done internally or by Indian outsourcers like Wipro, Infosys and Tata Consultancy. Solomon envisioned a vast pool of crowd-testers who could kick around an app—much like the way open source software works. Between his list of prospective clients and Reuveni's tech contacts, they had enough takers for a beta test. They assembled 100 testers in three weeks for a startup they called uTest (the name was changed to Applause earlier this year).

Until then "testing of software was very inefficient," says Joel Mesznik, president of the private equity firm Mesco and uTest's first investor, who sank $1.75 million in 2007. He's taken part in all five rounds, betting a total $5 million.

By 2009 the company was adding 600 testers each month—too fast for comfort. "We simply couldn't keep throwing hours at this type of challenge," says Johnston. So they asked vets to screen, train and mentor newbies through rigorous course work. The vets, in turn, are overseen by a seven-person team. "From the beginning we knew we were going to live or die by the integrity of our community," says Solomon.

Security is key. Testers sign nondisclosure agreements with Applause, as well as with clients, and are banned from talking or blogging about current projects. Any breach triggers a lifetime ban from the network. To date no one has been fired for squawking, and fewer than 30 have left of their own volition.

Not everyone is a fan of crowdsourced testing. It's far cheaper (and faster) to automate the process. "Manual testing is inefficient; everyone's looking for a solution," says Jay Srinivasan, CEO of Appurify, which, unsurprisingly, is in the automation racket. It charges Yahoo, Dropbox, Google and others an average $3,000 to $6,000 a month and $10,000 for 60 or so devices. Applause's lowest-tier price is $30,000 a year to test two apps; customers with grander needs pay six- and sometimes seven-figure annual sums.

Reuveni says he is beefing up automated testing. But he's also adding 5,000 new testers a month. Says Solomon: "We will invest in an Internet of Things community: experts who can test software that runs on cars or athletic accessories or microwaves—any connected device."

They have the dough. In January Applause raised $43 million in a Series E round, led by Goldman Sachs, giving it an estimated value of $500 million. Testhub gave Applause 200 new European customers. Now it's looking at Asia.

As for profits? "We're a patient investor," shrugs David Campbell, a Goldman managing director and Applause's newest board member. "We're not in any particular hurry." That's just the kind of backer every entrepreneur dreams of.

FINAL THOUGHT

"Success requires making a hundred small steps go right—one after the other, no slipups, no goofs, everyone pitching in." —ATUL GAWANDE

ENTREPRENEURS

E-RETAIL

Calling All Window Shoppers

Why reward people only for buying? Cyriac Roeding's ultrasound-powered app makes millions encouraging people just to look.

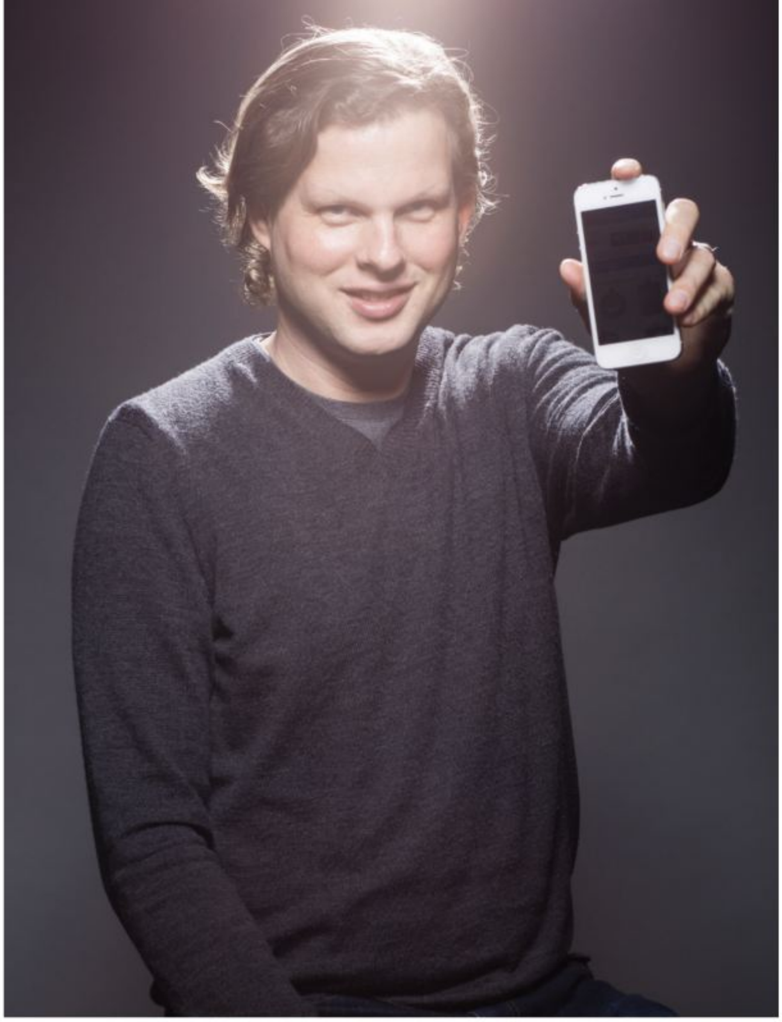
BY HOLLIE SLADE

The ground floor of Macy's flagship store on New York's 34th Street is sensory overload. Through clouds of celebrity-endorsed fragrances, giant TVs screen catwalk shows above MAC counter makeovers; perhaps a hundred sales assistants beadily circle the stream of shoppers and tourists, trying to make eye contact. Shopkick can guide you through the clutter—and reward your perseverance. It starts by reminding you to open the app as you walk into the store, shows the most-liked products you can buy in Macy's and awards you 50 to 200 "kicks." In some stores you can get 500 more for scanning sponsored items and 1,000 more if you spend over $75 with a linked credit or debit card. You can redeem those kicks for a gift at Macy's or something else, from a Starbucks card (1,250 kicks) to an iPad (125,000 kicks).

This is the age of invisible apps "that just notify us when something is going on," as trend spotter and venture capitalist Mary Meeker said recently. Cyriac Roeding, 41, started reaching out to shoppers in 2010. Shopkick's cofounder and CEO, and a German expat, he did so via ultrasound, a high-frequency signal that communicates with the app, verifies shoppers are inside the store and offers them kicks. "I'd done some soul-searching," says Roeding, who wondered, "What's the intersection of mobile and the physical world? The answer was easy: It's called shopping."

Shopkick has racked up 7.5 million users. Every time they use the app with one of the 150 brand and 15 retail partners—including American Eagle and Sports Authority—Shopkick earns a fee. Last year it grossed an estimated 45% on revenue of $26.3 million; sales have doubled every year. Roeding says it's been profitable since 2012. In two rounds of funding—one led by Kleiner Perkins, the other by Greylock Partners—Shopkick has raised a total $20 million. The last round, in 2010, gave the company an estimated $75 million valuation. It's probably tripled since.

First-mover advantage is nice, but it's been a struggle for Roeding. He's fending off new rivals—especially since Apple last year introduced iBeacon, a Bluetooth signal that allows messages, like flash sales and discounts, to be sent to nearby phones. Shopkick had been working on a version of Bluetooth but decided to bundle iBeacon into its own tech, creating ShopBeacon. The result: a device that only sends signals to shoppers actually in the store (instead of a parking lot or somewhere else in the mall) *and* tells them to open the app to receive targeted messages if they've okayed push notifications. Within three months Roeding had a trial of ShopBeacon in Macy's ahead of Black Friday. The retailer loved it because once you're in the store you're likely to buy something. "The conversion rates are very



Using smartphones to convert would-be shoppers into real buyers: Shopkick's cofounder and CEO, Cyriac Roeding.

GABRIELA HASBUN FOR FORBES

high," says Roeding, anywhere from 20% to 95%. "That's the opposite of online shopping, where conversion rates are terrible"—maybe 3%.

Shopkick has stared down the possibility that a Google or eBay engineering team will crack geo-location mobile shopping. Now that iBeacons are mushrooming, Wal-Mart, Virgin Atlantic and Duane Reade are all rethinking their own apps. Their gain isn't necessarily Shopkick's loss: Because it's not brand-specific, it can continue to add retailers—and save shoppers the inconvenience of having to download a different app for every store. The last time Nielsen looked (2014), Shopkick ranked No. 2 in app use (1 hour, 18 minutes per month) of any shopping app.

Raised outside of Frankfurt, Germany, Roeding played with computers as a kid and got a degree in engineering and business admin before taking himself to Tokyo to study management. There he noticed something intriguing about people and their cars. "They had these very large antennas on the roofs of their cars, and I thought, 'Oh, my God, what is that?' It turned out they had mobile phones in their cars, and I thought this is how people are going to live and communicate. I thought, 'This is going to change everything.'" Back in Germany he cofounded 12snap, a mobile advertising startup.

Roeding was desperate to go to Silicon Valley and launch something but didn't have a green card. "I had to network like crazy—it was probably the hardest sale I ever made," he recalls. Finally the CBS affiliate in L.A. agreed to sponsor him. Roeding started and ran its mobile division. Frequenting conferences, he met Kleiner partner Matt Murphy. "I was always super-impressed with his insights because at that point almost no one had really worked in mobile," remembers Murphy, who later invited Roeding to be Kleiner's entrepreneur-in-residence.

"I joined on the first day of the Ice Age," Roeding remembers—Sept. 15, 2008, the same day Lehman Brothers imploded. "Every day I came to work and felt like why in the world do they have me here? No one wants to invest in anything anyway!" But at a desk in Kleiner's basement the app took shape. First he sifted through the 5,000 business plans the firm had received for the $200 million iFund. When he couldn't find anything that jibed, he came up with his own. "I went shopping a lot, I observed people, and I went to different places and hung out with my fiancée, now wife," says Roeding, who speaks with a mild Teutonic accent.

The idea was a total outlier at the time. "Even some shopping services like Groupon hadn't launched a mobile app yet," says Murphy. "No one was thinking about how you build something that marries the online and offline world."

Roeding's biggest challenge was getting retailers as partners while the economy was in the basement. Kleiner liked the idea but was unsure it would catch on. "The initial thing from Best Buy was, 'Yeah, that's interesting, but it will take a year or 18 months,'" recalls Murphy. "Cyriac made it happen in six months." It still took 40 meetings before Best Buy signed on.

"Target said no to Cyriac three or four times, and Cyriac kept coming at them, various levels in the organization, working with brands to influence Target, coming up with different economic value propositions," says Murphy. "Winning a retailer you had to convince ten different groups, and Cyriac had the tenacity, patience and creativity to get through that."

Another big stumbling block for retailers was the idea that customers walked into their stores but could elect to get gift cards from competitors. But they liked the fact that ShopBeacon could pinpoint a customer. Once she's in the store, ShopBeacon can then send a notification that the dress she liked while browsing the app at home is in stock and give her a deal on flip-flops as she passes the shoe aisle.

Roeding says he overhauls the app at least once a year. "We learn so much from data about what users want and don't want, then rigorously turn our learning into a new product." Example: the so-called couch mode, which lets shoppers use the app when they're outside of stores.

One problem he hasn't solved is ensuring the app, when activated, doesn't become a constant, buzzing nuisance. (Hint: Turn off Bluetooth.)

To keep his lead, Roeding constantly studies the anthropology of shopping. In the future, he thinks, it will be more like wandering through a gallery than waiting in line to buy a necessity. "It will be almost like a minivacation." Some would call that retail therapy 3.0. Roeding might call it LeisureKick.

TRENDING

What the 55 million Forbes.com users are talking about. For a deeper dive go to FORBES.COM/ENTREPRENEURS

IDEA
LOYALTY = LOW PAY
Employees who stay with the same firm more than two years earn at least 50% less over their lifetimes than peers who regularly jump ship. Recruiters advise a new job every three to four years for maximum reward.

PERSON
ALEXANDRA DAVIS
She made an unusual journey from p.r. to entrepreneurship, launching Cobra Society in 2010. Selling luxury goods made by Moroccan craftsmen, she has learned to design, source, import, distribute and market herself.

COMPANY
EMOTIENT
How do you really feel about a product? Founded by three California Ph.D.s, Emotient relies on facial-expression recognition software to determine customers' moods as they go in and out of stores.

FINAL THOUGHT

"If you're trying to persuade people to do something, or buy something, it seems to me you should use their language." —DAVID OGILVY

Family Secrets

As the government closes in, the owners of offshore accounts, and their heirs, face legal perils and tricky choices.

BY DEBORAH L. JACOBS AND JANET NOVACK

The jig is up for secret offshore accounts. In May Credit Suisse pleaded guilty to conspiring to aid U.S. tax evaders. More than 100 other Swiss banks are handing over leads that should eventually out more U.S. tax dodgers. Israeli, Asian and Caribbean banks are all under investigation. Plus, the Foreign Account Tax Compliance Act (FATCA), which took effect July 1, requires foreign financial institutions to report accounts held by U.S. persons to the Internal Revenue Service.

But the best way to get right with Uncle Sam isn't always clear—especially if, like lots of account holders, you're not a flagrant tax cheat. Consider this immigrant family's tale: Before fleeing to the U.S. during the fall of the Shah, an Iranian Jew moved part of his fortune to an Israeli bank. He died in California in 2009 without ever reporting his stash to the U.S. Treasury—not on his income tax return and not on the Foreign Bank Accounts Report (FBAR) that U.S. citizens or residents must file each year if they own or control foreign accounts worth $10,000 or more. (It's possible he never knew he had to file FBARs.)

The man also never shared info about the account with heirs, but his son had a hunch and bombarded Israeli banks with letters. Finally last year Bank Hapoalim confirmed the father had more than $2 million on deposit, says Los Angeles tax attorney Pedram Ben-Cohen, the son's lawyer. What next? Ben-Cohen advised the son to skip the IRS' burdensome and much ballyhooed Offshore Voluntary Disclosure Program (OVDP), which requires participants to pay eight years of back income taxes, interest and penalties, plus a separate FBAR penalty usually equal to 27.5% of the highest balance of their offshore accounts during the past eight years. Since the Israeli account hadn't earned anything for the past five years, no income taxes were due. And the son, who had done nothing wrong, didn't need the protection from criminal prosecution OVDP participants get. Instead, Ben-Cohen filed five years of back FBARs. "We disclosed all the details, and we're just sitting tight," he says, noting that less than a quarter of 1% of all FBARs were audited in 2012.

More than 45,000 taxpayers have entered the OVDP since 2009, coughing up $6.5 billion in back taxes, interest and penalties. But that's a small fraction of the people who have started answering "Yes" to the question on Schedule B of the 1040: "Did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account or brokerage account) located in a foreign county?"

Only 281,349 taxpayers answered "Yes" on their 2007 tax returns—even though billionaire real estate developer Igor Olenicoff had just pleaded guilty to a felony for answering "No" when he had more than $200 million offshore. Then, in 2009 Switzerland's largest bank, UBS AG, handed over U.S. customers' names and the game began to change. On their 2011 tax returns (the latest year available) 587,438 taxpayers answered "Yes" to the offshore question. But that's only "the tip of the iceberg," says veteran Houston tax lawyer John A. "Jack" Townsend.

Options? Some taxpayers decide to comply only going forward, gambling that an understaffed IRS won't audit their old 1040s within the usual three-year statute of limitations. Others have done "quiet disclosure"—sending the IRS amended back tax returns and a check.

Still others are just learning they've got a problem. A new client came to Ben-Cohen recently after a Swiss bank sent him a letter warning it would be giving the Department of Justice information about an account his late father set up for his benefit and then closed in 2009. He told Ben-Cohen he hadn't known the account existed and doesn't know where the money is.

Heirs who don't know all the facts and account holders whose behavior falls in gray areas have some tricky decisions to make, especially since the IRS in June made a "streamlined filing compliance" option widely available. Under it a taxpayer (or his estate) has to pay only three years of back taxes, plus an FBAR penalty equal to 5% of the account's highest end-of-the-year value during the last six years. (Expats can escape the 5% penalty altogether.)

The catch? To qualify you must certify that previous lapses resulted from "non-willful" conduct, which the IRS vaguely defines as "negligence, inadvertence, or mistake or conduct that is the result of a good faith misunderstanding of the requirements of the law."

"All of our clients are going to think their actions are not willful. But the government might not agree," laments Fort Lauderdale tax lawyer Jeffrey A. Neiman, a former offshore prosecutor. If your CPA asked whether you had an offshore account, and you lied, the IRS might consider that willful, Ben-Cohen warns.

Moreover, the streamlined program provides no protection from criminal charges. Indeed, tax lawyers predict the government will prosecute a few account holders it believes have wrongly certified their failures weren't willful.

So if there's an unreported offshore account in your family, hire a lawyer with offshore chops. This isn't a do-it-yourself project, what with the potential for criminal charges and/or confiscatory civil penalties—up to 50% of an account's balance for each year of willful non-FBAR filing.

If you're a cheat (say, you hid untaxed money skimmed from a U.S. business offshore), the lawyer will urge you to enter the OVDP. Warning: If you're already under audit or the government knows about your account, you aren't eligible for the OVDP—that's why Beanie Babies billionaire H. Ty Warner was rejected by the OVDP and had to plead guilty to tax evasion last year.

What if a deceased spouse or parent might have willfully broken the law and you now inherit the account? "The government has been really aggressive, but the one thing it hasn't done is indict a dead person," deadpans Neiman.

Still, families seeking finality may want to go through the OVDP, says Chicago tax lawyer Robert E. McKenzie. Otherwise, years later the IRS could demand more back taxes and penalties with heirs on the hook for up to the amount they inherited. For the very rich the OVDP may be cheap insurance against being targeted by headline-hunting prosecutors. One client, McKenzie notes, opted to pay the OVDP penalty on his late dad's secret $5 million account because it was "a drop in the bucket" for an estate worth hundreds of millions. *

GREEN, YELLOW, RED

Bill Miller famously beat the S&P 500 index 15 years in a row before the credit crunch. His $2 billion Legg Mason Opportunity Trust mid-cap fund was up 68% last year, more than double the broader market. What does he like in the second half?

"AAA"
That's Amazon, Apple and ... airlines. Consolidation and restructuring now mean lots of upside in the skies; Delta, American and United Continental make up nearly 10% of Miller's portfolio.

BITCOIN
Warren Buffett called it a "mirage," but Miller isn't junking the crypto-currency. He's picked some up for his own account—while acknowledging that what he dubs a "venture investment" could end up a total bust.

UTILITIES
They were the best-performing sector in the S&P 500 in the first half, but Miller is far from electrified—they're vastly overpriced, he says.

FINAL THOUGHT

"Income tax returns are the most imaginative fiction being written today."

—HERMAN WOUK

389 LESSONS, AND COUNTING

THIS ISSUE MAKES 30 YEARS I've written this column. That's 389 issues (an average of 13 yearly) since July 16, 1984. Nowadays some writers might post that many times online in a year. I can't imagine having enough worthwhile advice at that pace—monthly is tough enough.

Looking back, 1984 seems remote. The Berlin Wall stood firm. Crack cocaine, minivans and Apple's Mac first appeared. Diet Coke was two years old. James W. Michaels, the editor of FORBES, let me do one column. I had no clue I'd get two, much less 389.

Originally, I thought small stocks best. Academics "proved" it. Now I view that as a liquidity trap for fools—and that most leading academics spend too much time counting angels on pinheads to fathom reality.

All equity categories, correctly calculated, create near identical lifelong returns. They just get there via wildly differing paths. Believing otherwise disbelieves capitalism and markets—do so at your mortal soul's peril. Over time I've come evermore to believe in capitalism and less in most else. Regular readers know I like huge stocks in the back half of bull markets, like now. There is a time for everything. The key is figuring out when, and it's tricky.

Originally I was a U.S.-only investor. I soon saw global markets offering extra opportunity and some stocks that zig when others zag. Still do!

I used to believe in the latest wisdom. I'll take any wisdom but now prefer old wisdom currently forgotten (like my Mar. 3 column on the power of stocks with fat gross operating profit margins as bull markets ripen).

Ever true, FORBES remains capitalism's brilliant bugle. It's a huge honor to be a columnist here. Honor your net worth with great stocks like these for the rest of this long bull market:

As the leading contract chipmaker, **TAIWAN SEMICONDUCTOR (TSM, 21)** lacks Intel's great brand image. But it's dominating its space while gaining market share and maintaining beyond-amazing 47% gross profit margins. It's cyclical, giving it more upside economic leverage than Intel and should do better in this long bull market while selling at only 15 times my 2015 earnings estimate, with a 1.9% dividend yield.

Britain's **VODAFONE (VOD, 33)** is off 33% this year, from falling earnings—plus the recent revealing shocker that governments spy on citizens via VOD's system. Imagine! But govies won't waste time on you, me or most of VOD's 434 million users, creating opportunity with the world's second-largest mobile carrier—at 1.4 times sales, 70% of book value and seven times what I think they'll earn two years out, with a whopping 6%-plus likely FY 2015 dividend yield.

BANK OF AMERICA (BAC, 15) still suffers in a world that hates bankers. That will fade eventually. What won't fade is its premier position in key areas to global banking: retail locations, investment and banking contacts in all the biggest firms, and wealth management. So while profits lag those of its peers, none is better postured overall. Profits will catch up. It's cheaper than most peers at two times revenue, 70% of book value and ten times my 2015 earnings estimate.

Recent operating results disappointed most **DOW CHEMICAL (DOW, 52)** observers—while its basic business keeps improving toward higher-margin areas like its Saudi Arabian Sadara plant, one of the biggest chemical complexes ever built. I like that trend. It sells at 1.2 times revenue and 13 times my 2015 earnings estimate and yields 2.6%.

Lithography gear, printers, copiers, cameras or scanners—Japan's **CANON (CAJ, 33)** typically dominates and gains market share in seemingly boring but complex products requiring some technology edge. It's also lonely. Virtually no one forecasts its earnings. I like that. It's likely the world's most-ignored-as-a-stock big industrial or technology firm. I like that, too. It's at one times slowly growing sales, 1.3 times book value and 12 times my 2015 earnings estimate, with a 3.5% dividend yield. F

1984 SEEMS REMOTE: THE BERLIN WALL STOOD FIRM. APPLE'S MAC FIRST APPEARED.

THOMAS KUHLENBECK FOR FORBES

MONEY MANAGER KEN FISHER'S LATEST BOOK IS *MARKETS NEVER FORGET (BUT PEOPLE DO)* (JOHN WILEY, 2011). VISIT HIS HOME PAGE AT WWW.FORBES.COM/FISHER.

Collaboration Technology Redefined

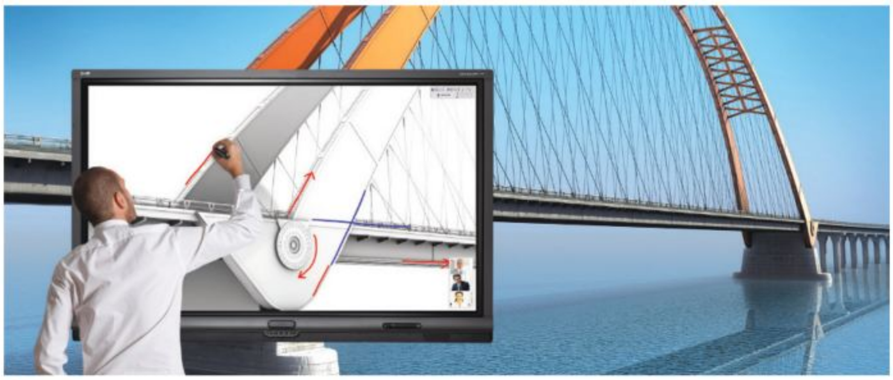
From Communication to Action

BY ELLEN MURASKIN

To most businesspeople, the phrase "collaboration technology" conjures up virtual meeting rooms, voice and video conferencing, and perhaps shared data. To those who've been closely following this space recently, though, collaboration tech has been redefined to encompass virtual meetings in which people not only talk about the work, but also perform it together; actually co-labor, if you will, in real time.

The new developments that have made this possible include the obvious cloud and mobility trends, but they also center around interactive, guided visualization. One leader in this field is SMART Technologies, a Calgary, Alberta-based firm that's applying large-format touch, zoom and gesture interfaces to its interactive digital displays. The company's meeting software shares this functionality with remote users on other SMART Boards, desktop PCs or tablets.

Equally important, SMART has integrated whiteboard annotation, in "digital ink," deep within some commonly collaborative applications, so that users can resize, rotate and zoom in on markups, annotations, sketches and notes along with an application's other objects, and so the application itself can even interpret these items. Someone can, for example, write a number with his finger on an 84-inch 4K SMART Board, tap it to turn it into text, drop it into a spreadsheet, and zoom in to make sure everyone's examining the same cell.



Design Reviews and Changes in One Session

The architecture, engineering and construction (AEC) disciplines illustrate this enhanced collaboration well. "One of the construction firms we work with is building a tower in Taipei," says Warren Barkley, SMART Technologies CTO. "And on the 32nd floor, a big piece of conduit came out in a place that they didn't expect. Because it's $30,000 an hour to stop the project, they used to put people on a private jet and fly them to Taipei. The engineers and the architects would go up in the elevator and look and decide what needed to be changed."

But because of SMART's integration with 3D engineering applications, no one had to fly around the world. "The notes and annotations made are more effectively embedded into the design drawings and remotely, instantly shared," explains Barkley. "Contractors on site with an iPad could see the same drawings that the architects and engineers were looking at in Florida, and also send images from the site to compare to the 3D models."

They were able to make the real-time change to the project that rerouted the conduit. "It took them an hour to sign off on it," says Barkley, "and then construction could continue."

Integration Offers Significant Advantages

SMART Technologies' annotation tools are integrated with a number of leading design applications, and, together with SMART's interactive displays, they achieve significant advancements over simple digital displays. They turn images drawn with a SMART pen or a finger, for example, into native 3D file elements, and translate handwriting into moveable text. They allow dispersed teams to collaboratively make changes to building information modeling (BIM) files, which AEC firms have widely adopted. And with shared rotating, circling and zooming enabled, everyone focuses their attention on the most relevant part of the design.

The technology applies equally well across a broad range of industries and use cases, from working collaboratively on the design of a new magazine to preventing costly design errors before manufacturing new engine components. The solution is flexible enough so that you can interact with the content of your choice, regardless of your location or device. Information is all in one electronic format, and people working on the same file can make their comments and changes simultaneously.

Travel savings make up a surprisingly small share of the hefty ROI for these visual collaboration innovations, says Jeff Lowe, SMART Enterprise VP. "It turns out that risk reduction is the highest variable, three times higher than travel cost savings," he says. The second- and third-ranking ROI factors, he adds, are accelerated rates of innovation and faster, more informed decision-making.

"Our software allows team members to work in an infinitely sized canvas, enabling them to pan, zoom and interact with complex data and images to truly collaborate and create tangible outcomes," says Lowe.

KEEP IT SIMPLE STOCK STRATEGY

NEVER UNDERESTIMATE the beauty of a simple story. After studying small-cap growth stocks for the past 20 years, I've seen the benefits of simplicity and clarity. For companies in rapid-growth mode half the battle lies in defining the growth strategy, while the other half lies in its execution. Everything is made easier when the plan is straightforward and clearly understood by both employees and investors. From the company's perspective a simple plan helps to align the team, measure results and compensate employees for success. From the investor's perspective a simple story helps investors understand the business, track its progress and distinguish between effective execution and luck (as well as to quickly recognize when trouble is brewing). Here are my top three small-cap picks with simple, logical growth plans:

Austin's **RETAILMENOT (SALE, 27)** operates the world's largest digital-coupon marketplace. Consumers save money by accessing deals at RetailMeNot.com for over 70,000 retailers, including Best Buy, Macy's and Amazon. Retailers, in return, pay RetailMeNot a commission for sales made. Here's the simple story: RetailMeNot is riding the e-commerce growth wave, with a 51% annualized revenue growth and 25% annualized Ebitda growth over the last three years. As revenues continue to climb, RetailMeNot's 40% Ebitda margins will generate an increasing amount of cash. Near term, however, there's a hiccup: A recent change in the search algorithm at Google drove down RetailMeNot's search rankings this quarter (as well as its stock price,

which was at $31 before the change). Don't fret: The firm has navigated algorithmic changes in the past, and after the stock drop shares are a bargain. Buy the dip. Shares trade for 27 times earnings my forward 12-month EPS estimate of $0.98.

Fast-growing **CHINA MOBILE GAMES & ENTERTAINMENT (CMGE, 16)** is the largest publisher and a leading developer of mobile games in China. The company uses a "freemium" model, offering a basic version at no cost but charging for premium usage. To generate traffic CMGE has revenue-share agreements with telecom giant China Mobile; chip manufacturer Mediatek, which preinstalls CMGE's platform for phones; and independent platforms such as Tencent and Qihoo 360. Approximately 65% of CMGE's sales comes from licensed games developed by others and 35% from its own games, including its blockbuster social poker game, Joyful Da Ying Jia. CMGE has a clear growth plan: ride the explosive wave of the China smartphone adoption and boom in mobile gaming. According to IDC, China's smartphone-user base will exceed 700 million by the end of the year. Confusion surrounding a recent management shakeup drove down its share price. I don't expect any long-term effects. I just met with management in China, and at a P/E of just 11 times my forward EPS estimate of $1.50, the stock is cheap.

BONANZA CREEK ENERGY (BCEI, 58) of Denver is an oil and natural gas exploration and production company focused on the Niobrara Oil Shale in Colorado and the oily Cotton Valley sands in Arkansas. Approximately 70% of Bonanza Creek's production comes from higher-margin oil, and the company forecasts production growth of 48% in 2014. The company's simple growth strategy: efficiently increase production on existing acreage and lease more acreage when the price is right. In May Bonanza announced a deal to acquire an additional 35,000 net acres in Colorado for a favorable $226 million. The deal adds 700 new drilling locations. One risk: Founder and CEO Michael Starzer retired in January. Shares trade for 18 times my forward EPS estimate of $3.10. F

UNDERSTAND THE DIFFERENCE BETWEEN EFFECTIVE EXECUTION AND LUCK

THOMAS KUHLENBECK FOR FORBES

JIM OBERWEIS IS PRESIDENT OF OBERWEIS ASSET MANAGEMENT AND EDITOR OF *THE OBERWEIS REPORT*. FOR MORE INFORMATION VISIT WWW.FORBES.COM/OBERWEIS.

WOE TO THE EURO

THOMAS KUHLENBECK FOR FORBES

THE EURO CURRENCY has been defying gravity for years. The Teutonic North and the Club Med South of Europe were joined under one monetary policy in 1999. But there's no common fiscal policy for the 18 members of the euro zone, and none likely. This hardly makes the euro a desirable currency.

Nevertheless, after dropping from 1.60 per U.S. dollar to 1.20 during the Great Recession, the euro rose to 1.39 in May. And that's despite the follow-on 2011–13 recession in the euro zone. Furthermore, real GDP since then has risen at only a 0.9% annual rate, and growth was a tiny 0.2% in the first quarter this year.

It's true that the financial crisis in the euro zone has abated since European Central Bank President Mario Draghi said in July 2012 that the central bank was "ready to do whatever it takes to preserve the euro." But the days of euro strength may be over because of increased fears of deflation. Euro zone CPI rose a mere 0.5% in May from a year earlier. Greece, Portugal and Cyprus already suffer from deflation, and inflation rates in Ireland, Spain and Italy are near zero.

Central bankers worldwide are deeply worried that trivial inflation in the euro zone will turn into chronic deflation. That's why they want 2% inflation as a cushion. In January IMF Managing Director Christine Lagarde called deflation "the ogre that must be fought decisively."

The ECB and other central banks fear deflation because it encourages businesses and consumers to wait for lower prices. So inventories and excess capacity mount, prices are forced down and this causes further postponements. The result is slow economic growth, suffered in Japan for 20 years.

Also, in deflation, debts rise in real terms, to the detriment of borrowers. New loans are discouraged, and bankruptcies mount. On June 5 the ECB announced steps to depress the euro, which it blames for much of the deflation threat. A robust currency depresses import prices and forces domestic competitors also to cut prices.

The ECB has yet to try outright quantitative easing, but it has already done so indirectly. In late 2011 and early 2012 it lent €1 trillion to its 800 member banks with repayment terms up to an unprecedented three years. Those banks, in turn, largely used the money to buy their own sovereign issues. Spanish banks bought Spanish government bonds, Italian banks purchased Italian government bonds, etc. During those dark days, there were few other buyers. So, indirectly, the ECB bought sovereigns.

QE on the scale implemented by the Fed, the Bank of England and the Bank of Japan would be less effective in the euro zone, since financing is concentrated in the banks, which account for 70% of corporate financing. Still, the ECB could purchase securities backed by mortgages, auto loans, small-business loans, corporate debt and packages of bank loans as well as government debt.

Count on the ECB to do more to

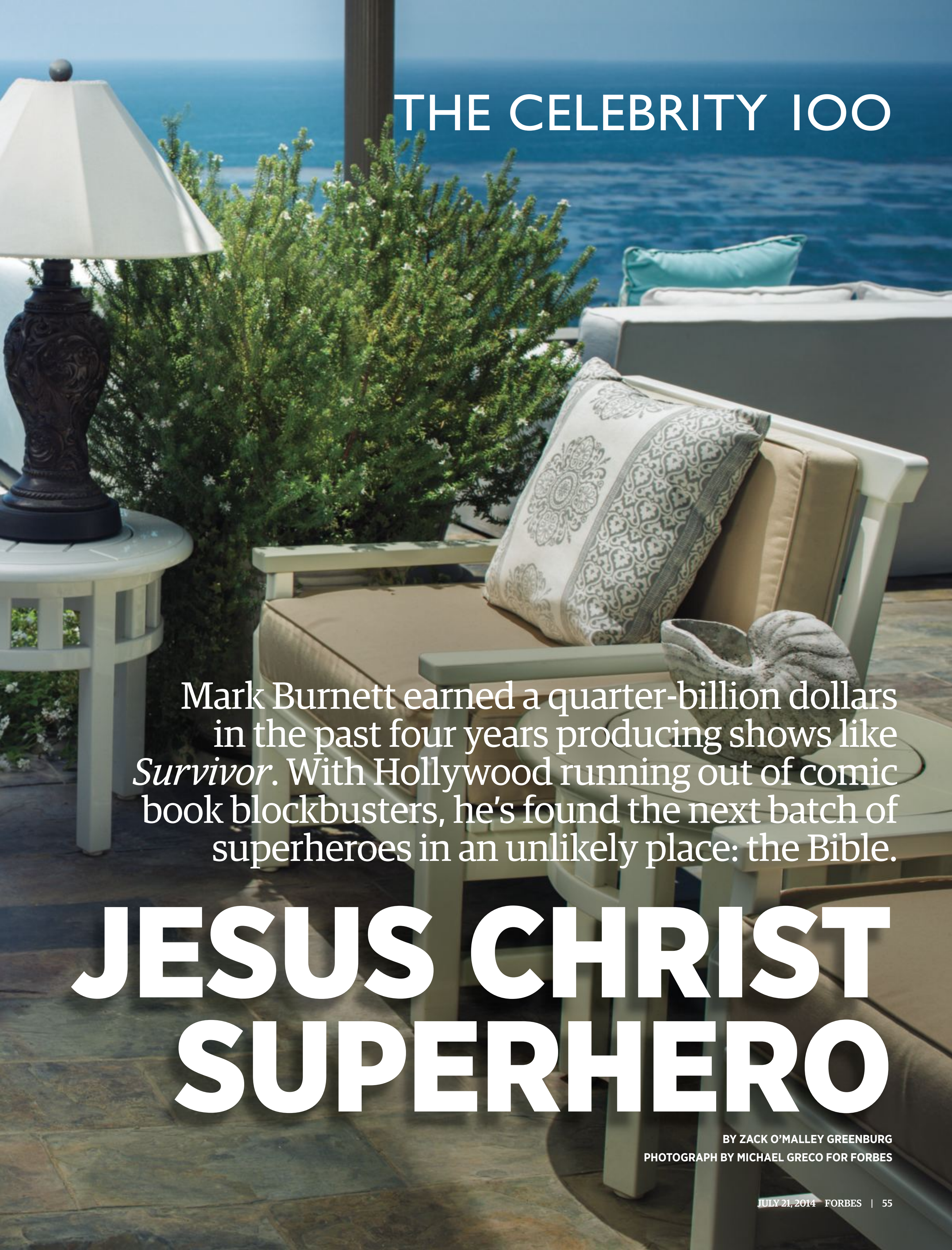
THE U.S. DOLLAR WILL BENEFIT FROM GLOBAL COMPETITIVE DEVALUATIONS

The ECB cut its main lending rate from 0.25% to a record low of 0.15%. It also lowered its overnight deposit rate from zero to –0.1%, so commercial banks will have to pay the ECB to keep their money there and are encouraged to lend. The central bank also announced €400 billion in cheap loans for banks later this year as long as they lend the money to the private sector.

trash the euro. In portfolios we manage, we're short the euro against the dollar. Also, the ECB is joining the Japanese and Chinese in what may be shaping up to be a global round of competitive devaluations, aimed at boosting exports in the face of weak domestic economies. The net result will be a stronger buck, which also benefits as a safe haven during global currency turmoil. F

A. GARY SHILLING IS PRESIDENT OF A. GARY SHILLING & CO. AND AUTHOR OF *THE AGE OF DELEVERAGING: INVESTMENT STRATEGIES FOR A DECADE OF SLOW GROWTH AND DEFLATION* (JOHN WILEY & SONS, 2011). WWW.FORBES.COM/SHILLING.

Walking on water: Burnett, with his wife and business partner, *Touched by an Angel* star Roma Downey, at their Malibu home.



THE CELEBRITY 100

Mark Burnett earned a quarter-billion dollars in the past four years producing shows like *Survivor*. With Hollywood running out of comic book blockbusters, he's found the next batch of superheroes in an unlikely place: the Bible.

JESUS CHRIST SUPERHERO

BY ZACK O'MALLEY GREENBURG

PHOTOGRAPH BY MICHAEL GRECO FOR FORBES

Perched on a divan at his Malibu home, the Pacific Ocean offering a backdrop dramatic enough for the beard he's been growing since Lent—which has now reached biblical proportions—Mark Burnett seems eager to ask me what appears a straightforward question about one of the most popular film franchises of all time.

"What was Superman based on?"

"The comic book," I reply, falling conveniently into his trap. The 54-year-old Burnett is the most successful person in the genre that has dominated prime-time television for the past 20 years, reality TV. He glances over at his wife, former *Touched by an Angel* star Roma Downey, who's decked out in dark jeans, brown boots and a crucifix necklace that dangles over a crisp white blouse. She shakes her head.

"The story … ," begins Downey, her Northern Irish brogue joined emphatically by Burnett's London lilt in a pan-British duet, "of *Jesus*!"

"He came from his father up above to save mankind," continues Burnett, who's clad in a T-shirt emblazoned with the word GRATEFUL. "It's not my theory. It's fact, by the way. Do the research. Superman is Jesus."

Technically, Superman was created by Jerry Siegel and Joe Shuster, a pair of Jewish high school students from Cleveland, in 1933—a year after Siegel's immigrant father was killed in an armed robbery. Comic book historians believe this trauma led the pair to use heroes like Samson and Hercules as models for their protagonist. As this is Hollywood, though, that's clearly close enough for Burnett, who rattles off a list of other film franchises he says take their dominant influence from the world's most popular book: *Lord of the Rings, The Chronicles of Narnia, The Matrix*.

"If you look at all of these stories they are biblically based," he says. "So really, you've taken a foundation of thousands of years of true stories and built literature upon them."

Burnett should know. He's been walking on Hollywood water since bringing *Survivor* to America a decade and a half ago. From *The Apprentice* to *Shark Tank* to *The Voice*, he's produced over 2,800 hours of television, winning six Emmys in the process. Ranked No. 41 on this year's Celebrity 100 list, he earned $86 million over the past 12 months and $249 million in the past four years. His net worth is likely approaching half a billion dollars. (He purchased the sprawling seaside mansion we're sitting in from Michael Jackson's former manager, Sandy Gallin, in 2005 for a reported $30 million.)

"He's got tremendous imagination, he's got a great sense of theater, and he's somebody that everybody likes," says *Apprentice* star Donald Trump of Burnett. "That helps him get things done that a lot of people can't."

His biggest hit in recent years has been a very different sort of show: *The Bible*. Produced by Burnett and Downey, the History Channel series drew an average of over 10 million viewers per show in the U.S. during its ten-episode run in 2013 (and performed similarly worldwide, beating out the NHL's opening night in hockey-crazed Canada). Its Easter Sunday finale outdrew the first episode of *Game of Thrones* and the finale of *The Walking Dead*.

"Roma," he says, lowering his voice mischievously, "tell him your favorite headline of the year."

"Oh, God," she replies. "It was a CNN headline: 'God Beats Zombies.'"

Burnett grins. "The point here is the mainstream intelligentsia of journalists, people like you in New York and L.A., maybe don't understand the fabric of the nation," he continues, with the confidence of a true believer. "This nation was built under the Bible and free enterprise. … Because of *Touched by an Angel*, which is a very middle-of-the-country show; *Survivor*, a very middle-of-the-country show; *Shark Tank*, a very middle-of-the-country show, I think we understand our viewers."

> *The Bible*'s finale outdrew the premiere of *Game of Thrones* and the finale of *The Walking Dead.*

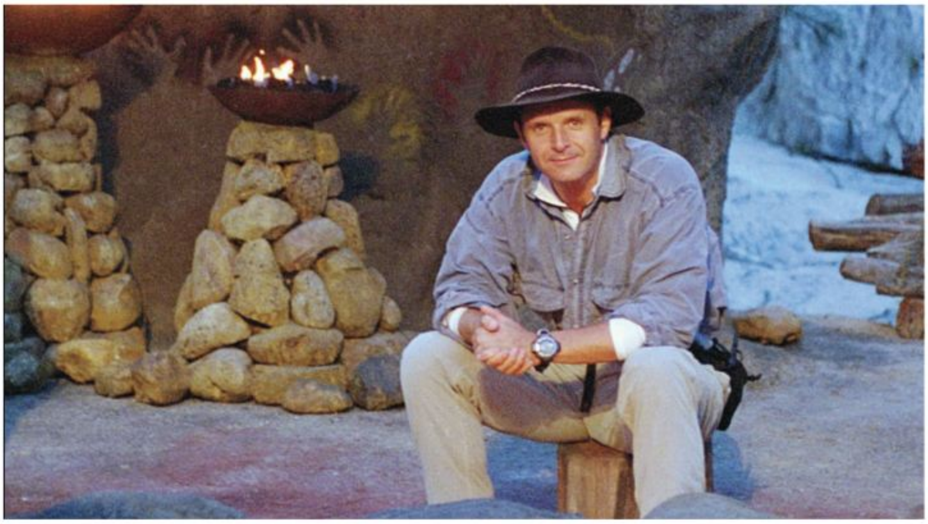
That understanding now extends beyond the small screen. In February Burnett and Downey released *Son of God*, a feature film focusing on the life of Jesus. Culled from scenes shot for *The Bible*, it grossed $60 million domestically—not bad for cable television table scraps. The success of those two properties pushed NBC to strike a multimillion-dollar deal with Burnett and Downey to create a show based on the lives and work of the apostles after Jesus' death. Dubbed *A.D.: Beyond the Bible*, the series will premiere on NBC next year on Easter Sunday. They also signed on as producers of the MGM-Paramount remake of *Ben-Hur*.

"There are not a lot of books being read these days," says Paul Telegdy, NBC's president of late-night and alternative programming. "But there is one that's being read and reread, and that's the Bible. Mark and Roma's relationship with that text as a television spectacle is intensely personal, and I believe them when they're talking about it."

FOR BURNETT AND DOWNEY the awakening has come at just the right time. Hollywood has spent the past two decades enraptured with films based on superheroes like Spider-Man (the 2002 reboot grossed over $820 million worldwide) and Batman (Christopher Nolan's *Dark Knight* pulled in more than a billion).

Perhaps most successful of all is the *Iron Man* trilogy, which topped $2.4 billion globally—part of the reason Disney shelled out $4 billion to buy Marvel in 2009. Since then the cash has continued to flow in from flicks like *The Avengers* (which grossed over $1.5 billion and also spawned

THE CELEBRITY 100 MARK BURNETT



Survivor: Mark Burnett turned his British commando training into a reality television revolution.

the television show *Agents of S.H.I.E.L.D.*).

The pickings are getting slim, though, and studio pipelines now contain reboots of lesser franchises such as the Fantastic Four alongside films centered on B-list superheroes like Ant-Man. But there's another cast of characters known for otherworldly powers—names not owned by DC Comics or Disney's Marvel—waiting to be mined. Projects like *Son of God* have set off a run of Bible epics, including Paramount's *Noah* (2014), with Russell Crowe playing the title role, and Fox's *Exodus: Gods and Kings*, due out later in the year, with Christian Bale starring as Moses.

Biblical stories were once a pillar of Hollywood entertainment, alongside westerns and pirate movies. Cecil B. DeMille's *The Ten Commandments* dominated popular culture when it came out in 1956 and was nominated for seven Oscars, including best picture. Adjusted for inflation, the movie pulled in more than $1 billion—the sixth-best domestic of all time, just behind *Titanic*, and better than any comic book flick's U.S. performance.

Other "sword and sandal" Bible hits included *Quo Vadis* (1951), *Ben-Hur* (1959) and 1962's *Barabbas* *(see box, p. 61)*. As America grew more secular throughout the 1960s, though, the Bible films fell out of favor—and off of screens. With the notable exception of Mel Gibson's *The Passion of the Christ* (2004), which grossed $610 million on a budget of $30 million, the genre had been wandering the desert out of the mainstream before being rediscovered by Burnett and a handful of others.

"There is such great drama in biblical stories," says Nina Tassler, chairman of entertainment for CBS, which will release another Burnett and Downey production next year: a four-part adaptation of a book called *The Dovekeepers*, based on the siege of Masada. "Certainly with *The Dovekeepers*, that's what attracted us to it. There are no greater stakes: life or death."

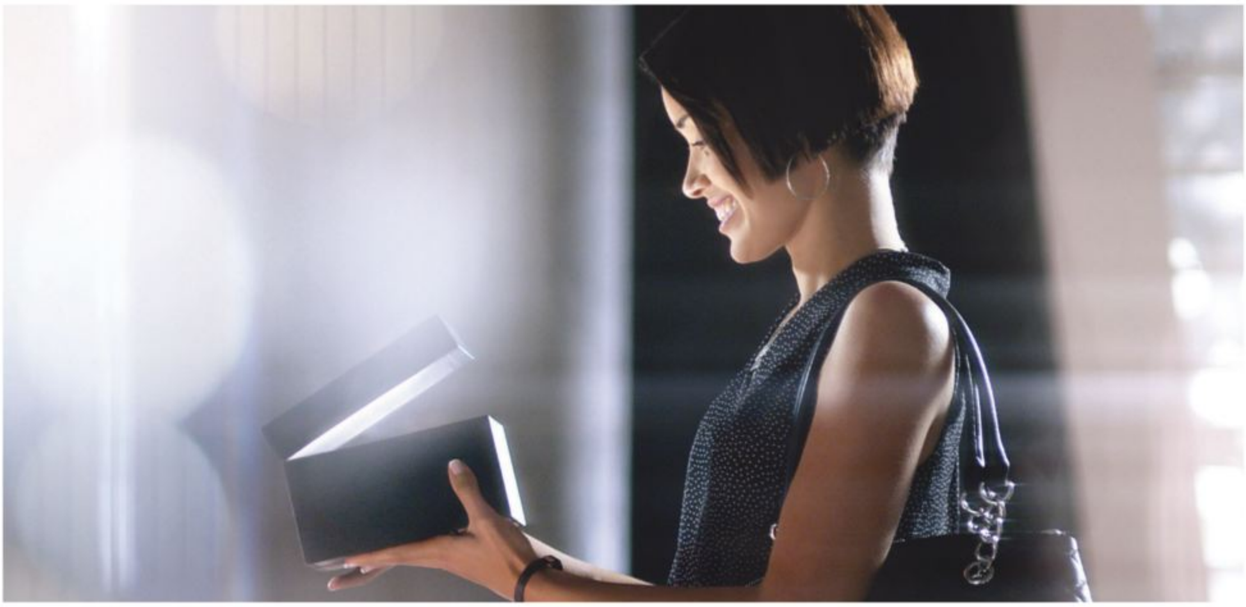
BURNETT'S JOURNEY—FROM A GRITTY East London upbringing to Hollywood revolutionary—also has an epic arc. The son of a Catholic Ford Motor plant worker and a Presbyterian mom who worked at a nearby battery factory, he attended an Anglican parochial school (a spokesperson says Burnett is "nondenominational") and joined the British Army's Special Air Service in lieu of college, serving as a paratrooper in Northern Ireland and in the Falklands War. A veteran at age 22, he decided to fly to California with vague plans of working as a military advisor in Central America, but his mother talked him out of it. Instead, he found security work of another sort: working as a guard-nanny hybrid for a rich Beverly Hills family (he later tried—and failed—to launch a show called *Commando Nanny*).

He started buying $2 T-shirts and reselling them on weekends for $18 a pop on Venice Beach, later landing gigs peddling insurance and credit cards. By 1992, ten years after his arrival, the budding salesman saved up enough to participate in—and buy U.S. television rights for—an adventure race known as the Raid Gauloises. After nearly drowning in a squall off the coast of Oman, Burnett launched Eco-Challenge, a televised 300-mile speed-trek across whitewater rapids, mountain peaks and desert dunes. He sold rights to ESPN, MTV, USA and Discovery.

Instead of taking a producer fee, he took a share of ad sales. The approach served him well in his next production: the American version of *Survivor*. Initially the concept was declined everywhere it was pitched. But CBS Chief Les Moonves eventually changed his mind, on the condition that Burnett settle for a production fee of $35,000 per show, regardless of how much *Survivor* cost to shoot. That meant selling ads himself to make up the difference.

"What really distinguished Mark from everybody else that we'd worked with prior to that experience is that Mark was also a salesman," says CBS's Tassler. "He really knew how to evaluate the landscape and access relationships and models that would support his kind of programming."

In addition to landing traditional advertising deals, *Survivor* redefined the concept of product placement, with successful contestants earning new Chevrolets and emaciated losers getting a Mountain Dew and a bag of Doritos after being kicked off the island. After the show's 2000 finale became the most-watched reality episode in history, drawing 51 million viewers, CBS signed Burnett to a new pact that paid him $1 million per show. (Knowing he'd picked up a reported



INNOVATION IN THE AGE OF EXPERIENCE

We live in an age where businesses need to look beyond the aesthetics of a product or the practicalities of a service...where consumer engagement and loyalty count far more than features and benefits alone...where consumers expect to interact with or even influence suppliers – not just be sold to.

Products are no longer enough for today's consumers who value experience over all else.

THE AGE OF EXPERIENCE HAS ARRIVED

Executives and academics everywhere accept that in the modern economy, the key to success is delivering consumer experiences that demonstrate true differentiation.

And yet, the task is a daunting one at best. What exactly is meant by experience? And, more importantly, how can a business influence it, given the complex array of emotional, rational and physical responses that inevitably drive consumer connection?

IF WE CHANGE THE WAY WE INNOVATE, CAN WE DEVELOP EXPERIENCES THAT CONSUMERS DEMAND?

The key to making consumer experience the true focus of innovation is to capture insights and expertise from across a business's entire ecosystem.

Shaping the right consumer experience requires not only the involvement of but also the collaboration between all roles within a company – from marketing and management to sales and engineering.

Only by connecting all the dots between people, ideas and data can a business drive consumer loyalty, engagement and value.

IF WE WANT TO THRIVE IN THE AGE OF EXPERIENCE, WHERE CAN WE TURN?

The **3D**EXPERIENCE® platform from Dassault Systèmes is a business experience platform: a new class of collaborative environment specifically designed to help companies create differentiating consumer experiences.

It enables everyone within a company to play an active role in experience development.

With a single, easy-to-use, compass-like interface, the **3D**EXPERIENCE platform powers INDUSTRY SOLUTION EXPERIENCES – based on 3D design, analysis, simulation and intelligence software in a collaborative, interactive environment.

The Age of Experience represents a significant opportunity for businesses prepared to place a new focus on creating unique and truly rewarding consumer experiences.

It's time to ask the right questions, understand the present and navigate the future – now made possible with the **3D**EXPERIENCE platform.

Discover the **3D**EXPERIENCE platform and our INDUSTRY SOLUTION EXPERIENCES at **3DS.COM**.

The **3D**EXPERIENCE Platform Explained

The **3D**EXPERIENCE platform is a business experience platform. It provides software solutions for every organization in your company – from engineering to marketing to sales – that help you, in your value creation process, to create differentiating consumer experiences.

With a single, easy-to-use interface, it powers INDUSTRY SOLUTION EXPERIENCES, based on 3D design, analysis, simulation and intelligence software in a collaborative interactive environment. It is available on premise and in public or private cloud.

3DEXPERIENCE

It takes a special kind of compass to understand the present and navigate the future.

About Dassault Systèmes Dassault Systèmes, the **3D**EXPERIENCE Company, provides business and people with virtual universes to imagine sustainable innovations. Its world-leading solutions transform the way products are designed, produced and supported. Dassault Systèmes' collaborative solutions foster social innovation, expanding possibilities for the virtual world to improve the real world. The group brings value to over 190,000 customers of all sizes, in all industries, in more than 140 countries.

$10 million on integrating products that season, the network insisted on keeping all ad revenues going forward.)

Burnett subsequently produced his share of flops, including *The Casino* (2004) and *On the Lot* (2007). But then *The Apprentice* proved he was anything but a one-hit wonder. As Donald Trump made "You're fired!" a national catchphrase, Burnett helped drive integration fees up to an average of $1.5 million per episode; the duo shared $100 million in placement revenues over the show's first three years. "It's been very, very profitable for Mark, and for me, and for everyone associated with it," says Trump. Burnett adds proudly: "Now you won't find a TV show or a movie that doesn't have some sponsored element. Some way it's got to be paid for."

JUST AS *THE APPRENTICE* WAS taking off, Burnett began dating Downey. For these neighbors in Malibu, it was an only-in-America romance: a former British paratrooper and a staunch Catholic from occupied Northern Ireland. Both had previously been married and had children of their own. In 2007 they got hitched in the backyard of their current seaside property. Industry observers have speculated that Downey spurred her new husband's religious awakening, though longtime friends and associates offer a more nuanced explanation. "I think he was always a spiritual man," says Tassler, who has known Burnett for over 15 years. "Roma was more evolved in the language of her spirituality.... They might have met at different stages of their journey, but they really do complement each other."

"We both took some time to pray on it, and we came back together and shook hands."

Even as Burnett continued to roll out secular smashes like *Shark Tank* (2009) and *The Voice* (2011), Downey was pushing him to a higher calling. The precise origin of the couple's plan to produce a television series based on the Bible is murky. Some reports suggested the idea came to them after watching *The Ten Commandments* together for the first time, while NBC's Telegdy remembers offhandedly discussing the idea with Burnett over lunch. Downey herself offers a more mystical explanation.

"Inspiration struck in the form of a whisper in the heart," she says, a phrase she simply repeats when pressed. "Mark and I sat down over a cup of tea to discuss it.... We both took some time to really think it through, to pray on it, and we came back together and shook hands and decided we would do it together. And we never looked back."

When it came time to sell the idea, there were plenty of skeptics. According to Burnett, Hollywood power players believed the sort of people who'd watch such a series were already getting plenty of the Bible in church every Sunday. But Burnett and Downey forged ahead under the aegis of their own company, Lightworkers Media, formed in 2009. Eventually they picked up additional financing from the Hearst Corp., which co-owns one of Burnett's other companies, and the History Channel, which agreed to televise the series.

As the project rounded into shape, Burnett and Downey worked to ensure they'd avoid the mistakes of divisive Bible-based projects like *The Passion of the Christ*, which many observers accused of stoking anti-Semitic fires. So they built an interfaith advisory group that included Anti-Defamation League chief Abraham Foxman and a religious all-star team, including Joel Osteen, Rick Warren, T.D. Jakes and Cardinal Donald Wuerl. "We worked hand in hand," says Downey. "It slowed down the process, because each step of the way the early drafts were sent out to this team. We had to wait for the notes to return. When suggestions were made or corrections were made, we'd implement them into the drafts and then send them out again."

The Bible made its debut in 2013, and even on a relatively esoteric cable channel was able to outdraw the networks; at one point Burnett had the No. 1 show in America five nights out of the week. And viewers couldn't get enough: *The Bible* has sold over 1 million copies via DVD and Blu-ray. Burnett couldn't apply his usual product placement tactics in a period piece, but he still found plenty of partners interested in advertising to his audience. ("Don't date Delilah," exhorted dating site Christian Mingle in one spot. "Even if you do meet her on Christian Mingle.") And the movie spinoff, which Burnett and Downey spent an estimated $1 million to bankroll, has done $68 million worldwide. FORBES figures that $10 million of that went directly into the couple's pockets.

Burnett insists that the scripted shows to which he's now devoting an increasingly large chunk of his time are essentially the same thing as the reality shows upon which he's built his fortune. As he sees it, there are three key elements to any production—a gripping core idea paired with powerful storytelling, an ability to get it financed and, finally, execution—whether it's scripted or not.

"Nothing's different," he says. "If you're given the privilege of an hour of prime-time television, you'd better treat it like a $100 million movie every time. It doesn't matter whether it's news, sports, comedy, drama or unscripted ... the Bible ... it's all the same thing."

DOWNEY AND BURNETT'S next grand undertaking entails building Jerusalem in Morocco. This isn't a fanciful 21st-century take on William Blake's "And Did Those Feet in Ancient Time"—the couple is actually creating a bricks-and-mortar town in the desert where they'll be filming the series *A.D.: Beyond the Bible*.

Burnett and Downey picked the site on a trip to North

The Bible's Greatest Hits

THE TEN COMMANDMENTS (1956)
CHARLTON HESTON'S JOURNEY ACROSS THE DESERT REMAINS THE MOST LUCRATIVE BIBLE MOVIE EVER, GROSSING AN INFLATION-ADJUSTED $1 BILLION IN THE U.S. ALONE.

BEN-HUR (1959)
ANOTHER HESTON CLASSIC, THIS CHARIOT-RACING, GALLEY-ROWING EPIC WAS LOOSELY BASED ON AN 1880 BOOK BURNETT AND DOWNEY ARE TURNING INTO A MOVIE FOR MGM.

BARABBAS (1962)
THE STORY OF THE PRISONER SAID TO HAVE BEEN FREED BY THE ROMANS INSTEAD OF JESUS WAS AMONG HOLLYWOOD'S LAST BIG MIDCENTURY "SWORD AND SANDAL" FILMS.

THE PASSION OF THE CHRIST (2004)
MEL GIBSON COULDN'T CONVINCE MAJOR STUDIOS TO BANKROLL HIS CONTROVERSIAL TAKE ON THE LAST DAYS OF JESUS. IT WENT ON TO GROSS $610 MILLION WORLDWIDE.

CLOCKWISE FROM TOP LEFT: PARAMOUNT / GETTY IMAGES; SILVER SCREEN COLLECTION / GETTY IMAGES; ICON DISTRIBUTION INC. / PHILIPPE ANTONELLO / ALBUM / NEWSCOM; PICTURE-ALLIANCE / NEWSCOM

Africa. After landing in Marrakech they drove three hours through the winding canyons of the Atlas Mountains, finally arriving in Ouarzazate. In Berber the name means "quiet," but for Hollywood this locale has been anything but: Major productions based in the area in recent years include *The Gladiator* and *Game of Thrones*.

Downey and Burnett, who'd filmed much of *The Bible* nearby, picked a location 35 minutes outside of town. They broke ground on their new Jerusalem in May; filming begins in September. The show's four main story lines follow the scandals of King Herod's family, the politics of the Romans, the machinations of the temple authorities in Jerusalem and the actions of the apostles.

"These disciples, after Jesus dies and resurrects, the Holy Spirit comes upon them and there is only one way for them—that's spreading the good news of Jesus," explains Burnett. "What a drama. At some level it's *Game of Thrones, House of Cards*. ... This could become NBC's biggest series in many, many years." Even if it's not, part of the biblical genre's appeal is its global safety net: *Noah*, for instance, failed to earn back its $100 million budget in the U.S., but it's gone on to earn $355 million worldwide.

That kind of math has Burnett confident about his *Ben-Hur* remake. Back in Malibu, as one of his two 200-pound Irish wolfhounds rolls around in the freshly cut grass and the waves batter the bluffs some 150 feet below, Burnett tees up another loaded question.

"What was the original name of *Ben-Hur*—do you know?"

I'm smart enough, this time, to shake my head.

"*Ben-Hur: A Tale of the Christ*, that's the name of the *Ben-Hur* book," he says. "*Ben-Hur*'s about Jesus. ... So it all comes full circle."

It sure does. Basing his remake on the book, which follows the life of Christ more closely than the movie, will satisfy a desire to send a more religious message. And there's additional appeal for Burnett: The book, published in 1880, is now part of the public domain. It's ready to film, free of charge, without any of the rights fees or partnership headaches that come with secular superheroes. Take that, Superman. F

Additional reporting by Dorothy Pomerantz.

MANOR-BORN ENTREPRENEURS

Most of America's Gilded Age fortunes have dissipated over time. Yet two centuries after Thomas Mellon arrived in America his family, worth $12 billion, has never been richer. How did they do it?

BY ABRAM BROWN AND ALEX MORRELL

PHOTOGRAPH BY JAMEL TOPPIN FOR FORBES

Meet the Mellons: Nicole, Olympia, 1, Force, 3, and Matthew, at home in New York's Pierre hotel.

At first blush Matthew Taylor Mellon II lives up to his patrician name as we dine at his favorite lunch spot, a little Italian place below his apartment situated within Manhattan's stately Pierre hotel. Five years sober, after lengthy battles with drugs and booze, the 50-year-old has an enviable tan that complements his blue Savile Row suit and Hermès tie. He orders a salad and a cranberry-juice-and-soda.

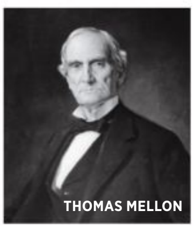
But unexpectedly he asks the waiter to take away his cellphones, fearing Snowden-style eavesdropping. And then the scion of America's most enduring banking family lets it fly: "I feel like citizens are fed up with banksters," using a term the Occupy Wall Street crowd would surely approve. Politicians receive similar disdain: "We need to live in a more transparent, free democracy. The more secretive America becomes, the more dangerous it is." The solution, Mellon says, is Bitcoin, and he's invested $2 million to start an incubator for Bitcoin companies, convinced virtual currency will replace the dollar bill. "The banks are going to be scratching their heads," he says, a smile encroaching on his high cheekbones.

A bit loony? Clearly. But in an ironic way, Matthew Mellon is exactly what his great-great-great-grandfather Thomas Mellon envisioned when he launched the family on what's now a nearly two-century run of financial dominance. In scanning FORBES' first-ever ranking of America's Richest Families, one thing that stands out is how many of the great fortunes of the mid-19th century have dissipated. The Astors and the Vanderbilts, the Morgans and the Carnegies, none make the cut. Some of that is the result of generous, world-changing philanthropy. Some of it decades upon decades of wastrel heirs. Much stems from both. Amid this peer group, however, the Mellons stand out. Of America's billion-dollar dynasties, only the Du Ponts are having a longer run, and they have a dominant family company perpetually generating the wealth. Not so with the Mellons, who have flaky heirs like Matthew plowing millions into fashion labels and Bitcoin startups, yet have nonetheless maintained a $12 billion fortune, the 19th-largest family net worth in America, one greater than the Rockefellers and Kennedys, combined.

They've done this quietly. Most of the Mellons contacted declined to be interviewed for this story or would speak only on background "We're happy being under the radar," says Peter Stephaich, Matthew's cousin, who owns a barge company in Pittsburgh. But

THOSE INDUSTRIOUS MELLONS

1818
At age 5 Thomas Mellon immigrates to the U.S. from Ireland; family settles and buys farm in Poverty Point, a rural area east of Pittsburgh.


THOMAS MELLON

1843
A bustling legal practice and profitable real estate investments push Mellon's net worth to $12,000 (more than $350,000 today).

1859–69
Earns moniker "the Judge" serving a ten-year term in the county courts. Just before stepping down, founds small private bank T. Mellon & Sons with $10,000 in deposits. Son Andrew, in his early teens, is engrossed in learning banking fundamentals.


ANDREW MELLON

1883
A chip off the old block, Andrew is running the family bank and expanding its investment portfolio. Helps John Pitcairn establish Pittsburgh Plate Glass, today PPG Industries.

1888
Weathering a national depression, Andrew and brother Richard Beatty Mellon invest capital for a small-time aluminum producer—later known as Alcoa.

1892
A powerhouse business family by now, the Judge, his sons—Thomas, James, Richard and Andrew—and grandson William Larimer "W.L." Mellon each appear in *New York Tribune*'s list of American millionaires. Combined net worth equivalent of more than $150 million in 2014.


RICHARD BEATTY MELLON

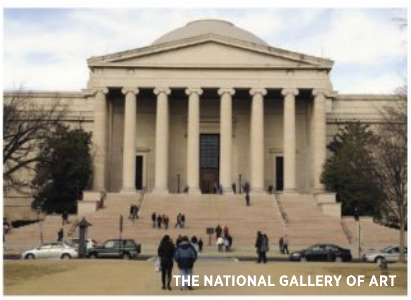
1895
Andrew, Richard and W.L. rankled Standard Oil tycoon John D. Rockefeller by starting a competing oil operation in Pennsylvania, but fold their hand and sell holdings to a Standard subsidiary.

1901
The same Mellon trio take another shot at oil, investing in an upstart oil refining business in Port Arthur, Tex. W.L. would manage the fledgling operation, called Gulf Oil, which became one of Mellon family's most profitable enterprises.

1914–15
With a net worth of approximately $100 million, Andrew Mellon is a billionaire—twice over—if adjusted to 2014 dollars. Industries under Mellon empire include banking, finance, coal, oil, glass, utilities, aluminum, railcars, steel and shipbuilding.

1921–32
Andrew Mellon serves as U.S. Secretary of the Treasury under Harding, Coolidge and Hoover. Stays long enough to be vilified, along with Hoover, for ushering in the Great Depression.

1937
Andrew Mellon dies, before an embarrassing tax fraud investigation by Roosevelt


THE NATIONAL GALLERY OF ART

THOMAS MELLON: BETTMANN/CORBIS; NATIONAL GALLERY OF ART: ROGER L. WOLLENBERG/UPI/NEWSCOM the secret boils down to a family ethos that values one thing over all others: capital preservation. While the pitfalls of inheriting money without purpose have been well documented, Thomas Mellon himself put forward a tacit understanding that while spending was acceptable (Matthew Mellon's pad at the Pierre is likely worth $7 million, and he likes to fly private), it came with the expectation that each generation push forward a bigger pile than he or she was given. While all the branches operate independently, they've almost universally employed smart tricks that minimize taxes, including generation-skipping trusts and making charitable contributions in stock. More critically, Thomas Mellon expected his progeny to be entrepreneurial, with the anticipated corollary that the process would fuel the American economic machine.

Other than that, there have been few covenants or restrictions, with nary a family office or annual meeting. The family mantra as he was growing up, Matthew Mellon recalls: "Intuition is the number one tool in the toolbox." The result of all that decentralized intuition has been numerous companies, from banking to media to metals to energy, that have altered the face of American business.

THE SECRET BOILS DOWN TO A FAMILY ETHOS THAT VALUES ONE THING OVER ALL OTHERS: CAPITAL PRESERVATION.

THE LAST TIME THE DO-IT-YOURSELF Mellon clan actually got together, a once-a-decade occurrence that happened four years ago, they went back to the roots of their success: a patch of land in County Tyrone, Ireland. It was here that Thomas Mellon was born to farmers in 1813. The family immigrated to America in 1818, settling into a dilapidated log cabin near relatives who arrived before them in a section of western Pennsylvania that would soon be proven a misnomer, Poverty Point.

His parents soon made their 160-acre lot prosperous. Thomas worked the ground alongside them, but when the plow horses needed a rest, he read Shakespeare in the shade. "The more I read and the more I saw, I was the more convinced that I might do better," Thomas wrote in his autobiography.

He moved to Pittsburgh, studied law and married Sarah Jane Negley, in 1843—mother to a son, An-

is settled (exonerating him). Prior to giving much of it away to children, trusts and philanthropy, his net worth exceeded $280 million, more than $4 billion today.

1941

The National Gallery of Art in Washington, a gift to the public orchestrated by Andrew Mellon and seeded by his prodigious personal collection, opens its doors.

1946

Richard Beatty's son Richard King Mellon, Andrew's nephew and chairman and CEO of family's banking operations, merges Mellon National Bank with Union Trust Co., the Mellon's flagship financial institutions.

1947

The Richard King Mellon Foundation is formed to encourage economic development in southwestern Pennsylvania. It now has assets of $2.1 billion and operates from the 55-story BNY Mellon Center in Pittsburgh.

1959

Thomas Mellon Evans, a distant relation of the Judge's and masterful financier and takeover artist, wages a bitter but successful battle to acquire plumbing supplier Crane Co. A precursor to the M&A mania of the 1980s, such deals earned him the nickname "the Jaws of Business."

1966

Paul Mellon, Andrew's son, negotiates merger of the Mellon Institute, founded by his father and Richard Beatty in 1913 to honor the Judge, with Carnegie Technical Institute. Carnegie Mellon University is formed.


CARNEGIE MELLON UNIVERSITY

1969

Combining foundations with his sister, Paul Mellon creates the Andrew W. Mellon Foundation, a supporter of the arts and higher education. One of the largest grantgivers in the country with more than $5.6 billion in assets today.

1981

Timothy Mellon, grandson of Andrew Mellon, begins assembling a railway empire in the Northeast U.S., buying up companies like Maine Central Railroad. Purchases the brand of bankrupt airline Pan Am in 1998, calling his company Pan Am Systems.

1984

Chevron buys Gulf Oil for $13.3 billion; Mellon family shareholders double their money, author James Mellon, grandson of company cofounder W.L. Mellon, later says.

1995

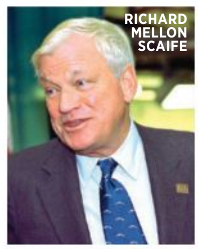
Peter Stephaich, great-grandson of W.L. Mellon, leaves Wall Street to run family-owned Campbell Transportation. As chairman, CEO and majority shareholder today, Stephaich says the Pennsylvania-based marine services and shipping company generates more than $100 million in revenue.

1996

FORBES estimates Mellon clan net worth at $5.4 billion.

1999

Richard Mellon Scaife, grandson of Richard Beatty Mellon and a Forbes 400 fixture (2013 net worth: $1.5 billion), invests in conservative media startup Newsmax, which by 2013 gets more than 14 million unique monthly visitors.


RICHARD MELLON SCAIFE

2007

Mellon Financial completes $16.5 billion merger with Bank of New York, ending official ties to family, 138 years after it was founded by the Judge.

2013–14

Matthew Mellon invests $2 million in Coin Apex, an incubator of Bitcoin companies. Set to launch fashion line Hanley Mellon with wife Nicole in October.

RICHARD SCAIFE: KEITH SRAKOCIC/AP

drew, and seven other children. He became a judge—forever after known simply as the Judge—and used his income to invest in real estate. He eventually used the returns from foreclosed properties and coal land to start a bank, T. Mellon & Sons. It opened in December 1869 with $10,000 in initial deposits. Within three years he had $800,000. That little bank has grown into a cornerstone of what today is the $1.6 trillion (assets) BNY Mellon.

Later in life the Judge focused on what would become of his financial efforts. He disliked his contemporary Andrew Carnegie's massive philanthropic efforts (though his son would give generously, eventually helping establish the National Gallery of Art), and instead split up his estate among his sons with the expectation that they grow the pile.

Just as Thomas had broken from the farming future his parents had in mind, Andrew, the family's true empire builder, forged his own path: He became a turn-of-the-century venture capitalist. In 1889 Andrew made a $25,000 loan to the Pittsburgh Reduction Co., an aluminum manufacturer, and subsequently purchased equity in the company. Profits rose from $87,000 in 1898 to $322,000 in 1900—then quickly crested the million-dollar mark. The company today is known as Alcoa.

A decade later he put $1 million into creating Union Steel. He sold it four years later to J.P. Morgan's U.S. Steel, likely making at least $41 million on its sale. (He was later accused by the U.S. government of inflating assets on Union's balance sheet.)

THE NATIONAL GALLERY OF ART IN WASHINGTON, D.C. was born of a rare meeting of minds between Andrew Mellon (who many blamed for the Great Depression) and President Franklin Delano Roosevelt (who was pursuing the former Treasury Secretary on tax charges). Yet the two political enemies joined forces to push an act through Congress in 1937 that provided funding to build a museum seeded by the financier's extraordinary collection of 126 old master paintings (including Raphael's "Alba Madonna," above) and 26 sculptures. The gallery expanded dramatically under the stewardship of Andrew's son Paul (d. 1999). It now contains more than 130,000 works of art, more than 11,000 of which were donated by members of the Mellon family.

He also invested in the next generation: Andrew's nephew William Larimer Mellon was as eager to prove himself as his uncle and grandfather had been. Seeded with $10,000 from the family coffers, he chased the Rockefellers into the oil business. That company wound up being Gulf Oil. Nearly a hundred years later Gulf Oil was sold to Chevron in 1984 for $13.3 billion; the Mellons appear to have held on to their shares after the sale, and their fortune was little changed at an estimated $2.5 billion.

Andrew served as U.S. Treasury Secretary under three presidents from 1921–32—credited for the Roaring '20s, then blamed for the Great Depression.

When he died in 1937 he had amassed a fortune exceeding $280 million, more than $4 billion in today's dollars, up from $50 million at the turn of the century—wealth created in ways his father had never considered. Today the idea of the Mellons as a "banking" fortune is, to the family members, an ancient notion. "Those who did own large positions in the bank's stock have found better things to do with their money," says Matthew's uncle, James. "Some of us still benefit from trusts in the bank, but that's the only relationship that we have to the institution nowadays. Frankly, banking has been a dud business for a long time."

WHILE THE MODERN MELLONS haven't had grand slams along the lines of Alcoa, Gulf Oil or the eponymous family bank, they've followed through on the Judge's request that they invest and diversify. Thomas Mellon Evans amassed a $290 million fortune and died in 1997 with a menacing epithet: "the Jaws of Business." He started in the Gulf Oil stats department in 1931 and became one of the earliest takeover artists, buying more than 80 companies with a foolproof formula: He'd never pay more than their breakup value.

Skipping another generation ahead, Timothy Mellon started off creating a computer-programming company in the 1960s, then expanded into industries more typical of the late 19th century, building a New England railroad company, Guilford. Today he's personally worth almost $1 billion.

Then there's Richard Scaife, 82, who bought a small suburban paper in 1970, then grew it into today's *Pittsburgh Tribune-Review*. Best known as the man who reportedly funded an ongoing effort to dig up dirt on Bill Clinton during the 1990s, Scaife is perhaps the most important media mogul in western Pennsylvania, with several local weekly newspapers and a stake in Newsmax, the conservative online newsmagazine. He's worth $1.5 billion.

Which brings us to Matthew Mellon, who is carrying on the family tradition of investing in far-flung personal business passions. Matthew's father, Karl Mellon, was an absent parent for most of his childhood and later committed suicide, a subject he isn't fond of bringing up. His mother, Anne, and stepfather, J. Reeve Bright, a once powerful GOP attorney and distant relative of Theodore Roosevelt, largely kept him in the dark about the Mellons and what he could expect in terms of inheritance.

So it came as a shock at age 21 when he inherited 14 trust funds worth an estimated $25 million. "There's a saying: more money, more problems," says Matthew. With little grounding in how to live up to the Mellon name or what to do with the money, he raced around southern California in a little black Ferrari, working ostensibly as a talent agent. He swam the bay at St.-Tropez with the crown prince of Greece. ("He's a really fun guy," says Prince Pavlos.) He partied, enjoying scotch on the rocks and developing an addiction to cocaine.

Entrepreneurship found him at an Alcoholics Anonymous meeting in 1998, when he met Tamara Yeardye, who was building the shoe line Jimmy Choo. They married, and the Mellon genes soon had him dabbling, first with a Jimmy Choo men's line, then his own shoe brand, Harrys of London, with shoes cushioned like a sneaker and fancy like a wingtip.

Harrys got some traction, but it proved a decade ahead of its time. "I think if it launched today it would be much bigger and have a more global appetite," says Michael Atmore, editor of *Footwear News*. And recurring addiction—one investment was negotiated from a rehab pay phone—stunted sales, which today remain at $7 million. (He lost day-to-day management in 2005, and his marriage to Yeardye ended shortly thereafter.)

Still, the Mellon lessons had seeped in. ("You never touch the principal. And you try to spend 1% of your income that comes in. There are always surprises. Always emergencies. Always charities. Trust me, you end up spending 20% of your income.") And as he got sober, he began investing: in an online art action house, Paddle8, alongside Alex von Furstenberg and Damien Hirst, and a YouTube channel called StyleHaul, which produces short movies on how to dress well.

And given his fashion chops (besides Jimmy Choo and Harrys, he dated Tory Burch in college), he's at it again. With his new wife, Nicole Hanley, a former Ralph Lauren designer, he has started Hanley Mellon, with an e-commerce store selling chic women's clothing, with $3 million invested in the past year or so.

Working from a living room adorned with two Warhols, Nicole is calling the shots on the fashion business, while Matthew focuses on the Bitcoin incubator, CoinApex, which plays into his antiestablishment worldview (he also once contributed to Julian Assange's bail money).

RECURRING ADDICTION—ONE INVESTMENT WAS NEGOTIATED FROM A REHAB PAY PHONE—STUNTED SALES.

For now it's all pie in the sky, though Matthew insists he received a buyout offer in the ballpark of $20 million for the most promising one, Coin.co, a payment processor of Bitcoins the way PayPal handles a transaction between sellers and buyers in dollars. "Matthew is the kind of guy who's very smart about attracting very talented people to help him figure it out," says J. Todd Morley, founder of Guggenheim Partners and a longtime friend. "I know he's been studying Bitcoin and talking to senior people in the industry."

Already, though, there's a shift in the way Matthew is perceived as a Mellon. His aunt, Rachel "Bunny" Mellon, died this spring. He went to Virginia for the funeral, one of the few events that can bring the Mellons together. At one point he struck up a conversation with one of Bunny's advisors. "He said, 'I can tell you that you're on to something really huge. You could be the next Andrew Mellon in that space,' " Matthew recalls. "Which I took as a huge compliment."

SKY SCRAPPERS

The tallest, most meaningful building of this American century, the new World Trade Center, is about to open. Risks abound for everyone involved, except the billionaire Durst family, who initially opposed the tower—and now sit on a sure thing.

BY ERIN CARLYLE

PHOTOGRAPH BY DAVID YELLEN FOR FORBES

Up in the air: Douglas and Jody Durst on the 80th floor of One World Trade.

Douglas Durst stands 80 floors above the place in Manhattan that, thankfully, is known less and less as Ground Zero and more as One World Trade Center, a 1,776-foot symbol of American pride and the tallest building in the Western Hemisphere. He can see across the length of Manhattan, then over to New Jersey and then east, all the way to Greenwich, Conn., which juts into Long Island Sound 40 miles north. One hundred feet below, a helicopter looks like a child's toy.

The mind-numbing views come with a catch: Precious few people are signing up to enjoy them.

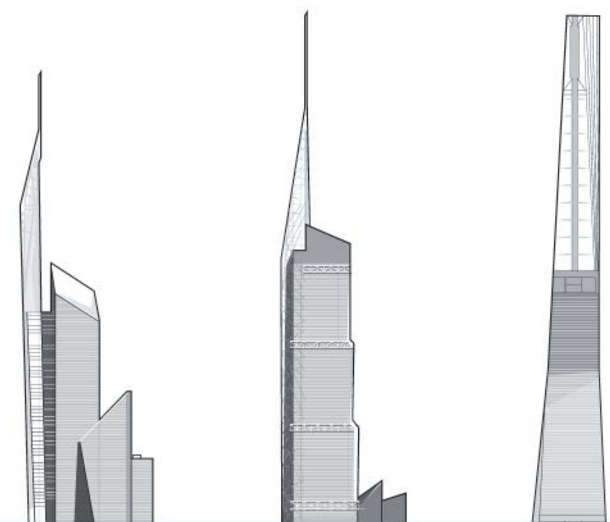
Since the Durst Organization stepped in three years ago to manage the building and leasing of New York's symbol of post-9/11 recovery, only six tenants have signed up for space. Come November, when the building opens and magazine publisher Condé Nast moves in, the tower will be just 60% leased, Durst says. To boost that dismal figure the asking price for the tower's middle floors recently dropped by 10%, to $69 per square foot.

For the Port Authority of New York & New Jersey and the citizens of those two states that ostensibly control it, that's bad news: By latest count it's shelling out nearly $4 billion to build One World Trade and $10.8 billion more to develop the rest of the site. For the Dursts, on the other hand, it doesn't matter much. They have just a 10% equity stake in the tower and a 99-year contract to run and lease it—all with little financial risk. Whether the building rents out next week or several years down the road, they win in the end: One World Trade will provide steady, solid revenue for future generations of their family real estate business, while growing in value at the same time. From a financial standpoint One World Trade is a third of a mile of pure upside.

Savvy deals like this have made the Dursts one of New York City's great real estate dynasties, worth a collective $4.4 billion, according to FORBES, thanks to a real estate portfolio that includes 11 Manhattan skyscrapers, such as One Bryant Park, the third-tallest building on the island at 1,200 feet. Douglas' grandfather created the Durst Organization nearly 100 years ago; his father, Seymour, built the family's first skyscraper; Douglas played a major role in reshaping Times Square and now One World Trade. Frequently described as eccentric, some of the 33 family members who control this empire have interests far afield of real estate: Seymour was obsessed with the national debt, so he built a giant illuminated National Debt Clock near Times Square; Douglas, an environmentalist, owns an organic farm; Anita, his daughter, a former avant-garde actress, provides free studio space in family and other buildings. And then there is Robert Durst, no longer part of the family business, who was a suspect in the disappearance of his wife and in two murders, though convicted of none (*see box, p. 72*).

Aside from eccentricity the family shares another trait: a professed disdain for wasteful government spending and market intervention—and an uncanny knack for profiting from it. In 2007, when the "Freedom Tower," as it was then being called, was still a messy hole in the ground, Durst, together with Anthony Malkin (whose family controls the Empire State Building), took out a full-page ad in New York newspapers urging governor Eliot Spitzer to slow construction down. Their argument: The Port Authority should wait to build the most important tower on the site until the four other towers were complete, so that One World Trade might capitalize on the others' success. Durst and Malkin also railed against a plan (one that was ultimately jettisoned) to house government agencies in One World Trade: "Why, now, is the government planning to pay for the construction of an overly expensive design to be occupied by government agencies at overly expensive rents, all at the expense of taxpayers' money which could be put to better uses?"

But when politicians plowed ahead, Durst won the contract to run the building anyway. And why not? "I was against it before it was built," admits Durst, clad in a hard hat, black octagon-shaped glasses and his trademark green tie and socks, with a wry grin. "If there's going to be subsidies handed out they should come our way.... That's always our feeling."



2002 Daniel Libeskind's original 1,776-foot tower design

2003 Revision merges spire with 70-story tower

2003 David Childs offers an entirely different vision

DIAGRAMS BY PATRICK WELSH FOR FORBES

EVOLUTION OF AN AMERICAN ICON

After 13 years, two architects and five designs, One World Trade Center will finally open in November. When it does, it will be about 60% occupied.

Legends Hospitality Group will operate an observatory on floors 100 through 102. Their offices will be on the 45th floor.

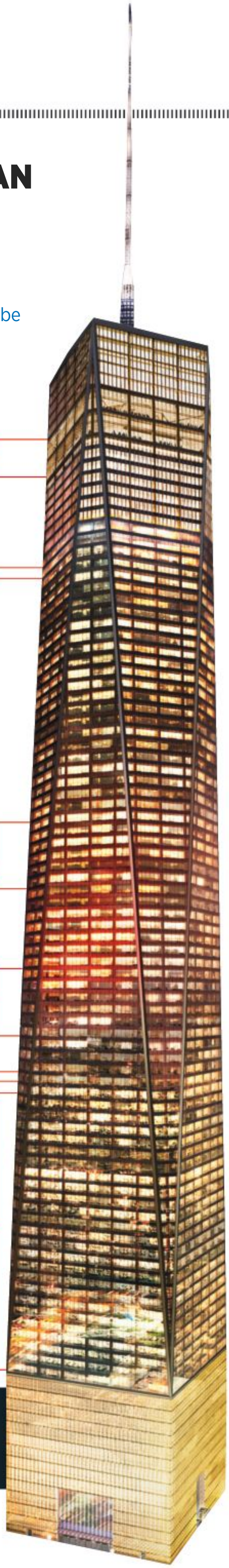
Advertising firm Kids Creative will take over the 87th floor.

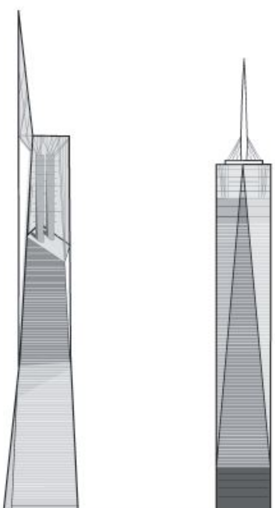
China Center, a private company providing space for Chinese businesses, will be on the 64th through 69th floors.

The federal government's General Services Administration is leasing 50 through 55.

BMB Group, an investment firm, is renting 2,191 square feet on 46.

Publisher Condé Nast will rent floors 20 through 44, 1 million square feet, or a third of the building.





2003
Libeskind-Childs collaboration brings spire back

2005
Security concerns turn final design more conservative

THE DURST'S FAMILY TALE BEGINS WITH Joseph Durst, a tailor, who traveled from what is now Poland in 1902 and arrived in New York with three dollars to his name. Within a decade he was a partner at dressmaker Durst & Rubin. The family legacy first took shape in 1915, when he bought his first building, in Manhattan's Garment District.

Joseph and his wife, Rose, had five children; three followed their father into the family business. Seymour, the eldest, moved the Dursts into skyscrapers, buying up small parcels under assumed names to eventually create blocks of land ripe for major development.

"He was a really wonderful man: quiet, discreet, invisible," says Jerry Speyer, one of the two founding partners of New York's Tishman Speyer, the real estate company that controls Rockefeller Center and the Chrysler Building. "He had an incredible amount of courage when it came to putting real estate together, assemblages and so on."

Seymour's personal life was touched by tragedy: In 1950 his wife, Bernice, then 32, plunged to her death from the roof of their Scarsdale home, leaving behind four small children (Douglas, the second child, was just 6). Seymour never remarried, pouring himself into real estate and his many hobbies, including protests against unnecessary government encroachments.

To this end he formed the "Committee for a Reasonable World Trade Center," fighting the Port Authority's development of the tract his family now runs. In 1968 the committee took out a full-page advertisement in the *New York Times*, depicting the Twin Towers with a now-chilling rendering of an airplane heading for the skyscrapers' upper floors. The point was not to predict a terrorist attack but to criticize the towers' potential interference with flight navigation and television reception. Of course, they had other reasons for fighting the project. While now wistfully cherished, in the early 1970s the World Trade Center was basically 10 million square feet of government-funded office space that was dumped into the New York market—just as the city slid into a bitter recession.

Their fight against the Trade Center foreshadowed an even bigger public battle. Durst was among several prominent developers who had quietly rolled up dozens of parcels throughout Times Square. Some of his tenants were a seedy lot, including peep show operators, "massage parlors" and purveyors of all the other vices immortalized in seemingly every gritty movie of the 1970s. By 1984 one single block on 42nd Street was generating 2,300 crimes a year.

As with the World Trade Center, a quasi-governmental entity tried to change the game—dictating a $2.6 billion redevelopment, powered by $240 million in tax abatements granted to a different real estate kingpin, George Klein. Once again the Dursts went to war, filing three lawsuits, allegedly funding more than 40 others (the Dursts denied it) and inflaming the court of public opinion. ("Perhaps all that new office space will simply provide more consumers for the drug trafficking and other illicit activities that now characterize one of the most notorious blocks in the world," wrote Seymour in a 1988 op-ed.) Helped by the poor economy, in the end they managed to stall redevelopment for most of the 1980s.

Then, in 1994, with the real estate market blooming, they pounced. Douglas bought the development rights from Klein—one of the city's appointed developers and a target of a Durst lawsuit—picking up $100 million of the very tax breaks that the family had vigorously protested. "Yes, it's ironic," Durst told the *New York Observer* at the time, mimicking what he says now about the World Trade Center. "But we didn't put the tax breaks in place. If they're there, we'll use them." Four Times Square, smack on 42nd Street, was the family's biggest project, and Douglas' baby (Seymour died in 1995, with Douglas as the clear successor; older brother Robert left the business). He landed Condé Nast, which had previously been on Madison Avenue, as the anchor tenant, and the Disneyfication of Times Square moved apace. "It's an amazing family," says Steve Spinola, president of the Real Estate Board of New York since 1986. "Are they controversial? I think if you're not controversial, you're not good at what you do."

After that building came online in 1999, the Dursts moved their efforts to a bundle of lots they owned next door. Bank of America approached the family, hoping to build a corporate headquarters on the site, financing half the construction and agreeing to occupy most of the building. The Bank of America Tower at One Bryant Park, a $2 billion, 51-story skyscraper with a 300-foot spire on top, was the first in North America to achieve LEED Platinum certification, complete with composting on the roof, high-tech air filtration systems and its own heat-and-power plant. By 2010, when the tower was completed, the Dursts were lords of 10 million square feet of Manhattan office space and 1.5 million square feet of residential rentals—all with less than 30% debt in an industry where 50% is considered conservative, thanks to their long tradition of building primarily with their own money.

Then came the chance to reshape a national icon—the one they'd been railing against for over 40 years.

TO UNDERSTAND HOW THE DURSTS ended up running One World Trade you need to go back a decade and step through one of the most epic, controversial real estate sagas in New York City history (and given that Manhattan was first acquired by swindling natives with beads and trinkets, that's saying something). Six weeks before Sept. 11, 2001 New York City developer Larry Silverstein signed a $3.2 billion, 99-year lease with the Port Authority for the Twin Towers. His rent was $10 million a month—as long as his tenants paid more than that, he'd turn a profit.

When the towers were destroyed he was left with a gaping $120-million-a-year hole—and extraordinary influence, due to an eventual $4.6 billion insurance payout, over the plans for redevelopment. Polish-born architect Daniel Libeskind drew up a master plan for five new towers, including a single new One World Trade standing a symbolic 1,776 feet high. But the project quickly turned into a boondoggle, with two architects (Libeskind, then David Childs, Silverstein's personal pick), 25 government offices and a host of politicians all weighing in. "Work stopped for one full year for the disagreements between the various agencies," says Libeskind.

Groundbreaking finally took place on Apr. 28, 2006. By November Silverstein was out as developer. Even with the insurance money, he simply didn't have the money to build—not anywhere near it. The Port Au-


DAILY NEWS
WIFE MISSING: 100G REWARD
Real estate tycoon's son asks for search
ZINGO PAYS BIGGEST BUCKS

ROBERT FISH/AP (BOTTOM)

THE (VERY) BLACK SHEEP

IN 1982 THE DURST FAMILY made tabloid headlines when Robert Durst's wife, Kathleen, disappeared. According to many news accounts she had told friends that she planned to divorce Robert and that if something happened to her they should presume he had been involved. Kathleen Durst's body was never found, and though Durst was investigated he was never charged with a crime. In 2000, as New York police were reinvestigating the case and planning to question Durst's longtime friend Susan Berman, she was found shot dead in her Los Angeles home. Again Durst was investigated but not charged. Then in 2001 Robert Durst became a suspect in a third investigation when a headless human torso washed up in Galveston Bay, Tex. The body belonged to Morris Black, a cranky older man who had rented an apartment across the hallway from Durst (the real estate scion had cross-dressed and rented his apartment under the assumed name of Dorothy Ciner). Durst admitted in court to shooting Black but claimed he had done so in self-defense. He said he had removed Black's head and limbs because he feared authorities would not believe his story. A Texas jury found him not guilty of murder. *—E.C.*

thority convinced then-governor George Pataki it could do a better job and paid Silverstein $21.5 million to go away.

It's hard to think of a more difficult construction project. Not only is the site on hallowed, emotionally charged ground, its technical issues are massive. To prep the foundation, for instance, workers had to dig by hand, with picks and shovels, to avoid disrupting a New York City subway line and the PATH train to New Jersey. For years as the underground work went on, it looked to passersby like no progress was being made. All the while the costs went up.

In 2008 then-governor David Paterson appointed a new Port Authority chief, Chris Ward, who made one of the few good decisions stemming from Paterson's feeble tenure. "We knew that the Port Authority's skill set was not going to be developing the largest and most expensive office tower in America," says Ward, who left the agency in 2011. Under his direction five developers were invited to bid on the project. The Dursts, the bane of every World Trade Center proposal for decades, won out.

"WE DIDN'T PUT THE TAX BREAKS IN PLACE. IF THEY'RE THERE, WE'LL USE THEM."

Why? They came up with the most advantageous financial arrangement, linking their management fee to cost savings for the Port Authority, says Ward. And while the Port required all bidders to put in $100 million for an equity stake in the building and agree to a 99-year contract, the Dursts sweetened their offer with a strategy they'd pioneered in past deals.

While the four other bidders offered a traditional flat management fee plus equity stake, the Dursts offered a "floating" valuation, where value of their ownership stake won't be determined until 92% of the tower is leased, or 2019, whichever comes first. That pushes them to get tenants in faster and at higher rates. It helped them cinch the deal over rivals.

"Really the reason they were chosen was to leverage a credible private sector developer who would put skin in the game," says Scott Rechler, a Port Authority commissioner who oversees the Trade Center.

Douglas Durst says there's no magic to the strategy. They had the financial muscle, the manpower and the expertise to give the Port what it wanted, with little risk to the family business. "We put ourselves in the other side's position and craft what works for them."

By the time the Dursts stepped in the skeleton of the tower was mostly built, but the family shaped its final form. Their management fee for overseeing the last phases of construction included a flat $15 million plus 75% of any cost savings up to $24 million and a declining percentage for cost savings gained beyond that.

Incentivized, they took out the ax. They are already most of the way to their cost-savings benchmark: The Dursts have nabbed $14.5 million from changing items like venting out the side of the building instead of out the top and getting rid of the stainless steel steps on the plaza. Meanwhile, they've pushed the Port Authority to give them a cut of the savings from nixing a high-tech skin for the 408-foot spire on top of the tower. A raw look, the Dursts insisted, exposing the antenna and broadcast equipment inside, would suffice.

Some easy money made, the Dursts moved on to the long game. Under their deal with the Port for the next century, every time a new tenant signs the Dursts get 8% to 13% of the first year's rent. That makes One World Trade a low-risk bet that will provide subsequent generations with a steady source of revenue.

Especially when your other buildings funnel you a constant supply of tenants. Their first move: bringing over the anchor tenant from their Times Square building, Condé Nast, which is renting 1 million square feet of office space—one-third of the tower. A quick score for the Dursts and a sweetheart deal for Condé Nast, which scored rent down to a reported $60 per square foot where similar space in Midtown leases for upwards of $75 a square foot. Says John Bellando, COO and CFO of Condé Nast, "We've had a very solid relationship with the Dursts."

The Dursts also happily accepted the kind of government tenant they've often derided—in this case the General Services Administration, which took 270,000 square feet. Beyond that the Dursts landed just three new private tenants amid security concerns and a sluggish economy. With those five tenants, plus a hospitality group to operate the three tourist observation floors, the building is 56% leased.

The annual management fee for operating the building isn't particularly lucrative—at 65.5 cents per square foot, it's only worth about $2.1 million this year. But it's an annuity that will tick up each year and something the Dursts can easily absorb with scale and manpower, while burnishing the family brand. As for their $100 million investment for some 10% of the building, they expect it to pay off in just a few short years, when One World Trade is fully leased and worth upwards of $2 billion.

"Over the long term, for the next 20 years it's a very low return for us," says Douglas. "But we always have a long-term outlook." And they get what they want in the end. F

It took the Stroh family over a century to build the largest private beer fortune in America. And it took just a few bad decisions to lose the entire thing.

HOW TO BLOW $9

BY KERRY A. DOLAN

BILLION

COURTESY FRANCES STROH

Members of Detroit's onetime leading beer family, at the Stroh brewhaus in 1974: (from left) Chairman John Sr., President Peter, Eric, Gari Jr., John Jr.

AS WITH MANY OF AMERICA'S GREAT FORTUNES, the Stroh family's story starts with an immigrant: Bernhard Stroh, who arrived in Detroit from Germany in 1850 with $150 and a coveted family recipe for beer. He sold his brews door-to-door in a wheelbarrow. By 1890 his sons, Julius and Bernhard Jr., were shipping beer around the Great Lakes. Julius got the family through Prohibition by switching the brewery to ice cream and malt syrup production. And in the 1980s Stroh's surged, emerging as one of America's fastest-growing companies and the country's third-largest brewing empire, behind only public behemoths Anheuser-Busch and Miller. The Stroh family owned it all, a fortune that FORBES then calculated was worth at least $700 million. Just by matching the S&P 500, the family would currently be worth about $9 billion.

Yet today the Strohs, as a family business or even a collective financial entity, have ceased to exist. The company has been sold for parts. The trust funds have doled out their last pennies to shareholders. While there was enough cash flowing for enough years that the fifth-generation Strohs still seem pretty comfortable, the family looks destined to go shirtsleeves-to-shirtsleeves in six.

"We made the decision to go national without having the budget," sighs Greg Stroh, a fifth-generation family member and former Stroh Brewery employee. "It was like going to a gunfight with a knife. We didn't have a chance." His analysis comes tinged with inevitability. It wasn't. A handful of family-owned regional brewers such as Yuengling and Schell's continue to thrive, while others, like Olympia and Hamm's, sold out. And the Strohs' largest rivals during the 1980s and 1990s, the Coors, who also aspired to turn their no-frills, regional suds into a national powerhouse, remain in the top 100 on the FORBES America's Richest Families list.

The Strohs chose a different path, a saga that serves as a powerful reminder: Hard as it is to build a family business designed to last in perpetuity, it's shockingly easy for any successor to tank it.

FOR ITS FIRST CENTURY the Stroh beer business, based in Detroit, grew by following the basics: respect your customers; respect your employees. The former meant catering to Midwest working-class tastes at working-class prices (the family watered down Bernhard Stroh's precious recipe, after hops and wheat shortages in World War II left Americans accustomed to weaker brews). The latter by treating every employee like an honorary member of the clan. John Stroh, who oversaw a dramatic sales surge in the Eisenhower years, "was known for walking the brewery and knew everyone's first name," his grandnephew Greg remembers. "Employees would run through walls for the family." As if to connect the customers and the business, the Stroh signature was emblazoned on every bottle, topped by a family crest with a lion. Sales surged in lockstep with postwar Detroit, from 500,000 barrels in 1950 to 2.7 million barrels in 1956.

The mammoth changes came in the early 1980s. John Stroh had moved into the chairman's role in 1967 and handed control of the brewery to his nephew, Peter, who became CEO in 1980. Like John, he had a plan to grow, but not incrementally: He would do it by acquisition. In 1981 Stroh bought New York-based brewer F&M Schaefer, which, like Stroh, was founded by a German immigrant in the mid-1800s and also offered low-priced suds to its regional fans (famous marketing line: "The one beer to have when you're having more than one"). The next year, in what family members describe as "the minnow swallowing the whale," Peter Stroh bet the family business, borrowing $500 million (the book value of the Stroh business was $100 million at the time) to buy Joseph Schlitz Brewing of Milwaukee.

Suddenly Stroh was the third-largest brewer in the U.S., with seven plants and a national footprint. On paper there was synergy. FORBES valued the company at $700 million in 1988, listing the Strohs with one of the largest family fortunes in the U.S. at the time, shared by 30 relatives.

But Peter Stroh's grand vision of a thriving U.S.-wide brewer failed to materialize. It largely missed the boat on the biggest industry trend in a generation: light beer. And Stroh's core product—cheap, watery, full-calorie beer—was a commodity. But saddled with debt, Stroh couldn't afford to match the ad spending of its bigger rivals, Anheuser-Busch and Miller. Unable to spur demand through marketing, Stroh turned to price, introducing a 15-pack for the price of 12 cans and a 30-pack for the price of a case of 24. While the latter had legs, it wasn't enough to outrun the shrinking margins.

Meanwhile, an ambitious family from Colorado began moving into the Stroh markets. "It became a competition between Stroh and Coors," says Scott Rozek, a former director-level employee who spent 12 years at Stroh. "At that time there were four big breweries in a three-brewery industry—there was really only room for three." By the end of the 1980s Coors overtook Stroh as the country's third-largest brewer.

In August 1989 the Stroh Brewery Co. was in retreat. The company that had treated employees like family laid off 300 people, one-fifth of its white-collar workforce. "I had to let go four of the five people in the marketing research department. It was heartbreaking," remembers Ed Benfield, former director of market research at Stroh.

The next month Peter Stroh, who died in 2002, agreed to sell the family business to Coors for $425 million. But Coors got cold feet and pulled out of the deal a few months later. "It had something to do with due diligence, and Bill Coors," says Benjamin Steinman, longtime editor of newsletter *Beer Marketer's Insights*. "There were lots of stories."

Desperate, Peter Stroh brought in renowned adman Hal Riney to give the Stroh's brand a more upscale look and position. The cherished Stroh signature gave way to block print, prices were raised, and the 15- and 30-packs were nixed. It could not have been a worse decision. But since the product hadn't changed, customers could do the math: Sales of Stroh's-brand beer fell more than 40% in one year, "the biggest drop in sales in the history of beer," says Benfield.

Market share for Stroh's, as well as for its acquired brands like Schaefer, Schlitz and Old Milwaukee, fell from 13% in 1983 to 7.6% in 1991. Even CEO Peter Stroh admitted the troubles. "We've been through a very difficult period," he told FORBES in 1992. "We tried to do too much."

> "WE MADE THE DECISION TO GO NATIONAL WITHOUT HAVING THE BUDGET."

And yet it tried to do more. In 1996 Stroh repeated his mistake, borrowing yet more money for the $300 million acquisition of struggling brewer G. Heileman. The purchase fell flat. Heileman had breweries in cities like Seattle and Portland, where Stroh didn't, but it lacked a big stable of strong brands. One industry analyst remembers the deal described as "two sick chickens—they were both declining."

It got worse. Peter Stroh had tried to diversify the business, with investments in biotech and Detroit real estate. Both were far from the family's core competencies and lost them millions more. By 1998 cousin John Stroh III had taken charge at Stroh Cos., the brewery parent. And while the company had turned to contract brewing for others, including Sam Adams, as a way to make up for plummeting sales, Stroh took a mortal hit in 1998 when it lost a contract with Pabst.

By 1999 there was internal concern about whether they could even make their interest payments on the debt incurred, says one former executive. And so Bernhard Stroh's legacy was sold for scraps: Miller Brewing, owned at the time by Philip Morris, bought Stroh's Henry Weinhard's and Mickeys brands, while Pabst bought the rest of the brands owned by Stroh's as well

Gilded memories: fifth-generation family member Frances Stroh, at her home in San Francisco.

TIMOTHY ARCHIBALD FOR FORBES

as its brewery near Allentown, Pa., for a price several sources peg at around $350 million—about $250 million of which was used to pay down debt incurred with the Heileman purchase. Some of the remaining $100 million or so was transferred to a fund to pay employee pension liabilities, which Stroh had retained in the sale. The rest went into a fund for the family that dribbled out checks until 2008, when it was completely tapped.

FOR GENERATIONS, GROWING UP STROH meant a life of comfort. "My life with my father felt like being inside a gilded bubble," says Frances Stroh, whose father, Eric, quit the company after a fight with his brother Peter in 1985. An artist at heart, Eric spent millions buying hundreds of antiques—guns, cameras, guitars—to fill the big house that Frances grew up in. Saving, Frances says, was not a priority.

And why would it have been when the checks rolled in? In the 1980s the seven members of the fourth generation got $800,000 a year. (There were another 20 or so shareholders from the third and fifth generations as well, who received differing amounts.) That enabled several Stroh families to live in stately homes on gated Provencal Road in the tony Detroit suburb of Grosse Point Farms, with maids, cooks, country club memberships, boarding school tuition and no need for 9-to-5 jobs. "A lot of people were living off the family business," says Greg Stroh, who's now 47.

As with too many families with more money than direction, drugs and alcohol followed. Frances Stroh was kicked out of boarding school at Taft after she was caught drinking. Her three brothers also got kicked out of different prep schools. In an excerpt from a memoir about the family that Frances is writing, she describes one incident during her college years when she was snorting cocaine with her brothers while the rest of the family was downstairs having Christmas dinner at their Grosse Point Farms home.

One of her brothers, Charlie, narrowly avoided going to prison for dealing cocaine in college in the early 1980s. His parents forced him to join the Marines, and good behavior in the service was the key to evading a prison sentence. Yet the demon of addiction reappeared two decades later, in 2003, when he fell to his death from a tenth-floor hotel balcony in Texas, as the sheets he tied together to form a rope failed to hold. He was 43. One report quoted police saying he called the front desk at the hotel "to report a bank robbery and other nonsensical things."

There have been other tragedies throughout the years. Nick Stroh, a fourth-generation member of the family and a freelance journalist in Africa, was bludgeoned to death by Ugandan troops in 1971 after he investigated reports of an army massacre. Peter's brother Gari Stroh Jr., who ran the Stroh Ice Cream division, became a quadriplegic after a fall from a horse on his farm in 1982. And so on.

All of which served to make 1989—the year of the failed sale to Coors—something of a shock to the family. For the first time the company couldn't come up with dividend payments. "My generation probably grew up with the illusion that things were going to be pretty good," says Greg Stroh. "We had to make adjustments."

Eric Stroh was hit particularly hard. His first wife had to briefly loan him money to help him make ends meet. In 2009, a few months after the checks stopped for good, the overweight and diabetic Eric collapsed, alone, after letting a leg wound go untreated—most of his estate went into trusts to pay liabilities to his two former wives (the second one had gone to high school with Frances).

Frances and her two surviving brothers each inherited $400,000 from a trust. She also inherited her dad's collections of antique cameras, guns and guitars—some of which turned out to be fakes, and others, fittingly, worth pennies on the dollar of what her father had paid for them. F

DOMINANT DYNASTIES

The Waltons. The Kennedys. The Rockefellers. You know the names already. Now FORBES has compiled the first comprehensive ranking of the richest families in America: 185 clans with fortunes of at least $1 billion. They're collectively worth $1.2 trillion. Many are working at increasing their fortunes. Others are merely sleepy heirs, several generations removed from their families' heydays. Nearly all have ties to some of the most storied businesses and brands in American history, including Jack Daniel's, L.L. Bean, Getty Oil, Hallmark and Budweiser.

Abundant legacy: This portrait of Sam Walton, his wife and his children, decades before his heirs became the wealthiest dynasty in American history, hung in the Wal-Mart Museum in Bentonville, Ark.

GILLES MINGASSON/GETTY IMAGES

1. WALTON

$152 billion **6 MEMBERS**

Unrest has beset the Waltons' Wal-Mart empire. Workers at one of the world's biggest employers went on strike to protest low wages and have led movement to unseat Rob Walton as chairman, but family's tight grip on retailer—together they own 51% of shares—gives them effective veto. With $476 billion in revenues, still reigns as world's largest retailer, a far cry from company started by Sam Walton and his brother James in a small Arkansas town in 1962.

2. KOCH

$89 billion **4 MEMBERS**

Bitter split led William and Frederick to sell out of family business for reported $700 million in 1983 and left Charles and David in charge of expanding their conglomerate, Koch Industries, into what's now the nation's second-largest private company. Feeling shortchanged, William and Frederick spent over a decade suing for more, but today are worth a fraction of their more powerful siblings. Company's roots date back to their dad's midwestern refining business.

3. MARS

$60 billion **3 MEMBERS**

Siblings are heirs to Mars, one of the largest candy companies in world and Wonka-esque in its intense secrecy. Trio's grandfather Frank founded company 1911; their father, Forrest Sr., introduced M&M's (400 million now made each day in U.S). Later expanded into packaged foods (Uncle Ben's Rice) and pet food (Whiskas).

4. CARGILL/MACMILLAN

$43 billion **9 MEMBERS (EST.)**

Own estimated 88% stake in agribusiness giant Cargill. The largest private company in America, with $137 billion in revenues, it processes crops, sells food ingredients, and trades commodities. W.W. Cargill, son of Scottish sea captain, started the business in 1865 as a small grain storage business.

5. JOHNSON (FIDELITY)

$39 billion **4 MEMBERS**

Edward C. Johnson II founded Fidelity in 1946. His son, Ned Johnson, and his grandchildren, including heir apparent Abigail, own 49% of the Boston company, one of the country's largest mutual fund outfits, which operates famed Magellan Fund and Contrafund.

6. HEARST
$35 billion **64 MEMBERS**

Orson Welles' *Citizen Kane* was largely based on publishing magnate William Randolph Hearst. His grandson William R. Hearst III chairs media empire Hearst Corp., which includes 49 newspapers, nearly 340 magazines around the globe and valuable stakes in cable TV channels ESPN, Lifetime and A&E.

7. COX
$32 billion **3 MEMBERS**

James M. Cox purchased his first newspaper in 1898. Today the sprawling media business, which is headed by his descendants, includes newspapers, cable TV, AutoTrader, Kelley Blue Book.

8. PRITZKER
$29 billion **13 MEMBERS**

Powerful Chicago family spent 2000s feuding over trusts, eventually divvied up fortune. Penny is U.S. Secretary of Commerce; Thomas chairs Hyatt Hotels. A.N. Pritzker (d. 1986) and sons created Hyatt, invested in holdings like industrial conglomerate Marmon.

9. JOHNSON (S.C. JOHNSON)
$25.5 billion **11 MEMBERS**

S.C. Johnson founded Wisconsin cleaning-products company in 1886. Son Herbert later ran it until his death in 1928. He reportedly died without a will, leading to struggle over estate. S.C.'s great-great-grandson, H. Fisk, is now CEO of the company, best known for Pledge, Windex and Ziploc. Fisk's brother Curt was sentenced to 4 months in prison for sexual assault of a minor.

10. DUNCAN
$25.4 billion **4 MEMBERS**

Rags-to-riches Texas tycoon Dan Duncan died in 2010, leaving his nearly $10 billion estate to his 4 children. Fortune has grown thanks to soaring stock of their pipeline giant, Enterprise Products Partners, and generous dividend payments.

11. NEWHOUSE
$17 billion **2 MEMBERS**

Si and Donald own Advance Publications, publishers of *Vogue*, the *New Yorker*, *Vanity Fair*; newspapers the *Times-Picayune* and the *Plain Dealer*. Also have stake in cable TV giant Discovery Communications.

12. LAUDER
$15.5 billion **6 MEMBERS**

Queens, N.Y. native Estée Lauder started out selling homemade skin creams to women in hair salons, then founded her own company with husband, Joseph, in 1946. The turquoise pots of makeup took off; added such brands as Bobbi Brown, MAC, Clinique. Her family still owns 39%, but rules the company with a well-manicured fist—83% of voting power. Four descendants are board members, including granddaughters Aerin and Jane (both individual billionaires).

13. DU PONT
$15 billion **3,500 MEMBERS (EST.)**

Prisoner during the French Revolution, E.I. du Pont fled in 1799 and landed in Delaware, where he founded DuPont as gunpowder manufacturer; 2 centuries later his many descendants benefit from success of chemical giant, which invented nylon, Kevlar and Teflon. Pete du Pont was governor of Delaware from 1977–85.

13. HUNT
$15 billion **34 MEMBERS**

Legendary wildcatter H.L. Hunt, inspiration for *Dallas*' J.R. Ewing, sired 15 children (one died in infancy) by 3 women. Hunts have ranked as one of the richest families in America since the 1960s. His descendants have discrete fortunes: son Ray Lee oversees Hunt Oil; son Herbert big player in shale; daughter Caroline founded, then sold Rosewood Hotels & Resorts; and grandsons own Kansas City Chiefs.

15. ZIFF
$14.3 billion **3 MEMBERS (EST.)**

Grandfather founded, dad later ran publishing empire that included *PC Magazine* and *Car and Driver*. Ziff brothers set up a family office to manage assets in early 1990s as their father began unloading magazines before retiring.

16. JOHNSON (FRANKLIN RESOURCES)
$14 billion **5 MEMBERS (EST.)**

Half-brothers Rupert and Charles ran mutual fund company Franklin Resources together for nearly half-century. Charles stepped down as chairman 2013; son Gregory replaced him, and daughter Jennifer is COO. Rupert remains vice chairman. Rupert Sr. set up shop in 1947.

William Randolph Hearst and his infant son, William Jr., a future Pulitzer Prize-winning journalist, in 1908.

HULTON ARCHIVE/GETTY IMAGES

17. BUSCH
$13 billion **30 MEMBERS (EST.)**

Adolphus Busch brewed first batch of Budweiser in 1876. Descendants ran Anheuser-Busch until 2008, when Brazilian investors bought it for $52 billion.

18. DORRANCE
$12.8 billion **11 MEMBERS (EST.)**

More than a century after John T. Dorrance, a chemist at what became Campbell Soup Co., invented formula for condensed soup in 1897, his heirs are still the company's largest shareholders.

19. MELLON
$12 billion **200 MEMBERS (EST.)**

Judge Thomas Mellon made a fortune in 1800s in land, coal, real estate and banking. Son Andrew added to wealth. *(See story, p. 62.)*

20. BROWN
$11.6 billion **25 MEMBERS (EST.)**

Founded in 1870 by George Garvin Brown in Louisville, Ky., Brown-Forman is now one of America's biggest liquor companies. Brands include Jack Daniel's, Southern Comfort and Finlandia. Family controls 67% of publicly traded company.

21. CARLSON
$10.3 billion **2 MEMBERS**

Curt Carlson got start selling Gold Bond trading stamps in 1930s; today his daughters own, and grandchildren run, Carlson Inc., a $4.4 billion (net sales) travel and hospitality business operating over 1,300 hotels. Recently agreed to sell TGI Fridays for undisclosed sum.

22. FISHER (GAP)
$10.2 billion **4 MEMBERS (EST.)**

Real estate developer Donald (d. 2009) was frustrated when he couldn't find a pair of jeans that fit. Turned vexation into first Gap store, in 1969, founding it with wife Doris. Family still owns 41% stake, and 2 of 3 sons sit on board of Gap, which now operates more than 3,500 stores globally.

23. BUTT
$10.1 billion **5 MEMBERS**

Charles Butt is chairman and CEO of H.E. Butt Grocery of Texas, founded by his grandmother 1905. He is majority shareholder; his 2 siblings and 2 nephews also own some.

24. ROCKEFELLER
$10 billion **200 MEMBERS (EST.)**

John D. Rockefeller struck it rich with Standard Oil in 19th century, becoming America's first billionaire before dedicating himself to philanthropy. He and son John Jr. gave away more than $1 billion, including establishing University of Chicago and Rockefeller University. John Jr. built Rockefeller Center. Only living grandchild David, 99, had long career with Chase National Bank and is world's oldest billionaire. (His son Richard died in plane crash in June on way home after birthday celebration for his dad.)

25. GALLO
$9.7 billion **14 MEMBERS (EST.)**

Brothers Ernest and Julio started making wine in shed in Modesto, Calif. in 1933. Now world's largest winemaker; the company, run by Ernest's son Joe, is selling liquors such as New Amsterdam vodka.

26. MARSHALL
$9.3 billion **3 MEMBERS (EST.)**

Onetime husband of Playboy Playmate Anna Nicole Smith, J. Howard II (d. 1995) got 14% stake in Koch Industries after investing in a refinery business bought by the conglomerate. Elaine, wife of son E. Pierce Marshall (d. 2006), her 2 sons and grandchildren inherited the stake.

27. BASS
$9.1 billion **4 MEMBERS**

In the 1930s Perry Bass began working for his wildcatting uncle Sid Richardson, who later left part of his oil fortune to Bass and his 4 sons. They've been building on it ever since.

28. MEIJER
$8.9 billion **4 MEMBERS**

Michigan-based grocery chain Meijer pioneered the superstore in 1960s. Hank and Doug Meijer, grandsons of founder Hendrik Meijer, are cochairmen.

29. BECHTEL
$8 billion **4 MEMBERS (EST.)**

Construction and engineering giant Bechtel, builder of Hoover Dam, was founded in 1898 by Warren Bechtel. Fourth-generation member Riley retired as CEO in February but remains chairman.

29. REYES
$8 billion **3 MEMBERS**

Three brothers operate Chicago-based Reyes Holdings, which owns the U.S.' largest beer distributor and McDonald's biggest food distributor.

29. SIMPLOT
$8 billion **3 MEMBERS (EST.)**

J.R. "Jack" Simplot (d. 2008) minted a fortune selling his Idaho potatoes to the likes of McDonald's. The $6 billion (sales) J.R. Simplot Co. added phosphate mining and fertilizer production and is run by Simplot's children.

32. RALES
$7.9 billion **2 MEMBERS**

Brothers Mitchell and Steven left their father's real estate firm in 1979 and started buying small manufacturing companies, which became listed conglomerate Danaher.

33. ROLLINS
$7.8 billion **11 MEMBERS**

Rollins Inc. subsidiary Orkin, the termite-killing franchise, is family's best-known business, but their stake in oil-and-fracking spinoff RPC is worth more.

Heirs of America's first billionaire: John D. Rockefeller Jr. and sons David, Nelson, Winthrop, Laurance and John D. III in 1937.

34. E.W. SCRIPPS
$7.5 billion **50 MEMBERS (EST.)**

Newspaper group founded by Edward Willis Scripps in Cincinnati 1922 grew to include wire service United Press International. It spun off its cable TV operations (HGTV, Food Network, Travel Channel) in 2008 into Scripps Networks Interactive.

35. CROWN
$7.3 billion **3 MEMBERS (EST.)**

Chicago clan led by patriarch Lester, 89; has $4 billion stake in General Dynamic; co-owns Rockefeller Center and controls company that owns Aspen, Snowmass ski resorts. Also has an interest in New York Yankees.

36. STRYKER
$7.2 billion **3 MEMBERS**

Dr. Homer Stryker, an orthopedic surgeon from Michigan, invented the mobile hospital bed. His grandchildren inherited shares in Stryker Corp., medical device and equipment company he founded in 1941.

37. SMITH
$7 billion **60 MEMBERS (EST.)**

Secretive descendants of Chicago banker Byron Smith, who founded Northern Trust Co. and Illinois Tool Works over 100 years ago, are still profiting from holdings in those companies.

38. PIGOTT
$6.9 billion **30 MEMBERS**

Family owns 30% of Paccar, a leading manufacturer of medium- and heavy-duty trucks. Paccar was founded by William Pigott Sr. in 1905 to make railway and logging equipment.

39. SHOEN
$6.8 billion **13 MEMBERS (EST.)**

Sam and his wife, Anna Mary, founded U-Haul in the 1940s and slowly distributed most of the company to his 13 children. In 1986 sons Joe and Mark ousted him and took control. He sued successfully but committed suicide in 1999. Sons still run the company.

39. SIMON
$6.8 billion **5 MEMBERS**

Brothers Melvin (d. 2009) and Herbert Simon founded precursor to Simon Property Group in 1960. It's now the world's largest REIT, with 325 shopping malls and retail strips. Herb, who has 8 children and is married to a former Miss Universe from Thailand, also owns the Indiana Pacers.

41. LEFRAK
$6.5 billion **4 MEMBERS (EST.)**

New York real estate clan was founded in 1901 by Harry LeFrak, and today owns 400 properties, mostly in the tristate region, including 5,000-unit apartment complex LeFrak City in Queens.

42. HUGHES
$6.1 billion **3 MEMBERS**

Politically conservative, Kentucky-based Hughes family is the largest shareholder in Public Storage and one of the most prominent names in Thoroughbred horse racing.

42. PHIPPS
$6.1 billion **300 MEMBERS (EST.)**

Andrew Carnegie's business partner Henry Phipps established the Bessemer Trust when they cashed out of Carnegie Steel. Today it boasts nearly $100 billion in assets.

44. KLUGE
$6 billion **5 MEMBERS (EST.)**

John Kluge (d. 2010) created television and radio conglomerate Metromedia before selling stations to News Corp. and Hearst for $2 billion in 1985.

44. TISCH
$6 billion **5 MEMBERS**

Brothers Preston and Laurence (both deceased) acquired Loews Theatres in 1959. Today Loews Corp. includes oil drilling, natural gas pipelines and insurance (CNA). Laurence's son Andrew is chairman. Preston's widow, Joan, owns 50% stake in the NFL's New York Giants.

46. JOHNSON
$5.9 billion **60 MEMBERS (EST.)**

Robert Wood Johnson cofounded Johnson & Johnson, maker of Band-Aids, Listerine and Tylenol, in 1886 with his brothers. Great-grandson Woody owns New York Jets.

47. MARRIOTT
$5.7 billion **7 MEMBERS (EST.)**

John Willard Marriott opened his 9-stool root beer stand with $6,000 in 1927. Famous for high-end brands like Ritz-Carlton and Renaissance, the company, headed by his son Bill, today controls nearly 4,000 hotels in over 70 countries.

48. KOHLER
$5.6 billion **2 MEMBERS**

Iconic toilet- and faucetmaker Kohler Inc. traces its roots to an iron and steel foundry purchased by John Kohler in 1873. His grandson Herbert Kohler Jr. is chairman and CEO, and owns the company with his sister Ruth.

48. PEROT
$5.6 billion **2 MEMBERS**

Ross Perot Sr. made $1.5 billion selling Electronic Data Systems to GM. He and Ross Jr. cleared another $1 billion selling Perot Systems to Dell. Junior has made a third billion-dollar fortune in logistics, with an 18,000-acre inland port called AllianceTexas in Fort Worth.

50. BARBEY
$5.4 billion **12 MEMBERS (EST.)**

Family owns nearly 20% of VF Corp., which was started as a Pennsylvania glove manufacturer in 1899 and today is the world's largest apparel firm, owner of Lee, Wrangler and North Face brands.

51. GORE
$5.3 billion **24 MEMBERS (EST.)**

Bill (d. 1986) and Genevieve (d. 2005) Gore founded W.L. Gore & Associates in the basement of their home in 1958. Best known for inventing Gore-Tex, it now has $3.2 billion revenues.

52. JENKINS
$5.2 billion **25 MEMBERS (EST.)**

George Jenkins (d. 1996) founded Publix Super Markets in 1930 in Winter Haven, Fla. The family still owns 20% of the supermarket chain, but employees are the controlling shareholders, with an 80% stake.

52. SIMMONS
$5.2 billion **3 MEMBERS**

Corporate raider Harold Simmons (d. 2013) was an influential GOP donor, a fact that led to falling-out with 2 of 4 daughters, who accused him of using their money to fund politics they didn't support. Parties settled; his fortune was left to his widow and his other 2 daughters.

54. FRANCE
$5 billion **20 MEMBERS**

Family has controlled Nascar, the stock car racing organization, since 1948. Brian France, grandson of founder, has been CEO since 2003. His sister Lesa France Kennedy is vice chairman of International Speedway Corp., in which family also has stake. Her son Ben is a driver with Turner Scott Motorsports.

54. GETTY
$5 billion **28 MEMBERS (EST.)**

Once the richest man in the world, J. Paul Getty left the bulk of his estate to the Getty Museum, but his children inherited billions through a trust with interests in Getty Oil along with a history of tragedy including drug overdoses and kidnappings.

54. MORAN
$5 billion **10 MEMBERS (EST.)**

Jim Moran (d. 2007) struck a deal to distribute Toyotas throughout southeast U.S. in 1968. Now family's JM Family Enterprises operates diverse automotive empire, with $12.5 billion in revenue.

57. VAN ANDEL
$4.7 billion **4 MEMBERS (EST.)**

Jay Van Andel (d. 2004) cofounded Amway in 1959 selling cleaning products door-to-door with good friend Richard DeVos. Today $11.3 billion (sales) health and home products empire overseen by his children.

58. DURST
$4.4 billion **33 MEMBERS**

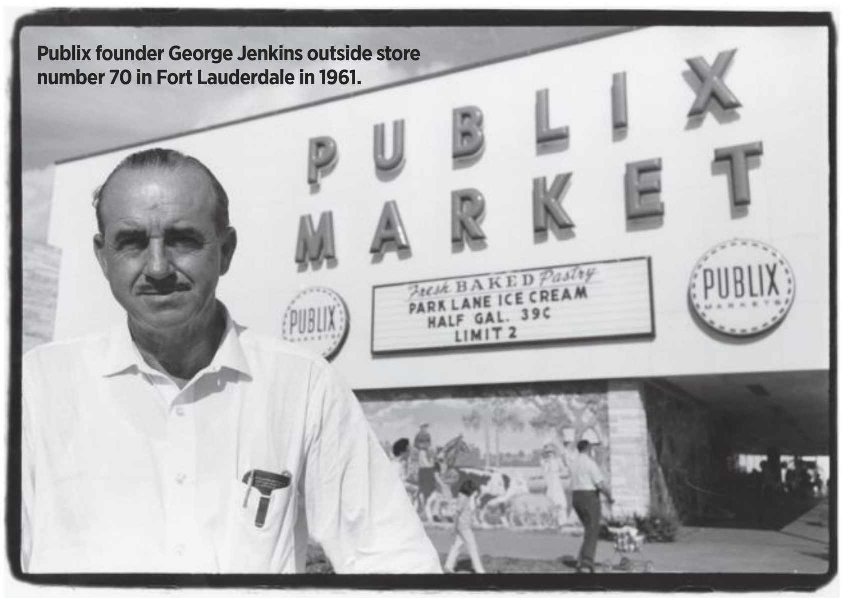
New York real estate royalty. Extended family jointly controls $4.4 billion property portfolio, including 10% stake in One World Trade Center, tallest building in the U.S. *(See story, p. 68.)*

58. GLAZER
$4.4 billion **21 MEMBERS**

One of the shrewdest sports team owners, Malcolm Glazer, died in May. His wife and 6 children carry on his legacy as owners of the Tampa Bay Buccaneers, Manchester United and 6.7 million square feet of shopping center space.

58. MCCAW
$4.4 billion **5 MEMBERS**

McCaw brothers all worked as salesmen for their father's cable company in the 1960s. After their father's death the brothers, led by Craig, rebuilt it into McCaw Cellular. Sold it to AT&T for $12.6 billion in 1994.



Publix founder George Jenkins outside store number 70 in Fort Lauderdale in 1961.

58. RUDIN
$4.4 billion **30 MEMBERS (EST.)**

Louis Rudinsky, a Lithuanian immigrant, bought family's first Manhattan property in 1902. Five generations later family's firm owns 16 office buildings, 18 apartment buildings in New York City.

62. CHAO
$4.3 billion **3 MEMBERS (EST.)**

Siblings in the Chao family, who emigrated from Taiwan in the 1980s, run manufacturing powerhouse Westlake Chemical Corp., one of North America's largest plastic producers.

62. HASLAM
$4.3 billion **4 MEMBERS**

Knoxville, Tenn.'s leading family owns 59% stake in travel center chain Pilot Flying J. Jimmy led family's purchase of 70% stake in NFL's Cleveland Browns. His brother Bill is governor of Tennessee.

64. ALFOND
$4.2 billion **10 MEMBERS (EST.)**

Descendants of Harold Alfond, who sold Warren Buffett his Dexter Shoe Co. in exchange for Berkshire Hathaway shares in 1993.

64. WIRTZ
$4.2 billion **11 MEMBERS**

Became famous as owners of the NHL's Chicago Blackhawks but got rich running $2.5 billion wine and liquor distributorship.

66. CHANDLER
$4 billion **200 MEMBERS (EST.)**

In 1894 clerk Harry Chandler married the daughter of *Los Angeles Times* owner Harrison Gray Otis. Chandler (d. 1944) built up media empire Times Mirror. Family sold to Tribune Co. in 2000; disposed of stake when privatized in 2007.

66. STEPHENS
$4 billion **5 MEMBERS (EST.)**

Founded by Elton B. Stephens in 1944 to provide U.S. military with magazines, EBSCO now has $2.4 billion in sales, primarily from providing e-books and research databases to libraries and corporations.

68. INGRAM
$3.8 billion **5 MEMBERS**

Martha and more recently her sons have run Ingram Industries and Ingram Entertainment since her husband died in 1995. Their Ingram Marine operates 4,000 barges on inland waterways; Ingram Content provides content to Apple's iBookstore.

69. NORDSTROM
$3.7 billion **11 MEMBERS**

John W. Nordstrom opened his first shoe store in Seattle in 1901. Family still very involved; it has large stake in and 3 relatives sit on board of Nordstrom, which operates 117 department stores.

70. POHLAD
$3.6 billion **20 MEMBERS (EST.)**

Three brothers run more than 30 companies founded by father Carl Pohlad (d. 2009). Own MLB's Minnesota Twins.

71. GUND
$3.5 billion **15 MEMBERS (EST.)**

Bulk of fortune comes from 9% stake in Kellogg's, which bought George Gund Jr.'s decaf coffee company, Sanka, in 1927.

71. SCHNEIDER
$3.5 billion **6 MEMBERS (EST.)**

Al Schneider (d. 1983) started with one truck in 1935; he and son Donald (d. 2012) expanded it into one of the largest trucking companies in the U.S.

George and Joan Steinbrenner watch a Yankees game in 1973, the year he invested in the team.

73. DAVIDSON
$3.4 billion **10 MEMBERS**

William Davidson (d. 2009) made fortune at Guardian Industries, one of the biggest makers of glass for cars and building products. IRS is suing his estate for $1.9 billion in back taxes, alleging he transferred millions to his heirs just before his death to avoid taxes. Widow Karen sold Detroit Pistons in 2011.

73. RICKETTS
$3.4 billion **6 MEMBERS**

Joe Ricketts merged his discount stock brokerage with a small online trading firm in 1995, creating what would become the world's largest online brokerage, TD Ameritrade. Family purchased the Chicago Cubs in 2009, now run by Ricketts' adult children.

75. FRIEDKIN
$3.3 billion **2 MEMBERS**

Thomas Friedkin established Gulf States Toyota in 1969, with exclusive rights to distribute Toyotas in Texas, Arkansas, Louisiana, Mississippi and Oklahoma. He transferred ownership and control of $7 billion (sales) company to son Dan in recent years.

76. STEINBRENNER
$3.1 billion **5 MEMBERS**

Steinbrenners have made more money from owning a sports team than any other family in the world. George Steinbrenner (d. 2010) led a group that paid $10 million for the New York Yankees in 1973. Now run by son Hal, it is the most valuable baseball team in America, worth $2.5 billion.

77. HAAS (ROHM & HAAS)
$3 billion **8 MEMBERS**

Heirs of the Haas side of Rohm & Haas chemical company, founded in 1907 in Germany. Otto Haas immigrated to the U.S. in 1909. Rohm & Haas was purchased by Dow Chemical in 2009 for $16 billion.

77. MILSTEIN
$3 billion **6 MEMBERS (EST.)**

Brothers Paul (d. 2010) and Seymour Milstein (d. 2001) built New York real estate dynasty. Now estranged, their families developed some 50,000 apartments, 8,000 hotel rooms and 20 million square feet of office space.

77. STEPHENS
$3 billion **3 MEMBERS**

Witt Stephens founded investment bank Stephens Inc. in 1933; his brother Jack joined later. Witt's son Warren now controls the bank, while his cousins run private equity firm Stephens Group.

77. WEGMAN
$3 billion **3 MEMBERS (EST.)**

Grocery empire Wegmans, with 84 stores in 6 East Coast states, was started by brothers John (d. 1950) and Walter Wegman (d. 1936) in Rochester, N.Y. in 1916 and is run today by Walter's grandson Danny.

NEIL LEIFER/SPORTS ILLUSTRATED/GETTY IMAGES

Beer scion Adolph Coors II and his wife speak to reporters at LAX in 1960.

BETTMANN/CORBIS

81. BOOTH
$2.9 billion **30 MEMBERS (EST.)**

Franklin Otis Booth Jr. (d. 2008) put profits from a real estate deal into Berkshire Hathaway stock in 1963; it made him a billionaire. Daughter Loren Booth runs family's California agriculture business.

81. COORS
$2.9 billion **70 MEMBERS (EST.)**

Coors family owns over 15% of Molson Coors, legacy of brewery Adolph Coors founded in 1873 after emigrating from Prussia.

81. UELTSCHI
$2.9 billion **20 MEMBERS (EST.)**

Former Pan Am pilot Albert Ueltschi (d. 2012) founded aviation training company FlightSafety International in 1951 and sold it to Berkshire Hathaway in 1996 for $1.5 billion in stock. Family remains a large Berkshire shareholder.

84. BANCROFT
$2.8 billion **30 MEMBERS (EST.)**

The family owned Dow Jones and the *Wall Street Journal* for more than a century before Rupert Murdoch's News Corp. offered to buy in 2007. The divided family eventually agreed to sell for $5.6 billion.

84. TYSON
$2.8 billion **10 MEMBERS (EST.)**

Beef, pork and chicken processor Tyson Foods offered $7.7 billion for competitor Hillshire Brands in June. Chairman John Tyson's grandfather founded company during Great Depression.

84. WANEK
$2.8 billion **2 MEMBERS**

Ronald Wanek cofounded a precursor to furniture retailer Ashley Furniture Industries in 1970. He later bought out other investors. His son Todd is a shareholder and CEO of the $3.7 billion (revenue) company.

87. GOTTWALD
$2.7 billion **7 MEMBERS (EST.)**

Thomas Gottwald runs petroleum giant NewMarket (parent company of Ethyl Corp.), which his grandfather Floyd bought in an LBO in 1962. Uncle Bruce and his sons own 23% in spinoff aluminum manufacturer Tredegar.

87. HOLDING
$2.7 billion **4 MEMBERS**

Wife and children of Robert Earl Holding (d. 2013) inherited Sinclair Oil, the Little America Hotels, the Sun Valley and Snowbasin ski resorts and 400,000 acres of ranch land.

89. BRESKY
$2.6 billion **3 MEMBERS (EST.)**

Secretive Boston-based clan has stake in agribusiness conglomerate Seaboard, founded by Otto Bresky in 1918 when he purchased a flour mill in Kansas.

89. FERTITTA
$2.6 billion **2 MEMBERS**

Brothers Frank and Lorenzo Fertitta purchased mixed-martial-arts league Ultimate Fighting Championship, popular with pay-per-view audience. Also own casinos in Las Vegas and opened the first legal online gambling site, ultimatepoker.com, in 2013.

89. HALL
$2.6 billion **3 MEMBERS**

Donald Hall Sr. is the second chairman in the 104-year history of cardmaker Hallmark, which his father founded with 2 shoeboxes of postcards.

89. HEWLETT
$2.6 billion **17 MEMBERS**

William Hewlett (d. 2001) cofounded tech giant Hewlett-Packard, Silicon Valley's first startup. He left more than $3 billion of HP stock to a charitable foundation that now has $8.6 billion in assets.

89. MAGNESS
$2.6 billion **4 MEMBERS (EST.)**

Texan Bob Magness founded cable TV firm TCI, then hired John Malone to run it. TCI sold to AT&T in 1999 for a whopping $48 billion. Magness died in 1996 but passed his stake to his children.

94. ANDERSON
$2.5 billion **5 MEMBERS (EST.)**

John Anderson started distributing Budweiser beer in Los Angeles in 1950s. Created Topa Equities, with subsidiaries active in real estate, insurance, car dealerships. He died in 2011; 2 of his 4 children now run Topa.

94. HESS
$2.5 billion **19 MEMBERS (EST.)**

Leon Hess took over his father's bankrupt heating oil distribution firm during the Great Depression, transforming it into a large integrated energy company, now run by Leon's son John.

94. WHITTIER
$2.5 billion **50 MEMBERS (EST.)**

Heirs of oil tycoon and Beverly Hills developer Mericos Whittier (d. 1925). Family partly owns Whittier Trust, which manages $10 billion for 300 families.

97. DE YOUNG
$2.4 billion **24 MEMBERS (EST.)**

Descendants of *San Francisco Chronicle* founder M.H. de Young. Granddaughter Nan McEvoy, former board chair, is main heir and olive oil rancher.

97. KARFUNKEL
$2.4 billion **5 MEMBERS (EST.)**

Brothers George and Michael immigrated to the U.S. from Hungary in the 1950s; made fortune building a real estate empire and stock transfer agency. They and family members run several large insurance companies they started in the mid-2000s, including AmTrust Financial.

97. YATES
$2.4 billion **16 MEMBERS**

Wildcatter Martin Yates arrived in New Mexico in 1907 and later struck oil. Family owns multiple businesses, including Yates Petroleum, one of the biggest privately held U.S. oil and gas producers.

100. COLLIER
$2.3 billion **30 MEMBERS (EST.)**

County in Florida named after real estate family that once bought more than 1 million acres there. Third generation split business in half with coin toss in 1976. Today descendants have interests in real estate, agriculture, oil exploration.

100. GOCHMAN
$2.3 billion **3 MEMBERS (EST.)**

Max Gochman opened a tire shop in San Antonio in 1938. Son Arthur transformed it into Academy Sports + Outdoors, retailer of sports, camping equipment. Max's grandson David sold majority to KKR in 2011 for estimated $2.3 billion not long after his father's death.

100. JACKSON
$2.3 billion **7 MEMBERS (EST.)**

Jess Jackson's widow and 5 kids run wineries, including flagship Kendall-Jackson, and horse farms. Own 35 vineyards, mostly in California.

100. MITCHELL
$2.3 billion **11 MEMBERS (EST.)**

George Mitchell (d. 2013) pioneered hydraulic fracturing ("fracking") technique for unearthing natural gas shale in the 1990s. Sold his Mitchell Energy & Development to Devon Energy for $3.5 billion in cash and stock in 2001.

104. DEMOULAS
$2.2 billion **9 MEMBERS**

Cousins Arthur T. and Arthur S. have been feuding over family's Market Basket supermarket fortune since the 1990s. Arthur T. had run the company since 2008 and had employee support but was fired in June after Arthur S. wrested control of the board last year.

104. GATES
$2.2 billion **3 MEMBERS**

The Gates family sold their core rubber business, started by Charles Gates Sr. in 1910, to Tomkins Plc. in 1996. Today daughter Diane Gates Wallach is on the board at firm managing family's wealth.

104. WALSH
$2.2 billion **2 MEMBERS**

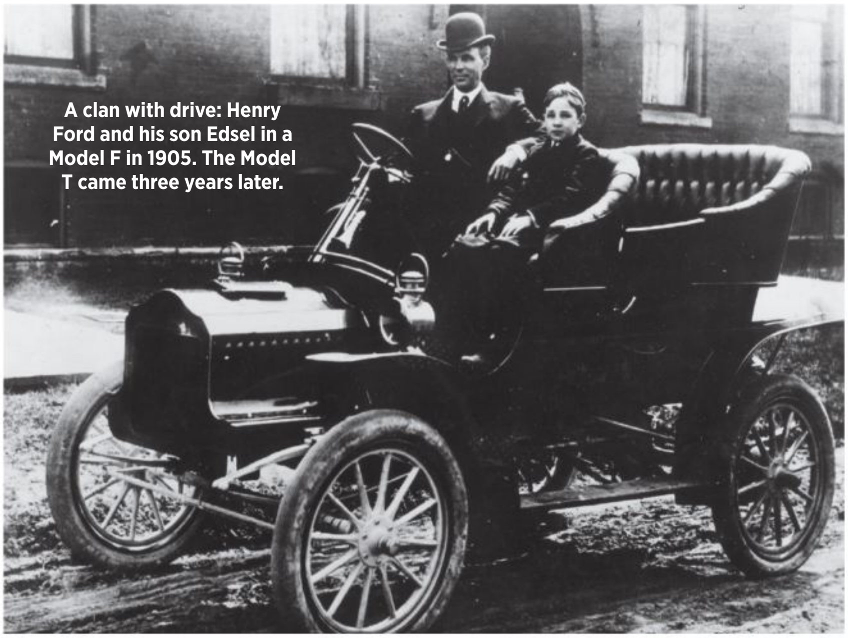
Chicago brothers Matt and Dan run $4 billion (sales) company founded by their grandfather, now one of the 15 largest contractors in the U.S.

104. WASSERSTEIN
$2.2 billion **9 MEMBERS**

Bruce Wasserstein (d. 2009) built fortune via fierce M&A dealmaking at First Boston, Wasserstein Perella & Co. (sold to Dresdner Bank for $1.4 billion in 2000), private equity firm Wasserstein & Co. and Lazard Ltd.

108. ASPLUNDH
$2.1 billion **130 MEMBERS (EST.)**

Three brothers started tree-trimming business in 1928 with $2,500 loan, soon winning first contract to prune 500 trees for Pennsylvania Power & Light. Descendants still making fortune pruning trees and bushes for utility companies.



A clan with drive: Henry Ford and his son Edsel in a Model F in 1905. The Model T came three years later.

NEWSCOM

108. BLAUSTEIN
$2.1 billion **30 MEMBERS (EST.)**

Louis Blaustein founded Amoco Oil in early 20th century. In 1999 his family largely abandoned oil industry to manage fortune and do philanthropy.

108. BOYLE
$2.1 billion **3 MEMBERS**

Tim Boyle runs $1.7 billion (sales) retailer Columbia Sportswear with 90-year-old mother, Gertrude; her parents started business in 1938.

108. EPPRECHT
$2.1 billion **5 MEMBERS (EST.)**

Swiss immigrant Hans Epprecht borrowed $5,000 and began delivering cheese to stores in Cleveland. Later moved into cheesemaking; today his Great Lakes sells $2.3 billion of cheese to retailers like McDonald's. He transferred ownership and management to his children.

108. HASEOTES
$2.1 billion **8 MEMBERS (EST.)**

Founded in 1939 by Greek immigrants Vasillios and Aphrodite Haseotes, Cumberland Gulf Group operates 600 convenience stores and 2,000 gas stations. Daughter Lily Bentas is chairman; grandson Ari is president and CEO.

108. MCGRAW
$2.1 billion **11 MEMBERS (EST.)**

James H. McGraw cofounded McGraw-Hill Publishing in 1909. Descendant Harold recently served as CEO, refocusing firm on financial services. Department of Justice filed $5 billion lawsuit against its Standard & Poor's division last year for role in 2008 financial meltdown. Harold stepped down in 2013 and says suit has no basis.

108. SPERLING
$2.1 billion **2 MEMBERS**

Former professor John Sperling founded for-profit University of Phoenix network in 1976 and took it public in 1994. It is the largest private university system in the nation with online classes and dozens of campuses. Son Peter chairs the board.

115. ANNENBERG
$2 billion **15 MEMBERS (EST.)**

Walter (d. 2002) turned his father's debt-ridden Triangle Media around, with hits *TV Guide*, *Seventeen* magazine. Sold it to Rupert Murdoch's News Corp. for $3 billion in 1988. Family foundation has contributed about $4.5 billion since 1989, creating the University of Pennsylvania's Annenberg School for Communication, among others.

115. BATTEN
$2 billion **3 MEMBERS (EST.)**

Frank Batten Sr. (d. 2009) started as publisher of his uncle's Newport News, Va. newspaper, then built a media group that included the Weather Channel. Sold channel for $3.5 billion to group including NBC, Bain Capital and Blackstone in 2008.

115. FORD
$2 billion **40 MEMBERS (EST.)**

Henry Ford introduced the Model T in 1908, making the automobile affordable to most Americans for the first time. His great-grandson William Ford Jr. is company's executive chairman. The family has 40% of voting power through a trust. Bill Jr. and his mother, Martha Firestone Ford, inherited the Detroit Lions from his father, William Clay Ford (d. 2014), Henry's last surviving grandchild.

115. PERDUE
$2 billion **4 MEMBERS (EST.)**

Became synonymous with poultry after squeaky-voiced founder's son Frank (d. 2005) started appearing in company TV ads in 1970s. Frank's son Jim has ruled the roost since 1991.

115. RESNICK
$2 billion **3 MEMBERS (EST.)**

Jack Resnick (d. 1991) founded real estate business in the Bronx in 1928. Today family owns and manages over 6 million square feet of office and retail space in New York and nationwide.

115. ROGERS
$2 billion **2 MEMBERS (EST.)**

Richard Raymond Rogers and his blonde bombshell mother, Mary Kay Ash (d. 2001), founded direct-sales cosmetics company bearing matriarch's name in 1963. Richard is executive chairman of group, which now has $3 billion in sales. Niece accused him of mismanaging family money.

121. ELGHANAYAN
$1.9 billion **8 MEMBERS (EST.)**

Brothers own residential and commercial buildings in New York City. Their father, Nourollah, born in Iran, started buying land in Manhattan in 1950s.

121. LEVINE
$1.9 billion **10 MEMBERS**

In 1998 Howard Levine took over Family Dollar, the discount chain his father created in 1959. The publicly traded chain now has more than 8,000 shops in 46 states; family owns 60%.

121. WALTER
$1.9 billion **2 MEMBERS (EST.)**

Twins Joseph "Rusty" Walter III and Carole Walter Looke inherited Walter Oil & Gas from their father, Joe Jr., a wildcatter who built Houston Oil & Minerals by drilling along the Gulf Coast of Texas and Louisiana.

124. BEAN
$1.8 billion **25 MEMBERS (EST.)**

In 2013 Shawn Gorman took over as chairman of catalog and online clothing retailer L.L. Bean, just the third family member to head the company his great-grandfather L.L. Bean started in 1912.

124. BUCKSBAUM
$1.8 billion **12 MEMBERS (EST.)**

Brothers Matthew and Martin (both deceased) founded shopping mall owner General Growth Properties in 1954. Shares have recovered since the company declared bankruptcy in 2009.

124. FASKEN
$1.8 billion **4 MEMBERS**

Canadian lawyer David Fasken Sr. purchased a ranch in West Texas in 1913 that was discovered to straddle an oil basin. Family's Fasken Oil & Ranch is still a large regional oil producer; also owns real estate.

124. FISHER
$1.8 billion **4 MEMBERS**

Real estate dynasty Fisher Brothers was founded by brothers Larry, Zachary and Martin in 1915. It owns office buildings like Park Avenue Plaza and 299 Park Avenue.

124. SLAWSON
$1.8 billion **3 MEMBERS**

Over 50 years Don Slawson, 80, built up Slawson Exploration from Wichita, Kans. into one of nation's biggest privately owned oil companies, now run by sons.

124. WARD
$1.8 billion **3 MEMBERS**

Louis Ward (d. 1996) bought a controlling interest in husband and wife Russell and Clara Stover's candymaker in 1960 for $7.5 million. Family is actively trying to sell Russell Stover, maker of iconic heart-shaped box of cheaply priced chocolates.

130. DAVIS
$1.7 billion **7 MEMBERS (EST.)**

Stanley Davis began selling butter to U.S. government during WWII. Son Mark took over, grew Davisco Foods into one of Kraft's largest suppliers. Mark's son Jon took charge in 2012.

130. KREHBIEL
$1.7 billion **3 MEMBERS (EST.)**

John Jr. and Fred Jr.—grandsons of the founder—sold the family-run Molex, maker of electronics components, last year for $7.2 billion to other brother duo the Kochs.

130. LINDNER
$1.7 billion **7 MEMBERS (EST.)**

Heirs of Carl Lindner (d. 2011), who dropped out of school at age 14 to work at the family dairy. Got into insurance in 1971. Family owns more than 60% of insurance and investment firm American Financial Group.

130. MAINES
$1.7 billion **2 MEMBERS**

Floyd Maines took his father's modest candy company and with sons David and William expanded it into Maines Paper & Food Services—one of the largest food distribution companies in America.

130. SCHOTTENSTEIN
$1.7 billion **200 MEMBERS (EST.)**

Jerome Schottenstein (d. 1992) built a retail empire that includes Value City Furniture. His son Jay chairs shoe chain DSW and clothing retailer American Eagle Outfitters. Jay's sisters sued him for allegedly mismanaging family trusts. Robert, of another family branch, is CEO of listed M/I Homes, one of the largest homebuilders in the Midwest.

130. WEYERHAEUSER
$1.7 billion **250 MEMBERS (EST.)**

Timber baron Frederick Weyerhaeuser was one of the richest Americans to have ever lived. About 250 of his descendants share a piece of the family fortune and still meet for regular family reunions.

L.L. Bean founder Leon Leonwood Bean (left) with brothers near New Hampshire's Wild River in 1923.

AP

136. DONNELLEY
$1.6 billion **10 MEMBERS (EST.)**

The descendants of R.R. Donnelley, who founded one of the most important printing companies in the U.S. in 1864, have diversified their holdings. Some of family's investments now run by Elliott Donnelley.

136. HAAS
$1.6 billion **254 MEMBERS (EST.)**

Four descendants of blue-jeans inventor Levi Strauss own 45% of the private company's stock. Another 250 share an additional 43%.

136. NUSSDORF
$1.6 billion **5 MEMBERS (EST.)**

Family owns Quality King Distributors, a company that reimports and distributes pharmaceuticals, fragrances and beauty products to drugstores and supermarkets across the country.

136. PITCAIRN
$1.6 billion **200 MEMBERS (EST.)**

John Pitcairn Jr. founded paint and specialty chemicals company PPG Industries in 1883. Family sold its last PPG stake in the 1980s. Donates to Swedenborgian religious community.

136. SORENSON
$1.6 billion **8 MEMBERS**

Utah clan inherited medical equipment fortune built by entrepreneur James Sorenson (d. 2008), who sold his Sorenson Research to Abbott Labs in 1980 for $100 million in stock, worth $2.7 billion in 2007, a few months before he died.

136. TRACY
$1.6 billion **75 MEMBERS (EST.)**

Dairy farmer Robert Tracy founded distributor DOT Foods in 1960. One of his 12 children, John, is now CEO of nearly $5 billion (sales) business.

142. DOBSON
$1.5 billion **3 MEMBERS**

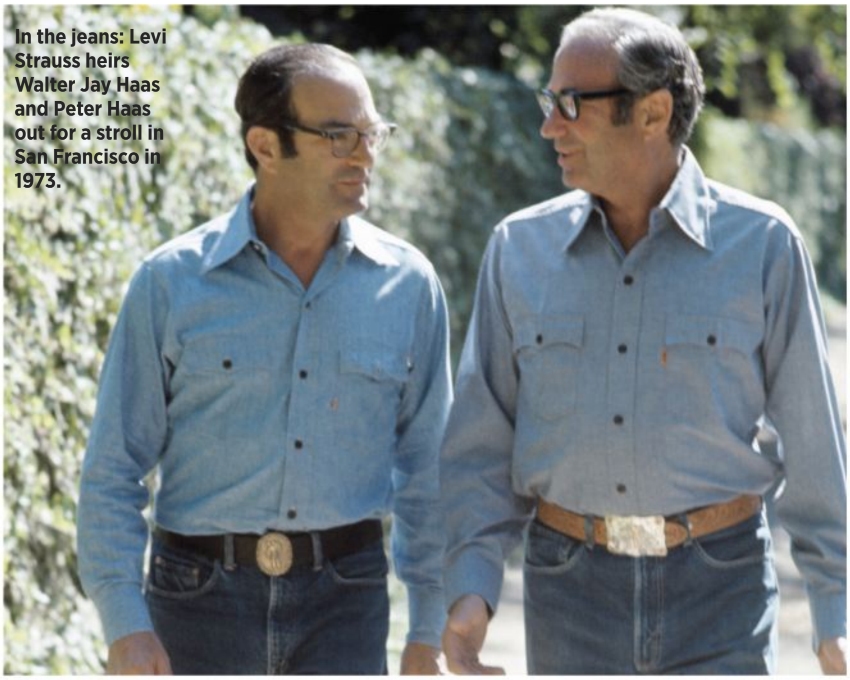
Family behind fast-food chain Whataburger, mostly found throughout the Southern U.S. from Arizona to Florida. First of its now 750 restaurants opened in 1950.

142. FARMER
$1.5 billion **15 MEMBERS**

Grandson of onetime circus performers who started a business collecting and cleaning dirty rags, Dick Farmer started uniform rental business, Cintas, in 1968, supplying outfits to many, including McDonald's and Royal Caribbean workers. Now his son Scott is CEO.

142. MERAGE
$1.5 billion **2 MEMBERS**

Brothers Paul and David cooked up fortune in microwavable meals, including popular Hot Pockets. Sold their business, Chef America, to Nestlé in 2002 for $2.6 billion.



In the jeans: Levi Strauss heirs Walter Jay Haas and Peter Haas out for a stroll in San Francisco in 1973.

PAUL SLADE/PARIS MATCH/GETTY IMAGES

142. PULITZER
$1.5 billion **50 MEMBERS (EST.)**

Family of 19th-century media magnate Joseph Pulitzer. His grandchildren sold flagship *St. Louis Post-Dispatch*, along with rest of Pulitzer Inc., in 2005 for $1.5 billion. Still fund the Pulitzer prizes for newspaper journalism.

142. REED
$1.5 billion **4 MEMBERS**

Through their control of Simpson Investment and Green Diamond Resource, the Reed family is one of the country's largest landowners with nearly 800,000 acres of timberland in Pacific Northwest.

147. BELK
$1.4 billion **20 MEMBERS (EST.)**

Southern department store scions of more than century-old retailer, whose stores are undergoing a renaissance. Family is a big deal in Charlotte, N.C., where John Belk was mayor.

147. DAYTON
$1.4 billion **92 MEMBERS**

Patriarch George Draper Dayton founded Dayton Dry Goods Co. in 1902. Store became known as Target in 1962. Family ended ties with retailer in 1983 and now manages its fortune through a family office. Mark Dayton, great-grandson of founder, is Minnesota's governor.

147. ESTES
$1.4 billion **7 MEMBERS (EST.)**

W.W. Estes bought a Chevy without a windshield or driver's seat in 1931 and started a trucking company. Today grandson Rob Estes Jr. lords over Estes Express Lines' 27,000-truck fleet.

147. GILBANE
$1.4 billion **15 MEMBERS (EST.)**

Brothers William and Thomas founded carpentry shop in Rhode Island in 1873. Fifth generation runs Gilbane, construction company that has been involved in building NASA's Johnson Space Center, the National Air & Space Museum, the Prudential Center and the World War II Memorial.

147. MCKEE
$1.4 billion **50 MEMBERS**

Founded in 1934, family-owned McKee Foods is best known for Little Debbie creme pies. After Hostess Brand collapsed, McKee paid $27.5 million in 2013 for Drake's brand, including Ring Dings, Yodels and Devil Dogs.

147. MEAD
$1.4 billion **35 MEMBERS (EST.)**

George W. Mead (d. 1961) took over father-in-law's paper mill business in 1902; built first electrically powered paper machine. It is now North America's largest producer of coated printing paper; supplier to FORBES.

147. SEARLE
$1.4 billion **4 MEMBERS**

G.D. Searle & Co., started in 1888, was the company behind Dramamine, NutraSweet, the first contraceptive pill. Sold to Monsanto in 1985 for $2.7 billion. The Searle family owned about a third.

147. WESTERMAN
$1.4 billion **7 MEMBERS**

Howard Westerman (d. 1999) cofounded J-W Operating (now J-W Energy) in 1960 and built it into a collection of oil and gas fields, pipelines and equipment. Sons Paul and Howard Jr. sit on board.

147. YOH
$1.4 billion **3 MEMBERS**

Brothers own Day & Zimmerman, conglomerate with interests in defense contracting, munitions, staffing. Firm dates to beginning of 20th century, when it helped build the Panama Canal.

156. ADAMS
$1.3 billion **5 MEMBERS (EST.)**

Bud Adams (d. 2013), oil baron turned Tennessee Titans owner, left a fortune and an NFL legacy to his 5 descendants.

156. BOLCH
$1.3 billion **7 MEMBERS**

The Bolch family owns and operates RaceWay, a $9 billion (sales) empire of gas stations and convenience stores spread across 12 states.

156. BRISCOE
$1.3 billion **8 MEMBERS (EST.)**

Texas ranchers descended from former governor Dolph Briscoe Jr. own more than 650,000 acres in the Lone Star State.

156. COHEN
$1.3 billion **5 MEMBERS (EST.)**

Richard Cohen is chairman, CEO of C&S Wholesale Grocery, nation's largest grocery distributor, delivering more than 95,000 products. It was co-founded in 1918 by Cohen's grandfather.

156. COLBURN
$1.3 billion **4 MEMBERS (EST.)**

Through Consolidated Electrical Distributors, family sells electrical equipment and components to construction and manufacturing companies.

156. LEWIS
$1.3 billion **5 MEMBERS (EST.)**

Children of Progressive Insurance's Peter Lewis (d. 2013) and their uncle Daniel own 5.5% of the car insurer founded by their grandfather.

156. ROSEN
$1.3 billion **5 MEMBERS (EST.)**

Elmer Rosen started shipping livestock from rural Minnesota in 1946. Now son Tom runs fifth-largest beef processor in America.

156. TOLL
$1.3 billion **2 MEMBERS (EST.)**

The housing market is rebounding, and so are Robert and Bruce Toll, founders of the luxury home builder that bears their name.

164. DEDMAN
$1.2 billion **3 MEMBERS (EST.)**

Lawyer Robert Dedman Sr. (d. 2002) turned passion for golf into golf-resort empire ClubCorp. Sold it in 2006 for $1.8 billion; family bought back Pinehurst Resort in North Carolina, home to U.S. Open this year.

BETTMANN/CORBIS

A Nixon-era photo of Katharine Graham, who as Washington Post CEO played a pivotal role in its coverage of the Watergate scandal.

164. HIXON
$1.2 billion **100 MEMBERS (EST.)**

Robert Hixon invested in predecessor to electronic-connectors maker AMP in 1941. Family was second-largest shareholder when Tyco acquired it for $12.2 billion in 1999.

164. SHORENSTEIN
$1.2 billion **3 MEMBERS (EST.)**

From San Francisco, Walter Shorenstein (d. 2010) built a commercial real estate fortune, backed Democrats. Son Doug runs the company; daughter Carole is a theater producer.

164. STAYER
$1.2 billion **9 MEMBERS**

Ralph Stayer expanded butcher shop his father started in 1945 into Johnsonville Sausage Co., the largest private sausage brand in America with $1 billion in sales. Family is largely credited with introducing Americans to bratwurst.

164. STEWART
$1.2 billion **3 MEMBERS**

Thomas Stewart (d. 2010) joined his father's port support business in Seattle in 1967, turned it into food service firm Services Group of America, with $3 billion in revenues. Son Slade is a director.

164. WOOD
$1.2 billion **196 MEMBERS**

Family behind Pennsylvania's Wawa convenience chain runs more than 645 stores across East Coast.

170. CABELA
$1.1 billion **11 MEMBERS**

Cabela's is one of America's largest hunting-and-fishing chains, with $3.6 billion in sales. Husband-and-wife team Richard (d. 2014) and Mary founded the retailer in 1961 in their basement. Richard's brother James joined 2 years later; now chairs the board.

170. CARHARTT
$1.1 billion **2 MEMBERS**

Mark Valade runs popular work clothing maker Carhartt, founded by his great grandfather Hamilton Carhartt in 1889. He shares ownership with his mother, Gretchen Carhartt Valade.

170. GRAHAM
$1.1 billion **5 MEMBERS (EST.)**

Longtime *Washington Post* owners sold paper to Amazon's Jeff Bezos for $250 million in August. Family still owns Slate and *Foreign Policy* magazines, plus test-prep business Kaplan.

170. HASCOE
$1.1 billion **13 MEMBERS (EST.)**

Engineer Norman Hascoe had 100 patents to his name and sold a semiconductor-materials firm to AlliedSignal in 1983 for $100 million in cash and stock. Sons Lloyd and Andrew run family investments.

Kennedy heirs, including JFK, surround patriarch Joe at an early Camelot.

170. HERSCHEND
$1.1 billion 34 MEMBERS (EST.)

Brothers Jack and Pete started Silver Dollar City amusement park in Ozarks in 1960s and built Herschend Family Entertainment into one of largest private amusement-park-and-entertainment companies in U.S., now run by nonfamily members.

170. LYKES
$1.1 billion 250 MEMBERS (EST.)

Doctor-turned-rancher Howell Tyson Lykes moved to Tampa, Fla., founded Lykes Brothers farm in 1900 with his 7 children. Now family has some 600,000 acres in Florida, Texas for citrus production and cattle ranching.

170. MILLS
$1.1 billion 25 MEMBERS (EST.)

A.L. Mills started selling aprons to butchers in Chicago stockyards in 1910 before expanding into medical gowns two years later. His descendants' Chicago-based Medline Industries now sells $5.8 billion worth of hospital gloves and scrubs, wheelchairs, walkers and canes.

170. MINER
$1.1 billion 4 MEMBERS

Bob Miner cofounded software firm Oracle with Larry Ellison in 1977; he died of cancer in 1994 at age 52. His wife, Mary, started a winery in Napa, Oakville Ranch Vineyards.

170. UNANUE
$1.1 billion 12 MEMBERS

When Prudencio Unanue Oritz pondered what to call his new food company in 1936, he offered a Moroccan sardine-importer $1 for the rights to "Goya." Today the $1.5 billion (sales) family-run group, known for its Hispanic offerings, is one of the fastest-growing food companies in the U.S.

179. BROOKSHIRE
$1 billion 20 MEMBERS (EST.)

In 1928 Wood T. Brookshire opened a small grocery store on the courthouse square in downtown Tyler, Tex. Brookshire's Food & Pharmacy operates more than 150 stores in Texas, Louisiana and Arkansas.

179. CADIEUX
$1 billion 4 MEMBERS (EST.)

Chet Cadieux and his classmate opened their first convenience store in 1958 in Tulsa, Okla. Today QuikTrip, run by grandson Chet, has more than $11 billion in sales from over 690 locations.

179. COMER
$1 billion 2 MEMBERS (EST.)

Gary Comer (d. 2006) left his copywriting job to open a fashion catalog company inspired by his own nautical lifestyle. It became Lands' End, which he sold to Sears in 2002 for just under $2 billion. His children are now mostly involved in philanthropy.

179. FOSTER
$1 billion 5 MEMBERS (EST.)

Grandson of founders runs family-owned chicken producer Foster Farms. Sales down after salmonella outbreak in 2013.

179. KENNEDY
$1 billion 25 MEMBERS

President John F. Kennedy's father, Joe, earned millions in the stock market before becoming chairman of the SEC. Family sold Chicago retail complex Merchandise Mart to Vornado Realty in 1998 for $303 million in cash and shares; family still has interest in Vornado.

179. STUART
$1 billion 50 MEMBERS (EST.)

Elbridge A. Stuart founded dairy company Carnation in 1899. Sold to Nestlé for $3 billion in 1984.

179. WAKE
$1 billion 10 MEMBERS (EST.)

Their Eby-Brown is one of the U.S.' largest food distributors, doing an estimated $5.2 billion in revenue stocking convenience-store shelves across the South and Midwest.

EDITED BY: LUISA KROLL AND KERRY A. DOLAN WITH ABRAM BROWN

REPORTERS: DAN ALEXANDER, EMILY CANAL, ERIN CARLYLE, LIYAN CHEN, AGUSTINO FONTEVECCHIA, CHRIS HELMAN, ALEX MORRELL, JOANN MULLER, ANDREA MURPHY, CLARE O'CONNOR, CARL O'DONNELL, NATALIE ROBEHMED, KATIA SAVCHUK, HOLLIE SLADE, CHLOE SORVINO, SANDHYA SUBBARAO

METHODOLOGY

Unlike our flagship Forbes 400 list of America's richest and our World Billionaires ranks, which focus on individual or nuclear-family wealth, America's Richest Families includes multigenerational families of all sizes, ranging from only 2 brothers to the 3,500 members of the Du Pont clan. Families needed a combined net worth of $1 billion to make the cut. To compile this first list we looked at members of The Forbes 400, descendants of past or deceased Forbes 400 members, families behind the country's biggest private companies and dynasties that had fallen out of our ranks because the fortunes were too dispersed, for starters. To value their fortunes we added up their assets—including stakes in public and private companies, real estate, art and cash—and took into account estimates of debt. For those with publicly traded holdings, we used stock prices from the close of trading on June 20, 2014. We excluded any assets irrevocably pledged to charitable foundations. In cases where a company had been sold years ago, we applied a conservative rate of appreciation for the cash, after deducting for capital gains taxes. We attempted to vet these numbers with all the families or their representatives. Some cooperated; others didn't. Think we missed a clan? E-mail readers@forbes.com, and we'll investigate.

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American Family Care's Dr. Bruce Irwin.

McHEALTHCARE

The gold rush is on to reinvent the doctor's office, and fast food is the model.

BY BRIAN SOLOMON
PHOTOGRAPHED BY CARY NORTON

HEALTH CARE INNOVATION

The path to owning your own medical practice typically runs through more than a decade of schooling, grinding through medical school, residency and years of specialty training.

Unless you're Rick Crews. "I knew next to nothing about health care," says the proud owner of four urgent care clinics in Massachusetts. The former UBS financial advisor isn't a board-certified physician—he's a franchisee, one of hundreds who, along with some of the biggest private equity and venture capital firms, are betting that they can use the retail lessons of McDonald's to turn the health care world upside down. And in their quest to make M.D.s wielding stethoscopes as accessible as baristas at Starbucks, they just might rescue America from its looming health care catastrophe.

The key is that the 10,000 urgent care clinics across the country, handling 160 million visits annually, are an appealing medical model wrapped up in a proven consumer-driven business plan. Put simply, urgent care is the first retail health play. The burgeoning $16 billion industry depends on location, customer service and brand, just like a restaurant or grocer. Because nobody plans to be sick, clinics aren't squirreled away in an office park or medical building. They are placed in highly visible, highly trafficked locations minutes from patients' work and home, off a busy highway or next to a Wal-Mart. No appointment necessary—stop by 12 hours a day, including weekends. Walk in with the flu, with a broken bone or sprain, with a cut that needs stitches. See a doctor on average within 20 minutes, get an X-ray or prescription, and get back to your life—all at perhaps 20% of the cost of an ER visit.

The holy grail is a replicable Golden Arches-style model that puts a branded urgent care shop on every corner—and that's what smart money has been chasing in a long list of deals over the last few years. Publicly traded insurer Humana grabbed Concentra, the nation's largest urgent care company, with 300 locations, for $805 million cash in 2010. Concentra's former owner, Welsh, Carson, Anderson & Stowe, turned around a year later and bought Solantic (now CareSpot, with 56 centers), a chain founded by Florida Governor Rick Scott.

Hospital system Dignity Health paid two private equity partners $455 million for 172-clinic U.S. HealthWorks in 2012. Silicon Valley's brightest at Sequoia Capital teamed up with private equity giant General Atlantic in 2010 to buy MedExpress, an urgent care startup, for $450 million. Based in West Virginia, MedExpress had only 42 centers but an expansion-ready blueprint that has tripled its footprint since, up to 132 centers in 11 states—fueling rumors of a billion-dollar valuation and potential IPO.

Dr. Bruce Irwin has been in the urgent care business for over 30 years, and he's never seen anything like the current gold rush. "It's like we're in a rock band and all of sudden we have a hit, we're an overnight sensation. But in reality we've been playing in bars and honky-tonks for years," he says. Irwin is the founder and CEO of American Family Care, the largest independent chain in the country, with 128 clinics, mostly in the Southeast.

Irwin, 64, now has a slight hunch to his back, but he was there before urgent care was even a blip on private equity's radar. Raised in rural Alabama, he began shining shoes in his father's cobbler shop at age 6 but dreamed of becoming a doctor. At 14 he accidently sliced an inch off the tip of his right index finger while fixing his motorcycle. While he worried the injury would limit his future, it didn't stop Irwin from eventually graduating from the University of Alabama medical school.

The idea for creating a new model first occurred to him during a stint in an emergency room as a young doctor. Each day he saw how many people came in with coughs and scrapes and minor fractures—ailments that could be treated better and cheaper elsewhere. With no training at all he scribbled out a business plan in 1982 for four branded clinics in the Birmingham area.

As Irwin and other early adopters conceived it in the early 1980s, urgent care would cut through health care's biggest hurdles: affordability and accessibility. Our rapidly aging population is woefully bereft of primary care physicians, with over 66 million people underserved, by last count. Good luck getting in the door with a cold; appointment books are filled with chronic conditions like diabetes, hypertension, emphysema. And expensive emergency rooms, the catch-all purgatory of medicine, are already overflowing with patients waiting hours for treatment of non-life-threatening conditions.

"Health care has been treated like a rare commodity in this country," says Irwin, his index-finger stub fiddling with two seashells on his desk as he speaks. "The dirty little secret is that denying access has long been the best way to keep costs down."

American Family Care was designed to deliver medicine like hamburgers: customer-friendly and efficiently. Eliminating appointments and cutting down on wait times are the first steps, but they're only part of a customer-satisfaction puzzle that includes cheerful assistants, flat-screen TVs and free Wi-Fi. In-house pharmacies, digital X-ray machines and drug test facilities make them one-stop shops for patients. Doctors focus only on medicine, in standard ten-hour shifts and with no on-call

duty. The operational bugaboos of private practice (insurance, billing, purchasing, hiring, certification, etc.) are outsourced to one centralized office. Employees at each clinic are rewarded every month with bonuses based on metrics like the rate of day-later follow-up calls (Irwin expects 100%).

As with all retail, location is paramount. No one wants to waste his or her lunch break driving half an hour just to get a sandwich; finding a doctor to treat a sore throat is no different. A standard American Family Care center needs 30 patients a day to break even, so Irwin has always invested in detailed population and traffic studies to find the most convenient locations. But ever since big-box stores invaded the retail landscape, he's had a shortcut—follow Wal-Mart and Target.

When American Family Care closes old clinics and reopens them in a Wal-Mart shopping center half a mile down the road, the immediate patient spike can be 30% or more. One of his newest Birmingham storefronts is in a renovated former Ruby Tuesday's.

In the early days insurance providers feared "doc in a box" stores would drive up prices. Without strong support from the third-party payer system, many would-be urgent care chains fizzled out. American Family Care survived the initial bust by bootstrapping only one or two new clinics a year, slowly proving to patients and payers that its model was actually significantly cheaper than other options. While a trip to a hospital or stand-alone emergency room can easily top $1,000, the average urgent care visit costs under $200.

American Family Care coasted past its 25-year anniversary in 2007 with only 17 stores and $50 million in revenue. Then during the recent recession Irwin began receiving calls from private equity firms looking to snatch his small but profitable chain and merge it with other regional systems. He held advanced talks with MedExpress and others but backed out once he realized how much more valuable his little company would be at a larger size.

With no major debt on the books and a proven model, Irwin used cash flow to fund his own aggressive expansion into new markets such as Atlanta and Nashville. In the last five years American Family Care has ballooned to $200 million in sales across 128 wholly owned and franchised clinics, with 16 more on track to open this year.

As sole owner of a well-regarded operation in what has become a land-grab business, Irwin admits that he's out to beef up the value of his chain. He still receives multiple unsolicited buyout offers a week, and the bids now push $400 million (up fivefold from an $80 million offer in 2009).

"I could pick up the phone this afternoon and have a deal done," he says. But with none of his children involved in the business, Irwin is making one final growth push before retiring to his yacht. He has abandoned his long-held principle of building rather than buying. A few five- to ten-clinic chains founded by doctors in Texas have piqued his interest. If he can integrate them at the right price, their value in a sale is significantly greater than what he'd pay to get them.

Roll-up strategies like Irwin's are gaining momentum, especially among venture- and private-equity-backed firms, which account for less than 10% of the industry. NextCare, an Arizona chain owned by Enhanced

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CHRONIC BRONCHITIS	114	665	83
EARACHE	110	400	73
PHARYNGITIS	94	525	82
PINK EYE	102	370	72
SINUSITIS	112	617	82
STREP THROAT	123	531	77
UPPER RESPIRATORY INFECTION	111	486	77
URINARY TRACT INFECTION	110	665	83

SOURCE: MEDICA HEALTH PLANS.

IN THE EARLY DAYS INSURANCE PROVIDERS FEARED "DOC IN A BOX" STORES WOULD DRIVE UP PRICES. BUT NOW URGENT CARE OFTEN COSTS ABOUT 80% LESS THAN EMERGENCY ROOM VISITS.

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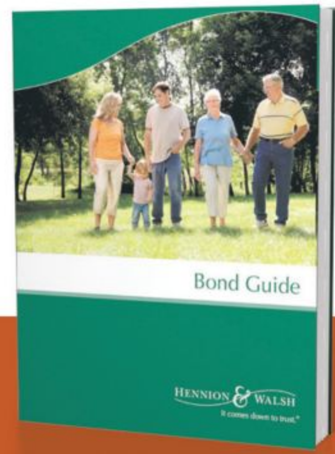

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BIG BRANDS, BIG BACKERS

The vast majority of urgent care clinics are still local mom-and-pops, but investors with deep pockets lust after a Golden Arches-style national brand. Here are the five largest chains:

Concentra urgent care	U.S. HealthWorks	MedExpress	afc	NextCare URGENT CARE
CLINICS **330**	CLINICS **219**	CLINICS **132**	CLINICS **128**	CLINICS **106**
OWNER **HUMANA** (INSURER)	OWNER **DIGNITY HEALTH** (HOSPITAL SYSTEM)	OWNER **SEQUOIA CAPITAL** (VC) **GENERAL ATLANTIC** (PE)	OWNER **INDEPENDENTLY OWNED**	OWNER **ENHANCED EQUITY FUNDS** (PE)

Equity Funds, has nearly doubled its number of clinics from 54 in 2010 to 106 today. CEO John Julian says the typical solo urgent care practice is doing $300,000 in yearly profit on $1.5 million in sales. He snaps them up at four to five times earnings.

Roll-ups, which typically include consolidations, are making the business more efficient. "It's not healthy to oversaturate the market," Julian says. "Only so many people in a given day need to see a doctor, so unless you're going out spreading germs. ... "

The franchise model fits urgent care well. In April 2013 AFC bought Doctors Express, a fledgling chain that now counts 73 urgent care franchises. Most franchisees are entrepreneurs like Rick Crews in Massachusetts, not doctors. Irwin's team at AFC provides a recipe for new franchisees to follow, along with marketing support and purchasing power. Upfront costs run up to $1.1 million, plus there's a 6% recurring royalty.

Consumers accept that the owner of their local Pizza Hut isn't a chef and that there's probably no expert hairstylist behind Supercuts. But will they do the same for medicine? Apparently so, because urgent care clinics are projected to grow to more than 12,000 by 2019. Les Berglass, retail recruiter at Berglass & Associates, thinks Americans will get on board but cautions that the drive-in docs have a lot to learn about marketing, differentiation and branding.

"I suspect good retailers know more about their customers than doctors know about their patients," says Berglass, whose clients have included Victoria's Secret, Brinker International and Ralph Lauren.

Marrying retail and health is clearly an attractive proposition for private equity firms, which love cleaning up fragmented industries—especially in an area like health care, where expenditures account for nearly 20% of GDP. But with few barriers to entry, the deals aren't riskless. Costs remain high, regulation is stifling and many would-be patients don't yet understand what urgent care offers. "Some people think they can throw urgent care up and be successful, but it's not 'If you build them, they will come,'" says Laurel Stoimenoff, founder of consulting firm Continuum Health Solutions.

Some buyers expected faster returns, but the long-term trends are undeniable. "This market is going to shift toward a handful of large players," says Gordon Maner, health care banker at Allen, Mooney & Barnes, noting that discount druggists like Walgreens are eyeing the business.

Understanding the immense potential in providing branded health care, CVS Caremark, the country's largest drugstore by sales, announced in February that it will drop cigarettes and other tobacco products from its stores, forgoing a $2 billion revenue stream in the name of healthy living. Meanwhile, it already offers a stripped-down version of urgent care with in-store MinuteClinics at more than 800 locations, where nurse-practitioners dispense flu shots and other basic remedies. Even Wal-Mart, already in the pharmacy and vision care businesses, may see a lucrative opportunity.

Not everyone thinks a switch to big-brand retail medicine is a good thing. Dr. Kenneth Davis, CEO of the Mount Sinai Health System, a hospital network in New York, would love for his ten urban clinics to assume

IRWIN HAS DESIGNED HIS CLINICS TO BE MORE THAN EPISODIC. "IF YOU GIVE THEM ANTIBIOTICS, FOLLOW UP. WHAT YOU ARE REALLY DELIVERING ISN'T URGENT CARE. IT'S ACCESSIBLE PRIMARY CARE."

Walk-in traffic is key, and about 75% of AFC's patients are repeat customers.

a bigger role, helping patients avoid unnecessary emergency room visits. But beyond that he wants the clinics to act as feeders into his hospital's broader network of services. "We need patients to get connected in some way that provides follow-up and continuity of care, rather than just episodic," says Davis. "[Urgent care] is no way to prevent disease or maximize outcomes."

Insurers are echoing that sentiment as they experiment with prevention-based payments. "We're moving from a sickness model toward a wellness model," says NextCare's Julian. "Right now, every time you get sick I get paid. I'm not monetarily incented to keep you well."

Irwin argues that he has designed his clinics to be more than episodic. "If you put the stitches in, you should take them out. If you give them antibiotics, follow up," he says. "What you're really delivering isn't urgent care. It's accessible primary care."

About 20% of American Family Care's business is now chronic care management for people who either can't wait to see their physicians or don't have one at all. Moreover, 75% of AFC's clients are repeat visitors.

"Why can't you get good health care as easily as you get fast food?" asks Irwin.

Urgent care operations that are as efficient and profitable as a Starbucks or McDonald's may prove that a dose of Dr. Irwin's remedy is just what our ailing health care system needs.

The Adventures Of Mr. Tea

Like an epicurean Indiana Jones, Rodrick Markus searches for high-end teas and other exotic ingredients for the best chefs in the world, eating danger for breakfast—with freshly shaved truffles.

BY HUNTER ATKINS

JEFF SCIORTINO FOR FORBES

Doing flavors: "There's not an ingredient that I can't say, 'Can you get this for me?'" one chef says of Rodrick Markus. "Two days, a week later, he's got it."

As his SUV ventured deeper into the remote northeast corner of India known as Chicken's Neck, Rodrick Markus noticed his security force multiply. A local guide explained that this was "hard-core" Third World, the sort of place where "at any moment it can erupt into something insane." More SUVs arrived, and when the convoy finally pulled up to an estate, 40 armed men poured out of the vehicles and led him inside. With his signature all-black ensemble—his suit, shirt and pocket square are always coordinated—and with slicked-back hair, manicured 5 o'clock shadow and Mykita glasses, Markus looked like a nuclear arms dealer.

But he was just here for some tea. Some very exotic tea.

Part Indiana Jones, part Willy Wonka, the 42-year-old Markus helps America's best restaurants maintain their reputations for James Beard Award-winning cuisine by importing the world's rarest ingredients. Chefs from all over the country revered for their haute cuisine—Thomas Keller and Wolfgang Puck among them—rely on his exotic goods to stay creative. Every menu Grant Achatz has ever offered at his three-Michelin-starred Chicago restaurant, Alinea, has deployed delicacies from Markus' arsenal, and six months after opening Madame Zuzu's Teahouse in Chicago, Smashing Pumpkins front man Billy Corgan made Markus his exclusive supplier.

On the corner of a nondescript street beside train tracks in the Ravenswood neighborhood of Chicago, Markus' Rare Tea Cellar is a small warehouse of the world's greatest edible wonders: finger limes from New Zealand, peels of lemons that grow only outside the pyramids of Egypt, sapphire salt from the Himalayas, honey truffles from Hungary, sea grapes from Okinawa, tree resin from Morocco, emerald pistachios from Sicily, pepper berries from Tasmania and 450 varieties of tea—including Emperor's Private Reserve Himalayan Dream ($8,000 a kilo), brewed from the finest strands of a tea leaf delicately plucked only beneath the light of a full moon.

Epicurean eroticism, a profound arousal of the senses, is what Markus has offered since he opened the Cellar in 2005. He originally experimented with tea blending—aging leaves in bourbon barrels or mixing in potent ingredients, like cocoa nibs or citrus peel—but his business took off when local chefs started requesting the refined additives separately so they could manipulate their own dishes. Now he sells 1,600 ingredients from the shop, with access to more than 4,000 products worldwide, to 1,200 restaurants and hotels.

"Any person I work with knows I always want what's not on the list," Markus says of his ingredients, which, at times, feel like black market goods. "The hunt for tea is exciting in a lot of the remote places, but at the same time, if it's under the shadow of something horrible, I don't want to touch it—almost like blood diamonds."

"He's out there finding stuff for the chefs that nobody else is," says Curtis Duffy, the chef-owner of Grace in Chicago, which was awarded two Michelin stars this year. "There's not an ingredient that I can't say to

Rod, 'Can you get this or source this for me?' Two days, a week later, he's got it. And not only that, it's probably one of the best qualities of it you can get." Duffy likes to top select dishes with a drop of Markus' argan oil, an expensive and unusual product: Goats eat the argan nuts and digest them, which breaks down the nearly impossible-to-crack shells, and, well, expel them. Handlers sift through the dung and turn the softened nuts into oil.

Markus has probed the underbelly of Dubai's markets for the finest saffron. He has negotiated a blessing from an American Indian chief in Oregon for a highly perishable root. He once waltzed into Moto, Chicago's pioneering molecular gastronomy restaurant, with a steel Zero Halliburton briefcase cuffed to his wrist, hoisted it onto the countertop and unveiled a 1.75-pound truffle from Australia worth $7,000. That night a waiter ostentatiously wheeled the massive mushroom out to every diner for unlimited shavings.

Craving a tea graded higher than what the Queen of England drinks? Markus offers Emperor Aged Keemun. Splurging beyond that? The Rare Tea Cellar has a 1949 vintage pu-erh tea that sells for $30,000 a cake. Some things, like a nugget of ambergris (or whale excrement), which is actually illegal to sell, he displays just for show. He traded for the walnut-size dried clot of blowhole debris with a boy who found it on the shores of London. "You don't want to be trafficking that kind of stuff," Markus says.

Raised in Highland Park, Ill., Markus always "felt this really strong connection to food and spirits." After graduating from the University of Vermont with a degree in psychology, he eventually pursued his passion for fine goods modestly by selling wine and cigars out of his car. He soon expanded his network of consumers and products online.

But it took years of failure to master a volatile market: "I've gone broke almost 10, 15 times." Markus has often taken a meager salary and put 90% of his profits back into the business when times got lean or markets collapsed. He has to rely on Third World countries that do not know any better than to send expensive perishable goods in a plastic bag or thin cardboard box. And he has to hope that the chefs he supports stay autonomous and in business. It's all a gamble. "Even as I grow, there are many times where I'll be the last guy paid. It's more important to grow this and keep the flow than take money out."

Now finally successful, Markus goes to indulgent lengths to keep up his appearance as a man of refined tastes. In his free time he practices carving legs of Iberian cured ham. He prefers his burger meat ground with bone marrow and always carries an insulated envelope of truffles and a shaver because he loves to "make them rain on everything."

Markus also concocts his own products at the Cellar, like his Rare Botanical Bitters. Inspired by his passion for Negronis, Markus has collaborated with Boyd & Blair to release a white balsam vermouth this summer made with 25 ingredients that he expects will be a "game changer" in the Chicago cocktail scene. He is waiting for the government to approve the spirit, a dash of which, he claims, turns even bottom-shelf liquor into a tasty bespoke cocktail. "This is definitely the biggest thing I've ever touched," he says.

But he has not always gauged the ingredients market correctly. His dried watermelon powder, for instance, was "chalky," not at all like the burst of summer he had envisioned. And although his beef jerky tea was "interesting," he couldn't sell it. "You have things that are real approachable, and then you have things so outrageous they may be too refined for certain palates but may be a great way to wake you up. I call those 'F.U. ingredients.' It's like an ingredient you put on the menu: Rather than use a pecan, you use a wild hickory nut, which is ten times the cost because it takes four hours to crack."

Then again, Rodrick Markus lives for the thrill of a transformative meal. "It's one of those things you put on the menu, and people are like, 'Is this even real?' Or 'How the hell did they get it?' I love those. Every menu, just to have a little something to differentiate itself or twist it on its side a little—just magical."

TRENDING

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PERSON
AERIN LAUDER
Having launched her luxury lifestyle brand, Aerin, in 2012, Lauder (granddaughter of the estimable Estée) recently expanded the brand to include home decor and accessories.

COMPANY
BENTLEY
The venerable British automaker announced the production of its fastest car ever. The limited-edition Continental GT3-R has a 4-liter twin-turbo V8 and goes from 0 to 60 in 3.6 seconds.

IDEA
THE ELECTRIC HARLEY
Can hogs fly, or did Harley-Davidson actually unveil an electric motorcycle in June? The seemingly heretical e-bike is just a prototype; Harley is rolling out the model just to test consumer interest.

FINAL THOUGHT

"I believe that if ever I had to practice cannibalism, I might manage if there were enough tarragon around." —JAMES BEARD


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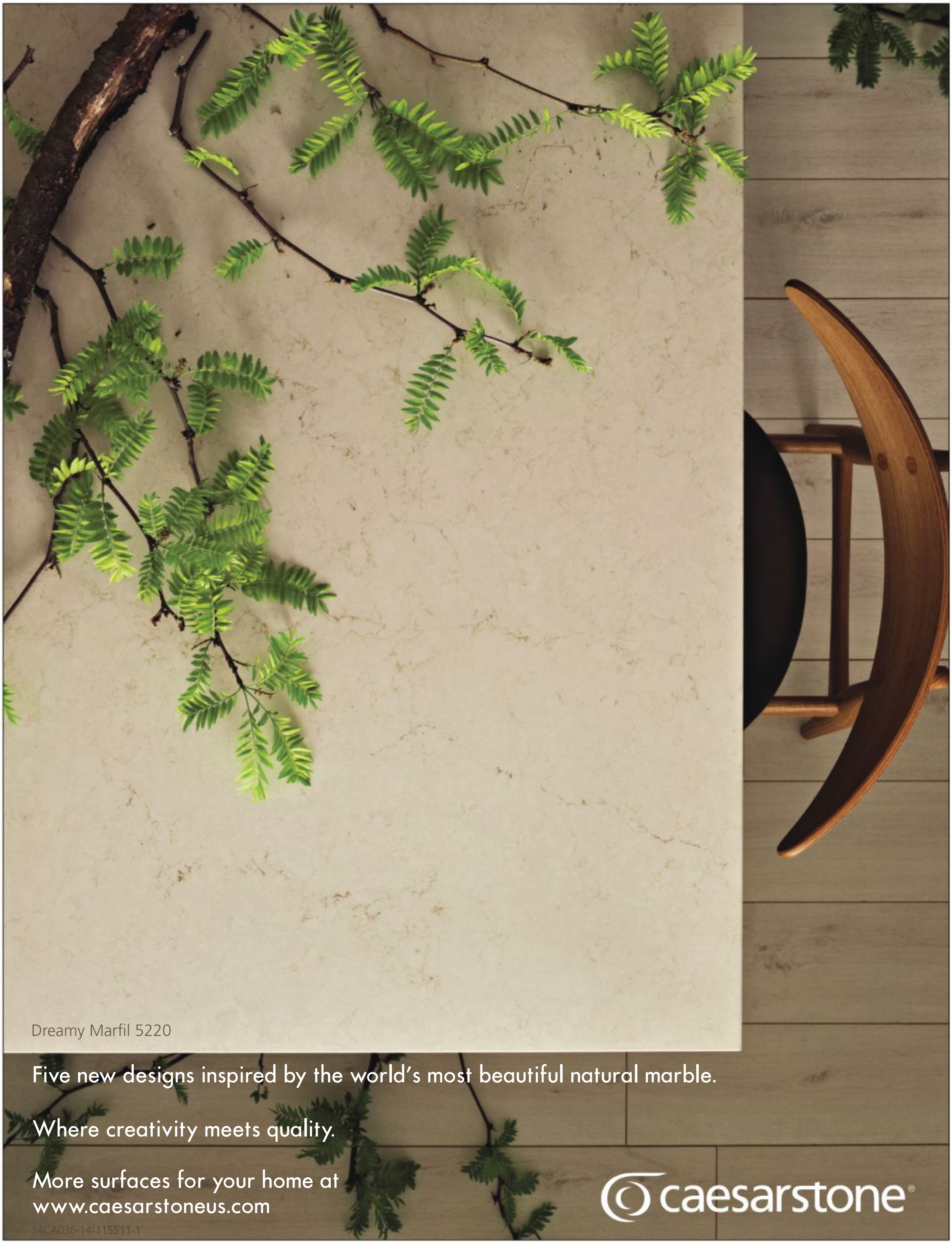
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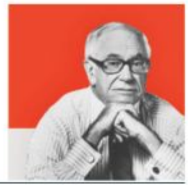
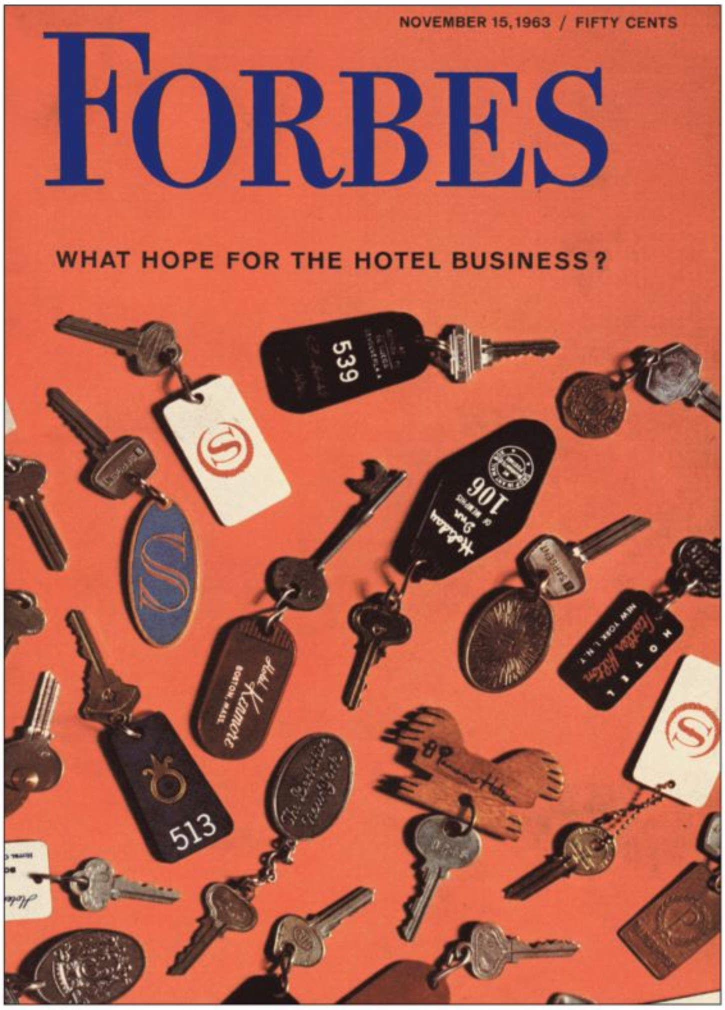
FINAL THOUGHT



Bill Cosby is a humanely humorous genius. Truly a national treasure. So long as he's on, we're in good shape.
—MALCOLM FORBES



"The nation's hotelmen are in trouble, real trouble. And the motelmen are having a rough time, too. The problems, moreover, are not of the kind that can be cured overnight. Hotels and motels by the score already have gone bankrupt this year and others are heading toward bankruptcy. There are bright spots—Las Vegas is one—but most hotel and motelmen consider themselves lucky if they're even barely in the black."
—FROM THE NOV. 15, 1963 ISSUE OF FORBES

OTHER THOUGHTS FROM THAT ISSUE:

GM OF THE BREAKFAST TABLE *"Don't be fooled by those jolly cartoon characters: Kellogg is as dead serious about breakfast cereal as GM is about cars or IBM about computers."*

THE SPECULATIVE VOGUE *"There is an old Latin proverb—'Whom God would destroy He first makes mad'—which is often helpful to call to mind when the stock market becomes overemotional."*

ON RENOWN

"I've always been famous; it's just that no one knew it yet."
—LADY GAGA

"I've been imitated so well I've heard people copy my mistakes."
—JIMI HENDRIX

"Thankfully, perseverance is a great substitute for talent."
—STEVE MARTIN

"Better was it to go unknown and leave behind you an arch ... than to burn like a meteor and leave no dust."
—VIRGINIA WOOLF

"Heroes must see to their own fame. No one else will."
—GORE VIDAL

"Never throughout history has a man who lived a life of ease left a name worth remembering."
—THEODORE ROOSEVELT

"The life given us by nature is short, but the memory of a well-spent life is eternal."
—CICERO

"I ought to be jealous of the tower. She is more famous than I am."
—GUSTAV EIFFEL

"There were giants on the earth in those days. ... Those were the mighty men who were of old, men of renown."
—GENESIS 6:4–5

"Any star can be devoured by human adoration, sparkle by sparkle."
—SHIRLEY TEMPLE BLACK

SOURCES: COLUMBIA DICTIONARY OF QUOTATIONS; GOODREADS.COM; BARTLEBY.COM.

MEET BOLD

Burritos + Social Media = Amazing Loyalty

BY RUSS BANHAM

Sometimes the little guys in business can teach bigger organizations a thing or two.

The fast-growing restaurant chain Boloco owes its success as much to its incisive use of technology as much as its specialty burritos. Customers can remotely order, buy and even complain about their food via an online loyalty card that serves up points toward free meals.

Starbucks has a similar mobile payment option but Boloco has gone one step further—making it completely smartphone or tablet-based. "We did away with the plastic," says Patrick Renna, Boston-based Boloco's CEO.

PATRICK RENNA
CEO, BOLOCO

Photo by Dominick Reuter

Customer loyalty is high because of the quality food and seasonal menu," says Renna, "but also because they feel part of something."

Renna acknowledges the risk in restricting customers who want loyalty points to order remotely from their mobile devices or scan their phones at the restaurant's unmanned kiosks. But, such bold decisions have been part of Boloco's DNA from the launch of the first eatery in 1997. The company now has 22 locations spread across the northeastern region of the U.S.

The company's founders perceived a market opportunity residing somewhere between fast food joints and slightly more upscale restaurants like Olive Garden. The fare would be ready in a flash like at Taco Bell, but would be more nutritious (several dishes are vegan and vegetarian) and innovative—traditional Mexican burritos made with unique ingredients culled from different cuisines. A case in point is the Tikka Masala, a burrito made with chicken and Indian spices.

With $23 million in annual revenues in 2013, and plans on the drawing board for four more restaurants in the next two years, obviously something is going right for Boloco. "Customer loyalty is high because of the quality food and seasonal menu," says Renna, "but also because they feel part of something."

That "something" stems largely from a social networking experience that encourages customers to comment on the taste and quality of new burritos using Facebook, Twitter and boloco.com. The feedback flows through a single portal (via a salesforce.com tool) that is monitored on a constant basis at Boloco headquarters. Negative news is pushed immediately to the restaurant in which the customer may still be eating. Halfway through munching the offending burrito, the manager will approach the patron with an apology and free points on the person's loyalty card towards another burrito.

Aside from these positive customer experiences, Boloco also benefits strategically, knowing which burritos are best sellers and also-rans. Younger customers have been particularly enthusiastic about the card. "Millennials think this is too cool," Renna says. "They didn't like carrying around an actual card in the first place."

Bold Moves

Boloco entered a mature business through a novel niche—a fast food restaurant with upscale food and service. More recently, the company cemented relations with customers through a loyalty program providing points toward free meals. It then engaged the latest technologies to appeal to its primary patrons—younger people. Fare can be ordered remotely from smartphones and tablets or kiosks at restaurants. A novel social networking program closes the loop, keeping diners apprised of new menu items and encourages their feedback.

MEET BOLD

1000% Growth in Ten Years? That's Nuts(.com)


JEFF BRAVERMAN
CEO, NUTS.COM

Photo by Julie Platner

Bold Moves

Nuts.com was built on the knowledge gleaned from more than a half-century of manufacturing high quality roasted nuts. Its stratospheric second-stage launch was fueled by an intrepid decision to create an e-commerce platform selling different nuts and dried fruits with a two-to-three-day delivery promise across most of the country to retain the product's freshness. A marketing strategy that focused on the gift market generated sales to people other than nut aficionados. Once the sales foundation was built, the company branched into other products, including non-nut merchandise like coffee and health foods that have added new revenue streams.

BY RUSS BANHAM

Fresh from a brief career as an investment banker 11 years ago, Jeffrey Braverman turned his family's small, retail Newark Nut Company into an internet powerhouse that now generates $30 million in annual sales.

> **"My father immediately said to shut it down," says Braverman. "He had never seen orders before of that magnitude. It scared him. He was used to running a small store."**

The key to Braverman's strategy in 2003 was selling online, which was still in its early stages and presented risks for smaller companies. Braverman's father and uncle, who were running the store when he joined, thought his bold idea was, well, nuts.

Braverman also made customer service a priority. He boldly promised two-to-three-day delivery across most of the country to retain the freshness of products. This meant taking a chance for a small company that relied on contractors to handle logistics and transportation.

Braverman had no plans to enter the family business, which his late grandfather Sol had founded in Newark, N.J. 85 years ago—roasting nuts in the basement of his shop. But in e-commerce, he saw an opportunity to transform the mom-and-pop retailer into a powerhouse.

Over the years, the original product list had grown beyond peanuts to include different kinds of nuts (salted, raw, chocolate-covered, etc.) and dried fruits—200 different products in all. Braverman convinced his father and uncle to tentatively sign off on an e-commerce business plan. He hired a part-time programmer to create a site by the holiday season.

On December 3, 2003, the first orders came in. "My father immediately said to shut it down," says Braverman. "He had never seen orders before of that magnitude. It scared him. He was used to running a small store."

From four employees 11 years ago, Nuts.com now employs 120 workers, and its catalogues include more than 3,000 items.

Braverman also found that the internet allowed Nuts.com to broaden its marketing platform—to aim not just at nut lovers, but also their loved ones. "We targeted the gift market from the get-go," Braverman explains. "If Aunt Marge loves freshly roasted pecans covered in dark chocolate, we offered an inexpensive way to send her a gift on her birthday or Christmas."

Grandpa would be proud.

MEET BOLD

Built to Win

Beating the boys at their own game

GAIL WARRIOR
CEO & FOUNDER
WARRIOR CONSTRUCTION

Photo by Kevin Gaddis, Jr.

BY PAULA FELPS

Gail Warrior was born with the right name. Not only has she built one of the largest woman/minority-owned general construction companies in the U.S., she has transformed the alternative construction industry both in areas of cost and sustainability. It hasn't been without a fight.

In the late '90s, Warrior had friends who manufactured modular buildings and sold them to schools. She recognized there was a broader market and, when she learned that nobody was selling such buildings to the federal government, she launched Warrior Construction. She immediately entered a business incubator and began building her company.

"I saw a niche; I didn't set out to grow a huge construction company," she says.

When she learned that the wording in federal RFPs prohibited non-traditional buildings such as modular structures from being included in the government bid process, she fought to get the wording changed. At the same time, she built her business by pursuing—and getting—non-government contracts. It took months of working with officials in Washington D.C. to persuade them to change the wording that would allow her to compete in the government bidding process.

"When we finally got one government agency to change it, it had a domino effect," she says.

She began winning smaller government contracts, and when the military decided to consolidate its bases in 2005, Warrior was in the perfect spot. Bases needed new barracks for soldiers, but didn't have time to build them from the ground up. Modular housing was the perfect solution.

"For me, it was about identifying an opportunity and going for it," she says. "I never had any doubt that I could make it work," she says.

"We went after the bid, partnered with a large contractor and got it," Warrior says. "Our part of the contract was about $40 million. It was a huge leap from the projects we'd been doing."

Warrior weathered the inevitable growing pains and used the rapid growth as a springboard to other projects. Today, the company's portfolio of projects includes healthcare, higher education, K-12 and administrative buildings.

"For me, it was about identifying an opportunity and going for it," she says. "I never had any doubt that I could make it work," she says.

Spoken like a true Warrior.

Bold Moves

Gail Warrior doesn't just enjoy success; she shares it. She believes that one of the keys to growth is teaching and mentoring the next generation. In addition to the Young Warriors Summer Learning Program, which provides summer educational enrichment programs for economically disadvantaged children, she founded the Warrior Small Business Academy in May 2010 to mentor other entrepreneurs in the construction industry.

"Part of the responsibility of success is to give back to the community and the next generation," she says. "Young people need to see their leaders doing things that will improve our world."

MEET BOLD

On a Roll

How Boosted Boards turned a passion project into a promising business

Bold Moves

While it took a bold vision to create Boosted Boards, co-founder Sanjay Dastoor says having the right mentors was crucial to bringing that vision to life. Among Boosted Board's informal advisors were successful Stanford alum and even David Lyons, former director of engineering for Tesla. Dastoor says that the mentors spoke with them about common mistakes in such areas as budgeting and the time and cost of shipping internationally.

"It streamlined our whole process and made things happen so much faster," Dastoor says. "There's so much to do when you're starting a new company; the more help you get, the faster you can go."

BY PAULA FELPS

Successful entrepreneurs realize that inspiration is nothing without execution.

Consider Sanjay Dastoor and John Ulmen. Three years ago, the then doctoral candidates in robotics weren't looking to revolutionize skateboarding; they just wanted a faster way to get around campus.

"John and I were in the same PhD (robotics) lab at Stanford, and he was using a longboard to get around," Dastoor says. Ulmen motorized boards for himself and Dastoor, and soon they connected with Matt Tran, another of Dastoor's friends, who already was seeking ways to create mass urban transportation appealing to snowboarders or skateboarders.

They launched Boosted Boards in 2011 to produce the world's "lightest electric vehicle," weighing just 12 pounds. When motorized, the longboards—a longer version of skateboards already popular for urban transportation—were easier to maneuver up hills, and reached speeds of up to 20 mph.

After joining two incubators—Y Combinator and Stanford's StartX—they launched a KickStarter campaign in September 2012 and hit their funding goal in just 24 hours. Then they immediately hit a sweet spot with their intended 20-to-40-year-old male demographic.

"Right now, we have more direct sales than we can keep up with, so we are ramping up production," Dastoor says.

"Kickstarter let us meet our customers," Dastoor explains. The founders took full advantage of that relationship, giving supporters boards and asking them to test the product in extreme situations. They wanted to know what worked—and what would work better. "We let people test them, break them and tell us what they wanted. That let us make a better product."

Boosted Boards is still building boards by hand and has a waiting list of customers who have purchased the board. They've also sold several units in Europe and are waiting for certification to be able to ship them abroad.

"Right now, we have more direct sales than we can keep up with, so we are ramping up production," Dastoor says. They also are exploring retail possibilities to see what type of store would be the best fit.