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Warren Hellman: Financier, Philanthropist, Civic Patron, Mensch

including supplemental interviews with:

Philip Hammarskjold and Susan Hirsch

Interviews conducted by  
Lisa Rubens  
in 2011

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Warren Hellman

**Warren Hellman** was a San Francisco businessman, philanthropist, and banjo enthusiast with deep California roots. He started and funded the Hardly Strictly Bluegrass Festival which is held annually in Golden Gate Park.

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## Introduction by Gerson Bakar

I knew Warren Hellman for over 25 years. Business, philanthropy, the arts, civic engagement, religious studies, and family: Warren did it all so well and made it all look so easy. In his oral history, Warren tries to tell us how he accomplished so much. However, first a warning to those of you who decide to read his oral history in a place where others are present. You should know that those around you will wonder why from time to time you are laughing out loud. Warren's good nature and wit are present as he reflects on his life.

Warren, of course, was a very successful investor. However, as you will see, he seems to dismiss the success he had with identifying underperforming firms, buying them, restructuring the firms to make them more valuable, and then selling his position. He invested with his own funds together with funds raised from others. As Warren describes some of these investments, it is clear that he had an intuitive understanding of what he was doing, that is, Warren's business success required a creative intuition that most of us do not have. While increasing the value of the firms is the way we value Warren's business success, the real value to our society of Warren's investments was seeing that capital was used more efficiently which resulted in the creation of more goods, services, and jobs. If Warren had done nothing else but find ways to unlock value, that would have been enough. .

In his amazing philanthropic activities Warren was willing to take the same type of risks he took in business. Even though a number of Warren's efforts to restructure various non-profit organizations did not turn out as expected, here too, we all benefited by his ability to take risks. For example, his efforts to make Mills College --an important women's college in Oakland-- co-ed in order to improve its then dire economic situation resulted in a student and alumni uprising. This uproar ended with Mills remaining a women's college and with a very significant increase in alumni support that stabilized Mills economic position. And while his efforts to merge the Magnus Museum in Berkeley with the Contemporary Jewish Museum in San Francisco was short lived, it did result in Magnus being viable by becoming part of the UC Berkeley Bancroft Library.

Who would have thought that one of Warren's major philanthropic contributions was to oversee the construction of a two story underground garage in Golden Gate Park? There was the usual opposition and law suits associated with this type of task. But Warren prevailed, and the success of the new De Young Museum and the new California Academy of Science is, in part, due to Warren's garage. Furthermore, Warren's garage, as planned, resulted in less auto traffic in the park even though attendance to the museums increased. If Warren had done nothing else but improve the viability of philanthropic organizations, that would have been enough.

While Warren had the ability to participate in the state and national political process, his political efforts were focused on San Francisco, its local government and its school board. There wasn't a school bond effort without Warren's participation. He backed endless candidates, "some of which," he would say, "actually won." Warren seemed to believe that in the long run it was more important to back good candidates even if they might not be electable.

In Warren's last year, he was one of the major leaders in a successful city wide elections to, in his words, "begin" the effort to restructure public employee pensions. It is doubtful if anyone but Warren could have brought forth a compromise that both the business community and the public employee unions could support. If Warren had done nothing else but showed us how to participate in the political process, that would have been enough.

Saying Warren liked country music is like saying the sun comes up every morning. When he lived in New York back in the 1960's, he unsuccessfully tried to arrange banjo lessons from Pete Seeger. Fortunately when Seeger turned him down, he didn't give up but looked elsewhere for instruction. In the 1990's he returned to one of his many callings by once more taking up the banjo. Then, as a natural progression, he created the annual "Hardly Strictly Bluegrass Festival" that in a four-day free festival brings together major bluegrass and other related groups, a festival that attracts hundreds of thousands to the six stages in Golden Gate Park. As Warren states in his oral history: "If you have a lot of money, you can buy art or have a bluegrass festival. Which would you rather have?" Not everyone would provide funds for continuing a bluegrass or hardly strictly bluegrass festival for fifteen years, but Warren did. It was fitting that shortly before he died, the San Francisco Board of Supervisors renamed a part of Golden Gate Park "Hellman Hollow." If Warren had done nothing else besides giving the Bay Area a marvelous music festival, that would have been enough.

Warren was competitive in business and in recreation. At Warren's memorial service, one of his children affectionately said that when they were hiking as a family, "Dad would say that if we could talk and walk, we weren't walking fast enough." Warren was a long distance runner and a participant in a grueling sport called "ride and tie" which he explains in an interview. While Warren was very competitive, he competed against himself. If Warren had none nothing else besides being a major amateur athlete, that would have been enough.

Warren grew up in a family that recognized that it was Jewish while not being very interested in religion. Warren reports that both his parents and grandparents were indifferent to religion. Over thirty years ago when asked to contribute to the Jewish Federation, Warren responded that he really wasn't interested in Jewish organizations. When asked what he knew of Judaism, he replied "nothing." He was then told that it didn't seem right to dismiss something that he knew nothing about. Thus began Warren's 25 plus year monthly Torah discussion group. Warren's last participation in this discussion group was from his hospital bed via phone a few weeks before he died. Given that "time" is what limited Warren's activities, it seems important that the Torah discussion was something Warren thought important enough to continue most of his adult life. What should we make of the fact that a few years before he died, he and one of his adult daughters had a joint Bat/Bar Mitzvah. Clearly something about the Jewish tradition caught his eye. If Warren had done nothing else but intellectually explore a religious tradition, that would have been enough.

Given his success in business, his role in philanthropy, his participation in politics, his interest in music, and his efforts to learn more about Judaism, Warren was a Renaissance Man. However, one should not forget his devotion to Chris, his wife, and the pride he had in the four children Chris and he raised. It is quite touching that in his last interview what struck him as the high point of the recently completed Hardly Strictly Bluegrass Festival, he described Chris, suffering from dementia, singing a song with the Irish folk singer Seamus Kennedy. Warren recounted:

We were in the food line, and I said, “Seamus, I loved your set, but I wish you’d done ‘Seven Old Ladies Were Locked in the Lavatory.’” He said, “Do you know it?” I said yeah. He said, “Well, let’s do it together.” So we went outside and we were singing. I said, “I’ve got an idea. Let’s go in my camper, and let’s perform it for my wife.” We went in there, and it was as if twenty years, or ten years, just rolled back. She went crazy. She was singing the verses, she was dancing. It was just phenomenal. It was, Chris is back.

Then he finishes, and I guess she’d talked to him before. He said, “So you’re a London lass, are you?”.. “Do you know ‘The London Dustman?’” She said, “Of course I do.” So the two of them sang this other song, which I didn’t know, in its entirety together. I think that was the single best moment of the festival

If Warren and Chris had done nothing else but raise a great family, that would have been enough.

Warren ended his oral history in a typical Warren way.

Hellman: This is a very arrogant statement. I’m not very interesting myself. I think one of the reasons I get along so well with people is I’m really interested in them. I know what I’ve done and what I haven’t done. Most of my friends, or some of them, who have done – what do you call them?

Rubens: Memoirs or autobiographies.

Hellman: They’re really fascinated by themselves. I’m not.

Warren really was interested in everyone he met and that was more than enough. I’m sure you’re in for a great read.

## Interview History by Lisa Rubens

I had the privilege of interviewing Warren Hellman over the course of eight months, between March and October, 2011. When I began my research for this oral history, I was humbled by his extraordinary biography. He was the scion of a wealthy and powerful family with a long and distinguished history. He had been the youngest partner and president of Lehman Brothers – until 2008 among the largest brokerage houses in the US. He was deeply involved in San Francisco politics, an advisor to mayors and governors and national organizations. He was recognized widely for his leadership, philanthropy and service for numerous public and private institutions – for example the University of California, Mills College and the San Francisco Jewish Community Federation. He sat on the boards of Fortune 500 companies. He ran his own successful private equity firm and relished making money for his investors and himself. He had been a fiercely competitive athlete and had become in his own estimation a “fair enough” musician – playing the banjo with such stars as Emmylou Harris and Hazel Dickens.

Despite my apprehension, he quickly put me at ease – as he did with so many people he met in the many diverse arenas of his life. He was a man who insisted on being called Warren – by virtually everyone he met, whether a stable boy or CFO. Still, in his business life, as he explains in this interview, he was tough and exacting. When I asked if associates called him “hurricane Hellman” because he was always in hurry, a driven force to reckon with, he said “yes” but added “it was because of my bad [hair trigger] temper. I think I was always right, but there was always somebody wanting to do something that was wrong that made me furious.” Yet as becomes evident in this oral history, he had mellowed. He still came daily to Hellman and Friedman, the firm he founded with Tully Friedman in 1984; and his blood pressure still rose and fell over deals made and money lost. But he had turned the reins of the company over to Peter Hammarskjold and now devoted much of his time to his civic, charitable and personal interests – including his serious study of Torah, the quirky Con Artist Hall of Infamy website he created with Arthur Rock, and perhaps most dear to him, his music.

We met in a sparsely decorated conference room with a panoramic view of San Francisco Bay and Warren would now and then take a minute to meditate on the grandeur of his surroundings, commenting on a change of tides or the passage of a mammoth container ship under the Golden Gate Bridge. Most of our interviews were tightly scheduled between his full calendar of scheduled phone calls, meetings, lunches and band rehearsals. But as he mentions a few times in the interviews, he looked forward to our sessions because they were “fun.” Wearing khakis and an open collar blue work shirt –his regular attire that replaced his previous uniform of suit and tie — he was relaxed, witty; his memory sharp. If I had an hour and a half recording session, I was lucky. I was even more lucky when at the end of several interview he would invite me to accompany him down the hall to his spacious, if pleasantly cluttered private office – decorated with some of the awards he had been given acknowledging his achievement or service: as a financier and businessman; as a civic servant and philanthropist; as a board member or advisor to a host of private and public institutions; as a competitor in marathon runs and horse rides. There were family photos and crafted gifts from some of his twelve grandchildren – upon whom he doted. (He also has two great-grandchildren.) But more prominent was evidence of his musical passion: the two CDs he made with his bluegrass band, The Wronglers, were piled on his desk; several banjos rested on stands along one end of the rooms; and posters for Hardly Strictly



Bluegrass, the free music festival he created in 2001 – his signature gift to San Francisco and the world of bluegrass and roots music.

The interviews move quickly and chronologically through the milestones of Warren's life and career. But occasionally the sequence is broken and we talk about current topics: a road trip he had recently taken with his band; about the death of his good friend Hazel Dickens; and especially, tenderly, about the sorrow of watching his best friend and the love of his life – his wife Chris – suffer from Alzheimer's. As we got to know each other, I learned that he liked anecdotes and stories about other people's lives and events in history. And so more often than is customary in an oral history, I told Warren an odd-ball story that I hoped would inform and entertain him. In my mind they were connected to his life and what we had recently discussed, though in fact they sometimes seem to have no relationship to either. Nevertheless, I have kept most of them in the manuscript, because Warren's comments reflect his curious and responsive nature, his humor and quick mind.

Warren Hellman knew his strengths and limitations. "A lot of people like to participate in sort of cosmic, national, international things.... A lot of my friends are very active in national causes of one sort or another. I've been on stuff like the Academy of Arts and Sciences, and we do these wonderful studies...." But he concluded: "I didn't feel that I was capable of moving the needle much nationally or internationally, and I do believe it's possible for me to move the needle in San Francisco. I like to think locally, act locally, because you can touch it, feel it. Even if you lose it can have a defined outcome."

At the end of our last interview, Warren said: "This is a very arrogant statement: I'm not very interested in myself. I think one of the reasons I get along so well with people is I'm really interested in them. I know what I've done and what I haven't done. Some people who have done memoirs or autobiographies, they're really fascinated by themselves. I'm not."

It never occurred to us that that would be his last statement and his last interview. Warren died, two months later, on December 18, 2011. Unbeknownst to me, he had been diagnosed with leukemia the previous summer. Perhaps in retrospect some of his humor has a gallows-cast, but I thought then, and still think of it more in keeping with his self-effacing manner. We both expected there would be several more interviews in which we would cover other aspects of his life – particularly political campaigns in San Francisco – and then he would review the entire manuscript. Warren never read any of these interviews and thus did not clarify some incidents, elaborate some stories or correct names that he did not remember during our discussions. And of course we did not bring his life story up to date.

To mitigate some of this, I conducted two supplementary interviews in order to fill in some of his history. Philip Hammarckjold, CEO of Hellman and Friedman, discusses that firm's investment philosophy and business history. He is especially insightful about Warren's leadership and the way in which "he was just a cultural figure at the firm." "Susan Hirsch, CEO of Hirsch and Associates Philanthropic Advisors, who oversees the Hellman Foundation and Hellman Fellows Fund, provides an overview of Warren's philanthropy and his role in creating and funding the news journal Bay Citizen. She also reflects on his ineluctable humor – recalling an office holiday party to which he came dressed as Miss Marple – and his how he "touched people's lives in a very personal and special way, and each person felt it differently than somebody else." In the

future I hope to interview Warren's go-to-political consultant, Mary Hughes, regarding his efforts in several political campaigns to reform San Francisco's public schools. Ms. Hughes generously provided me background information on her work with Warren when I was preparing the interviews.

Warren was a devoted family man. He was particularly proud of and enjoyed talking about the lives and careers of his four children: Frances, Mick, Patricia and Judith. Patricia Hellman Gibbs read this manuscript several times, discussed it with her siblings and incorporated their corrections and deletions of some of Warren's often off-handed comments, made in humor, but which they thought would be misinterpreted. Warren's sister, Nancy Bechtel, also read the manuscript and noted that on a few occasions Warren may have been fanciful, cavalier or wrong about some of his family history. She changed very little and her edits are indicated in the transcript. Peter Solomon with whom Warren worked at Lehman, and Paul Ferri, with whom Warren began his first business, read portions of the interview and provided additional information. Colleen Browne, Warren's long-time assistant and band mate also provided invaluable clarifications to Warren's account of the formation of The Wranglers. An in-depth interview with Dawn Holliday, whom Warren praises as the progenitor and organizer for *Hardly Strictly Bluegrass*, should be conducted soon.

The festival will probably be Warren Hellman's most celebrated and well known contribution. But his oral history will hopefully encourage an in-depth study of a man whose life history reflects on a deep legacy of engagement with important milestones and currents of business, politics and culture in American life.

Lisa Rubens, 2014

Interview 1: March 3, 2011

Audio File 1

01-00:00:01

Hellman: The day I was born, it was 102 degrees or something like that. Somebody gave me a newspaper from that day.

01-00:00:06

Rubens: That was July 25, 1934. Where were you born?

01-00:00:13

Hellman: I was born in Children's Hospital in New York City.

01-00:00:15

Rubens: And what was the structure of your family when you were born—you were the first born.

01-00:00:21

Hellman: I'm the oldest. My father was working at Lehman Brothers. My mother had started flying airplanes six years earlier and we lived on Six Riverview Terrace.

01-00:00:57

Rubens: How long had your family been in New York?

01-00:00:57

Hellman: [Warren's parents moved to New York after his dad finished Harvard Business School] Then they moved first to Washington, DC soon after the beginning of the war. You remember that. It was a terrible thing. My father went in the Army in I think 1942.

01-00:01:16

Rubens: Volunteered?

01-00:01:18

Hellman: Yes. Given that everybody was being drafted, if I could volunteer as a major, I would have volunteered, too. So we went to Washington, DC. We lived there for maybe a year and then we moved to San Francisco in '40—it must have been '42, '43 maybe. Then my father was sent to what is now Travis Air Force Base, which then was called Fairfield-Suisun Army Air Base. And my mother was in the WASPs at that point.

01-00:01:54

Rubens: So let me freeze this narrative for one minute to explore a little more your immediate family history and then take an historical look at your distinguished roots. How had your parents met? Do you know when and how?

01-00:02:06

Hellman: Yes. They met when my father was at Harvard Business School. [Our mother's sister, Didi (Edith) married Fred Ehrman.] So that would have been

in the early thirties, very early thirties. And my mother's family used to invite students from Harvard Business School to have lunch at their house on Sunday. So they courted and they got married I'd say in '32, something like that. And then they moved to New York.

01-00:02:42

Rubens: What was your father's full name?

01-00:02:47

Hellman: Marco Francis Hellman. He was the grandson of Isaias Hellman, and the son of Marco.

01-00:03:02

Rubens: I have a copy of your family tree, which we should include in the appendix so as not to get confused –names are repeated in different generation.

01-00:00:21

Hellman: And Marco had three sons and a daughter. Not all at once.

01-00:03:27

Rubens: And your mother's name?

01-00:03:31

Hellman: Ruth Koshland. And her family was partly from here and partly from Boston. I think they had lived here a lot. They were in the wool brokering business, and for some reason Boston was an important hub of wool broking. Her father traveled buying wool out in Montana and South Dakota, places like that. He was in some way a rugged mountain boy. He had something like seven or eight brothers, I think.

01-00:04:21

Rubens: When do you first become aware of your father's distinguished background, of your grandfather and your great-grandfather?

01-00:04:32

Hellman: Well, my great-grandfather was the one that became—always when I'm interviewed people say, "Who would you like to pattern your life after?" That's really an easy question to answer because it would be I.W. But it is hard to answer your question because it was just always sort of part of your consciousness. And if you went to the opera, for example, somebody would say, "The Hellmans have had that box since we opened the opera house." So there was—

01-00:05:12

Rubens: Just part of your genetic as well as social and cultural life.

01-00:05:13

Hellman: Yes.

01-00:05:16

Rubens: How much do you remember of growing up in New York?

01-00:05:22

Hellman:

Nothing. Well, I went to some school there. I went to something called [Frobelique?] which my mother, of course, would send me to. It was one of the sort of New York liberal schools. And then I went to St. Bernard's, which was more conventional. But I don't remember either. Although my son went to St. Bernard's. [Hellman was on the Board of Trustees while his son attended.]

01-00:05:46

Rubens:

Your father straight out of business school went to work?

01-00:05:53

Hellman:

Went to Lehman Brothers. Yeah.

01-00:05:53

Rubens:

And you had family in Lehman Brothers.

01-00:05:55

Hellman:

We did.

01-00:05:56

Rubens:

Want to trace that a little bit?

01-00:05:58

Hellman:

Sure. Isaias and Mayer Lehman married sisters and they were the two founders of that business. Isaias had immigrated to Los Angeles, and then he traveled east to find himself a mate. That story is in my song, "I.W. Hellman:" ["O Isaias"] "He [Isaias] and Mayer Lehman they had a double date. When he courted lovely Esther, he could hardly wait to bring her back to California on the western freight." That's recorded on our first album. [The Wranglers, *Jamming to Faint Praise*]

01-00:06:59

Rubens:

So how many people in the family worked at Lehman's at the time your father went to Lehman—what, in 1927 or 1929?

01-00:07:20

Hellman:

It could have been '29, it could have been '27. And nobody else from the family worked there. He was the only Hellman. There were lots of—myriads of Lehmans floating around. But he and I were the only, as far as I know, Hellmans that worked for Lehman.

01-00:07:35

Rubens:

And was he close to any of the Lehmans? That will be more germane when we talk about you joining Lehman.

01-00:07:47

Hellman:

Yes. I don't remember any sort of—

01-00:07:56

Rubens:

Family gatherings or—

- 01-00:07:58  
Hellman: Yes. But the Loeb's and the Lehman's were related and we always knew all of them. We always knew that at some level we were related. But I don't think the families have been enormously close for—no animosity just—
- 01-00:08:18  
Rubens: So do you have memories of certain family gatherings in New York?
- 01-00:28:25  
Hellman: No.
- 01-00:28:25  
Rubens: Well, then, let's move on to a fateful time in your life, when your sister Nancy was born. I think you told me that she'd ruined your life. Did you really think that?
- 01-00:08:30  
Hellman: Well, yes. She threw all my toys out of the window of the house, the Pierre Hotel on Fifth Avenue, where we lived. She was born four years after me.
- 01-00:08:48  
Rubens: When does this Pierre Hotel event take place?
- 01-00:08:59  
Hellman: While we were living in New York, so I guess I must have been like seven or eight and she must have been three or four. But in fact, we've always been very close. When I used to sneak out of the house in high school to go out on dates during the week, she'd have to sleep in the doorway to let me back in when I got home.
- 01-00:09:24  
Rubens: And you weren't reported on, by her or household help?
- 01-00:09:28  
Hellman: No. No blackmail, no nothing. I didn't tell anybody that she was smoking, so she didn't tell anybody that I had snuck out again for another evening.
- 01-00:09:48  
Rubens: So I am trying to just tease out memories you may have of your mother or father in New York or Washington. What led him to leave Lehman's? He weathered the stock market crash.
- 01-00:10:16  
Hellman: Oh, the war. Having trained at Lehman, he knew what war was about.
- 01-00:10:21  
Rubens: Sure. And did he enter as a commissioned officer?

01-00:10:26

Hellman:

Yes, he went in as a major. And had a glorious career. Four years later he emerged as a lieutenant colonel. It was almost unbelievable that you would make such little progress in four years, or three years in the Army.

01-00:10:43

Rubens:

Did he tell stories about what he did in the army?

01-00:10:45

Hellman:

Well, he was in the quartermaster corps and he—

01-00:10:52

Rubens:

That's where you recon supplies and—

01-00:10:53

Hellman:

Yeah. And then he was sent to Kwajalein. one of those islands that floats in the Pacific. And then my mother, who was in the WASPs, was stationed in Long Beach. So they abandoned my sister and me and we lived with the Dinkelspiels. But that was a fantastic opportunity because I had been in the second grade in New York when we came out here. My uncle and aunt, Lloyd and Flutie Dinkelspiel just sent me across the street from their house to Grant grammar school. It was during the war. Everything was all mixed up and I was walking down the hall not knowing where I was supposed to be and this woman came up and said, "Little boy, what grade are you in?" And I thought, "Oh, my god, she doesn't know." I said, "Fourth grade." So I skipped a grade. [Two grades.] In an instant. "Fourth grade's right down the hall."

01-00:11:56

Rubens:

How is it that your mother joined the WASPs, the Women's Auxiliary Service Pilots.

01-00:12:05

Hellman:

I can show you later in my office, the Congressional Medals of Honor that they were all given retrospectively. Well, as the war broke out, there was a tremendous paucity of pilots. A lot of the planes were being sent overseas. There was nobody to transport the planes from where they were manufactured to where they were shipped overseas and other unpleasant duties which I'll come back to. But she had a friend, a woman who's quite famous who I can't remember much about, named Nancy Love. And Nancy Love, and a woman named Jackie Cochran, who was a very famous pilot, formed a something called the WASPs. Women's Auxiliary Service Pilots. And they went to people they knew, women pilots, and my mother was one of them. So she was in the first class of WASPs.

01-00:13:04

Rubens:

How is it that she became a pilot?

01-00:13:05

Hellman:

Because she was nuts. (laughing) [She was an adventurer just like Warren.]

01-00:13:08

Rubens: Had she gone to college?

01-00:13:10

Hellman: Yes, she went to Smith. But she did not graduate. After she eloped she was not allowed to continue at Smith. But she started flying in 1928. She had been flying for a lot of years before the war started and had a lot of mileage.

01-00:13:23

Rubens: Did she know Amelia Earhart?

01-00:13:32

Hellman: She never went flying with Amelia Earhart.

01-00:13:35

Rubens: Did she talk about her training and her work during the war?

01-00:13:42

Hellman: Yes. She was much closer to one of the two women, Nancy Love, than she was to Jackie Cochran and they developed some animosity between the two of them. So she was a Nancy Love person. That's irrelevant. So she was trained in Waco, Texas. She was in the first class that graduated, at Avenger Field in Houston, then she was sent to Burbank.

01-00:14:11

Rubens: So she was a modern, independent woman of the twenties.

01-00:14:15

Hellman: Oh, yeah. She was nuts.

01-00:14:16

Rubens: Why do you say nuts?

01-00:14:18

Hellman: One time we're up at Sugar Bowl. This is a lot later. She said, "Gosh, Harriet Pope and I are going to have so much fun next weekend." I said, "What are you doing?" She said, "Well, we're going down to Stanford. They're doing a whole thing with this thing called LSD." I said, "What do you mean?" I said, "I'm not hearing such good things." She said, "No, it's perfectly safe because it's being run by a Harvard doctor." You, of course, remember Timothy Leary. And fortunately, Carl Djerassi, who was one of the founders of oral contraception, was listening. And he came over and said, "Ruth, this is a bad idea. I don't think you should do this." But she did, of course

And she died scuba diving.

01-00:15:06

Rubens: Yes, we'll get to that. So she was really a free spirit?

01-00:15:13

Hellman: Absolutely.



01-00:15:14

Rubens: A risk taker. Were you aware of other interests or drives that she had?

01-00:15:23

Hellman: She was one of these people, I believe, that was naturally good at anything she tried. She was very musical and her piano teacher, Sasha Leiberman I think was his name, said that she easily could have been a concert pianist. But every morning at our house she would go into the living room, close the door -she was not to be interrupted- and play for three hours. And he said she's just a superb pianist but she would never play at family gatherings. That she was very private about. I barely heard her. You could kind of hear her but you learned to ignore it.

01-00:16:15

Rubens: I guess she had the capacity to close herself off from her family. You said she left you and your sister during the war at the Dinkelspiels.

01-00:16:25

Hellman: Yes, we were left with Lloyd and Flutie Dinkelspiel, who were Frances Dinkelspiel's grandparents.

01-00:16:32

Rubens: Do you have vivid memories of that, in addition to your experience being promoted to the fourth grade?

01-00:16:35

Hellman: Yes. I remember that their son, Lloyd—Frances' father— broke my best toy horse. [laughter] But Lloyd and I grew up pretty much being best friends. He was four years older than I am. You know he died at Sugar Bowl. He had a heart attack skiing down one of the lifts at Sugar Bowl. We had been best men in each other's weddings. So that part worked.

01-00:17:00

Rubens: So you were fond of this uncle and aunt but did you long for your parents? Did you understand that they were serving a greater cause?

01-00:17:09

Hellman: I was, what, nine or ten years old. I don't know. You tend to accept the hand you're dealt. We did spend a little bit of time in Long Beach. But I didn't mind living with the Dinkelspiels. It was a hell of a lot better than when we moved to Vacaville.

01-00:17:46

Rubens: So when was that?

01-00:17:47

Hellman: We moved to Vacaville in about '43. We can check all this out. And they sent me to Vaca Valley Union Grammar School. My description will seem very pejorative. You remember the "Oakies"? Well, I was in the sixth grade and the age of the kids in the class probably averaged fifteen years old —because

none of these kids had ever been to school. So it was about a quarter Oakies and about a quarter itinerant workers' kids. Itinerant workers and the rest were us.

01-00:18:30

Rubens: Us meaning kids whose parents were in the military?

01-00:18:32

Hellman: Yes. So how old are you in the sixth grade? Maybe 11. Being in a class, most of whom are like fifteen or sixteen years old means you try to avoid fisticuffs if humanly possible.

01-00:18:48

Rubens: They were bullies?

01-00:18:53

Hellman: Yes. And they ran the joint. But I can remember the football yell for the high school. "Arizona grapefruit, California cactus. We play Benicia just for practice."

And we lived about three miles out of town. We lived on a fruit ranch. A property with lots of fruit trees and my mother for a while came up with this idea which didn't last long. But she liked horses a lot, so she bought my sister and me each a horse. I don't think for very long, but maybe for a month or so she made a deal with someone who had a feed lot near the school. Vacaville was a tiny little town with maybe 1,500 people. So she let me ride to school every day. I'd leave the horse in the feed lot and then pick the horse up and ride home. So that lasted a little while. That was great.

01-00:19:59

Rubens: It made you feel free and independent?

01-00:20:01

Hellman: Yeah. You feel like Tom Mix or something. [laughter]

01-00:20:04

Rubens: Do you remember seeing movies at that time or listening to the radio?

01-00:20:08

Hellman: Yes. Well, there were all the soaps every afternoon at 5:00. Tom Mix, Captain Jack Armstrong. The Green Hornet. There were about four or five of them. .

01-00:20:28

Rubens: Did your mother take you flying?

01-00:20:31

Hellman: Oh, yes. After the war she bought a plane and kept it down in San Jose. So, yes, we flew with her periodically.

01-00:20:49

Rubens: So how would you describe her? Was she warm?

01-00:20:52

Hellman:

Yes. Everybody who's of her vintage, the Bobby [Robert] Sintons, all them, all had crushes on my mother. She was an incredibly attractive woman, physically attractive. She had a great, as you can see, a great sense of humor. She just loved trying things. So I think most of her life she was extremely popular.

01-00:21:20

Rubens:

Well, I want to fill in some more about your family when you set up household here in San Francisco. But tell me a little bit about your father's character and demeanor. Were they affectionate with each other?

01-00:21:33

Hellman:

Yes. I don't remember super affectionate. They didn't stroke each other a lot and didn't kiss in public. But I don't think that's done much in our family anyhow. But yes. They were, I would say, a pretty solid marriage.

01-00:22:04

Rubens:

And how would you assess his character? What was his personality like?

01-00:22:08

Hellman:

He was tremendously—this sounds so stupid but he was passionate about living. He drank heavily. He loved being a member of the Family Club. He loved going to male outings. He loved going to football games. And he was very successful. His firm did very well. He wasn't somebody that you would write a novel about, but he was a good guy. Pretty active in San Francisco politics.

01-00:22:52

Rubens:

Do you know if he had known his father? Didn't his father die rather early?

01-00:22:59

Hellman:

Yes. His father died I think within a month of his grandfather. My father was born in 1906. And they both died in 1920, I think.

01-00:23:11

Rubens:

Oh, so he knew him well enough. He must have been a role model for him.

01-00:23:13

Hellman:

Yes.

01-00:23:15

Rubens:

So your father's success in business. He was successful at Lehman's before he went—

01-00:23:22

Hellman:

He did okay. There was always a piece of my history from which he got his jollies out of, competitively, because he never became a partner at Lehman. And then the war came along and he left, bought J. Barth & Company which he had when I became the youngest partner in the history of Lehman. I guess as a father would be, he was just inordinately proud.

01-00:23:48

Rubens: Not competitive with you?

01-00:23:49

Hellman: No.

01-00:23:49

Rubens: What did you know of, or maybe you learned it later, of his tenure at Lehman. Imagine just to go there just as the market crashes, as the Depression is coming on and then—

01-00:24:01

Hellman: So the story was that he went to work there in '29. And it was still at the peak. It was before the crash. It was before October. He went into a Cadillac showroom on Fifth Avenue and said, "If you can have that car out on the street in five minutes, I'll buy it." And then six months later he tried to sell the car back to them. So he started there in boom times, real boom times, and then the crash came.

01-00:24:28

Rubens: And did it significantly affect him?

01-00:24:31

Hellman: Well, yes. You must have known a lot of people who lived through the Depression.

01-00:24:35

Rubens: Sure.

01-00:24:36

Hellman: I think all of them were sort of permanently scarred.

01-00:24:38

Rubens: Yes. And if they didn't personally suffer losses, they still had to come to terms with a world that had shifted radically.

01-00:24:48

Hellman: Yes. And there just wasn't a hell of a lot to do. He used to tell a story that he was so worried about being laid off at Lehman that every afternoon he and a bunch of the associates would go to a movie so nobody would see them for a couple of hours. And he was unlucky. They just didn't make partners for a long time.

01-00:25:11

Rubens: Was he bitter about that or—

01-00:25:14

Hellman: Yes. I think he was a little bit bitter about that.

- 01-00:25:22  
Rubens: Now what about your Jewish identity up to when you come back to San Francisco or maybe including living with the Dinkelspiels. Was there any observance-
- 01-00:25:23  
Hellman: None.
- 01-00:25:24  
Rubens: None at all.
- 01-00:25:25  
Hellman: No.
- 01-00:25:33  
Rubens: You knew that you were Jewish.
- 01-00:25:34  
Hellman: You knew that you were Jewish. You didn't deny that you were Jewish. We've always "belonged" to Temple Emanu-El and I said I've heard the Cal Band [UC Berkeley] play at Temple Emanu-El more than any other musical event because somebody's always died and they bring in the Cal Band [UC Berkeley] to play at their funeral. They don't. The family does. And my mother was completely not Jewish. She was Jewish but there was no observance, none whatsoever. My father would go occasionally to High Holy days but she wouldn't. I think because of the family history, we always belonged to Temple Emanu-El. Still do.
- 01-00:26:34  
Rubens: Of course your great-grandfather had had a founding role in that synagogue.
- 01-00:26:41  
Hellman: [singing] "As most of you are aware, Isaias was a Jew. Worshipped Eloheinu just like me and you. Founded Temple Emanu-El, maybe Sherith Israel, too. Always had the very best seats because he paid the highest dues." That's another verse of the song. ["O Isaias"]
- 01-00:26:49  
Rubens: His role as a founder of synagogues in Los Angeles and San Francisco is a significant part of those towns' and his history. And Isaias' son Marco was also active in synagogue, wasn't he?
- 01-00:26:53  
Hellman: Yes.
- 01-00:26:53  
Rubens: They seemed to be observant. But they were really the first and second generation of immigrants and maybe held on to the culture and practices.

01-00:27:01

Hellman:

Yes. And you know this probably as well or better than I would. But they were mostly all German Jews and Temple Emanu-El was largely—there are people that call it Saint Emanu-El. But it was largely German Jews. The Eastern European Jews I guess went to Sherith Israel or others of the temples. Sherith Israel probably had a more diverse membership. But the sort of crème de la crème of “Jewish society”, the most assimilated of Jewish society, the first ones to get into the Christian clubs sort of all came from Temple Emanu-El. [All went to High Holy Days, but celebrated Christmas too.]

01-00:27:47

Rubens:

I meant to ask you, if while in New York, did your father belong to any clubs?

01-00:27:53

Hellman:

Yes. We all belonged to Century Country Club. Those days you belonged to Jewish clubs.

01-00:28:02

Rubens:

Any stories that he mentioned about anti-Semitism? Were you raised thinking about what’s good for the Jews or to be careful how you behave because it may reflect badly.

01-00:28:15

Hellman:

No. But you were conscious. And I’m sure you’ve heard this in a lot of other interviews with people roughly my age. But you were conscious that there was anti-Semitism. I can remember driving uptown with my father, driving past the Pacific Union Club and having him say, “God, that place makes me so mad. All the ribbon clerks that work for me belong to that place and I can’t belong to it.” So, of course, as soon as they let some of us in, we rushed to join. Swallowed all our false pride.

01-00:28:51

Rubens:

And your mother? Any warnings or critiques like that?

01-00:28:59

Hellman:

I think she really strove to have what’s called an ecumenical life. Not playing off Judaism but just being part of “society.” She was a socialite. In fact, I’m told that she was quite upset because when I got married the family was dropped from the blue book because they did not allow actors or actresses and Chris had been a dancer. I’m told she was quite upset about that. We’d striven to get into the blue book for so long. So she was socially ambitious. But then she had this other side.

01-00:29:43

Rubens:

So maybe let’s pick the story up when your parents come back from the war. Where do they setup household after Vacaville?

01-00:29:51

Hellman:

At that point they had stopped thinking it was such a great idea that I went to Vaca Valley Grammar School, so they sent me to San Rafael Military

Academy, which is now Marin Academy. It was at the beginning of my starting to get into trouble in school and stuff. I met the woman who ran Marin Academy a couple of years ago. And I said, "I went here when it was the San Rafael Military Academy." She said, "Oh, yeah, a reform school for rich boys."

01-00:30:25

Rubens: Did you board there?

01-00:30:25

Hellman: Yes. Two years. What an absolute nightmare.

01-00:30:31

Rubens: Because?

01-00:30:33

Hellman: Well, all this false discipline. Having to march around with little uniforms on, act like little soldiers and stuff. But I don't know. I got into Lowell from there, so I guess that was probably okay. But two years at San Rafael Military Academy is not something I would wish on my off—in fact, I never would have sent them there. A bunch of sadistic, failed army people.

01-00:30:57

Rubens: Oh, really?

01-00:30:59

Hellman: Oh, yeah.

01-00:30:59

Rubens: And what was the education like?

01-00:31:03

Hellman: I think it was okay.

01-00:31:05

Rubens: You certainly got into Lowell.

01-00:31:06

Hellman: At the seventh and eighth grade, how can you judge?

01-00:31:09

Rubens: Well, you wouldn't have gotten into Lowell if they hadn't liked your grades or saw your potential.

01-00:31:11

Hellman: I think those days if you were a Jewish kid from Pacific Heights, they did not have a lot of criteria. I suppose if you came directly there—

01-00:31:20

Rubens: Well, you had to be tested, didn't you?

01-00:31:21  
Hellman: No. Or at least I don't remember being tested. So there's a bunch of us bogus graduates of Lowell who pretend that we're up there with the intellectuals who go there now. I don't—

01-00:31:35  
Rubens: I have to look into that. I thought that it was always a selective public school that—

01-00:31:38  
Hellman: It was selective.

01-00:31:40  
Rubens: Ok. Selective on the basis of class or family background.

01-00:31:44  
Hellman: That's my hunch but you may find that I did take some—I don't remember taking any kind of a test. I remember just going there.

01-00:31:53  
Rubens: So where did the family set up? Where did they live when you started going to high school?

01-00:31:58  
Hellman: The Brocklebank Apartments. It's at the corner of Sacramento and Mason Street, I think.

01-00:32:25  
Rubens: And how long did you live there?

01-00:32:28  
Hellman: A couple of years.

01-00:32:30  
Rubens: What was that like? Was there—

01-00:32:32  
Hellman: Well, I spent a reasonable percentage of the time in the hospital, so—I caught my pajamas on fire.

01-00:32:40  
Rubens: From a fireplace or a heater?

01-00:32:42  
Hellman: No. I had a kerosene lamp that somebody had given me and my mother took away something that I didn't want her to take away and so I snuck into her room at like six o'clock in the morning and she started to wake up so I hid the lamp behind my back. The next thing I knew, there was tremendous conflagration, which was me.

01-00:33:03  
Rubens: Oh, must have been traumatic. How long were you in the hospital?



01-00:33:14

Hellman: Three months, I think.

01-00:33:15

Rubens: You had already started Lowell?

01-00:33:19

Hellman: No. I think I was still at San Rafael's. It was better than being at San Rafael Military Academy. The Stanford Hospital was in San Francisco at the time. It's now CPMC over on Webster.

01-00:33:30

Rubens: Burns are so painful. That must have been really—

01-00:33:33

Hellman: Well, I had like three or four skin graft operations. I can remember it hurting quite a bit.

01-00:33:38

Rubens: Was your mother undone by that? Did she take it with—

01-00:33:46

Hellman: I don't remember her being undone by it. She was certainly solicitous. She was a good mother. I'd burnt my back, so fine. I'm going to work on making it better. I'm not going to commiserate about having given him the kerosene lamp that started the thing. It's a little like how I responded to her dead body resting in the aisle of the plane, when we flew her back from Mexico.

01-00:34:10

Rubens: So then after the three months, did you have to come back a couple of years to maintain the grafts or to have more grafts?

01-00:34:21

Hellman: Well, they tried to kill me.

01-00:34:25

Rubens: Oh, no.

01-00:34:26

Hellman: Around burns you get these things called keloids. So this thing was completely surrounded by keloids, as was the one on my back, and the doctor—remember, this is 1944, '45 or something, said, "Well, we can cure that. We have this wonderful thing called radiation." So they put this giant radiation machine over my entire—it sort of was above everything from my head to my rear end. That night I got home and I started throwing up. My mother called the doctor and said, "Warren's throwing up." He said, "Yeah, it's a psychosomatic thing that happens to a lot of people that we give radiation to." Well, this is sort of a massive dose of radiation.

And I said to myself, "I ain't going back there." So the next appointment I snuck out. By that time they had moved. We were living on Scott Street and I

snuck out of the house at about 4:00 in the morning and stayed at Alta Plaza playground until 10:00 at night so I didn't have to go to the hospital. Even at that age I said, "I'm never going back there. I'm never going to let them make me throw up again." It would have killed me.

01-00:35:50

Rubens: Yeah, it might have. Or certainly killed you at an earlier age.

01-00:35:55

Hellman: Yeah.

01-00:35:56

Rubens: You wouldn't have this robust period of maturity. I have a dear friend whose legs were burned badly; she was in the hospitals for months. And it was such a humiliating experience because she was just beginning to develop and become conscious of her body. She felt so exposed.

01-00:36:12

Hellman: And she got terrible burns?

01-00:36:13

Rubens: Terrible. All over her legs and her back.

01-00:36:15

Hellman: How did that happen?

01-00:36:16

Rubens: Warming herself at a fire. And she—

01-00:36:20

Hellman: And her clothes caught on fire?

01-00:36:21

Rubens: Yes. Classic. They threw her down and rolled her in a rug and took her to the hospital. But it affected her identity as a girl and her feelings of sexuality and feeling comfortable with her body

01-00:36:34

Hellman: Did she have to have a bunch of skin grafts?

01-00:36:36

Rubens: Oh, yeah.

01-00:36:36

Hellman: Oh, god.

01-00:36:37

Rubens: So I'm wondering, do you think of that as—there's the pain and there's the throwing up but in terms of just being a formative thing about how you sensed your body?

- 01-00:36:50  
Hellman: Well, I think it did me—I think, and I may be recreating history that is not really re-creatable. But what it seemed to do for me is all the things they told me I couldn't do, if I worked hard enough I could do. So I wanted to be a swimmer and my left arm was about that big. I spent one whole summer swimming every minute I could. If you can believe it, swam miles in Lake Tahoe, which was—
- 01-00:37:25  
Rubens: That cold as—the coldest.
- 01-00:37:29  
Hellman: Yeah. And then was on the swim team in high school. Was on the water polo team at Cal. So I think it had a very beneficial effect because it moved me. I can imagine it having the opposite effect. But it moved me to where I became really, really determined that if I started out to do something physical, I'd accomplish it.
- 01-00:37:54  
Rubens: So you were healed enough by the time you were into high school that you could join the swim team and—
- 01-00:37:57  
Hellman: Yeah.
- 01-00:37:59  
Rubens: Any other sports that you early on were—of course we know you become such a long distance runner and horseman.
- 01-00:38:07  
Hellman: Yeah. But those were all much later.
- 01-00:38:09  
Rubens: They were. Okay, all right. So a little bit of—
- 01-00:38:11  
Hellman: Well, running was a result of an accident, too. I tore my knee apart skiing. In those days you didn't have arthroscopic surgery. When I got out of the cast, I could walk like a hundred feet, so I decided I'll run a marathon.
- 01-00:38:29  
Rubens: How old were you?
- 01-00:38:33  
Hellman: Oh, god.
- 01-00:38:34  
Rubens: Give me roughly.
- 01-00:38:36  
Hellman: I was at Lehman, so I was in my twenties, I guess.

01-00:38:43  
Rubens: Well, the household. Let's just talk a little bit more about when you moved to Scott Street. Did you stay on Scott Street then through your high school—

01-00:38:49  
Hellman: No. Then we moved to Green Street. Then we moved to Pacific Avenue.

01-00:38:51  
Rubens: What was governing these moves? You had quite a peripatetic childhood.

01-00:38:59  
Hellman: Yeah. I don't know. They always saw a house they liked better. And then the one on Pacific Avenue, which has a wonderful history in the sense that they moved there. I went mostly through high school there and then I guess they lived there after college. My mother had her accident and died and my father remarried and we were at war with his concubine for eleven years and finally won a lawsuit against her. But my sister and I, she can tell you interesting stories, were never allowed in the house that we grew up in.

01-00:39:38  
Rubens: Once you had left? Once she had come into the picture.

01-00:39:41  
Hellman: Yeah.

01-00:39:44  
Rubens: And that's the history that you're referring to? It wasn't that it had been someone else's in the family or there was a—

01-00:39:50  
Hellman: No, no. We lived at 3415 Pacific. That house was 3515 Pacific.

01-00:40:00  
Rubens: Was that just a feature of your life? You'd be packing up and moving?

01-00:40:03  
Hellman: I don't remember that really. We had just always sort of moved.

01-00:40:09  
Rubens: Was there household help? Regular household help?

01-00:40:10  
Hellman: Oh, yes. Anna and Fred. In fact, one of the recurrent conversations I have with various musicians who sit around, talk about how they grew up mining coal in West Virginia stuff—there was a great dinner where—my wife grew up in a very poor family, so she and a woman named Hazel Dickens, who's a sort of legend, and this friend of mine who is a cowboy from Canada, were sitting at dinner, the four of us, and they were talking about, "We didn't have enough to eat." I said, "You guys had it easy." And Hazel said, "What do you mean?" I said, "There were whole weeks that Anna didn't make brownies." [laughter]

01-00:40:54  
Rubens: Did Anna and Fred live in the house?

01-00:40:56  
Hellman: Oh, yeah.

01-00:40:56  
Rubens: And Fred was the driver?

01-00:40:59  
Hellman: And the butler.

01-00:41:03  
Rubens: Handyman, too, I imagine?

01-00:41:04  
Hellman: I suppose so. I know my father wasn't, because I've inherited that trait from him.

01-00:41:09  
Rubens: So your mother didn't cook? She managed the household in the sense that—

01-00:41:13  
Hellman: Well, occasionally maybe but it's certainly not anything we looked forward to. [She was a good cook, however. She studied at the Cordon Bleu in Paris.]

01-00:41:18  
Rubens: Did you have family dinners, though?

01-00:41:19  
Hellman: Oh, yeah. Usually the four of us ate together. My father would have just enough to drink, a lot to drink before dinner, so you had to watch what you said because you may be about to be eviscerated over having said something like, "I think I'm going to vote for Adlai Stevenson."

01-00:41:37  
Rubens: Oh. Just what I was going to ask you about. He must have not liked Roosevelt too well.

01-00:41:44  
Hellman: Actually, he was interesting. He was what I would call a Rockefeller Republican. He was very moderate. He was moderate. I don't know very moderate but he had a lot of—he didn't like Roosevelt so much but he wasn't passionate on the subject. But he was a lifelong Republican.

01-00:42:15  
Rubens: And he didn't speak about that man in the household. There's a lot of that.

01-00:42:18  
Hellman: No, not like a lot of the other partners at Lehman.

01-00:42:21  
Rubens: And your mother?

01-00:42:24  
Hellman: Not really politically active but probably a Republican because that's what you were in those days. Today, for absolute damn sure, she would have been a Democrat or at least a DTS, which I thought was driving while totally—

01-00:42:40  
Rubens: And what is it? DTS?

01-00:42:43  
Hellman: Decline to state. Like I am. But it's not driving while totally stoned, which she was capable of.

01-00:42:51  
Rubens: Was she a drinker?

01-00:42:53  
Hellman: Yeah. Oh, no, but not—

01-00:42:54  
Rubens: But this was social drinking.

01-00:42:55  
Hellman: Yeah.

01-00:42:56  
Rubens: Was there wine at the table.

01-00:42:59  
Hellman: Yeah. Scotch on the rocks before dinner and wine. Well, we didn't. My sister and I didn't.

01-00:43:07  
Rubens: How about music? Did you have music lessons?

01-00:43:14  
Hellman: Oh, of course. I had piano lessons, which, like 99 percent of the kids who take piano lessons was a fiasco. And then I stopped.

01-00:43:24  
Rubens: Did you resist it?

01-00:43:26  
Hellman: Well, it wasn't as bad as the radiation. [laughter]

01-00:43:30  
Rubens: [laughter] It sounds like it was pretty tortuous.

01-00:43:31  
Hellman: Yeah. It just wasn't any fun. And our family believed we were completely musically talentless, which I hope is turning out not to be true.

01-00:43:43  
Rubens: Apparently not. No, I just can't wait to hear when you—so in terms of your enjoyment of music in the late forties and—

01-00:43:48  
Hellman: Yeah. Let's say in the fifties. They did a feature on PBS the other night on the Lamplighters, the Highway Men, the Kingston Trio, and that's where I really got into music. I loved all those guys. In fact, I just got invited to something, some kind of reunion of the Kingston Trio. It's not supposed to be very good banjo but maybe that's why I got to like banjo.

01-00:44:21  
Rubens: Do you remember having records, playing records?

01-00:44:23  
Hellman: Oh, yes. Yeah.

01-00:44:25  
Rubens: And was there a certain kind of music that you—

01-00:44:29  
Hellman: Well, that kind. [pointing to a cd of his band The Wronglers] I liked blue grass music, I liked old time music.

01-00:44:35  
Rubens: Then?

01-00:44:35  
Hellman: Yeah. I loved Scruggs and Flatt and that sort of genre. Doc Watson.

01-00:44:43  
Rubens: What about the Kingston Trio, weren't they based in Sausalito? Did you go their performances?

01-00:44:50  
Hellman: I think some of them lived there. Well, I didn't because we were probably living in New York at that point but I sure as hell would have.

01-00:44:57  
Rubens: Well, I'm trying to get a sense of the culture around you in your high school years.

01-00:45:05  
Hellman: I'm sure I did but—

01-00:45:06  
Rubens: Nothing stands out.

01-00:45:07  
Hellman: Yeah.

- 01-00:45:08  
Rubens: So how did you feel about living in San Francisco? Did you have access to the city? Did you have a gang of people that you hung out with?
- 01-00:45:20  
Hellman: Yeah. The downside was that actually skipping a grade was a big mistake, because athletically—by the time I was a senior in college I was only twenty and I was really starting to get better and getting pretty good. And if I'd had another year, I think it might have been worse, but it should have been better. But yeah. I swam. I hung out. I became quite popular at Lowell. Not so much with girls. But I had a lot of friends, felt—
- 01-00:45:58  
Rubens: Felt at home.
- 01-00:45:58  
Hellman: Yeah. Very much so. And going to Cal was just seamless.
- 01-00:46:06  
Rubens: But did you do other things like debate? I know swimming was important. What about school politics, leadership?
- 01-00:46:15  
Hellman: No, I ran for senior class president and lost to John Heilbron; he was in my class. I might have won if it wasn't for him. And he was a good guy, too. [Distinguished historian of science; vice chancellor emeritus UC Berkeley]
- 01-00:46:29  
Rubens: By then are you going to high culture in the city? Are you going to opera and to museums?
- 01-00:46:34  
Hellman: To the extent I couldn't avoid it.
- 01-00:46:35  
Rubens: Dragged there by your mother or also by classes?
- 01-00:46:38  
Hellman: More by my mother.
- 01-00:46:40  
Rubens: Now she served on the boards of cultural institutions in the city.
- 01-00:46:43  
Hellman: Yes. She was on the board of the symphony forever. And I think she was on the board of ballet also. And she was on the board of the Conservatory of Music. She was quite active in that. My father was on the board of the opera forever. I said our box has belonged to our family since they opened the opera house. Do you remember Rudolf Bing, the head of the New York opera?



01-00:47:10

Rubens: Yes.

01-00:47:11

Hellman: Well, he came to hear the San Francisco opera and he was sitting on this side of the next box and my father was sitting here. And partway through, I guess most way through the first act, he leaned over and said, “Sir, do you think you could do me a favor?” My father said, “What?” He said, “I flew 3,000 miles to hear an opera and all I’ve done is hear you snore for the entire—ever since they’ve lifted the curtain.” So that was sort of part of the lure of our—my father’s—

01-00:47:43

Rubens: Did he enjoy telling that story?

01-00:47:45

Hellman: Yes

01-00:47:45

Rubens: So he wasn’t embarrassed or—

01-00:47:48

Hellman: No. In fact, he used to spend a lot of time in the ante-room behind the box listening to Giants games.

01-00:47:58

Rubens: Oh, no kidding. So I was going to ask you if he was interested in sports?

01-00:48:12

Hellman: Oh, he liked Cal. He liked Cal football.

01-00:48:19

Rubens: I didn’t ask where he went to college.

01-00:48:20

Hellman: Cal.

01-00:48:21

Rubens: Went from there to Harvard. So you followed the same trajectory.

01-00:48:21

Hellman: Yes.

01-00:48:23

Rubens: So what about family gatherings in San Francisco? Were there—

01-00:48:30

Hellman: Well, San Leandro was the—well, we used to go to my grandmother’s house in Oakland, Dunsmuir House, for Christmas Eve, always. My grandmother, who was senile by the time this really got to its crescendo, would sit smiling at all of us. My uncles and aunts and everything would be just totally shit faced and fighting with each other and my grandmother would say, “Isn’t this nice?”

Listen to them.” And they’d be saying the most horrible—of course, all of us, Frannie, Lloyd, Kathy, me, my sisters, would all be just reveling in this, listening to these drunken older people.

01-00:49:12  
Rubens:

What were the fights about?

01-00:50:10  
Hellman:

Well, my Uncle Warren was very, very right wing, quite racist, I think. You’d have to clear that with his daughter Katherine. And left to his own devices, he would make extremely racist remarks. I don’t think he hated Jews but I don’t know for sure that he didn’t. [He hated most people; was totally bigoted. He didn’t even like people from Los Angeles or anyplace other than San Francisco.]

So most of the family would be slightly to the left of him, particularly Uncle Lloyd, who probably was a Democrat for all I—no, he wasn’t.

01-00:50:52  
Rubens:

But so as far as you knew it wasn’t about money, or someone being snubbed?

01-00:50:58  
Hellman:

No, but things would come out. Why do you always lie? I don’t mean you personally. And then the husband would intervene. They got very ugly at times. They were certainly very drunken.

01-00:51:16  
Rubens:

Now, Christmas trees in the house?

01-00:51:18  
Hellman:

Oh, of course. We were white shoe Jews.

01-00:51:21  
Rubens:

White shoe Jew? I haven’t heard that expression.

01-00:51:23  
Hellman:

Oh, somebody used that about me. “Didn’t you get into the PU club?” “Yes. Another white shoe Jew.” I’ve never quite known what that meant, to tell you the truth.

01-00:51:49  
Rubens:

Your father. You said he became politically active. What was his affiliation?

01-00:51:54  
Hellman:

He was active in the Republican Party. He obviously backed a lot of people in local politics. [He backed Pat Brown.]

01-00:52:03  
Rubens:

City politics was supposed to be non-partisan.

- 01-00:52:05  
Hellman: Yes. And he was active in that. But he also was a Republican in the sense of a John Lindsay or a Nelson Rockefeller, people like that.
- 01-00:52:14  
Rubens: More liberal.
- 01-00:52:14  
Hellman: Yeah. He was a delegate to a couple of conventions, a couple of Presidential conventions. Yeah, he was active.
- 01-00:52:29  
Rubens: Did he serve on boards? Was he in men's clubs? You talked about when you were first let into the—
- 01-00:52:39  
Hellman: I'm sure he was on the board of the Family Club, because that was really—the Family Club was originally a response to the Pacific Union and the Bohemian Clubs. So we had to have a club where we could get in and invite the others in. The Pacific Union Club didn't allow Jews until—I guess Walter Haas may have been the first. Walter, Jr.
- 01-00:53:26  
Rubens: By the way, I didn't ask you who you were named for. You were always called Warren?
- 01-00:53:38  
Hellman: Yes. Frederick Warren is my name and my father's other brother was named Frederick, "Fritz" as he was known. [after Dad's two brothers]. And for some reason Warren stuck. I always thought it stuck because he was the president of the bank and Fritz wasn't. That may have been true.
- 01-00:53:58  
Rubens: What was your father doing out here then? You had mentioned that he bought a business.
- 01-00:54:02  
Hellman: He bought a firm called J. Barth & Company, which is now part of Dean Witter. And made a very successful brokerage business out of it. Built a really pretty good business. I would say he was one of the original venture capitalists because he financed a bunch of companies sort of from scratch with the usual batting average that venture capitalists have. The good ones are worth multiples of the failures. So he was a decent investor I think.
- 01-00:54:32  
Rubens: So when you say multiples of the failures?
- 01-00:54:34  
Hellman: Well, they always say in the venture capital business if three out of ten succeed you'll make a lot of money.

01-00:54:40  
Rubens: And where was the business located?

01-00:54:45  
Hellman: California. Montgomery and California.

01-00:54:49  
Rubens: Sure, in the banking—

01-00:54:49  
Hellman: If you're driving up California, it's the last building before you cross Montgomery and he had a corner office right on the street, which was terrific.

01-00:55:04  
Rubens: Now, did you work in there?

01-00:55:05  
Hellman: I worked there for a summer when I was at business school.

01-00:55:06  
Rubens: Oh, okay. Later.

01-00:55:09  
Hellman: Yeah.

01-00:55:11  
Rubens: Were you encouraged to have a bank account and—oh, you weren't bar mitzvahed, right?

01-00:55:15  
Hellman: No.

01-00:55:14  
Rubens: That's often when people's little nest egg starts.

01-00:55:16  
Hellman: Nobody in my family—no. I wasn't.

01-00:55:21  
Rubens: And did you attend High Holiday services? [Hellman shakes his head no.] No? In other words, nothing. Okay.

01-00:55:26  
Hellman: Usually we were skiing.

01-00:55:27  
Rubens: And what about Passover? Sometimes the only thing that remained was Passover.

01-00:55:33  
Hellman: No.

01-00:55:33  
Rubens: You probably had Easter.

01-00:55:35  
Hellman: We had Easter. We of course had Christmas.

01-00:55:37  
Rubens: So were you encouraged, though, to have a bank account?

01-00:55:42  
Hellman: Yeah.

01-00:55:42  
Rubens: Issued an allowance? How were you—

01-00:55:43  
Hellman: Yeah. That was something that Uncle Warren, who was president of Wells Fargo, did. He would ask me to come down, say, “Now we’re going to open a bank account for you.” He always called me the “Bold Boy” and I don’t know why he called me that. It may have been a pejorative term, but I took it as a compliment.

01-00:56:02  
Rubens: Did it come from an effusive personality or—

01-00:56:03  
Hellman: I don’t know. I’d come in his office always and he’d say, “It’s the bold boy.”  
[laughter]

01-00:56:10  
Rubens: So how often would you go to his office?

01-00:56:16  
Hellman: Oh, a couple of times a year at least.

01-00:56:18  
Rubens: Would you get checks for birthdays? I don’t know why I’m asking that. It just struck me.

01-00:56:28  
Hellman: Yeah, I don’t know.

01-00:56:27  
Rubens: I was wondering what were you putting in the bank. Were you encouraged to work? What were the summers like in high school?

01-00:56:36  
Hellman: Yeah. I always had—but it wasn’t you must get a job. I had great jobs. My father got me a job at a lumber mill that he owned up near Seattle one summer and then when I was in college I got a job as a lifeguard because the water polo team helped you get jobs like that for the summer so you could be near the water.

01-00:57:05  
Rubens: Because you're supposed to practice.

01-00:57:06  
Hellman: The high point for me was when a woman broke her leg in the women's bathroom and I had to run in.

01-00:57:10  
Rubens: Rescue her.

01-00:57:11  
Hellman: I couldn't remember. Why? Oh, god, this is great. [laughter]

01-00:57:15  
Rubens: But summer's here in high school.

01-00:57:17  
Hellman: High school. God.

01-00:57:20  
Rubens: Was there camp? Was there—

01-00:57:22  
Hellman: Yeah. I went to camp some. My mother sent me to camp up someplace near Sacramento, up in the Sierra someplace. I didn't last very long. I got kicked out.

01-00:57:44  
Rubens: That's when you said your troublemaking had begun, when you went to the military academy. Maybe that's what he meant by bold boy. Were you a prankster or—

01-00:57:52  
Hellman: Yeah. I never thought that what I was doing was that daring, but it always seemed to get me in trouble, so—

01-00:58:00  
Rubens: Yeah, kind of mischievous.

01-00:58:03  
Hellman: Yeah.

01-00:58:03  
Rubens: Let's stop for a minute so I can change the tape.

So I think this is wonderful. We edit it so that it moves a little bit more. We're kind of a little herky-jerky in the beginning.

01-00:58:30  
Hellman: Yeah, I'm a little—

01-00:58:32  
Rubens: Because I'm just sort of asking you questions to evoke what the character of your family was and the values that you grow up with.

01-00:58:41  
Hellman: Character of my family. They were characters but I'm not sure of their character.

01-00:58:47  
Rubens: Regarding skiing. I meant to ask if your family had a house at Sugar Bowl?

01-00:58:55  
Hellman: They start going to Sugar Bowl in 1947.

01-00:58:59  
Rubens: Well, we'll get to that.

## Audio File 2

02-00:03:39  
Hellman: I know this sounds gratuitous but I really like hearing other people's stories more than I do my own.

02-00:03:44  
Rubens: I know exactly what you mean.

02-00:03:46  
Hellman: Yes, that's what you do for a living.

02-00:03:46  
Rubens: That's what I do. But I like doing it. I'm not someone who talks about myself so much. You learn so much from others.

02-00:03:57  
Hellman: It's been one of the real thrills about *Hardly Strictly*, because I get to hang out with Emmylou Harris. She does a song called *Red Dirt Girl* and one of the lines in it was, "I was there when the telegram came," and her father was a helicopter pilot in three wars. In Korea he was captured. His helicopter, I guess, crashed. He lived but he was captured and spent a year or so as a POW. The line, when the telegram came, was when her mother was informed that her husband was a POW. Refers to something different in the—well, it refers to Vietnam in the song. But just having conversations with them. It's so much more interesting than all the people I know who went to Cal and Harvard Business School or Harvard and Stanford Business School. Their dull careers in investment banking. To get Hazel Dickens story or Earl Scruggs. I was just on the phone with T-Bone Burnett before. That's why I was late. What a thrill to be able to talk to T-Bone Burnett.

02-00:05:25  
Rubens: Are you planning a gig with him?

02-00:05:29

Hellman:

We're trying to do a movie together. Not of each other. He deserves a movie. This turned out to be a big mess because the promoter was a crook. But it's the life of Bill Monroe, the founder of blue grass. And the music that they did— They've done all the music. They just haven't done the acting and stuff. But the music is just unbelievable. Why isn't that more fun than talking about whether we can do an IPO for Technicon?

02-00:06:12

Rubens:

Well, you didn't feel about that necessarily in your early thirties, did you?

02-00:06:15

Hellman:

No. Well, we'll come to that. But it's the one thing I've done in my life that was really easy, investment banking. Everything else—I've written a song which I haven't finished, but it's called "Success," and the first line is, "I'm not so smart, I'm not so tough. Pretty good is good enough." [laughter]

02-00:06:37

Rubens:

What's that referring to?

02-00:06:38

Hellman:

Everything. The one thing that I "got" from the first day I showed up was investment banking. I couldn't understand why it was so difficult for these other guys. But everything else has been something that I just had to work my butt off to—anyway, I—

02-00:06:59

Rubens:

We'll get to that. Well, it sounds like you were really working hard, as you said, to overcome your physical setback in swimming. We talked about camp. I wanted to ask you about skiing. Because it's been a feature of your life and especially your daughter Patricia's life.

02-00:07:21

Hellman:

But again, I don't think I had any particular—my sister did. She's a great skier.

02-00:07:30

Rubens:

So the family had a place in Sugar Bowl.

02-00:07:35

Hellman:

My mother and father. It's directly opposite what is now my house and just below what is now her house and her kids now have what was my family's house.

02-00:07:49

Rubens:

Did both your parents ski?

02-00:07:53

Hellman:

No, my mother skied. I would not call what my father did skiing.

02-00:07:56

Rubens:

But he tried? He strapped the stuff on and—



02-00:07:59

Hellman: Kind of. Yeah.

02-00:08:00

Rubens: There weren't that many lifts then, were there?

02-00:08:04

Hellman: No. Sugar Bowl had two lifts I think.

02-00:08:14

Rubens: Now, was your father on the board of Sugar Bowl?

02-00:08:17

Hellman: No. My sister always was. And she's chair now.

02-00:08:21

Rubens: And you were at some point?

02-00:08:23

Hellman: Well, I still am. There's a reason that my sister is chair, which is that the WASPy families that really controlled Sugar Bowl—it was kind of like the Pacific Union Club. They did allow a few of us—the place always was in financial trouble. Always. So in 1997, management came to me and said, "We're almost broke. You have to put some significant money in." I said, "No. I'll tell you what I will do. If you'll go through a prepackaged bankruptcy, I'll put a significant amount of money in and I think so will Don Fisher." And Bill Hambrecht, it turned out, also put in money. They said, "Oh, bankruptcy would be so humiliating." I said, "Fine, then don't do it." And, of course, they did do it and we've made a pretty good success out of the area since then.

[Irrelevant conversation removed.]

02-00:10:08

Rubens: I imagine family gatherings at Sugar Bowl were convivial and good spirited. Off camera you've talked about the risqué humor that bubbled up when the was together, for instance at Sugar Bowl. Was there a certain kind of bawdy humor in your family?

02-00:10:12

Hellman: Oh, yeah.

02-00:10:13

Rubens: They weren't prudes or—

02-00:10:15

Hellman: No, no. My mother was filled with sort of aphorisms, like, "Dearie, do you smoke afterwards?" "I don't know. I never looked." So she always was coming out—and every Christmas, she would—everybody's very maudlin about Christmas. She'd say, "I'd like to give my Christmas poem." So we'd say, "Fine." She'd say, "Twas Christmas in the prison and the convicts all was there. Merry Christmas"—she actually sang this—"said the warden and the

convicts answered balls. Then up spoke a convict whose voice was as of brass. You can take your bloody Christmas and stick it up your ass.” So my mother had a very bawdy sense of humor.

02-00:11:07

Rubens: Was the humor more evident when she had a few drinks under her belt?

02-00:11:12

Hellman: Oh, yes.

02-00:11:13

Rubens: God, she sounds fabulous.

02-00:11:15

Hellman: Oh, she was. “Do you like the smell of moth balls? I don’t know. It’s just so hard to pry their little legs apart.” She had just a whole panoply of these one or couple of liners.

02-00:11:30

Rubens: And did your father find it amusing or did he tolerate it?

02-00:11:36

Hellman: I think more the latter. I don’t remember him thinking that it was the most wonderful thing.

02-00:11:45

Rubens: Did you go on family vacations?

02-00:11:48

Hellman: Yeah, we did. We went to Hawaii a couple of times, which was really fun. My father took us on a backpacking trip once, which was fun. But we didn’t do safaris and stuff, the sort of exotic vacations that most of my friends did.

02-00:12:10

Rubens: Well, you also had the winter vacations at Sugar Bowl.

02-00:12:12

Hellman: Oh yes.

02-00:12:25

Rubens: So I just wanted to end this interview —because I promised to let you out. You can stay if you—

02-00:12:34

Hellman: No, I need to go. But I’ll play you a couple of these songs from our new CD if you’d like. [*Heirloom Music*]

02-00:12:40

Rubens: Oh, I’d love it.

02-00:12:41

Hellman: I'll also give you a copy of the old one [*The Wranglers with Jimmy Dale Gilmore*], but just remember it's old.

02-00:12:44

Rubens: So just to round out the interview, I'd love you to say something about being a part of a dynasty. When did that start to really impress you?

02-00:13:00

Hellman: In an odd sense, more when I moved back here in '83 or '85 or whenever the hell it was. Well, I always knew about Dunsmuir House. We'll get to that at some point. But the estate in Oakland is like something out of a novel. It's now called Dunsmuir Hellman House because there ain't too many Dunsmuir's around to contribute what they need. And then Sugar Pine Point at Tahoe. So we had these two massive estates that were—and we spent a lot of time there. We used to go over to Dunsmuir House a lot for weekends and for a while in the summer, and then we would go to Sugar Pine Point, which actually ended up as really the Ehrman's. It was my great-grandfather's daughter's husband, Sidney Ehrman. And so we would go there a lot in the summer. So I guess those were trips too. [nb: Robert Gordon and Ida Sproul were close friends with the Ehrmans. Ida Sproul said that the best food she ever ate was at Sugar Pine Point. Sidney Ehrman was a UC Regent.]

02-00:13:57

Rubens: So there was a large extended family.

02-00:14:08

Hellman: Oh yes. And we gathered, certainly in the summers. The Lazards and the Hellers, who were all cousins, we would see a lot of.

02-00:14:17

Rubens: And just for the record, the Dunsmuir House was built by—

02-00:14:20

Hellman: It was built by Lord Dunsmuir for his wife and he never lived there and she died. So we bought it by unbelievable luck in like 1905. So the whole family moved there right after the earthquake.

02-00:14:37

Rubens: In Frances' book on Isaias [*Towers of Gold: How One Jewish Immigrant Named Isaias Hellman Created California*] she has a very vivid portrayal of that. So visiting your grandmother and being there was a regular feature of your life.

02-00:14:47

Hellman: Oh, yeah.

02-00:14:55

Rubens:

Well, it's eleven o'clock and I want to be honorable about this. So we'll end today. Let's disconnect your mic.

Interview 2: March 10, 2011

Audio File 3

03-00:00:11

Rubens: Since we talked last week about some of the ways in which your Jewish background marked what clubs you could or couldn't belong to, I thought this newspaper story I found was a wonderful revisionist version of your heritage: "Yankee Blueblood to invest in NASDAQ."

03-00:00:16

Hellman: This is funny. Of course, that was one of the assets we bought.

03-00:00:23

Rubens: This is from the *Wall Street Journal* of Australia, we'll get to that part of your history later. Well, it's good to see you.

03-00:00:33

Hellman: Good to see you.

03-00:00:34

Rubens: I reviewed the interview from last week and it's wonderful. You sing a little, you tell some stories, the family history is fascinating.

03-00:00:45

Hellman: Yes. Well, my newest quote is "from Bach to banjo in four generations."

03-00:00:52

Rubens: That's one way of condensing your family history. I thought we would begin today by discussing your high school achievements, specifically swimming.

03-00:01:07

Hellman: So called.

03-00:01:09

Rubens: And then talk about your experience at Cal. But I wanted to back up for one minute and mention that the year 1934 in which you're born is auspicious in San Francisco because it's the year of, the maritime and general strike.

03-00:01:23

Hellman: Oh, I'm sorry. I thought you meant the beginning of the Golden Gate Bridge.

03-00:01:25

Rubens: Well, also that. But I was just thinking about the strikes in light of how you've become very public about your support for public worker's pensions, after first being opposed. Of course we'll talk about that later. But I thought you'd enjoy a story Edith Arnstein, who married a longshoreman David Jenkins, told me when I interviewed her for a small book I wrote with Warren Hinckle on the strikes. She recalls as a little girl going with her maid downtown on the trolley car and giving money to the striking workers at their union

headquarters. Her family was intertwined with yours no doubt, and maybe there was some reference in your family to the general strike.

03-00:01:57

Hellman:

That's great. I love that. Our relatives, the Jenkins, were never invited over because they were too left wing. But Margie Jenkins, Edith and Dave's daughter, who has a wonderful dance troop in San Francisco, we are very close friends.

03-00:02:11

Rubens:

Edith talked about the dinner tables of San Francisco society being riven by the strike, because the women were more often on the side of the strikers, not for business reasons but just had charity for how long it went on and how it hurt families. Was unionism ever discussed in your family?

03-00:02:30

Hellman:

I think it remained the same. Most of the aging male members of our family were extremely anti-union and weren't totally thrilled when I married the daughter of a leading British Communist. He was a card-carrying—one day I said, "Frank, do card-carrying Communists actually carry cards?" He said, "Sure. Here's my card as a party member." Our family varied from being sort of moderately right wing Republicans to being very right wing. Obviously I don't remember my grandfather or great-grandfather.

03-00:03:21

Rubens:

Of course. We talked previously about the milieu in which you grew up and your parents character and values. But what we didn't talk about is all the network of family members that you had, the extended family relations that you had in San Francisco. I don't think we really talked about the Koshlands, your mother's family, who were, and remain, very prominent in San Francisco. Do you know where she was born?

03-00:03:52

Hellman:

I think she was born in Boston, actually.

03-00:03:57

Rubens:

That's where your father meets her.

03-00:04:01

Hellman:

Well, we discussed this last time. But there was a very strong Koshland family connection. Dan Koshland, who was one of the founders of Levi, was her first cousin.

03-00:04:27

Rubens:

Of course. What other family dynasties of a sort, were you related to? You mentioned the Dinkelspiels, Ehrmans, and the Koshlands. Were there others? Of course the Haas family; were you actually—

- 03-00:04:41  
Hellman: Yes. We were related to the Haases. They rarely admit it, but we actually were. I always kid Bob that we're the bastard cousins. You're going to have to look this up a little bit but there was a dry goods company called Haas-Hellman. Hellman-Haas. And what that was exactly I don't know but I know that we were in business with the Haases. And the Haases and the Koshland's are related. My genealogy is very complicated.
- 03-00:05:15  
Rubens: And then the Hellers.
- 03-00:05:20  
Hellman: Yes. Ed Heller. This I do remember. I hope I remember. But Ed Heller married Elinor Raas. No, wait a minute, now I'm not remembering.
- 03-00:05:55  
Rubens: His line goes back to Clara from Isaias.
- 03-00:06:04  
Hellman: That's it. Clara Heller. Clara Hellman Heller. She married Emanuel Heller. She was the mother of Ed Heller. Actually, all of this you can get from Frances Dinkelspiel if you feel like it. Because she actually remembers and has researched it.
- 03-00:06:17  
Rubens: She told me about Christmas parties where everyone gathered. And there was also an annual Fourth of July party.
- 03-00:06:25  
Hellman: Yes. At Dunsmuir House.
- 03-00:06:27  
Rubens: Now you wanted to talk a little more about Dunsmuir House, so why don't we pick that up.
- 03-00:06:36  
Hellman: Okay. They always say in life it's better to be lucky than smart. The family bought the Dunsmuir House in 1905. You probably recall what happened in 1906. So I believe that a large part of the family actually went to Oakland and lived in Dunsmuir House for a while after the earthquake.
- 03-00:07:00  
Rubens: So some of this extended family that we've talked about.
- 03-00:07:01  
Hellman: Yes. But mainly the Hellmans. And then my grandmother, Frances Hellman, always spent all of her summers at Dunsmuir House. Of course, it took almost a hundred years before somebody said to the City of Oakland, "Why the hell isn't this Dunsmuir Hellman? "When it really ought to be Hellman Dunsmuir. But we'll leave that aside. So it's now called Dunsmuir Hellman House.

03-00:07:34

Rubens: How would you refer to it when you were going, “Oh, we’ll go to Grandma’s house or—?”

03-00:07:40

Hellman: Yeah. Or the Hellman House. [No one referred to it as Dunsmuir. But when the City of Oakland bought it, the family didn’t want Hellman to be part of the name at the time.] So that was a very big part of the family life. The Dinkelspiels had their own house there. Have you been to Dunsmuir House?

03-00:07:54

Rubens: I have. I used to take my kids there for the Christmas festivities.

03-00:08:00

Hellman: So when you drive in through the gate, the new gate, not the gate by the stables, but the new gate, on the right on the hill there’s a house, which I forget, is some sort of guest house or something for the City of Oakland now. But that was the Dinkelspiels’s house. So they spent much more time there than the rest of us. They were there as a family all summer.

03-00:08:25

Rubens: So you would go and spend some amount of time there?

03-00:08:28

Hellman: I never stayed at the Dinkelspiel house. Yeah, I loved that.

03-00:08:33

Rubens: I think you did mention there was tennis, there was swimming, there were horses.

03-00:08:37

Hellman: There was my senile grandmother. [She wasn’t always senile.] Do you want me to tell you all this crap?

03-00:08:43

Rubens: Absolutely. It makes it so lively and wonderful.

03-00:08:45

Hellman: So I was slow in graduating from Cal because I fell into the Cal bureaucracy and I needed to complete one or two more courses. So I went to summer school after my senior year and my grandmother was pretty much gone by then, as was her butler Anderson. I lived at her house, so I would have dinner with her most nights. And I brought a date one time. I even remember her name. It was Jane [Sitori?]. I said, “Jane, the only thing you got to pay attention to is whatever comes to the table you have to eat some of. It’s something that my grandmother gets very excited about.” So Jane said, “Of course.” So we got through dinner. It was Jane, my grandmother, me, and Anderson brings the dessert, which is strawberries. Jane looks at me and goes, “No, thank you.” And my grandmother said, “Oh, have some, my dear.” And Jane said, “No, thank you.” My grandmother said, “You’ll have some dessert,



my dear.” I could see Jane’s eyes sort of filling up. So she said, “Okay,” and put some strawberries on her plate. My grandmother took a huge helping of strawberries and started to eat them. Anderson then brought them to me. I discovered that every single strawberry probably had fifty ants on it.  
[laughter]

03-00:10:10

Rubens:

And she was too polite to say. She just could have said, “I’m allergic to them.”

03-00:10:16

Hellman:

Yeah. But my grandmother wasn’t going to let her say anything. And my grandmother’s happily eating the strawberries, not realizing that she’s getting extra protein.

03-00:10:24

Rubens:

Were there a lot of servants at that house?

03-00:10:26

Hellman:

Yeah. Yeah.

03-00:10:27

Rubens:

I thought that I had read somewhere about dinner parties where a servant was standing behind each chair. That was probably much earlier.

03-00:10:35

Hellman:

I don’t know, but there were a lot. It was like something out of an English novel. There were upstairs maids and downstairs maids and butlers and cooks, all the things that you find in a normal middle class household.

03-00:10:53

Rubens:

Well, that’s why I began with asking you about class consciousness. Most of the people you traveled with were from the same class. Some may have been more politically conscious.

03-00:11:07

Hellman:

But Lisa, it wasn’t so much an issue of Jews and class. Actually, I don’t even know if that’s true. You were friends with the kids you went to high school with and they came from every possible—well, I don’t know. Not every possible religion but a lot of possible religions and different kinds of families and different religions. I think in my grandfather or great-grandfather’s day, they hung out mostly together. Mostly it was German Jews. The Ashkenazi. Of course, not the Eastern European Jews. So the society largely consisted of them hanging out together, the Fleishhackers and the—

03-00:11:59

Rubens:

That’s another name we didn’t mention.

- 03-00:12:01  
Hellman: I don't think we're related but nevertheless—The Fleishhackers, the Hellmans. I suppose the Haases. I don't remember. The Koshlands, Dan and—
- 03-00:12:19  
Rubens: Goldman. We didn't mention Goldman. That was another—
- 03-00:12:21  
Hellman: Yeah. There wasn't a close relationship with him. Then there was a period when the relationship was strained.
- 03-00:12:35  
Rubens: Do you want to say why?
- 03-00:12:38  
Hellman: Yes. There was a fight within Levi Strauss, that we can talk about later. And I took the side of the Haases and pretty much before that, I don't think we were close to the Goldmans, but it wasn't intentionally arms length.
- 03-00:13:01  
Rubens: Had you worked at a car factory with him?
- 03-00:13:09  
Hellman: No.
- 03-00:13:09  
Rubens: I thought Frances told me that.
- 03-00:13:11  
Hellman: No, it was Lloyd Dinkelspiel, Frances' father. No, we had a summer where I was the lifeguard at Mare Island Navy Base and he worked in the Oakland Dodge factory.
- 03-00:13:20  
Rubens: Oh, I see. She thought you had, too.
- 03-00:13:22  
Hellman: No. We would both sit on my grandmother's—the porch at Dunsmuir House being served by a butler in livery, him in his jeans from the factory, me with the thing that said lifeguard.
- 03-00:13:35  
Rubens: Well, how did you account for that? Was it just part of what life was? There were people who were servants; there were people who were bankers. You were lucky to be part of this outstanding family.
- 03-00:13:47  
Hellman: I think so. There weren't, to my recollection, tremendous class distinctions. As I said, the kids you went to high school with were pretty much a cross section of all the wealthy kids of San Francisco. There's an odd thing, but I

think we'd had money long enough that there wasn't much of a noblesse oblige attitude. Anderson was Anderson. Mac was my grandmother's chauffeur. And they were buddies of ours. So in that sense, it wasn't purposefully egalitarian. It just was. You probably saw more of them than a lot of other people.

03-00:14:42

Rubens:

Sure. There was a comfortable association. It wasn't a—

03-00:14:43

Hellman:

Yeah. And my grandmother was great in that respect, too.

03-00:14:48

Rubens:

So let's get back to high school, just to finish it up. You had said in an offhand remark just when we were beginning last week that your sister used to sleep in the doorway waiting for you to come back from your evening haunts. That was that during high school?

03-00:15:00

Hellman:

Yes.

03-00:15:01

Rubens:

Did you have a car?

03-00:15:02

Hellman:

Yes. I had a car from the time I was about a junior, I think. It was a 1949 Chevy. In fact, I held the record of the Tracy drag strip for '49 Chevys.

03-00:15:17

Rubens:

When was this?

03-00:15:18

Hellman:

Around then, when I was in high school.

03-00:15:21

Rubens:

Your mother didn't put her foot down?

03-00:15:22

Hellman:

Oh, no, she loved it. She loved to drive it.

03-00:15:26

Rubens:

What did they drive? They had a driver.

03-00:15:29

Hellman:

No. They drove Buicks and—

03-00:15:34

Rubens:

So not Cadillacs?

- 03-00:15:36  
Hellman: No, no. She had a very old, classic, Jaguar I think. But no, they didn't mind at all. My father minded a little bit when a girlfriend of mine called him an asshole but—[laughter]
- 03-00:15:47  
Rubens: Now what was that about?
- 03-00:15:50  
Hellman: I had a girlfriend when I was like a senior in high school, I don't know if you want to use this, but who was older. Not that much older but in her twenties. I was up skiing. I was at Sugar Bowl one weekend and she came over to my parents' house at about two o'clock in the morning on Sunday morning and threw some pebbles against the window which turns out to be my parents' bedroom.
- 03-00:16:16  
Rubens: Oh, thinking she's going to get you.
- 03-00:16:18  
Hellman: Yeah. My father came to the window and said, "What do you want?" She said, "I want to see Warren." And he said, "Well, he's away." She said, "Go get him, asshole." So I arrived to some silence on Sunday night.
- 03-00:16:29  
Rubens: Did you ever confront her about this?
- 03-00:16:31  
Hellman: Oh, not particularly. She flushed me anyhow, so—
- 03-00:16:36  
Rubens: So was your dating diverse then?
- 03-00:16:43  
Hellman: Yeah.
- 03-00:16:43  
Rubens: Some Jewish girls, some not. Class and—
- 03-00:16:45  
Hellman: And without distinction. It was more just, well —partly would they date me, which was always questionable. But they were girls in the high school. We went out with girls from Lowell. Including Claude Rosenberg's wife, Louise, who was one of the great beauties of Lowell. [Claude was a well-known and exceedingly successful San Francisco financial manager. He and his wife were generous philanthropists who supported a wide variety of civic institutions and programs.]
- 03-00:17:13  
Rubens: I was going to ask you if there were any other classmates of yours who really went on to distinguish themselves. You talked about John Heilbron.

- 03-00:17:22  
Hellman: Yes. The diver for the Lowell swim team won the NCAAs when he was at Ohio State. A good Catholic boy named Wally Shapiro. I'm trying to think of who in my class made a—Stephen Breyer wasn't in our class. Everybody who ever went to Lowell was in [Supreme Court Justice] Stephen Breyer's class. But he was not in my class.
- 03-00:17:53  
Rubens: Well, we don't need to belabor that, and if you want to add a name or two that comes to your mind that was important, you will. But I think you said that you didn't particularly distinguish yourself academically at Lowell. There weren't other activities you were involved in. But swimming must have taken up a lot of time.
- 03-00:18:08  
Hellman: Yeah, it took up quite a bit of time, since when I went out for the swim team I barely knew how to swim.
- 03-00:18:13  
Rubens: Plus you had been admonished not to jeopardize your skin grafts.
- 03-00:18:21  
Hellman: Yes.
- 03-00:18:22  
Rubens: What was your choice of stroke?
- 03-00:18:34  
Hellman: Backstroke. Which served me really well because I went to Cal and went out for water polo instead of swimming, so I never swam backstroke again.
- 03-00:18:44  
Rubens: So was your school team competitive?
- 03-00:18:51  
Hellman: Oh, yeah. We had the best swim team in the city.
- 03-00:18:55  
Rubens: Then did you go on to other state or regional—
- 03-00:18:58  
Hellman: No. The big thing then just was the city championship. There was a thing called the Bay City Boys Athletic League and I think I swam in that.
- 03-00:19:10  
Rubens: Well, so do you think we've done enough about your high school years? You go to Cal in 1951. Graduated in '55. And was it just presumed you were going to go to Cal?

03-00:19:27

Hellman:

I don't know. I applied only to two schools, Stanford and Cal, and I got into both. And somehow the fact that ninety-three of my classmates were going to Cal, most of my friends. I always say that I got a letter saying, "Greetings Future Indian," and I didn't see myself as a future Indian. But Lloyd Dinkelspiel, my best friend, went to Stanford. So it was sort of a toss-up. But I never felt that it was a toss-up.

03-00:20:00

Rubens:

Had your parents encouraged you? Your father, of course, had gone to Cal.

03-00:20:04

Hellman:

They didn't care whether I went to Cal or Stanford.

03-00:20:09

Rubens:

So '51. It's during the Korean War. It's the height of the Cold War. McCarthyism is going to rear its ugly head. Just on that cusp of leaving high school, going to college, were you politically aware? Did you track international events?

03-00:20:30

Hellman:

Not so much. But in those days you were required by the statutes—if you went to a land grant college, which Cal is, people forget that— you were required to take two years of ROTC. Which was fantastic, because if I took two more years I'd come out as an officer and maybe the Korean War would be over. And both came true.

03-00:20:56

Rubens:

So you were there all four years?

03-00:20:58

Hellman:

I was there all four years and when I graduated the Korean War had just ended.

03-00:21:02

Rubens:

But you did go into the Army.

03-00:21:06

Hellman:

You had to join the army because of being in ROTC four years.

03-00:21:10

Rubens:

So going to Cal, where did you live when you were there?

03-00:21:13

Hellman:

I joined a fraternity and lived there for almost two years, called Phi Kappa Psi.

03-00:21:20

Rubens:

Was that a Jewish fraternity?

- 03-00:21:23  
Hellman: No. No. Fraternities were just beginning to stop being Jewish fraternities. But not all of them. There was Zeta Beta Tau and I think there was another one.
- 03-00:21:33  
Rubens: It was referred to as zillions, billions and trillions, wasn't it? [laughter]
- 03-00:21:39  
Hellman: Oh, I'd forgotten that. Or the Zebes to those of us who were less flattering.
- 03-00:21:44  
Rubens: What governed how you chose a fraternity?
- 03-00:21:48  
Hellman: My cousin. I had a cousin who'd been in the Phi Psi house. And nobody else asked me to join, so—
- 03-00:21:54  
Rubens: Hard to believe. There must have been people knowing your family and—
- 03-00:22:01  
Hellman: I don't know. I was surprised.
- 03-00:22:05  
Rubens: Did you have any idea of what you were going to study? Obviously there were basic requirements. Did you pass the subject A exam?
- 03-00:22:16  
Hellman: I did. Yes. I did not have to take bonehead English. I think really until I finished business school I just sort of went with what seemed like a good idea at the time. They've said in a couple of articles about me that I had a triple major, which is complete nonsense. In those days you could major in something called "general curric," where you had three concentrations and no major. So I didn't have three majors, I had no major. It was history, English and political science I think.
- 03-00:23:03  
Rubens: When you were given the lifetime achievement award at Haas in 2006, you talked about your triple major in economics, political science and business — which was part of the undergraduate curriculum at the time, I think.
- 03-00:23:09  
Hellman: Yes, triple major.
- 03-00:23:11  
Rubens: Do you remember anything particularly about your studies there? Was it hard for you or had Lowell prepped you?
- 03-00:23:19  
Hellman: I think Lowell really had. I looked at kids who either went to very small high schools or went to prep school. Cal was almost the same as Lowell. It was a

large school. Maybe it should have, but it never bothered me that there were hundreds of people in your class. It was fine.

03-00:23:47

Rubens: Any outstanding teachers at all that made an impression on you or that you—

03-00:23:51

Hellman: Well, I had a teaching assistant who made an impression on me. Well, I had Professor [Otto] Struve. He was a very famous astronomer, I think. And I had Professor Palm, Franklin Palm, who everybody took because you knew that you would get a good grade just by showing up. No, the only real experience I had with any professor at Cal was when I took a course in poetry and the teaching assistant— And really your life when you went to Cal, your life is the teaching assistant. It's not the famous professors. So we had to write a paper on our favorite poet. Did I tell you this?

03-00:24:40

Rubens: No.

03-00:24:41

Hellman: So I wrote about Edgar Allan Poe and I get my grade and it's an F and I said, "I'm sorry. What seems to be the problem?" She said, "Edgar Allan Poe wasn't a poet." And I said, "Wait a minute. You get to determine who's a poet and who isn't?" So we ended up meeting with the professor of the class—I can't remember who the professor was, but the two of us met with the professor and I said, "This is ridiculous. Of course Edgar—" So anyway, I got re-graded and everything was fine.

03-00:25:09

Rubens: So that made an impression on your mind.

03-00:25:11

Hellman: Yes, it did. I can't remember her name. I wish I could.

03-00:25:15

Rubens: You seem to have a facility with writing and remembering lyrics. I wonder if you had developed an ear for poetry.

03-00:25:30

Hellman: Yeah. I think that I've always been pretty good at writing. I've always been pretty good at putting thoughts together and maybe having enough sense of the bizarre that I could always—

03-00:25:50

Rubens: Pull something off that is a bit unique but yet correct.

03-00:25:54

Hellman: Yes. And I knew that in any history exam, if you started by saying—or any geography or history exam— if you started out by saying, "To understand this, you have to understand the economics, the history and the political nature



of this country,” and then they wouldn’t read the rest of it. You’d always get a good grade.

03-00:26:20

Rubens:

Or it would certainly set one up to think it was going to be very erudite. So was the highlight of your college years being on the water polo team?

03-00:26:30

Hellman:

Yes.

03-00:26:31

Rubens:

When did you first join that?

03-00:26:32

Hellman:

Well, I joined it as a freshman and then I got mono, so I missed most of the freshman season and then started playing. And I played sophomore, junior and senior year.

03-00:26:44

Rubens:

Did you have a specialty stroke?

03-00:26:57

Hellman:

No. Water polo’s all free style.

03-00:26:58

Rubens:

You didn’t do any other kind of swimming competition?

03-00:27:00

Hellman:

No.

03-00:27:01

Rubens:

Water polo’s incredibly demanding, isn’t it?

03-00:27:03

Hellman:

It’s really fun. Swimming is an individual sport. Water polo is a team sport. And I think I’ve always done better at things where persistence, determination and conditioning, rather than skill, is the answer. I usually was in better shape than—this has been true of the rest of myself. But if they said do twenty laps in training, I did sixty. So as the games went on; my opponent always got tired and I never did. So it was just a matter of time until that would work.

03-00:27:53

Rubens:

I don’t know the game. Is there a certain position that you played?

03-00:27:55

Hellman:

Well, it’s changed. In my day you had guards and forwards. Now they have all these complicated names for strikers and, I don’t know, pikers and other things. But when I played there were guys who played mainly defense and guys who played mainly offense and I was one of the former.

03-00:28:18

Rubens:

There’s a wonderful story about your ability to score.

03-00:28:25

Hellman: In my senior year we had a really good team and I scored one goal the entire year and that was *for* UCLA against us.

03-00:28:35

Rubens: Were you just dazed and confused?

03-00:28:36

Hellman: No, I stole the ball from the guy who was guarding and flipped it back to the goalie, but he wasn't watching. And I looked up at my parents who were sitting in the stands. I looked up and my mother's—"My son just scored for UCLA."

03-00:29:00

Rubens: Were there any state championships or—

03-00:29:06

Hellman: No. They had a thing, it's now called Mountain States. I think it was called the Pac-8 or something at that time. But they had no NCAA meet. And then a lot of us played off and on for the—I didn't very much but a little bit for the Olympic Club. And the Olympic Club, which allowed Jews when the fishes were good swimmers, so they needed to enhance their swim team. But I was invited. They competed in the Olympic trials and I was invited to train with them. Very little chance of making the team that would play. But I didn't. I went in the Army and then graduate school instead.

03-00:29:54

Rubens: You told the story last week of driving yourself to swim at Lake Tahoe and how cold the water was. But you also mentioned that you wanted to talk a little bit more about Sugar Pine Point.

03-00:30:10

Hellman: The Dunsmuir House of the Sierras?

03-00:30:12

Rubens: You said that you went up there and a lot of the family would gather. This was part of your summer sojourn?

03-00:30:21

Hellman: Yeah. Just like Dunsmuir House. The Ehrmans, Florence Hellman Ehrman, had Sugar Pine Point. So the kids would all go up there in the summer. And our parents.

03-00:30:35

Rubens: Was there something that you wanted to say about it particularly? The estate is now open to the public?

03-00:30:42

Hellman: Yes.

03-00:30:44  
Rubens: I haven't seen it.

03-00:30:46  
Hellman: It's beautiful. You ought to check it out. It's great. I think it was several thousand acres. It's on the lake [Tahoe]; there are three miles of lakefront. It's pretty close to Meeks Bay. The back of the property was almost at Squaw Valley. So it was huge.

03-00:31:08  
Rubens: And that was Isaias' favorite place to go. That's what Frances writes about. He built it.

03-00:31:13  
Hellman: Yes, yes.

03-00:31:15  
Rubens: Would you go there during your college summers? You were a lifeguard one summer.

03-00:31:23  
Hellman: Yes. But summers were really long when I was in college. Yes, we'd go up there in the summer and go hiking or go back on pack trips and stuff like that.

03-00:31:35  
Rubens: Cousins mostly or you'd bring friends?

03-00:31:37  
Hellman: Both.

03-00:31:37  
Rubens: So at Cal, were you a good student? Did you get good grades?

03-00:31:45  
Hellman: I did. Well, it was pretty much like the rest of my—yes, I did, and I got increasingly good grades. But I wasn't a Phi Beta. It was always sort of what I need to do next. I did miss one exam when we were in jail in Tijuana.

03-00:32:12  
Rubens: Oh. My next question was going to be were you still sort of a bad boy at times?

03-00:32:16  
Hellman: Always.

03-00:32:18  
Rubens: So what's the episode?

03-00:32:20  
Hellman: I don't know if you did this when you were there. But a lot of people went to Balboa Island for spring break. A lot of people. So a bunch of us always took a house at Balboa Island and we had a lot to drink one night and drove down

to Tijuana. Got there at about 2:00 in the morning. There were eight of us I think.

03-00:32:43

Rubens: All boys? Sounds like trouble.

03-00:32:44

Hellman: Yes. And we said, "God, this is really fun." And an hour later all eight of us were in the Tijuana jail.

03-00:32:50

Rubens: What did they stop you for?

03-00:32:52

Hellman: They didn't stop us. We wrecked a hotel. They promised they'd bring us girls and when they didn't bring us girls we wrecked the hotel.

03-00:33:00

Rubens: There's a phone call to your parents?

03-00:33:04

Hellman: No. It was just a negotiation. We lined up in front of whatever you called the attending officer. And he said, "\$50 each." And I said, "I don't have \$50." And he said, "Twenty?" And I said, "No." So we negotiated ten dollars a piece to get out of the Tijuana jail.

03-00:33:29

Rubens: So you must have had bragging rights for that.

03-00:33:31

Hellman: Yeah. But then I missed an exam or something the next day.

03-00:33:39

Rubens: Do you remember having an interest at all in finance? Did you follow the stock market?

03-00:33:49

Hellman: No, not at all. Well, let's be fair. My father was a venture capitalist before anybody knew what a venture capitalist was and he always would be talking about the companies that he started. God, I don't know the names. There was Booth Leasing, among other companies. So it was very much a household conversation. And I spent a lot of time with him in his office. So I wasn't really stock market oriented but I was—

03-00:34:26

Rubens: I didn't know if you had some stocks that you particularly followed.

03-00:34:28

Hellman: No.

03-00:34:29

Rubens: So it was just part of the air of the discussion. Just table talk and—

03-00:34:36  
Hellman:

Yes.

03-00:34:37  
Rubens:

Of course, you had worked one summer, you said, at a lumber mill that your father—

03-00:34:40  
Hellman:

And then I worked at a—well, no. That was in business school I worked at—I worked between—god, it may have been my senior year and freshman year at Harvard, or something, at Buffel & Plywood & Doorplan in Tacoma, Washington. Got to belong to a union. I think it was a union shop. I think you had to join.

03-00:35:01  
Rubens:

Where'd you live when you did that?

03-00:35:05  
Hellman:

At a boarding house in Tacoma.

03-00:35:07  
Rubens:

Was that your first experience with really manual labor?

03-00:35:10  
Hellman:

Yeah.

03-00:35:12  
Rubens:

Anything distinctive about it particularly? I'd asked you if you had handyman skills and you said no.

03-00:35:21  
Hellman:

No.

03-00:35:22  
Rubens:

Nor did your father.

03-00:35:24  
Hellman:

I was on whatever the lowest job you could have in a lumber mill. That's what I—

03-00:35:30  
Rubens:

Probably sweeping up the floor?

03-00:35:31  
Hellman:

No, it was something called pulling green chain, where they cut the logs into boards and they come down a conveyor belt and then, based on what size board they are, you slide it off into the pile of similar ones. If they're two by eights or two by fours. So it's hard work. You wear out a pair of gloves a week.

03-00:35:52  
Rubens: I can imagine. So was this is your father's idea to sort of season you and have this kind of experience?

03-00:35:59  
Hellman: I think it was just as much my idea. It was just—To have a summer job is something that you wanted to do so you could say I had a summer job. He clearly got me the job and it was worth it.

03-00:36:15  
Rubens: Didn't go with a cousin or a friend?

03-00:36:17  
Hellman: Uh-unh. I don't really remember making any friends or anything. It was hard work. I think I just got home and went to bed.

03-00:36:39  
Rubens: So you didn't have to fend for yourself in terms of meals and all that.

03-00:36:45  
Hellman: No.

03-00:36:47  
Rubens: But you've always had a lot of friends.

03-00:36:50  
Hellman: Yes.

03-00:36:51  
Rubens: You want to just mention some?

03-00:36:53  
Hellman: Sure. Some guys from high school, a guy named John Hamilton who was probably my closest friend all the way through high school went to Cal. So we remained good friends. A guy named Pete Bernardo who was a swimmer, water polo player that I went all the way through high school with. We remained very close friends at Cal. And then others on the water polo team, the swim team.

03-00:37:28  
Rubens: Is that enough friends to talk about?

03-00:37:30  
Hellman: Yeah.

03-00:37:31  
Rubens: Did you attend other games? Were you sort of a Bear Backer or—

03-00:37:38  
Hellman: Well, yes. There was a guy who became a world famous physicist, by the name of Herb Steiner. He's at Lawrence Livermore Lab. He was German and he transferred, came to Cal and went out for water polo. So we played

together, became pretty close friends. We usually played in the mornings. Our games were mornings and then we'd go to the football games in the afternoons. So Herb and I went up to Memorial Stadium and he had no idea what was going on and he leaps to his feet and yells at the top of his voice, "Losers never win." I said, "Herb, that really is not very relevant." I always kid him. I see him occasionally and I ask him if he's figured out whether losers ever win yet.

03-00:38:28

Rubens: Was your father philanthropic towards Cal?

03-00:38:32

Hellman: Yeah.

03-00:38:34

Rubens: Your father had fond feelings for Cal.

03-00:38:37

Hellman: Very much so.

03-00:38:39

Rubens: Maintained an interest in Cal. That's another example of you just growing up with it.

03-00:38:43

Hellman: Yeah. It was osmosis I guess as much as—No, he was very loyal to Cal.

03-00:38:50

Rubens: What about Stanford games? Your cousin Lloyd's at Stanford during this period?

03-00:38:58

Hellman: Our friendship didn't cover Stanford Cal games.

03-00:39:04

Rubens: So anything more to say about the Cal years? I'd heard that story about scoring for UCLA. Ted Dienstfry said, "Don't fail to get that." But I don't have any other stories to interrogate you about. Did you date a lot?

03-00:39:28

Hellman: As much as I could.

03-00:39:30

Rubens: Were there fraternity parties and—

03-00:39:32

Hellman: Well, I had a girlfriend my last year and a half whose name was Leilani Andrews and her family were Southerners. Mother very much a Southerner. And we dated for a while and her mother really—well, first I was Jewish, which was not so great. And second, I got into trouble episodically. So she transferred her from Cal to Duke to get her away from me. I wish I still had

the letter. I got a letter from her mother saying, “If the two of you persist in calling each other, I will do the following things,” which were nothing. Nothing ever happened. But just before I got married—we’d kind of stayed in touch but not so much. And I got a postcard from Leilani it turned out. Chris was a dancer, as we’ll come to, I guess. But on the front of the card, the front page, it showed a dancer and it said, “You’ve heard of Swan Lake.” And I opened it up and inside it said, “Well, go jump in it.” [laughter]

03-00:40:45

Rubens: That’s funny.

03-00:40:47

Hellman: Yes.

03-00:40:48

Rubens: So she had held out some hope maybe?

03-00:40:51

Hellman: I don’t know. She was great news. She was a really nice woman.

03-00:40:55

Rubens: It’s strange to think someone coming to Cal from the South.

03-00:41:00

Hellman: Well, no. Her father was a captain of the Navy, so he was transferred out here. He ran Treasure Island, was at the Navy base or something.

03-00:41:10

Rubens: And you still had your Chevy?

03-00:41:11

Hellman: Yeah.

03-00:41:12

Rubens: Or did you graduate to sports cars in college?

03-00:41:14

Hellman: No. Later I had a Pontiac. But yeah, we dated for a long time.

03-00:41:22

Rubens: I was going to ask about fraternity parties. The couple I had gone to, the beer was up to your ankles.

03-00:41:32

Hellman: Well, as I said, I belonged to a fraternity. I moved out after a couple of years. And then briefly, because a lot of the swimmers were at the DKE House. [Delta Kappa Epsilon] Another guy and I, who were not members of the DKE House, sort of had an apartment behind the DKE House and sort of ate all our meals there and stuff.

03-00:41:50

Rubens: That was on the south side?



03-00:41:53

Hellman:

It was on the south side, yes, right up on College Avenue.

03-00:41:58

Rubens:

And anything to say, particularly about ROTC? You talked about your experience at the military academy and having to march around like little nascent fascists.

03-00:42:09

Hellman:

Well, ROTC was, of course, a piece of cake. It's not very intellectually challenging. Maybe between your junior and senior year, if you stayed in you've got to go to like officer's camp in the summer or something. And so that was in El Paso, Texas. And I don't even know if I ought to tell you this story. But El Paso, as you know, is right across the river from Juarez. And so all of us would go down to Juarez at night, and me being me, I met a hooker and I said, "Let me ask you a question. Why do you do this? You always hear these horrible stories." She said, "I love to screw." [laughter]

03-00:43:04

Rubens:

That is a good story.

03-00:43:06

Hellman:

So I started going down and seeing her all the time. And then when I was on duty, my friends would go down and say, "Gee, had a great night with your girlfriend." I got her across the border for the ceremony at the end of the summer. And a lot of the people who are there for the summer are from the Citadel and they're very sort of serious military types and all their girlfriends were there in their white crinoline. Hers was this burst of color.

03-00:43:33

Rubens:

Was she Mexican?

03-00:43:34

Hellman:

Oh, yes. I'm sorry we never stayed in touch because she was pretty good news. So I had the most unusual girlfriend of anybody there, I think.

03-00:43:48

Rubens:

So when you graduate, you're an officer?

03-00:43:50

Hellman:

Yeah.

03-00:43:51

Rubens:

What was your rank?

03-00:43:52

Hellman:

I was a second lieutenant.

03-00:43:53

Rubens:

And is that when you went into the Army?

03-00:43:58  
Hellman:

Yes. You graduate and then you have to report for duty. It turned out I had to report in, gosh, I think August or Sept—I don't know, sometime. But there was an ironic twist to that also, which is that at that point the Korean War had ended, so that almost everybody who took ROTC were only going in for six months despite the fact they had a two year commitment. So I assumed I was going in for six months. And I had applied to Harvard Business School and been accepted and everything was wonderful. Only I arrived at where you checked in and there was this sergeant at the end who said, "You know, it's kind of funny. You ain't got an asterisks by your name." I said, "What does that mean?" He said, "Well, the ones that got asterisks, they're in for six months but you don't. You're in for two years." I said, "You got to be kidding?" He said, "No, no, look. You ain't got no asterisks." And there were only like six people out of a couple of hundred that didn't have asterisks. So I came home that night and I said, "Chris, I got some really interesting news. We're going to be doing this for two years."

03-00:45:13  
Rubens:

You didn't chase it down and see how that—there was a mistake?

03-00:45:16  
Hellman:

I think it was just random. I did a little bit. They had to pick half a dozen—

03-00:45:21  
Rubens:

That were going to stay in.

03-00:45:22  
Hellman:

Yeah.

03-00:45:22  
Rubens:

Now, you mentioned Chris. So when did you meet her?

03-00:45:26  
Hellman:

I met her between my freshman and sophomore years at Cal. We got married right after I got out of Cal, the following October, I think.

03-00:45:39  
Rubens:

So you were traveling? You were in Europe?

03-00:45:41  
Hellman:

Yes. Three of us were given \$700 a piece to go to Europe for the summer. So it was—

03-00:45:48  
Rubens:

Who gave you the \$700?

03-00:45:49  
Hellman:

Our parents. And one was a guy named Jim McDonald who by the time we graduated had problems. The second was Matt Hazeltine, who became captain of the Forty Niners football team. The third was me. And we spent this

incredible summer in Europe together. And on the boat going over was a British ballet company returning from touring Canada.

03-00:46:20

Rubens: So you met on the boat?

03-00:46:24

Hellman: Actually, yeah.

03-00:46:25

Rubens: A shipboard romance?

03-00:46:27

Hellman: Well, not much, because she didn't like me too much. But culturally, being from San Francisco worked out great, because I was leaning on the rail of the boat about the second day and we noticed that aside from all the girls from University of Illinois, Kappa Alpha Theta, the women you'd met in college all year, there were all these sort of strange foreign people, which turned out to be a British ballet company returning from touring Canada. So I was leaning on the rail. And we desperately tried to meet these people, the girls.

03-00:47:02

Rubens: Oh, they must have been beautiful.

03-00:47:04

Hellman: They were. But no luck. Just none at all. So on the second or third day on the boat I was leaning on the rail of the boat and one of the little men from the company came up and said, "Hello." I said, "Hi." He said, "You're a Yank, aren't you?" The boat went out of Montreal. I said, "Yeah." He said, "Could I buy you a drink, Yank?" I said, "Sure." He said, "By any chance would you like to have the drink in my cabin with me?" I said, "No, no, I wouldn't like that." He said, "Well, what sort of thing do you like?" I said, "Look, could you introduce me to one of the girls you're with?" So he introduced me to Chris.

03-00:47:37

Rubens: You think he was coming on to you?

03-00:47:38

Hellman: Oh, of course he was. He was known as Mum Davidson. He was a cross dresser.

03-00:47:47

Rubens: Was he part of the company?

03-00:47:49

Hellman: Oh, yeah. He was one of the male dancers.

03-00:47:50

Rubens: But you did persist and you met her?

03-00:47:55  
Hellman: Through him. She was the sort of first one. We're having a drink at the bar. She was the first one that walked in and he said her name. Her name afterwards was always Chris but originally she was called Patty. Patricia Sander. So he said, "Patty, I'd like you to meet my friend Warren Hellman." And she's been my wife for fifty-four years.

03-00:48:20  
Rubens: She is an artist. She served on the San Francisco ballet board.

03-00:48:23  
Hellman: Yes. She also has Alzheimer's, which is not so pleasant.

03-00:48:28  
Rubens: Oh, dear. Severe?

03-00:48:33  
Hellman: Oh, yeah. Yeah. I don't know if you've been exposed to it but it's just this downward slide. So you can get satisfied with where you are but it isn't going to stay there.

03-00:48:50  
Rubens: God, what a terrible blow for her and you.

03-00:48:52  
Hellman: Yes. It's really tough on her.

03-00:49:10  
Rubens: There are some important gene studies; possibilities for identifying it so as to intervene earlier.

03-00:49:17  
Hellman: God, I hope so. It's one of the most pitiful things you've ever seen. She doesn't recognize the children particularly now. Clearly doesn't recognize the grandchildren. It's tough on her.

03-00:49:35  
Rubens: What a shame. I've understood that some people feel sort of serene.

03-00:49:43  
Hellman: She does but then she'll have moments where she'll say, "I really would like to start driving again." You think, oh, my god.

03-00:49:58  
Rubens: No one's insulated from these kinds of tragic things.

03-00:50:02  
Hellman: No. I like the rabbi that we had a few weeks ago for our torah class who said, "This is what life is like. I am a man of god. I believe strongly that you should do good," blah, blah, blah. He said, "My next door neighbor is the porn king of Los Angeles in the north—" what was it? North Hollywood, the big

earthquake in LA happened. “My house was destroyed, his was untouched.” So we’re all in a Job-like existence I guess.

03-00:50:35

Rubens: So you met her on board ship and you got her phone and—?

03-00:50:43

Hellman: Yes. I visited her twice that summer. Then the next summer I went back over—

03-00:50:47

Rubens: How old was she? She was older than you?

03-00:50:52

Hellman: Slightly. A year and a half I think. So I was like eighteen and she was twenty or twenty-one. And then I went back the following summer and then the following year they toured the United States and Canada for six months. So we got to know each other better. I’d like to think—

03-00:51:10

Rubens: Were you wooing pretty seriously at that point?

03-00:51:13

Hellman: I don’t know. Yeah.

03-00:51:17

Rubens: Had you made up your mind this was someone you wanted to stay with?

03-00:51:20

Hellman: She was by far the best I’d ever met. Leilani was pretty good but I don’t think Leilani’s mother ever would have allowed us to get married.

03-00:51:31

Rubens: So you met her parents. You were telling me the story about him being a Communist. What was the family name? What was Chris’s maiden name?

03-00:51:38

Hellman: Sander. Her dad’s name was Frank Sander. I don’t know how famous he was but he was certainly a dedicated hard working great guy, part of the Communist party. We used to have great arguments.

03-00:51:56

Rubens: What was his employ?

03-00:52:00

Hellman: He was a very smart guy. He had worked as a clerk for the London Water Board. Being in England, being a Communist was not an inhibiting—so he’d worked as a clerk before the war. Then he had this bizarre war career where they kept trying to send him to officers’ school and he’d go AWOL because he liked the privates and not the officers. And then he drove a vehicle in the Normandy invasion, one of the landing crafts.

And then he came back after the war. And in England, it's hard to pass the bar, as it is here. And he just started taking courses at night and he passed the bar the first time, which is very unusual in England. So he was a lawyer for the London Water Board and a lawyer for the Communist Party.

03-00:52:51

Rubens: Where'd they live?

03-00:52:52

Hellman: Down near Croydon. Town called Sanderstead.

03-00:52:56

Rubens: And what did they think of you?

03-00:52:58

Hellman: Well, he and I got along great because we loved to argue.

03-00:53:03

Rubens: I assume they weren't Jewish.

03-00:53:04

Hellman: No. But lots of his best friends were.

03-00:53:08

Rubens: Well, that's usually a distinction of the Communist party. Seemed to have a high percentage.

03-00:53:15

Hellman: At the wedding he gave a toast and he said, "This is a very strange day for me, because for the most part Warren represents all the things that I detest in life. I don't like Americans, I don't like capitalists and if he wasn't a Jew I don't think I'd have allowed this to happen."

03-00:53:34

Rubens: "If he wasn't" That was the leavening part. Oh, that's interesting. So you got married right after you graduated.

03-00:53:46

Hellman: Yes. In October after I graduated.

03-00:53:48

Rubens: Where were you married?

03-00:53:52

Hellman: Epsom in England. Right near the racetrack.

03-00:53:57

Rubens: Did you have a lot of family come over?

03-00:53:58

Hellman: They did. They did. And then we had to call off the marriage for a week because I got pneumonia. And the English newspapers picked this up quite a

bit because son of a wealthy American capitalist marries daughter of a British Communist who is a dancer. Well, we had to call the wedding off for a week and so the article in one of the London dailies was, “Patty nurse, not bride.”

03-00:54:35

Rubens: Did your family have enough notice? Was everyone cooling their heels for a week?

03-00:54:38

Hellman: Yeah, they were. They were all there because the wedding was the next day.

03-00:55:42

Rubens: You’ve had your series of health bouts.

03-00:54:45

Hellman: Yeah.

03-00:54:49

Rubens: What was her plan regarding her career as a—

03-00:54:55

Hellman: She intended to quit. Unlike a lot of others. Today I’ll bet you she wouldn’t have. But when we got married she stopped dancing.

03-00:55:06

Rubens: And the trajectory was you knew you were going to come back and go into the army; and you thought for six months and then relocate in Boston or Cambridge?

03-00:55:12

Hellman: Yes.

03-00:55:14

Rubens: Did you have a whirlwind honeymoon?

03-00:55:16

Hellman: We had fun. My second best friend and his wife, who had been an usher in my wedding—I only had two—and he had just gotten married. This is a guy named Pete Bernardo. He and his wife and Chris and I just drove around Europe for a couple of months together. It was great.

03-00:55:40

Rubens: So you had several European—you were no stranger to Europe, then, having met her that summer, going back.

03-00:55:46

Hellman: Yeah, and going back again. Then ultimately I was stationed in Germany in the army.

03-00:55:51

Rubens: Let’s pick up that story. So you make your peace that you don’t have the asterisk by your name.

03-00:55:58

Hellman:

Well, no. I was in for two years. Yes, make my peace with myself. So we were stationed first in El Paso, as I said. I've always said if they gave the United States an enema they would put it in through El Paso. And then I was sent to Colorado Springs.

03-00:56:18

Rubens:

That woman from El Paso across the border becomes—

03-00:56:23

Hellman:

She was no longer a part of my life. I would love to have introduced her to Chris, who would have been very—who would have liked her, I think.

03-00:56:31

Rubens:

Really?

03-00:56:31

Hellman:

I don't know. I barely—

03-00:56:32

Rubens:

She was tolerant? That kind of—

03-00:56:35

Hellman:

Yeah. No, we've never had anything like an open marriage or any of that crap. So we lived in El Paso. Then I was stationed in Fort Carson, Colorado for three months. And they had a thing in those days called Operation Gyroscope, where they took a division, one of the American divisions, and they moved it en mass to Germany and another division came home at the same time. So you literally exchanged with the division that had been there before. So we were stationed outside of Stuttgart.

03-00:57:12

Rubens:

And how long did you say?

03-00:57:17

Hellman:

Probably a year and a half. I got out early to go back to business school. I got out after twenty months.

03-00:57:20

Rubens:

How did you live in Germany? Was it—

03-00:57:27

Hellman:

We had an apartment in Stuttgart.

03-00:57:30

Rubens:

And was it like 9:00 to 5:00? What is the kind of activities that you engaged in?

03-00:57:34

Hellman:

You were out in the field a lot and you cruised around Germany. We had these light tanks that were so called automatic weapons self-propelled. I don't



know. I can bore you to tears with this. Might even bore myself. I don't think so. But we—

03-00:57:53

Rubens: I'd like to change the tape, if you don't mind. I think we're moving along quite nicely. So I was hoping to get to Harvard Business School and I think—

03-00:58:15

Hellman: I was hoping to get there, too.

03-00:58:16

Rubens: I only have you for another twenty minutes but we seem to be doing all right. Okay. So I will change the tape.

03-00:58:24

Hellman: I have lunch with my daughter.

#### Audio File 4

04-00:00:04

Rubens: I was asking you off camera how your parents responded to Chris.

04-00:00:12

Hellman: They were great. My father—

04-00:00:14

Rubens: Had you brought her over here at all before you married?

04-00:00:17

Hellman: She danced here with her company for ten days or something.

04-00:00:22

Rubens: Oh, that's a thrill for you. Your mother was on the board of the ballet.

04-00:00:27

Hellman: Yes. My mother was just so completely entranced with Chris. She thought she was just fantastic. But she said one time—I'm not sure, when we were in London—"Chris usually wears the same dress." I said, "Because she makes her own. She only makes five pounds a week."

04-00:00:46

Rubens: Your father found her, obviously—

04-00:00:50

Hellman: It was fine. Yes.

04-00:00:51

Rubens: You talked about the capitalist meeting the communist?

04-00:00:57

Hellman: I think in principle her father disapproved, but in fact we just got along so well.

04-00:01:03  
Rubens: Well, he was an attorney. It's not like he was—

04-00:01:06  
Hellman: Well, and we just debated. We argued all the time. And it was really fun. We became really pretty close friends.

04-00:01:15  
Rubens: With the family, as well? Your parents, were they—

04-00:01:19  
Hellman: Oh, no. Oh, no. No, there was no—

04-00:01:22  
Rubens: That was it. There for the marriage and—

04-00:01:22  
Hellman: Yeah.

04-00:01:23  
Rubens: Although once the children were born, did her parents come over?

04-00:01:29  
Hellman: There was a slight complication, which is that there was a thing called the McCarran Act. So they might have liked to have come over. Mother I think did come over once but—

04-00:01:40  
Rubens: The father couldn't get clearance.

04-00:01:41  
Hellman: Right. But boy, that's the greatest in-law protection law that's ever—no, he was a good guy. I would like to have had him over.

04-00:01:53  
Rubens: Although I imagine you went over there.

04-00:01:58  
Hellman: Quite a bit.

04-00:01:58  
Rubens: Had Chris been an artist before she—or while she was a dancer, as well?

04-00:02:13  
Hellman: Not seriously. She always had a propensity to draw stuff and I was always surprised at two things: how well she could draw and how well she could sing. Other than the things I knew she did well. But when we were at business school, she started drawing more and then she went to the Peabody Art School or something and studied art. Just had a tremendous affinity for it.

04-00:02:43  
Rubens: It's her paintings that are on the front and back covers of your first album.

- 04-00:02:47  
Hellman: Yes. And all over our house.
- 04-00:02:51  
Rubens: How nice. And was she able to enjoy the early days with The Wranglers?
- 04-00:02:59  
Hellman: Well, she did enjoy it when she was singing with us.
- 04-00:03:02  
Rubens: That's what I meant. She was still in good shape?
- 04-00:03:03  
Hellman: Yes, and that's been one of the real trials, because for a while—I think she's a little bit impervious now. But for a while we had to have a rule. We usually rehearse Monday nights at my house and we would just not talk about anything to do with the band when we were having dinner, because she was at dinner. Now it doesn't make any difference anymore because she's hardly there, I mean mentally there. She really had a good voice.
- 04-00:03:37  
Rubens: So moving along to the next stage in your life —Harvard Business School. Was there any question but that you would go there? You must have applied in your senior year.
- 04-00:03:50  
Hellman: I got in and then I reapplied and got in again.
- 04-00:03:53  
Rubens: And was this just part of the tradition? Your father had gone? You had an interest in—
- 04-00:03:59  
Hellman: Well, partly. I'd like to think this is more conscious than—well, as conscious as I now make it. But I really had no idea what I was going to do next and going to Harvard Business School was a way of maybe guiding that or directing it. I'm not sure it was all that—as conscious as that. You just went to Harvard Business School because my father went there. But it was maybe one of the better things that I did.
- 04-00:04:31  
Rubens: Well, so let's talk about it. You say you were ultimately in the army for about 20 months.
- 04-00:04:37  
Hellman: Yeah.
- 04-00:04:40  
Rubens: Did you come straight from Germany to—

04-00:04:44

Hellman:

Straight. In fact, I arrived a week late for classes, which in a place as competitive as that is not the most—doesn't give you the greatest confidence in your ability to succeed. As opposed to when I started Cal. Cal, as I said earlier, I kind of understood because it wasn't that different than high school. But still, the first year was a struggle. Harvard Business School, for me, the first year was hard. It's very competitive.

04-00:05:19

Rubens:

How big was the class?

04-00:05:20

Hellman:

Six hundred and something. They divided it into sections of about sixty people or so. But it's hard when you look around and realize that almost everybody there has been some of Phi Beta or great, really good—it's very competitive to get in.

04-00:05:42

Rubens:

Was it all men?

04-00:05:44

Hellman:

It was. It stopped being all men, I think all men, old men, too, about a year after I graduated.

04-00:05:57

Rubens:

So when you were divided into sections, was that according to some kind of interest or specialty?

04-00:06:05

Hellman:

No, just random. The first year classes are all mandatory and second year you get to specialize a little more, but not much. And by that time, I'd become more interested in finance than all the other things I didn't understand.

04-00:06:25

Rubens:

So what started to draw you in? You said you worked pretty hard the first year.

04-00:06:29

Hellman:

I worked really hard the first year. I did okay, which is sort of my pattern in my life. As I said, I'm writing a song called "Success." The opening line is, "I'm not so smart, I'm not so tough. Pretty good is good enough."

04-00:06:48

Rubens:

Nice, nice. I think you said that to me while we switched tapes, so I'm glad we have it here on tape.

04-00:06:53

Hellman:

But basically, my theory about life—I don't know if it's a theory. But my belief is that if you can do pretty well at everything you do, you'll be successful and you don't have to win the Olympic marathon or be a Phi Beta wherever you went or a Baker Scholar. You have to persevere. You have

to work hard, probably get as much out of yourself as you have to give and you'll do fine.

04-00:07:26

Rubens: Well, you said, though, that finance was the one thing that really came easily to you.

04-00:07:30

Hellman: Well, investment banking was a cinch.

04-00:07:32

Rubens: What was it about it that made it so accessible to you? You're studying that your first year?

04-00:07:38

Hellman: No. Well, you have a course in finance the first year but the second year more of it. I think somehow it was almost genetic. I think I.W. was maybe the greatest financier in the history of California. In fact, there was an article about him in the *Wall Street Journal* a couple years ago—during the financial crisis, saying it's too bad that I.W. Hellman is not around to help because we would have worked our way through this.

So maybe there's a little bit of genetics in it. I don't know. But it just never seemed to be, including at business school, the finance courses, accounting and stuff, as a challenge. But it was fun because accounting things have to add up at the end. So it was sort of neat and tidy. But finance, investment banking, as I said earlier in our last interview, it just seemed really easy.

04-00:08:44

Rubens: In that summer between the first and second year, did they get a placement for you or did you come back to San Francisco?

04-00:08:53

Hellman: No, I came back and worked for my father.

04-00:08:58

Rubens: So were the teachers outstanding and also was the casebook method used?

04-00:09:06

Hellman: The case method is a big help because the case method raises your frustration levels a lot because there isn't an answer. There are certain things that you ought to think about, some of which I actually did think about. But it's a way of sort of disciplining your mind to force answers out of kind of chaos. I thought the case method was great once I started to understand what the hell I was trying to do.

04-00:09:36

Rubens: Are there any examples that stand out in your mind that were really—

- 04-00:09:40  
Hellman: Particular cases? No. No, that—
- 04-00:09:50  
Rubens: It's going to be interesting because there's a case study based on an acquisition of yours.
- 04-00:09:56  
Hellman: Oh, Digitas.
- 04-00:10:00  
Rubens: Yeah. Now what about comparisons to your father's time at Harvard? Were you talking to your father about your course of study and what his had been? He must have been tremendously proud. I'm saying a lot of things at the same time but—
- 04-00:10:25  
Hellman: I think at business school, college and business school, he was—I would say if having an A is proud and a B is satisfied and a C is unsatisfactory, I would have been in the B range. He expected me to go to Harvard Business School. He expected me not to flunk out of Cal. And I did all those things. He liked water polo a lot. But I don't think he was blown away. I think what blew him away was Lehman Brothers because, in a sense, he hadn't "made it" at Lehman Brothers. I'm sure he would have if the war hadn't come along. But the fact that I was sort of well thought of by Mr. Lehman and others was a matter of pride for him.
- 04-00:11:20  
Rubens: Well, we'll certainly get to that next week. I've been boning up on the history of Lehman Brothers. Senator Lehman was always a hero for my husband's family; they were New Yorkers.
- 04-00:11:34  
Hellman: I'll bet. Herbert Lehman, yes. I met him several times.
- 04-00:11:43  
Rubens: I know Lehman is a descendant from your great-grandmother.
- 04-00:12:03  
Hellman: My great-grandfather and Mayer Lehman married sisters.
- 04-00:12:05  
Rubens: So we'll trace out that family lineage a little bit and insert their names later.
- 04-00:12:11  
Hellman: Sure.
- 04-00:12:13  
Rubens: Did you have time for anything else while you were at Harvard? For instance, athletics?

04-00:12:20  
Hellman: No. No.

04-00:12:23  
Rubens: And you lived in Cambridge?

04-00:12:25  
Hellman: Lived in Cambridge.

04-00:12:28  
Rubens: So any outstanding teachers? There was Georges Doriot.

04-00:12:33  
Hellman: Well, everybody says Georges Doriot was very distinguished. He taught production but he was sort of a business philosopher and I took his course, as had my father. It was okay.

04-00:12:52  
Rubens: Didn't blow you away?

04-00:12:53  
Hellman: It didn't. My life hasn't been inspired by production.

04-00:12:59  
Rubens: Doriot was sort of alleged to be a founder of venture capitalism.

04-00:13:11  
Hellman: Yeah. He started American Research and Development.

04-00:13:15  
Rubens: By the way, right before you graduate there's the Brown versus the Board of Education decision. Were you cognizant at all about civil rights issues?

04-00:13:38  
Hellman: Yeah.

04-00:13:39  
Rubens: Fraternities were segregated still. There weren't that many African Americans at Cal.

04-00:13:46  
Hellman: There weren't any, although—

04-00:13:49  
Rubens: There was one professor of statistics.

04-00:13:52  
Hellman: Was there? I looked at my Lowell yearbook. We had no blacks in that class. We may have had one. But it was a very different—well, you've heard this before. It's a very different world then.

But the thing I remember politically the most at Cal was Eisenhower. I was wildly enthusiastic about Eisenhower. By the way, a piece of interesting history. I think his was the only Republican administration where the stock market went up. The statistics are just stunning. I think I have a chart that shows Republican and Democratic administrations and what's happened to the stock market.

04-00:15:08

Rubens:

So counterintuitive, counter to what you would have expected.

04-00:15:10

Hellman:

Yes. Republicans are great for business, blah, blah, blah, except the market goes down during most Republican administrations. I was conscious of the Eisenhower election. I also remember the fight between Richard Nixon and [Helen] Gahagan Douglas out here. And I was on the side of Nixon for that one. Today I probably wouldn't be.

What were the other political events you asked me about?

04-00:15:51

Rubens:

Well, Brown v the Board, the Korean War, which we did talk about a little; the cold war. Later on there's Sputnik, that had such a—

04-00:15:53

Hellman:

Yes, that wasn't—

04-00:15:57

Rubens:

The Army-McCarthy hearings. That's—

04-00:15:59

Hellman:

Yeah.

04-00:15:59

Rubens:

When you mentioned Helen Gahagan Douglas, that was that sort of at the peak of the Cold War hysteria, "red menace" witch hunts.

04-00:16:06

Hellman:

Yes. I wasn't much of an activist but I sure hated what was going on.

04-00:16:15

Rubens:

Do you remember the McCarthy hearings, seeing it on television?

04-00:16:17

Hellman:

Oh, yeah.

04-00:16:18

Rubens:

Oh, I meant to ask about television. Your family must have had a television pretty early.

04-00:16:21

Hellman:

Yes. It was all grainy. Yeah, we did.



- 04-00:16:27  
Rubens: But you could see the Army-McCarthy hearings. I just wondered in ROTC, did they call some particular attention to those?
- 04-00:16:37  
Hellman: Not particularly. Cal has always been kind of not impervious but on the popular side of issues like that.
- 04-00:16:48  
Rubens: Although they had just come out of their period of the Loyalty Oath Controversy
- 04-00:16:51  
Hellman: That's right. The Free Speech Movement is later.
- 04-00:16:56  
Rubens: Well, let me just ask a couple more questions because it's exactly noon and we're supposed to end for today. We may have given a little short shrift to Harvard but you said your second year you started taking specialty courses and—
- 04-00:17:15  
Hellman: Little more in finance and investment banking stuff. As with Cal, my junior/senior years at Cal were really fun and really easy and my second year at Harvard Business School was really fun and really easy. I don't know. You maybe have had the same experience at Cal, but there comes a point where a light goes on and you sort of get it and you know what you need to do and what you don't need to do and you know not to panic over stuff that is not worth even thinking about. And the grades come easily. In fact, you get your cards back. I'm sure you turned your card in when you took finals or maybe—
- 04-00:17:56  
Rubens: Oh, sure.
- 04-00:18:00  
Hellman: The first couple of years, you're kind of, "Oh, god, what is this going to say?" And the second couple of years, it's always better than you expected.
- 04-00:18:10  
Rubens: Except for languages. Languages were very hard for me.
- 04-00:18:14  
Hellman: I've long since given up on languages.
- 04-00:18:15  
Rubens: Really? Because you're so musical. Oh, you've got to go now.
- 04-00:18:20  
Hellman: Here comes Sharon. [Sharon Phillips, Hellman's long-time administrative assistant.]

04-00:18:24  
Rubens: All right. Well, I think we had an hour and a half and you need to leave. Anticipating our next session, did you know you were going to go to Lehman once you graduated? Was that pretty—

04-00:18:33  
Hellman: Always? No.

04-00:18:34  
Rubens: But once you were in your second year at Harvard?

04-00:18:37  
Hellman: Yes.

04-00:18:39  
Rubens: You must have gone down and talked to them.

04-00:18:42  
Hellman: Well, yeah. And my father said, “I think I can get you—“Please remember his brother-in-law, Fred Ehrman, was one of the important partners in the firm—which didn’t hurt. Although I ended up firing him, so—

04-00:18:55  
Rubens: That’s what I understand, so that will be a big story. So on to Lehman Brothers when I see you —not next week

04-00:19:05  
Hellman: Oh, that’s right. We’re in Austin. [The Wranglers performed at the music festival South by Southwest]

04-00:19:06  
Rubens: I’ll see you in two weeks.

04-00:19:10  
Hellman: Nice vacation for you.

04-00:19:11  
Rubens: Not at all. It’ll be studying up more on Lehman. But I will see you the 13<sup>th</sup>. I’m planning on coming to Slims. [The San Francisco night club where The Wranglers performed.]

04-00:19:18  
Hellman: Oh, good.

## Interview 3: April 6, 2011

## Audio File 5

05:00:00:07

Rubens: I think today we should begin to talk about your years at Lehman. You were there eighteen years. And you had quite a variety of positions.

05:00:00:25

Hellman: Well, yes, but they were mostly consistent. At least, the early years were mostly consistent.

05:00:00:36

Rubens: I have a few things that I want to ask as follow up to the previous interview, but we have only an hour today, so I can do that later. Regarding your career at Lehman, I basically saw it as having three phases: from joining to being partner; from being partner to becoming president; and then your resignation from president and the unwinding. I think you remained there for a short time, and then you go on to form your own company. Does that make sense to you?

05:00:01:16

Hellman: It does. It's a sort of logical progression. I started there, I guess in the fall of '59, and I started in what they used to call the industrial department, which is really corporate finance. Most other firms called it corporate finance. In only Lehman style, it was called the industrial department. It was the place that the young investment bankers were put to work as junior people on financings, whether they were initial public offerings or private placements or mergers and acquisitions. So you got a pretty broad experience in all those aspects, all the corporate finance aspects of investment banking. I was in the department for three years, I guess.

05:00:02:13

Rubens: You were at the headquarters on William Street?

05:00:02:15

Hellman: Yes, One William Street.

05:00:02:17

Rubens: Were there some other juniors who came in at the same time?

05:00:02:19

Hellman: Oh, yes, there were about four or five of us that came in at the same time. Every year, there would be a new crop of four or five new associates. I was that, a new associate. I worked on a variety of transactions. I knew nothing, but I talked a pretty good game.

05:00:02:40

Rubens: I was wondering, how prepared did you feel in that first year?

- 05:00:02:43  
Hellman: Pretty prepared—well, maybe I was cocky, but it seemed to make a lot of sense to me.
- 05:00:02:49  
Rubens: And you had a boss?
- 05:00:02:51  
Hellman: My boss was a guy named Ed Kapp, who was kind of a very senior guy that never became a partner of the firm, but was like a drill sergeant. Whatever you did, he was critical of. I can remember one time working on a memorandum for some transaction, and I submitted nine drafts of the memorandum, all of which he rejected. I just inadvertently sent one to the partner in charge, and he said, “This is exactly what I want. What have you been waiting for?” It was the second or third draft. But Ed was a very tough taskmaster.
- 05:00:03:30  
Rubens: Someone you could learn from as well?
- 05:00:03:31  
Hellman: Very much so. He was the sort of non-partner head of the department. I worked for him for as long as I was in the department.
- 05:00:03:41  
Rubens: How big was that department?
- 05:00:03:43  
Hellman: It was probably about sixteen or eighteen people. It ranged from people who never were going to become partners, who’d been with the firm forever, who were reliable sort of journeymen investment bankers, to new people, who were on their way up or on their way out.
- 05:00:04:06  
Rubens: Were people already kind of identified as hotshots?
- 05:00:04:11  
Hellman: If somebody had been there for ten or twelve years and wasn’t a partner, you knew that their future was they were either going to leave the firm, which some of them did, or remain there. It was a good place to work. It was a good remunerative activity, but they were going to remain there as a senior associate for their entire career. For the most part, they were quite bitter, and treated the younger people with some degree of contempt. As I say, there was a middle range of people who were still on the hunt to become—the thing was to become a partner. And then the younger people, who were trying to learn the skills of what we were doing.
- 05:00:05:08  
Rubens: Do you remember any particularly outstanding deals that you were involved in?

05:00:05:14

Hellman:

Well, I remember a sort of pattern. In 1959 or '60, we were in a bull market, and we did a number of initial public offerings, all of which were done at very high prices and went to very big premiums. I can remember my father flying east, saying, "I don't think I understand the market anymore." He said, "Price earnings ratio, price to book ratios, have all gone out the window. There's all sorts of kinds of new math." I said, "You're right, dad. You don't understand the market. It's a whole new world." Sounds like the dot com boom of 1999 and 2000. It was very similar. I said, "It's just a world that you've never existed in, dad, and it will never come back." Well, about a year later, the market crashed, and he came east again. He said, "You know, that was an accurate statement. One of us didn't understand the market." Our great IPOs were then selling at a tiny fraction of what we'd offered them for. You learn something about the volatility of markets, which experience has been repeated at least eight times since then.

05:00:06:39

Rubens:

Right, and would be experienced at Lehman again in the seventies, a critical period for you and the firm. What about relationships with your cousins? There were two cousins of yours—or two family members—in the firm.

05:00:06:53

Hellman:

It was a very sort of distant relationship. We knew we were cousins, but it wasn't that we were sort of cousin buddies. They were both pretty good guys. Bobby Bernard was a good guy, and John Lehman. But I don't think we were friends because we were cousins, because the Lehmans and the Hellmans had almost no interaction. John Lehman left at a fairly early—I don't think he died, but he got pretty sick. Bobby was there, more or less, forever, and then he went to Salomon Brothers. It wasn't the old family firm the way my father's firm would have been, or maybe Wells Fargo, but I was never at Wells Fargo.

05:00:07:46

Rubens:

Frederick Ehrman was there.

05:00:07:49

Hellman:

Yes, who was my uncle.

05:00:07:52

Rubens:

We'll talk about him later.

05:00:07:54

Hellman:

Do we have to? [laughter]

05:00:07:56

Rubens:

In those early days of—

05:00:07:58

Hellman:

He was pretty—

05:00:07:59  
Rubens: Did he look out after you.

05:00:08:00  
Hellman: He did. I'm not sure I always appreciated it, but he did try to give me opportunities. I'm sure there are others who would strongly concur with that, that he just got—

05:00:08:14  
Rubens: So of course it was favoritism.

05:00:08:15  
Hellman: Yes, and it was. Who am I to complain? He gave me enough grief that there were times that it didn't really seem worth it.

05:00:08:26  
Rubens: Tell me just a little bit, in those early years, what the culture of Lehman's was for you in terms of—you had to dress up and show up?

05:00:08:35  
Hellman: I showed up one day at the New York Stock Exchange Lunch Club to have lunch with a cousin of mine that was at another firm. I was riding up in the elevator, and one of the older partners at Lehman got on. I said, "Hi, Mr. Hamerslaw," and he said, "Hello." He said, "I didn't recognize you without your hat." I said, "I don't wear a hat." He said, "I know." [laughter] So it was pretty—

05:00:09:04  
Rubens: Was this before Kennedy's inaugural march down Pennsylvania Avenue without the hat?

05:00:09:09  
Hellman: Yes, it was—

05:00:09:10  
Rubens: That changed the culture and industry of men's hats.

05:00:09:11  
Hellman: People wore hats. The habits in today's world seem so arcane. Everybody drank at lunch. Martinis, or, for the real sissies, sherry—and I didn't drink anything.

05:00:09:24  
Rubens: Why is that?

05:00:09:25  
Hellman: I don't like to drink. I didn't drink then—well, except for the time that I spent a night in jail for having drunk too much. I was warned that not accepting a drink at lunch was just really bad form and could impair my career. I thought, so what?

05:00:09:50  
Rubens: Was there anything else like that? You were used to wearing a tie regularly. Harvard required that.

05:00:09:59  
Hellman: I did wear a tie. You did not usually sit in meetings with your coat off. It was fairly formal..

05:00:10:09  
Rubens: Would you say elegant. My understanding of it is that there were many of Bobby's fine paintings on the walls. [Robert "Bobby" Lehman had one of the best private collections of art in the country. Robert Lehman was the senior and chief operating officer for Lehman Brothers.]

05:00:10:15  
Hellman: Yes. There was a lot of very expensive art at Lehman.

05:00:10:19  
Rubens: I guess later on, you'll be having lunch in the partner's lunchroom?

05:00:10:24  
Hellman: Well, you got invited to the lunchroom occasionally by the partners, so I had eaten in the lunchroom. There were a bunch of private dining rooms also, where the partners took their clients. I had eaten in the lunchroom and in the other rooms a number of times before I ever automatically was included.

05:00:10:47  
Rubens: And here you were, a very fit person, an athlete. There was a gym there, is that right?

05:00:10:51  
Hellman: Yes.

05:00:10:53  
Rubens: People at your level, were they able to take advantage of it?

05:00:10:56  
Hellman: As soon as they became partners. Something else about the lunches, for one more minute. I remember one lunch in particular. The partners were, quote, "important people." Politicians would come in to make their pitch. Do you remember Senator Javits?

05:00:11:24  
Rubens: Sure.

05:00:11:25  
Hellman: He's a great guy. But he came in one year and said, "If there's anything I can do for Lehman Brothers, I certainly would be willing to help you guys." One of the partners, whose name I will not name, said, "Senator Javits, you could do me a favor." He said, "What's that?" He said, "You could get all the niggers off Long Island." And I walked out, as did two or three of the other

partners. It was a pretty—what do you call it?—arrogant, revolting; it wasn't funny at all.

05:00:12:09

Rubens: Did he think he was being funny?

05:00:12:11

Hellman: I think he thought it was being funny, but he definitely thought it was being racist.

05:00:12:18

Rubens: How did Javits handle it?

05:00:12:20

Hellman: He just looked at him and shrugged. I wasn't there to see his response, but I don't think the lunch lasted much longer.

It's interesting, because we thought we worked very hard. Compared to the associates of today, it was pretty leisurely. I got there at 8:00 or 8:30, which was considered to be obscenely early. The other associates would wander in—well, they mostly all commuted, which I always thought was a stupid idea. They would wander in at 9:00 or 9:30. The partners would arrive at 10:00 or 10:30. A lot of the partners would leave at 3:30 or 4:00. We worked some nights. If we were working on a registration statement or something, the hours tended to be longer. We thought we were working very hard. I look at our associates today, who say, "We pulled two all-nighters last week." We weren't working that hard.

05:00:13:42

Rubens: You chose to live in Manhattan?

05:00:13:45

Hellman: Yes. Brooklyn Heights for part of the time, and then Manhattan the rest of the time.

05:00:13:51

Rubens: How about the requirements of entertaining?

05:00:13:57

Hellman: There were, but I never really was into that. Maybe this is arrogant, but I thought—this sounds like too much, and you may want to edit it out. I thought that what you did for the client, what you were able to accomplish for them, was the key. I thought long liquid dinners—I did have lunch with them from time to time, but I did very little entertaining. No social drinking, and no long evenings. I didn't take them to plays or baseball games. If I wanted to go to a baseball game, I went to the baseball game with my wife or others. I was not big into entertaining. Others were. Maybe I was arrogant, but I thought that your—this sounds pretty self-serving, but I thought your work ought to be what earns you the relationship.



- 05:00:15:12  
Rubens: In '62, you became a partner, at 28, after about three to four years?
- 05:00:15:17  
Hellman: Yes.
- 05:00:15:18  
Rubens: So what are you doing that generated a partnership at such a young age? You had to have been seen as outstanding.
- 05:00:15:22  
Hellman: Well, I guess if I were arrogant, what I would say is I was doing an outstanding job on the investments on which I was working. What I would also say is that Mr. Lehman was hysterical that I not go back to San Francisco to work for my father. So I don't know how much that played into my uncle pushing and Mr. Lehman saying, "Well, I really don't want you to go back to San Francisco."
- 05:00:15:51  
Rubens: Let me just make sure who you're talking about—Bobby Lehman. That's who you also call Mr. Lehman?
- 05:00:15:55  
Hellman: Yes. There's a guy named John Lehman, who is a little bit older than I was, but Bobby Lehman was the senior partner.
- 05:00:16:03  
Rubens: And Senator Herbert Lehman was not part of the firm?
- 05:00:16:05  
Hellman: He wasn't part of the firm. He was a person that you saw from time to time and worshipped. He wasn't at the firm at all then.
- 05:00:16:20  
Rubens: Do you remember any deals that were particularly outstanding or kinds of work that you did that stood you in good favor?
- 05:00:16:37  
Hellman: I did a lot of financing in the airline industry, and airlines were always troubled. They were always on the edge of financial disaster. Pan Am nearly went broke. That was an account that I did a lot of work on. The insurance—particularly Metropolitan—was all up in arms. I said, "Okay, here are the keys. You now have Pan Am. What are you going to do?" I said, "No, go on. Keep working on it." Another one was Continental Airlines. I did a lot of work for them, mainly in the debt area, but also Pan Am. I did initial public offerings for at least a couple of the smaller carriers, one being Piedmont Airlines, which Mr. Lehman said, "I really like Pied-maw." I said, "Mr. Lehman, they don't pronounce it 'Pied-maw.'" He said, "What is it?"
- 05:00:17:34  
Rubens: That's funny. Did you call him Mr. Lehman?

- 05:00:17:36  
Hellman: I did. Nobody else did. I don't know. I thought he was Mr. Lehman.
- 05:00:17:43  
Rubens: Okay. By the way, just on the airplanes, I read that partners, or board members of Lehman's, had free passage on Pan Am flights.
- 05:00:17:55  
Hellman: They did. I can't remember whether it was largely discounted or free, but yes, they did.
- 05:00:17:00  
Rubens: I thought, well, that would help you, getting to London to see Chris's family.
- 05:00:18:04  
Hellman: I don't think I ever got one.  
  
There were some pretty good practical jokers in the firm. My uncle, Fred Ehrman, was, like a lot of modern Jews, pretty worldly and not very Jewish. Mr. Lehman was a terrific practical joker. One night, Fred was flying back from Paris or London, I think. The hostess—stewardess, in those days—said, "Now, we have a special kosher meal for Mr. Ehrman." Bobby had called Pan Am and said that Fred Ehrman only kept kosher.
- 05:00:18:48  
Rubens: Did he think it was funny?
- 05:00:18:50  
Hellman: I don't think so. Mr. Lehman thought it was funny.
- 05:00:18:53  
Rubens: Other work that you remember?
- 05:00:19:01  
Hellman: I did a lot of work in the airlines. I did a lot of work on sort of smaller IPOs. Gulton Industries, Infrared Industries, Microwave Associates. A whole bunch of companies that have long since been forgotten.
- 05:00:19:16  
Rubens: You ended up serving on the board of Gulton, didn't you?
- 05:00:19:18  
Hellman: I did.
- 05:00:19:19  
Rubens: When does one become a board member? Once they're a partner?
- 05:00:19:22  
Hellman: When they're really eager to have you sell the investment banking committee on doing their IPO. [laughter]

05:00:19:27

Rubens: So you can be on the board prior to the IPO.

05:00:19:30

Hellman: You could in those days. I don't know if you can now. Yes, I was on the board of Gulton.

05:00:19:37

Rubens: Were there some other boards that you remember? I have a list, but I don't think it's a complete list.

05:00:19:40

Hellman: No, and I don't know if there were many then. There were a whole bunch that came later, but more when we started Hellman & Friedman.

05:00:19:50

Rubens: So you become partner in '62. I just wondered the sense of the health of the company, because there were some investigations in '61. I think the Justice Department investigated the company. Lehman was named by the Supreme Court as one of several firms under review for illegal use of insider trading.

05:00:20:19

Hellman: I don't remember that. If I had known that, I'd probably be wealthier today, but I don't know that. [laughter] We did get in a lot of trouble in '73, I think. We nearly went broke. We had a back office scandal somewhere in there, where trades were just not being processed. We were very busy, and a lot of the—now they're called assistants— but secretaries were all working overtime—taking purchase and sale slips and wadding them up and stuffing them in drawers. We did get in some trouble for failing to process transactions.

05:00:21:23

Rubens: Did this touch you specifically?

05:00:21:26

Hellman: Not that time.

05:00:21:31

Rubens: So you're doing well, and you're liking it?

05:00:21:34

Hellman: Yes, I loved it. I didn't know I wasn't supposed to. [laughter] It was just really fun.

05:00:21:42

Rubens: Who were some of the people that you were close to? Did anybody from your associate cohort move up with you or stay with you as you moved up?

05:00:21:49  
Hellman: Yes, one of them was here today, a guy named Peter Solomon, who has a firm called P.J. Solomon. Has been in and out of government a lot. We were very close. We continue to be. I worked with him a lot.

05:00:22:12  
Rubens: You came in at the same time basically?

05:00:22:14  
Hellman: He came in—I hired him—but maybe three or four years after I got there. He was a huge success, maybe more than I was. I don't know. By my standards.

05:00:22:27  
Rubens: Did he become a partner?

05:00:22:28  
Hellman: Oh, yes. I was long gone, but when they sold to American Express, he was the one partner that really fought it. He thought it was just obscene.

05:00:22:47  
Rubens: Would you have taken that same position?

05:00:22:49  
Hellman: I don't know. I wasn't there. Well, it depends how much money I was getting. [laughter] I've remained pretty close friends with Pete Peterson.

05:00:23:00  
Rubens: Yes. Well, we'll get to him soon enough.

05:00:23:02  
Hellman: Okay. There were others; Roger Altman, Peter Solomon, a guy named Steve Fenster, who was my absolute hero. I had hired him also, but he was one of the smartest guys I've ever met.

05:00:23:13  
Rubens: Well, when did you get into a position of being able to hire people?

05:00:23:16  
Hellman: I was made head of the department first.

05:00:23:19  
Rubens: How many people were in that department? You said about sixteen, seventeen?

05:00:23:22  
Hellman: About sixteen or eighteen, yes.

05:00:23:23  
Rubens: And then you started hiring more?

05:00:23:28  
Hellman: We may have gotten it up by a few more people, but that was sort of the size of the department.

05:00:23:34  
Rubens: Was that THE important department of the business too?

05:00:23:36  
Hellman: Yes.

05:00:23:37  
Rubens: It had the cache and high status?

05:00:23:38  
Hellman: The corporate finance department. Yes. Sales and trading, in those days was always sort of a poor cousin. Investment banking was where the guys from the right clubs at Yale were –I wasn't.

05:00:23:54  
Rubens: Were you doing any of that?

05:00:24:00  
Hellman: I belonged to Century Country Club, but that was required if you were an upscale German Jew. Then I was ironically asked if I wanted to join Piping Rock Club, which was a really all-WASP club. Of course, being a big sucker, I said, oh, that would be good to break down that wall. So we joined the Piping Rock Club, which I hardly ever used. But I didn't belong to any city clubs or anything—Harmonie or—

05:00:24:33  
Rubens: The Athletic Club?

05:00:24:34  
Hellman: No. There was a funny story that I've always enjoyed. One of the very senior associates, one of the guys, as I said, who was never going to become a partner of the firm, was very contemptuous, understandably, of the young guys coming up, like me, and took sort of every opportunity to treat us with contempt. He and I went out one time to visit a department store in Portland called Meier & Frank, which you probably have heard of at some point. I'd been at the firm maybe a couple years at that point. We're walking through and he buys a pair of socks. He says, "Boy, carry these for me." And boy, was it fun to become head of the department and have him have to report to me. [laughter] Oddly enough, soon after I became head of the department, he left the firm.

05:00:25:40  
Rubens: We'll talk a little more, about how rapacious it was, or backbiting.

05:00:25:47  
Hellman: A lot.

05:00:25:48

Rubens: Even then, could you see some of it?

05:00:25:49

Hellman: Oh, yes. Yes. It was like Bobby Lehman was the sun god, and there was no real hierarchal or pyramidal system, so everybody wanted Bobby's favor, Bobby's attention. It resulted in a lot of backbiting, which, frankly, as great a guy as he was, and he was a great human being, he kind of fostered. He wanted to keep people competitive with each other, which is one of the lessons I learned to try to run this place—to not do that. There was a lot of backbiting, a lot of gossip, a lot of running to Mr. Lehman and saying, "Did you see what so-and-so did?"

05:00:26:37

Rubens: Was that happening more as the question became how long he was going to be there or who was going to be his successor?

05:00:26:45

Hellman: Yes, maybe. That's a good point. I sort of always thought it was part of the ethos. Ethos—is that the right word? I think it was always there. I think it may have become more when it was apparent that Mr. Lehman was not going to be there forever.

05:00:27:25

Rubens: Okay. So you're made head of the department. Anything to say about that specifically? Did you enjoy now being an administrator?

05:00:27:40

Hellman: Well, yes. It was small enough that I still got to work on the deals that I enjoyed.

05:00:28:52

Rubens: Well, I want to get to how you're chosen and what it means to become partner, but just before that, you were talking about the kinds of things you enjoyed doing while you were in and then head of the corporate department.

05:00:29:01

Hellman: As I said, the department was small enough that you could still be involved in transactions. You weren't just an administrator. That was fun. Also, the administrative part was kind of fun, because we had some really, really good people. Seeing them do important transactions—I kind of wished I had done it myself, because that was sort of the ethos. Mr. Lehman gave you credit for what you did, not for supervising somebody else to do it. But it was fun. As I said, you couldn't have been supervising a more intelligent, alert group—not necessarily so sensitive. There were, as I said, some terrific people.

05:00:29:56

Rubens: Is there a kind of excitement about the deals? Do you sit around and talk about what you're doing? You have your hands into some of the major economic institutions in the country that are really shaping the business landscape.

05:00:30:09

Hellman:

The thing that was hard to do is the not-my-deal syndrome. If somebody was doing a really good deal, even in the department and all through the firm, there was an excitement. What you would imagine, like here, as in Hellman & Friedman. If the firm did a really exciting transaction—there's the old saying that when the puck goes in the net, the sticks go up all over the ice. There was not that atmosphere. They weren't really thrilled that so-and-so had done a deal, and he in turn wasn't thrilled that you did. But it was a very productive department, because there's a different way to incentivize people, which is make them compete like crazy and make them be proud of their own accomplishments. It happened to work pretty well.

05:00:31:40

Rubens:

Was it people working in teams?

05:00:31:41

Hellman:

With small teams. There would be a team of two or three partners, a senior associate and a junior associate, working on a transaction. All of them felt pretty good when it got done. The rest, in a sense, felt pretty good, because if somebody from Goldman Sachs or White Weld said, "Gee, I saw you just did a big financing for Hertz," you said, "Yeah, we did." But if you didn't do it yourself, you were a little more silent about the accomplishment.

05:00:32:15

Rubens:

So you're head of the department and is it from there that you're tapped to be a partner?

05:00:32:24

Hellman:

No, I was already a partner. That was sort of simultaneous, I think.

05:00:32:31

Rubens:

How does that come about? The partners decide?

05:00:32:36

Hellman:

Yes. Well, Mr. Lehman decides. Later, some partners decided—the executive committee decided. There would be a lot of scrambling to get to be favorably looked upon by senior partners in the firm. Partners of the firm would form kind of working relationships with people in the department. I always would have Peter Solomon working on my deals, because he's the most intelligent person in the department and we've been productive together.

05:00:33:17

Rubens:

So there were work patterns, and relationships established.

05:00:33:19

Hellman:

Yes. Paul Mazur's next transaction would come along. He'd worked with Peter Solomon or Roger Altman on the last one. Would call me and say, "I've got a deal for Associated Dry Goods. I really want to have—and will have—Roger Altman again, or Peter Solomon."

05:00:33:44

Rubens: So how were you told that you've made partner?

05:00:33:49

Hellman: Later it was different, but Mr. Lehman called you in and said it. He called me in because he thought I was probably going to go back to San Francisco. He said, "My intention is to make you a partner at the end of the year." This was February 4 of the previous year. He made the decision. There would be a lot of lobbying to get him to make that decision. Probably my uncle lobbied him. But I don't know. I think he wanted to do it.

05:00:34:33

Rubens: It seems like they would have you distinguish yourself just a bit more. Because at twenty-eight, weren't you the youngest person who had ever been made partner?

05:00:34:40

Hellman: Yes. I actually thought I was twenty-six. Maybe I'm exaggerating.

05:00:34:47

Rubens: The truth is, I have a citation in two different places. One I have twenty-six, and one I have twenty-eight.

05:00:34:51

Hellman: I thought it was twenty-six. I just don't want you to destroy my pride.

05:00:34:55

Rubens: Had someone who had only been there for three, four years, three-and-a-half years become partner?

05:00:35:04

Hellman: No, I was supposedly the youngest partner in the modern history of the firm.

05:00:35:11

Rubens: Did you have to buy your partnership?

05:00:35:44

Hellman: Wait a minute. You do have to buy your interest, because I borrowed the money from my father, who said, "You never have to repay that." At the end of the first year, I repaid him.

05:00:35:56

Rubens: It must have been a significant amount that you needed to borrow.

05:00:36:01

Hellman: It wasn't that significant, because the way the firm operated—in those days, you really didn't need any money to run the business. Your underwritings, you didn't hold them for more than a day. It was a really big cash flow business. Usually, you put up the money and you got it back before the end of your first year.



05:00:36:28  
Rubens: Now, the real incentive is that then you begin to get distributions of the company's profits, is that right, once you're partner?

05:00:36:25  
Hellman: Yes.

05:00:36:36  
Rubens: I read that that was really Bobby's decision.

05:00:36:39  
Hellman: How much each of us got? Yes.

05:00:36:41  
Rubens: It wasn't based on seniority or what units were doing?

05:00:36:48  
Hellman: He wasn't called the sun god for nothing.

05:00:36:51  
Rubens: Is that how people referred to him?

05:00:36:52  
Hellman: Yes.

05:00:36:54  
Rubens: Once you become partner, was there some kind of initiation? I don't know if there's a secret handshake; certainly there were perks.

05:00:37:02  
Hellman: You got to eat in the partner's dining room and you got to go to the health club, which was one of the great misnomers of the Western world, because most of the partners went up there and drank martinis. Except for me.

05:00:37:14  
Rubens: What was there, by the way?

05:00:37:16  
Hellman: I made them put in an exercise room and exercise equipment, but it had never been there before.

05:00:37:23  
Rubens: Was there just a steam bath?

05:00:37:26  
Hellman: A steam bath and a masseur, and some drunk partners. But no weights. Not yet. There were later. Maybe this is a figment of my imagination, but they had a masseur, who also was great at mixing drinks. [laughter]

05:00:37:41

Rubens:

In the [Ken] Auletta book [*Greed and Glory on Wall Street: The Fall of the House of Lehman*] there is a story about cigarettes on the lunch table, I think in silver boxes. The client was from Philip Morris, but the cigarettes were not.

05:00:38:02

Hellman:

Oh my god. Yes. We damn near lost the account on the spot. Joe Cullman, who was CEO of Philip Morris, opened the cigarette box and said “Why are you guys my investment bankers?” I think they were Camels or Lucky Strike. Leaving aside whether cigarettes are good or bad, if we’re going to be financing a tobacco company, we probably ought to have the brand of the company that we’re at least having lunch with.

05:00:38:50

Rubens:

Smoking was a big part of the cultural life then. But you never smoked?

05:00:38:52

Hellman:

I did, but long before I was at Lehman. I was in the army, and I got to where I was smoking a couple of packs a day. One of the other guys in Officer’s Basic Course said, “I’ll give you five bucks a day to stop.” I said, “That’s more money than I make.” So it was an easy decision. I never really smoked again.

05:00:39:14

Rubens:

But I bet most people—as you said, most people drank, and so certainly cigarettes were common.

05:00:39:17

Hellman:

Nearly all of them smoked.

05:00:39:21

Rubens:

It’s so fashionable now to portray that era in television and movies. Probably you’ve seen the TV program “Mad Men.”

05:00:39:26

Hellman:

I have. Yes, they smoke like chimneys. That was sort of the atmosphere. Very much so.

05:00:39:34

Rubens:

What about women secretaries, who in fact were pretty good-looking, and took care of a variety tasks?

05:00:39:40

Hellman:

That was not so true at Lehman. I think in that sense, we were a pretty ethical place. I don’t remember any of that at Lehman. I know that a couple of the partners had mistresses, but they lived uptown in apartments, and they went up and visited them.

05:00:40:00

Rubens:

I didn’t mean to imply that the tasks were sexual. I just meant housekeeping task or other personal services –picking up laundry or buying presents.

05:00:40:03  
Hellman: It may have existed and I was unaware of it, but I was always unaware—

05:00:40:07  
Rubens: But there weren't any women traders or bankers?

05:00:40:11  
Hellman: No. Bobby Lehman thought that the traders and—well, he thought traders were common. No, there were no women on the business side of the business.

05:00:40:28  
Rubens: Of course that was also true at Harvard business school..

05:00:40:32  
Hellman: Yes, it was still male. There were women graders at Harvard, who took the written analysis of cases. But not trusted enough to be admitted, which is, when you look back on it, kind of obscene.

05:00:40:52  
Rubens: So do things change, then, in '62? Do your responsibilities and the kind of work you're interested in change?

05:00:41:03  
Hellman: I slowly got more responsibility, or took more responsibility. Essentially, I ran corporate finance. Then I was given other divisions, like investment management division. Thank god never sales and trading, because Bobby would have—I don't know. I was given more responsibilities. When they made Peterson chairman, I became president. I think I was briefly something called executive vice president.

05:00:41:40  
Rubens: You were chief executive officer.

05:00:41:45  
Hellman: No, but before that.

05:00:41:47  
Rubens: Oh yes, you were executive managing director.

05:00:41:49  
Hellman: Yes, which meant that I was sort of third.

05:00:41:51  
Rubens: This was in 1972.

05:00:41:52  
Hellman: Yes.

05:00:41:53  
Rubens: Just before that, let me ask you a couple of things. Lewis Glucksman comes in '62. But he's responsible for trading—

05:00:42:06

Hellman: He's responsible for all of the fixed income activities in the firm.

05:00:42:13

Rubens: And he starts a new department, doesn't he? Would you articulate what that was?

05:00:42:19

Hellman: Yes. Well, basically, he put us in what's called a commercial paper business. Commercial paper is a way that corporations would borrow on a pretty short-term basis, supposedly with great credit. It was paper that would last from a day to a couple of months. Very short-term paper. Basically, the firm, which had very little capital—but you wouldn't have it for this anyway—would borrow most of the money that they bought commercial paper with so that you would lend—we didn't happen to have to, Philip Morris and Goldman Sachs did—you would buy Philip Morris commercial paper and finance it with bank borrowers or things called repos.

05:00:43:22

Rubens: And this was one of the new financial instruments?

05:00:43:24

Hellman: For us. But Goldman Sachs was absolutely the dominant factor in that business. Goldman Sachs, which has been a really, really tough, effective competitor, always said to any company, if you use Lehman as an alternative commercial paper dealer, you can't buy commercial paper from us anymore. But we did find ways to get into the business. There were a lot of companies that didn't do business with Goldman Sachs. But they were the dominant factor, and continued to be, in the business. Glucksman was a tremendous speculator. I guess I was already executive managing director, and somebody said, "Have you looked at our positions?" I said, "What do you mean?" He said, "Do you know we own a billion-and-a-half of long government bonds?" It was long-term government bonds, and we're financing it with short-term paper, which has always sounded like not such a good idea. His bet was that interest rates were going to go way down. So if interest rates went way down, the value of the long-term debt went up, and the short-term debt didn't change in value. Unfortunately, interest rates skyrocket, so we nearly went broke. In fact, by any objective standard, we were broke.

05:00:45:03

Rubens: It was something like a billion, wasn't it?

05:00:45:05

Hellman: He had a billion-and-a-half of commercial paper. At one point, I think we had a hundred million dollars of paper losses. That was a great meeting. The SEC got involved. I guess I was executive managing director at that point.

05:00:45:25

Rubens: We're talking about '72?

05:00:45:26

Hellman:

Yes. So they summoned me over. I'll try to remember the guy's name. But he was great.[Stanley Sporkin; as recalled later in the interview.] He was the FCC bureau chief or something. I said, "We really don't have a problem. The net worth of our individual partners is so-and-so. Mr. Lehman's art collection—" He said, "Forget that." He said, "You guys have no idea how to run a business. Just none. I'm going to teach you how to run a business. I'm not going to put you out of business." Sounds a little different than Lehman just a couple years ago. He said, "I'm going to teach you how to"—we'll have to get the guy's name. He was a great guy. Once a week, I had to go over to the FCC. He'd say, "How many people from Arthur Andersen do you have working in your back office?" I'd say, "Ten." He'd say, "You need fifty." He taught me how you run a business, the whole parts of the business that I had no knowledge of.

05:00:46:39

Rubens:

Is it only you, that's meeting with him, or did Glucksman and—

05:00:46:46

Hellman:

No, not Glucksman. In fact, there was a great executive committee meeting where the board of directors, which was the executive committee, said, "Warren, you have to fire Glucksman." I said, "That would be an interesting thing to do. He was the one who got us into this, and he may be the only person that knows how to get us out of this, so I think it would be a little unwise to fire Glucksman."

05:00:47:14

Rubens:

Did you have much to do with him in the early period? Let's say 1962-1965.

05:00:47:19

Hellman:

He never liked me very much. But it was mutual.

05:00:47:22

Rubens:

He was in another building, too, is that right?

05:00:47:24

Hellman:

Yes.

05:00:47:24

Rubens:

What about General Lucius Clay? He was brought in, before the '73 debacle, to shape things up; to bring his military organizational skills to the company.

05:00:47:47

Hellman:

I don't know. They brought in people like Lucius Clay, who was one of the finest human beings I've ever met.

05:00:47:52

Rubens:

Is that right?

05:00:47:53

Hellman:

Oh god. Just one of the most—

- 05:00:47:54  
Rubens: Ken Auletta states that Clay came in as a partner, although he didn't have the money to buy a partnership.
- 05:00:47:56  
Hellman: He came in as a pretty senior partner. But he was really brought in because of his halo effect. Continental Can, other companies, really wanted to do business with General Clay. And he was good.
- 05:00:48:12  
Rubens: Well, he had a stellar reputation.
- 05:00:48:13  
Hellman: He was a good deal guy, oddly enough. Very stubborn. He was not there to fix the fixed income business. He was there to do deals, and he did deals. George Ball was the same.
- 05:00:48:32  
Rubens: George Ball figured in the meeting where you decide that you'd have to fire your uncle.
- 05:00:48:40  
Hellman: Oh, you know all that?
- 05:00:48:42  
Rubens: Well, I don't know it all. I just know a little of it. I want to get to it.
- 05:00:48:47  
Hellman: He also took credit for having said all the things I said, but that's all right.
- 05:00:48:50  
Rubens: Before we get to that story, did we say enough about new financial instruments or products in the sixties, such as money market accounts, tax-exempt bonds, banker's acceptances, and then commercial paper.
- 05:00:49:19  
Hellman: Commercial paper was a big deal. It wasn't that new. Goldman had had the lock on that business for a long time. In fact, they were practically the only player. Glucksman, to his credit—I don't want to give him credit for much, but he did get us in that business, and it became a real factor in the business. Whether we ever made any money on it would be another question, I suppose.
- 05:00:49:43  
Rubens: He ends up being pretty high in the business, doesn't he, long after you left? In fact, he gets rid of Peterson.
- 05:00:49:50  
Hellman: Yes. He had an almost uncanny ability to put the firm absolutely on the cusp of disaster about every five or ten years. He did not break the firm.

05:00:50:10

Rubens:

When you were president of the firm, were you reining him in at all?

05:00:50:22

Hellman:

I was trying to. A little bit. He was a pretty tough person to control. I was trying to put limits on trading. We also had a stock trader, whose name I can't remember, who took—we were a tiny firm. We had \$15 or \$20 million of capital. This guy was just taking huge positions in stocks, like \$75 or \$100 million dollars. I called him in. I said, "I'm going to have to do something, which you're not going to like, but I'm going to limit your positions. We're not to have over \$25 million long position in equities at night, if you trade up and down during the daytime." Somebody called me that night and said, "Did you see our positions?" I said no. He said, "Well, we're \$75 million long." So I called the guy in and I said, "Look, this isn't going to work. Okay? Why don't you do this. You're a good guy"—which I'm not sure he was—"Take your time. Take two or three months to leave. But from now on, I'm going to supervise your positions. They're going to be much, much smaller." No, I guess I said, "I want you to zero out the positions at night." So he put out a daily letter to the institutions that he dealt with. Somebody said, "Have you seen Lehman's daily letter today?" I said no. The headline was, "Requiem for Lehman Brothers." So I called him in and I said, "The rules just changed." I said, "Take your time. Your time [to leave] is now eleven o'clock this morning."

05:00:52:16

Rubens:

Did you experience any other kind of direct conflict like that?

05:00:52:24

Hellman:

I don't know. Pete and I, when we were in that terrible trouble—what was it, '73 or '74, we got rid of about more than half of the partners in the firm, some of whom I'd helped to make partner. They were decent people. You probably don't know me well enough—unless I'm forced to, as the case with the trader, I really don't like acrimonious conversation. So I called this one guy in, and we talked and talked. I was saying about what a great career. He said, "Wait a minute. You just fired me." I said, "Well, if you want to put it that way, yes."

05:00:53:12

Rubens:

I want to hear about your responsibilities as president, and then how you put it to your uncle when you fired him.

05:00:53:19

Hellman:

We won't do that today. That's too much fun.

05:00:53:21

Rubens:

Sure, we'll take it up next time. Before we end today, I want to clarify something. Robert E. Rubin was your counterpart at Goldman Sachs. He became secretary of the treasury under Bill Clinton.

- 05:00:53:41  
Hellman: Okay, but Robert S. Rubin was in the corporate finance department or industrial department when I was at Lehman. He was a really good deal-guy. He became, I think, a little too involved with Glucksman. But Bob Rubin was a very smart, decent human being, and a moneymaker. I don't see him much ever. I think he speaks to me. He was a good guy, and he sort of moved in with Glucksman, and that hurt his career, I think.
- Bob Rubin at Goldman and I became presidents at almost the same time.
- 05:00:54:33  
Rubens: Okay. He had been in investment banking.
- 05:00:54:36  
Hellman: Yes.
- 05:00:54:38  
Rubens: What is it like, this sort of fraternity of people who are in other firms?
- 05:00:54:42  
Hellman: You all belong to the Century Country Club. No. I don't know if he did. You're pretty cordial.
- 05:00:54:50  
Rubens: You're clearly competitive.
- 05:00:54:52  
Hellman: Yes, but not that negatively competitive. There was a lot of business to go around. You didn't have to be bitterly competitive. I always thought Bob Rubin, the Goldman Sachs Bob Rubin, was a very good guy. Still do. He taught me one of the great lessons for Hellman & Friedman. I thought I told you this.
- 05:00:54:14  
Rubens: I don't think so.
- 05:00:54:16  
Hellman: One day, we were talking. We're both long gone from Goldman and Lehman. He said, "You know, when I was at Goldman and you were at Lehman, the reason that we kicked your butts is that we understood that the enemy was outside the window, and you thought that the enemy was inside the window. So while you were fighting with each other, we were taking your clients." There's a lot of truth to that. The mentality was I'd almost rather lose the business than have "shlomo" get credit for the deal.
- 05:00:56:01  
Rubens: I see. Now, Lehman was one of four major brokerage investment firms in the country. You said, "We were a small business," but I had some figures that I thought made it seem much bigger than that.



05:00:56:32

Hellman:

I think the really important firms, when I first went into the business—we were sort of the next tier but close—were Morgan Stanley, Goldman Sachs, First Boston, Dillon Read, and then us, Merrill Lynch, and some others. There was a thing called the bulge bracket, which were the sort of special firms, and Morgan Stanley only invited in Goldman, Dillon Read, to the top bracket of their deals. We're going to have to stop now.

05:00:57:04

Rubens:

Good. Next time I see you will continue this discussion about Lehman Brothers.

05:00:57:23

Hellman:

Are you getting what you wanted out of this?

05:00:57:25

Rubens:

I am. I am. Except more time in your busy schedule. I think Lehman is worth going through a bit more methodically. There's so much. This is what people are going to want to know.

05:00:57:52

Hellman:

You read *The Fall of the House of Lehman*. That's a terrific book.

05:00:58:00

Rubens:

Yes, and I see that he interviews you. That's where I got the story about the cigarette box and Philip Morris.

## Interview 4: May 5, 2011

## Audio File 6

06-00:00:00

Rubens: I wanted to start by acknowledging Hazel Dickens' death.

06-00:00:03

Hellman: That's so sad.

06-00:00:06

Rubens: I know she was one of your favorites, and plus you knew her well.

06-00:00:09

Hellman: Extremely well. We were really the odd couple. Hazel came from an extremely poor, West Virginia family. Her brother died of black lung disease. There were ten kids. There was no reason in the world why she should have liked me. She was really a lot of the instigation to why the festival actually happened.

06-00:00:39

Rubens: Is that right? How did you meet her?

06-00:00:40

Hellman: Well, I heard a CD. She used to sing with a woman named Alice Gerrard. She did a song called "Mannington Mine," which I think is one of the most beautiful songs I've ever heard. I said, if we're going to start a festival, I've got to get her. So I called her. She really, really dislikes wealthy people, so we had this very awkward conversation.

06-00:01:10

Rubens: Did she know who you were?

06-00:01:13

Hellman: I think she guessed. Anyway, she came out for the first festival.

06-00:01:18

Rubens: You just called her? There was no intermediary?

06-00:01:22

Hellman: Dawn may have called her. So she came out. I said once to her, "Do you have an agent?" She said, "I can't stand those expletive deleted, assholes. My agent is a notebook I have in my pocket." I don't know if we were soul mates, but we really hit it off. I always saw her when I was in Washington, D.C., where she lived. She became a special part of the festival. In fact, we're dedicating the festival to her this year. I can't call it Hardly Strictly Hazel, but I can call it Strictly Hazel. And we're asking as many of the bands as possible to sing one of her songs.

06-00:02:16

Rubens: So you came to know her well.

06-00:02:18  
Hellman: Oh, extremely well.

06-00:02:19  
Rubens: You talked about music, I assume?

06-00:02:20  
Hellman: Talked about everything. One time, she had made some remarks that bordered on anti-Semitism. I said, "You know, I'm a Jew." She said, "I don't think Jews are so bad. I was married to one once. That wasn't so great."

06-00:02:40  
Rubens: Did you learn about playing music from her; was she a teacher for you?

06-00:02:45  
Hellman: No, I didn't learn anything about music from her. In fact, we never played a note together, which is very odd.

06-00:02:49  
Rubens: She opened for you, I thought.

06-00:02:52  
Hellman: She opened the festival most years. She was a real iconoclast. She was very much involved in the antiwar movement in the seventies. She and Mike Seeger and Alice. They were arrested a bunch of times, beaten up a few times, in the South.

06-00:03:12  
Rubens: She was very pro-union.

06-00:03:14  
Hellman: Oh, yes.

06-00:03:15  
Rubens: The men in her family were in the miners' union.

06-00:03:17  
Hellman: Yes. I don't know if you saw that movie *Matewan*. That was Hazel, to a T. I'm careful sometimes. Consider my audience. Not Hazel.

06-00:03:38  
Rubens: I know that we'll talk about the origins of *Hardly Strictly* and how you come to music, but I just felt it was important, as I said, to acknowledge her death.

06-00:03:47  
Hellman: Yeah, it's just a huge loss. I saw her in Austin, at the recent South by Southwest festival. She did a set in Austin about a month ago. She actually was after us, but we organized for her to go. We paid her her artist's fees and stuff.

- 06-00:04:17  
Rubens: I'm sorry to switch gears so abruptly from a woman of her caliber and go back to Lehman.
- 06-00:04:20  
Hellman: That's all right. It's a perfectly natural switch. God and the devil or something.
- 06-00:04:25  
Rubens: Ok. In our last interview, we talked about your initial years and becoming partner, managing executive director, some of the boards you sat on. I could go through more detail. I think where we are is how you became president, and the role that you played as president, and of course the dramatic event of having to let your uncle go.
- 06-00:04:56  
Hellman: Let my people go.
- 06-00:04:57  
Rubens: Let him go. Just one more thing about your work, because you had been there for quite a while before you became president. You had said last week that it was really fun. That you worked with smart people and—
- 06-00:05:13  
Hellman: Yeah, I didn't work with nice people, though. I worked with smart people, and I worked with productive people. Anyway.
- 06-00:05:23  
Rubens: I just wondered if you wanted to elaborate. You're quoted as saying, "When I started at Lehman, we didn't know we were doing leveraged buyouts. We bought a company and we used debt to buy it. It did well, and we paid off the debt." I didn't know if you wanted to elaborate a little bit more about risk management becoming the order of the day. How the finance deals were getting bigger and putting your own partners' wealth at risk.
- 06-00:05:49  
Hellman: Yes, I think that, in a sense, the investment banking business was much purer in those days than it became. There was a thing called the Glass-Steagall Act. I don't know if you remember, but after the crash in '29 and the continuing crashes into the thirties, the government did something that was, I think, really excellent. They passed a thing called Glass-Steagall. Glass-Steagall largely removed the conflicts of interest that existed in the investment banking business.
- 06-00:06:26  
Rubens: Separated them.
- 06-00:06:27  
Hellman: Separated them. J.P. Morgan became J.P Morgan and Morgan Stanley. Others were divided. In effect, with some exceptions, and some permissible

exceptions, you were either a broker or you were a lender. You weren't both. That's not quite true, but the rules were very much more defined as to what you could do. You couldn't lend money to a company and also do an IPO for the company, which were public offerings for the company.

06-00:07:13

Rubens: You could help raise money for it. You'd find investors. Is that what you mean?

06-00:07:17

Hellman: Well, no. You could not say, ABC Electronics, we're going to lend you \$5 million, and then we're going to take you public. That was illegal. That removed a huge conflict of interest, because it meant that you either were lending—well, you weren't, because you weren't allowed to lend money as a brokerage firm. You were clean in the things you performed for the companies, and that all kind of eroded in the sixties, the seventies, and eighties, and nineties, and hundreds.

06-00:07:57

Rubens: Even before the actual elimination of Glass-Steagall.

06-00:08:00

Hellman: Yes. Well, it was fading.

06-00:08:03

Rubens: The enforcement, I guess, was—

06-00:08:05

Hellman: Yes. By the way, the other thing, which sounds very odd, the Securities and Exchange Commission was the most incorruptible, best stewards of industry you could ever imagine. There was a kind of funny story. Lehman got in a lot of trouble because our back office was busted. I think I told the story of the guy from the SEC who worked with us; Stanley Sporkin, was his name. I hope he's alive, because I hope he reads this. He saw his role not only as a cop, but also as a teacher.

06-00:08:47

Rubens: Do you think, in some ways, the huge salaries were not being made, so good people were going into government or regulation?

06-00:08:57

Hellman: No, I think governments always were pretty crappy. The salaries were certainly more—

06-00:09:03

Rubens: I meant in the privates they were—

06-00:09:06

Hellman: They were more defensible, I think. Hazel Dickens wouldn't agree. They were more defensible than they became later.

- 06-00:09:17  
Rubens: You're on salary before you become partner, is that right? Once you become partner—
- 06-00:09:20  
Hellman: Yes. You then—
- 06-00:09:22  
Rubens: Get a percentage.
- 06-00:09:23  
Hellman: Yes. You usually, early years, have a guarantee.
- 06-00:09:27  
Rubens: I think they were around six thousand, and then they moved up to seven—
- 06-00:09:31  
Hellman: When I went there, the head of the industrial department, which most people would call corporate finance, said, "You'll be making \$6,000 a year." I said, "That's a joke." He said, "No, you're lucky to get that. In fact, you're lucky to have a job at all." So I went to all the senior partners, and all of us were immediately raised to something like \$10,000 a year. It's funny how your perspective changed. Because when I said that, I thought, it must have been \$6,000 a month.
- 06-00:10:12  
Rubens: Sure. How could it be only seventy-five hundred? Once you're president, I think the salaries go up.
- 06-00:10:20  
Hellman: Yes, but the average person in corporate finance, in their first couple years, made—you got a bonus, which was pretty nice, but—
- 06-00:10:31  
Rubens: I diverted us by asking you, do you think that, relatively, the salaries weren't so great, so good people were going into regulation and into government?
- 06-00:10:40  
Hellman: Maybe the disparity was not so great.
- 06-00:10:42  
Rubens: You were saying the New York Stock Exchange had some kind of culture and working history that made it—
- 06-00:10:51  
Hellman: Yeah, but the SEC more than the New York Stock Exchange. I never was a huge admirer of the New York Stock Exchange, because I always thought it was kind of an old boys' club. The New York Stock Exchange is an independent entity. I mean the SEC. They were sensational. You could get really, really mad at them, because you'd file a prospectus for an IPO and they'd say, based on this, we're never going to clear this. You come and you

fix it, and you may have to fix the company before we'll pass it. They were—I don't know what the word is—a very good jury.

06-00:11:37

Rubens: Diligent.

06-00:11:37

Hellman: Yeah.

06-00:11:40

Rubens: This is a naive question. Did every IPO have to go through the SEC?

06-00:11:43

Hellman: Oh, yes. You have to file with the SEC. If they thought it was a pretty good company, you might get out in a month. If they thought it was a questionable company, you might be sitting there three or four or five months. They'll say, any day now.

06-00:12:05

Rubens: Did you think the quality of that changed?

06-00:12:07

Hellman: Oh, yes.

06-00:12:07

Rubens: Did you see that in your years, sort of flashing?

06-00:12:11

Hellman: It got eroded. As Wall Street undid the kind of blemishes that they got in the thirties or the twenties, they got more and more influence in Washington, and the influence in the SEC was eroded. In a sense, you thought to yourself, nobody has influence with the SEC. And it was great. As I say, you had a neutral arbiter. Then there start to be rumors that so-and-so knew the Kennedys really well, and their prospectuses got accelerated, but that never—

06-00:12:56

Rubens: That was not your experience?

06-00:12:58

Hellman: No.

06-00:12:59

Rubens: Were there rumors that certain houses, Goldman Sachs, had more access or—

06-00:13:07

Hellman: Had more influence, yes. Morgan Stanley.

06-00:13:08

Rubens: Well, I want to ask you about politics later, but maybe to make sure we get the story, it's announced in the *Wall Street Journal*, June 1, '73, that you've become president. It's in the second paragraph—

06-00:13:23  
Hellman: Because Peterson must have been the first paragraph.

06-00:13:25  
Rubens: That's exactly right. So he had come. In fact, I read in the Auletta book that you had had a dinner for him. I wanted to say, parentheses, you had said you didn't do much socializing. Was that unusual that you—

06-00:13:45  
Hellman: Yeah. Basically, we were competing, I think, with Salomon Brothers.

06-00:13:52  
Rubens: Yes, you were. But you wanted to put on a good show for him?

06-00:13:58  
Hellman: Maybe the dinner changed his mind or something.

06-00:14:00  
Rubens: I read that Salomon didn't allow their people to sit on boards, so the potential for making more money was greater.

06-00:14:08  
Hellman: At Lehman? Sounds reasonable.

06-00:14:12  
Rubens: So Chris went along with those kinds of things. There were times when—

06-00:14:15  
Hellman: Oh, I'm not sure that Chris was eager. She didn't think any of that was that great. Maybe she did put on a dinner. I don't remember. I also flew down to Washington to see him. A huge personal expense.

06-00:14:39  
Rubens: Pan Am wasn't still flying you free?

06-00:14:41  
Hellman: Not between New York and Washington.

06-00:14:43  
Rubens: No? It didn't have legs? I guess not.

06-00:14:47  
Hellman: There is a funny Pan Am story, however.

06-00:14:50  
Rubens: Tell it.

06-00:14:51  
Hellman: My uncle, who I ended up not being so close to—Bobby Lehman had an incredible sense of humor.

06-00:15:03  
Rubens: You told the story about the kosher meal.



06-00:15:06  
Hellman:

Yeah, it's about Pan Am.

06-00:15:07  
Rubens:

Great story. You were saying "Mr. Lehman" a lot last week.

06-00:15:13  
Hellman:

Yeah, well, I feel closer to him this week, since I'm older.

06-00:15:17  
Rubens:

I don't mean to be interrupting you. There's so much to—

06-00:15:20  
Hellman:

Well, if I've already said something, for goodness sake.

06-00:15:24  
Rubens:

How are you made president? What's the mechanics of that?

06-00:15:38  
Hellman:

The firm had gotten itself into real difficulties. I was something like executive managing director. Which is a meaningless title, but evidently had some meaning to somebody. Pete had just joined. Basically, the firm was in real trouble, which it got into episodically. Actually, the real trouble was not dissimilar from the real trouble which caused them to go broke three years ago. The fixed-income people had created this sort of epitome of what you don't do. There's a better way to put this. The old thing about, you don't lend long and borrow short. They had bought—I think I did talk about this before.

06-00:16:34  
Rubens:

Yes, but go on; there are always more details to include.

06-00:16:35  
Hellman:

They had bought a ton of long government securities, like a billion and a half dollars. The net worth of the firm was \$16 million. A man named Lew Glucksman had bet that interest rates were going to come down. Basically, I don't think we were in a business of betting. Without really any knowledge of the executive committee or the management of the firm, he had purchased a billion and five hundred million dollars of long government bonds. The idea was that the interest rates would go down, so those would go up in value, but he borrowed all the money to do that. He borrowed the money from banks and other similar instruments. He was borrowing with the hope that the income, the interest on the other side, would make up that, instead of which, it went the other way. This is when I met Mr. Sporkin, also. All of a sudden, the opposite happened. Government bonds came down a lot in value. Short-term rates sky-rocketed. What we were earning—you with me?

This is second-grade arithmetic. If you asked me a complicated question, I probably can't answer it. What we were earning on the government bonds was more than offset by what we were paying on the borrowing. A billion and a

half—1 percent is \$15 million. If the offset is 1 percent, that's the whole net worth of the firm. In effect, we were in deep trouble.

06-00:18:33

Rubens: Does Mr. Ehrman say, "You're the one?"

06-00:18:37

Hellman: No, he didn't. The executive committee did. I'm not sure he loved me so much.

06-00:18:42

Rubens: Okay. Even then?

06-00:18:45

Hellman: He once said to me, "Do you ever do anything anybody tells you to?" I said, "Not very often, but you in particular" No, I didn't say that. But we were hemorrhaging. In addition, the firm was just plain losing money. We had too many people.

06-00:19:05

Rubens: The executive committee initiates a report, that's done, that lays out for Peterson all the things that are wrong and suggestions for what should be done. I have a list here of what they were. The executive committee makes you president. Two months after that, Peterson is chair. Well, I guess after the coup.

06-00:19:36

Hellman: Did I tell you the story about the coup?

06-00:19:37

Rubens: No, we haven't done that. I just wanted to say, at the same time that you become president, the *Wall Street Journal* says that Glucksman becomes executive managing officer.

06-00:19:47

Hellman: Well, but then he had created this horrendous problem for us.

06-00:19:51

Rubens: So you, the firm, didn't know about that problem at that point?

06-00:19:53

Hellman: It was just becoming clear. The executive committee then called me in and said, "Fire Glucksman." As I said, "That's going to be a little difficult to do, since he's the only one who knows what you can do with this stuff. So let's just keep him where he is and get him to work us out of it." Which he did do. Well, he didn't exactly do it, but he sort of did.

06-00:20:16

Rubens: Well, we'll get to him. Let's tell the story of the coup, though.

06-00:20:24

Hellman:

I'm probably giving myself more of a role in this than I had. I did become the executioner. They had a special meeting of the board, which was the executive committee.

06-00:20:36

Rubens:

I understand that George Ball is the instigator, and they wait until two people are out of town. Lucius Clay, who we talked about last week, and Davies.

06-00:20:49

Hellman:

They were at the Bohemian Club. Yes. That's one of the more unpleasant phone calls I ever had to make. So they then had this meeting, and I'm on the executive committee by this point. Fred wasn't there at the meeting. They say, "It's clear that Fred has to go." Somebody says, "Who's going to tell him?"

06-00:20:10

Rubens:

Why is it so clear he has to go?

06-00:21:12

Hellman:

Because the firm was just hemorrhaging.

06-00:21:13

Rubens:

And he's chair of the firm, and he doesn't exercise control over all these other things, too. Fragmented, undisciplined approach to business. There are at least nine points, I think.

06-00:21:25

Hellman:

So they all agreed that Fred had to go. There was a wonderful moment in time where somebody said, "Well, who's going to tell him?" and all the eyes shifted to me. I became the designated executioner.

06-00:21:41

Rubens:

Not Ball? Well, you're president.

06-00:21:44

Hellman:

Actually, I don't know who said this. Either George or I said this. My recollection—his, I think, was different. He's dead now, so that helps. What I think I said is, "If I've got to do it, George, you've got to come with me." So we went to his office. I've told this a million times. I can even remember what his socks looked like, because I was having a lot of trouble looking him in the eye. He had gray socks with clocks on them. One of the things that's vivid about this is his socks. I said, "We're removing you as chair of the executive committee."

06-00:22:24

Rubens:

Did he have an inkling at all? Had he gotten wind of this meeting?

06-00:22:28

Hellman:

I don't know. I said, "In addition, we want you to move out." He said, "Get out." I said, "Okay, but understand, this is final." George and I left, and George—

- 06-00:22:47  
Rubens: He didn't say, how could you do this to me, or, no negotiation?
- 06-00:22:49  
Hellman: No.
- 06-00:22:53  
Rubens: And Peterson is made chair? It's decided at that same meeting he'll become chair, because Ball didn't want to be chair?
- 06-00:23:00  
Hellman: I don't know if George wanted to be chair or not. Peterson had a lot of executive experience. He'd been president of Bell and Howell. He was sort of the obvious choice. George was a very helpful guy, but he hadn't shown tremendous interest in the sort of administrative part of the firm. Terrific guy, but. So then we're stuck. The calls to Davies and Lucius Clay—one of the two of them—they were at the Bohemian Club—said, "This is an outrage." I said, "But so it's been done."
- 06-00:23:52  
Rubens: Outrage because they weren't informed before and weren't part of the meeting. But they were known as the—
- 06-00:23:58  
Hellman: I think both of them sort of came in as a result of Fred.
- 06-00:24:02  
Rubens: They were known as real loyalists.
- 06-00:24:09  
Hellman: Maybe that's why I never joined the Bohemian Club.
- 06-00:24:12  
Rubens: I was just going to ask you, were there other members, and were you ever asked?
- 06-00:24:18  
Hellman: A little bit. They have never been wildly enthusiastic about Jews. I think I could have joined.
- 06-00:24:28  
Rubens: You called them. This has got to be done. You can't—
- 06-00:24:31  
Hellman: Yeah, because they were on the executive committee, and we had conveniently forgotten to have them at the meeting.
- 06-00:24:42  
Rubens: The *Wall Street Journal* also says that Bobby was going to retire at the end of the year, and that he resigned.

06-00:24:56

Hellman:

I think he was just in the process of dying. He was not around very much at all. He was home a lot.

06-00:25:08

Rubens:

This didn't give him a heart attack, though? He didn't stay around until the—

06-00:25:12

Hellman:

He did not like Freddy, ever. He always called him Friendly Freddy. Bobby was not a big fan of Fred's. I think Fred became chairman because Joe Thomas was sort of stepping out and Fred was sort of second in seniority, but I don't think Bobby had much—Mr. Lehman. I never once in his lifetime called him Bobby. But I figure when I'm older than he was when he died, I can start calling him Bobby.

06-00:25:46

Rubens:

He didn't stick around, though? You said get out, and in fact—

06-00:25:49

Hellman:

He got out. A few months later, his wife called me and said, "Fred is dead." I referred to him, of course, as Uncle Fred or Mr. Ehrman. I had to go up and they were just taking the body out in a bag.

06-00:26:17

Rubens:

All right, so Peterson is chair, you're president.

06-00:26:21

Hellman:

He's the CEO, really.

06-00:26:23

Rubens:

Then he starts going down this list. The list of what was wrong, that there wasn't a carefully defined business strategy. Oh, that a portion of the partners were not up to par. It took him until '76—

06-00:26:38

Hellman:

Divided lengthwise? [laughter]

06-00:26:41

Rubens:

He waits until '76. I guess he doesn't want to do this wholesale coup. He doesn't want it to look like a coup. He replaces seven of the senior members later, and it moves the average age down from fifty-six to forty-seven. You're thirty-nine, by the way, when you're president. Really young. There was too small of a professional staff. They needed more people to manage the clients. The bond distribution—that's what you talked about—was in chaos. And equity was experiencing a declining market share. There had been recent management changes throughout the system. There was a high overhead. A really high overhead included traveling and entertaining, I guess.

06-00:27:42

Hellman:

Just too many people to do too few functions.

06-00:27:46

Rubens: Right. And finally, there's limited capital.

06-00:27:48

Hellman: Yes.

06-00:27:53

Rubens: What's your role, literally, as president?

06-00:27:59

Hellman: Pete and I, actually, were pretty good partners, in the sense that we worked well together. A lot of the ideas were his. Some of the ideas were mine. I was supposed to be the operating person. I guess I was the head executioner for a while, but I knew most of the partners. Frequently, I think, Pete and I would call them in and say, "Do you like your country club? Because you're going to be spending a lot more time there." Just dealing with parts of the business that Pete was not familiar with, whether it was distributing municipal bonds or doing IPOs. Pete delegated to me. A lot of the corporate finance stuff I had been doing since day one, so it was easy for me to supervise that.

06-00:28:58

Rubens: You said last week that you really liked him, that he was a nice guy.

06-00:29:01

Hellman: I did like him. He was a good partner.

06-00:29:07

Rubens: It happens to be '75 that you go on Twentieth Century Fox's board. Are you on that because you're president or because you're also working—

06-00:29:15

Hellman: No. Maybe it was because I was president. We managed the investment bankers for Fox, way back before Darryl Zanuck, even. I guess probably because I was president.

06-00:29:34

Rubens: Was that a fun board to be on?

06-00:29:36

Hellman: Way more colorful than Wall Street. Some of this you can't put in the article, but it was so bizarre.

06-00:29:46

Rubens: Was it bizarre? How often would you go out there?

06-00:29:48

Hellman: Oh, at least once every couple months, but I loved going to the meetings. I lived at the Beverly Hills Hotel. There were no girls. The place was run by a guy named Dennis Stanfill, who was pretty rigorous. The directors acted like directors. There were no special perks. I guess, in the very old days, the directors were met at the airport by a limousine with a starlet in it. Believe

me—I would tell you if it was otherwise—we had none of that. They’re such colorful people. I don’t know how you’d use this story, but the president, Dennis Stanfill, decided that there was really no communication, that the directors didn’t know the stars. Perhaps, since we were dealing with their product, etcetera, we should know. They had a dinner party. I looked, and next to me was Liza Minnelli. I said, oh my god. This woman sits down. I didn’t know anything about her, but I knew who she was. I said, “I am so excited about meeting you.” I can’t remember the movie she made, but, “I love your movie.” She said, “What do you do at Fox?” I said, “Well, I’m a director.” She said, “What the fuck did you ever direct?” And she moved.

06-00:31:10

Rubens: Had she been drinking a little?

06-00:31:12

Hellman: I don’t know. My wife was sitting next to her husband. He was a well-known TV guy. She said, “Get out of there. I’m sitting next to him.” So I got to sit next to my wife.

06-00:31:28

Rubens: But every couple months?

06-00:31:29

Hellman: I think so. We had a lot of meetings. They had been in trouble, and then in the same year, they made *Star Wars* and *MASH*, so it changed everything. *Star Wars* won and *Mash* started. They were these wonderful experiences. *Star Wars* was a project that had gone begging. I think it actually belonged to RKO or somebody, but Fox bought the rights for \$15,000. George Lucas had been trying to peddle it everywhere. We picked it up. A guy named Alan Ladd, Jr. was head of production. We made the movie and it went way over budget. It cost \$11 million. The budget was \$9.5 million. All the lawyers on the board were all—we’d gone over budget.

06-00:32:24

Rubens: So all this info is being discussed at—

06-00:32:26

Hellman: At the board meeting. It was such fun. They have a screening for the directors. Alan Ladd is outside afterwards, and he has a sheet of paper, and on it, it says, “*Star Wars* will, A, be a breakout movie, B, return our investment, C, be a flop.” I started—because what do I know?—I started to fill in “B.” My wife said, “What are you doing?” I said, “Well, I thought maybe we’ll get our money back.” She said, “That’s the best movie that’s ever been made. We’re going to make a fortune.” So I was one of two directors, out of eleven, that said it would be a breakout movie.

06-00:33:12

Rubens: The rest didn’t quite see that.

06-00:33:14  
Hellman:

No. It had run over budget. Can you imagine making a star wars film for \$11 million today? So then we made the movie. It was a huge success. In negotiating the rights to the movie, they held Lucas in such contempt that the production department didn't even attempt to get the sequel rights, but did steal all his characters, which are like his kids. So the movie worked the way it did, and George Lucas, and his agent, probably, or lawyer, came back and said, "We're getting ready to do star wars two." Oh, by the way, we got 80 percent of the proceeds, and he got 20 percent. But beggars can't be choosers.

His representative came in to see us and said, "We're beginning to work on star wars two, of which you don't own the rights, so here's the deal this time. It still is an eighty-twenty split, but it's the other way around. We keep eighty, you get twenty. Two, you have to donate the characters to our company." Of course, we had some big-time lawyers on the board. They said, "We can't give away corporate assets." I said, "Are you guys crazy? Give them everything. Give them the whole goddamn company. But we're going to give them the characters." So we had a split vote. Voted to give them the characters. Voted to give them the eighty-twenty split. We made a fortune with the 20 percent. There's a book about George that that incident is in.

06-00:35:02  
Rubens:

And he markets all those characters. He makes a fortune doing that.

They gave us a list —what do we know about movies, the directors?—of each of the movies we're going to make that year. I said, "I don't like to be unpleasant, Laddy, but who is going to go see a movie about an unhappy woman who lives in New York City and wants to go to Vermont for the summer with her boyfriend?" You remember what it was?

06-00:35:37  
Rubens:

Yes, but I can't recall the title.

06-00:35:38  
Hellman:

He said it was going to be the best movie. Of course, it was *An Unmarried Woman*. Jill Clayburgh won the Oscar for that. He said, "You understand?" I said, "I understand."

06-00:35:53  
Rubens:

How long were you on the board?

06-00:35:55  
Hellman:

Probably ten years.

06-00:35:56  
Rubens:

So past when you left?

06-00:35:58  
Hellman:

Yes, and also, I didn't stay on the board when Marvin Davis bought it.



06-00:36:24  
Rubens: Were there other boards you particularly want to talk about? I have a list — Gulton Industries, Peabody Galion Corp., is that how you say it?—and then One William Street Fund, which was the mutual fund run by Lehman.

06-00:36:46  
Hellman: And Lehman Corp, I think.

06-00:36:47  
Rubens: Yes. You had been on Lehman Corp since '72.

06-00:36:57  
Hellman: I think I ended up being president of that board or something.

06-00:37:00  
Rubens: I know you did, yeah. By '75. We talked a little bit about reining in Glucksman. We talked about that it was your job to execute some of these strategies to compensate for all this weakness.

06-00:37:17  
Hellman: You know the old story that if you save somebody's life, they'll hate you forever? I pretty much saved Glucksman. Of course, he hated me forever. And then he did it again after I had gone.

06-00:37:33  
Rubens: So some of the mergers are starting to happen under your presidency, but also the chairmanship of Peterson. The commercial bank in Italy.

06-00:37:47  
Hellman: Oh, Banco Comercial. They just invested.

06-00:37:50  
Rubens: I think the figure is seven million. Then a lot of money?

06-00:37:55  
Hellman: Well, in those days, it was a lot of net worth.

06-00:37:59  
Rubens: And they got 15 percent of the firm, so some of the directors were really upset about that?

06-00:38:05  
Hellman: That was really Pete's deal, but it was a great deal, and they were nice. They were not obstreperous in any way. I did the Abraham deal.

06-00:38:15  
Rubens: Say something about that. Abraham and Company was a brokerage firm.

06-00:38:21  
Hellman: Yes. Abraham and Company had two assets that I thought were tremendously valuable for us. One is they were one of the leading risk arbitrage firms on Wall Street, a business dominated by Goldman and Bear Stearns. They had a

guy, Bernie Letterman. He was great in risk arbitrage. That was one of the two reasons. We have no in-house expertise. We had proved repeatedly that while we didn't have in-house expertise, we lost a lot of money. So that was one reason. Secondly, we really didn't have much leadership in our money management investment advisory activity. That was a big part of their business. Getting Sandy Abraham and George Heyman—oh my god they were great. I'm not a huge believer in acquisitions, but they were sensational. They did everything we could have hoped that they would do.

06-00:39:35

Rubens:

How does that come about? You're thinking, how do we remedy this problem? We're looking around.

06-00:39:43

Hellman:

One was the opportunity. I had wanted to be in the risk arbitrage business. We'll come to that some other time. But why I wanted to help Tom Steyer get started with Farallon, because he had been risk arbitrage at Goldman. I really liked that business. I was jealous of Goldman and Bear Stearns dominating it. Just jealous of the fact they were making so much money. Of the two of them, I think I knew George better. Expressed an interest in joining Lehman, and we worked out this merger.

06-00:40:31

Rubens:

We had talked off camera about *Greed and Glory on Wall Street*, the Ken Auletta book. You said you met him socially?

06-00:40:42

Hellman:

He was out here.

06-00:40:43

Rubens:

Plus, he'd interviewed you.

06-00:40:44

Hellman:

Yeah. He asked, "Did you meet anybody at Lehman you liked?" I said, "No. Wait a minute, Peter Solomon. I liked him."

06-00:40:51

Rubens:

You had mentioned Peter Solomon. You hired Peter Solomon. You had talked about him opening his own firm, but then I read somewhere that it was the first independent investment—

06-00:41:11

Hellman:

I don't know. He and Roger Altman and Eric Gleacher and others did it about the same time.

06-00:41:16

Rubens:

I was asking you about the merger with Abraham. You were pleased about it?

- 06-00:41:31  
Hellman: Yes. They were a great old name. They had a great client list. I think that was a coup for Lehman.
- 06-00:41:49  
Rubens: This is Peterson's doing?
- 06-00:41:51  
Hellman: Yeah.
- 06-00:41:55  
Rubens: In the decade it was there, the capital really just expands. You're there another two years. There are a couple of side things I want to ask you. I think it's '75 that your father's company, J. Barth is bought by Dean Witter. Did you have any opinion on that?
- 06-00:42:20  
Hellman: I think very strong.
- 06-00:42:20  
Rubens: Did he consult with you?
- 06-00:42:22  
Hellman: Yes. My father was a throwback to the old days of Wall Street.
- 06-00:42:26  
Rubens: You told a great story, though, about how he said, "I don't understand this all" when you were making money, and then when you were losing money, he said—
- 06-00:42:33  
Hellman: He said one of us didn't understand the market. J. Barth was run probably like I would have run J. Barth. They opened too many offices. They had too many partners. They started to lose money. He asked if I would come out. I brought our controller out to look at the firm. He was hemorrhaging. He was doing really poorly. He said, "One thing is, I guaranteed my partners against loss." I said, "The hell you have. Let me talk to them. They're the ones who created the losses, and you're not going to underwrite them against loss." He didn't, eventually. He'd had a really good firm. They had some of the same issues that Lehman did. They had way too much overhead. Trying to be in too many different businesses. He had a dream that J. Barth was going to be another Dean Witter. But instead they merged with Dean Witter. They had had a very good reputation. They were venture capitalists when the word didn't exist. I think he financed a bunch of startup companies. San Francisco Helicopter didn't turn out to be great, and Lake Berryessa didn't turn out to be great. But Thermal power did, Magna Power did. He had some very successful, I would call them venture capital-like investments.
- 06-00:44:13  
Rubens: How much are you talking, literally, about business?

06-00:44:15  
Hellman: A lot.

06-00:44:18  
Rubens: Are you coming up here, too? When you go to L.A., do you come on up?

06-00:44:23  
Hellman: Well, we had a lot of business here. A lot of investment banking business Zellerbach, Levi, others, so I always came up here. He got caught up in the same maelstrom that Lehman did, and he found a very elegant way out of it and preserved his reputation.

06-00:44:47  
Rubens: Did he stay with—

06-00:44:50  
Hellman: Yes. He was vice chairman.

06-00:44:56  
Rubens: When does he die? Before they go to Morgan Stanley?

06-00:45:03  
Hellman: Oh, yes. You have put this in the story, but my mother died—

06-00:45:13  
Rubens: I don't know that we have that on tape. Let's tell that story. When did she die?

06-00:45:20  
Hellman: I was living in Boston, so must have been late seventies.

06-00:45:25  
Rubens: So your mother dies first, yes?

06-00:45:31  
Hellman: Yes. She died scuba diving in Mexico. I'm in Vermont for the weekend, because we had a house up there. He calls me and says, "The worst. Your mother has died." He and my sister flew to Cozumel, Mexico, where she had—Mexicans are not great at autopsy, so I don't think we ever really knew what happened. But then we have to get her back out here. Getting a body out of Mexico. is not trivial. We go to George Ball. George Ball pulls all kinds of strings. We get permission to take her out of Mexico. I'd hired this jet. We wheel the casket out to the plane. The casket won't fit through the door of the plane. We said, "What do we do?" I said, "Put her on the floor." So we take her out of the casket, put her on the floor of the plane.

06-00:46:31  
Rubens: She's wrapped up, isn't she?

06-00:46:32  
Hellman: Well, no. I said, "She wouldn't want to fly with all this blanket over her." So she flew from Mexico to San Francisco. Little jets only have one seat on each

side of the aisle, so we're talking across my mother. It was morbid until somebody thought, mom would have thought this was the greatest thing that ever happened. So she rode all the way from Mexico lying on the floor of the plane, looking at the ceiling.

06-00:46:55

Rubens: How did your father handle that?

06-00:46:57

Hellman: Okay. He went along with it. She was my sister's best friend. It was too young. She was fifty-nine. But looking back on it, she would have absolutely chosen to have this be the way she went.

06-00:47:17

Rubens: Amazing story. Was she with friends down there?

06-00:47:20

Hellman: She went down with a woman named Harriet Pope. They were diving, and she mentioned she was going to the surface. When they got there, she was—

06-00:47:30

Rubens: Probably went out too fast.

06-00:47:32

Hellman: I think she was not feeling well. She'd had an accident on her motor scooter a couple of days earlier and had a bunch of lacerations. She probably had a blood clot or something.

06-00:47:43

Rubens: Oh, god. I hate to just move on, but we were really talking about your father and when he died.

06-00:47:50

Hellman: He died about three years later. Regrettably, he remarried, eight months before he died. Everybody who has mother-in-law stories to tell, very few of them could top ours. She was awful. Recently she died. Somebody called me. I said, "Dorry died," and the person said, "Ding doing, the witch is dead." She was, I think, just a really terrible person.

06-00:48:30

Rubens: Had he known her for a while?

06-00:48:32

Hellman: A few months. Like a lot of, let's say, gold-digging second wives, one of her main chores was to separate him from his family. I always stayed at their house when I came out here. She said, "Could you"—and I said, "No, no, wait a minute. That's my bedroom. I've slept in that bedroom all my life, until I moved away from here. That's not even something we're going to discuss." I was out here on a business trip. He always called me kid, despite the fact that I was in my thirties. He said, "Can you give me a ride downtown? I have to talk

to you.” So I said sure. We’re driving down. He said, “Kid, this is the biggest mistake of my life. I’ve got to get out of this.” And he did. He had a heart attack that Sunday and died. Chose the easy way out.

06-00:49:24

Rubens: And you were in town?

06-00:49:25

Hellman: No, I had gone back East. I had gone East on Friday.

06-00:49:29

Rubens: And he still was working?

06-00:49:31

Hellman: Yeah, he was going down to Dean Witter. He died in a duck blind up in Marysville or someplace.

06-00:49:38

Rubens: He was pretty active, too.

06-00:49:39

Hellman: Yes. Then we ended up in court with his widow for eleven years. We won, finally. [Not really.]

06-00:49:52

Rubens: She must have had some pretty powerhouse lawyers if it went on that long. You had access to—

06-00:49:57

Hellman: I think we had the, quote, “old family”—

06-00:50:01

Rubens: You must have had Ehrman out here.

06-00:50:03

Hellman: We did. Then we got John Kecker and everything turned around.

06-00:50:11

Rubens: He was pretty young then. All right, well, I keep moving you quickly from story to story. This came about because we were talking about ’75 and mergers that had happened, and then I took a diversion and asked you about your father. You mentioned George Ball helping out with your mother when your mother died. What I really wanted to take a little side look at is—I don’t know what to call it—I guess it’s partisan electoral party politics at Lehman. Just going back, Bobby Lehman had been very supportive of [Lyndon] Johnson. I think, actually, there was a story about even Kennedy was—I don’t know why I’m bringing this up, but—

06-00:51:07

Hellman: Very possible.

06-00:51:10

Rubens:

That in the Bay of Pigs, he had approved the use of two United Fruit ships in the Bay of Pigs. I guess he was a pretty big Democrat.

06-00:51:20

Hellman:

I think he was kind of a wonderful sort of moderate. I don't know what he was registered as. I'm surprised, actually, if he was a registered Democrat. Certainly, in the family, Herbert Lehman probably was a Democrat, but it was nothing that was ever discussed. He was very moderate. Also very tolerant of some of his partners, like Fred, who was pretty far right. I'll tell the story and then you can decide later. We had a partner, who shall be nameless. One of the New York senators, whom I absolutely—I told this story.

06-00:52:12

Rubens:

You mentioned the terrible, racist comment that was made to Javits. What I was interested in was that Javits, I think you put it, was coming to say what can I do for you? There's quid pro quo.

06-00:52:28

Hellman:

Well, yeah, but in those days, quote, "politicians" did things for you. There wasn't really much that we needed. One thing he couldn't do for us, that nobody could ever do, to come back to an earlier subject, was intervene with the SEC. At least, if he did, I was unaware of it.

06-00:52:54

Rubens:

Were you encouraged as partners to give money to—

06-00:52:56

Hellman:

Well, we weren't discouraged. Then when Bobby left or died or whatever he did—

06-00:53:01

Rubens:

I think that was in '69. Right after the senator.

06-00:53:05

Hellman:

Do you remember CREEP?

06-00:53:07

Rubens:

Oh, the Committee to Re-Elect the President.

06-00:53:09

Hellman:

Well, it turned out that the senior partners of the firm, Fred and some of the others, had given \$100,000 to CREEP without permission of any of the rest of us. That was a very unpleasant crisis, because most of us weren't even supporting Nixon. Then all the stuff about CREEP came out.

06-00:53:32

Rubens:

This is in the name of Lehman?

06-00:53:35

Hellman:

Yes, it was a firm contribution of the Lehman partners.

06-00:53:39  
Rubens: Peterson had been in the Nixon administration.

06-00:53:42  
Hellman: Yeah, but Peterson is hardly doctrinaire.

06-00:53:45  
Rubens: As president, was there pressure put on you to donate to certain candidates?

06-00:53:56  
Hellman: No. Having had the experience of CREEP, there wasn't a lot of pressure to do it. I don't think we gave at all anymore as a firm.

06-00:54:12  
Rubens: Was there a decision at some point because of that?

06-00:54:14  
Hellman: I don't know.

06-00:55:00  
Rubens: Now this isn't politics per se, but Felix Rohatyn, I figured you knew him.

06-00:55:32  
Hellman: Oh, yeah, very well.

06-00:55:34  
Rubens: Right around when you're leaving is when he's architecting the saving of—

06-00:55:39  
Hellman: Of New York City. When I first came to Lehman, Felix, who was, with Andre Meyer at Lazard Frères, our senior partners' favorite. And I was well thought of by Bobby, and that sort of stuff. Coty—the cosmetics company-- I was assigned to work with Felix on that. The two firms were representing Chas. Pfizer & Co.—I think that was their name—on the sale of Coty. So I got to work for Felix. I was definitely the junior one in the relationship. We worked together for about six months. I got to know Felix—I was lucky—really, really well.

06-00:56:25  
Rubens: What did you think of him? Was he impressive?

06-00:56:26  
Hellman: Yes. He was really smart. He was really thoughtful. He was very forceful. I'm not surprised that he was the person that saved New York. He was able to tell the unions, this is the best you're going to do, and I really think you should accept this. I was a pretty big fan of his.

06-00:56:47  
Rubens: Would you see much of him?



- 06-00:56:52  
Hellman: We didn't see much of each other socially, but we did work together. Deals that went on for six months. I saw a lot of him then. Carried his bag.
- 06-00:57:14  
Rubens: I just love your hall of infamy, the Con Artist Hall of Infamy. It's right in '75 that Eli Black—is that his name?
- 06-00:57:26  
Hellman: Oh, the rabbi who jumped out the—
- 06-00:57:28  
Rubens: Yes.
- 06-00:57:28  
Hellman: Proved that the windows of the Pan Am building were shatterable.
- 06-00:57:37  
Rubens: Did you know about that then, though? Do you recall hearing—
- 06-00:57:39  
Hellman: I recall it vaguely, but. I was much more interested in De Angelis. The salad oil. I just love that scam. It's so bizarre.
- 06-00:58:03  
Rubens: So these are things you'd note. You don't start keeping track of them until you and Arthur [Rock] come up with that idea, but you remember reading about that?
- 06-00:58:14  
Hellman: Yes, I remember them. I remember Billy Sol Estes who came to the police station in Odessa and said, "I've been talking to God all weekend, and God has told me that I have to tell you fellows all the things I did." So at the end, one of the cops said, "Well, Billy, where is the money?" He said, "Funny thing. God didn't tell me to tell you that."
- 06-00:58:37  
Rubens: I haven't heard that. I have to stop now just to change the tape.
- 06-00:58:41  
Hellman: Okay.
- Audio File 7
- 07-00:00:00  
Rubens: I was asking if there were any other significant politicians that came to woo Lehman Brothers.
- 07-00:00:08  
Hellman: I think a lot of them. I don't really remember.

07-00:00:11  
Rubens: No stories, then?

07-00:00:12  
Hellman: Yeah. I can't remember—I wasn't there in New York then.

07-00:00:17  
Rubens: Was it John Lindsay?

07-00:00:18  
Hellman: Before Lindsay, but Lindsay also coming down to visit. It was La Guardia. We were sort of a regular watering hole for politicians. I think we were reasonably generous. Probably not more than the other firms.

07-00:00:44  
Rubens: It just was done.

07-00:00:46  
Hellman: Yes. The rules were so different then.

07-00:00:48  
Rubens: Although it looks like the rules are coming back to whatever—

07-00:00:54  
Hellman: Well, I hope they go back.

07-00:00:57  
Rubens: No, I mean with Citizens United, it's—

07-00:01:00  
Hellman: Oh, yes.

07-00:01:01  
Rubens: You mean you hope it goes back to some kind of limit?

07-00:01:07  
Hellman: My dream is they would reinstate Glass-Steagall. Do you even think of the SEC now in terms of any throwaway or importance or influence?

07-00:01:32  
Rubens: No. I think of them as potentially corrupt—

07-00:01:36  
Hellman: Well, and also just not a factor.

07-00:01:38  
Rubens: Before we follow your life after you leave Lehman, I'd like to ask about some names in Vicky Ward's book, *The Devil's Casino*. It's a book about a later period. It mentions the key people she thinks are a part of "the betrayal, and the high-stakes game played inside Lehman." I'm just going to show you some names. Dick Fuld, who was hired in '69.

- 07-00:02:22  
Hellman: By Lew Glucksman.
- 07-00:02:23  
Rubens: Joe Gregory, who began, as a sixteen-year-old, cutting Lew's lawn. These become real sharks, according to Ward. Chris Pettit. He joined in '77. You might have left. He was in Vietnam.
- 07-00:02:48  
Hellman: Oh, the Heisman trophy winner.
- 07-00:02:52  
Rubens: There are two other names here, Tommy Tucker and Steve Lessing.
- 07-00:02:54  
Hellman: No. Guy from West Point. Pete Dawkins
- 07-00:03:05  
Rubens: Okay. These people figure so big in the story, in the eighties and nineties, and then in the unraveling of Lehman. She also says—this is a journalist, Vicky Ward, who says that these were men on the rise. These were cut-throat street fighters and traders. They were not like, quote, “the polished partners of the previous era.”
- 07-00:03:35  
Hellman: I know what she's talking about. Lehman always had the tension between the sort of Ivy League—the Yale, Harvard, Princeton—and the Colgate, Fordham schools. The sales and trading guys were from schools that—
- 07-00:03:58  
Rubens: More working-class, kind of.
- 07-00:03:58  
Hellman: Yeah. There always was that kind of tension. Unfortunately, it wasn't a positive tension, which it could have been. Salomon had the same thing, but they handled it considerably better than I think Lehman did. It's hard to assign blame, but I think Glucksman was extremely jealous and extremely unfriendly to the upper-class—
- 07-00:04:28  
Rubens: A man not of that.
- 07-00:04:29  
Hellman: Yes. The upper-class, Yale-educated, Harvard business school, corporate finance types.
- 07-00:04:40  
Rubens: A little bit more on the culture of Lehman. One of these guys is brought in because he's a basketball player. He's tall. In reference to that, there's a basketball league amongst the investment banking houses. There was some competition. I had always thought golf was the sport of choice.

- 07-00:05:15  
Hellman: WASPs belonged to Piping Rock and the Jews belonged to Century Country Club.
- 07-00:05:22  
Rubens: Did you play golf?
- 07-00:05:23  
Hellman: No. I don't say no in a contemptuous way. I just never had an affinity for it.
- 07-00:05:32  
Rubens: Had you already gotten the house in Vermont while you were in New York?
- 07-00:05:35  
Hellman: Yes.
- 07-00:05:36  
Rubens: We haven't talked about your children. We talked about your wife, Chris. You ended up having four children. When was your first child born?
- 07-00:05:53  
Hellman: Let's see. We were married in '55, so '56, I think. She's fifty-five now, Frances [Hellman]. She's chair of the physics department at UC Berkeley. Tricia [Patricia Gibbs], who was born in '58. Mick was born in '60. They're sort of two years apart. And Judith [Hellman] was two years after that.
- Rubens: So you're really raising your kids in New York City?
- 07-00:07:03  
Hellman: Well, no, we moved them to Vermont. I guess Frances was halfway through high school. They started ski racing. We had a house in Vermont. We started a school. I guess you would say they were home-schooled, but not by us. We hired teachers. We started a school for kids that wanted to pursue a career in ski racing. It's called the Stratton Mountain School. They have a hundred and twenty kids now. Our kids really grew up at our own school. We pulled them out—
- 07-00:07:44  
Rubens: How did that idea come about?
- 07-00:07:46  
Hellman: Well, our oldest daughter was ski racing. You really couldn't do it on weekends, because the kids from Vermont trained all week and she was coming up for weekends. There was a ski academy that started in northeastern Vermont, called Burke Academy, at Burke Mountain. We said, well, we could do that. So we started the school. The first year, we had nine kids, or seven kids or something. The boys lived at our house and the girls lived at somebody else's house.
- 07-00:08:19  
Rubens: When is this about?

07-00:08:20  
Hellman: This would have been— in the seventies.

07-00:08:36  
Rubens: Chris and the four children are living in Vermont.

07-00:08:42  
Hellman: Well, Chris went there weekends, like I did.

07-00:08:45  
Rubens: So the kids are in this academy find someone to run it and—

07-00:08:51  
Hellman: Yes, we found somebody to run it. We hired teachers and coaches. It was great. We were up every weekend.

07-00:09:02  
Rubens: So now you fit this in with all the other board meetings and—

07-00:09:08  
Hellman: Yes. Mr. Lehman always said, “Why do you drink so much water on Monday at lunch?” I said, “Because I’ve spent ten hours on a bus this weekend.”

07-00:09:18  
Rubens: Is that how you got up there?

07-00:09:19  
Hellman: Yes, we bought a used Greyhound bus and hired a driver. Every weekend on Fridays—before the kids moved up there—he would pick us up at the house, drive us to the ski house We’d spend the weekend up there, and then drive home on Sunday night.

07-00:09:38  
Rubens: It’s easier than flying?

07-00:09:40  
Hellman: Fly to Vermont? No, nothing went there then. Burlington is way, way north of where we were. It was fun.

07-00:09:59  
Rubens: We’ll talk later about how your children mature, how successful they are.

07-00:10:07  
Hellman: I think it was a great thing for them, going to, in effect, a school that they owned. We always had a separation between coaching and teaching. We had really excellent teachers. Teachers are, unfortunately, easy to get. Not a very remunerative job.

07-00:10:33  
Rubens: Yes, but there were so many Eastern schools to call on. I’m sure people wanted to live in Vermont and ski. It’s attractive. Cost of living is not that much.

- 07-00:10:46  
Hellman: Yes, so we always had terrific teachers. We had really good coaches. A lot of our kids made the national team, including my second daughter.
- 07-00:10:58  
Rubens: How far did she get on that?
- 07-00:10:59  
Hellman: She was on the B team for three years. She raced in some World Cups and was third in the U.S. National Championship one year. She had a good career.
- 07-00:11:10  
Rubens: So you traveled to some of these meets?
- 07-00:11:14  
Hellman: Well, I jinxed them, so I tried not to.
- 07-00:11:16  
Rubens: You jinxed them? Did you have family trips in Switzerland or other ski places?
- 07-00:11:24  
Hellman: The school moved, usually, for a few weeks in the summer to Austria, and trained on the glaciers. The kids would stay and race the early season races in Europe and then come home.
- 07-00:12:04  
Rubens: Maybe we're about to finish your time at Lehman; we'll move on to Hellman and Friedman but—
- 07-00:12:22  
Hellman: There was an in-between step, which was Hellman Gal, which is now known as Matrix Partners. Venture capital firm, in Boston. So we moved from New York to Boston.
- 07-00:12:38  
Rubens: I don't want to do short shrift to that company. But just to finish up a point about Lehman, I wanted to jump ahead to 1990, when Shearson agreed to sell \$75 million of preferred stock to Hellman and Friedman, but that didn't come through, right?
- 07-00:12:59  
Hellman: No, because they merged back into American Express. But they paid us a big fee for our efforts.
- 07-00:13:05  
Rubens: Are you staying in touch with Lehman over the years?
- 07-00:13:13  
Hellman: Well, yes. I always did. I owned Lehman stock until they were sold. I don't think that was entirely accidental.

07-00:13:29  
Rubens: You're following them?

07-00:13:30  
Hellman: Yeah, although it was really Tully Friedman's idea.

07-00:13:35  
Rubens: So they pay you a good fee, but it doesn't come through because somebody—

07-00:13:38  
Hellman: They merged back into American Express.

07-00:13:43  
Rubens: So in 2008, when it's going under, then Hellman and Friedman comes close to buying a majority of the Lehman—

07-00:13:51  
Hellman: Oh, yes. What a heartbreak. That would have been a great transaction.

07-00:13:55  
Rubens: So that's a \$2+ billion deal, and it falls through.

07-00:14:04  
Hellman: Just shows I have Lehmanitis or something. It was sort of ironic. It was something I really wanted to do.

07-00:14:12  
Rubens: Why?

07-00:14:14  
Hellman: I liked the investment management business and I thought they were a good fit. I thought they were a good investment.

07-00:14:24  
Rubens: I don't remember the end of that story. Someone else—

07-00:14:28  
Hellman: The management decided to buy it themselves I think it was after the collapse.

07-00:14:53  
Rubens: We'll have to talk about that once we talk about Hellman and Friedman. Just in the ten minutes—I'll be honorable about letting you go—

07-00:15:07  
Hellman: I wish you wouldn't be. But I do have to go to the Federation [JCF].

07-00:15:12  
Rubens: You resign as president in '76. Let me just read you this *Wall Street Journal* article. You're elected chairman and chief executive officer of Lehman Corp in '75. This is a closed-end investment company.

- 07-00:15:37  
Hellman: Yeah, it's like a mutual fund, except it's closed. It's a publicly-owned company. It's like a Loomis Sayles. It's like a mutual fund. In fact, it is, except it has one different characteristic, which is that it has a fixed number of shares, and those are bought and sold daily.
- 07-00:16:19  
Rubens: What's the overall Lehman entity called, then?
- 07-00:16:23  
Hellman: Lehman Brothers.
- 07-00:16:24  
Rubens: And that's private.
- 07-00:16:26  
Hellman: Yeah, but Lehman Brothers has two public funds. One is One William Street, which is an open-end fund, and the other is Lehman Corp, which is a closed-end fund.
- 07-00:16:36  
Rubens: Okay. So there you are, chairman of the Corp.
- 07-00:16:40  
Hellman: Yes. That's more honorary than—they had management. They had solid management. It was kind of traditional for one of the top two or three guys at Lehman to be chair of Lehman Corp.
- 07-00:16:55  
Rubens: At the same time, you're president. Explain what else you are. You're president, director of Lehman Brothers and Company, which owns the investment advisor of Lehman Corp. I think that's an advisor. That's a closed-end fund. Lehman Corp doesn't continuously operate stock and it doesn't repurchase shares from holders as mutual funds do. Saying it out loud, I get it better. Lehman Brothers partners individually own the stock in Lehman, the company. Now, you're also chairman and president of Lehman Management Company and the fund advisor. You're a director on One William Street Fund, which is what you just said, a mutual fund managed by—
- 07-00:17:41  
Hellman: Right.
- 07-00:17:42  
Rubens: Okay. I wanted that to be clear, and I didn't have that clear in my outline. Then in '76, you resigned as president. January 14, noted in the *Wall Street Journal*. Why do you do that?
- 07-00:17:58  
Hellman: I was like the guy who swallowed the gold fish at the cocktail party. It just seemed like the thing to do at the time. No. I was tired of the environment. I really wanted to be on my own. I was never going to be able to do the things



at Lehman—because they were in a different business than I wanted to be in. I wanted to be out of New York City. That sort of confluence of events or of factors. I said, I just want to get out of here. So I resigned as president.

07-00:18:35

Rubens: And then you start putting together or thinking about—

07-00:18:38

Hellman: Matrix. Yeah, it was Hellman Gal then Hellman Ferri.

07-00:18:41

Rubens: Which we'll get to. So it just was time. Was it also because the family was up in Vermont?

07-00:18:49

Hellman: Yes, all my kids lived up in New England. We were up there an awful lot. I sort of didn't like the direction that the whole brokerage investment banking field was going. I didn't also like a lot of my partners.

07-00:19:07

Rubens: Should we say anything more about that?

07-00:19:09

Hellman: You can say that. I did like some of them very much. I've remained in contact with them, but there was—

07-00:19:16

Rubens: Who were those?

07-00:19:17

Hellman: I like Pete. I like Peter Solomon. I like Roger Altman. I like Steve Fenster. He died. One of the smartest guys I've ever met. There were others, but there were a lot of others, starting with Mr. Glucksman—I didn't have any great desire to be—

07-00:19:50

Rubens: I know people are going to be interested in Lehman. Any reason to particularly identify any of the others? I assume they weren't pulling their weight or they were too—

07-00:20:04

Hellman: Lehman's culture—just like Federation, it's very hard to change a hundred-year-old culture. The culture sort of accepted the things that Pete Peterson and I and others were trying to do, but there was still this very aggressive, internecine competition. It was better. In a sense, it was a lot of people that I didn't want to spend the rest of my life being associated with. I still am in touch with him. In fact, he was out here for [George] Schultz' ninetieth birthday. I missed him, which I was sorry about. But I stay in touch with Peter Solomon all the time, Roger Altman pretty continually. Steve Fenster until he died. Bobby Bernard, who was there, who was at Lehman, we're still pretty

close friends. Bob McCabe and I keep in touch. There were some really good guys.

07-00:21:20

Rubens: Did Pete consult with you when he was pushed out?

07-00:21:24

Hellman: No.

07-00:21:28

Rubens: Well, it's 11:30, I'm supposed to end this for today. But I wanted to talk about a few more things. The NASDAQ is created in '71. Bernie Madoff is also—

07-00:21:44

Hellman: Yes, isn't that great? I don't remember ever having met him.

07-00:21:52

Rubens: He becomes a chair, and then you buy—I'm projecting ahead—

07-00:21:57

Hellman: I think after he was gone.

07-00:21:57

Rubens: 2001. Oh, yeah, way after he's gone.

07-00:22:01

Hellman: I'd say that even if it wasn't true, but it is true. We made a difference in NASDAQ.

07-00:22:11

Rubens: Say something about that.

07-00:22:12

Hellman: Well, basically, we bought—

07-00:22:15

Rubens: Oh, in 2001, \$240 million.

07-00:22:20

Hellman: Yes. We bought a NASDAQ security. They wanted some outside money. They were just in the process, under Frank Zarb, of transitioning from being almost like a government entity, a government division, to being a real private company. One of my partners, Patrick Healy, had the idea of investing in NASDAQ. So I got a hold of Zarb and reminded him of one of the times he saved Lehman, one of the myriad times that Lehman got in trouble, and we'd like to make an investment in NASDAQ. That worked out. I went on the board. We were the largest single holder of NASDAQ. I think we did NASDAQ a lot of good. Changing from a government bureaucracy to a capitalist enterprise, a for-profit enterprise. We had to look for a new CEO a

couple of years after we went in. Found this guy, Bob Greinfeld, who's been a huge success. And we made money out of it.

07-00:23:33

Rubens: Zarb is the one you said who had bailed out Lehman?

07-00:23:37

Hellman: Zarb came in. He was a consultant of some sort. He'd been—I forget if it was the New York Stock Exchange or someplace. He was an expert on back offices. One of the myriad times that Lehman lost control of its back office, Frank came in and fixed it.

07-00:23:54

Rubens: Bernard Madoff remarks that he couldn't keep up with all the paperwork and was overwhelmed then.

07-00:24:04

Hellman: Yes, but Frank's an honest guy.

07-00:24:06

Rubens: I know you need to go to a board meeting of the Jewish Community Federation's fund. You likened the culture of the JCF to that of Lehman Brothers? What do you mean?

07-00:24:31

Hellman: Yes. Everybody argues about everything. They've got far too many committees. They're in far too many businesses. I called the CEO the other day, who I love, and said, "How many committees do we have, and how many members?" It turns out we have fifty-eight committees and five hundred and sixty members. I emailed Sandra Hernandez at San Francisco Foundation, which is very well-run. I said, "How many committees do you have, and how many members?" She said, "We have five committees and fifty members, and that's far too many." Of course, Federation says, well, we're completely different. There's nothing comparable. I said, yeah, you bet there's nothing comparable.

07-00:25:11

Rubens: You've been on the Federation—

07-00:25:14

Hellman: I've been on the endowment committee. I've been chair of the endowment fund for three years, since Phyllis Cook retired.

07-00:25:25

Rubens: And your tenure's coming to an end?

07-00:25:27

Hellman: Well, because I want it to. It's three years long enough.

07-00:25:32

Rubens: We'll talk about that, because that's sort of your role in coming in and restructuring—

07-00:25:40

Hellman: I didn't know that's what I liked to do. I'm the master of the obvious.

07-00:25:45

Rubens: You take command. You get in there and do it.

07-00:25:48

Hellman: I like doing things that are apparent. For example, I'm in the middle of this pension fund restructuring. It isn't rocket science.

07-00:26:00

Rubens: City workers?

07-00:26:02

Hellman: Yeah, and public workers. It's clear that it has to be done. I didn't think the best way to do it was to shove it down their throat. I thought the best way to do it, if they would recognize that there's a significant issue and that they have to contribute to the solution. They've been great. I'd hell of a lot rather hang out with the heads of the union than sit with most of the corporate executives I know.

07-00:26:31

Rubens: We'll get to that. All right. I'm five minutes past, so I'll let you go.

07-00:26:39

Hellman: I feel like—what was that song? “The warden led the convict down the hallway. He was doomed.” I've got to go to Federation. I did that at UCSF. It was really fun. I was waiting for the results of some test. I don't know if you've been to UCSF, but they have these long halls where all the patients wait, sitting with their backs to the windows. They wait for hours for the doctor to give them the verdict. One of the songs our band does—I think it's a Tom Waits song. I put it on my iPod speakers. Somebody said, “Hellman,” so I walked down the hall and I turned the speakers on. The thing goes, “The warden led the convict down the hallway to his doom.” All the patients were just going nuts.

Interview 5: May 19, 2011

Audio File 8

08-00:00:00

Rubens: I do want to talk about the formation of Hellman and Ferri, with Paul Ferri.

08-00:00:08

Hellman: Yes. But there's some pretty colorful history.

08-00:00:10

Rubens: I bet. I want to ask you something before so that we just—

08-00:00:16

Hellman: But I don't know the meaning of life.

08-00:00:19

Rubens: Well, I think I know how you felt. You were glad to get out of Lehman.

08-00:00:26

Hellman: Yes. Not blaming Lehman. We had fixed the place. But the business—you want me to talk about this?

08-00:00:33

Rubens: Sure.

08-00:00:34

Hellman: The business had fundamentally changed. For years and years in the investment banking business you didn't get any capital because you had sold the underwritings before you ever bought them. So you just didn't need capital, so you could distribute everything at the end of the year and just zero out the capital. Not because of Lehman, but that changed dramatically. The businesses started requiring a lot of capital.

08-00:01:08

Rubens: By the upturn? By after—

08-00:01:09

Hellman: By sort of after '73, I would say. There are a bunch of things that happened. The sales and trading part of the business became much more dominant, and you needed much more capital to be in that business. Now, I won't state a lot of unattractive—.So basically we were out of trouble. We had record earnings and I didn't want to live in—there were—

08-00:01:46

Rubens: You were spending time up in Vermont. You had formed the school.

08-00:01:48

Hellman: Yeah. The kids were going to school up there. And it seemed to me a good time to make a change. As I said, the business had fundamentally changed in ways that I didn't want to be, in which I—is this going to be a sentence?--in

which I didn't want to be involved. That was a sentence. I could have passed bonehead English but I—

08-00:02:10

Rubens: How did Lehman feel about you leaving?

08-00:02:12

Hellman: Well, it varied. I think that Peterson—I think the people I liked were disappointed and the people I detested were thrilled.

08-00:02:24

Rubens: Did Peterson come to you?

08-00:02:26

Hellman: No. He just said, "I'm very disappointed. I can understand you making the decision and deep down I don't like you so much." No, that's not true. He did like me.

08-00:02:34

Rubens: Because you said you remained friends.

08-00:02:36

Hellman: Yeah. No, I'm kidding. He was disappointed but people like Peterson, Altman and Solomon and Fenster, the people that I liked I think were disappointed by it. But I wanted to have a different life. I remained a shareholder. I don't think I stayed on the board. But there's a title called managing director, which I think I did keep. Which was immaterial.

08-00:03:21

Rubens: What did it require in terms of—

08-00:03:23

Hellman: Nothing. I still owned part of my Lehman stock and I still tried to help them in investment banking stuff, particularly when I moved back out here. But this is Boston.

08-00:03:34

Rubens: One more question and then we'll turn to Boston. I was looking around this conference room while I was waiting for the interview to begin, at the many commemorations and awards. Did Lehman give you a gold watch or a—

08-00:03:47

Hellman: Not a damn thing. So maybe that was a more accurate portrayal of my departure. They didn't give me a bonus. Well, I kept a lot of my stocks.

08-00:04:02

Rubens: Okay. And so what about boards that you had been on as a result of Lehman? Would you—

08-00:04:07

Hellman: Off.

08-00:04:08  
Rubens: Off all of them.

08-00:04:08  
Hellman: Yeah.

08-00:04:11  
Rubens: Now, did you know Paul Ferri before? How did that come about?

08-00:04:16  
Hellman: This is a really more interesting story than Lehman Brothers.

08-00:04:17  
Rubens: Let's hear it.

08-00:04:19  
Hellman: The part that I liked about Lehman, which we had to stop, was when we invested our own capital. I think I've said that before. When the business went from requiring no capital to requiring a lot of capital, it was impossible to do that anymore because the ways the securities laws worked, SEC works, anything that's illiquid you have to take a hundred percent charge against in terms of your capital. So if we put a million dollars into XYZ electronics, that was a million dollar reduction of the capital of the firm. So they couldn't stay in the part of the business that I really loved, which was where we put up our own dough. So that was a very large part of it. I don't want to sound like I was prescient, except I was. But the venture capital, '73 to like '76 or '77, the venture capital business collapsed and then, oh, well over a billion dollars invested in venture capital firms in '70, '71 and then there was no money raised in '76 or '77.

08-00:05:36  
Rubens: There was an all-time low in '75.

08-00:05:38  
Hellman: Is that when it was?

08-00:05:38  
Rubens: Yes. And then '78 it turns up.

08-00:05:41  
Hellman: Right. And so we raised—

08-00:05:45  
Rubens: But this is '77 when you leave Lehman. You haven't set it up yet?

08-00:05:50  
Hellman: No. There was a guy at Lehman and this is maybe the part of the story that you're going to get the biggest kick out of, by the name of Joe Gal. G-A-L. Appropriately named. And Joe had worked for me in Lehman handling work on the deals where we were principals. I thought he was a very tough character. He was able to get us out of a lot of the—garbage I was going to

call it. Let's call it garbage. And so I thought he would be a good partner. So we formed Hellman Gal, which was the original name of Hellman Ferri and—

08-00:06:25

Rubens:

Oh. You're still in New York when this is—

08-00:06:26

Hellman:

No, no. I'm in Boston. I'd just moved to Boston. So we formed Hellman Gal, Joe and me, and we decided we would try to raise fifteen to twenty million dollars as a partnership and we also decided we needed a third partner and that third partner was a guy named Paul Ferri who'd been at—oh, god, what was the name of the firm? West Ven Management.

So we started talking to Paul. Paul joined us as a third partner. Joe turned out to be one of the most unpleasant objectionable human beings. He was one of my great choices of partner. And Paul, whom I hadn't known, turned out to be an absolute dream. He was a great partner. He's a great investor, great partner. He's a communicative person. So we started to get along.

08-00:07:32

Rubens:

So you had known of him?

08-00:07:36

Hellman:

Yes.

08-00:07:36

Rubens:

And Gal had?

08-00:07:37

Hellman:

One of us had known of him and we interviewed him and we really liked that guy. And we brought him in. So then there were three of us. The firm was called Hellman Gal. Then the relationship started to deteriorate pretty rapidly between—Paul and I became very close friends and Joe was the weird guy out. I don't want to call him odd man because he was much worse than that. I guess the best way you could characterize Joe Gal's personality is our offices were—we were on—I forget the name, the address of the place. But it was Paul, me, Joe and then the door. And Joe's wife had worked for like—who was a very nice person—had worked for like a year so she could run the Body Build 10K, which started right outside our building. So Paul comes by my office, says, "Hey, let's go down and watch Toni start and finish the 10K." And I said, "Sure." So we go by Joe's office and Paul said, "Joe, let's go down and watch." He said, "Why should I do that? Why should that be interesting to me?" So Paul and I supported Toni in—And she was a very nice person. And Joe just was impossible to get along with. And I think the highpoint of this—Paul and I started talking about doing a fund together, but not really seriously. Our lead investors in Hellman Gal were the Ford Foundation and Teachers Insurance and a Saudi family who'd been partners of mine forever, named Juffali.



08-00:09:21

Rubens: When you say partners of mine forever, so back to—

08-00:09:23

Hellman: In Singapore. They were the limited partners in Singapore. Limited partners in the firm. Virtually from the beginning. And we worked our butts off. Took us a year, we raised fifteen million dollars. And that doesn't sound like any money at all—.But it was half of all the venture capital money that was raised that year total. So we're sort of trying to decide how we'll wind up Hellman Gal because neither Paul nor I wanted to be in business with Joe anymore. But it was kind of ephemeral. So I—

08-00:10:09

Rubens: This was about a year after you formed the company?

08-00:10:12

Hellman: No, this was maybe two to three years. We were about half invested in the fund. So I had to go out of town for some reason and I'm driving out of the Boston airport and I see Joe in another car. So we get to the office the next morning and I get a call from a guy named Brian Powers who was one of the important officials at Ford Foundation. He, as you know, became our CEO many, many, many years later. But Brian said, "You and Paul will be in New York at 10 o'clock tomorrow morning." And I said, "Yes Paul. Any particular reason?" He said, "Yes. I'm deciding whether I'm going to throw you out of the partnership. Whether we ought to back you and Paul or Joe." So where he was coming back from at the airport was going down to New York visiting our limited partners to try to organize for Paul and me to be thrown out. So all I could say is—

08-00:11:15

Rubens: Backstabbing.

08-00:11:17

Hellman: Of the worst—well, maybe the best kind because it turned out he stabbed himself in his own back. I said, "Brian, I don't know you very well but you have to listen to both groups. Listen carefully to Joe, what he has to say, and listen to Paul and me." And by the way, everybody else, because nobody wanted to be with Joe, the third partner. So Paul and I arrived down there the next morning and make our pitch and Brian says, "You know, I'm really tempted to throw all of you out." I said, "Well, okay. I mean, I wish you wouldn't do that. I have a fair amount of my own money in here." So where it comes out is that Teachers, Ford, the Juffalis decide that they will back Paul and me to do a new fund called Hellman Ferri and they will not back Joe Gal. You with me?

08-00:12:14

Rubens: Yes.

08-00:12:17  
Hellman:

And by the way, they will not let Joe share in the profits of the existing firm. They had the right to do that. So Joe then threatens to sue Ford and Teachers, our two largest limited partners. I knew that would be the kiss of death. He eventually ends up not suing but they also end up eventually giving him no money.

08-00:12:43  
Rubens:

So it's pretty ugly? Is he coming to the office anymore?

08-00:12:45  
Hellman:

Oh, god. Yeah, but not speaking to us. Oh, no, it was really ugly. Almost ugly enough to be fun.

08-00:12:55  
Rubens:

As opposed to scary.

08-00:12:58  
Hellman:

Well, I don't know. In retrospect, I like to pretend I wasn't scared, but I probably was.

So Paul and I start Hellman Ferri, a new fund and we raise the money and we do very—and by the way, the existing fund, the one that we were in with Gal, is just knocking the cover off the bowl. And one of the Juffali's people, a man named Jafar Askari was sitting with all the limiteds. Brian Power came forward to say, "We ought to throw all of you guys out." Jafar, who I love dearly, we're still very close friends, said, "You know, I really don't understand this. Maybe ten blocks west of here in the Garment District are partnerships where the partners fight all the time. I don't know. Does that make it a bad investment?" He said, "This is the best fund we've ever seen.

We earned like an 82 percent compound—annual compound return net to the limited partners. So somebody put it, "This is really strange. It's like these guys are fighting like cats and dogs and every morning somebody arrives with a wheelbarrow full of money and dumps it over the transom." And oh, god, we were early investors in Apple Computer, Continental Cable Vision, Apollo Computer, Canon Computer. We had great investments in that fund, some of which, to be fair, Joe did find. But a lot Paul found. And then I—well, Continental Cable Vision was mine. And Midway Airlines, which we may be—have been the only people that ever made any money in an airline investment. Hysterical to get out so we quadrupled—tripled our money.

So it was just a really bizarre experience.

08-00:14:56  
Rubens:

So finally Joe's out?

08-00:15:00  
Hellman:

Joe's out.

08-00:15:01  
Rubens: He's threatening suits and—

08-00:15:02  
Hellman: Yeah. And people are saying to Joe, "If you want to be sure that you never have any career, ever, be sure and sue your limited partners." And he didn't sue us. He badmouthed us to as many as he could. In fact, he was heli-skiing up in Canada and one of the other people in the heli-trip said, "Do you know Paul Ferri?" "The worst guy I ever met. Don't you talk to me about Paul Ferri."

08-00:15:30  
Rubens: Just to set the stage. Your family though is living in Vermont? You're in—

08-00:15:33  
Hellman: No, my family's really living in Boston. They have a house outside—A place called Wayland. But Chris is spending like Thursday to Sunday every week in Vermont and I'm up every weekend.

08-00:15:47  
Rubens: So you just have to forgive me asking some basic questions. When you say a fund, because I read that Matrix has its first institutional fund—

08-00:15:58  
Hellman: No, some—but—

08-00:15:58  
Rubens: But these are not called institutional funds.

08-00:15:59  
Hellman: No, they were institutional funds. They were exactly the same, it's just a different name. Hellman & Ferri was an institutional fund.

08-00:16:15  
Rubens: And you go through the legal process of dropping Gal's name.

08-00:16:18  
Hellman: Yes.

08-00:16:19  
Rubens: Then becoming—

08-00:16:20  
Hellman: Hellman Ferri. It was all fun.

08-00:16:22  
Rubens: Was it?

08-00:16:23  
Hellman: Well, he had made working with him untenable.

08-00:16:26

Rubens: Let's talk about Hellman and Ferri. So are you setting goals for the kinds of firms you want to bring together?

08-00:16:38

Hellman: When Paul and I formed, re-formed Hellman Ferri, we really thought about what—I don't know how much really deep conversation we had but it seemed to me, seemed to us, that we sure as hell didn't want a third partner that we detested. That was the easy part. Many of the same principles that Hellman & Friedman are based on existed with Paul. And Paul and I went our own ways, we'll get to that, a few years later. But not because of any dislike. In fact, we remain very good friends. He wanted to be in the venture capital business, I wanted to be in the financial restructuring business and so we went our own ways. But I'm still partners with Paul in everything he does and he's still a partner here.

08-00:17:29

Rubens: We're talking about probably '79, '80?

08-00:17:35

Hellman: Yeah.

08-00:17:38

Rubens: And you're talking about where you want to go from—you've already had success with Gal.

08-00:17:45

Hellman: Oh, yeah. It was obscene how much money—

08-00:17:47

Rubens: I don't know if this is kosher to ask. You had your own money invested as well, right, and then you're—

08-00:17:54

Hellman: We each put a million bucks of the money that we did not as yet have.

08-00:18:00

Rubens: So there's no conflict at that point about whether you do venture capital or restructuring?

08-00:18:07

Hellman: No. Well, we were kind of making investments and then it was clear what really turns Paul on is start-up venture capital work.

08-00:18:20

Rubens: Does he take you into Apple?

08-00:18:24

Hellman: I don't know. One of us got us into Apple. Apple was pretty successful when we invested but Apollo wasn't successful.

So Paul loves to talk to six engineers who want to leave Perkin Elmer and start a business and I sit there not having the foggiest notion of what they're talking about.

08-00:18:56

Rubens: And you both are doing the cultivation of the field? How many people do you have working under you?

08-00:19:01

Hellman: Not very many. Twenty three. Well, we had support staff. We had a guy named Mike Humphries who was sort of the third—fourth partner. And what helped in the whole battle with Joe is that nobody wanted to be in business with Joe; nor has he ever been able to find somebody to be in business with since. So I'm the stupid one in this particular mix.

08-00:19:26

Rubens: Why are you saying that?

08-00:19:28

Hellman: My pick was so unpleasant. He's never been able to work in another partnership.

08-00:19:36

Rubens: Well at least you make money while you're with him. Then he's gone and then the business really takes off. So you raised the fifteen million.

08-00:19:50

Hellman: We did. We did Hellman Ferri. I can't remember whether we did two funds. But Hellman Ferri One. Then Paul and I sort of sat down and said, "You like to do this, I like to do that and I want to move back to San Francisco." So I think in '83, was it, I moved out here. So I move out here and a couple of things happen. One, I reformed a relationship with Lehman where I agreed I would help them with corporate—I was still a stockholder and I would help them with corporate finance out here, which I did. Met a guy named Tully Friedman, who was my counterpart at Solomon Brothers. We got along. We said, "Why are we doing this for these New York people?" So we formed Hellman & Friedman.

08-00:20:45

Rubens: All right. So let's not go there quite yet, because I want to do a little more on Hellman and Ferri.

08-00:20:50

Hellman: Sure.

08-00:20:52

Rubens: So we talked about sort of preferences. I don't know if we need to talk about if there are strategies about how to structure the funds?

08-00:21:03

Hellman:

No, they were very just garden variety limited partnerships. Virtually every other limited partnership that's an investment partnership, whether it's venture capital or private equity.

08-00:21:14

Rubens:

But what is the average return? Eighty-two was—

08-00:21:20

Hellman:

Off the charts. Just off the charts. The venture capital business is different from the private equity business because it's way more mercurial, way more variable. They have unbelievable years and they have unbelievably terrible years. The best way to describe the venture capital business is it's a batting average business. And you probably have heard this. But if a major league player bats 300, he's had a great year. So if a venture capital firm, if three out of ten deals—because the multiples are so huge—turn out to be winners, you've done really well. Because on your winners you make a hundred times your money. Whereas the business we're in, I always say we're in the fielding business, but we'll come back to that. You need to field 950, not 300. So our business is a business where you avoid mistakes. The venture capital business is a business where you're swinging for the fences at all times.

08-00:22:30

Rubens:

But again, my need to clarify. Private equity funds can do venture capital—

08-00:22:43

Hellman:

Well, some of them are trying to become investment banks but the classic private equity fund can be a variety of things. But one of the things that it commonly is, is a venture capital fund and that would be Kleiner Perkins, Sequoia, Matrix. There are about ten really good venture capital firms. Private equity tend to be much larger funds, tend to point for lower returns but greater safety and they would be KKR, TPG, us, Carlisle. Different type of investing.

08-00:23:29

Rubens:

Okay. Private equity can also do leveraged buyouts and—

08-00:23:32

Hellman:

Private equity. Yes. And a lot of the consultants lump private equity in a venture capital market. Or a leveraged buyout bucket.

08-00:23:48

Rubens:

Which becomes bigger in the eighties.

08-00:23:50

Hellman:

Yes.

08-00:23:50

Rubens:

But your particular interest is in—the aspect of private equity that is attractive to you is?

08-00:24:01  
Hellman:

Well, structuring larger deals, making larger single investments, trying to make fewer mistakes because you can't afford—if you bat 300 as a private equity firm, large cap buyout firm, you're dead meat.

08-00:24:37  
Rubens:

So are there some deals you want to particularly point to that—

08-00:24:39  
Hellman:

And by the way, Paul Ferri has done a lot of very successful deals since then. I love getting the money but I can't remember the names. I remained an investor. I wasn't a general partner, which you have to get the difference between. The general partners are the guys whose necks are on the line. Like I'm a general partner here. So I decreased my general partnership interest in Hellman Ferri when it became Matrix and then eliminated it. But I remained a limited partner.

08-00:25:27  
Rubens:

So just before you decreased that—are there any particular deals that you're proud of that really—

08-00:25:35  
Hellman:

Most of them folded. But I'm proud of Continental Cable Vision. We made a lot of money on that. I'm proud that Paul did—Joe would argue with this. I don't know who did Apollo Computer but one of the two of them. Stratus, Tandem, a bunch of early stage computer deals that were largely done by Paul.

08-00:26:03  
Rubens:

Now, I see—this is again from *The Wall Street Journal*—that you go on the board of Orion Pictures. Is that because you—

08-00:26:22  
Hellman:

Why the hell did I do that? I think that was a Warburg Pincus deal or something. I'd been on the board of 20<sup>th</sup> Century Fox and so I think the Warburg Pincus people gave me an opportunity to invest in Orion.

08-00:26:37  
Rubens:

By the way, it's in this article in the *Wall Street Journal* that says you're forty-seven and a general partner of Hellman Ferri and Company and a managing director of Lehman Kuhn & Loeb. So you'd remained a managing director.

So was that fun?

08-00:27:10  
Hellman:

I loved the movie business.

08-00:27:10  
Rubens:

You told wonderful stories about 20<sup>th</sup> Century Fox. That dealing with movie people was just a continuing Woody Allen-kind of experience.

08-00:27:25

Rubens:

I was shocked at how much, with 20<sup>th</sup> Century, the board really had, I guess, a say. You mentioned that the board dealt with who was to be the director *Star Wars* and whether—

08-00:27:37

Hellman:

Of course. *Star Wars* phenomenon. I told you the story about *An Unmarried Woman*. We always stuck our noses in. And Alan Ladd was head of production. Alan Ladd, Jr. He was a really good guy. In fact, I played water polo against his brother-in-law when I was in college. Brother-in-law played USC, I played for Cal.

What the manager wants to do, I think appropriately, what they would love to do is have an annual production budget. Say \$75 million and spend it the way they see fit, other than doing X-rated or double X-rated. But the board won't quite accept that. Do you want me to talk about this?

08-00:28:27

Rubens:

Yeah. But are we referring to Orion as well as—

08-00:28:30

Hellman:

All of them. Orion the stories are nearly as good. They would give us a one paragraph description of the movie. I think Orion was going to put—who was the guy? Who was the head of Orion? Very famous movie guy. Arthur Krim.

08-00:28:50

Rubens:

I have an article mentioning Orion's upcoming slate of pictures. They're going to include Woody Allen, John Travolta, Cheech and Chong. There's more.

08-00:29:01

Hellman:

I asked Arthur Krim. "Why are we putting \$25 million into a Woody Allen movie?" And he said, "You'll love it." And I said, "I'm sorry, Arthur, but it seems to me we ought to have a more in-depth conversation." He said, "No, you'll just love Woody Allen." That was *Manhattan*. We made a ton of money on it.

08-00:29:25

Rubens:

So you're sticking your nose in that, even with Orion.

08-00:29:33

Hellman:

Yeah. But they have a very good way of fending you off.

08-00:29:37

Rubens:

I would imagine. How big a board was Orion?

08-00:29:42

Hellman:

God, I don't know. Maybe, I do know, eight or ten.

08-00:29:46

Rubens:

Oh, smaller than 20<sup>th</sup>.



08-00:29:48

Hellman: Yeah. Although 20<sup>th</sup> wasn't huge.

08-00:29:52

Rubens: So how often are you coming out? You're keeping up your—

08-00:29:56

Hellman: Once a quarter. Fortunately, they changed all the rules. In the old days, when my uncle was a director of Fox, you were met at the airport by a limousine with a starlet in the backseat. And that didn't even exist anymore.

08-00:30:20

Rubens: But still, I bet they fed you well and put you up and—

08-00:30:20

Hellman: Oh, very well and it was just really fun.

08-00:30:22

Rubens: And got to go to openings if you wanted.

08-00:30:24

Hellman: Yeah. And you didn't discuss the latest widget line. You discussed, in the case of Fox, *Star Wars* or *M\*A\*S\*H*. Those are the successes. There was a movie that we lost \$30 million on. It was *Cotton Club*. It was a really expensive movie and it grossed about two or three million dollars.

08-00:30:51

Rubens: That was a terrific movie, I thought. I love it.

08-00:30:51

Hellman: It was. It cost more than that. But it was a fiasco. And by the way, like you, I thought it was going to be a huge success. But I really liked it.

That was great. The great thing about the movie business is you get to decide whether you like the product. If Levi comes out with a new line of 501, okay, you don't have a warm or fuzzy feeling unless they are—

08-00:31:32

Rubens: Well, unless people are really fashionistas.

08-00:31:36

Hellman: Yes.

08-00:31:36

Rubens: But that was not you.

08-00:31:37

Hellman: You've seen me. I'm clearly not.

It's the most fun I've had on any board. It's so colorful, the characters are so colorful, the conversations are so bizarre. And all the books you've read about the movie business, they're right. So I really had fun. Fox was just great.

08-00:32:00  
Rubens: Just parenthetically, you mentioned books. There was a wonderful book, I don't know how true, Neal Grabler, *How the Jews Invented Hollywood [An Empire of Their Own]*

08-00:32:15  
Hellman: I read it.

08-00:32:15  
Rubens: I'm sure you did. Were you working with other Jews of course.

08-00:32:22  
Hellman: So many that I wasn't even conscious of them. I sure didn't run into as many Jews in the venture capital business as I did in Hollywood.

08-00:32:38  
Rubens: And how long do you stay on Orion?

08-00:32:42  
Hellman: Didn't it get sold or something? It was a poor investment except that it was fun.

08-00:32:52  
Rubens: So the only other board I see you serving on during this time was on Castle and Cook.

08-00:32:57  
Hellman: Yeah, that wasn't so much fun. Certainly that was an experience because Castle and Cook was in deep financial trouble. The banks wanted to have, who were a large part of the credit, wanted to have somebody represent them so I went on the board of Castle and Cook.

08-00:33:16  
Rubens: But it was a result of having created Hellman & Friedman?

08-00:33:21  
Hellman: No. It was just as an individual.

08-00:33:23  
Rubens: I'd love to look and see if there are some other boards that we haven't—

08-00:33:28  
Hellman: Well, Castle— NASDAQ we'll get to.

08-00:33:33  
Rubens: I meant in this period, '77 to '82.

08-00:33:36  
Hellman: No, I'm trying to confine it to the period that I actually can remember.

- 08-00:33:39  
Rubens: You're remembering very well. I wanted to ask you if, for instructive purposes, are there bad deals that you remember with Hellman Ferri or even—
- 08-00:33:55  
Hellman: Yeah. Oh, god. We will find the name of it and Paul will remember the name. [Torak Corporation] But there was a company that was Joe's deal. And actually, I'd forgotten this. One of the things that broke up Hellman Gal Ferri, or Matrix, whatever it is, was that Joe was very secretive about his deals. I wrecked my knee skiing one weekend. I was in the hospital. On Monday Paul called me and he said, "Do you know what Joe did?" We'll have to remember the name of the company. I said, "No." He said, "Well, he just advanced," let's call it XYZ, "\$700,000." He broke all the rules. We had a rule that all three of us had to sign new checks. And I don't know if he forged our names but he put more money into a failing company and somehow neglected to tell Paul and me. And that was the—
- 08-00:35:00  
Rubens: The turning point.
- 08-00:35:01  
Hellman: Yes, on the decision. Well, Paul—
- 08-00:35:05  
Rubens: This is after the Ford Foundation?
- 08-00:35:07  
Hellman: No, no. This was—
- 08-00:35:08  
Rubens: But you knew things were bad.
- 08-00:35:10  
Hellman: Yeah. Paul said, "We can't be in business with this guy."
- 08-00:35:15  
Rubens: And then after he leaves, up until '82, any other ones that didn't work? You're doing incredibly well but still, nothing stands out as—
- 08-00:35:26  
Hellman: No, but, I mean, there were some. You always remember the successes. I don't the failures.
- 08-00:35:33  
Rubens: I just wondered if there were instructive failures that you call on then later when you create—
- 08-00:35:39  
Hellman: Things are different. In the venture capital business, that's just grist for the mill. In our business, where we have to be successful in almost every one of our investments, the amount of self-examination we go through if a company

does poorly is just incredibly intense. Why didn't we think of this? What did we miss about merging—closing this factory or merging the two factories? And we do a tremendous amount of autopsy work. In the venture capital business, that's just grist for the mill.

08-00:36:18

Rubens:

It's been touted that one of your real assets, talents, is that you're able to judge people who run companies in terms of their smarts, their leadership.

08-00:36:34

Hellman:

I think I'm better at picking people to be in business—well, my partners, like here. Like Brian and Phillip. Even Tully was a good partner. And we did fine when he was there. He needed to have his own firm. And I'm an investor in his firm. But I've been really successful at choosing partners. Look at this building. Tom Steyer, Farallon.

08-00:37:10

Rubens:

Arthur Rock.

08-00:37:11

Hellman:

Oh, no. Arthur Rock doesn't—nobody chooses Arthur Rock. He's an island. But just being friends with Arthur Rock is wonderful and he chose to be in an office with me but he's not active in our business. Arthur Rock is an island. Appropriately named Rock. Brian Powers, Philip Hammarskjold, Katie Hall, Tom Steyer, John Osterweis. I've been really good, with some notable failures, but really good at choosing ambitious people to be partners with. Joe wasn't such a big success.

I think that my strengths have been more in just helping people to start their own businesses, financial type businesses. There's a decently long list of that. One of our competitors, Roger McNamee, in Elevation Funds, said, "You know, you have the greatest record of anybody I've ever met in choosing partners." I said, "They had an equally poor record in choosing me."

08-00:38:35

Rubens:

But when you say this, are you going back to Hellman and Ferri?

08-00:38:42

Hellman:

Paul Ferri, John Osterweis, Osterweis Capital Management. Tully Friedman.

08-00:38:48

Rubens:

I wonder if we can get a list, some kind of list of some of those.

08-00:38:57

Hellman:

Sure. And all you need to do is look at the roster of who's in this building.

08-00:39:01

Rubens:

I was wondering who you knew at the time, '77 to '82—were you talking to other people who were getting into this market? I didn't know if you knew Arthur Rock in New York.

08-00:39:27

Hellman:

I've known Arthur Rock a large part of my life. My father called me and said, "Have you ever heard of a guy named Arthur Rock?" And I said, "No." He said, "Well, there is some nut that wants to put a million dollars in J. Barth and Company but he has to be a partner." I said, "I don't know anything about that. I've heard good things about Arthur." So my father rejected him as a partner. And guess how rich I'd be as a huge stockholder of Intel and Scientific Data Systems. If my father had made that decision, it would have been a lot better than having to sell J. Barth for whatever he could get of it before— So I'd known him slightly in New York and then I clearly knew his reputation. But not clearly enough, I guess. So we just bonded from the first time we met because Arthur is everything I'm not.

08-00:40:30

Rubens:

What does that mean?

08-00:40:29

Hellman:

Well, Arthur is one of the most objective—he is emotional but I'm a sucker and Arthur is the world's—he'll make that investment but not because he's a sucker. I want to say yes to everything and Arthur wants to say no to everything. And Arthur can always pick up the flaws with presentations. He's a really objective human being and really marches to his own drummer. And he's a very nice man.

08-00:41:07

Rubens:

So I'm trying to stick with— So were you a sucker? Was there anything you can remember about being a sucker in the years '77 to '82.

08-00:41:18

Hellman:

Yeah. There were a couple of investments that I got Arthur into that I can't remember the names of. We lost all our money. I said, "Arthur, how can you stand this?" He said, "I've made enough money on other things."

08-00:41:35

Rubens:

But overall, then, you do really well? You walk away from Hellman and Ferri and you're in good shape.

08-00:41:43

Hellman:

Yeah.

08-00:41:45

Rubens:

You're quoted in this period commenting on Marty Stone.

08-00:42:00

Hellman:

Oh, Monogram Industries.

08-00:42:02

Rubens:

Yes. Well, and apparently —this is a story in the *Wall Street Journal*, '79— about how he turns from being a liberal anti-war person to being conservative. And you're quoted. "Marty doesn't try to fit into the business establishment."

08-00:42:26  
Hellman: Well, Marty had a great business and Bobby Lehman loved Marty's business. He made the recirculating toilets that go in airplanes. And for some reason, that was Monogram's principal business. And Mr. Lehman just loved that business. I'm like the man who makes toilets. So we did the initial public offering for Monogram and I was kind of Marty's banker.

08-00:42:48  
Rubens: When you were at Lehman?

08-00:42:49  
Hellman: That's right. Yeah.

08-00:42:50  
Rubens: So he probably says interview Hellman when the guy's doing the story on him.

08-00:42:59  
Hellman: Yeah.

08-00:42:59  
Rubens: By the way, did you have any opposition to the war in Vietnam? Was that something that struck you or—

08-00:43:17  
Hellman: No. In fact, I was more conservative in those days. I wasn't crazy about it. I was much more outspoken in my opposition to invading Iraq.

08-00:43:39  
Rubens: You'd come to be more liberal and public—Which of course now has morphed into me being concerned with civic issues, education and business and being involved with the unions.

08-00:43:49  
Hellman: Fighting for them.

08-00:43:49  
Rubens: Yeah. So you're not taking a civic role in Boston?

08-00:43:55  
Hellman: No. That was, of course, before anybody would listen to me anyway.

08-00:44:02  
Rubens: Well, it sounds like you're doing pretty well by '80. You're really—

08-00:44:07  
Hellman: I just have a big mouth.

08-00:44:10  
Rubens: Now, I want to ask you about something else that might have affected your business, just a fact. So the capital gains tax in '78 is lowered dramatically. Forty-nine percent to twenty-eight percent.

08-00:44:25  
Hellman: That was nice. Except that it isn't really what I believe.

08-00:44:31  
Rubens: Did you believe then?

08-00:44:32  
Hellman: No. Unless I made a statement.

08-00:44:35  
Rubens: No, I don't have a statement from you.

08-00:44:36  
Hellman: Basically, I think we under tax in this country. I think that all these arguments that Obama's making that the wealthy ought to be paying more—look at any other industrialized nation. Oh, but our economy's doing good. Oh, no, wait a minute. We have a trillion dollar deficit.

08-00:44:52  
Rubens: But then. Did you think that then?

08-00:44:56  
Hellman: I have never objected to paying more taxes I don't think. Maybe I have.

08-00:45:03  
Rubens: Surely the lowering of the capital gains tax stimulates investments.

08-00:45:10  
Hellman: Well, I guess so. I've never made an investment for that reason.

08-00:45:15  
Rubens: And I'm wondering if you're getting fund people for that reason more.

08-00:45:20  
Hellman: No, because most of our funds are non-taxable—Teachers, Ford Foundation. Singapore. I guess the government of Singapore doesn't pay taxes.

08-00:45:38  
Rubens: Is Singapore in Hellman Ferri?

08-00:45:38  
Hellman: Yes.

08-00:45:39  
Rubens: How does that come about? Is that still Ferri's—?

08-00:45:48  
Hellman: No. God, I can't remember how I met them.

08-00:45:50  
Rubens: The Castle Group is later. There was something else you were doing in Hawaii. I don't know if you met him through some kind of international or Lehman connection.

08-00:46:05  
Hellman: No. I didn't meet Singapore that way.

08-00:46:08  
Rubens: Okay. Maybe it'll come to you. And just—

08-00:46:15  
Hellman: Lots of things do. Particularly in the bathtub. Rubber ducks and—

08-00:46:17  
Rubens: Well, you can always just shoot an email or just tell Sharon. You'll have the transcript. We should do another interview once we're finished to fill in certain holes and correct names.

Now, I always like to come back to your Con Timeline [on the Con Man Artist Hall of Infamy website created with Arthur Rock <http://www.thehallofinfamy.org/index.php>]. It's a useful history of the market. So Jim Bakker appears on your list. He starts in '82 doing his shenanigans. I guess I should have really asked you first about Reagan, if you were a supporter of Reagan. I've asked about your politics before and you said usually you were a conservative—

08-00:47:10  
Hellman: Yeah.

08-00:47:11  
Rubens: Maybe he doesn't stand out in your mind in 1980.

08-00:47:25  
Hellman: The last person that stands out in my mind as a Republican is Eisenhower.

08-00:47:40  
Rubens: So Jim Bakker, at the time, were you paying attention to him?

08-00:47:48  
Hellman: No.

08-00:47:49  
Rubens: There's Ivan Boesky's saga later, a little bit later, so—

08-00:47:52  
Hellman: Boesky's—I love Boesky's.

08-00:47:57  
Rubens: Why did you love him?

08-00:47:58  
Hellman: Well, I love the con men in general because they're so completely devoid of— well, you know the—

08-00:48:08  
Rubens: They're sociopaths.



08-00:48:08  
Hellman:

Yeah, they are. The Antar brothers start a thing, an electronics store, which went public, had a market equity of \$500 million. There was one small problem. There weren't any stores. And one of them, Sam Antar, was out here recently. Spoke at Stanford. He's out of jail now. And when he was interviewed, they said, "How do you feel about the people you cheated?" He said, "I don't really feel—they were greedy. I was greedy. Why should I have feelings. And they said, "Would you do it again?" He said, "I don't want to go to jail."

But I want him to speak at our partner's meeting this year. It's going over like a lead balloon.

08-00:49:00  
Rubens:

And why do you want him to speak?

08-00:49:01  
Hellman:

Because I would like, particularly internally, I'd like to hear what a real sociopath sounds like. We talk to a lot of people. A really good liar is a type of sociopath. I just think that learning from a guy like—well, learning. Being baited by a guy like Sam Antar would be fun. We did an interview with him on our site. I have a real soft spot for con men.

Madoff. Katie Hall, who handles all our family stuff — it isn't this firm— Madoff went in and said, "I'd like you to look at investing your client's money." She said, "Okay. I'll need to see the audits." She never saw them. You could always see through them.

And Steyer made one of the greatest remarks of all times. There was a guy who had gotten—I can't remember his name. But he had gotten like \$85 million from some retirement system in Washington and fifty million from one of the big family. And he actually had that money invested and he sat down with Steyer and he had this fancy way that you could own certificates for deposit for about three days as they move between banks and earn this spectacular return. He showed us. And I said, "Tom, there's something funny going on here. I don't know what it is." Tom said, "What if they don't exist? What if the certificates of deposit don't exist?" Which of course they didn't. But I love it when the answer is so clear and it's the most fundamental question.

08-00:51:06  
Rubens:

So we'll talk more about the formation of the Con Artist Hall of Infamy, because you do that with Arthur Rock. I know it's just fun for you to think about those things. But I wonder if in calling them out, if you are critiquing the extent to which greed can drive fraud and exploitation?

08-00:51:22  
Hellman:

Always. I sort of grew up in the business in the days of Tino De Angelis.

08-00:51:30

Rubens: And Billy Sol and—

08-00:51:31

Hellman: Yeah. Those were such great frauds. And by the way, they're not entirely to blame because there were expectations on the part of the people who gave them the money. And why did they have money there? Because the CDs paid more than other CDs. Well, why would they pay more? Don't know.

I think greed is different than successful investing, however. You might see it differently. But honest investing—maybe that's an oxymoron. But honest investing, you make good returns, you make investments in real companies and they're not just made up. They're not just air. The South Sea Bubble, the Mississippi Corps, the famous cons of the eighteenth century were just air. The islands that South Sea Corp was selling stock in didn't exist.

08-00:52:50

Rubens: Well, so you're saying people are looking for good returns on their investment and then the returns are—

08-00:52:58

Hellman: No. People are looking for better returns on their investments that are really available.

08-00:53:52

Rubens: Ok. So let's finish up with the trajectory of your children after you leave Boston. Your kids go to college.

08-00:54:13

Hellman: Frances went to Dartmouth. And then she got her PhD at Stanford. As I say, you know you're old when your daughter's—

08-00:54:28

Rubens: Is having hot flashes like I am here and now.

08-00:54:30

Hellman: I said, "Why is Frances wiping her brow so much." She said, "Are you stupid?"

Tricia went to Williams.

08-00:54:55

Rubens: Williams then had gone co-ed. She must have been in one of the early classes of women.

08-00:55:08

Hellman: Frances was in the third class at Dartmouth of women. I think they'd had women at Williams for maybe ten years. And Williams did a much better job of accepting the presence of women, I think, than Dartmouth. Dartmouth really struggled with it.

- 08-00:55:28  
Rubens: It remained a very conservative school.
- 08-00:55:34  
Hellman: And pretty misogynistic.
- 08-00:55:36  
Rubens: When your kids went to college, were you involved with any of their school's development foundations?
- 08-00:55:43  
Hellman: No. I always contributed to—
- 08-00:55:45  
Rubens: I don't mean that. But I meant in terms of management or directors or being a director, helping restructure anything.
- 08-00:55:51  
Hellman: No.
- 08-00:55:51  
Rubens: Because we'll talk about your role on the board of Mills College later on. Now, the other two kids.
- 08-00:56:00  
Hellman: Oh, so Mick went to Cal and then Harvard Business School and then Judith went to Cal and then got her MD at Columbia.
- 08-00:56:20  
Rubens: Did the two come to Cal because of the family history?
- 08-00:56:22  
Hellman: I think so. It is great.
- [Interview interrupted]
- 08-00:56:58  
Rubens: Is Chris doing her art throughout this period?
- 08-00:57:05  
Hellman: Yeah. And selling it. And then, of course, the whole history of Chris with the ballet was fascinating.
- 08-00:57:21  
Rubens: She's on the board.
- 08-00:57:22  
Hellman: And then she becomes president of the board.
- 08-00:57:24  
Rubens: Right. But back there is she involved with any boards or—

08-00:57:27

Hellman: No, no. But we did have a great triumph at the San Francisco ballet. Anybody who says you can't fight a critic, we fought him.

08-00:57:44

Rubens: Who was that?

08-00:57:46

Hellman: A guy named Octavio Roca. He was the main critic for the *Chronicle* when [Allan] Ulrich retired. But there was a lot of opposition to him. He left.

08-00:57:57

Rubens: Well I need to change the tape, and you have a little less than a half hour before you have to leave. [Discussion of Octavio Roca resumed in interview #7]

### Audio File 9

09-00:01:13

Rubens: You've mentioned being in the hospital for tearing your knee in a skiing accident. When did you start running?

09-00:01:35

Hellman: Well, when I was recuperating from that I started running.

09-00:01:40

Rubens: Because it's straight ahead? It's not as hard on the knee as—

09-00:01:42

Hellman: I'm like the guys who swallow the goldfish at the cocktail party. Seemed like the thing to do at the time. I ran a little bit when I lived in New York. Like around the reservoir and stuff. But then I was recovering from the knee operation, my last knee operation, the first thing I did was run to the end of our driveway and I thought, "Well, I could do a marathon." So I kept increasing and increasing and then I did a marathon.

09-00:02:14

Rubens: The goal was the Boston Marathon.

09-00:02:19

Hellman: Yeah. For which you have to qualify, so it meant you have to run a marathon before the marathon. And then when I came out here, I became interested in ultra-marathons, which were races beyond marathon distance, and that morphed into running the Western States 100, which is the foot race from Squaw Valley to Auburn.

[Extraneous conversation omitted]

09-00:03:55

Hellman: I did run the Boston Marathon a couple of times during that period.

09-00:03:59  
Rubens: How'd you do?

09-00:04:00  
Hellman: Okay. That's the story. I wrote the song, which was introduced last week, about my great success. "I'm not so smart, I'm not so tough, but pretty good is good enough."

09-00:04:13  
Rubens: I think it's a little more than good enough.

09-00:04:15  
Hellman: Not in business so much but in other things. My life has been a history of—well, in business, too—of trying hard and overachieving but never being a superstar.

09-00:04:30  
Rubens: A lot of people would argue with you about that.  
  
You just have to forgive this naiveté. You said you're doing restructuring. Are you doing leveraged buyouts when you're at Hellman Ferri?

09-00:05:02  
Hellman: No.

09-00:05:03  
Rubens: Okay. Because that's—

09-00:05:04  
Hellman: Lehman was. In the old, old days, that's one of the things I liked about Lehman but they couldn't do it anymore.

09-00:05:09  
Rubens: Yes. You said in a previous interview, "We didn't call it that. We called it debt financing or"

09-00:05:16  
Hellman: Borrowing to buy companies.

09-00:06:06  
Rubens: Ok. Well we have ten minutes remaining. Why do you want to get back to San Francisco?

09-00:06:15  
Hellman: I should have come back way earlier.

09-00:06:17  
Rubens: Your father wanted you to come back.

09-00:06:19  
Hellman: No, he's dead.

09-00:06:19  
Rubens: No, no. Earlier.

09-00:06:21  
Hellman: Oh, yeah. Maybe he still does. He was channeling.

09-00:06:27  
Rubens: And you had done stuff for Lehman.

09-00:06:29  
Hellman: Well, but I was able to come back. If I stayed with Matrix or Hellman Ferri, it was still Hellman Ferri, I could do that just as well out here. I could re-associate with Lehman, which I did. By the way, my kids had all moved out here. Frances was at Stanford. Actually, Judith was at Columbia but Mick was at Cal and then Harvard Business School. I thought partly we were moving back to be near the kids. We moved to New England to be near them and then they moved out here. I'm surprised they haven't moved back east yet.

09-00:07:18  
Rubens: The family pretty close? Back here you have—

09-00:07:24  
Hellman: Oh, yeah.

09-00:07:25  
Rubens: —a big family. Lots of family.

09-00:07:28  
Hellman: Well, I have a lot of family but our immediate family is the four kids and twelve grandchildren.

09-00:07:35  
Rubens: By the way, did your kids always get along?

09-00:07:38  
Hellman: Yes, they always have. And now that they're all here, it's very nice.

09-00:07:42  
Rubens: Especially with Chris. It must—

09-00:07:46  
Hellman: Exactly. They make a real effort to see Chris. Tric [pronounced Trish] goes over every Thursday afternoon to—

09-00:07:52  
Rubens: Must be so hard on doctors to—

09-00:07:54  
Hellman: See their mother?

- 09-00:07:56  
Rubens: Well, not be able to really do anything for her. There are some breakthroughs that you must know plenty about.
- 09-00:08:07  
Hellman: The markers and evaluate the possibility that you get it, so it is clear that you have it. Somebody just hopefully will come up with something really useful.
- 09-00:08:20  
Rubens: So you want to get out here. Just restate, please, what you're doing with Lehman.
- 09-00:08:34  
Hellman: I thought I could form, and I did, form an association with Lehman. I thought they were suffering in the corporate finance area out here. They'd lost a lot of clients and stuff. So I thought I could help them. Also, I still had a lot of stock. So I offered to become an acting managing director and I did. And I did some pretty good stuff.
- 09-00:09:05  
Rubens: Who's out here? Were you working out of the office?
- 09-00:09:10  
Hellman: I opened it all. I formed the office I think. And there were other people but their names escape me right now.
- 09-00:09:17  
Rubens: How long did that last?
- 09-00:09:20  
Hellman: Well, until we really got Hellman Friedman going. A couple of years.
- 09-00:09:23  
Rubens: And I should have asked this question. When you left Ferri, it was amicable in that you said you're doing a great job, Paul, and—
- 09-00:09:35  
Hellman: Well, and I want to keep some money with you, I said. He said, "I like working with you, so can I put some money into Hellman & Friedman?" So we've remained pals forever.
- 09-00:09:47  
Rubens: And you were really interested in these different areas is what you were saying.
- 09-00:09:51  
Hellman: Yeah.
- 09-00:09:52  
Rubens: So it was a natural separation.

09-00:09:53  
Hellman: He was the brain surgeon and I took out people's tonsils.

09-00:09:59  
Rubens: I think it was a little bit more equal.

09-00:10:04  
Hellman: What turned him on, as I think I've said, is completely different than what turns me on. And he's an engineer. He could understand these conversations where I was sort of saying—

09-00:10:16  
Rubens: So you're out here and you live in San Francisco. The second wife—I wasn't going to call her stepmother. But is she still there? Did she keep the family home? Because you weren't allowed in the home.

09-00:10:31  
Hellman: Yes.

09-00:10:46  
Rubens: Was Dunsmuir House still in the family or had that been contributed to the City of Oakland?

09-00:10:51  
Hellman: No. That had been contributed a bunch of years earlier. Actually, one of my cousins made a good remark when my father's wife, whatever you want to call her, died. She called me up and said, "Ding, dong, the witch is dead." I think I said that. You can use it, I guess. But he was in *Who's Who*. And when he died, they called me. And they said, "So your father died." I said, "Yes." They said, "Did he ever remarry?" I said, "No."

09-00:11:50  
Rubens: So you opened an office for Lehman. They had something but you also opened a bigger office, I guess.

09-00:11:58  
Hellman: Yeah.

09-00:11:59  
Rubens: Where was it?

09-00:12:01  
Hellman: Crown Zellerbach building.

09-00:12:06  
Rubens: Oh, well, maybe we should stop. I see you looking into the corridor and it's—

09-00:12:12  
Hellman: No, I see some guy walking down the hall.



09-00:12:14  
Rubens: Well, it is 11:00. We should stop. So next time we'll take up forming Hellman & Friedman and then Levi is a big story you'll want to relay, yes?

09-00:12:24  
Hellman: Yeah. A big success. For a few weeks it was the biggest LBO ever done.

09-00:12:40  
Rubens: You'll decide how much you want to talk about that —and the repercussions. By the way, did Levi make a coat for you? I heard you tell a story about it at one of your performances.

09-00:12:58  
Hellman: No, that's my granddaughter who made it, with the stars of David on it. So I could be called the Rhinestoned Jew Boy.

09-00:13:14  
Rubens: Is that a song of yours?

09-00:13:16  
Hellman: It is now. No. "Rhinestone Cowboys" is a song.

09-00:13:23  
Rubens: My mind does this sometimes. There was something I read or saw when you're celebrated at the Haas School, about Levi making something for you. I'll have to get that.

I'm going to be greedy here. Should I ask Sharon for your new album?

09-00:13:55  
Hellman: I'll give you the album.

09-00:13:58  
Rubens: I'll walk with you to your office.

09-00:14:02  
Hellman: I'm supposed to soak you for fifteen bucks.

09-00:14:03  
Rubens: Ok, sure. Is it being sold on iTunes or—

09-00:14:06  
Hellman: Yeah. We sold 800 the first week, in the first four days.

09-00:14:11  
Rubens: Fantastic.

Interview 6: June 1, 2011

Audio File 10

10-00:01:34

Rubens: In the last interview we talked about you moving to San Francisco, expanding Lehman's office and business. And so for about two years you're doing deals for them and then you meet Friedman. How does that come about?

10-00:02:22

Hellman: Tully was the managing partner or managing director of Salomon Brothers.

10-00:02:25

Rubens: Out here?

10-00:02:27

Hellman: Out here. And we had a lot of business in common, the most important probably of which was Crown Zellerbach. And Tully and I decided that what we would try to do is to work cooperatively, because Crown Zellerbach needed a lot of financial advice, a lot of assistance. So that we would forget competing, forget New York in both cases and just figure out where Crown Zellerbach ought to be going. So we worked very well together on Crown Zellerbach and we kind of got up. So that was the sort of genesis. And we found we got along quite well together. So one day, I don't know, either he or I—I think in this case I—said, "I really would like to start an advisory firm in San Francisco." We discussed doing it together and we decided we would do it together, so that became Hellman & Friedman. So at the outset what we thought we would do is a lot of financial advisory work for companies. And we had a list of pretty good clients. I think we had Hewlett Packard. Mostly through Tully's connections, but Crown Zellerbach, Levi, and a couple, three others. I think American President Lines, Alliance and Itel was one. And then that kind of morphed into a firm where we both invested our own capital and gave advice. And I think Itel was a fairly good example of that. We bought a significant stake in Itel but I was on the board of Itel and did a lot of advisory work, as well.

So the firm started largely as a firm like PJ Solomon in New York or Roger Altman's firm, Evercore, or others. And then we brought in two or three younger associates. Mark Parker, Jack Buntz, John Pasquesi, Jay Hagenbuch and others, and they sort of came to us one day and said, "The investment business is a really good business. We really didn't join you guys to spend our life doing what we did at Salomon and Lehman and Goldman Sachs and other places." And we were very understanding of that. So Tully and I, we decided that we would largely get out of the advisory business and go purely into the investing business. And that's when we sort of started working on Fund One.

10-00:05:31

Rubens: So could I ask you just a few questions before we get to there? This is really fundamental. Why does Crown Zellerbach have two—

10-00:05:44

Hellman: Most firms have two investment backers. Lehman and Solomon, Goldman and Morgan. So they can play you off of each other. We were unusual in that Tully and I got along so well and it became a cooperative effort. No attempt to undercut the other one.

10-00:06:04

Rubens: What does advisory mean specifically?

10-00:06:09

Hellman: Capital planning, mostly, or acquisitions. Here's what our balance sheet looks like. Do you think we need to restructure the debt? Do you think we need to lengthen out the maturity? Do you think we need more equity? So basic financial structure; do we have an opportunity to sell a division and could you guys advise us on how we go through the sale of the division or buying a division from some other similar or dissimilar company.

10-00:06:51

Rubens: Were you also doing leveraged buyouts?

10-00:06:52

Hellman: Not yet. And the advisory business was strictly a fee based business where we're working for people like Crown Zellerbach and others and we were not in the leveraged buyout business or the financial restructuring business for our own account. And then we started to do some things for our own account and then we had the internal help when the other guys said, "This is where we have fun. We didn't come here," as I said, "to be back at Lehman Brothers." So Tully and I decided we would do Fund One, which we did in I think '87. And as I said, at the first we were in the advisory business. Then we kind of morphed into doing more activities as principals and then we decided we would do a fund.

10-00:08:10

Rubens: And the fund literally means—

10-00:08:13

Hellman: A partnership where the inmates of the asylum are the general partners and you go to outsiders, such as state retirement systems or large endowments or foreign governments or whatever.

10-00:08:25

Rubens: Similar to what you were doing with Ferri?

10-00:08:28

Hellman:

Yes, but a very different business. Ferri's in the venture capital business. This was meant to be financial restructuring or what became known as leveraged buyouts.

10-00:08:39

Rubens:

And where are you getting the young people?

10-00:08:45

Hellman:

Just contacts we had at Salomon Brothers or Lehman Brothers or other places. We sort of hung out our shingle and—

10-00:08:52

Rubens:

What was your working relationship with Friedman? How old was he?

10-00:08:59

Hellman:

He's about ten years younger than I am. At least he used to be.

10-00:09:06

Rubens:

And you got along? What was your working relationship? How would you—

10-00:09:12

Hellman:

Basically, for quite a long time we were really good partners. We discussed everything together. We discussed every potential investment. And also potential investments were discussed with the other partners, with Hagenbuch, and Barger and Pasquesi. I'm sure I'm forgetting somebody but—

10-00:09:30

Rubens:

Okay. We'll get that list. So in '84, already you're going on a lot of boards. It seems to be a very fecund time. I don't know what the word is. You do go onto Crown Zellerbach.

10-00:09:50

Hellman:

Yeah. Well, Intel was interesting. Because Intel was in bankruptcy and the banks came to Intel and said, "We want a representative on the board."

10-00:10:05

Rubens:

Eighty-one you go on the board at Intel.

10-00:10:09

Hellman:

Okay. So whenever it was. But basically I went on as a representative of the commercial banks to help them get through bankruptcy.

10-00:10:24

Rubens:

And how did you do that? Literally, what was your—

10-00:10:27

Hellman:

Well, just in an advisory role. Investment bankers are coming in and making all kinds of proposals, most of which would enrich them but I wasn't sure it would really enrich the creditors of Intel. But evaluating them, listening to the

proposals, helping them structure. As they came out of bankruptcy, helping them structure sort of reasonable financial base.

10-00:11:00

Rubens: Is there a relationship between APL and Itel?

10-00:11:16

Hellman: No, we invested in APL but it had nothing to do with Itel. APL was a very early Hellman & Friedman capital partners' investment.

10-00:11:36

Rubens: And you stayed on the Itel board until '88?

10-00:11:41

Hellman: Yeah.

10-00:11:43

Rubens: One thing we didn't talk about was Midway Airlines. You'd already been in some transportation—

10-00:11:50

Hellman: Well, all the way back to the beginning of my time at Lehman Brothers. Lehman Brothers was very active in doing financial advisory work for airlines. I worked on Pan Am, a bunch of the regional carriers, Piedmont, Ozark, others. And so I had had some experience.

10-00:12:13

Rubens: So '79 you're kind of transitioning. You're at Ferri and you must have gone on the board then and then stayed on the board when you moved down—

10-00:12:24

Hellman: Well, basically, Midway was an airline startup.

10-00:12:30

Rubens: It began as a discount carrier.

10-00:12:32

Hellman: Well, yeah, I guess. It probably was. But the theory was that Midway Airport would be a great hub since it's handy to downtown Chicago. Through all it worked pretty well. And so we and Bessemer Securities and a couple of others, Brentwood, I think, Partners put up the money to start Midway and did okay. We went public, sold all our stock. Then it went out of business. We were long gone by then.

10-00:13:18

Rubens: I love this one. The Pacific Racing Association, '82.

10-00:13:28

Hellman: Oh, Jesus. That was a thing of my family's. That was Golden Gate Field. Yes, that was one of my father's follies. And he, of course, died. Not because of it. It was worse. So the directors asked if I'd go on the board. It was a lot of fun.

It was a completely useless company that wasn't going anywhere. Just sitting around in the Jockey Club and acting like a big shot.

10-00:13:58

Rubens: It was '82 to '89?

10-00:14:01

Hellman: What's the big English gambling company bought it then. I think it was Ladbrokes.

10-00:14:11

Rubens: And then here's another one that goes back to that period. Osterweis Capital Management?

10-00:14:16

Hellman: Well, Osterweis was a startup.

10-00:14:17

Rubens: Which was in this building.

10-00:14:18

Hellman: Yes. That wasn't a venture capital deal. Basically John had had—and we still have a very, very close relationship. But John had had a history of working as a securities analyst for—actually for my father at one point. And so he was working at PaineWebber and he really wanted to have his own business. And I really wanted to have somebody who would pay a lot of attention to the stuff that I wasn't doing in Hellman Friedman. So I helped him get the business started. I owned part of the ownership of the company. I have part of the ownership of the company. And we've had a lot of money with John. I don't know. That was twenty plus years ago, I think.

10-00:15:14

Rubens: '82 it starts. To the present. You're still—

10-00:15:19

Hellman: Oh, yeah.

10-00:15:19

Rubens: So when you say "had our money," do you mean Hellman & Friedman?

10-00:15:21

Hellman: No, no. The Hellman family money. The family wasn't paying attention. He's absolutely pure and simple money manager. It's like going to a Merrill Lynch or somebody else and having your advisor.

10-00:15:43

Rubens: Here's another board you're on, starting in '84. Princess Grace Foundation.

- 10-00:15:57  
Hellman: Yes. I told you Hollywood was more fun. Princess Grace was a director of 20<sup>th</sup> Century Fox. And when she died, they formed a foundation and asked if I would become a trustee. And I said I'd rather she didn't die.
- 10-00:16:20  
Rubens: So this is a charitable foundation; you're on that about six years.
- 10-00:16:21  
Hellman: Yeah.
- 10-00:16:22  
Rubens: Is there a reason you leave or it's just enough?
- 10-00:16:24  
Hellman: Six years is a long time to be on the board of a charity. But they were nice people. It was mainly her advisors, I think. The son was named Albert and he was a good guy. We had fun with him.
- 10-00:17:07  
Rubens: Can you remember things that they contributed to? Did you shape it some?
- 10-00:17:13  
Hellman: No. I advised it, nothing specific. I do remember going with him to an Olympic hockey game.
- 10-00:17:49  
Rubens: So they met in New York, I think it said.
- 10-00:17:52  
Hellman: I think so.
- 10-00:17:53  
Rubens: But did you ever go to Monaco?
- 10-00:17:57  
Hellman: I did but I don't think for this. I did go for Fox. I think we went for a screening of *Turning Point*. It was the movie about ballet dancers. I guess because Princess Grace was on the board the screening was there.
- 10-00:18:22  
Rubens: And I think there's one more that goes to '83. Consilium Associates in Mountain View.
- 10-00:18:34  
Hellman: Yes. Consilium was a software company and I can't remember how I got into it but I made an investment in it. And they've done okay. I think it funds—
- 10-00:18:44  
Rubens: So some of these we're talking about are you and not the company?

10-00:18:49  
Hellman: Yes. All those. That was me.

10-00:18:54  
Rubens: And the last one from '83, then there's a whole chunk in '84, is Il Fornaio, American Corp. Anything to say about that particularly?

10-00:19:05  
Hellman: Well, that was a personal investment. I think it was. Was it Howard Lester? I forget. They had a bunch of bakeries and we liked the product. No, I think we bought control from Howard. He was a good guy. So a bunch of us invested. I, Warren Pincus, others, to buy control, friendly control, of Il Fornaio. And we did very poorly at choosing executives and then finally, on about the second or third CEO a guy named Larry Mindel came along who had started a restaurant chain which had been very, very successful. He said, "I love Il Fornaio but I'd love to make it a new restaurant chain." So we sold him 20 percent of the company for almost nothing and he built it as a terrific company and then the company got sold to a New York buyout firm a few years ago.

10-00:20:16  
Rubens: I haven't been there in a while. Is it still good?

10-00:20:20  
Hellman: Yeah, it's good.

10-00:20:39  
Rubens: So was that fun? Anything else to say about it? Did they have good treats at the board meetings?

10-00:20:51  
Hellman: They had always a pretty good meal but didn't make much money so you needed to get something out of it.

10-00:20:56  
Rubens: So you're there for almost twenty years.

10-00:20:57  
Hellman: Yes. I still own a couple percents of the company.

10-00:21:00  
Rubens: I missed an early one. D N & E Walter & Company.

10-00:21:13  
Hellman: Not a major investment. I do own some of their stock.

10-00:21:20  
Rubens: But you're on the board?

10-00:21:19  
Hellman: Yes, because they're relatives of mine.



10-00:21:20  
Rubens: Who are the relatives?

10-00:21:24  
Hellman: Well, it's the Branstens. And the Walters.

10-00:21:29  
Rubens: Should I tell you the little story I heard about Rena Bransten?

10-00:21:32  
Hellman: Sure. My cousin.

10-00:21:47  
Rubens: She has gotten up early to make breakfast for her son, and she needs an onion, so she's going outside when she sees you. You live right next door, and you're out stretching, ready to go on a run.

10-00:22:02  
Hellman: Okay, yeah.

10-00:22:04  
Rubens: And she says, "Can I borrow an onion?" And you say, "Well, ok but I need to talk to Chris about it." And she says, "Warren, why do you have to talk to Chris about me borrowing an onion?" And you said, "Oh, I thought you said a million." [laughter]

10-00:22:29  
Hellman: That's possible.

10-00:22:31  
Rubens: I don't know how I know that story.

10-00:22:34  
Hellman: I don't either but I like the story.  
  
Have you ever met Rena? She's a real character.

10-00:22:42  
Rubens: I've met her at her gallery. [Rena Bransten Gallery, San Francisco] And how is she related?

10-00:23:00  
Hellman: Father's side. And I think she was the daughter of his first cousin. But I'd have to—.She was Rena Glazier and I think Sylvia Glazier was her mother. Billy Glazier was her father. [Rena and Warren's grandmothers were sisters.]

10-00:23:45  
Rubens: So you were talking about the family connections to D N &E Walter—

10-00:23:47  
Hellman: That was the family's company. Steven Walter was—let's see. I think he was Daphne's father or uncle. I'm not sure. But anyway—

10-00:24:16

Rubens: And what kind of company were they?

10-00:24:17

Hellman: Well, they had been a carpet company. D.N.& E. Walter Carpets and then they sold to one of the conglomerates for quite a lot of money and they turned into a sort of family investment company. And my father had been a director, so they asked if I'd become a director. It's really fun. They're really nice people.

10-00:24:37

Rubens: You're still on it.

10-00:24:38

Hellman: Yes. You know Rena. They're all very talkative. Daphne, I don't know if you know Daphne Bransten, but she has incredibly strong opinions about everything, which are usually fun. Very strong likes and dislikes. So I've enjoyed that. I've been on it for a long time. I wouldn't want to get off of that board.

10-00:24:58

Rubens: And it's doing well and—

10-00:24:58

Hellman: It's doing fine. It may not be the next Facebook, but it's doing well.

10-00:25:09

Rubens: I just want to see if you have comments about some boards you served on. Some of them are independent of Hellman and Friedman; some may because of the firm's role in restructuring the companies. There's Acton Computer Technology and—

10-00:25:28

Hellman: That may have been a later date.

10-00:25:31

Rubens: That's '84, '84 to '87. There's Alamitos Land Company.

10-00:25:36

Hellman: Yeah, but Alamitos Land Company is our family company. That has nothing to do with Hellman & Friedman. My great-grandfather and a guy named Lewellyn Bixby were partners. The Bixbys basically owned Seal Beach. In fact, they also owned Long Beach. And he was partners with them forever and it ended up in a company called Alamitos Land Company. I was on that board, yeah; it was fun.

10-00:26:06

Rubens: So, we talked about Castle & Cook. We talked about Crown Zellerbach. That's only a one year board stint because—

10-00:26:22

Hellman:

Yes. Well, it got taken over by Jimmy Goldsmith, I think. Sir James Goldsmith. He was an English buccaneer. He took it over on an unfriendly takeover. The best saying that came out of that. They were desperately trying to find anybody else to buy the company, "a white knight." And so Sir James came to a board meeting and said, "I don't know why you're looking for a white knight. I'm white, I'm a knight and I'm going to own this company." And he did.

10-00:26:56

Rubens:

How'd you feel about it?

10-00:26:57

Hellman:

Well, I fought it but not aggressively. He was offering a great price for the company.

10-00:27:16

Rubens:

So what would you have liked to have seen? Just somebody else or some kind of other form of acquiring capital?

10-00:27:28

Hellman:

I think what I would have preferred is the company just going along. It was slowly improving. It was becoming a pretty good company. The problem with an unfriendly takeover is that then anybody else looks more attractive than the guy who's raiding you. He's a raider. It's just automatic.

10-00:28:26

Rubens:

I didn't ask you about Hellman, Jordan Management Company.

10-00:28:43

Hellman:

Well, that I started in 1978. Basically, it was a little bit the same as starting Osterweis. We had a bunch of family trusts. Nobody was managing them. There was a guy, a big money management firm in Boston, I'll think of it, named Gerald Jordan and somebody introduced him to me, all right, me to him, and he said, "I want to start a money management company." So I said, "If you'll give me part of the ownership of the company, of the management company, I'll transfer all of our accounts to you." And he did great. But it was a little similar to Osterweis.

10-00:29:22

Rubens:

So to clarify, are you buying shares in it? What is it?

10-00:29:27

Hellman:

You start a company. Yeah, I guess it ends up being shares. But you divide up the ownership of the company. Gerry owns seventy-five or eighty percent, and for putting in most of the managed accounts, I got 20 percent of the ownership.

10-00:29:43  
Rubens: So let me just double-check my list. I checked off the boards you served on up to about 1988. We're going to get to the Levi Strauss story pretty soon. We talked ever so briefly about Sugar Bowl.

10-00:30:01  
Hellman: Yeah, but that's just a family—

10-00:30:06  
Rubens: Endeavor, sort of, or service, kind of.

10-00:30:12  
Hellman: Yes. It's not a serious investment. Starting in '84 there's the California Academy of Sciences. I went on the board. It's just a charity board.

10-00:30:40  
Rubens: But you're asked to be on it?

10-00:30:45  
Hellman: Yes. Well, if they look at you as a potential donor, they tend to ask you.

10-00:30:49  
Rubens: Why don't we talk about your involvement with Levi Strauss & Company. That a very dramatic story.

[Extraneous conversation omitted]

10-00:32:00  
Hellman: Yeah. Well, sure put us on the map.

10-00:32:02  
Rubens: How did it come about?

10-00:32:06  
Hellman: Well, basically—

10-00:32:08  
Rubens: You had been an advisor as a result of Lehman.

10-00:32:11  
Hellman: Yes, and Tully had a relationship. It was a sort of joint account again. And Tully and I sat down one day and said, "This company shouldn't be a public company. They're not getting any of the value that you should get from being public. They should go private."

10-00:32:33  
Rubens: And that value being? What would that have been?

10-00:32:36  
Hellman: I don't know. Fifteen bucks a share more. The stock was just really cheap and they weren't getting any recognition for what a good company it was. So we

went to Bob Haas, Tully and I, and said, “You ought to consider taking this company private, privatizing it, no longer being public.”

10-00:32:57

Rubens: It had gone public in '71.

10-00:32:59

Hellman: Yes. Lehman Dean Witter had done the original offer. I was the one who worked on it. For Lehman. So we went to Bob. We said, “The stock is selling at around \$35 a share. We think that the family could buy out the public stockholders at a price of \$50 a share and have a very solid enterprise.” So they did that. We borrowed, I can't remember all the numbers, but I think the family kept in like \$400 million of stock and ended up owning 97 percent of the company and then we borrowed a billion two or something.

10-00:33:50

Rubens: What is the strategy for offering fifteen bucks more a share?

10-00:33:55

Hellman: That's what it would take. What was the strategy for selling you that shirt for \$112? What would it take to interest the public in selling out?

10-00:34:06

Rubens: Okay. Now, Haas responds to this.

10-00:34:13

Hellman: He thought it was great.

10-00:34:16

Rubens: He had just become president and the CEO.

10-00:34:19

Hellman: Yes. And he was unhappy with how they were treated by the public, by the security analysts, by all the stuff you've heard. The tremendous pressure for quarterly results and stuff like that. You've heard all that before?

10-00:34:35

Rubens: Well, I read about it.

10-00:34:38

Hellman: Tully and I and Matt and the others here made up a presentation for the board about how they ought to offer the public \$50 a share to go private and they did. It was successful. It actually was the largest leveraged buyout that had ever been done and that lasted for two weeks. Some company in the south did a leveraged buyout at a higher—

10-00:35:11

Rubens: The *Wall Street Journal* says it's alleged to be the best buyback in history of such transactions.

10-00:35:20  
Hellman: It worked pretty good.

10-00:35:22  
Rubens: So let me ask you just some more details about this. The family already owned 40 percent of the stock. Bob himself had one percent of the stock.

10-00:35:31  
Hellman: Something like that. Yes.

10-00:35:33  
Rubens: Were you invested, too, in the—

10-00:35:37  
Hellman: Not at that time but I invested as a part of the buyout.

10-00:35:40  
Rubens: The firm Heller Ehrman represented Levi Strauss, when it went public in '71. Did they structure buyout?

10-00:35:52  
Hellman: No, I think Wachtell, Lipton was.

10-00:36:22  
Rubens: Now, so what's the figure 1.45 billion?

10-00:36:33  
Hellman: I think the total price was like—wasn't it 1.6 billion? So you had to pay, in effect, the value for the company of 1.6 billion. Of that amount, roughly 400 million was the family just rolling its stock into the new enterprise. A billion two—and they took a bunch of money out, by the way. A billion two was borrowed. So you had \$400 million of equity in the old family stock and a billion two of debt.

10-00:37:06  
Rubens: Who are you borrowing from?

10-00:37:06  
Hellman: I think Wells Fargo. And it got paid off in about an hour and a half. It was spectacular.

10-00:37:15  
Rubens: There's a *New York Times* article that says there was a review by a special committee of independent Levi directors.

10-00:37:23  
Hellman: Yes. Well, that's—

10-00:37:24  
Rubens: Does that mean not family members?

- 10-00:37:24  
Hellman: Yes, and that's the law.
- 10-00:37:26  
Rubens: Okay. And they worked with Goldman Sachs and Wells Fargo was the lead bank. I wonder why they worked with Goldman and not Lehman. I don't know if they had a relationship to Lehman. Probably not because it's—
- 10-00:37:40  
Hellman: Not particularly. No. Goldman had just competed for the business and it was successful.
- 10-00:37:55  
Rubens: Employees remained shareholders and that becomes a bit of a to-do later on, which I'll ask you about. And then I don't know what this means. I had seen in an article there was an issue of predators tracking the company with computers, waiting to pounce.
- 10-00:38:21  
Hellman: I think Levi at \$35 a share looked like a really, really cheap stock. So a bunch of the, you know, Jimmy Goldsmith type but not Jimmy himself, but a lot of people like him were tracking the stock thinking that they might make a takeover bid, which would have been a hostile bid. And part of the logic for this was to avoid that, and we did. Nobody chose to match the \$50. Although we worried all the way through, every hour of every day, that somebody was going to jump us, but they didn't.
- 10-00:38:57  
Rubens: So the stock had gone down; sales went down. They closed or consolidated a lot of facilities?
- 10-00:39:59  
Hellman: Right. They closed a lot of the domestic manufacturing plants. They'd made a bunch of acquisitions that hadn't turned out well, so that they continued the consolidation. They—
- 10-00:40:13  
Rubens: Is this at your advice? Is this still—
- 10-00:40:15  
Hellman: Well, yeah. They're not stupid people.
- 10-00:40:19  
Rubens: Right. So it starts to go up. Well, it's up 165 percent.
- 10-00:40:27  
Hellman: That was pretty good.
- 10-00:40:29  
Rubens: Very good. There's still a slight dip in sales. The company is rich in cash at the time but was having trouble finding attractive acquisition. Okay.

10-00:41:04  
Hellman: Well, yes. But they didn't have any trouble finding unattractive acquisitions.

10-00:41:07  
Rubens: And you had mentioned the company was tired of answering to Wall Street on a quarterly basis. There was pressure to focus on short-term gains rather than long-term—

10-00:41:17  
Hellman: Yes.

10-00:41:18  
Rubens: —growth and stability. And then the family wanted to be part of the decision making, that some of the other shareholders were in the way.

10-00:41:27  
Hellman: Yes.

10-00:41:27  
Rubens: So the positive is obvious, that they made money.

10-00:41:34  
Hellman: People made out.

10-00:41:34  
Rubens: Everybody made money.

10-00:41:36  
Hellman: Yeah. The public stockholders did fine. They got a huge premium for their stock. The family did fine.

10-00:41:43  
Rubens: Was there any downside to that at all? Was there any fallout as a result of the—

10-00:41:49  
Hellman: Not particularly. There's always risk.

10-00:41:53  
Rubens: Okay. So should we skip ahead? Then eleven years later it's a whole other scene. Ninety-six there's a family squabble. I don't know what that is.

10-00:42:04  
Hellman: That went on for a while.

10-00:42:06  
Rubens: Had it started earlier?

10-00:42:08  
Hellman: It was always kind of there.

10-00:42:11  
Rubens: What's it about, to the extent you want to—



10-00:42:13  
Hellman: I don't want to talk too much about that.

10-00:42:14  
Rubens: Fine, fine.

10-00:42:15  
Hellman: But two substantial owners of the company, the Haases and the Goldmans, and there was not very much love lost between the two of them.

10-00:42:28  
Rubens: All this time?

10-00:42:30  
Hellman: Forever.

10-00:42:33  
Rubens: Okay. It's in their DNA or always over money, status?

10-00:42:39  
Hellman: No; yes. I think it was just— I think a whole bunch of complicated reasons. But they didn't get along that great and then when the company was put together they got along a little better for a while. Rhoda Haas Goldman was a lovely woman, went on the board of Levi, and then she died suddenly.

10-00:43:00  
Rubens: Is it that she's opposing this new plan for another buyout of shareholders?

10-00:43:14  
Hellman: I don't remember that.

10-00:43:15  
Rubens: This is from the *New York Times*.

10-00:43:17  
Hellman: Okay. Well, then, it's probably true.

10-00:43:18  
Rubens: It would have been a huge benefit—

10-00:43:22  
Hellman: Oh, oh, oh. Yeah. When the Goldmans got bought out. Yeah. They did brilliantly. The whole company today is probably worth three billion, two and a half. So they did great.

10-00:43:43  
Rubens: Yeah, a third of what it was. Now, they're going to be three Haases and you, I think altogether had fifty-three million shares outstanding.

10-00:43:54  
Hellman: Yeah, but I got bupkis. I had 500,000.

10-00:43:57  
Rubens: Nevertheless, this was going to be a huge benefit to all of you. Rhoda Goldman, who is Robert's aunt, opposed the deal. I don't know on what—

10-00:44:09  
Hellman: The second deal.

10-00:44:10  
Rubens: Yes, the second deal. This is '96. Even though she did ultimately—

10-00:44:15  
Hellman: Brilliantly.

10-00:44:16  
Rubens: What was her opposition?

10-00:44:20  
Hellman: Well, just she didn't think it was wise to do another buyout. They, at the outset, didn't want to be bought out but then the price was so dramatic that they did what I would have done. At 265 bucks a share, it was pretty hard to say no.

10-00:44:48  
Rubens: So the board voted to buy shares also of the employees and of the Haases who wanted to cash in.

10-00:44:53  
Hellman: Right. Some of them did. The Goldmans did. Virtually all their stock.

10-00:45:01  
Rubens: The deal was valued at more than fourteen billion and then the next year there's an incredible leap. Again, those who were in it did phenomenally well, right?

10-00:45:15  
Hellman: And then there was incredible fall from grace. Fifteen billion dollars was the valuation for the company. The whole company today is worth a couple of billion. Three billion maybe. They did just fantastic.

[Irrelevant conversation omitted]

10-00:47:43  
Rubens: And you did very well with this?

10-00:47:50  
Hellman: Well, I didn't sell any stock. I did terrible.

10-00:47:54  
Rubens: Why?

- 10-00:47:55  
Hellman: Well, I had 500,000 shares of stock. If I sold them at \$265, that's a lot more than fifty bucks. But I didn't. I didn't sell any stock ever.
- 10-00:48:07  
Rubens: How come? Because you wanted to be part of it?
- 10-00:48:09  
Hellman: Yeah. I just felt disloyal.
- 10-00:48:11  
Rubens: I see. So that would have been a betrayal and would you—
- 10-00:48:17  
Hellman: I don't know if it would have been a betrayal but anyway, well, most of the Haases didn't so I didn't. You talk about dumb financial decisions. Turning a hundred million dollars into twenty-five million is not something you want to do most days of the week.
- 10-00:48:37  
Rubens: What about Bob? Of course, he's president and CEO. He's not going to—
- 10-00:48:40  
Hellman: Yeah, he didn't sell them.
- 10-00:48:41  
Rubens: He can't do that. He was just extraordinarily wealthy, right? He was extraordinarily philanthropic? Just huge amounts?
- 10-00:48:51  
Hellman: Yes. Well, the family was wealthy independent of all of these transactions.
- 10-00:48:56  
Rubens: From an historical point of view, someone who would look at this oral history and want to get some information. How do you characterize Bob Haas, Robert Haas? How did you feel about him both as a person and a business leader?
- 10-00:49:20  
Hellman: Well, I think he's a very principled, very loyal, very hard working. He was a really good CEO for a long time. And just a very decent person. Bob's a very good person. Very family loyal. I have very little bad to say about him.
- 10-00:50:17  
Rubens: Well, you seem like you have a lot good to say about him.
- 10-00:50:18  
Hellman: Yes, I do.
- 10-00:50:53  
Rubens: We'd love to interview Bob. By the way, was the *Wall Street Journal* reporter writing about Levi as well as you?

10-00:51:04  
Hellman: She also was writing about Levi. She did a bunch of stories about Levi in the *Chronicle*, which I thought were brilliant.

10-00:51:12  
Rubens: So you stayed on the board?

10-00:51:31  
Hellman: Until about three years ago.

10-00:51:33  
Rubens: What made you get off?

10-00:51:35  
Hellman: Age. Just too long.

10-00:51:37  
Rubens: Not that big a board, right?

10-00:51:40  
Hellman: No. About ten or eleven people. Not like ballet or operas.

10-00:51:44  
Rubens: And then Levi went on a kind of roller coaster.

10-00:51:51  
Hellman: It sure did. Yes, in '93 they went very deep—I think it was '93—very deep financial. It was '93 or '03. I forget. But very deep financial trouble. They got out of it. They're pretty solid today. I wish they'd start growing again. They claim they are.

10-00:52:07  
Rubens: Just incredible competition.

10-00:52:09  
Hellman: Yes. Their large customers, the big box stores, are not faring well.

10-00:52:15  
Rubens: I think Gap was their biggest competitor, wasn't it?

10-00:52:18  
Hellman: Yes, but Gap has its own retail distribution, which Levi probably should have had but didn't.

10-00:52:25  
Rubens: So in terms of you advising them, were you pushing that or—

10-00:52:34  
Hellman: My issue was if they were going to do that, they had to do it right. And they really had no retail experience in the company and they weren't really able to attract outstanding retailers. So I was not enthusiastic about them going into retailing unless they did it the right way. If they could have ever gotten

Mickey Drexler to become part of Levi, then they would have been brilliantly successful.

10-00:53:05

Rubens: They got some big clothing designer person. I can't think of it right now.  
[Billy Reid]

10-00:53:08

Hellman: I don't know.

10-00:53:10

Rubens: Anything else that you wanted or that you did suggest that they did?

10-00:53:18

Hellman: Well, they have not been wildly enthusiastic about my suggestions in recent years. I felt there were at least questions about the retail experiment. I think retail is a very, very difficult row to hoe and so I'm waiting to see what happens. They certainly opened a lot of stores.

10-00:53:56

Rubens: Yes. Did you have fun on that board, though? Was—

10-00:53:59

Hellman: Most of the time. Yeah.

10-00:54:03

Rubens: Was the '96 thing dicey?

10-00:54:06

Hellman: Yeah, it was fun. We shouldn't have done it but it was fun.

10-00:54:12

Rubens: Why shouldn't you have done it?

10-00:54:13

Hellman: Well, we paid a huge price. It's never gotten back to the value that it was. If you bought a house for a million dollars and it became worth \$200,000 and never recaptured—you wouldn't be so happy with it.

10-00:54:33

Rubens: Right. So let me just recap. So the purpose of it was allegedly to have more control so that—

10-00:54:41

Hellman: No, they have control. The purpose of it was to buy out sort of—they wanted to give people a chance to get out. They'd had no chance of liquidity for a bunch of years.

10-00:54:53

Rubens: So they're complaining? Some of those people—

- 10-00:54:54  
Hellman: Not so much complaining, just an opportunity. They weren't going to go public again. They were still throwing off a ton of cash, so it was an opportunity to buy out anybody who wanted to be bought out at a great price.
- 10-00:55:09  
Rubens: Well, that sounds so—can't think of a word—generous or—
- 10-00:55:15  
Hellman: It was, but, of course, if somebody's generous to you, you want to slit their throat.
- 10-00:55:20  
Rubens: So what was the business strategy?
- 10-00:55:23  
Hellman: Well, that basically this was a cash machine. It didn't need all the cash in the company. They were unwilling to sell the company. They were unwilling to go public, so how do they get some cash in the hands of the stockholders.
- 10-00:55:41  
Rubens: And why do we want the stockholders to have cash?
- 10-00:55:43  
Hellman: Well, why not? Because they want cash. They don't want to be hostage forever to a company that's just throwing off a ton of cash, is not paying anything significant in the way of dividends. So it's just a wonderful chance to get some cash.
- 10-00:56:05  
Rubens: There were an extraordinary number of shares, I think. I actually don't know what's typical of certain companies. But didn't it end up being fifty-three million? Some millions of—
- 10-00:56:17  
Hellman: Yes, a lot of shares.
- 10-00:56:20  
Rubens: And the purpose of that is both to get the cash and to—
- 10-00:56:23  
Hellman: Well, no. To get liquidity, as I said. To get liquidity to people who wanted it. So I have a hundred shares which were just valued at whatever they were. You offer me \$265 a share. I wanted some liquidity, you're giving it to me.
- 10-00:56:41  
Rubens: And besides the shareholders being pleased, what's wrong with having a lot of cash?
- 10-00:56:49  
Hellman: Because it's just dormant.

10-00:56:50  
Rubens: What are you going to do with it? You're not making money on it.

10-00:56:53  
Hellman: Yeah, it's just lazy.

10-00:56:55  
Rubens: And could they have used that? Would you have—

10-00:57:00  
Hellman: Later they probably could have but it didn't seem apparent at the time.

10-00:57:02  
Rubens: In terms of creating retail or whatever.

10-00:57:06  
Hellman: Well, whatever, yes. But I was dubious always about expansive plans to spend a lot of cash because usually it didn't work.

10-00:57:21  
Rubens: What did it cost them to go into Levi Plaza? That was some—

10-00:57:30  
Hellman: Not much.

10-00:57:31  
Rubens: There was some incredible deal that Gerson Bakar, the developer, worked out. I can't quite remember it. Trading one building for another and—anyway, it's in Bakar's oral history.

10-00:57:36  
Hellman: Yes, it was pretty fancy. It was before my time but it was—.Let's take a quick break.

#### Audio File 11

11-00:00:00  
Rubens: So you feel we said enough about Levi Strauss?

11-00:00:22  
Hellman: Yes.

11-00:00:22  
Rubens: Okay. So now on to the development of Hellman & Friedman. There's a cute article in the *Wall Street Journal* in '86. So the fund is maybe in the works but you haven't launched Fund One. It's a portrait basically. It says, "Hellman and Friedman thrives as a financial confidant for blue chip client lists." And the point that it ultimately makes is that few investment bankers would have risk dependent diversion, that you were involved in—oh, I guess regarding the Levi. Here's the point. I got to the wrong point. "Mr. Hellman's clients are more than willing to suffer his quirky independence and his near obsession with running for his skills as a strategist and a dealmaker. Indeed, Mr.

Hellman has become the most sought after of an emerging and increasingly influential breed, the boutique investment banker.” Would you have considered yourself a boutique?

11-00:01:50

Hellman:

Yes, we were. Well, we definitely were because we weren't part of Goldman Sachs or Morgan Stanley or Lehman Brothers. There were a number of other so called boutique investment banks that started when we did or soon after we did. They've done fine. PJ Solomon, Evercore, Eric Gleacher. So having an independent advisor who is not trying to sell you fourteen other projects and not trying to secretly sell your company on the side appealed to a lot of managements.

11-00:02:32

Rubens:

Plus, allegedly you can give them more attention.

11-00:02:36

Hellman:

Yes. And they get you. They don't get somebody who's about two and a half hours out of business school. That may be a disadvantage but they get the guys with the name on the door.

11-00:02:48

Rubens:

So while you come to be distinct and very successful, there's the trend in business.

11-00:02:58

Hellman:

Yes. There are still a bunch of them around.

11-00:03:04

Rubens:

You were upping your running. You mentioned that Robert Haas was concerned that you're going to do one of your hundred mile marathons shortly before the actual Levi transaction.

11-00:03:21

Hellman:

Yes. He said, "Is that a good idea?" and I said, "Well, it's not an idea. It's a fact."

11-00:03:28

Rubens:

You had been running. We talked about you running a little in New York and the Boston marathons. So when you're out in San Francisco, this is when you—

11-00:03:33

Hellman:

I just augmented it. I did the Western States Hundred in '85 and '86, I think.

11-00:03:47

Rubens:

Okay, so just in this whole period.

11-00:03:49

Hellman:

Yes.



11-00:03:50

Rubens: What made you do it?

11-00:03:51

Hellman: Because it was there. Sort of the ultimate challenge except that there always is an ultimate challenge. I don't know if I told you this story about the day after the race.

11-00:04:03

Rubens: No.

11-00:04:04

Hellman: My wife and I, I was wearing my finisher's t-shirt and I was thinking it's the greatest thing since sliced bread. And the two of us just went out to work off some lactic acid. And these two little women ran up. And they said, "Oh, you were in the race yesterday." I said, "I was." And they said, "Well, we crewed at one of the green gate," which is one of the aid stations, and I said, "That's great." She said, "I think we'd like to do it next year." I said, "Look, you've got to get one thing straight. You've got to be in physical condition like you've never been in your life to do this race." She said, "Well, my friend and I ran across the country last summer. Don't you think we can do this race?" So whatever you do, there's somebody who's faster, has more endurance, more guts. It was such a great comedown.

11-00:04:56

Rubens: Yeah. But you mentioned the crew. Chris crewed. She was a runner. Is that right?

11-00:05:04

Hellman: She was good. She actually was a good runner.

11-00:05:07

Rubens: What does that mean?

11-00:05:10

Hellman: Well, she was very fast for somebody her age. She went to the National Master's Championships a couple of years and was top three both times in the 10K.

11-00:05:23

Rubens: Did you run together?

11-00:05:24

Hellman: We did. I can keep up with her but she can also keep up with me.

11-00:05:30

Rubens: But she wasn't going to do this hundred mile run?

11-00:05:33

Hellman: Oh, no, no, no. No, she had a saying for all of my running. Nothing exceeds like excess.

- 11-00:05:41  
Rubens: Well, that's wonderful. That's a great phrase. How did you train for it?
- 11-00:05:46  
Hellman: Well, I was running probably 120 miles a week in preparation for it. Generally you do your regular runs where you do some speed work and on the weekends you do a couple of very—thirty, forty mile runs. Usually on the trail.
- 11-00:06:08  
Rubens: They used to say if you could do half the Bay to Breakers race you could do the whole thing.
- 11-00:06:14  
Hellman: That's true.
- 11-00:06:15  
Rubens: And so would you get up to fifty miles?
- 11-00:06:16  
Hellman: Oh, yeah. And you'd do fifty mile races training for it. Like I did the American River 50 a bunch of times.
- 11-00:06:24  
Rubens: How many people are on the hundred mile?
- 11-00:06:26  
Hellman: I think there are about 300. It starts at Squaw Valley and it ends up in Auburn.
- 11-00:06:34  
Rubens: So it's a circuitous route?
- 11-00:06:36  
Hellman: Over the mountains. Yes.
- 11-00:06:36  
Rubens: What are you thinking about when you're running?
- 11-00:06:43  
Hellman: That last part wasn't so bad. To the extent that you're thinking—Well, just controlling your speed, being careful that you don't burn yourself out. Being conscious of what you're eating.
- 11-00:07:00  
Rubens: Do you eat regularly along the—
- 11-00:07:01  
Hellman: Yeah, you do.
- 11-00:07:02  
Rubens: Electrolytes and—
- 11-00:07:04  
Hellman: Yeah.

11-00:07:06

Rubens: Had you been involved with Power Bar at that point?

11-00:07:08

Hellman: Yeah.

11-00:07:11

Rubens: Tell me about that. How did that—

11-00:07:12

Hellman: Well, Brian and Jennifer Maxwell came to us, Hellman & Friedman. And said, “Would you be interested in buying part of our company?” So we bought 20 percent of Power Bar. And I was on the board of the company. It was a lot of fun. And then Brian drops dead, as you may or may not know. Out of the blue. He was a great runner. He was Canadian, I think, originally. He won the Empire Games Marathon. He was like a 210 marathoner and they were living in Ross, I think. And he went out for a run one morning, came back to the house, said, “Jennifer, I’m going down to the post office to pick up our mail.” Started to go up the steps to the post office, had a heart attack and dropped dead.

11-00:08:50

Rubens: Did you eat Power Bar while you were running?

11-00:08:55

Hellman: Oh, yeah. Oh, it’s a great product.

11-00:09:00

Rubens: That’s an example of besides seeing it as a smart business, also you had a personal connection to it. Plus, liked the people a lot.

11-00:09:10

Hellman: I did.

11-00:09:11

Rubens: Saw them as really competent.

11-00:09:12

Hellman: Just really great people.

11-00:09:14

Rubens: And how did you literally physically feel when you completed those races?

11-00:09:22

Hellman: Well, I did a race called the Golden Gate Double Marathon, which is two marathons and at dinner that night a woman said to me, “Why do you do this?” And I said, “There is no feeling in the world, nothing that feels better than standing in the finish area knowing you’ve just run fifty miles. Nothing that can taste sweeter.” She said, “Have you tried hollandaise sauce?”

- 11-00:10:12  
Rubens: People are funny.
- 11-00:10:12  
Hellman: Or maybe it was béarnaise. But just the feeling that you've just done fifty or a hundred miles. And just the uniqueness of it.
- 11-00:10:40  
Rubens: But physically. Had to be a big toll.
- 11-00:10:43  
Hellman: Yes.
- 11-00:10:46  
Rubens: You said you were running the next day in Crissy Field, or a couple of days after, because the lactic acid builds up so you—
- 11-00:10:51  
Hellman: Just work it. Yes.
- 11-00:10:51  
Rubens: —so you need to keep exercising.
- 11-00:10:55  
Hellman: Well, you should. I actually think now that for most runners, running a hundred miles is bad for you because it breaks down your—an awful lot of the people that I knew who were doing it had to give up running. Fifty miles is nothing and marathons are a sprint but the Western States Hundred is—
- 11-00:11:19  
Rubens: So you did it how many times?
- 11-00:11:21  
Hellman: Twice. And then I've done it on a horseback, where I finished it five times.
- 11-00:11:30  
Rubens: Eighty-five and '86. You run two years in a row. The body doesn't need to—
- 11-00:11:33  
Hellman: I was going to do it forever and then I never did it again. Well, also, it's so intense. I was riding up, riding home from a training weekend up there on a bus with a bunch of people, all runners, and I was the only one that was still married. Chris said, "If you think I'm going to spend another weekend in Auburn."
- 11-00:12:02  
Rubens: You're quoted in something as saying it's a big stress on marriages but Chris and you were tight in that she crewed and had run. But there's a limit.
- 11-00:12:12  
Hellman: Yeah. But running into your wife at 4:00 in the morning sleeping in a ditch.

11-00:12:16  
Rubens: Tell that story.

11-00:12:21  
Hellman: She was just at one of the aid stations. I looked and there she was, asleep in a ditch.

11-00:12:28  
Rubens: God. You knew she was paying a price, as well.

11-00:12:31  
Hellman: Exactly.

11-00:12:33  
Rubens: How long does it take to run a hundred miles?

11-00:12:37  
Hellman: Well, it took me way too long. It took me twenty-seven hours but a good time was twenty-four or less.

11-00:12:47  
Rubens: Three hours different? Sounds pretty good time to me.

11-00:12:52  
Hellman: Yes. Twenty-four hours or less you get a silver buckle and thirty hours or less you get a bronze buckle, so all I ever got was a bronze buckle.

11-00:13:01  
Rubens: Twenty-seven. No breaks?

11-00:13:03  
Hellman: No.

11-00:13:04  
Rubens: When you got to go, you just go. You go to the side and lift your leg and—

11-00:13:08  
Hellman: Yes.

11-00:13:11  
Rubens: And so eating has to be bars and, I don't know, trail mix, I guess.

11-00:13:17  
Hellman: Yeah.

11-00:13:18  
Rubens: And people are handing you stuff on the way?

11-00:13:20  
Hellman: No, you usually carry most of your own liquids.

11-00:13:22  
Rubens: Wow. Twenty-seven hours.

11-00:13:25  
Hellman: Yeah, that's really dumb.

11-00:13:28  
Rubens: But you did it.

11-00:13:29  
Hellman: And really slow.

11-00:13:30  
Rubens: Did you do better the second year?

11-00:13:32  
Hellman: Within five minutes of the same time.

11-00:13:36  
Rubens: Was part of you thinking, "Oh, I'll do better?"

11-00:13:39  
Hellman: Yeah.

11-00:13:40  
Rubens: And when did you begin doing the Western States Hundred on horseback?

11-00:13:47  
Hellman: I started doing that a couple of years later. I started nine times and finished five. It took 24 hours. Well, two times I passed out and two times the horse crapped out. No, it was funny.

11-00:14:21  
Rubens: So you're running pretty damn close to what a horse could do.

11-00:14:30  
Hellman: Yes. One difference is the horses have required stops. Like the horses have three or four one hour holes and humans don't.

11-00:15:01  
Rubens: So you started nine times and finished five. Passed out. Heat? Just—

11-00:15:09  
Hellman: I don't know.

11-00:15:10  
Rubens: You had gotten older?

11-00:15:11  
Hellman: No. We were literally sort of— I don't know. Just something happened and I fell off.

11-00:15:24  
Rubens: They were accidents.

- 11-00:15:25  
Hellman: Well, not exactly. They were just crap outs.
- 11-00:15:32  
Rubens: But nine times. So you were going to try and master this? There was something—
- 11-00:15:37  
Hellman: Well, yeah.
- 11-00:15:39  
Rubens: What did Chris think about those?
- 11-00:15:45  
Hellman: Well, Chris's high point in that, she was waiting at the finish because I'd been doing quite well one of the years that I crapped out. No. I think it was a different accident. But anyway, so she felt I should be about getting to the finish line and she heard somebody say, "Did you hear about Rider 261? He's in the Auburn hospital?" And the horse had rolled off a cliff, off an embankment, so I was pretty banged up. So that wasn't exactly passing out. So she has to come down to the hospital.
- 11-00:16:25  
Rubens: Wondering what she's going to find. Was that the last one?
- 11-00:16:28  
Hellman: No. That was just an invitation to do it some more.
- 11-00:16:36  
Rubens: So the last time you did it of the nine, did you finish?
- 11-00:16:39  
Hellman: I didn't finish, I don't think.
- 11-00:16:40  
Rubens: But you finally said, "That's it."
- 11-00:16:42  
Hellman: That's enough.
- 11-00:16:44  
Rubens: Well, let me tell you a story you might be interested in since we only have a few minutes left.
- 11-00:16:49  
Hellman: I'd like to hear a story.
- 11-00:16:50  
Rubens: This was told to me by my friend Steve Goldstein, who ran the San Francisco Neighborhood Arts Program and has been a wonderful teacher and administrator at the California College for the Arts. A San Francisco boy who went to Lowell –knows so much. He wondered if you knew this and I don't

remember if it's in Frances's book. During the Depression, when Wells Fargo is in some trouble someone tells Marco about a clever Scottish banker in Washington state. His name is Robert Motherwell, and his son, also Robert, became the famous painter.

11-00:17:41

Hellman: I know the name Robert Motherwell.

11-00:17:43

Rubens: So apparently Robert senior comes down here to San Francisco to help restructure the bank—he becomes president of the bank at some point—brings his family, and it's then that his son enrolls in what was then called the California School of Fine Arts, now the San Francisco Art Institute. Stephen's telling me the story, because he was director of the Institute. Apparently, Robert's mother was an obsessive kleptomaniac in Bellingham, Washington, and so the father just had someone follow her around all the time to write down what she took.

11-00:18:18

Hellman: What she'd steal.

11-00:18:18

Rubens: I don't know. And then he'd pay the stores for what she'd stolen.

11-00:18:22

Hellman: Oh, that's great. Oh, I like that.

11-00:18:33

Rubens: I thought you'd like that. And here's another art related one. Now, do you know if William Gerstel was a relative of your family?

11-00:18:41

Hellman: Yes. The Gerstels.

11-00:18:46

Rubens: Well, he was an incredible art patron in San Francisco. He had been president of the San Francisco Art Commission. He paid for Diego Rivera to paint the mural that's in the San Francisco Art Institute.

11-00:18:53

Hellman: Oh, boy.

11-00:18:56

Rubens: So this is another story set in the thirties. He's in Mexico, knew people down there, and he runs into a Jewish poet named George Oppen. And Oppen says, "You look kind of down, William. What's going on?" And William says, "Well, I'm very upset. My daughter's getting married." And he said, "Well, what's so upsetting about that?" "She's marrying a Russian." And Oppen says—



11-00:19:30  
Hellman: A Russian Jew?

11-00:19:31  
Rubens: Yes, I think a Russian Jew. And Oppen says, “Well, there are Russians and there are Russians.” He said, “No, I don’t want her to marry a Russian.” So Oppen says to him, “Well, what is the boy’s name?” And Gerstel says, “Oh, it’s David Sarnoff.”

11-00:19:48  
Hellman: Oh, my god. That is a great story. We were his investment bankers, Lehman.

11-00:19:58  
Rubens: Yeah, I thought you’d like that story. But how are the Gerstels related?

11-00:20:01  
Hellman: I don’t know. People are always talking about the Gerstels. I don’t know any of them.

11-00:20:09  
Rubens: All right. It’s exactly 11:00.

11-00:20:11  
Hellman: That was fun.

11-00:20:12  
Rubens: So I think next time—I’m not quite sure when I have you next time but we’ll do the expansion of Hellman Friedman and then I’d like to talk a little about Chris’s civic—

11-00:20:28  
Hellman: Oh, you mean the ballet. Yeah, there are some fun stories.

11-00:20:31  
Rubens: Well, I wish you lots of luck. Have fun being on “A Prairie Home Companion.”

11-00:20:41  
Hellman: We’re going to need it.

11-00:20:43  
Rubens: Will it be on the air immediately?

11-00:20:46  
Hellman: Yeah, it’s done live, I think. So it’s on Saturday night at 6:15 and Sunday morning at 11:15, on KQED. [[The program aired June 5, 2011: <http://www.youtube.com/watch?v=tdTUvbUwWv4>]

11-00:20:56  
Rubens: What I haven’t heard is the interview of Gilmore.

11-00:21:03  
Hellman: On “Fresh Air.” I say we have a good division of labor. He interviews on Fresh Air and in the *New York Times* and I interview for the *Mountain Mail*, in Salida. It’s the little tiny town in Colorado where we’re playing.

11-00:21:20  
Rubens: Oh, so you have a pretty full schedule?

11-00:21:23  
Hellman: Oh, god. Next Tuesday we’re going for four days to Colorado and then on the 14<sup>th</sup> we’re going for two and a half weeks back east. It’s very weird.

11-00:21:37  
Rubens: Great. It sounds kind of like a marathon, as well.

11-00:21:42  
Hellman: Yes. We had a really good show at Strawberry Festival last Saturday. That was fun.

11-00:21:53  
Rubens: Isn’t that what it is about, having fun and keeping up your—what do you say? Do you say chops? Keeping up your—

11-00:22:01  
Hellman: That’s as good as anything else. Keep picking. All right, Lisa. Thank you. That was fun.

11-00:22:13  
Rubens: Very fun.

11-00:22:13  
Hellman: That was great.

11-00:22:15  
Rubens: Fascinating. I’ll walk you to the door.

11-00:22:15  
Hellman: You’ll clean up?

11-00:22:16  
Rubens: I’ll clean up. Yeah. I bring in a lot of notes, as you see.

11-00:22:20  
Hellman: Yeah, you sure do your homework.

11-00:22:23  
Rubens: Well, yeah. I try to. But I couldn’t find a journalist you mentioned to me off camera. You thought her name is Jenny Bloomberg, who wrote about the Levi story for the *Chronicle*.

11-00:22:37

Hellman: Yeah, she was a real muckraker. I think it's Jenny Bloomberg but I'm not sure. [Jenny Strasburg. Now a reporter with the *Wall Street Journal*]

11-00:22:47

Rubens: Okay. You come back from—

11-00:22:47

Hellman: We come back Sunday and then we leave again Tuesday.

11-00:22:48

Rubens: By the way, your doctor-daughters must have been in med school at the time. Were they telling you don't run a hundred miles?

11-00:23:02

Hellman: Yeah. One of them is a very good runner.

11-00:23:13

Rubens: All right. Be safe.

## Interview 7: July 7, 2011

## Audio File 12

12-00:00:00

Rubens: It's our seventh interview and it's the 7<sup>th</sup> of July, so it's 7/7/11, sounds a bit auspicious, a gambler's sequence. Did you ever have, oh, I don't know, kind of lucky numbers or superstitions?

12-00:00:37

Hellman: I'm the most superstitious human on earth.

12-00:00:39

Rubens: You are?

12-00:00:42

Hellman: Oh, my god. Just my whole life. Superstition. I have to put on my right sock before my left sock. I have to brush my teeth before I shave. At one point Chris said, "You know, you're driving me absolutely crazy." And I knock on wood every thirty seconds.

12-00:01:07

Rubens: I also knock on wood. Did this start early?

12-00:01:11

Hellman: As long as I can remember.

12-00:01:13

Rubens: So certainly college.

12-00:01:15

Hellman: Oh, yeah.

12-00:01:24

Rubens: Well, what about in business? You operated a bit on feeling, didn't you?

12-00:01:33

Hellman: Yeah.

12-00:01:33

Rubens: Instinct and assessment of people's personalities. Were there any—

12-00:01:40

Hellman: I think I've said this before. But I think all the investment banking stuff was sort of almost organic or almost—So many generations. It was just part of my DNA, so I could look at the other stuff. I could be more interested in personalities, rather than how do you merge these two companies because I thought that was about three minutes work.

12-00:02:17

Rubens: So I think this history is up to 1987, when Hellman & Friedman opened your first fund.

12-00:02:35  
Hellman:

Right. Tully and I started together in 1983 and we didn't want to have other people's money until we were sure how we operated together and what other good people we could bring in. So we held off. I had an, I think I told you, unfortunate experience in Boston. And I didn't want to take a chance on repeating that. So for the first four years, Tully and I did a lot of financial—I'm repeating myself, a lot of financial advice. We'd work a couple of deals where we acted as principal and raised money for the individual transaction.. In fact, Tully has his own fund now but we're still very close. I know it's a contradiction in terms but this was a friendly divorce.

12-00:03:59  
Rubens:

'97, I think. Is that right?

12-00:04:00  
Hellman:

Yeah. And we still have a lot of common interests and as I said, I'm an investor in his fund, which has done quite well.

12-00:04:14  
Rubens:

So by '87 you have five partners and you've created this fund. And so the difference with the fund from what you had done before is that now you have more—

12-00:04:25  
Hellman:

Other people's money. We have institutional money. I think Stanford was our first lead investor.

12-00:04:35  
Rubens:

And how does that come about? How do you—

12-00:04:37  
Hellman:

I guess Tully and I just went on various road trips. We got along very well. God, I can't remember his name. He died. He was a great guy. The treasurer of Stanford. And we just hit it off and he said, "I'd like to lead your fund." I think he put in ten million dollars. The whole fund was only \$325 million. I had no idea how we could spend it but that turned out to be easier than I thought.

12-00:05:09  
Rubens:

Because?

12-00:05:10  
Hellman:

There were good investments to make. Ones that I perceived as good investments.

12-00:05:16  
Rubens:

Well, so I want to frame this just a bit in time. In the early nineties things take a much bigger leap. But from '87 to '90 you get Stanford. And isn't that when you begin getting involved with APL?

12-00:05:39  
Hellman:

Yes.

12-00:05:39  
Rubens:

There's Bank of America and then Federated Stores.

12-00:05:42  
Hellman:

Yeah. But APL is a particularly—

[Interview interrupted]

12-00:08:29  
Rubens:

This may not have affected you. '87 was the huge downturn in the market and so between '87 and really '90, I think. '89's a bad year, too. Does this affect you particularly?

12-00:09:08  
Hellman:

Well, usually I have a platitude. I was going to say a piece of philosophy. But in lousy markets it's hard to sell but easy to buy. And in great markets it's easy to sell but hard to buy. So some of the best investments we ever made were during that period of depressed markets.

12-00:09:34  
Rubens:

So we were talking about APL. American President Line. So how do you see this? Is it in trouble and you're—

12-00:09:51  
Hellman:

Well, we were financial advisors to the company. I think I was on the board. In fact, I know I was. It was a different world in those days in the sense that it wasn't a conflict if you were on the board of a company. If you invested in a company today, the agony you'd go through to make an investment. So I was on the board. The company was doing, I would say, mediocre. But they brought in new management and we decided that we would try to invest in the company, so we bought a convertible preferred, I think, and it did okay. Eventually the company got sold, a Singaporean company. And we made money off it.

12-00:10:51  
Rubens:

I think you were in that about ten years before that.

12-00:11:02  
Hellman:

Yeah. It seemed like a hundred.

12-00:11:03  
Rubens:

Did it? So was there a challenge there particularly?

12-00:11:27  
Hellman:

Well, the challenge was sort of straightening out the management team. I think getting the company focused and then—

12-00:12:03

Rubens: Then there was B of A?

12-00:12:34

Hellman: Well, we never made an investment in B of A but we were financial advisors. Actually, I think Dick Rosenberg brought us in and we were paid to give them advice. So we worked with them on the acquisition of Security Pacific and it was great working with Dick. He's a smart guy. Opinionated. So we worked on that and some other—I can't remember if we worked on other transactions with him but we did on that one.

12-00:13:15

Rubens: This was a good period for them, wasn't it? They'd built so many buildings. They expanded a lot.

12-00:13:24

Hellman: Well, also acquiring Security Pacific, which was a huge acquisition for them.. That was sort of our main advisory relationship. We don't advise on real estate. Neither of us knew anything about it. Wasn't a choice. It was a given.

12-00:14:38

Rubens: And then there's the issue of Federated Stores.

12-00:14:45

Hellman: Well, Tully had had a strong relationship when he was at Solomon with Federated and they just brought us in to give them general financial advice. Citizens Bank. Was that?

12-00:14:58

Rubens: Maybe. I'm not sure. So later you didn't try and buy it out?

12-00:15:19

Hellman: No.

12-00:15:20

Rubens: The end of the eighties, there were excessive buyouts going on with the bankruptcy of several large companies, including Campion's—

12-00:15:34

Hellman: Oh, that was Federated. He's a Canadian. Wealthy Canadian guy.

12-00:15:56

Rubens: Then in the nineties. There's the story of Shearson, New Line, going into Australia. I wondered if we should follow out some of what the business is doing, if there's a—

12-00:16:19

Hellman: Yes. We were metamorphasizing. Meta-something. We were moving away from financial advisory work and more into just investing the assets to the fund. And I think a great example of that was Fairfax. Fairfax may be the oldest company in Australia. It's a newspaper chain called John Fairfax. And

we formed a consortium, I can't even believe it, with Conrad Black, who's now in prison, I believe, and Rupert Murdoch. And what's the other big Australian guy?

12-00:17:02

Rubens: Who's the media mogul?

12-00:17:03

Hellman: Yeah. Oh, god. [Later in the interview Hellman remembers it is Kerry Packer.] One of the most colorful guys I've ever met. So the three of us decided we would be a consortium. Fairfax was in bankruptcy and we decided we would be a consortium to buy control of Fairfax. The competing consortium was a guy named Tony O'Reilly. And his sons had some problems with this. This is in Australia. And he and the Australian prime minister loved each other. So every step of the way the government was hugely involved in this. I said, "I want these guys, not these guys." And what we found, through advisors we had, is there was one issue of debt that would control the outcome of the bankruptcy. So we bought that and there was a famous—one of the most colorful days of my career. But sometime in the afternoon—

12-00:18:57

Rubens: You were over there?

12-00:18:59

Hellman: No, I was here. But Brian Powers was over there. And they declared that we were an unqualified buyer because the prime minister really wanted it to go to his buddy O'Reilly.

12-00:19:12

Rubens: It sounds like he wanted to keep it in the country.

12-00:19:15

Hellman: Well, no. O'Reilly is from here. He lives in Pittsburgh. But I think they played rugby together sometime. It's a typical Australian thing. So we were declared to be an unqualified buyer and that it was going to go to O'Reilly's group. We informed them that basically the government didn't control this, we controlled this one. We owned this one piece of debt and without the piece of debt there couldn't be a re-organization. So at 7:00 at night we were told that we were a disqualified buyer. At nine o'clock in the morning, the Parliament met and they fired the prime minister. And at noon we were told that we owned the company.

12-00:20:01

Rubens: Well, so is there some manipulating that's going on there?

12-00:20:05

Hellman: No. Just we happened to be on the side—if you can imagine Conrad Black on the side of the angels. But we were. We hadn't tried to influence anybody really.



12-00:20:16

Rubens: So is there some causal effect, though, with the parliament meeting and the—

12-00:20:22

Hellman: Yeah. Keating was the next prime minister and he was the like finance minister. I don't know what they call it down there. He said, "This is an outrage. These people have acted honorably. They have skin in the game, which O'Reilly doesn't. It's unthinkable that they are the only ones who can own it." So they had a meeting of parliament and fired the prime minister. It was great. At noon we owned the company.

12-00:20:56

Rubens: How long did you own it?

12-00:21:00

Hellman: Well, we were in probably four or five years and then the guy whose name we can't remember [Kerry Packer] bought us all out and then invited Brian to go down as chairman of the board, chairman and chief executive officer. So Brian left and went to Australia for five years.

12-00:21:39

Rubens: You do other investments in Australia. Aren't you involved with their—

12-00:21:48

Hellman: Yeah, we—go ahead.

12-00:21:50

Rubens: Well, with their NASDAQ. I had showed you an article describing you as a . Yankee blue blood. I thought it—

12-00:22:09

Hellman: True blood. We bought an outdoor billboard company. God, it was so long ago. Yeah, we did well in Australia.

12-00:22:28

Rubens: Now, is this around the time you are doing more foreign investments? Well, you open up a New York office and a London office.

12-00:22:42

Hellman: The New York was first and it was probably early 2000s. We had a Hong Kong office for quite a while. Huge mistake of closing it because I would love to be investing. Well, we didn't do badly in Southeast Asia.

12-00:23:09

Rubens: What are you investing in there?

12-00:23:12

Hellman: Well, we bought part of a company called Hong Kong International Terminals, which was a port company. Controlled the Hong Kong Port with a guy named KS Lee. Well, not with the guy. We bought somebody else's interest in HIT and got along very well with KS.

12-00:23:33  
Rubens: And what time are we talking about? Is this early nineties?

12-00:23:35  
Hellman: Yes.

12-00:23:37  
Rubens: Who's running the office.

12-00:23:44  
Hellman: Well, my son Mick was over there for five years. And we had a guy in Jakarta. And I don't know what ever happened to—I have a feeling that we still have him there but we've just forgotten him. Contrary to most of the firms, we didn't do badly in Southeast Asia but we didn't do great. So we shut it down. If I was still the CEO, it's the one thing I wouldn't have done.

12-00:24:23  
Rubens: So by then you were not?

12-00:24:26  
Hellman: I think by then Brian had become CEO when we closed the office. . Mick will know all the history of that.

12-00:24:55  
Rubens: So when did Mick come into the business?

12-00:25:04  
Hellman: He came in right after he finished business school at Harvard.

12-00:25:16  
Rubens: So he must have spent a couple of years here apprenticing?

12-00:25:27  
Hellman: He did one very good investment for us. We bought a company called Blackbaud, which was an early software company, did back office software. You've heard of Raiser's Edge. That's their product. And then David Tunnell took that over when Mick left and we did quite well on that one.

12-00:25:53  
Rubens: By the way, when do you come into this building, One Maritime?

12-00:26:10  
Hellman: Oh, my god, it's over twenty years ago I think.

12-00:26:12  
Rubens: So it's around that time?

12-00:26:14  
Hellman: Yes.

12-00:26:14  
Rubens: Did you buy into the building?

12-00:26:19  
Hellman: No. Tully's very good at that kind of stuff. He found the space and negotiated. Well, he and Georgia Lee negotiated the lease.

12-00:26:32  
Rubens: And was Arthur Rock here already?

12-00:26:35  
Hellman: No. When we moved in, he called and said, "Can I move in with you guys?" So that must have been twenty-five years ago.

12-00:26:47  
Rubens: Did you walk to work? You're still running at this period, right?

12-00:27:00  
Hellman: Not to work. I drove to work. But I was still running.

12-00:27:04  
Rubens: Well, so we're up to the early nineties and there are a lot of directions we could go: expanding the business; your civic involvements. Your work with foundations, recognition at UC Berkeley. And then of course bluegrass.

[Organizational discussion omitted]

12-00:28:40  
Rubens: How about we talk about your involvement with Mills College now?

12-00:28:44  
Hellman: Sure.

12-00:28:45  
Rubens: So how does it come about that you get on the board? Of course you have a family history and connection. Your grandmother Frances Hellman was on the board.

12-00:29:00  
Hellman: Yes. And Bobby Sinton was my father's partner. Had been very active in Mills and he asked if I would go on the board of Mills for sentimental historic reasons. I did go on the board and it was a very colorful eleven years I was on the board until '96. I guess I was chair for what, four years.

12-00:29:35  
Rubens: Is there anything that stands out in your mind in the early years before the issue of going co-ed comes up?

12-00:29:43  
Hellman: Basically, I was not hugely pro or anti co-education but I was anti—Mills was just going nowhere. And I thought something had to happen to juice it up. And to me it seemed the obvious thing, with all the women's colleges going co-ed, that Mills should go co-ed. We could be the Bowdoin of the west or something. The Williams of the west or something. And so—

- 12-00:30:16  
Rubens: So you proposed it?
- 12-00:30:17  
Hellman: Oh, yes. That's my plan. It was also my capitulation. I planned my Waterloo.
- 12-00:30:29  
Rubens: How long was that a struggle? I know eventually the students go on strike, right?
- 12-00:30:35  
Hellman: Well, it was a struggle really for two weeks.
- 12-00:30:37  
Rubens: That's all? Did you get the board behind you on it?
- 12-00:30:44  
Hellman: Oh, yes. The board voted for it. The president, Mary Metz, voted for it. But some others didn't, like the students' representative.
- 12-00:30:55  
Rubens: So it was really a student rebellion?
- 12-00:30:56  
Hellman: Oh, yeah. It was great. They completely closed the place for two weeks. It was great.
- 12-00:31:01  
Rubens: Was the graduate school already co-ed?
- 12-00:31:05  
Hellman: Yes, because by state law it has to be. That's what I've always been told. That you cannot have a single sex—God knows why but—
- 12-00:31:26  
Rubens: So you're watching this happen. And so are you converted or do you just think we couldn't tough this out?
- 12-00:31:52  
Hellman: No. What I said to them from the beginning of the rebellion period, is I thought that the easiest and best answer was going co-educational but I wasn't emotionally wedded to it. And right at the start I said if the major groups opposing it can come up with a solid plan to make this financially viable then I'm willing to change my mind. And they did. The faculty agreed to teach materially more courses. The end result had to be to up the enrollment. And the alumni came up with ten million dollars in immediate enhancement to the endowment.
- 12-00:33:10  
Rubens: In the end you got what you were looking for, some kind of financial—

12-00:33:13  
Hellman:

Yeah. And thirdly, if you look at all your material, I said to them, it hardly even admits that you're a single sex college. You're just a very good college that women ought to go to, you see. But I said, "If you're going to be a women's college, let's make that a major part of our mission." And they did that.

12-00:33:48  
Rubens:

They started expanding. I mean literally buildings. They put in some wonderful buildings then.

12-00:33:52  
Hellman:

Yes. Yeah. So my justification is that it really energized the place. It really changed the place and they've never gone back. They were running annual deficits. They were using, Jesus, ten or eleven percent of the endowment for annual funding and it was just going nowhere.

12-00:34:16  
Rubens:

What should you be using of the—

12-00:34:19  
Hellman:

Five. Five is sort of—let's say six or six and a half at the most. But eleven is obscene.

12-00:34:30  
Rubens:

And is that referring to the interest on the endowment? .

12-00:35:06  
Hellman:

Let's say you have a \$100 million endowment and you're paying out five percent. You're paying using five million dollars a year to run the institution. And the arithmetic is abysmally simple. Basically, the endowment has to earn—.In order to have constant purchasing power or constant value, it has to earn the payout plus inflation. So if inflation is three percent and the payout's ten percent, you're going to go down the tube. It's reasonable to assume that if you have a \$100 million endowment and you're paying five million dollars to run the place a year, that with three percent inflation you need to earn eight percent to have the dollar stay constant and that's not unreasonable to assume you can do. But ten percent. You're not going to earn 13 percent compounded every time.

12-00:35:44  
Rubens:

Now, I have two questions regarding that endowment. So by dint of becoming chair of the board, you're an advisor. Is your own company not—that would have been a conflict of interest.

12-00:35:59  
Hellman:

Yes.

12-00:36:00  
Rubens: And was there ever a to-do at Mills about whether any of the endowment funds were invested in companies that did business with—

12-00:36:10  
Hellman: Oh, god, yes.

12-00:36:12  
Rubens: Okay. South Africa.

12-00:36:13  
Hellman: Yes.

12-00:13:14  
Rubens: Must be now also, Israel.

12-00:36:21  
Hellman: So far very few colleges, including Mills, have—

12-00:36:22  
Rubens: Taken that up.

12-00:36:25  
Hellman: Yeah.

12-00:36:26  
Rubens: Berkeley, of course, has. But—

12-00:36:28  
Hellman: Well, not exactly because it failed.

12-00:36:32  
Rubens: But so South Africa was an issue with—

12-00:36:35  
Hellman: Oh, yeah.

12-00:36:36  
Rubens: Yeah. Demonstrations and—

12-00:36:42  
Hellman: Yeah. They didn't happen to be wrong, so—

12-00:36:45  
Rubens: So do you recall what those companies were? Did you have a position on it that you're saying they weren't wrong? Do you remember discussions with board members about it?

12-00:36:59  
Hellman: Well, yes. It became harsher over a period of time but my position essentially was we're such a tiny endowment that whether we own or don't own companies doing business—but if we maintain our investments and pressure

the companies to get out of South Africa, we might be heard. I still think that was a wiser course of action.

12-00:37:32

Rubens: Interesting, interesting. What about your own fund? Did you ever deal with South Africa?

12-00:37:41

Hellman: No.

12-00:37:42

Rubens: Okay. And that had to do with your values or—

12-00:37:44

Hellman: We would have but we didn't find anything we wanted.

12-00:37:46

Rubens: So is there more to say about your activities for Mills?

12-00:38:10

Hellman: I stayed on for a couple of years after. I think Mills was a really wonderful experience because I think I—I may have lost a battle but I won the war. The place was materially changed. It never went back. They built themselves a business school I think.

12-00:38:48

Rubens: I think they did and certainly a new student facility; expanded the early childhood program and lab school.

12-00:39:02

Hellman: And I think the president did a really good job.

12-00:39:08

Rubens: I think she really promoted the college. She put together a consortium of women to go to the world conference on women in Beijing. She was really quite a phenomenon. By the way, I was doing some research in the Bancroft Library and I found out that Phoebe Hearst had endowed a position in history at Mills. She's always thought of as the great benefactor of UC. Well, it turned out that—

12-00:40:08

Hellman: Yeah. Oh, my god.

12-00:40:09

Rubens: —that when she died—it hadn't been put in place yet, and the UC Regents were able to scotch that. It never happened.

12-00:40:22

Hellman: I'll be damned.

12-00:40:23

Rubens: Regarding Mutual Life, '85 to '90. Was that a story?

12-00:40:49  
Hellman:

Not much. Mutual Life was sort of a prestige board in New York. I think it's one of the oldest insurance companies in the United States and they asked me to become a trustee. In those days I used to do things for ego reasons that I would regret later.

12-00:41:10  
Rubens:

Really? It was for ego? It's prestigious and historic and—

12-00:41:13  
Hellman:

Well, yeah. Gosh, you're on the board of Mutual in New York! I never would do that today. It was really boring. Want to spend your life with actuaries?

12-00:41:28  
Rubens:

Now this question is sort of out of left field. Peter Solomon is quoted in the *Wall Street* article that's talking about yours being a boutique investment house; it's when he's vice-chairman of Shearson Lehman and he calls you one of the most competitive people that he knew. You were "extraordinarily competitive and we called him Hurricane Hellman." Was that because you were just in—

12-00:42:17  
Hellman:

Because I had a temper.

12-00:42:19  
Rubens:

Oh, that's never come up.

12-00:42:21  
Hellman:

Yes. Well, the Hurricane has become just a mild disturbance these days. But it's still there sometimes.

12-00:42:32  
Rubens:

But you did have a temper?

12-00:42:33  
Hellman:

Oh, yeah.

12-00:42:33  
Rubens:

What kinds of things would set it off?

12-00:42:42  
Hellman:

Of course, I think I was always right. But it was always somebody wanting to do something that was just wrong. It was either unethical or stupid. And the temper wasn't a long way below the surface.

12-00:43:08  
Rubens:

When you said you just couldn't turn down being on Mutual's, I thought it was just the almost frenzy of being involved in so many things, that you moved like a hurricane..



- 12-00:43:19  
Hellman: Well, partly that. But Hurricane had more to do with my short temper, I think.
- 12-00:43:26  
Rubens: Was there anything especially connected to when Shearson bought Lehman?
- 12-00:43:37  
Hellman: No. Oddly enough, Sandy [Sanford] Weile [who greatly expanded Shearson] called me yesterday, which I have not yet returned this morning. Well, there was one thing and I can't remember the exact date. But when Shearson bought Lehman—Shearson took Richmond and Shearson bought Lehman. I had continued to own some Lehman stock and decided I would sell it back to Lehman and they purchased it for book value and the next day announced that they were selling to Shearson at premium. And I called them and said, "Do you guys want to spend the rest of your life in court or are you going to give me the price that Shearson gave you guys for the shares?"
- 12-00:44:25  
Rubens: Just like that?
- 12-00:44:26  
Hellman: Well, and one of my friends said, "We'll do it if you say please."
- 12-00:44:31  
Rubens: Didn't you go on the board then?
- 12-00:44:35  
Hellman: Well, that was a different time. That was when we were potentially going to make an investment in London. This is \$75 million preferred. They'd gone public as part of Shearson and then Shearson decided to buy them back in. And we had agreed to buy a seventy-five—it's funny how life repeats itself—a \$75 million preferred and they decided they wouldn't take our money because they were merging back into Shearson. And I had the same conversation. So they paid us ten million dollars to give up the right to the preferred.
- 12-00:45:18  
Rubens: This is '90. That's quite a story.
- 12-00:45:27  
Hellman: Yes.
- 12-00:45:28  
Rubens: Were any of your old nemeses there? Glucksman?
- 12-00:45:38  
Hellman: Yes.
- 12-00:46:26  
Rubens: Do you think we did enough on the Shearson—

12-00:46:34  
Hellman:

Sure.

12-00:47:06  
Rubens:

Now, still in the category of public service or civic involvement. How about politics in San Francisco? How are you getting involved?

12-00:47:22  
Hellman:

There were some issues and then some candidates I cared about. But I can't give money. Under the law, we can't contribute to anybody who potentially has the influence on a retirement system that's an investor in our fund.

12-00:47:35  
Rubens:

And you had money from the city of San Francisco.

12-00:47:36  
Hellman:

A little bit. Really a little. The last fund is nine billion dollars. I think we have \$15 million in the city. It's more just a gesture of being kind, hopefully.

12-00:47:50  
Rubens:

When did that start?

12-00:47:52  
Hellman:

Oh, they've been in like six of our funds or five. The retirement system. And we always had a rule, way before it was law, that you couldn't contribute to anybody who sat on a retirement system board which either was or was potentially an investor in the firm. And therefore we never contributed to anybody. There's always one Supervisor on the board of trustees and we never would contribute to him. But now the law's been broadened, that we can't contribute to anybody who potentially could have some influence. And that's all city officials. Although I have gotten clearance to support board of education people.

12-00:48:40  
Rubens:

What do you mean by you've gotten clearance?

12-00:48:43  
Hellman:

Well, we have an appeal process within the firm. And it's not illegal to contribute to board of education people. Our house counsel always says, "Well, gee, they might run for the board of supervisors." I say, "They also might be on the next space shuttle." It's been very much truncated. I can't support anybody for mayor, which drives me crazy.

12-00:49:09  
Rubens:

The issue of the pension fund is—

12-00:49:12  
Hellman:

Well, it's borderline but I said, "You're going to have to kick me out over this one."

12-00:49:20  
Rubens: There's a story in *Fortune* magazine about that.

12-00:49:21  
Hellman: Yeah, me and Mike Morris sparring off. Him with Hitachi and me with the head of the firefighters union.

12-00:49:29  
Rubens: Right. They said the battle of the billionaires, don't they?

12-00:49:31  
Hellman: They did say that.

12-00:49:32  
Rubens: But what about state government?

12-00:49:39  
Hellman: Like I couldn't support Schwarzenegger because he appoints three people to the boards of CalPERS and STRS. And pretty much I can't support anybody who's running for state office for the same reason.

12-00:49:56  
Rubens: Now, I don't know the date. When do you get involved with John Garamendi?

12-00:50:01  
Hellman: Oh, that was way back. That was the time of the Executive Life fiasco.

12-00:50:09  
Rubens: Well, that's not so way back. Isn't it in late '90? I think so.

12-00:50:16  
Hellman: Whenever Executive Life happened. But I don't know if I ever contributed money to Garamendi. Well, I didn't because we were on the opposite sides.

12-00:50:24  
Rubens: Okay. So one of the articles, it's a *Wall Street Journal* article, says, I thought it said that you had given to his wife. Maybe it's his wife's campaign.

12-00:50:37  
Hellman: Could have been. I don't know. Actually, that sticks in my mind that I did. But that all happened before the Executive Life war.

12-00:50:52  
Rubens: Well, he brings you in.

12-00:50:56  
Hellman: He brought me in as an advisor and then he wanted to sell it on a non-auction basis to a group from Drexel.

12-00:51:09  
Rubens: What is Executive Life for the record?

12-00:51:11

Hellman:

It was a very large fraudulent insurance company which went broke. But they had a lot of valuable assets. And the question is who was going to take over those assets. And so he asked if I would be an advisor. And I did and I looked at it and I said, "But the thing you're doing I think you can't do. And besides which, we'd like to bid on it." So I withdrew as an advisor. He still sold it to the same people who brought him to the party and then went to work for him.

12-00:46:47

Rubens:

So did you get anything out of it? Did you acquire anything?

12-00:51:51

Hellman:

No. It was a complete and total defeat. We sued and I think we got some money, settlement of lawsuit. Chump change. Way less than our expenses.

12-00:52:08

Rubens:

Now, how is Michael Milken involved in this?

12-00:52:18

Hellman:

Well, a group of Milken's people were the winning bidder. The people who are now Apollo, one of the large private equity firms. And they got friendly with Garamendi, should we say. The first thing we heard is the advisors said, "Well, we have a very fine deal. We're selling it to this Apollo group." And I said, "Not so fast." But they did anyway.

12-00:52:56

Rubens:

Did you know Milken or were you following that junk bond phenomenon?

12-00:53:01

Hellman:

Yeah, kind of. We were never in business. We never did business but I knew Mike.

12-00:53:05

Rubens:

What did you think about that? Now, is that what they called The Predators' Ball? Was that before? I forget now. [*The Predator's Ball: The Inside Story of Drexel Burnham and the Rise of the Junk Bond Raiders*, Connie Bruck]

12-00:53:16

Hellman:

Was that one in Michael Lewis's book?

12-00:53:20

Rubens:

I don't think so. I just wondered if you were following that. It's something you would have followed if you were at Lehman or Shearson and Lehman.

12-00:53:36

Hellman:

I did follow it in the sense that it was intellectually really interesting.

12-00:53:39

Rubens:

Why?

- 12-00:53:41  
Hellman: Well, because basically it was not a new way of looking at finance but a very clever way of doing finance that hadn't been done much before.
- 12-00:53:58  
Rubens: How do you characterize that, just for the record?
- 12-00:54:01  
Hellman: Well, I'm a company. You come to me and say, "I'll lend you a hundred million dollars but you have to sell me—you have to do this and this and this for me. Sell me an interest, a lot of warrants in your company." It was just very borderline ethically I thought. So it was fascinating. We had a real struggle whether to put Mike into the hall. But I don't know. There was a reason that Arthur didn't want to do it. So we didn't do it.
- 12-00:54:46  
Rubens: There was one other thing. This is not to link them but to talk about a period when the market is really being made more accessible to—oh, I guess, if you will, a more ordinary investor. More working class and lower middle class, Schwab. He's really creating something kind of new, too.
- 12-00:55:17  
Hellman: Yes. But totally, scrupulously, honest. He sort of was to brokerage what the Bank of America—what Giannini was to banking.
- 12-00:55:26  
Rubens: Yes. Very good. When he started out in the thirties, lending to small farmers.
- 12-00:55:42  
Hellman: Yes. And I think Schwab, as I said, did very much the same thing with the brokerage business.
- 12-00:55:46  
Rubens: Did you know him?
- 12-00:55:49  
Hellman: Oh, yes. Well, my sister's on his board and knows him forever. But he's a really good guy.
- 12-00:55:56  
Rubens: Very generous philanthropically.
- 12-00:55:57  
Hellman: Yes. Politically we're on very different planes.
- 12-00:56:02  
Rubens: How so?

12-00:56:03

Hellman:

Well, he's a very staunch conservative Republican. I don't think by any stretch of the imagination that would describe me, since I'm not even a Republican. I used to be.

12-00:56:16

Rubens:

Yes, you said that. I had asked you that. Well, when is that conversion? When do you become a Democrat?

12-00:56:23

Hellman:

I guess probably 2007. Not a Democrat. I'm an even better thing than a Democrat. Arthur and I both decided we would withdraw from the Republican Party the same day. You have actually a form you fill out, which I was surprised at. And you can check what part you want to belong to. And I started to check independent. Arthur said, "Don't do that. That's a party." And I said, "Okay." He said, "Put down DTS." I said, "Is that driving while totally stoned?" He said, "No, it's decline to state." So I'm a decline to state.

12-00:57:03

Rubens:

You're saying that's as late as 2007?

12-00:57:05

Hellman:

Yeah. It was during the Bush Administration, so—. Could have been a year or two earlier. It wasn't later than that, I don't think.

12-00:57:13

Rubens:

Now, you're put on a governor's commission by Schwarzenegger.

12-00:57:39

Hellman:

He didn't promise to fix me up though. [laughs] No promises were made. He was accused of groping all these people. I've never been accused of that.

12-00:57:48

Rubens:

You're brought in as an economic advisor to the governor?

12-00:57:53

Hellman:

Yeah. Sort of.

12-00:57:51

Rubens:

What was the focus of that?

12-00:57:57

Hellman:

It was mainly to attract businesses from other parts of the world to California. So we went to Hong Kong. He went to China. I met him in Hong Kong and then I was arrested at the Hong Kong airport, so—

12-00:58:13

Rubens:

Oh, no. You said you were only arrested once in your life.

12-00:58:17

Hellman:

No, I was in jail twice. I started to leave. I was coming home and the woman at custom's said, "Open your bag," and I said, "Oh, my god." She said, "What's this?" I said, "Mace." She said, "Why are you carrying it?" I said, "I'm seventy years old. I run really slowly and I use it for self-protection." She said, "I have to call the police." So they take me over to a corner of the Hong Kong airport and these two Hong Kong cops say—I go through the whole thing again. He said, "Now, let's see that. You're seventy years old?" I said, "That's right." "And you run really slowly." I said, "That's right." "And you use it for self-protection." He said, "I understand. You can go." I said, "Can I keep the mace?" He said, "You want to be arrested again?" And the woman said, "You know, it could have exploded." And I said, "Well, I've had it on a lot of other flights and it hasn't." It just became a completely sycophantic pitiful—

12-00:59:34

Rubens:

What did you think of Schwarzenegger? Were you impressed with him?

12-00:59:45

Hellman:

Yes and no. First thing is I really liked his wife's politics. But I thought he was a very smart guy. I thought he was actually not a bad governor. What I didn't like is everything is so choreographed. He and I spoke at Long Beach, at the port in Long Beach and the guy said, "Now, you see those circular markings on the stage?" and I said, "Yes." He said, "That's where your feet go." And I said, "What?" And then it was great because I put—regrettably—no, I don't regret it. I didn't realize I'd put my speech on top of his, so when I left the podium I picked up his, as well. So he arrived at the podium to stand in his footprints. But there was no speech there. So I thought that was fun.

12-01:00:40

Rubens:

What happened?

12-01:00:43

Hellman:

They came and got it.

12-01:00:45

Rubens:

We should stop here. Anything more to say about traveling in Asia, though, with him?

12-01:00:52

Hellman:

No. It was a brilliant three days.

### Audio File 13

13-00:00:00

Rubens:

So I had left off one of the boards that you're involved in this period.

13-00:00:14

Hellman:

GAMI?

- 13-00:00:15  
Rubens: Yes. So what is this? The Great American Management and Investment, Inc.
- 13-00:00:20  
Hellman: It was a conglomerate that was built by Sam Zell. Chicago billionaire.
- 13-00:00:29  
Rubens: Notorious. Took over the *Trib*, the *Chicago Tribune*?
- 13-00:00:33  
Hellman: Yes. That wasn't such a great investment. But he had a lot of success in real estate. He's a really colorful guy. Really fun guy. His idea of vacation is careening around Europe on motorcycles with some friends. He's just a very interesting human being. So he called and asked if we would like to buy part of a company called Great American Management Company. I don't know if that was before or after ITEL. Maybe that's how he—
- 13-00:01:08  
Rubens: After.
- 13-00:01:09  
Hellman: After. That's how we got to know each other, I guess. No. Did GAMI buy ITEL?
- 13-00:01:16  
Rubens: I don't know that.
- 13-00:01:17  
Hellman: I don't either. I can't remember. But anyway, asked if we would like to make an investment in GAMI and I said, "Sure." So we did okay on GAMI but it had a subsidiary that was in the fertilizer business that sold for a lot of money. So we did better than okay on GAMI. And it was just a very colorful investment. Sam has an unusual use of the English language. The first ITEL—
- 13-00:01:53  
Rubens: What was his role at ITEL?
- 13-00:01:54  
Hellman: They just bought a large interest in it when it came out of bankruptcy. Just about when we did, I think. Maybe after us but they bought much more than we did. And he sat and listened to the management presentation. There were maybe two investors. There were maybe thirty people in the room. Sam said, "What I've always said is that money talks and bullshit walks." And I've never forgotten it.
- 13-00:02:22  
Rubens: Did your paths meet in any other way?
- 13-00:02:29  
Hellman: No, but we've remained friends.



13-00:02:31  
Rubens: Yeah. How long were you involved with GAMI?

13-00:02:35  
Hellman: I don't know. Four or five years probably. I think the company got sold.

13-00:02:46  
Rubens: So that was just a little leftover. We're talking about civic interest and politics. Should we talk about Chris's involvement with the ballet?

13-00:03:02  
Hellman: Sure.

13-00:03:02  
Rubens: Let's do that. She had been a professional ballerina?

13-00:03:07  
Hellman: Yes.

13-00:03:07  
Rubens: You moved back to San Francisco and it's got a great ballet company. How does it—

13-00:03:13  
Hellman: Well, a group came to me and said, "We'd really like you to go on the board of the ballet." I said, "That's crazy. My wife was a dancer. If you have anybody on the board—"and she's smart. So they put her on the board of the ballet.

13-00:03:29  
Rubens: She readily willingly—

13-00:03:31  
Hellman: Oh, yes. She obviously knew more about what the company ought to be doing than any of the other trustees.

13-00:03:39  
Rubens: When is this about?

13-00:03:41  
Hellman: This is about the time that Helgi Tomasson—she was there for I think two years when Michael Smuin was director. So we can get the dates on that. And then Smuin, before she was chair, was canned [1984] and they got in a big fight which ended up with a lawsuit and which went nowhere. And then they hired Helgi and there's just a lot of cultural history after that. But she became chair of the board.

13-00:04:11  
Rubens: Were you patrons, though? Did you give a lot?

13-00:04:16  
Hellman: Oh, yeah.

13-00:04:17

Rubens: Plus did you attend?

13-00:04:19

Hellman: Oh, yeah. Yeah. All the time. We have had the same seats that I guess my great-grandfather had in the opera house. So yeah, we went. I think we went Tuesday nights. She still does. She and her caregiver. And I go sometimes. But she became chair. The colorful part of it is the whole history with the critic out here, which is—I don't know if you heard anything about—

13-00:04:48

Rubens: No, I have not.

13-00:04:49

Hellman: The *Chronicle's* Datebook sort of—they were very friendly with Michael Smuin, so when he got fired they went on a warpath against the—this is my side of the story—warpath against the ballet. They hired a guy named Octavio Roca, who was a critic from the—not the *Washington Post*, the *Washington Times*, a well known unread newspaper.

13-00:05:17

Rubens: Was that the Moonie paper?

13-00:05:18

Hellman: Yes. Exactly. And he had written a review of the ballet when they performed in Washington saying, “Why do they bring these mediocre local ballet companies in?” So he was obviously somebody that the people in the Datebook side of *San Francisco Chronicle* liked. So when Ulrich retired, who was the previous dance critic, they hired him. We all thought, “Oh, my god. This is our worst nightmare.” So he arrived out here. They promised he would be entirely neutral towards the San Francisco Ballet. The first real review he wrote was *Romeo & Juliet*, Helgi's set for San Francisco Ballet. And the critic says, “Possibly the worst *Romeo & Juliet* that's ever been put on any stage anywhere.

So I was running a capital campaign for the ballet at that point and the reviews were consistently terrible. So I would go to a foundation and they would say, “Why should I give to the San Francisco Ballet? They can't be any good. Look at what the *Chronicle* said.” So we did two things. As you know, I'm a website junkie. We set up a website called Voice of Dance, which you could check out at some point. It still exists. And the purpose of the website initially, it changed as it grew, but initially as it grew was to critique the critic. So every time he would write a criticism of SF Ballet, we would print the criticisms of the same ballet the same evening by the woman from the *New York Times*, Anna Kisselgoff, and whatever other reviews there were and put it on the website and say, “This is what Roca says and this is what other critics are saying.” We also enlisted Janice Ross at Stanford who's a real great expert on ballet. And she would do critiques of his criticism saying, for instance about the ballet *Romeo and Juliet* “He said the *pas de deux* lacked this. This

particular *pas de deux* never has this part in it.” So he would find himself faced with a criticism of his own criticism.

And it started to get a fair amount of, I don’t know, coverage. A fair amount of attention. So the Hearst organization moved him to Miami to the *Herald*. So whoever says you can’t fight a critic, they’re not always right.

13-00:08:54

Rubens:

Just an aside here, I think that *Romeo & Juliet* was one of the most amazing ballets I’ve ever seen.

13-00:08:58

Hellman:

Well, so did Anna Kisselgoff. Everybody did.

13-00:09:01

Rubens:

How about *The Examiner*? Was that—

13-00:09:06

Hellman:

They were fine. But at that time the *Chronicle* was the voice of San Francisco, so—

13-00:09:23

Rubens:

Were these some of the galas that you would attend? That was not your mode of operation.

13-00:09:31

Hellman:

Yes. We actually got a bluegrass band to play at one of them. The Coon Creek Girls.

13-00:09:40

Rubens:

I don’t know them. I know we’ll talk about this at length, all in a piece, later on, but when did you take up banjo?

13-00:09:46

Hellman:

Well, I’ve taken it up twice. When I was living in New York I started taking banjo lessons. So would dutifully get on the Seventh Avenue subway in my three piece suit and my banjo and ride up to Greenwich Village and go to this—actually there is one story that we ought to get into this now - just this one short story.

13-00:10:10

Rubens:

Well, do it.

13-00:10:10

Hellman:

So I took lessons from this guy for a couple of years. I said, “Roger, I’m about to have my thirtieth birthday. I’d love to get some kid to play the banjo at my thirtieth birthday.” Now I’m going to forget the guy’s name. And he came back the next week and he said, “I have this kid but he wants fifty bucks.” And it was Don McLean, the guy who wrote the song *American Pie*. So he played the banjo at my thirtieth birthday for fifty bucks.

13-00:10:45  
Rubens: He hadn't done American Pie yet?

13-00:10:48  
Hellman: No, he had not.

13-00:10:49  
Rubens: When did you pick it up again?

13-00:10:56  
Hellman: About, I don't know, ten years ago probably.

13-00:10:59  
Rubens: That's all? Wow.

13-00:11:03  
Hellman: That's why I'm not better than I am.

13-00:11:05  
Rubens: So just to finish up with the ballet. You attended the fundraisers.

13-00:11:13  
Hellman: Under protest. But she did a marvelous job with the ballet. You know the history but it is now one of the top companies in the world, I think, I'm told.

13-00:11:27  
Rubens: I happened to think Smuin was pretty good. This is my personal—

13-00:11:28  
Hellman: He was pretty good. He just was extremely difficult to handle. I think Helgi has done a fantastic job.

13-00:11:50  
Rubens: Regarding Chris. I don't know that we've evoked a sense of her personality. We talked about her painting when she was in Boston; she ran the school in Vermont. Had she been a public person?

13-00:12:11  
Hellman: Yes. But that was sort of the first. She had not really been a public person. I think the ballet gave her a higher profile.

13-00:12:21  
Rubens: She enjoyed it?

13-00:12:22  
Hellman: She had a great time. Well, look what's happened with it. The endowment was like thirty million when she took over. It was a hundred million when she left.

13-00:12:32  
Rubens: So running the capital campaign. Was that a personal—

- 13-00:12:41  
Hellman: Yeah. She said, “The ballet needs to do a \$27 million capital campaign. Would you chair it?” I said, “Do I have a choice?” She said, “No, it was a trick question.”
- 13-00:12:58  
Rubens: So she had some humor?
- 13-00:13:00  
Hellman: Oh, yeah.
- 13-00:13:01  
Rubens: And a fighter? A strength—
- 13-00:13:03  
Hellman: Well, her whole story. It’s more interesting than mine, I think. Her father was a British communist. I told you that. And she had a hell of a time getting a visa, even though she wasn’t. And she was a person with very strong will. Quietly. And she’s a phenomenal athlete.
- 13-00:13:41  
Rubens: What was her sport?
- 13-00:13:43  
Hellman: Well, she became a really good ski racer, masters ski racer. She I think won the national championship in a couple of events. She was an excellent runner.
- 13-00:14:01  
Rubens: You said you ran some together. She didn’t do the hundred mile?
- 13-00:14:03  
Hellman: No, no. She did 10Ks. She was smarter than I was, as usual. But she always won. I think in the nationals she won her—maybe it was third in her age group in the world games. She was in the 10K and there are all these stringy women from Australia and New Zealand running. Well, wiry. She was very athletic. Very athletic still. But she didn’t look like she hadn’t had a meal for—
- 13-00:14:42  
Rubens: And did she have other civic or philanthropic things that were hers?
- 13-00:14:54  
Hellman: The ballet was the main thing. Well, no. My kids’ clinic. [San Francisco Free Clinic] And they said, “We would run into this woman raising money for the clinic at Cal-Mart and it was your wife.” She was on the board. She was their principal fundraiser.
- 13-00:15:36  
Rubens: Oh. Well, we haven’t established that it’s your daughter and her husband who founded the San Francisco Clinic.

- 13-00:15:44  
Hellman: Yes. The phone call that every father wants to get after having spent a fortune on medical school and all that. "Dad, I just want you to know we're closing the family practice and we're opening a free clinic." And I said, "It's the stupidest thing I've ever heard," and it's been just a phenomenal success.
- 13-00:16:03  
Rubens: Well, I happened to bring an invitation for one of the luncheons that you put on every year.
- 13-00:16:08  
Hellman: Once a year. You need to go. I think it's in November. They always have an interesting story. They always have some wonderful speaker.
- 13-00:16:41  
Rubens: And Patricia took Richard Gibb's name, so she's Tricia Gibbs.
- 13-00:16:49  
Hellman: Yes.
- 13-00:16:54  
Rubens: Chris was involved with it early on; became on—
- 13-00:17:01  
Hellman: Oh, yes. She worked with Tric and Richard from the outset, how they would raise money. I think she even had an office there for a while. [It was an art studio.]
- 13-00:17:11  
Rubens: Really? And what about her art? Did she continue her art?
- 13-00:17:15  
Hellman: She continued painting. In fact, she augmented her painting.
- 13-00:17:18  
Rubens: Meaning?
- 13-00:17:20  
Hellman: Started painting more, selling for more money. It's a hard way to make a living however. We have an awful lot of her paintings in our house that were at one point or another for sale.
- 13-00:17:33  
Rubens: I assume you distributed them? Or the kids took what they wanted.
- 13-00:17:37  
Hellman: No. If they want to pay for them, they can have them. No, I think they all have one or more.
- 13-00:17:46  
Rubens: Who represented her?

13-00:17:59  
Hellman: Rena, who else?

13-00:18:01  
Rubens: And did she get one into the MOMA, or Don Fisher's collection? They of course concentrate on certain big names.

13-00:18:08  
Hellman: I don't think so. But it sure saved me a lot of money.

13-00:18:24  
Rubens: Meaning?

13-00:18:25  
Hellman: Why should I buy art.

13-00:18:26  
Rubens: Now, was she involved at all with the de Young?

13-00:18:42  
Hellman: No.

13-00:18:42  
Rubens: Later on we'll talk about you get involved with the underground garage.

13-00:18:45  
Hellman: Only building something underground for them. They never asked me to be aboveground. She was very friendly with Dede [Wilsey] but—

13-00:19:02  
Rubens: All right. When did she start to get sick?

13-00:19:05  
Hellman: Well, you know enough about the disease. It isn't apparent for at least a couple of years. So I would say she was probably getting it five years ago.

13-00:19:15  
Rubens: Went fast?

13-00:19:20  
Hellman: It's pretty pitiful now.

13-00:19:21  
Rubens: Yes. We talked briefly about it. To have doctors in your family and not be able to—

13-00:19:28  
Hellman: They need to find a cure.

13-00:19:33  
Rubens: So she had quite a vibrant life.

13-00:19:37  
Hellman: Phenomenal.

13-00:19:38  
Rubens: Saw her kids—

13-00:19:40  
Hellman: Succeed.

Did I tell you the story about my banjo?

13-00:20:10  
Rubens: No.

13-00:20:12  
Hellman: So my teacher out here said to Chris, about five or six years ago, “Warren needs a better banjo.” And she said, “Well, once he had a Whyte Ladye,” which is a make of banjo made by Fairbanks in the early twentieth century. So the two of them looked all over the country. Well, he didn’t travel. And outside of Boston, in a stringed instrument store, they found a Whyte Ladye. So they boxed it up, shipped it out. I opened it up and it was mine. I opened the box in the center and it had all my stuff still in it. So I guess I gave an interview to some music magazine and my ex-son-in-law called me and said, “Warren,” and I never wanted to corroborate it with him because maybe it wasn’t. And it’s such a good story that I’d rather have it maybe be true than for sure not be true. So he said, “Warren, the story you’re telling everybody about the Whyte Ladye.” I said, “Yeah.” He said, “Well, it’s true. That was yours. I sold it to that store.”

13-00:21:40  
Rubens: So speaking of the Whyte Ladye, giving it to him, was that when you gave up banjo for a while?

13-00:21:48  
Hellman: Yes.

13-00:21:49  
Rubens: And did he?

13-00:21:51  
Hellman: Never played it. It still had the strings on that I—

13-00:21:56  
Rubens: So was your name on it? How’d you know it was yours? Are they signature—

13-00:21:59  
Hellman: Well, there’s a box in the middle that contains stuff. Like extra strings and tuners and stuff. And anything I have gets filled with detritus. So the detritus was still in there.



- 13-00:22:17  
Rubens: What do you mean anything you have gets filled with detritus?
- 13-00:22:20  
Hellman: I thought hoarders were people who were collecting a specific thing like cats. But I'm a different type of hoarder. I never throw anything away. I'm like in a complete pigsty. In fact, I have to hire a woman now to come in to organize my end of the room.
- 13-00:22:43  
Rubens: So Sharon [Phillips] keeps you organized here at the office. You've had Sharon a long time, haven't you?
- 13-00:22:53  
Hellman: Twenty-five years. As I say, she's had four titles. She was a secretary when there were secretaries, an assistant, a governess and now she's a nanny. The next step is nurse. She and Colleen [Browne] are a hell of a pair.
- 13-00:23:14  
Rubens: When did Colleen come on board?
- 13-00:23:16  
Hellman: About six or seven years ago.
- 13-00:23:18  
Rubens: Having to do with the festival ?
- 13-00:23:20  
Hellman: No, nothing. She was an assistant here and the guy she was working for moved to London. So she was going to go to work for a firm called Farallon, which is upstairs. And I said, "I don't permit that." So she said, "Could I work for you?"
- 13-00:23:37  
Rubens: What do you mean you don't permit it?
- 13-00:23:38  
Hellman: I don't like Farallon hiring people away from us and vice versa. So she went to work for me. She was a professional musician for like twenty years.
- 13-00:23:54  
Rubens: Yeah. And her husband too is—
- 13-00:23:56  
Hellman: Oh, yes.
- 13-00:23:56  
Rubens: —the producer of your album, isn't he?

13-00:23:57

Hellman:

Well, he's the producer of the record but he's a very fine keyboardist. He was with the Pixies for a long time. So this sort of morphed into what she called a hobby band and now is more than anything she was ever involved in.

13-00:24:14

Rubens:

I love her voice. I love her voice. Well, we'll do the band all of a piece. I think we'll stop for today. Just to recap in my mind. Do you think we did justice to Chris in terms of her role here as an artist, as a patron, as a board member?

13-00:24:38

Hellman:

Yes. I think a lot of what our family foundation got going on was her. She was the president until she couldn't be. So getting an understanding of philanthropy.

13-00:24:55

Rubens:

The family foundation formed about when?

13-00:25:01

Hellman:

Probably ten years ago. Ten, twelve years ago.

13-00:25:02

Rubens:

I meant to ask you about the transfer of the Dunsmuir Hellman house to the City of Oakland. When was that?

13-00:25:32

Hellman:

That was my uncle Warren. That's probably thirty or forty years ago.

13-00:25:37

Rubens:

But the name Hellman wasn't on it?

13-00:25:42

Hellman:

No, he wouldn't permit the Hellman name to be used. Then I suggested—the old, again, same statement—“money talks and bullshit walks”. So I said, “You guys want some help with that place? You better rename it.” So we're in the same argument about Sugar Pine Point at Tahoe. Because somehow that became the Z'berg State Park. Who the hell was Z'berg. [Assemblyman Edwin L. Z'berg.]

We're playing up there July 29<sup>th</sup> At Sugar Pine Point. They have a thing called California History Day. It's open to the public. It's a wonderful day. The Forest Service puts it on. Or Friends of Sugar Pine Point. And it's really fun. And we've been the only band for the last two years. This year I brought in another band and you will love her. It's a woman named Debbie McClatchey, who is the great-granddaughter of the founder of McClatchey newspapers.. And she's a banjo player. And she lives in England. About half the year she performs over there. But she lives in Dutch Flat. And she does an impersonation of Lotta Crabtree and that's what she's going to do at Dunsmuir House. You will love her.

13-00:27:15

Rubens:

This is great. Oh, I'm so glad this came up. I'll be there.

13-00:27:25

Hellman:

Well, I'd love to have you there. We don't have Jimmie Dale at this one.

13-00:27:32

Rubens:

Anything else coming up besides—

13-00:27:34

Hellman:

Yeah, we're going to Colorado tomorrow for three days and then we're going to Washington environs in October. I think we're going to Seattle sometime in the next few weeks.

## Interview 8: July 19, 2011

## Audio File 14

14-00:00:33

Rubens: I just have a few little pieces I wanted to pick up—

14-00:00:40

Hellman: Sure.

14-00:00:41

Rubens: —about your involvement with certain boards. And the first I want to ask you about is Williams Sonoma. Is there anything to say particularly about that?

14-00:00:53

Hellman: No. Howard Lester, who actually ran Williams Sonoma, was the principal owner forever—and we were friends. And he asked Mickey Drexler from Gap and me to go on the board at the same time and we did. It was pretty good fun. It's a good company. He paid a lot of attention to it. And I never owned much of the company. It was not an investment. It was personal. Increasingly I felt that I shouldn't be on outside boards because we had enough going on here, so I got off the board. But I had fun.

14-00:01:38

Rubens: And the fun was?

14-00:01:39

Hellman: Well, they did well. God, I can't remember names. The guy who ran the catalog end, was a really good guy and I really— and they just did great in that. He's a very smart guy. Don Roberts. So that was a very enjoyable part of it because a lot of the board were very skeptical about the catalog business and this guy every year proved them wrong but they didn't agree that they were wrong.

14-00:02:27

Rubens: You're there for ten years, though, '87 to '97. Well, '97's when Friedman leaves. Does the character of the business change because of that?

14-00:02:49

Hellman: No. It's just that the place was taking a lot of time and just being on outside boards was a conflict.

14-00:02:56

Rubens: We didn't talk about George Keith. That's '90. You're only there for a short while. Anything to say about that?

14-00:03:11

Hellman: Yeah, it was a complete fiasco. We lost a hundred percent of the money we put in. It was a shoe company.

- 14-00:03:17  
Rubens: That's one of the few big losses you had.
- 14-00:03:20  
Hellman: Well, it was only five million bucks but it was—what, only five million bucks. It was a small loss, but boy, was it painful because it was entirely my deal. I rammed it through our sort of commitments committee and it was, from the day one, a complete disaster. On the other hand, PowerBar, which was a similar adventure, we did really well.
- 14-00:03:53  
Rubens: And what was it about the shoe company that was attractive?
- 14-00:03:56  
Hellman: They didn't sell any shoes. I thought they had a great idea for sort of, I don't know, blue suede, white buck, you know, kind of cool shoes. I still have a pair in my office someplace. We've hardly ever lost all our money that quickly.
- 14-00:04:22  
Rubens: And so what do you attribute the failure of the company to? Did it just not have a niche?
- 14-00:04:30  
Hellman: They didn't sell shoes.
- 14-00:04:32  
Rubens: Not good marketing or advertising?
- 14-00:04:34  
Hellman: The shoe business is pretty crowded. And the Walk Shop didn't pick them up. Nobody picked them up.
- 14-00:04:40  
Rubens: Right, right. This is parenthetically. I was thinking of you. You see these new running shoes that are basically silicon gloves for your feet. Do you think you would have tried that?
- 14-00:04:55  
Hellman: Yes, they're supposed to be terrific. Particularly for trail running.
- 14-00:05:00  
Rubens: Yeah. I wonder whose company that is.
- 14-00:05:02  
Hellman: Not ours.
- 14-00:05:03  
Rubens: So Keith '90. And then '92 Franklin Resources, San Mateo.
- 14-00:05:10  
Hellman: Franklin Resources is the mutual fund company. The Johnson family controls it. We bought a privately placed issue of convertible preferred stock. They

offered it to us. And it was to help do a major acquisition of a company whose name I forget. But that was a very happy investment.

14-00:05:49

Rubens: And so the people that are looking for backers, I mean, they're looking for investors.

14-00:05:56

Hellman: In those days. Not so much today.

14-00:05:59

Rubens: So this is a pretty rich period and a really expansive period, the early nineties.

14-00:06:04

Hellman: Well, it was a not great period in the markets and that usually corresponds with a great period to invest. So we did the Franklin Resources investment then.

14-00:06:20

Rubens: Next there's Eagle Industries in Chicago. Anything particularly—

14-00:06:25

Hellman: Don't even remember it.

14-00:06:27

Rubens: Eller Media in Phoenix, Arizona?

14-00:06:44

Hellman: Yes, which was a big success. Karl Eller was sort of the, you might say, the founder of the outdoor advertising industry. And there was a company that was a failed leveraged buyout that General Electric Credit had taken over. So Karl came to us. Karl had had some bad luck just before and he came to us and said, "Look, I can't raise any money today but I know more about the outdoor advertising business than anybody in the world and if you would back me, let's buy this thing from General Electric." And we did and he did just spectacular. One of the few executives that did every single thing he said he would. Revenue margins, employee account. Just everything.

14-00:07:40

Rubens: This is basically billboards. I understand they're really lucrative you get the right—

14-00:07:45

Hellman: Yeah.

14-00:07:46

Rubens: —place, you mark it. You—

14-00:07:48  
Hellman: That is fascinating because the difference in what you can charge for somebody driving off the bridge with the same size board as you might have in Willits is like five times.

14-00:08:02  
Rubens: There was a big movement to eliminate them from highways and roads. I don't know when that was. I don't know why I'm saying this, but my parents just adored the Burma shave signs; they loved to recite them.

14-00:08:20  
Hellman: "In this world of toil and sin, your head grows bald but not your chin. Burma Shave."

14-00:08:28  
Rubens: Where did you see them?

14-00:08:30  
Hellman: Oh, living in Vacaville.

14-00:08:31  
Rubens: There were some wonderful ones.

14-00:08:37  
Hellman: There really were.

14-00:08:38  
Rubens: Tell me about Mobile Media.

14-00:09:06  
Hellman: Mobile Media was the single biggest fiasco in the history of the firm.

14-00:09:10  
Rubens: Okay. Bigger than the shoe company?

14-00:09:12  
Hellman: Oh, my god. Orders of magnitude. We did two investments at the same time, both in the wireless business. One was a company called Western Wireless, which became two companies, Western Wireless and Voice Stream. They split their business. We put in \$130 million and we made like a billion and a half dollars. On the other hand, Mobile Media, we put in 123 million and proved that it's possible to lose more money than you invest because we had to settle a lawsuit, so we lost 130 million. So the two were almost equivalent.

14-00:09:53  
Rubens: Sounds like a small lawsuit. What was the problem?

14-00:09:57  
Hellman: The people that we bought it from thought that we—I don't know how you cheat somebody that cost you \$123 million. But nevertheless—.So I went on

the board of Mobile Media as they went into bankruptcy to try to help. Had no positive effect whatsoever.

14-00:10:20

Rubens: That's '94 to '98?

14-00:10:22

Hellman: Yes. Actually, it was a great lesson in investing because we tend to be very introspective about our mistakes, spend a lot of time beating ourselves up and saying—And we went through all the stuff. Was it the management? Was it a failed merger? Was it failing to run the marketing process? And one day somebody said, “You know, there's a company called” something net. It was a paging company. Both were. And they said, “At one point we sold at \$29 a share and they sold at 30.” Today they sold at 25 cents and we sold at nothing. So maybe we made an industrial judgment that was wrong.” Compared to cellphones and cable and stuff like that, this was old technology. And it was right there for us to see. The cellphone people were just eating their lunch. Why should you have a pager when you can have a cellphone.

14-00:11:52

Rubens: So that's the single biggest disaster. What was your biggest deal?

14-00:12:16

Hellman: Biggest single investment?

14-00:12:19

Rubens: Is it DoubleClick?

14-00:12:24

Hellman: DoubleClick was large.

14-00:12:28

Rubens: There's Young & Rubicam.

14-00:12:30

Hellman: Young & Rubicam may have been the largest. So basically the guys running it were younger. They were guys in their fifties. But the owners of the business, Young and Rubicam and the rest of them, had not been active in the business but still owned all of it.

14-00:12:58

Rubens: An old time advertising company?

14-00:13:00

Hellman: Yes. It was one of the leading ones. They were the big five or something they were called. So the management came to us and said, “We would like to put together a transaction where we buy out the founders,” who were great guys but no longer active. “Where we get a significant equity interest and we have somebody invest to put up the rest of it.” So we did. And there were some really enormously amusing minutes. At some point, if you felt like it, you



ought to talk to a guy named Peter Georgescu. Peter was the CEO and Peter really led the transaction. But there was all this consternation about would it be right for us to control one of the major advertising businesses in the country. And Peter was struggling with that. The first conversation we had I said, "Peter, we are not going to do a deal where you don't control the company. We are purposely going to take a minority position. From a financial standpoint we may be putting up virtually all the money but we want you guys to have the ownership."

14-00:14:14

Rubens: That's a strategy that you've always liked.

14-00:14:17

Hellman: Yeah. He was just stunned.

14-00:14:23

Rubens: So it was his concern, not even a discussion at the firm you would have control?

14-00:14:29

Hellman: No. Basically, we didn't and don't like to have control. It's fine if we nominally control a company but we want management and others to have a significant interest. But it's changed a little bit. We're less religious about that these days.

14-00:14:48

Rubens: And what's the philosophy? So there's real strength?

14-00:14:49

Hellman: Well, they're running it. We're not running it. We're a bunch of schmucks with money trying to give them advice.

14-00:14:56

Rubens: So why was it called a recapitalization?

14-00:15:03

Hellman: Well, because you took the ownership as it had existed. You recapitalized the company to change this ownership to us, borrow a lot of money as part of that. So if it was a hundred percent common stock before—after the transaction, it was 70 percent debt and 30 percent common stock. So it was recapitalized.

14-00:15:26

Rubens: Okay. And that was to the tune of 800 million?

14-00:15:30

Hellman: Yeah. It was really fun.

14-00:15:36

Rubens: What was the fun part?

14-00:15:38

Hellman:

Well, first thing is like movie companies. Advertising companies are so zany that just the board conversations, when they would get into advertising campaigns, it was so much fun.

14-00:15:51

Rubens:

And they really talked about them there at the board? That was—

14-00:15:53

Hellman:

Well, yeah, because that's their business. Not for us to pass judgment. It was an example of a company where you did a few small obvious things and it completely changed the financial picture of the company. For example, do you know what working capital is? Well, it's accounts receivable, inventories less current debt. So positive working capital is that your cash, receivables, inventories are greater than your liabilities. And that sounds like it's good. In some industries it's not good because the current liabilities, accounts payables, finance your company. So the big successful advertising agencies, WPP and the others, had significant working capital deficits. People really argue with this, but Young & Rubicam had a huge positive working capital. And I said, "If you guys will reverse that, we can take at least \$500 million out of this business and pay off all the debt." And they did and it did, so we were absolute heroes. The first meeting we had, their first annual meeting with all the management said, "Okay, here's a chart. Here's what I'd like to see us do." And that meant just having a lot of internal discipline for the company.

14-00:17:50

Rubens:

So you have to forgive my naïveté and maybe we'll take it out or maybe it'll be useful for someone not in business reading this. But how do you get rid of the working capital?

14-00:18:04

Hellman:

Well, you increase what you owe people and you decrease what they owe you. So you have accounts receivable, which means that I bill you \$100 to do your hair and what you do, if you're a large company, is you don't pay that very quickly. On the other hand, she bills me for repairing my car. That's an accounts payable. So if accounts receivable are greater than accounts payable, I'm paying money to carry the business. If I can reverse that, then others are paying us to run the business. So if they could go to Ford Motor Company, which was their largest company and say, "How about paying your bills on time," it reduced the receivables, the money that they are to receive from Ford dramatically. Because if Ford takes six months to pay their bills, they're using your capital to run their business by retaining the cash that they should have been paying you.

14-00:19:22

Rubens:

And you take out 500 million?

14-00:19:29  
Hellman: Took out \$500 million just by saying to customers, “Do us a favor. Could you pay on time, please? We’ll even give you a discount on your bill if you’ll pay on time.”

14-00:19:39  
Rubens: Now that we go through all that, that seems like a no-brainer. But that wasn’t so obvious.

14-00:19:44  
Hellman: I thought it was a no-brainer at the time.

14-00:19:46  
Rubens: So you literally go on the board?

14-00:19:53  
Hellman: Yes.

14-00:19:54  
Rubens: You’re on the board ’96 to 2000.

14-00:19:56  
Hellman: Then it got sold to WPP.

14-00:20:04  
Rubens: And you went to New York to—

14-00:20:05  
Hellman: Board meetings, yeah.

14-00:20:07  
Rubens: You had a New York office since the 90s. We talked about the Hong Kong office. And the London office is—

14-00:20:26  
Hellman: London office is maybe ten years old or so.

14-00:20:29  
Rubens: Oh, okay. Newer.

14-00:20:32  
Hellman: No, it’s in London, not Newark. We don’t have a Newark office. I’m just kidding. You just set me up for that.

14-00:20:44  
Rubens: I did. So I’m just telling you that recently I flew into Newark. We stayed in Hoboken. I cannot tell you how lovely Hoboken was. We were at a place right on the river directly opposite the Empire State Building. It took eight minutes by ferry. It was the old Maxwell House coffee factory that has now been converted to swank condos.

- 14-00:21:25  
Hellman: You're a lot smarter than we are because we just played in New York and they don't allow you to bring tour buses in, in New York. The buses we're living on. So we stayed in Secaucus.
- 14-00:21:36  
Rubens: Secaucus. Not far from Hoboken. Further up?
- 14-00:21:38  
Hellman: Yeah, but a lot further in terms of its—Damn. I wish I'd talked to you before we took the trip.
- 14-00:22:27  
Rubens: So would you get off the bus or did you—
- 14-00:22:31  
Hellman: You had to get off the bus. We had to have limousines or vans to take us into New York. They took us in and we did two interviews at Sirius Radio and then we did a show at Joe's Pub.
- 14-00:22:43  
Rubens: Oh, how cool. I don't know Joe's Pub.
- 14-00:22:45  
Hellman: I didn't either. But it's in the Village and it's a famous venue. Well, do you remember there was a guy named Joe [Joseph] Papp. This was his. He bought this place so it's called Joe's Pub. Very folky.
- So there's quite a contrast between swank in Hoboken and Days Inn in Secaucus. You weren't right next to a TGIF.
- 14-00:23:46  
Rubens: Okay. Let me just look at the list of boards. Vivra Specialty Partners?
- 14-00:23:59  
Hellman: God, you have a great ability to pick out our losers. VSP was a company that did—it had centers where they replace your blood, dialysis centers. And they had doctor services around, mostly in Florida. They're private companies but they were put together into a larger company called VSP. I don't think we lost all our money but we lost a significant portion of it. Of course, that was Tully's deal. Not really. The guy running it was a really good guy who I'm still friends with.
- 14-00:25:02  
Rubens: And what was the problem? Do you—
- 14-00:25:04  
Hellman: Doctors don't like to give away a large part of their income. And somehow, doctors are not really into accounting and back office services. It didn't work.

14-00:25:18  
Rubens: The management didn't—

14-00:25:21  
Hellman: Management was a problem. The guy was quite inspirational.

14-00:25:25  
Rubens: Let me just get this straight. So it's basically--

14-00:25:30  
Hellman: The doctors own the service. And then a larger company comes along and buys it so it becomes a sort of conglomerate of specialty services.

14-00:25:42  
Rubens: So I'm just being dense. Why is it the doctors that—

14-00:25:44  
Hellman: Well, somebody comes along and offers them a million bucks for their practice.

14-00:25:49  
Rubens: Oh, I see. So you're on the board. You're trying to just hold it up? Just not let it go under?

14-00:26:01  
Hellman: Yeah, and make it better..

14-00:26:33  
Rubens: All right. We've got the shoe company and we've got Mobile Media. Where does this fit in, in terms of losses?

14-00:26:45  
Hellman: Well, one, we lost more than all our money. The second we lost all our money and in this one we lost most of our money. We're improving.

14-00:26:55  
Rubens: So I think that's it with the boards except for WPP.

14-00:27:12  
Hellman: When Young & Rubicam was acquired by WPP, I went on the WPP board. I just didn't see myself going to England eight times a year or something.

14-00:27:25  
Rubens: You had gone a few times and checked out your office.

14-00:27:31  
Hellman: Yeah. Saw my in-laws, mother-in-law.

14-00:27:32  
Rubens: Of course. There's no date here, of when you go on Offit Hall Capital Management.

14-00:28:25  
Hellman:

I'm still there.

Rubens:

What is it that has to do with?

14-00:28:38  
Hellman:

Well, I like financial service type businesses and I thought—Katie Hall for a while was Tom Steyer's partner and decided she wanted to have her own business.

14-00:28:48  
Rubens:

Oh, you mentioned her.

14-00:28:50  
Hellman:

And basically her business is kind of servicing high net worth individuals, endowments, and me. She provides a comprehensive sort of investment management service. So I don't need to worry about anything except the pension plan. But she manages all of our family assets except what Mick manages and Hellman and Friedman. And she's been a huge success.

14-00:29:38  
Rubens:

And so you're still on the board?

14-00:29:40  
Hellman:

Yes. Reasonable size owner of the company.

14-00:29:46  
Rubens:

So you have a personal interest and a professional business interest and you like her and—

14-00:29:52  
Hellman:

Very much.

14-00:29:53  
Rubens:

—the whole concept of everything.

But NASDAQ. I don't know if we talked enough about it. We talked about it much earlier, sort of on the fly and because of Bernie Madoff.

14-00:30:25  
Hellman:

[Singing] "Don't think this tune is done. There is still the biggest crook of all. Bernie Madoff has prime place inside this filthy hall. Sixty billion is so vast, above the rest it soars. He believed in equal rights, he stole from rich as well as poor." You'll hear that at Tahoe.

14-00:30:39  
Rubens:

Great. What is the song called?

14-00:30:40  
Hellman:

"The Eighth Commandment Blues." Thou shalt not steal. I was trying to think of what to call it. I was going to call it the Con Man's Song. And I was sitting

in Torah class studying the commandments and I thought, “Oh, my god. It’s the eighth commandment.”

14-00:30:54

Rubens: This is pretty new, isn’t it?

14-00:30:58

Hellman: I think we performed it once.

14-00:31:00

Rubens: Okay, so tell some more about NASDAQ.

14-00:31:10

Hellman: Well, NASDAQ had been a government agency. National Association of Security Dealers and the government, for some reasons, decided they would spin it out and a man named Frank Zarb, who—he’s this guy who is sort of—he’s a partner of ours now but he sort of had been in and out of government forever. He was an associate director of OMB at one point. I know he was known as the “Energy Czar” under Gerald Ford. And at one point Lehman was going broke, which it did try to do at various points. I think I’ve said this before. And they brought Frank in to sort of fix the place. He’s a sort of Mr. Fix It type.

So they brought him in to NASDAQ and he said NASDAQ should not be a government agency. It competes with the New York Stock Exchange. It should be a for profit private company. So we met up. We probably initiated it. But we put money into NASDAQ to sort of help, well, so they would have money. But also to help the transition from a bureaucracy to a private company, which has been spectacularly successful. We made a lot of money on NASDAQ. I was a director.

14-00:32:39

Rubens: You were a director.

14-00:32:39

Hellman: It was really fun.

14-00:32:41

Rubens: And why?

14-00:32:42

Hellman: Because you had to take government think and say, “Well, wait a minute. How are we going to make money on that?” Tell me how being the NASDAQ of Japan and losing \$20 million a year, why that’s a good business for us. So a little like Young & Rubicam. You got to do things that were obvious but not apparent to them. and then we found this spectacular CEO, a guy named Bob Greifeld. Arthur Rock and somebody else with the search committee. And we had decided on a guy. We get a call from this guy named Greifeld who said, “I do exactly this. I built this business in another company. You need me at NASDAQ,” and we hired him. The guy was just—

14-00:33:40

Rubens: Where had he come from?

14-00:33:41

Hellman: I can't remember. SunGard or something. Had a subsidiary. It was tiny, that did about what NASDAQ did.

14-00:33:50

Rubens: And he wants to do this because he wants a bigger arena?

14-00:33:52

Hellman: Yes.

14-00:33:53

Rubens: Now, when you say what NASDAQ did, how do we—

14-00:33:58

Hellman: NASDAQ did two or three things, all of them not very well. But one thing they did, they were kind of the—I'm trying to think of the right word. But the agency that took most Silicon Valley companies public. You either went to the New York Stock Exchange or you went to NASDAQ. So people like Intel and Apple Computer and companies like that. The tech companies went public through NASDAQ. So that was one business.

In other words, just like you see pictures of people standing ringing a bell or something. The New York Stock Exchange, NASDAQ had the same thing. Secondly they did security processing. So you would place an order to buy a hundred shares of General Motors. It would be processed. NASDAQ processed it more cheaply than the New York Stock Exchange or anybody else could. With the New York Stock Exchange, it would cost them ten cents a share. It would cost NASDAQ a few mils. So that was the major part of their business and one that they just dominated from an operational standpoint. In fact, there were more shares of New York Stock Exchange listed companies traded through NASDAQ than were traded through the New York Stock Exchange.

14-00:35:36

Rubens: And the third thing?

14-00:35:59

Hellman: Basically processing for other exchanges. Like the Chicago Mercantile Exchange or other exchanges. Chicago Mercantile would be a customer. That was a good business, too. Pacific Coast Exchange. They may have been. I think they were.

14-00:36:23

Rubens: So NASDAQ didn't begin privately.



14-00:36:28  
Hellman: No. It was a government agency. Then they had a little public ownership. Then we managed to get the government out completely. And at some point in there, before I was involved, I'm not making this up. I guess Bernie Madoff was chair of the NASDAQ board. He's still the biggest crook of all. Bernie Madoff has prime place inside this hall of infamy. Sixty billion is so vast, above the rest it soars. He believed in equal rights, he stole from rich as well as poor.

14-00:37:10  
Rubens: Did the government go willingly?

14-00:37:20  
Hellman: They wanted to go. They shouldn't have been in the business. It was a business that ought to be privately owned, I guess. At least that was their feeling and Frank Zarb was very helpful in sort of processing the thing.

14-00:37:37  
Rubens: So that was fun?

14-00:37:39  
Hellman: Oh, it was great.

14-00:37:40  
Rubens: Now, you're only there for three years. Does that mean—

14-00:37:43  
Hellman: It got sold. Our interests got sold to Dubai and some other investors.

14-00:38:02  
Rubens: And how does that happen? That's in your interests to do that? It's a good price and moving on.

14-00:38:08  
Hellman: Yes.

14-00:38:09  
Rubens: And they want to do it because they think they're going to make even more money.

14-00:38:12  
Hellman: Well, and they also are going to be big shots. "We control NASDAQ."

14-00:38:17  
Rubens: Well, it's a little bit like you going into Australia. Not that you thought you were going to be big shots but it's that sense of, I don't know, global positioning.

14-00:38:27  
Hellman: Yes. We wanted Australia because the country was broke and there were just all kinds of—nobody else had any interest in Australia, so—

14-00:38:36

Rubens: So do you think that's enough on the NASDAQ?

14-00:38:40

Hellman: Yes.

14-00:38:41

Rubens: So I'm wondering if we should switch gears, since I want to do more prep for finishing up your business endeavors. What if we should switch gears, dip back into the eighties and talk about how you've been involved with Jewish education. Or your own Jewish education. Because you had said that you were, of course, culturally Jewish but that your family wasn't—you were not raised observant.

14-00:39:12

Hellman: No, absolutely not.

14-00:39:14

Rubens: Even though your great-grandfather had founded—

14-00:39:17

Hellman: Helped found Temple Emanu-El. This is a theme that really interests me. The Jews of San Francisco. So basically we didn't deny that we were Jewish, we were just not—we didn't participate at all. I once said I've heard the Cal band play at Temple Emanu-El more often than I've heard any other service because they play for people's funerals.

14-00:40:18

Rubens: The family held membership?

14-00:40:20

Hellman: We always held membership in Temple Emanu-El. Just civic duty, I guess; philanthropy. But my father episodically would go for one of the high holy deals. Deals. Days. My mother would never go. And it just was no part of our life ever. I was driving uptown a couple of years ago and I called my sister and I said we were studying Jesus in our Torah class and she said, "Oh, yeah, that's part of the Torah, isn't it?" I said, "Nancy, I know a little but I can't imagine anybody who knows that little." So it was never part of our life. It didn't become part of my life in New York, even though there was more—well, Lehman Brothers is really not a Jewish firm.

14-00:41:21

Rubens: Despite its founder and some of the key people.

14-00:41:26

Hellman: Yes. Had more members of Piping Rock Country Club than it did of said church. Piping Rock, because they wanted to have Jews.

14-00:41:34

Rubens: And the Century Club?

14-00:41:36

Hellman: Century Club has never had—oh, they do now, I guess, but it's basically a Jewish country club. It's the upscale Ashkenazi. Let the Eastern Europeans hang out at Old Oaks.

14-00:41:51

Rubens: So no—

14-00:41:53

Hellman: No history at all. And when I moved back out here—hold on a sec. [Looking out the window at the San Francisco Bay] That's the most beautiful site, when the tide comes in. See the line of the tide? It's absolutely gorgeous.

14-00:42:12

Rubens: It's a pretty spectacular view, from your offices..

14-00:42:19

Hellman: Think of what it's going to be like for the America's Cup. So no Jewish background at all. No urging on anybody's part to be—.So I don't know if you remember Brian Lurie. Brian Lurie was head of Federation. He was the executive director of Federation [JCF].

14-00:42:48

Rubens: He was also a rabbi.

14-00:42:49

Hellman: Yes. But that's the point of the story. So as soon as I got here in '83 Brian started trying to get a meal together. "We really need to get to know each other. We really need to have a meal together." And, of course, I knew what it was about and I knew that it was going to be an hour of being beaten up for money. So we sat down, we had breakfast. I said, "Brian, let me ask you a question before we get started. Why does anybody want to be a rabbi? That's the most peculiar choice of careers." And fifty minutes later he was still talking. I thought, "Yes, in ten minutes I'll be out of here." And then he said something that changed my life. He said, "Well, what about your Jewishness?" And I said, "Frankly, mine is no part of my life. I don't know anything about it, I have no interest in it, I have a whole life without it and that's just where I am." He said, "What about your children?" I said, "Well, same for them." He said, "Do you have any idea how arrogant that is?" And I said, "What do you mean?" He said, "Well, to give it up on your part—if you gave it up based on knowledge, that's one thing. To give it up based on ignorance and cut off hundreds of generations of history is just so arrogant I can't even believe it." I said, "Oh, my god, you're right. What'll I do about it?" He said, "Well, you can learn Torah from me." So I said, "How will we do that?" He said, "Well, every couple of weeks we'll sit down for three hours and discuss Torah." So this happened about twice and Brian said, "I can't—"

14-00:44:30

Rubens: Just you and he?

14-00:44:31

Hellman: Yeah. "I can't do this anymore." And I said—

14-00:44:35

Rubens: Torah being the first five chapters of the Bible?

14-00:44:36

Hellman: Right. He said, "You're not a big enough donor." So we formed a class, which has now gone on for twenty-five years, of similarly—well, it's not just white shoe Jews. There's an increasing population of people who actually speak Hebrew and we actually have a couple of conservative, or some conservative members of the class. It's been a huge success.

14-00:45:07

Rubens: Brian Lurie left after a while, right?

14-00:45:10

Hellman: Yes. He went East and then [Robert] Kirschner took over.

14-00:45:44

Rubens: That's great. And so who is it now?

14-00:45:46

Hellman: Well, for fourteen years it was the most marvelous human being, a guy named Ze'ev [William] Brinner, who was chair of the Department of Near Eastern Studies at Cal Berkeley. He was a beloved professor. Ze'ev Brinner was just out of this world. And then he got sick and died. And we had a replacement for several years named Kenneth Cohen who worked for Lehrhaus Judaica. But recently we've decided we're going to have a larger number of teachers and parted company.

14-00:46:23

Rubens: Kind of rotate them in?

14-00:46:26

Hellman: Yes. We've had Robert Alter several times, the professor at Cal. We've had Donnie Hartman a number of times. Hartman Institute in Jerusalem. Oh, he's wonderful. We've had, what's his name, Ed Feinstein from Los Angeles. And we're having my daughter, Tricia, in September.

[Irrelevant conversation omitted]

14-00:48:13

Rubens: Lurie used to take people on trips to Israel. That's part of the Federation culture.

14-00:48:18

Hellman: Well, our class has taken a couple of trips. One to Israel, one to Spain.

14-00:48:22

Rubens: But particularly to see Jewish—

14-00:48:25

Hellman:

Oh, yeah. I made the mistake in Spain—they had the local Jewry in Madrid for dinner and what do I know? In our books Queen Isabella doesn't look all that awful. And I said, "Gosh, she was really bad in that she drove us out of Spain." They said, "She put us into a 500 year depression. We would be more wealthy than France today if it wasn't for Isabella and Ferdinand." So she's not a heroine, at least among the Jews in Spain.

14-00:49:05

Rubens:

How did you start with Lurie? Did he give you certain—

14-00:49:14

Hellman:

Just sort of fundamental—. Well, for a while we just did the weekly Torah portion. And nobody wanted to read that much so—

14-00:49:26

Rubens:

So for fourteen years. How often would you meet?

14-00:49:30

Hellman:

Every three weeks.

14-00:49:33

Rubens:

And you were able to fit that into your schedule somehow? You were—

14-00:49:37

Hellman:

There was no question of that. It was so fascinating. It was such fun. I wouldn't miss a Torah class. Well, I might but I have never missed one in twenty-five years.

14-00:49:51

Rubens:

That's really saying something. So say a little bit more. What was the draw for you?

14-00:49:57

Hellman:

Well, people keep asking why I like bluegrass music and it's a hard question to answer. What I've liked about Torah studies, number one, the stories are fantastic. Number two, what a great people who admit the flaws of their heroes. Abraham. "She's not my wife, she's my sister." Isaac the same thing. Abraham saying, "Hey, Isaac, would you like to go for a walk?" "Who's the lamb?" "You are?" They're just such unbelievable stories and unbelievable people. I'm not saying this very well but studying how a whole culture is kept together without ever saying that David wasn't a voyeur, spotting Bathsheba on the roof down below and David wasn't responsible for getting her husband killed in battle. It's so perfect. The stories are just so perfect. They're better, for the most part, than most novels you read. Two, if you get into studying the Talmud's interpretation of the story, so much of our modern culture, our modern morality, modern law, comes from that. It's almost verbatim. All of a sudden, you say, "Oh, my god. Thou shall keep the last—your field nearest the fence for the indigent." The whole history of charity, of giving. It all

comes from the Torah. It doesn't mean that it isn't hardwired in you but it's lovely to read. That the morality was there.

And just God is God but you can negotiate with God. When Abraham says, "If there are a hundred just people, will you not—" "Do I mean Abraham? Yeah—" "will you not destroy Sodom and Gomorrah?" "No, I won't if there's a hundred just people." "Well, what if there are fifty?" What if there are ten?

14-00:54:06

Rubens:

Some of this parsing is like how you look at things strategically, in business, in organizations, kind of figuring out solutions to problems.

14-00:54:20

Hellman:

I will say one thing editorially that really—I think the Jews have had just an unbelievably great history. To have retained any shred of what we were after all the pogroms, after the Holocaust, et cetera. Two things drive me crazy. One, as soon as a Bernie Madoff comes along everybody says, "Isn't that a shame that he's Jewish?" I said, "What were the last ten Nobel Prize winners? Why don't you talk to me about them." So what if he is Jewish. If you say, "So what if Michael Tilson Thomas is the greatest director the San Francisco Symphony has ever had, if you say so what to that, why don't you say so what to Madoff?"

14-00:55:12

Rubens:

My family always asked if something, someone, was bad for the Jews because there's so many—

14-00:55:19

Hellman:

Yeah. But I think the Jews, as usual, are way too self-conscious about it. My answer is, "Okay, would we be really proud if he wasn't Jewish?" Who cares?

14-00:55:32

Rubens:

Do you feel there's less—discrimination may be too much to say—but hierarchy in San Francisco? Jews versus non-Jews?

14-00:55:43

Hellman:

Oh, way less.

14-00:55:44

Rubens:

Compared to New York or to other—

14-00:55:46

Hellman:

Yeah.

14-00:55:47

Rubens:

Because it's just a smaller city but also—

14-00:55:51

Hellman:

Also, we were here first. The drash [interpretation of Torah] I gave, the sermon I gave at Sherith Israel when we did the bluegrass, Hardly Strictly

Sabbath there; it was exactly that subject. That people say, “Well, why are you so assimilated? Not marriage—because you are, but assimilated in the greater community in San Francisco?” And I say, “Well, number one, they assimilated with us. We were here first, or a lot of us were here first. Two, there has never been a high level of anti-Semitism in San Francisco and maybe that’s partly because an awful lot of our major institutions have been founded and run by Jews.” And I think the San Francisco history is one that Jews ought to really study. The guy who made this remark to me, I used it in the sermon. I said what he wanted was for us to ghettoize ourselves. Why? Has that ever done us any good?

14-00:58:09

Rubens: So the Torah group focused on the Bible. Did you take up issues like that?

14-00:58:20

Hellman: Special lecturers come in and they have a subject like that. We have one young man who’s a TV commentator in Jerusalem. He has a show once a week and he’s here episodically. He chooses something from the Torah that’s very current and has a bunch of passages where in effect it’s discussed in the Torah.

14-00:58:51

Rubens: And then you take it out to contemporary—

14-00:58:53

Hellman: Well, we just discuss it.

14-00:58:57

Rubens: So did you have to read much or did they get down to discrete manageable readings?

14-00:59:03

Hellman: It’s pretty manageable. Over the years it’s become more and more discrete. We can barely get two paragraphs out now and have anybody read it.

14-00:59:10

Rubens: How many in the group?

14-00:59:16

Hellman: On a good day, a little over twenty. We regularly have over twenty now.

14-00:59:22

Rubens: And do you meet at the Federation? [Hellman points to the conference room in which the interview is taking place.] Here? Right in your office?

14-00:59:26

Hellman: Yes.

14-00:59:27

Rubens: And how’d you go about getting people to join? How’d you invite people?

14-00:59:32

Hellman:

I don't know. For a long time I would say to people, "You ought to come to my Torah class," and they'd come once and then they'd annoy me so they wouldn't be invited again. Or they'd stick. We're full but people will call. There's a woman in Berkeley, young woman, Sarah Bamberger, who runs a Torah study program in Berkeley. And she said, "I'm just fascinated by your class." And she comes and she's great because she's really educated. We have Father John Hardin from Saint Anthony's who's been in the class for like at least ten years.

14-01:00:18

Rubens:

Just because he wants to be educated?

14-01:00:18

Hellman:

Educated, yes.

14-01:00:34

Rubens:

And Phyllis Cook, the longtime head of the Federation endowment.

14-01:00:35

Hellman:

Well, she was the co-founder. Brian Lurie brought her in. You can't have two shekels to rub together in San Francisco and not meet Phyllis Cook.

14-01:00:51

Rubens:

And Ted Dienstfrey who works for Gerson Bakar.

14-01:01:07

Hellman:

Yes. He's quite an intellectual, by the standards of our class anyway. He really studies.

14-01:01:15

Rubens:

So you basically have never missed one. Just twenty-five of—it has enriched you and engaged you.

14-01:01:24

Hellman:

I love it.

14-01:01:24

Rubens:

So how did the idea of a bat mitzvah come about?

14-01:01:30

Hellman:

Tricia was going to do one in April of the year that we did it.

14-01:01:34

Rubens:

So how did Tricia become interested in doing that?

14-01:01:36

Hellman:

Somehow she just dove into religion.

14-01:01:41

Rubens:

You were doing this. But not necessarily pulled in by you?



- 14-01:01:44  
Hellman: No. Oh, no, no. Before I knew it, she spoke Hebrew fluently. She taught classes at Temple Emanu-El. She also speaks Arabic.
- 14-01:01:56  
Rubens: Is her husband Jewish?
- 14-01:01:58  
Hellman: Oh, no. Stubbornly not Jewish.
- 14-01:02:06  
Rubens: Did she raise her children—
- 14-01:02:06  
Hellman: Oh, no.
- 14-01:02:07  
Rubens: This comes after in her adult—
- 14-01:02:10  
Hellman: In fact, I'm surprised that not a single—she has five and not a single one of them has shown the slightest interest. So Mom's kind of off in the ether someplace.

#### Audio File 15

- 15-00:00:00  
Rubens: Tricia started this before you?
- 15-00:00:03  
Hellman: Not before our class. But she started her deep interest in Judaism. All of a sudden she was just—there's a guy, a rabbi at Emanu-El named Larry Kushner who's quite a well known writer and stuff and she became very friendly with him. And she started studying his books and studying with him. And he's still there. He's very into sort of the kabbalah, stuff like that. So she actually knew more about Jewish mysticism than she did about Judaism at a point in time.
- She becomes deeply religious, deeply enmeshed in Judaism and then she sent me an email that she was going to have her bat mitzvah in April of whatever year that was, 2009. And I said, "Well, what if we did one together?" So that morphed into our—bat/bar mitzvah.
- 15-00:01:54  
Rubens: What was it in you that—the ritual of it?
- 15-00:01:57  
Hellman: Just years of studying and taking a next step. And they'd never had a blue grass band play at Temple Emanu-El before. It was part of the ceremony.

- 15-00:02:14  
Rubens: So what was your Torah portion?
- 15-00:02:17  
Hellman: It was just about tzedek [righteousness and justice]. God. It was from Deuteronomy and I can't remember the exact passage.
- 15-00:02:51  
Rubens: And by the end, had you learned enough Hebrew to read the—
- 15-00:02:56  
Hellman: No. I had learned enough to fake it.
- 15-00:03:09  
Rubens: Emanu-El is of course reform?
- 15-00:03:10  
Hellman: Yes. Lots of people call it Saint Emanu-El. They had the Hebrew words with English pronunciations or English—Hebrew pronunciations but English letters and they read from left to right, so it was very doable. So I could fake it pretty well.
- 15-00:03:57  
Rubens: Just two more questions about it. Did she like the idea of sharing?
- 15-00:04:02  
Hellman: Oh, she loved it. We had a great time. You've seen the picture in my office.
- 15-00:04:05  
Rubens: No, I have not. I'll walk back with you to see it. And finally, what did it mean to you? Were you fulfilled and elated?
- 15-00:04:14  
Hellman: Yeah. I thought it was a sort of maybe illogical next step but I call it logical next step. Sort of dignifying what I'd done for twenty-five years.
- 15-00:04:24  
Rubens: Well, I want to be honorable about the time. So we can take up, maybe at a different point, how involved you become with the Federation endowment. And I think we'll talk about the Magnes when we take up your work on behalf of Cal. Of course you're interested in Jewish history and culture, you've been involved with the Jewish Community Federation and you tried to arrange a merger of the Magnes and the San Francisco Jewish Contemporary Museum, but in the end you brokered the deal whereby UC Berkeley acquires the bulk of the Magnes collection. Well, I'll see you next week.
- 15-00:05:08  
Hellman: Hopefully.

Interview 9: July 28, 2011

Audio File 16

16-00:00:00

Rubens: I wanted to tell you a story about Ringo Hallinan's son David, who is a musician, and Emmylou Harris. And you said you knew the Hallinan family?

16-00:00:20

Hellman: Oh, yeah.

16-00:00:21

Rubens: How so?

16-00:00:23

Hellman: Basically, when I was in high school I went to Sugar Bowl with my mother for a weekend and we were having dinner in the dining room. And on the way out, this kid made some remark and I said, "You want to go out on the porch?" and he said, "Sure."

16-00:00:42

Rubens: How old were you about?

16-00:00:44

Hellman: Oh, fifteen. So we got on the porch but it isn't the kid. It's his older brother Butch. And Butch breaks my nose. We have a pitiful fight where he is one punch and Butch said, "You know, you don't fight so good. Maybe you ought to come over to our gym and I'll teach you how to fight." So I went over there several times, to the Hallinan's gym that was in their house in Ross. We became friends at Sugar Bowl and then we sort of renewed acquaintances when I moved back out here. Butch was the oldest of six boys.

16-00:01:39

Rubens: So here's the story. And Ringo was probably one of the last of the members of the Communist party. When I told him I'm interviewing Warren Hellman he said, "Oh, what a lovely guy. Just a lovely guy. Principled person." And this is from a Marxist. His son David works for Bonnie Simmons at times and she asked him to pick up Emmylou Harris at the airport to bring her to Hardly Strictly last year. She gets in the car, she's in the front, and she says to David, "Do you play music?" He said, "Oh, yeah. Yeah, I do." "What kind of music?" "Rap." And she says, "Oh, do you know so and so and so and so?" And he said, "Oh, yeah, yeah." So then she asks, "What are you doing?" They have a conversation all the way to where she's staying where she's interested in him and asking him what he's doing. When she gets out of the car she tells him, "Stick with your music." What a lovely person.

16-00:03:23

Hellman: Oh, that's great. Oh, she is. She's out of this world.

16-00:03:27

Rubens: It's so wonderful to hear that someone of her stature is genuinely interested in a novice, and to learn that they really are wonderful people.

16-00:03:33

Hellman: And that they can listen. Do you remember Hallinan's slogan when he ran for the White House? Ran for President? He had just gotten out of prison and his campaign slogan was, "Out of the big house, into the White House." When you talk to Ringo again, ask him if he remembers that.

16-00:04:57

Rubens: I also have a left over question from our last interview, about what Judaism meant to you. We talked about your Torah group and bar mitzvah and your intellectual journey; and that you loved the morality in the stories. I thought afterwards was there a spiritual dimension to it? Did it do something to, I don't know, as an alternative to business? You're in the ur-material world. Did this give you an—

16-00:05:43

Hellman: That's a really good question. There is, and I'm going to find it hard to articulate, but leaving aside whether there's a big white guy in the sky—I don't know whether it's spiritual or intellectual but just a way of thinking about things. What would Maimonides have thought of this? I don't agree with his hierarchy of charity but my daughter is really hooked on Maimonides now. The sort of satisfaction that has gone on for at least 2,000 years and that is constant, that there's a constant way of looking at and evaluating things, a set of laws. I couldn't really quote you all 613 of the commandments.

16-00:08:16

Rubens: All right. Well, the transition I want to make is that I think music in a way became a kind of—a certain kind of religion for you. A real, I don't know, place to go that was so different than what—

16-00:08:35

Hellman: I was saying with the stupid leukemia thing, most days I feel sort of semi-crappy and as soon as I sit down to play it all goes away. Somehow something's resonating in my brain or in my—

16-00:08:55

Rubens: Well, your soul.

16-00:08:56

Hellman: Yeah. And as soon as I stop playing I feel crappy again but only for a while. But there are moments, and they're not very frequent, when the band is really jelling, where everything's going, everybody sounds great. You're having fun listening to everybody else. Somebody's singing and it just fits perfectly. It's otherworldly.

16-00:09:32

Rubens: It's transcendent.

16-00:09:33

Hellman:

Transcendental, yeah. And then every year at the festival when I hear Emmylou sing “Red Dirt Girl” I think this is a different planet.

16-00:09:46

Rubens:

So we talked just a little bit about you taking up the banjo again, about buying the one that you had given to your son-in-law—or your ex-son-in-law. So just locate us in time. You’re starting to play more and more? When is this?

16-00:10:04

Hellman:

It was a couple of years—I think the festival is eleven years old so it was around 2000. Somewhere around the time of the beginning of the festival. But it wasn’t coincident. Well, in a sense it was coincidental because every—Sharon, Dawn Holliday, everybody knows I like banjo music, so suddenly I wake up on Christmas day and there’s a banjo and they say, “And we’ve got you a teacher.” So I was back in it before I made any conscious decision to do so.

16-00:10:41

Rubens:

And playing a lot? When you got into it you—

16-00:10:45

Hellman:

Part of what’s fascinating about it is that it’s a manual challenge, particularly at my age. Banjo fingering is fairly complex. And it’s also an intellectual challenge in the sense that this set of—it’s difficult to finger this set of notes but also it’s difficult to sort of imagine where to find them.

16-00:11:25

Rubens:

Well, to make your hands do what your brain is telling you.

16-00:11:27

Hellman:

Or to have your brain comprehend what it is that you’re listening to. So there are the two parts. I’m learning a song tune called “Leather Britches,” which is for me fairly difficult fingering but it’s also got very complex for me. For any real musician, they would say this is like “Frères Jacques” or something. But for me, the physical performance of making your fingers do what they’re—but also mentally remember—oops, the next thing is going to be this riff.

Sort of the structure, how the music’s structured. And also just the series of chords. Each base note has a series of seven chords until you get back to it and trying to remember, one, what they are and, two, where they are.

16-00:12:30

Rubens:

So there’s some traditional sequences and—

16-00:12:33

Hellman:

Yeah. People number them because then you can play them in different keys. Like in the key of C, the two chord is a D. Really very intellectually deep. C, D, E, F, G, A, B, C. But somebody will say it’s a seven chord. And you

suddenly have to remember, “Ooh, that’s a B and this is where the fingering is for B.” And then get your goddamn fingers to cooperate.

16-00:13:08

Rubens: So you’re listening to a lot of it and finding people that you love the most when you’re first starting, when they give you the—

16-00:13:17

Hellman: Yes.

16-00:13:17

Rubens: So how does Hardly—well, it’s not Hardly in the beginning, is it? But how does it come about?

16-00:13:22

Hellman: It was Strictly. Well, it’s pretty independent of this. I was up skiing with a guy named Jonathan Nelson who has a company called Organics [and also a friend from Sugar Bowl] and he used to be a sound man for Bill Graham. But you know the difference between a sound man and a terrorist?

16-00:13:47

Rubens: No.

16-00:13:47

Hellman: You can negotiate with a terrorist. [laughter] Because they run the show?

I’ll give you an example. Emmylou Harris played at the Library of Congress and I walked in with her. This is Emmylou Harris, for God’s sake. She’s giving a one person concert, one person performance. The sound man says, “Listen, girlie, you’re going to do exactly what I tell you to do. There are not going to be any arguments.” And she’s such a lovely person. You could see her eyes sort of tear up. But this is some turd of a professional sound man. So now when we travel we have our own sound man.

So anyway, I started talking with Jonathan Nelson. And I said, “You know, I’d love to do a bluegrass festival.” He said, “Why don’t you do it?” I said, “Well, I have no idea what you would do.” He said, “Well, I have a friend name Dawn Holliday who runs Slim’s Nightclub and she’s the best booker in the world and then she has a friend named Sheri Sternberg who is the best production person in the world.” She does, for example, the X Games for ABC and stuff. So the four of us had lunch and the festival came out of the lunch. This is 2000.

16-00:16:06

Rubens: Maybe I shouldn’t interrupt you but had you been going to concerts? Had you developed some favorites?

16-00:16:13

Hellman: Yeah. Yes, absolutely. I don’t know. But I was a little more catholic in my approach. I really liked the bands like the Kingston Trio and the Lamplighters

and the Highway Men. But I loved Flatt and Scruggs and Doc Watson and the Stanley Brothers. So maybe that's not a very broad spectrum of music.

16-00:16:44

Rubens: But it's an indication of what you're—

16-00:16:45

Hellman: Yeah.

16-00:16:46

Rubens: So you're going to concerts and then he says, "Do it."

16-00:16:48

Hellman: And the other sort of initiating factor was I did a favor for the firefighters the same year and one of the captains, a lieutenant at the time, in the firefighters said, "I understand you like this kind of music. Listen to this." So he gave me a CD of Hazel & Alice and it was Hazel Dickens and Alice Gerrard. And I think the first song, an early song on the CD, was "Disaster in the Mannington Mine." I absolutely fell in love with that and with her. So that—

16-00:17:26

Rubens: This is all kind of converging.

16-00:17:28

Hellman: And I said, "Can we ever get somebody like that to come to a festival." And Emmylou Harris. So the two of them agreed to come the first year. And Bonnie has always been sort of kind of in charge of a lot of the logistics and the choice of bands and the placement of bands. The schedule. Well, she knows a ton about music, far more than I do.

16-00:18:05

Rubens: Yeah. I heard Ringo say her basement is just stacked with every record ever made.

16-00:18:12

Hellman: I think that's what happens.

16-00:18:35

Rubens: Yeah. So who decides it's going to be Golden Gate Park and—

16-00:18:39

Hellman: Well, I thought it would be the Polo Grounds and Dawn Holliday said, "No, no, no. There's something much better. It's Speedway Meadows." An awful lot of the ideas for the festival really come from Dawn. An awful lot of the credit goes to me. She's under credited and I'm over credited.

16-00:19:00

Rubens: Had you known her before?

- 16-00:19:01  
Hellman: No. Jonathon introduced me to her. And it just took. So the first year, I think we had I guess one stage. We had twelve bands over two days. And I said, “Do you think anybody’ll show up for this?” And surprisingly, ten to fifteen thousand people showed up and at the end I said to them, “Want to do it again?” So it was sort of a year by year thing early.
- 16-00:19:34  
Rubens: So Bonnie’s working the permits and the advertising and—
- 16-00:19:40  
Hellman: Yeah, but also just logistics of bands.
- 16-00:19:43  
Rubens: Yes, sure. Flying them in. Are you paying for—
- 16-00:19:46  
Hellman: Everything. We’ve never had a commercial sponsor. This is my party and I’ll cry if I want to.
- 16-00:19:56  
Rubens: And I read that you’re endowing it for years out.
- 16-00:20:02  
Hellman: Yes. My children and Chris and I had a meeting a few years ago and they’re wonderful. I guess everybody thinks their children are wonderful but I’m quite certain that mine are. And I said, “Let’s talk about the things you’d like to see continue after my demise, maybe later today, I don’t know.” And they said, “Well, we really like the Fellows program,” which we’ve discussed. And when we got to the festival, it was the same thing. Everyone was on board.
- [Irrelevant observations about family dynamics removed]
- 16-00:20:55  
Rubens: Now Chris was involved with your music early on.
- 16-00:21:01  
Hellman: Oh yes. She sang with our band after we started for a while. And it’s her artwork on the early CD. Oh, she had a great voice. And from dancing, great timing.
- 16-00:21:19  
Rubens: And I image great stage presence, as well.
- 16-00:21:21  
Hellman: Yes.
- 16-00:21:22  
Rubens: So you’re saying that 2000 it’s just wildly successful. You didn’t expect that kind of turn out. You decide to keep it going. You expand it the second year.



16-00:21:33

Hellman: Yeah. And we kept adding stages and days.

16-00:21:37

Rubens: At what point did it become Hardly?

16-00:21:41

Hellman: It became Hardly I think the third year. And the original logic, which no longer was important, was Emmylou plays a variety of different types of music and I thought I just—I really favored bluegrass. And originally she had a band called the Nash Ramblers. So I thought, well, if I call it Strictly Bluegrass and she comes, she'll have to put together the Nash Ramblers. And, of course, you don't tell Emmy what to do. She's a good listener but she does what—so that didn't work. She sang pretty much what she wanted. So we changed the name to Hardly Strictly Bluegrass. That was Dawn's idea. I wanted to call it Strictly Bluegrass, All Right. And then, of course, Emmylou being Emmylou, then brought the Nash Ramblers after we were Hardly Strictly Bluegrass. So that's how the name changed.

16-00:22:46

Rubens: So was this the first time you met Emmylou? Associated with the first—

16-00:22:51

Hellman: Yes.

16-00:22:52

Rubens: And just clicked. Because you told me that about Hazel Dickens. You said that that was just—

16-00:22:58

Hellman: Very different types of people. Hazel had a certain hardness.

16-00:23:12

Rubens: From her hardscape background?

16-00:23:15

Hellman: Yeah. Emmylou was pretty generous in her taste. Hazel genuinely didn't like rich people, generally didn't like capitalists, all the things that I am. And it took some convincing on both sides. And Emmy just takes things, as I pretty much do, as they are and either appreciates them or doesn't.

16-00:23:48

Rubens: How do The Wranglers come about? That's you who named the band, isn't it?

16-00:23:58

Hellman: Yes. About, I don't know, three, four, five years after we started the festival. We were all taking lessons. A group of us were taking lessons from the same instructor, a guy named Jody Stecher. And he said, "It's time you started playing with other people." So through him I met Nate Levine, who's our guitar player, Krista [Martin] who was our original fiddler player. Still is. Now one of two. And Bill Martin, her husband who's just an unbelievable

mandolin player. And the four of us started playing together and then Colleen [Browne], who was not a Jody Stecher student, far from it, had had a career as a professional musician but had just started working as my assistant. So she joined the band and played bass and does vocals.

16-00:24:49

Rubens: Has an amazing voice.

16-00:24:52

Hellman: Tremendous. You'll hear a lot of it this weekend. And Chris [Hellman] was a singer. So the two of them harmonized a lot together. So then we started playing together, playing some local gigs and stuff. Ron Thomason played in 2006, but he didn't join the band. He's played every subsequent festival. His wife Heidi Clare is the second fiddle player.

16-00:25:16

Rubens: So the name Wranglers comes up pretty soon?

16-00:25:20

Hellman: Actually, there's always some amusement. But I was on the board of Levi. Levi's principal competition is Wrangler jeans so we couldn't call ourselves the Wranglers. In fact, we wanted to be The Not Wranglers, so we became The Wranglers. It's been a good name for us. Somehow people picked it up. [Colleen Browne's addition: Warren heard about and entered a lottery to be a wrangler in the Calgary Stampede. He won a slot —of course he had to pay for that position. Over the time they rode horses across the plains of Alberta to Calgary, he jammed for the first time with musicians. When it came time for the HSB festival in 2005, Warren invited the people he wrangled and played with and they called themselves The Wranglers. The next year, they weren't available; and so he asked his fellow music students to play, and called the group The Wranglers; because it was the wrong group of people; but it was also his joke on Levi's]

We were playing one time pretty soon after we got started at Noe Valley Ministry out in Noe Valley. I think it's the San Francisco Old Time and Bluegrass Festival. And in the back row these guys in orange jumpsuits—what the hell is that? Somebody said, "Have you seen this?" And they were handing out flyers that said, "They call themselves the Wranglers. Don't you believe it. We are the original Poontang Wranglers." [

16-00:26:22

Rubens: Had you heard them or they—

16-00:26:23

Hellman: No, they were a jug band from Oakland. They were removed. They were asked to leave. And they emailed Colleen the next day saying, "Can we be your friend on Facebook?" and she said that wasn't a great start.

16-00:26:42

Rubens: It wasn't just that you were playing together as an experience; is the music teacher suggesting gigs?

16-00:26:56

Hellman: Well, he did not feel we were ready to play gigs but that's not his business. So we decided that what would be fun to do is before the festival opened—the festival usually starts at 11:00 o'clock on Saturday morning—that at 10:00 o'clock we would set up a stage, specifically the Porch Stage, for us and just play for a while. So we played for a while and some people listened and some people didn't listen. And we finished and the stage manager said, "I can give you guys ten more minutes." We said, "But we don't know anything else." And then we really enjoyed each other's company. The original group had been together for—god, I think—well, they've had—Krista was pregnant at the time and her child just had her sixth birthday, so—

16-00:27:54

Rubens: And then did you get a band manager?

16-00:27:58

Hellman: Well, Colleen's sort of been the manager. And her husband, a very fine musician, did production of the record. She no longer works for Hellman Friedman, she works for the Hellman Family Office.

16-00:28:23

Rubens: Well, so was that symbolic of the importance of it in your life?

16-00:28:28

Hellman: Well, yeah. As we became more successful. I don't know. I wish you could interview her. She's a kick.

16-00:28:30

Rubens: I will.

16-00:28:41

Hellman: But she's entirely direct and she said, "At some point you got to decide whether you're a hobby band or a real band." And I said, "What do you want?" She said, "Well, I want you to become a real band." And then Heidi Clare joined. Heidi is the fiddler; clogger. She'll be with us Saturday. And she and I met really through riding. She's an unbelievable runner and rider and I organized to get her out to my farm in Bolinas. We rode together and then we had this wonderful several years where—she lives in Colorado—but where she would spend the winter working at our farm — a couple of months, when it's just too damn cold. And we would ride Saturday mornings and play Saturday afternoons. She's like our music director now.

16-00:29:52

Rubens: She's still living in Colorado?

- 16-00:29:55  
Hellman: Yeah. She lives with Ron Thomason, who's Dry Branch Fire Squad. Wonderful band.
- 16-00:30:04  
Rubens: And so did you have a hand—there must have been more and more groups that you were looking at? You're working with Bonnie and—
- 16-00:30:11  
Hellman: Well, have you seen my card?
- 16-00:30:13  
Rubens: No. Let's show it.
- 16-00:30:17  
Hellman: Everybody in the world wants to play at the festival. And they want their mother to play, their father to play, their sister, their significant other. Every time they have a chance they accost me and so I had these cards made. People say, "How do I get to play at the festival?" I say, "Well, here's the woman who does the booking."
- 16-00:30:40  
Rubens: Dawn Holliday.
- 16-00:30:43  
Hellman: Yes. And I said, "Now, turn it over."
- 16-00:30:44  
Rubens: Ok. So the front side says: "Slim's Bluegrass American Music Hall. Slim's Hardly Strictly Bluegrass." And it has Dawn's contact information. And the back says: "Warren has no authority." So you just hand that to them.
- 16-00:30:59  
Hellman: Yeah. We play a lot of festivals now and occasionally there's somebody that just absolutely blows me away. I said, "Dawn, I think you'll really like them." Last year it was the Ebony Hillbillies who were just out of this world. Just a great—"I'm a big fat black woman, you're a skinny little white man. Spend two weeks in my bed and you'll be a real man."
- 16-00:31:28  
Rubens: I'll have to look at this, your schedule, and have you point out what you liked the best. That's probably hard.
- 16-00:31:37  
Hellman: Well, my problem is a lot of the best I haven't heard of because they come from other genres and people say, "Oh, my god. Shirley Jones and the Dap Kings are playing and until after they play I've never heard them. But this year, I hope we've got them. I'm pretty hot for Red Molly. They're a group of three women. You remember Red Molly was in a song about this guy who was dying and he had this beautiful motorcycle, an Indian motorcycle, and he gave it to his girlfriend, Red Molly. So the three of them are terrific and

they're coming and then the Blind Boys from Alabama. Actually, that was not my idea. That was Dawn's. But Red Molly was mine.

16-00:32:23

Rubens: Were the Blind Boys there last year?

16-00:32:27

Hellman: I'll tell you who was, who you're thinking of. Well, the Rome Mountain Hilltoppers were there two years ago. Maybe you mean The Sighted Boys from North Carolina.

16-00:32:53

Rubens: Yes. I read a story about Hardly Strictly that said you use a golf cart to get between that—

16-00:33:03

Hellman: I don't drive it. But yes, that's one of the nice perks.

16-00:33:10

Rubens: Why not.

16-00:33:11

Hellman: Yes. It's moderately embarrassing to ask people to get out of the way so we can drive through but then when they see who it is they feel maybe better about it.

16-00:33:21

Rubens: So what is your general habit during the festival? You try and get to—you had six stages last year, right, that run simultaneously. You're adding one this year?

16-00:33:35

Hellman: Yes, The 6<sup>th</sup> stage, Towers of Gold, was added in 2010. So what I try to do with Dawn is map out people that I really want to see. Well, Red Molly if they're there I'll want to see. But also people that she thinks that I'll like or that it's important that I see—hear. So we say at eleven o'clock we'll be at the Banjo Stage and we'll leave that early to go to the Arrow Stage.

16-00:34:10

Rubens: It runs pretty on time.

16-00:34:12

Hellman: Oh, very much so.

16-00:34:13

Rubens: I know that's something that you really value, that you really like. So that's something that you've insisted on? Speaking of sound checks, these guys can go on forever and set everything back.

16-00:34:29

Hellman:

No, only my friends who sound check me. Like Roger McNamee. As long as they'd like it. Although Emmylou's sound check, if you had a chance—most people sound check. Famous people come out and play like two notes and their band sets everything up for them. Emmylou's sound check is like forty-five minutes and she does whole songs. And she usually has twenty, thirty thousand people listening to her sound check.

16-00:34:58

Rubens:

Wow. It's a long festival, right? It's now—

16-00:35:04

Hellman:

Yes. Three full days now. Friday, Saturday and Sunday. And then the kid's show is Thursday.

16-00:35:11

Rubens:

How'd that idea come about? That was another, real gift to the city.

16-00:35:23

Hellman:

Well, I worked closely with the school system and I thought, wouldn't it be fun to have a performance for the kids? And so the first year, almost a very high percentage of all the middle school kids in San Francisco and now the Bay Area are bussed in, so the scene is unbelievable. But you learn from the festival. There's a group and they're really wonderful, including Woody Guthrie's granddaughter that tour the country. They do a Woody Guthrie show but the problem is there's a lot of talking, "this is when Woody played there and this is when he wrote this." And 6,000 kids—

16-00:36:04

Rubens:

Can't concentrate?

16-00:36:04

Hellman:

It lasted like eight seconds. So I got up and said, "Just play." I love Woody, I love to hear all of this, so I had them do it in my barn in Bolinas. So then that worked pretty well but still the kids want more action. So a friend of mine is a big buddy of MC Hammer's. So for the last two years we've had him and, boy, the kids really react to him. [Colleen Brown addition: "After the poor response to the Woody Guthrie show, Warren invited Poor Man's Whiskey, which they called PMW, in an effort to enliven the students; MC Hammer played for about four years."]

16-00:36:31

Rubens:

Oh, I bet. Oh, how cool.

16-00:36:33

Hellman:

It's not Hardly Strictly or even vaguely Strictly Bluegrass. But the letters I get. The kids' teachers obviously make them write letters and the letters are just like, "Dear Mr. Hellman, the music wasn't so good but the food and the bus ride was and we got time off from school." That was great. Or, "Dear Mr.

Hellman, I really like bluegrass. It's my seventh favorite music." The school performance is Thursday morning this year. This'll be the fifth year.

16-00:37:14

Rubens: So you pay for the bussing and apparently there's food there?

16-00:37:16

Hellman: The school district pays for the bussing. But I pay for the food and San Francisco School Volunteers does all the volunteer work.

16-00:37:25

Rubens: Where is it literally?

16-00:37:26

Hellman: The stage is at the end of Speedway Meadow. Is it Arrow or— I forget which one. But the Banjo, which I'm not allowed to call the main stage, is here and then at the very end of the meadow is—

16-00:37:51

Rubens: We should put a map of the festival in the appendix, because it's really—it just takes over the whole park.

16-00:37:59

Hellman: And it's interesting kind of the city's attitude. The city's attitude the first couple of years was sort of—actually four or five years. Well, this is okay. It's a lot of work for us. I guess it's a good thing for the city. Now they absolutely adore it. You know when you drive by the Conservatory of Flowers they have that flower display, and now it's Hardly Strictly Bluegrass. The gardeners voluntarily put a whole flower arrangement that reads HSB.

16-00:38:42

Rubens: Oh, that's so cool. I remember reading there was a citation from the mayor.

16-00:38:51

Hellman: For Emmylou and Hazel.

16-00:38:54

Rubens: You were already in city politics. You had played important roles. But is there a mayor that stands out in terms of people who supported it and participated in it?

16-00:39:09

Hellman: Well—

16-00:39:10

Rubens: I bet Gavin Newsom.

16-00:39:10

Hellman: Gavin did. I suddenly looked up, we're playing on the Porch Stage three or four years ago and there he was sitting in the audience. But Willy was terrific. And Willy loves a party.

16-00:39:24  
Rubens: There's nothing quite like this. Bay to Breakers is a day. That's a moving party. But to have three days of—

16-00:39:39  
Hellman: And last year the attendance was bigger than the population of San Francisco.

16-00:39:45  
Rubens: Scary.

16-00:39:48  
Hellman: A little bit. Well, the one year that it was really scary—we had Dolly Parton and she was at the same stage I was just talking about at the end of the meadow and it was so crowded that honestly you couldn't have fallen down. It was just jammed. And fortunately the other stages have a big enough area in front that it doesn't get like that. But that was as scary as it's ever been.

16-00:40:20  
Rubens: So are you paying for the security, as well?

16-00:40:27  
Hellman: [Nods yes.] But the cops, the regular police force, provides most of the security, and they love it. There was a wonderful moment in time that the captain of that precinct, about four or five years ago, came to me and said, "Could you talk to some of my officers, please?" And I said, "Yeah, sure. Why?" She said, "Well, a hundred percent of my officers are at this festival. There's a rap festival that's a mile away. I don't have a single officer there providing security. You have no arrests. They have about one arrest every five minutes."

16-00:41:02  
Rubens: Oh, I didn't think to ask that. It's been—

16-00:41:06  
Hellman: Very, very—

16-00:41:07  
Rubens: —distinctly civil and—

16-00:41:10  
Hellman: Yeah. Well, I guess with this tremendous cannabis smog hanging over everything, everything's probably a little high from second hand cannabis.

16-00:41:21  
Rubens: They just let it go.

16-00:41:24  
Hellman: There are just no fights. People—



- 16-00:41:26  
Rubens: Yeah. It's just a mellow—and, of course, you pick the time of year. It's just usually—
- 16-00:41:34  
Hellman: Hopefully.
- 16-00:41:34  
Rubens: —the best weather that can be had in the Bay Area is then.
- 16-00:41:40  
Hellman: That wasn't an accident. Emmylou was standing up there one year. It can be pretty foggy and she was playing at six o'clock in the evening. There was this screaming west wind and the Banjo Stage faces west. It was pretty damp and she kept adding clothing. She said, "I guess you could call this the opposite of stripping."
- 16-00:42:06  
Rubens: Now, how much time do you spend with some of these people when they come here?
- 16-00:42:11  
Hellman: A ton.
- 16-00:42:11  
Rubens: Do you have a dinner or do you—
- 16-00:42:14  
Hellman: Well, we have a party at Slim's on Saturday night only for performers.
- 16-00:42:20  
Rubens: Because the latest performance starts at 6:00?
- 16-00:42:24  
Hellman: Yeah. So the party starts at like 8:00 or 9:00, I guess. And Lori Lewis, who's an excellent local performer, artist, and very organized, puts together sort of jam groups to play on the stage at Slim's. So you never know who you're going to be playing with.
- 16-00:42:47  
Rubens: So they literally perform?
- 16-00:42:50  
Hellman: Yeah. But they perform usually—sometimes it's their own band because they insist on it, which is fine, but sometimes it'll be—
- 16-00:42:59  
Rubens: Just jamming with—
- 16-00:43:00  
Hellman: Yeah.

- 16-00:43:01  
Rubens: Yeah. Oh, god, that must be fun. Now, do you play then?
- 16-00:43:03  
Hellman: Yeah, usually.
- 16-00:43:04  
Rubens: Yeah. That must be one of the real joys of—
- 16-00:43:08  
Hellman: Getting to play with those people.
- 16-00:43:09  
Rubens: Yeah, yeah. And sometimes you play with them on a HSB stage, haven't you?
- 16-00:43:14  
Hellman: Oh, yeah, a lot. I've played with Earl Scruggs. I said to Earl last year, "Earl, there's 160 years of banjo players on this stage and there's only two of us."  
[laughter]
- 16-00:43:26  
Rubens: Because how old is he?
- 16-00:43:30  
Hellman: Eighty-five.
- 16-00:43:30  
Rubens: Now, The Wranglers. Do they still perform before the whole thing starts or—
- 16-00:40:38  
Hellman: Yeah, we start out—well, we're moving this year to the—it's the stage in Marx Meadows, which is that beautiful little meadow that's down—you're going down Kennedy and it's on the right. Jimmy Dale and we are doing our performance there this year. The first year when we did that thing at 10:00 in the morning, there was some guy there and he came up to Nate and said, "Would you guys ever go to Santa Cruz?" So we ended up going to Santa Cruz. I forget the name of the place. So that was our first kind of professional gig where the guy said, "I have your pay," when we finished for the band and I said, "Great," and he said, "It's \$240." And I said, "But there's seven of us." He said, "Well, there's \$240." I said, "Do I have to tell the others?"  
[laughter]. Whetted your appetite somehow.
- 16-00:44:52  
Hellman: It was fun.
- 16-00:44:52  
Rubens: You saw you could do it. Well, we haven't talked about this on camera. You now have two CDs. Do you have another one in the works or are you—

16-00:45:06

Hellman:

We have another one in our thoughts. I don't know whether we'll do another one with Jimmy Dale or one—we're probably due for another one with just the Wranglers.

16-00:45:17

Rubens:

And so how often do you guys practice?

16-00:45:23

Hellman:

The guy that Heidi lives with, Ron Thomason, who is—he played with Bill Monroe. He's played forever. He said, "You guys rehearse more than any band I've ever heard of." So we play at least twice a week. And we play usually Sunday afternoons at the Martins's house and then Monday evening at either my house or Nate's. I keep saying let's just have fun on Sunday and then somebody says, "No, we really ought to rehearse for the next performance." So we have fun rehearsing.

16-00:46:00

Rubens:

Well, in fact, your performances have been coming a little more swiftly since the second CD, right? Since the Heirloom—

16-00:46:07

Hellman:

Oh, yes. We had that whole eastern trip with this—

16-00:46:10

Rubens:

Yeah. You had South by Southwest.

16-00:46:13

Hellman:

We had South by Southwest. We had Old Settlers. We had Prairie Home Companion. And then we had the trip, let's see, Philadelphia and New York, Cleveland, Pittsburgh, Bloomington, Illinois, Grand Rap—where ever University of Michigan is. And Chicago. Ann Arbor, Michigan and Chicago.

16-00:46:42

Rubens:

And were you on the bus the whole time or you flew be—

16-00:46:45

Hellman:

Well, no. No, we didn't fly. We flew to Philadelphia and then we didn't fly again until we flew home. But we only spent one whole night on the bus, which is pretty good fun. Have you ever traveled by train?

16-00:47:02

Rubens:

I have, yes.

16-00:47:03

Hellman:

The wonderful thing of going to sleep with the farms going by you and stuff like that. That's what it was like on the bus. I would rather have stayed in the bus once I understood what the bus—

16-00:47:15

Rubens:

What, do they recline all the way?

16-00:47:18  
Hellman: I hate to tell it. We had two buses. They had a bedroom and Jimmy and I, because the oldest and most frequent pee-ers got the bedrooms. And then there are bunks. The others all had bunks.

16-00:47:43  
Rubens: I haven't been in one. I see them in movies.

16-00:47:47  
Hellman: Oh, tour buses are pretty fancy. And then there's the—

16-00:47:49  
Rubens: God, that must have been fun.

16-00:47:51  
Hellman: It was great.

16-00:47:52  
Rubens: Everyone gets along and—?

16-00:47:55  
Hellman: We do really well. Not perfect because I have a very ill judged and bad temper.

16-00:48:06  
Rubens: We were talking about that a couple of times ago. About the identification hurricane. But surely it's all mellowed.

16-00:48:14  
Hellman: Well, it's mellowed in the sense that it's way less frequent. But when it happens it's still a tsunami.

16-00:48:21  
Rubens: We haven't gotten to your business up to this point. You're not a managing partner. So are you on the phone a lot still, though? Is there—

16-00:48:40  
Hellman: Not so much.

16-00:48:40  
Rubens: You book out that time. That's when you're with the band and that's what's going on.

16-00:48:46  
Hellman: Yes. Roger McNamee, who has a band called Moonalice, who's had a couple of private equity funds, he does business the whole time and I don't.

16-00:48:58  
Rubens: Where is he?

16-00:49:00  
Hellman: He's headquartered here. Of course, he's a lot younger than I am.

16-00:49:07

Rubens: So any stories you want to tell particularly? We've talked about Hazel and we've talked about Emmylou. Did you meet Dolly Parton?

16-00:49:14

Hellman: I did briefly. We encouraged the performers to spend the weekend here. She wasn't one of them, Willie Nelson being the other, who simply came in with her busses, did her set and left and didn't come to the party Saturday night or anything. But pretty much everybody else does.

16-00:49:40

Rubens: Willie Nelson? Anything to say about him particularly?

16-00:49:45

Hellman: No, I didn't meet him. It was the most abrupt—I don't hold it against him but basically he came in, his busses pulled in, they went onstage, they had their own sound men, their own announcers, did a set, which was a good set, left, got back in the busses with his Hell's Angels escort, left. Dolly mixed a little bit but only for maybe half an hour. But I never did meet Willie Nelson.

16-00:50:18

Rubens: And is he coming back?

16-00:50:20

Hellman: No. Well, I want people to spend the weekend. Robert Plant, for example. He's off the charts. He and Alison Krauss played professionally three years ago. Two years ago he called and said, "We're not booked. Could I just come out and spend the weekend? You don't have to pay me anything but I'd love to hang out," and he played with everybody. He's coming back this year.

16-00:50:53

Rubens: That's the kind of person you want.

16-00:50:54

Hellman: That's what I want. He's at the party. T Bone Burnett. Same thing. He's just part of the festival. Elvis Costello, other than canceling his trip to Israel. But Elvis just hangs out. And any one of them—I mean, you're apt to go to any stage and there's Elvis, playing with Buddy Miller or Buddy Miller's—He'll be up on stage playing.

16-00:51:30

Rubens: Slim's must be pretty crowded. How many performers?

16-00:51:36

Hellman: Well, there's eighty bands so the arithmetic is probably at least 500 performers.

16-00:51:45

Rubens: How many does Slim's hold?.

- 16-00:51:57  
Hellman: Seven hundred. Kind of. They love us.
- 16-00:51:58  
Rubens: Yeah, I bet. I don't know if this is an appropriate question but all these different bands have their own pay scale. Do they tell you what they want and—
- 16-00:52:11  
Hellman: No, we pretty much know. Dawn knows what they ought to get. And it does vary. We try very hard not to have people sacrifice to come here. If somebody usually gets 50,000, they'll get 50,000. I don't want it to be a sacrifice.
- 16-00:52:32  
Rubens: Very honorable. And so have there been recordings of the—are they recorded?
- 16-00:52:45  
Hellman: Well, only archival because we don't want to deal with copyrights and—
- 16-00:52:49  
Rubens: Where do you house those?
- 16-00:52:56  
Hellman: Well, they're at Slim's. I think the library, I haven't seen it yet, has a history roll of all the festivals.
- 16-00:53:04  
Rubens: There's a wonderful San Francisco History room at the main branch. I always start my research there when I'm doing a San Francisco person. The biggest file on you is *Hardly Strictly*, a little bit of *Levi* but—
- 16-00:53:21  
Hellman: Bupkis other than the festival.
- 16-00:53:24  
Rubens: Well, not bupkis but distinctly festival as opposed to anything else. Newspaper clippings. But then they've stopped newspaper clippings. They don't do that anymore. But it's a wonderful research place. That's probably the most logical place for the archive to be.
- 16-00:53:42  
Hellman: Yeah.
- 16-00:53:42  
Rubens: Yeah. Do you think there's more to say about it? I don't know the world so I'm not quite as skilled in asking you questions as I'd wish.
- 16-00:53:52  
Hellman: Well, there are just anecdotes.

16-00:53:55

Rubens: Well, a couple of them are wonderful.

16-00:53:56

Hellman:

Well, Steve Earle. You know the Blue Angels? Of all people, they chose to buzz the park when Steve Earle was playing. Very loud and low over the Speedway Meadow. Steve Earle, who's not the most conservative person, said, "Hope they come back. Let's all flip them off." So 50,000 people flipped off the Blue Angels at one point. The next day they didn't come back. So that was a funny moment. Again with Steve Earle. Remember Cindy Sheehan who protested her son's death in Iraq outside of Bush's ranch? All of a sudden I notice she's sitting on the stage and we don't allow—we don't allow any political statements. And she grabs the microphone. And we're all so numb that nobody turns off the sound. So she delivers this violent anti-diatribes how she ought to be elected over Nancy Pelosi. And she came up with Steve Earle and I said, "Steve, you're never going to do that again." He said, "I had no idea what she was going to do. I thought she was just going to sit there and listen."

16-00:55:41

Rubens:

That's a good point to make here, though, about that you really keep it non-causal, non-partisan.

16-00:55:46

Hellman:

Yeah. And non-commercial. So that was fun. Then there's always some sort of incident that I remember. I was sitting listening to Emmylou four or five years ago and this very nicely dressed, she looked like she was probably from outer Broadway, matron was sitting next to me just by accident. I didn't know who she was. Still don't. And I said, "Gosh, isn't there a strong smell of pot?" She said, "You want some?" And then the other was, I guess, a couple of years ago I'm again sitting out listening to somebody and this young woman says, "Hey, man, you want? I got this toke." And I said, "I'm sorry but I actually don't do that." She said, "Oh, man, it's great stuff." I said, "No, no, really, no thank you." She said, "Well, then, take these," and she handed me these little crystal pellets. And I said, "I'm sorry, I just don't want to swallow anything." And she said, "What?" And I said, "I don't want to swallow these." She said, "Man, you were going to swallow those?" I said, "Well, what are they?" She said, "Those are Azurite crystals. You're just supposed to have them." [laughter] So I think I have them someplace in my kitchen. So I always meet—there's always—

One of the best—and I didn't know him. I know him now. There are more hustlers. God. "You got to buy my beanies. I make the best beanies in the world with propellers on them." I really need a propeller beanie. So Chris, this is a few years ago, said, "There's this elderly gentleman who wants you to look at some banjos and he's sitting off the stage, off the Banjo Stage." And so I kept avoiding going there because I didn't want somebody to hustle me for banjos. So finally Chris said, "Please go and meet him." So I go and

there's this very nice gentleman who said, "I understand you like Whyte Ladies." And I said, "Yeah. What is this about?" He said, "Well, I just want you to see them." So he opened these three wonderful banjos and I said, "God, that's great. Thank you, thank you." He said, "I'm giving you this one." I said, "You can't give me that."

16-00:58:24

Rubens: Because they're worth—

16-00:58:25

Hellman: \$4,000. He said, "I just want you to have one." So he gave me a Whyte Ladye. His name is Carl Pagter. He has a band called Country Ham. And he's a wonderful guy. I kept him waiting for an hour sitting patiently on the ground with his banjos. So I gave him a fretless banjo so we'd be even kind of. That was really fun. He's just a lovely guy. I've played with him a couple times since.

16-00:59:13

Rubens: Let's take a break and then—

#### Audio File 17

17-00:00:18

Rubens: So you were telling me Colleen and you—we're talking about an event that's coming up—

17-00:00:27

Hellman: Yes, at Sugar Pine Point. It was our family's place in Tahoe.

17-00:00:34

Rubens: It was Isaiah's favorite place, right?

17-00:00:36

Hellman: Favorite place. He built it. So all of a sudden we show up. A couple of years ago, my cousin Frances, whom you know, said, "Did you see what this is called now?" Did I tell you this? Renaming the house and park

17-00:00:50

Rubens: I think we did talk about it.

17-00:00:53

Hellman: So we've been sort of fretting over that. Sorry, no pun intended. To their credit, the state park employees fought it and it was just rammed through the state senate. So it was called the Edwin Z'berg State Park. So the last verse, or the second to last verse of my song on Isaiah's now goes, "Isaiah's owned this park and he built that great house where he lived for three months a year with his loving kin and spouse. You can imagine to our family that it came as quite a shock that they renamed it for some politician. What a crock." I hope his family's there. The park people will love it, that verse, because they hated the fact that it was rammed down their throats.



17-00:01:00

Rubens

Oh, you didn't get it back to the—

17-00:02:18

Hellman:

Not yet. I've decided I don't want it to be called—Dunsmuir House is called Dunsmuir Hellman now. But I'd like it to be named just Sugar Pine Point. So I'm going to make one of those rich man's gestures. I don't know how it's going to go over. While you're there you got to meet Ranger Heidi. Ranger Heidi—She runs the place and she's just wonderful. But I'm going to tell her that what I'd like to do—they need upkeep because the state—I'll make a significant contribution—but only on the condition that the name goes to nothing.

17-00:04:03

Rubens:

Good for you. In just the little time we have left I want to talk about particularly your banjo playing. Can you talk about your style?

17-00:04:17

Hellman:

Or lack of.

17-00:04:19

Rubens:

Is there something you're aiming for and have arrived at?

17-00:04:24

Hellman:

You don't ever arrive. In life you don't ever arrive anyplace.

17-00:04:30

Rubens:

No, it's the journey.

17-00:04:32

Hellman:

But I'd like to get to be mediocre.

17-00:04:34

Rubens:

I think you're more than that.

17-00:04:37

Hellman:

I don't know. I'm all right.

17-00:04:39

Rubens:

Aren't there discussions about what—

17-00:04:39

Hellman:

Yeah, there are different styles of playing. There's what's called Scrogg's type picking, which is you pick with three fingers. Pick down with three fingers of your right hand. Left hand's always the same, pretty much the same. Then there is old time banjo playing, which is called frailing, where you play this way. So you pick up. Your fingernails hit the strings this way instead of this way. So one, you wear finger picks. On the other you have your fingers done.

17-00:05:17

Rubens: You're sliding them across the top.

17-00:05:22

Hellman: Yeah. You're hitting the individual strings or a lot of strings with the tops of your nails. And there are various—there's two finger picking. There are also different types of banjos. And there's strumming, which is just—Well, tenor banjo. Scruggs and old time are five string banjos. Irish banjo, tenor banjo, is four strings and it's largely—they pick individual notes very well but it's largely just strumming, usually with a pick.

17-00:06:08

Rubens: So what is your style?

17-00:06:10

Hellman: Old time frailing. It's also called drop thumb method because you play a lot of notes with your thumb. Like you'll play the first string with your first finger and then this second finger with your thumb. Then you move over to the third string with your third finger stuff.

17-00:06:32

Rubens: And so frailing because you particularly like it or you can do it?

17-00:06:37

Hellman: Yeah. I do some three finger but—

17-00:06:53

Hellman: Yeah, but I'm picking down with mostly this finger.

17-00:06:55

Rubens: Okay. Deep Elem Blues. That's probably my favorite song.

17-00:07:00

Hellman: It is a terrific song.

17-00:07:01

Rubens: I love the intro. I can hear your banjo line. So your banjo's—

17-00:07:07

Hellman: All my banjos are five strings. Except when they're broken.

17-00:07:09

Rubens: Do you play fretless?

17-00:07:13

Hellman: I don't play fretless.

17-00:07:14

Rubens: What does one get out of fretless?

- 17-00:07:17  
Hellman: I think more of a deeper tone. They're more tonal. And you can't cheat. It's more like playing a violin or a fiddle.
- 17-00:07:35  
Rubens: So just to conclude today. Do you have two favorite banjo players? Maybe it's different who you appreciate and who you emulate.
- 17-00:07:52  
Hellman: Well, I really like Earl Scruggs and his style of picking, which is completely different so I don't emulate it. I would say he's a favorite. I like the way Ralph Stanley used to play. He doesn't play banjo anymore. I like the way Ricky Skaggs plays. He plays more old time when he isn't preaching Christianity. I know there are others that I like. I like Bela Fleck pretty well but it's a little esoteric for me. Playing Bach fugues on the banjo is definitely different.
- 17-00:08:48  
Rubens: Doesn't he play a lot of Latin rhythms?
- 17-00:08:56  
Hellman: Yeah. And a lot of African.
- 17-00:08:58  
Rubens: Oh, yeah, sure. There was that documentary on him looking for the origin of banjo music; he's in Africa.
- 17-00:09:04  
Hellman: Yeah. Wasn't that terrific? I went to the premiere of that. Got to play his banjo.
- 17-00:09:20  
Rubens: Oh, wow. What kind of banjo was that?
- 17-00:09:22  
Hellman: It was a five string. He plays with a resonator. I don't.
- 17-00:09:32  
Rubens: Someone's trying to get your attention here. Shall we stop?
- 17-00:09:40  
Hellman: I guess they're warning me. Oh, they are. Ooh, goodness.
- 17-00:09:44  
Rubens: So I'm going to see you at Sugar Pine Point.

Interview 10: August 4, 2011

Audio File 18

18-00:00:00  
Rubens: So I understand that this week in your Torah group you discussed Ecclesiastes.

18-00:00:21  
Hellman: Yes. Otherwise known as Kohelet. Among the Cognoscenti.

18-00:00:29  
Rubens: But does that translation mean the teacher?

18-00:00:32  
Hellman: No. According to Robert Alter, it either means that people tried to believe that it was written by Solomon. So it either means the leader or a member of the assembly. Supposedly he was a king or else a Tea Party member. [laughter]

18-00:01:03  
Rubens: Alter is a professor at Cal Berkeley—in languages and comparative lit and Hebrew studies?

18-00:01:14  
Hellman: Yes.

18-00:01:15  
Rubens: And you were saying to me you found him just amazing?

18-00:01:18  
Hellman: Unbelievable.

18-00:01:20  
Rubens: Because?

18-00:01:21  
Hellman: From several standpoints. And I'm not equipped to judge but it seems to me he's a phenomenal scholar in his depth of knowledge. Any extraneous point you bring up, he has eight things to justify it or decry it. And so he's an unbelievable scholar. He's unbelievably articulate. He has a really good sense of humor. The kind of professor that you had too few of in college.

18-00:01:56  
Rubens: He's come into the Magnes at Cal that we'll talk about soon.

18-00:02:02  
Hellman: I think so. But that isn't how we met. We met through the Torah classes. This is like the fourth or fifth time he's been the leader.

18-00:02:00  
Rubens: You had learned of him and invited him?

18-00:02:15

Hellman:

No. Actually, Phyllis Cook is the one who first invited him. And then I read his translation of Samuel and I said, “Could we just get him a lot?”

18-00:02:29

Rubens:

Anything else to say about Ecclesiastes? Searching for wisdom and the meaning of life and how to live your life?

18-00:02:38

Hellman:

Yes. It has a lot to do with, in my opinion, a sort of rejection of the hereafter. It says, “Live your life fully, live your life productively because you got to account for yourself while you’re here.” It’s kind of irrelevant whether there’s a hereafter or not. You’re not earning points before the Great White father. And the way I looked at it, which he liked a lot, I said, “You know, your life is kind of like a trophy room. If you can go into your trophy room”—. Dick Rosenberg almost went crazy. I said, “—and can say I was once CEO of Bank of America, that’s a pretty good trophy to have in your room.”

18-00:03:25

Rubens:

I love it that you’re sitting right in front of trophies here. Memorials or acknowledgements of amazing deals and—

18-00:03:33

Hellman:

But it’s more immaterial, trophies. It isn’t that I have a buckle for running this race or another. I’m happy that my two daughters who are doctors were up there. That’s a trophy. The trophy daughters. [laughter] Sort of the opposite. There’s a black singer by the name of Gloria Rasmussen who has a band called the Ebony Hillbillies and she has a song called “There’s Junk in my Trunk.”

18-00:04:11

Rubens:

That’s referring to being large?

18-00:04:13

Hellman:

Yeah. Just—

18-00:04:15

Rubens:

Having a large rear end. Okay. Now since we talked about your scheduled performance at Sugar Pine Point last weekend, I think it appropriate to acknowledge that you took ill and had to cancel it. And then, when you came back to the Torah group, you talked about the passage in Ecclesiastes “for everything there is season” and, as I’m told you asked: “What’s really the meaning of life?” I thought that was very moving.

By the way, one other thing that I came across but we haven’t covered in the interview is that you had received an award from the Jewish Community Federation. We talked a little bit about your—

18-00:04:50

Hellman:

Oh, god.

- 18-00:04:51  
Rubens: —your role in the Jewish Federation. You received the Robert Sinton award?
- 18-00:05:29  
Hellman: Yes. They give an award in his memory. [The Sinton Award for Distinguished Leader] Robert Sinton. In my mind, he was a partner of my father's but I guess he was a leader of the Jewish community. I don't know if he was president of the Federation or president of the endowment. And so I belittled the award by not showing up.
- 18-00:05:45  
Rubens: By the way, I hadn't realized you wrote the introduction to Peter Haas's oral history and it came in under our series on philanthropy and the JCF. Just a nice, succinct praiseworthy piece.
- 18-00:06:25  
Hellman: Oh, thank you. It was also, I think, the beginning of his ceremony at his funeral at Temple Emanu-El.
- 18-00:06:37  
Rubens: Did you read it there?
- 18-00:06:40  
Hellman: Yeah.
- 18-00:06:40  
Rubens: So I want to talk about your involvement with UC Berkeley.
- 18-00:07:14  
Hellman: Having been an undergraduate, my father having been an undergraduate, my grandfather having been an undergraduate.
- 18-00:07:20  
Rubens: Right. Now, this is a leftover piece that was in my notes. We talked about that you got into some trouble when you were at school.
- 18-00:07:29  
Hellman: Immediately.
- 18-00:07:32  
Rubens: What I don't think we talked about is that you then became friends with the dean of men, who bailed you out, as it were.
- 18-00:07:46  
Hellman: Well, Chaffee Hall. First he disciplined us. I had to report to him I think once every month or couple of weeks and then by unbelievable good fortune he became dean of admissions at Harvard Business School. The story was that I was playing water polo in my freshman year so I wasn't around the fraternity very much and so they were always looking for ways to punish me for not being there. Finally they punished me so much I moved out. But they built a

float for the homecoming parade. This was Phi Psi. Phi Kappa Psi. Live ever, die never. Hi, hi, hi, funny Kappa Psi.

18-00:08:37

Rubens: Live?

18-00:08:38

Hellman: Ever die, never Phi. You got to know some juvenile chant they had. And so they build a float which is a replica of the Campanile, but they build it on a forklift truck so that it went up and down. And they said, because I'd missed most of the construction, I had to sit in the top and ring the bell all the way through the homecoming parade. So that seemed to me not a great way to spend a morning. So I got down, I went into a liquor store and I bought a bottle of, I don't know, Old Crow or something. And I also got a paintbrush, some black paint, and I painted on the sides of the Campanile, "Sather's last erection." And so we went all the way through the parade with the thing going up and down and we got to the reviewing stand and somebody jumped out of the reviewing stand and shook the thing and the wires all broke, the thing fell down, and I came out in the middle of the street. Had to stop the homecoming parade until they could clean it up.

18-00:09:43

Rubens: That's a great story.

18-00:09:45

Hellman: Yeah. And our fraternity was banned from rushing, suspended from rushing for a year.

18-00:09:50

Rubens: You weren't kicked out as a result of that?

18-00:09:53

Hellman: No, but I was put on probation at Cal and I had to go see Chaffee Hall, who, by also good fortune, was a friend of our family's.

18-00:10:03

Rubens: Because of your father, just the community?

18-00:10:05

Hellman: Yes.

18-00:10:08

Rubens: Was he Jewish?

18-00:10:08

Hellman: No, no. Didn't even look Jewish.

18-00:10:12

Rubens: So did he play a role in your life at Harvard?

- 18-00:10:17  
Hellman: Yeah. He was a friend.
- Actually, they reenacted it, I think, in one of the Animal Houses.
- 18-00:10:39  
Rubens: Well, it's a good, good story.
- 18-00:10:40  
Hellman: Yeah, it was fun.
- 18-00:10:42  
Rubens: Yeah. I guess a significant role at Berkeley is when you join the Foundation.
- 18-00:10:56  
Hellman: I think you're appointed.
- 18-00:11:05  
Rubens: And of course you're still on it. And you must have had a hand—in 2009 the Foundation formed an investment management division.
- 18-00:11:13  
Hellman: BEMCO. Berkeley Management Company. And they asked a group of us to sort of advise them on forming an independent money management company.
- 18-00:11:32  
Rubens: For the purposes of overseeing investments?
- 18-00:11:35  
Hellman: Yeah. A portion of the endowment. Janet McKinley, have you run into her?
- 18-00:11:40  
Rubens: I don't know.
- 18-00:11:41  
Hellman: She was there on Saturday. Another disappointed guest. [Editorial note: That performance was cancelled because Warren Hellman was ill.] But anyway, she's chair of that committee. We hired an independent manager who's a guy named John-Austin Saviano.
- 18-00:12:02  
Rubens: I don't know if we'd say a capstone in your role at the Berkeley Foundation. You'd been pretty involved since the 1980s; especially with the Keeping the Promise Campaign that started under Chancellor Heyman.
- 18-00:12:23  
Hellman: Yes. Well, there were just a variety of things that happened in the eighties. Was it the eighties and the nineties that four of us, Don Fisher, Ned Spieker, Rick Cronk and I endowed the aquatics program at Cal?
- 18-00:12:40  
Rubens: I have the date of that. 2004.



18-00:12:44  
Hellman: So it's not that long ago.

18-00:12:46  
Rubens: No. Now, the work of the Foundation is—

18-00:13:01  
Hellman: Well, it basically oversees, I would say, the investments of UC, the endowment, the continuing endowment, and I think helps the chancellor to kind of oversee the financial budget and stuff.

18-00:13:19  
Rubens: How much time did that require of you? A couple of meetings a year.

18-00:13:21  
Hellman: Well, a couple of official meetings a year.

18-00:13:29  
Rubens: And then some phone calls and presumably occasional discussions?

18-00:13:32  
Hellman: Yeah.

18-00:13:32  
Rubens: Do you remember any outstanding issues? One issue in the mid-eighties was divestment from South Africa.

18-00:13:40  
Hellman: Yeah, but that was everywhere. It was more of an issue at Mills because I was chair of the damn board at Mills.

18-00:13:45  
Rubens: We talked about that. But did it all run smoothly? Does anything come to mind about in the late eighties, early nineties, about decisions made or—

18-00:14:00  
Hellman: No.

18-00:14:00  
Rubens: In 1994 you and your family gave five million dollars to the University for the Hellman Fellows Program.

18-00:14:14  
Hellman: Yes. That's maybe the most important philanthropic thing that we've done.

18-00:14:24  
Rubens: Vis-à-vis the UC?

18-00:14:25  
Hellman: Yes. Or vis-à-vis anyplace. I think the idea is a very profound one and if I'd had it myself I wouldn't say that. But it was really largely my daughter Frances and her ex-husband.

18-00:14:49

Rubens: Frances Hellman, who is a physicist and her then husband Robert Dynes. So she thought this would be a fitting thing to do?

18-00:14:52

Hellman: Well, no. We were sitting. We had a day in Hawaii when we couldn't dive because they don't allow you to dive for twenty-four hours before you get on a plane now. And we're sitting at breakfast and talking about what might be interesting things to do philanthropically. We started thinking about—my daughter Frances, who I don't know if you've met her.

18-00:15:39

Rubens: I have not met her yet.

18-00:15:40

Hellman: Well, she's always been a very fine scientist. National Merit Scholar, all that kind of thing. The tenure track job that she took when she finished Dartmouth was at UC San Diego and UC San Diego was in effect a poor choice.

18-00:16:06

Rubens: Oh, really?

18-00:16:06

Hellman: Well, because it had a very fine physics faculty but it was built on sort of the star system. Sort of mature physicists were brought in so that junior faculty got almost no attention. And Frances had a thing called ulcerative colitis and she had a very serious—right after she got there, she had a very serious bout, was in the hospital for a few months. And sort of lost all momentum for tenure, and nobody from the department, none of the professors ever visited her. It was as if she didn't exist. And also she didn't get recommended for the big early prizes. Sloan is one. I forget. There's a couple of famous prizes that young faculty get. So her tenure looked a little dicey and then entirely on her own she got a giant NSF grant. [National Science Foundation] And she got tenure and everything was fine. But there was a point in time where it looked really dicey. And what we started talking about is if you're a tenure track professor and you don't get one of the big awards, your university funding starts to run out; you don't have a lot of outside funding yet, so your tenure track becomes very troubled. Well, she got a big grant so she got tenure so everything was fine.

But we were talking about her experience when we're sitting there in Hawaii. And I wondered whether this is true of a lot of other junior faculty and it turned out it was, so we established this program which basically funds assistant professors who are tenure track professors and it's just money that's really manna from heaven for them. Because the university funding that they used to cajole them to come there is starting to run out and if they're not getting other funding, their tenure is in real trouble. And it's worked exactly as we hoped it would. So it was done really because of the experience with Frances.

- 18-00:18:49  
Rubens: Oh, that's amazing. I think over 200 assistant professors are supported.
- 18-00:18:51  
Hellman: And then she went on to be chair of Berkeley's physics department.
- 18-00:18:53  
Rubens: Well, I want to talk about that in just a minute. I do have some notes on her because she's very distinguished. She has two patents, several research groups.
- 18-00:19:00  
Hellman: Yes. General patent and patent leather. [laughter]
- 18-00:19:07  
Rubens: But just to finish up with the Fellows, are they faculty throughout the university? It's not just business or physics or—
- 18-00:19:17  
Hellman: No, it's across the board. And most of the UC campus is now—we started out kind of more general and we had them at Yale for a while and that didn't work. We have them at Stanford and that's sort of working. But the place that it's been most gratifying has been the UC system.
- 18-00:19:39  
Rubens: And it's throughout the system?
- 18-00:19:41  
Hellman: Yes. All except for one campus.
- 18-00:19:47  
Rubens: Which is?
- 18-00:19:48  
Hellman: UC Irvine. If they want to be wildly anti-Semitic, they can do without Hellman Fellows.
- 18-00:19:54  
Rubens: I really don't know your reference.
- 18-00:19:56  
Hellman: Oh, they've had tremendous—almost an official campus position on Israel. And I'm not a big—well, I believe in the existence of Israel. But we decided we would bring the last four campuses in this year and then they had this big thing so we said, "Well, maybe we'll skip you," and they said, "Well, the Muslim Brotherhood is really powerful down here." I said, "Well, let them set up a fellows program."
- 18-00:20:30  
Rubens: Are you saying that the anti-Semitism evidence goes beyond student protest?

- 18-00:20:38  
Hellman: Oh, yes.
- 18-00:20:38  
Rubens: Of course there is a lot of student protest at Cal. Pro-Palestinian.
- 18-00:20:43  
Hellman: Yes. They will argue with that, that they're trying to get it under control. But it's been almost a faculty sponsored thing. So who needs it?
- 18-00:20:53  
Rubens: Well, in fact, there's a movement afoot, I thought at Berkeley, about divestment from companies that are in Israel.
- 18-00:21:03  
Hellman: Yeah, but that got pretty much stymied.
- 18-00:21:00  
Rubens: Now regarding Frances, her work is fascinating. This is from a book, *The Joy of Physics*: "Frances Hellman's kitchen is her laboratory where she delights in cooking up experiments, materials composed of rare and exotic ingredients."
- 18-00:21:31  
Hellman: Niobium ten. Is that the name of her—and she's working with a relatively new material, gadolinium.
- 18-00:21:40  
Rubens: So she works basically with—
- 18-00:21:43  
Hellman: Low temperature conductivity; super conductivity.
- 18-00:21:48  
Rubens: Just amazing work. On her website in the physics department is listed numerous awards. She's a fellow of the American Physical Society; recently made chair of the Division of Materials Physics, of that society. Obviously a National Merit Scholar, Phi Beta Kappa. Had a stint at Bell Labs.
- 18-00:22:21  
Hellman: Yes. Did her post-doc at Bell Labs.
- 18-00:22:22  
Rubens: And the two patents, which have to do with super conductor magnets. One is a microcalorimeter that measures heat given off by metals at temperatures way below zero.
- Now, she married Robert Dynes, who was a physicist at UC San Diego as well. And she was already on the rise. She had—
- 18-00:23:20  
Hellman: Yes. She should have been chancellor. Well, Berkeley had been pursuing her because she apparently showed some promise. So she had been tempted to

move to Berkeley anyway, and then when he became president [2003], it was easy for her to move. Her tenure was just transferred to Berkeley.

18-00:23:46

Rubens: She's become chair of the physics department at Berkeley.

18-00:23:50

Hellman: Well, that was a father's finest moment. She called me up. She said, "Dad, they've offered me to become chair of the department." I said, "Oh, my god, that's absolutely great." She said, "Wait, wait. It's an awful lot of work. I don't know if I'm going to accept." I said, "What do you mean you're going to accept? What does this have to do with you? I accept." [laughter]

18-00:24:10

Rubens: That's funny. So did you have to persuade her?

18-00:24:15

Hellman: No. Well, it is a lot of work.

18-00:24:21

Rubens: It is a lot of work, of course. You're relieved of one course. I think that's all. And she's running research groups and working with an extraordinary faculty.

18-00:27:10

Rubens: Do you have some observations about when Dynes resigned as president of UC?

18-00:27:27

Hellman: Well, it was funny because all my friends were very much like [Richard] Blum. Were sort of sneaking up saying, "You know, Warren, your son-in-law, I don't know if he ought to continue as president." I kept saying, "Why should I care. Do what you think you ought to."

18-00:27:45

Rubens: You didn't have a strong opinion on the issue?

18-00:27:47

Hellman: Whether he ought to be president?

18-00:27:49

Rubens: Yeah. Or what kind of job he was doing.

18-00:27:50

Hellman: No. I like [UC President Mark] Yudof better. He's better company. Yudof's kind of a cynic, isn't he?

18-00:28:27

Rubens: A cynic?

18-00:28:29

Hellman: Well, I mean, he comes across as a—

18-00:28:32  
Rubens: That's interesting. I wouldn't have said that, but maybe. Very tamped down

18-00:28:39  
Hellman: Yeah.

18-00:28:40  
Rubens: That has nothing to do with his skills. It's just a difference of personality. I heard him speak and Birgeneau too at the opening of the Magnes Museum, where you performed with the Wranglers.

18-00:28:50  
Hellman: That was great, that evening. Ron Hendel is a pretty good guy. He's a professor at Cal.

18-00:28:58  
Rubens: He's running the Jewish studies program at UC Berkeley.

18-00:29:00  
Hellman: Yeah.

18-00:29:01  
Rubens: He was good. Yes, that was a wonderful evening. Well, we'll get to the Magnes in just a minute. I have something else on my list to ask you about. There's the California Higher Education Policy Center. Is that something you remember being involved with?

18-00:29:24  
Hellman: No.

18-00:29:25  
Rubens: Also, you were on Cal's Haas School of Business' advisory board, starting in '87. Do you remember spending much time with that?

18-00:29:45  
Hellman: Well, I go to the meetings.

18-00:29:47  
Rubens: Do you still?

18-00:29:49  
Hellman: Yes. I think they've done a phenomenal job.

18-00:29:52  
Rubens: Well, Dean Rich Lyons speaks so highly of you. He said you're the "archetype of the leaders we at Haas Business School aim to develop here at Berkeley."

18-00:30:07  
Hellman: That's nice.

18-00:30:08

Rubens:

That is. That was when you were given the lifetime achievement award in 2006. [Lester Center for Entrepreneurship, Life Time Achievement in Entrepreneurship and Innovation Award.]

18-00:30:11

Hellman:

That was the most fun evening, only for one reason, that I can ever remember having. You probably know me well enough by now. I hate talk-over people. You and I are having a conversation and “schlomo” comes up and immediately takes over the conversation. So four of us were having—I don’t know who was in it—but a very nice conversation and somebody from Berkeley comes over and she just takes over. And I finally said, “I’m sorry, I’m being really rude.” She said, “What does that mean?” I said, “Well, I keep interrupting the beginning of your sentences with the middle of mine.” [laughter]. And she just stalked off and I thought, “We’re saved.” And then Lyons wrote a song about me which I liked pretty well.

18-00:31:04

Rubens:

The presentation was videotaped and it was available at the Haas website.

18-00:31:11

Hellman:

Maybe his song was too bawdy. I don’t know.

18-00:31:13

Rubens:

Yeah. I don’t recall hearing it.

18-00:31:16

Hellman:

I don’t remember but it—

18-00:31:17

Rubens:

Because he knew you liked to write songs and that you’re a singer.

18-00:31:20

Hellman:

And he’s a pretty good guitar player. So is Ron Hendel. We had a pretty good band for that Magnes event.

18-00:31:27

Rubens:

Hendel’s in the band?

18-00:31:28

Hellman:

Well, his band. That was not The Wranglers. That was just a put together band for the evening, but it was great. We had the guy from the Magnes. Francesco Spagnolo. He was with the Magnes before and moved with them when they moved here. Very musical guy. I guess great scholar. His wife [Sharon Bernstein] is a cantor at Congregation Sha’ar Zahav in San Francisco and she’s a lovely singer.

18-00:32:30

Rubens:

We got to the Magnes through the lifetime achievement award at Haas. Also before that, in 2003, you’re the alumnus of the year at Berkeley. That was a marvelous distinction.

18-00:32:45  
Hellman:

That was fun.

18-00:32:46  
Rubens:

Nice to see you being honored.

I side tracked you from talking specifically about the Keeping the Promise Campaign. I guess you and Peter were really co-chairs. Peter was the chair but you—

18-00:32:59  
Hellman:

The real chair.

18-00:33:00  
Rubens:

That raised 1.2 billion bucks. Big ten year campaign which resulted in a lot of buildings, particularly.

18-00:33:11  
Hellman:

We both had an edifice complex.

18-00:33:15  
Rubens:

Anything you want to say particularly about that campaign?

18-00:33:21  
Hellman:

No. It was fun working with Peter. It was a good campaign. It was well organized. A little bit out of character for Cal because they haven't in the past been great—I think Scott Bidy's off the charts, really, and they've gotten much better. But they used to be—

18-00:33:37  
Rubens:

Scott Bidy head of the development office in Berkeley.

18-00:33:39  
Hellman:

But historically they were not great fundraisers and somehow for this campaign they really put it together. Yeah, he was great. I called him one night. We were having this argument about the independence of the money that the four of us were giving for the aquatics program and I called him and he said, "Warren, I'm in my bedroom and I'm surrounded." What was her name? Butterfly Johnson or something. "I've got a bunch of protestors trying to beat down my door. This is not exactly the time I'd like to discuss this."

18-00:34:16  
Rubens:

The one who's sitting in the tree.

18-00:34:18  
Hellman:

Yeah. So Heyman was great and a really good guy.

18-00:35:25  
Rubens:

And then what was your job? To knock on doors or call up your friends?



- 18-00:35:30  
Hellman: Yeah. Dialing for dollars. Peter was better at it than I was. He was more experienced at that point. Now I've gotten better. In fact, I've gotten so good that nobody returns my calls now.
- 18-00:35:55  
Rubens: Just to fast forward for me. So vis-à-vis what? Some of the things you're involved with, for instance, the museum garage, or—
- 18-00:36:03  
Hellman: Well, the garage. I raised well over \$30 million to build a garage and the high point was I went to see Chuck Schwab and described it. He said, "Wait a minute, wait a minute. You want me to give money for a garage?" I said, "Yeah." He said, "\$500,000."
- 18-00:36:21  
Rubens: And did he?
- 18-00:36:22  
Hellman: Yeah.
- 18-00:36:22  
Rubens: Well, I do want to get to that because there's a larger story to it. Let me just finish up with Cal. I also noted that you were on Chancellor Tien's advisory cabinet.
- 18-00:36:40  
Hellman: Yes. I barely even remember that.
- 18-00:36:41  
Rubens: Okay. Particular opinions about Tien or working with him?
- 18-00:36:48  
Hellman: He was a ball of fire. But I don't remember what the cabinet did particularly.
- 18-00:36:54  
Rubens: By the way, did you attend football games or basketball? Polo was the—
- 18-00:37:01  
Hellman: Well, also I'm usually riding on Saturdays so I don't—although I did have one of my finest hours at a Cal UCLA game. Chris and I are sitting in the press box and she doesn't know a lot about American football. And at halftime the UCLA band is on the field and she turns to the woman next to her, and I hear her say—and they have there are banners with the initials of UCLA on them. She said, "Cal is a wonderful place, to allow a protest by the ACLU at halftime of a football game." I thought this woman was going to fall off her chair. I thought I was, too.
- 18-00:37:44  
Rubens: That's cute. Well, tell me about endowing the aquatics program. So you must have been talking about it with Heyman before?

- 18-00:38:06  
Hellman: No, basically—.Ned Spieker, Rick Cronk, Don Fisher and I. But I think Ned was really the leader in that, as he is in many things. Really felt that ultimately Cal sports were going to prosper if they were endowed, that there wouldn't be as much constant pressure on the budgets, that they could do the things that hopefully they could do.
- 18-00:38:41  
Rubens: Support students, have facilities.
- 18-00:38:45  
Hellman: Yeah. So the four of us decided we would put up money to endow the program and we did. Obviously next year will be a fiasco. But last year we won the women's NCAA swimming. We were second in men's and women's water polo. I guess we were fourth in women's, second in men's. And I guess the men's swim team was second or third. So it's really paid off. They have—
- 18-00:39:21  
Rubens: Well, why is next year—are these graduating?
- 18-00:39:22  
Hellman: No. I just always don't want to jinx myself.
- 18-00:39:27  
Rubens: I get it. Truly there's this little bit of knock on wood?
- 18-00:39:34  
Hellman: You betcha. I don't go to Giants games with Arthur Rock because we've never won a game when I've been with him.
- 18-00:39:44  
Rubens: We talked about this before a bit. Does it go way back? At Lehman Brothers? You have a—
- 18-00:39:53  
Hellman: No, always in sports. I turned on a Cal football game on television and I can't watch it.
- 18-00:40:05  
Rubens: Because you're—
- 18-00:40:05  
Hellman: Because I want them to win and I'm going to doom them.
- 18-00:40:09  
Rubens: So I'm asking you about the chancellors. I wanted to just finish up that. Berdahl.

18-00:40:29

Hellman: Yeah, I thought he was okay. But Birgeneau has really been a pleasant surprise because at first I thought, "I don't know where this guy's coming from." Appointed by Dynes. But he's been just sensational, I think.

18-00:40:49

Rubens: Yes. What do you point to when you say sensational?

18-00:40:51

Hellman: Well, he's very good organizationally. He's very good at fundraising. He's very good at kind of budgets and stuff in a very obviously austere time. I think he's been very good.

18-00:41:07

Rubens: So do you see him? Maybe through the Berkeley Foundation or a couple of dinners here and there?

18-00:41:13

Hellman: Yes.

18-00:41:20

Rubens: Does he call you? I don't know. We're going to get to the Magnes, I guess. I didn't know if he called you for the Berkeley museum. There's a few things he's trying to put together that—

18-00:41:28

Hellman: No, Scott Bidy always calls.

18-00:41:29

Rubens: Does he talk about, if not your giving, who you might think is a good person to hit up?

18-00:41:41

Hellman: Yes, but they're pretty careful. We've given a lot to the Magnes to help that merger work and I think they're—

18-00:41:54

Rubens: Appreciative.

18-00:41:55

Hellman: Yeah. And they're not pushing their luck.

18-00:41:59

Rubens: Well, let's talk about the Magnes. How did you come to step in, get involved?

18-00:42:07

Hellman: Well, you were there for the evening. As I said, I was involved in two weddings of the Magnes. One ended in divorce and the other looks like it's a happy marriage. But when the Magnes merged with the Contemporary Jewish Museum and the combined board asked if I would chair it. In a moment of complete folly I said I would and realized that I had inherited quite a

bureaucratic mess. They were completely incompatible. It seemed to me that the Magnes board was saying this is a corporate takeover. The CJM side was saying these people don't listen to anything. Connie I think is a great leader. Connie Wolf. But they were just really contemptuous and hard on Connie.

18-00:43:11

Rubens: Magnes was?

18-00:43:12

Hellman: Yes, the Magnes board. Not so finally, pretty soon, I said, "We've got to pull this taffy apart because they're better off on their own." And clearly that's what's happened. The CJM has been a huge success under Connie. She's leaving, by the way. Going to the Stanford Museum. .But it's been a huge success.

They were both very bitter. It was a marriage that was kind of forced on both of them.

18-00:44:10

Rubens: Who is pushing this?

18-00:44:12

Hellman: I think Federation had a lot to do with it.

18-00:44:14

Rubens: There was a certain logic to having the two combine.

18-00:44:16

Hellman: Well it did. But just the incompatibility of their fundraising mechanisms, the difference between the East Bay and West Bay.

18-00:44:32

Rubens: The nature of their collections, too.

18-00:44:34

Hellman: Yeah. Oh, god. I had one of my finest moments with Seymour Fromer, who ran the Magnes. I said, "Seymour, I have a problem. I've been to the Magnes a bunch of times. Number one, it's almost impossible to find. Number two, when you get there, there's nothing very interesting on display." Francesco, by the way, is the guy who is the curator. Anyway, so he said, "You don't understand." And I said, "What do I not understand, Seymour? What am I missing?" And he said, "I have seventy of the greatest portraits of rabbis that have ever been painted. Can you imagine what an exhibit that would be?" I said, "Yeah, I can imagine my grandchildren getting up on a Friday morning and saying, "Mommy, I don't want to go skiing this weekend because there's this incredible show of paintings of rabbis at the Magnes Museum in Berkeley which we won't be able to find anyway."" So they had stuff that was really great but where was it?

- 18-00:46:55  
Rubens: All right. So you're pulling this taffy apart. By the way, how involved did you remain with the Contemporary?
- 18-00:47:05  
Hellman: Reasonably.
- 18-00:47:09  
Rubens: You stayed on their board.
- 18-00:47:09  
Hellman: Yes. I stayed on their board. And Connie and I have been really good friends—she belongs to the Torah class. What can be better than that?
- 18-00:47:17  
Rubens: Contributes and knows a lot about the history of Judaism?
- 18-00:47:20  
Hellman: Yes.
- 18-00:47:21  
Rubens: I imagine you must have been a donor for the building and—
- 18-00:47:26  
Hellman: Yeah, yeah.
- 18-00:47:28  
Rubens: So how do you effect the separation
- 18-00:47:31  
Hellman: We pull the taffy apart. Then the question was the Magnes on its own was not going to go anywhere except slowly downhill. There's an old saying that when the puck goes into the net, the sticks go up all over the ice. So some combination of Tad Taube, Jeff Farber, and me, had this idea of why shouldn't the Magnes and The Bancroft get together. And that turned into being one of the better ideas that one of the three of us ever had.
- 18-00:48:22  
Rubens: I think you're being modest.
- 18-00:48:23  
Hellman: No. It was one of these things that as soon as you thought of it—and then the question is how do you endow it? Giving it the funds to operate didn't hurt, so the three of us, Taube Philanthropy, me and Koret thru Jeff Farber are putting up so much per year to subsidize the thing for five years. We have a little disagreement on what happens with that.
- 18-00:48:56  
Rubens: Afterward?

- 18-00:48:58  
Hellman: Yeah. Well, Tad feels differently. He's certainly entitled. What I said is that, "I'd like to give you incentive to not use all that I've pledged, and if you don't, put it into a pot and use it going forward." And Tad said, "No, if you save it, you save it and I don't have to put it in."
- 18-00:49:20  
Rubens: I didn't quite follow that.
- 18-00:49:20  
Hellman: Well, in other words let's assume we're putting in between the three of us half a million dollars a year. Let's assume that the thing runs at a profit so we don't have to put anything in. So what I'm saying, for my part of it, is keep it. Just keep it and use it for whatever purposes you want. Tad said, "No, it's a gift for a purpose and if you don't need it I'm not going to give it." Doesn't make him wrong. It's just difference of opinion.
- 18-00:49:49  
Rubens: The Magnes was on a—when you said it was difficult to get to—it was on a residential street in Berkeley; hemmed in by street barriers and—
- 18-00:50:03  
Hellman: Russell Street.
- 18-00:50:05  
Rubens: Yes, Russell Street. They sold it.
- 18-00:50:09  
Hellman: They got a good price for it.
- 18-00:50:10  
Rubens: Were they selling it at the high before the—well, that's an area where people are going to spend money anyway.
- 18-00:50:16  
Hellman: Yes. It's a little independent of cycles. And then they had another building, it was in Allston Way, which they sold for a very good price. I think they had three buildings. They had Addison, Allston and Russell Street.
- 18-00:50:46  
Rubens: The Allston building that's being renovated and where the museum will go. was a UC Berkeley building already?
- 18-00:50:56  
Hellman: I guess so. But that really helped because enhancing—
- 18-00:51:01  
Rubens: That had money that went to the endowment.
- 18-00:51:01  
Hellman: Yes.

- 18-00:51:04  
Rubens: So did you have a hand in meeting with The Bancroft, the Jewish studies department, the Magnes. There must have been a lot of meetings.
- 18-00:51:12  
Hellman: Yes. I was the guy who had screamed at Scott Bidy about Berkeley bureaucracy every week and screamed at Frances Dinkelspiel, who was president of the Magnes.
- 18-00:51:22  
Rubens: Had she come on during this period of reorganization?
- 18-00:51:24  
Hellman: Yeah.
- 18-00:51:25  
Rubens: She hadn't been on the old one?
- 18-00:51:26  
Hellman: Well, she made it on the board but she became president. And screaming at Frances that she was dealing with a bunch of insufferable co-religionists. She said, "How come every time you call me you yell at me?"
- 18-00:51:46  
Rubens: How do you characterize that bureaucracy?
- 18-00:51:49  
Hellman: Berkeley?
- 18-00:51:51  
Rubens: Yes. Or just with what you were working with?
- 18-00:51:55  
Hellman: Well, a perfect example of Berkeley bureaucracy. We are working on this thing for like a year. We have contracts, everything, and Scott Bidy calls me and says, "I just heard from the legal office and they haven't read the thing yet." Well, obviously you can imagine the conversation. I said, "We've been working on this for a year. We're supposed to close next week." And he said, "Well, it won't happen. They haven't read it." And, of course, I went completely ballistic. And then on Frances's side, it would be some of the old guard at the Magnes who kept saying, "We've got to be completely autonomous," and I'd say, "How can you belong to The Bancroft and be completely autonomous?" By the way, Barry Cohen was phenomenal. I think Frances was really good but Barry Cohen was the treasurer of the Magnes board and he just kept figuring out ways to get around—to get things done. Neither Cal nor any museum are just great at things requiring decision and crispness and timeliness.
- 18-00:53:17  
Rubens: Right. Those are good words to characterize what Cal is not or what is the essence of the bureaucratic slowdowns.

- 18-00:54:01  
Hellman: If you talk to Frances, my daughter, she will tell you that UC San Diego is so much more streamlined than Cal because it doesn't have 800 years of accumulated detritus.
- 18-00:54:15  
Rubens: Or a kind of sense of importance as the jewel in the crown, that it's entitled and that people get entrenched. Well, I think Birgeneau is certainly trying to cut through that. He's really—
- 18-00:54:30  
Hellman: Oh, yes. And I think he's being successful.
- 18-00:54:32  
Rubens: I think so. He's reorganizing. Also back to the athletics program. He basically said, "We're cutting these programs that are losing money."
- 18-00:54:42  
Hellman: If you want them, to say, "Fund them. Do what Fisher and those guys did."
- 18-00:55:04  
Rubens: We need more of that for The Bancroft. Elaine Tennant is the new director of The Bancroft. She is in the Department of German and she's a fine scholar with a wide range of specialties. She also has a terrific reputation for working with UC administrators. She has a lot of ideas about fund raising.
- So you were pleased with how the Magnes deal worked out?
- 18-00:57:32  
Hellman: I was pleased that it happened and I'm pleased at the way it's going.
- 18-00:57:36  
Rubens: You've got this one issue of what's going to happen with the money that you've pledged.
- 18-00:57:44  
Hellman: Oh, yeah, but that's bupkis. That's not even an issue. It's just different approach.
- 18-00:57:54  
Rubens: And are you on the board?
- Hellman: It's like the Sinton award. I didn't know I'd gotten it.
- 18-00:58:05  
Rubens: By the way, Frances Dinkelspiel, your cousin, said that you've been very supportive of the book she wrote on your great-grandfather; we've talked about that book, *Towers of Gold*.



- 18-00:58:17  
Hellman: I wrote a song because of her book. She asked me to write a song about Isaias. Now I keep overshadowing her at book signing so she's stopped inviting me.
- 18-00:58:33  
Rubens: Say one line. I think you've done it before but I know we didn't have it on tape.
- 18-00:58:40  
Hellman: From the song? How about, "I.W. Hellman, he was a pioneer. Came to California in his sixteenth year. Crossed the isthmus to come here and become California's greatest financier." Or better than that, "He strolled down California Street on a bright and sunny day. Thought kind thoughts and whistled as he went along his way. An Irishman with a gun was lurking in an alleyway. Fired twice at Isaias, missed and ended in the bay."
- 18-00:59:20  
Rubens: That story is in the book.
- 18-00:59:22  
Hellman: Yeah. Everything in the song's in the book except the part about the—that I didn't get to sing.
- 18-00:59:30  
Rubens: About Sugar Pine Point. We talked about that battle earlier, over naming it after a legislator.
- 18-01:00:20  
Hellman: Yes, the park service ranger, Heidi and all them, just said, "God, we fought that like crazy and if you can turn that around." So that's the reason I wrote the last—
- 18-01:00:35  
Rubens: You added a verse?
- 18-01:00:36  
Hellman: "Isaias owned this park and built that great big house where he lived for three months a year with his loving kin and spouse. You can imagine to our family it came as quite a shock that the state named it for some politicians – what a crock."
- 18-01:00:58  
Rubens: Great line.
- 18-01:00:58  
Hellman: Put that in your book.
- 18-01:00:59  
Rubens: Great line. All right. Let's change tapes.

## Audio File 19

19-00:00:00

Rubens: Just one last connection of you to Cal. So this is just this year, January 2011, there's a new vice chancellor for administration and finance that Birgeneau appoints. John Wilton. John Wilton. He's done all these different things; he had been a managing director and director of research for Farallon Capital Management. He also is listed as having been a consultant for Hellman Friedman.

19-00:00:46

Hellman: Well, yeah. John would come in once a quarter and just tell us the state of the world. Sort of what we called macro talks. So he did that for a few years. And then to my amazement, literally with no inkling that it was happening, turned out to be the CEO of Cal.

19-00:01:17

Rubens: I haven't heard any scuttlebutt of how he's doing but seems to me they're lucky to have him.

19-00:01:30

Hellman: Yeah.

[Extraneous conversation omitted]

19-00:02:16

Rubens: I had a leftover question about Hardly Strictly.

19-00:02:39

Hellman: This year it's "Strictly Hazel."

19-00:02:54

Rubens: Emmy Lou is coming to town of course. Do you see her when she plays at other venues?

19-00:03:00

Hellman: Oh, yeah. Yes. Because I love her. She's really a character.

19-00:03:07

Rubens: Is she?

19-00:03:08

Hellman: Because she's so self-assured and also so vulnerable. I went to her inauguration to the Country Music Hall of Fame and we're sitting at dinner before and she said, "I am so nervous about giving this speech." And I said, "Emmy, you perform every night." And she picks up the speech and throws it at me and says, "Well, then, you give it." [laughter]

19-00:03:33

Rubens: You told a nice story about her being, I don't know, would it be at the mercy of the sound check guy.

19-00:03:42  
Hellman: Oh, god, at the Library of Congress. That's where the story came from about the difference between a sound man and a terrorist. You can negotiate with a terrorist. God, was he rude. And I'm the world's greatest kiss ass. If I run into a difficult sound man, all I do is try to cajole him into liking me. She's very much the same except that she's famous.

19-00:04:18  
Rubens: Just since you mentioned it. I wouldn't have thought that's a style of yours in business to be cajoling people.

19-00:04:29  
Hellman: Yeah.

19-00:04:30  
Rubens: That went along with hard hitting, trying to clear through seeming blockades?

19-00:04:36  
Hellman: Yeah. Usually war doesn't get you anywhere.

19-00:04:43  
Rubens: My father used to say you kill more flies with sugar than swatting. That was what it was?

19-00:04:48  
Hellman: Yeah.

19-00:04:50  
Rubens: But you did a nice interview with a blogger regarding HSB. You and Colleen Brown, who's in your band. The writer asks you, "What's your musical guilty pleasure?" Well, firstly that you own Hardly Strictly records. Is that a—

19-00:05:25  
Hellman: No, no. I don't own Hardly Strictly. I own Neanderthal Records.

19-00:05:30  
Rubens: Oh, this is wrong. Okay. What is Neanderthal—

19-00:05:34  
Hellman: I have no idea. It's the name we used to put out our CD.

19-00:05:41  
Rubens: Okay. The two CDs.

19-00:05:42  
Hellman: No. We didn't even have the name. The first CD we didn't have a name.

19-00:05:47  
Rubens: There are a bunch of people you name that you like. You like Austin Lounge Lizards?

19-00:05:56

Hellman: Yeah, I do.

19-00:05:58

Rubens: Todd Snider?

19-00:05:58

Hellman: Like Todd Snider.

19-00:06:00

Rubens: Old Crow Medicine Show.

19-00:06:01

Hellman: Yeah.

19-00:06:02

Rubens: Of course we mentioned Emmy Lou and—

19-00:06:05

Hellman: Ron Thomason. Dry Branch Fire Squad. I have a new love. Red Molly.

19-00:06:33

Rubens: All right. Well, I guess I should let you go. I've really enjoyed this—thank you.

19-00:06:39

Hellman: This is fun.

Interview 11: August 31, 2011

Audio File 20

20-00:00:13

Rubens: I really want to get your perspective on Lehman's collapse and then the whole downturn in the economy. You probably know that a federal bankruptcy judge is now allowing to put before the creditors a plan to how they're going to pay back a fifth of what they owe. Payout sixty-five billion to creditors—this is today's New York Times—which is one fifth of what they owe.

20-00:00:52

Hellman: If you had something, and you have nothing, maybe a fifth is pretty good.

20-00:00:59

Rubens: A hundred and ten thousand creditors, and then some really big ones, like Citigroup.

20-00:01:10

Hellman: A typical creditor would be some poor guy who had a brokerage account there whose account got frozen.

20-00:01:19

Rubens: I'd love to, in maybe a few minutes, when we get to 2008, to pick up what your relationship with Lehman had been.

Let me just tell you something, only apropos to your music. Terry Gross recently did an interview with Roseanne Cash. Her father, Johnny Cash gave her a list of a hundred songs that he thought were the most important influences on country. She has an album with—

20-00:02:23

Hellman: That's really apropos, because I'm doing an interview for a radio show with KALW Friday and they want to discuss the history of lyrics in American music. My point is that everybody talks about, gee, isn't so-and-so a wonderful banjo player or a wonderful guitar player, but the lyrics are so fundamental. Some of the songs—well, I won't bore you with the whole thing, but I've sort of chosen five—it's only a forty-five minute show. I've chosen a bunch of subjects. One is the historic nature that a lot of these songs, a lot of the original lyrics, came with the settlers. In many cases, they went back into the backwoods and were isolated. So a song like "Barb'ry Ellen," they found places where they were still singing the sixteenth-century version of "Barb'ry Ellen," or seventeenth century, and brought it with them. I won't bore you too much with that.

20-00:03:33

Rubens: It's not boring. It's fascinating.

20-00:03:36

Hellman: "Wildwood Flower," which—

20-00:03:38

Rubens: I don't know that.

20-00:03:40

Hellman: "I will twine midst my ringlets of raven black hair." I'm sure you've heard it. That was a poem in England in 1860, and The Carter Family made it into a song and then sort of allowed people to believe that they wrote it, which they didn't. I'm going to take "Barb'ry Ellen" and "Wildwood Flower" and show how they've morphed, particularly "Wildwood Flower." Recently, Emmy Lou Harris started one of her songs with a couple of verses from "Wildwood Flower." For a while, they were frozen and then they became part of our culture. I don't know if I'll talk about it. "Blue Moon of Kentucky" was first recorded by The Carter Family, but Elvis Presley did it. That's one.

20-00:04:41

Rubens: You mentioned there was going to be a movie on them, too. A movie is being made.

20-00:04:43

Hellman: No. It's too bad, because the music's done, but the movie's not. It was just a big con job, I think. Then, second, I'm going to talk about, historically, the music has really surrounded any important event that's happened in this country. I'm going to take two Johnny Cash songs. One, "The Battle of New Orleans," where the British soldiers turned and ran back to New Orleans, and then—

20-00:05:13

Rubens: Fired the guns. The British kept running.

20-00:05:14

Hellman: That's right. "British kept a coming." Secondly, there's a Johnny Cash song—maybe there are other versions of it—but the Civil War, where two brothers fought on the opposite sides.

20-00:05:28

Rubens: Oh yeah. One wore gray and one wore—

20-00:05:31

Hellman: Blue. So I'm going to do that. That's the next subject. You can take almost anything important that's happened in American history, and there's been traditional music written about it. Some people say to you, but all this music is about murder and sad subjects. I'm going to say, yeah, a lot of it has been, but I'm going to take a song that Ron Thomason of Dry Branch Fire Squad did, called "Echo Mountain," where this guy, they have a pet dog, and it comes back with blood in its mouth. The little boy, baby, is missing, so he shoots the dog, and the little boy immediately runs in from the other room.

That's an example of pathos. Maybe before you leave, if I have a minute, there's another song. It's about this guy in North Carolina, who, on Christmas Eve one year—true story—killed his wife, his six children, and then himself,

and the song is just a really sad song, but it was written between the time of the last murder, himself, and the funeral. So there are pictures—I had one—I don't know what I did with it—of the song being performed at the funeral. I thought of using that.

This is getting a little longwinded. But there's a huge funny side. I don't know if I played you Austin Lounge Lizards stuff, but there are bands—first, the names of bands are funny, like the Austin Lounge Lizards, or the Cluster Pluckers. There's a lot of humor in it. I may take one of the Austin Lounge Lizards—well, I probably will do “Whatever happened to Betsey Rosen's nose? It used to look like half a bagel, but now it hardly shows. Here today, and gone tomorrow, that's the way it goes.” I may take that.

At the end, my idea is that it even comes down to even schmucks like me are writing songs, so I'm going to do probably what I call “The Eighth Commandment Blues,” which is the conman song. I wrote this song about all the conmen. It was going to be called “The Conman Song.” I thought, this is so boring. I was sitting in Torah class and we were studying the commandments. I said, holy Christ! This is the eighth commandment. Thou shall not steal. So it's “The Eighth Commandment Blues.”

20-00:09:15  
Rubens:

That sounds like a wonderful program. Who generated the topic?

20-00:09:22  
Hellman:

The woman called me. Chloe Veltman is her name, I think. Said, “Would you be willing to do a show on lyrics in American music?” It took me a nanosecond to say I'd do it. Then Colleen and the woman who plays fiddle in our band, Heidi Clare, have been working with me on what songs to put in. We'll have a little CD to play with on the program.  
[See:<http://ar2.podbean.com/pb/c861d5be8e60a3677baf9bf3d724e40b/506b7b8c/ar2/blogs24/337890/VoiceBox-HardlyStrictlySinging.mp3>]

20-00:09:52  
Rubens:

I was interested in, as you're telling this, firstly, it's a wonderful history and it shows the breadth of your knowledge, but also I was wondering your own thought process of how you come to—it's a very well-constructed lecture. History.

20-00:10:09  
Hellman:

Thank you. What was the line in “Monty Python”? “It came to me in the bath. Lots of things come to me in the bath. Rubber duckies.” I said this at the beginning, but people are very focused on the, quote, “music,” but the lyrics are at least equal to the music in their importance in our history.

20-00:10:36  
Rubens:

You must have read about the death of Jerry Leiber, the rock and roll guru, of the team Leiber and Stoller. Well, Leiber is the lyricist. Terry Gross called

referred to their “novelty songs.” “Splish, splash, I’m taking a bath.” “Yakkity yak, don’t talk back.” But they’re witty. It’s not just—

20-00:10:57

Hellman: Yeah. I’m just thinking whether that would fit. It’s a good idea.

20-00:11:02

Rubens: Well, they’re not traditional.

20-00:11:04

Hellman: A lot of this isn’t.

20-00:11:05

Rubens: But it’s humor.

20-00:11:06

Hellman: Some of it’s hysterical. Before you go, I’ll play you Charlie Lawson, if we have a minute.

20-00:11:13

Rubens: I’ll make sure we have a minute.

20-00:11:14

Hellman: I have a lunch with the Fishers.

20-00:11:17

Rubens: The family?

20-00:11:18

Hellman: Yeah, with the three boys, at noon. I guess John will be here to pick me up about quarter to twelve. I keep wanting to call them the Pishers.

20-00:11:31

Rubens: You must have known them as little pishers, huh?

20-00:11:35

Hellman: Don, sure. He was a little pisher in high school.

20-00:11:38

Rubens: Gosh, there’s some story about him selling firecrackers when he was a kid. He went to Chinatown and bought them for five cents and sold them in the neighborhood for ten cents. Something like that.

20-00:11:53

Hellman: I’ll bet.

20-00:11:53

Rubens: I asked him about it when I interviewed him, because someone who lived in the neighborhood told me the story.

20-00:11:59

Hellman: Was it true?



- 20-00:12:00  
Rubens: Oh yeah. He confirmed it and was proud of it. All right, do you think we should—
- 20-00:12:07  
Hellman: Did you interview me on that story? You didn't. He and I played water polo and swam together. He was three years ahead of me, but we both went to Lowell, and we both went to Cal. He was similarly three years ahead of me at Cal.
- 20-00:12:39  
Rubens: So would you say you were pretty close?
- 20-00:12:43  
Hellman: Yes. We're pretty much friends forever. I sang at his funeral. We wrote a song. "If there's reincarnation, I want to come back as the fish."
- 20-00:12:59  
Rubens: That was a quick illness and then gone.
- 20-00:13:03  
Hellman: Nah, not so quick. The end of it was quick.
- 20-00:13:06  
Rubens: I always regretted that—I thought his idea for the museum in the Presidio would have been fabulous. Fabulous.
- 20-00:13:18  
Hellman: Phenomenal.
- 20-00:13:21  
Rubens: So you agreed?
- 20-00:13:22  
Hellman: Oh, yeah. That would have been fantastic.
- 20-00:13:41  
Rubens: Did you work with him in any—
- 20-00:13:45  
Hellman: When I was at Lehman, we did a lot of financing for the Gap. We did work together on stuff.
- 20-00:13:53  
Rubens: What was the—maybe "politics" isn't the word, but the feeling between the Fishers and the Haases? Gap and Levi?
- 20-00:14:04  
Hellman: I would say competitive. They were civil, cordial.

- 20-00:14:10  
Rubens: Because they were part of the same—.Anything else, since we mentioned it, about Fisher or working with him? He was obviously a donor to UC.
- 20-00:14:59  
Hellman: Yeah. We were on a bunch of committees together.
- 20-00:15:04  
Rubens: His particular interest was art.
- 20-00:15:22  
Hellman: Well he was very active in funding the Cal aquatics' program.
- 20-00:15:23  
Rubens: Yeah, and you must have hit on him for the garage.
- 20-00:15:25  
Hellman: Yes, they put a couple million bucks in, I think. I'm surprised they have any friends left.
- 20-00:15:35  
Rubens: I forget how we got to Fisher, oh, because you sang a song at his funeral.
- 20-00:15:39  
Hellman: Yes, we wrote a song. Doris was touched. We had it matted for her.
- 20-00:15:48  
Rubens: How nice. So if you get a chance, listen to the interview with Roseanne.
- 20-00:15:56  
Hellman: I will. With Roseanne Cash, yeah.
- 20-00:15:58  
Rubens: All right, should we shift gears? Let me see. If we hover around '96 to 2000— I think it's a *Wall Street Journal* article that says '96 was the best year for mega deals in the decade, and then it starts to slide in '97. You're quoted as saying, "I think part of what happened is you had sticker shock. GPs were saying that we can't pay twelve to fourteen times cash flow for mega deals, but that feeling is wearing off." By 2000, things have picked up and you're now doing a \$3.1 billion—
- 20-00:17:16  
Hellman: Let me just remember. We were in a big boom from '98 to 2001, I think, familiarly called the dot com boom out here. Basically, our firm, since we have a very rigorous hold-sell set of principles—so we tend to be sellers in rising markets and holders in declining markets—so from '97 until 2000, 2001, it was very easy to sell things. We sold a lot. It was very difficult to buy things, so we bought a little. We took three billion out and put a billion in, something like that. Or less than a billion. Then the crash came. The thing reversed itself and it became relatively easier to invest.

20-00:18:17

Rubens: What was that crash about?

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Hellman: It was the end of the dot com bubble.

20-00:18:25

Rubens: They had gotten over-monetized or what?

20-00:18:29

Hellman: It just got overpriced. Everything got overvalued. At least you always say it got overvalued in retrospect. But at the time, it didn't seem overvalued.

20-00:18:40

Rubens: Did you see that coming?

20-00:18:42

Hellman: Yeah. We don't have a view of where the market is or where it should be, but we do have a very strict set of principles about when we hold them and when we fold them. In the period '97, '98, and '99, we were more than meeting our expectations of what we could sell the companies that we owned for, and having great difficulty meeting our expectations for what you could buy for. As I said, we sold a lot, invested—in fact, there was a wonderful meeting where I went up to CalPERS, which is an important limited partner of ours, and I was brought into the board of CalPERS or something, and the guy, Rick Hayes, who was the CEO up there at the time, or at least handling our relationship, said, "I wanted to introduce our favorite contrarian investors. Warren." I said, "I'm sorry, there must be somebody else in the room, because we don't think of ourselves as contrarian investors."

20-00:19:58

Rubens: What did he mean?

20-00:19:59

Hellman: He means people that are always running counter to the market, and do so intentionally. We're very, as I said, very careful not to say that we're contrarians. When we buy something, it's usually not a Matisse or—

20-00:20:21

Rubens: It's a company.

20-00:20:22

Hellman: Yeah, and we have objectives for what we can make if they perform as they're expected to do or we hope that they'll do. At a point in time, we'll market it. The returns when we market it, if they meet our expectations, then we'll sell. If they don't, then we'll continue to own it. In the period '97 to I think around 2000, we were selling things for far more than we had hoped for. By the way, the end of that sentence is, for a couple of years, everything we sold went up hugely in value. We were sort of saying, hmm, should we have been selling

these? Then, of course, everything collapsed and we felt like champs instead of chumps.

20-00:21:26

Rubens: Just unpack this a tiny bit. Why is he calling you a contrarian, or does that not matter?

20-00:21:31

Hellman: Because we were selling in a market where everybody was buying. Contrarian is somebody who—People are consciously contrarians. A contrarian would be selling gold short today. Maybe not a bad idea. But we didn't buy a single or sell a single company because we were contrarians. We bought them because we thought they were good businesses, well-managed, and could meet our return expectations. The last thing, it may be a wonderful company, but if it can't meet your return expectations because it's overpriced, then you don't buy it.

20-00:22:18

Rubens: Who's sitting down and architecting this management and philosophy? You have on your website a very nice, succinct statement about what's your philosophy and what the business is about. How does that come about?

20-00:22:40

Hellman: I think there were sort of two major contributing factors in terms of the firm's philosophy and investment objectives. I think one set came from me, which is sort of operating principles. You plan for succession. You don't hog all the ownership for the top people in the firm. You align your interests with the people that give you money instead of collecting fees from them. You have a lot of skin in your game. Those are fairly simple principles. We believe that when we do a partnership with a lot of people, like CalPERS or—not Cal, because I wouldn't take Cal, because I just felt conflicted—but Stanford, others, that we have to be on the same page that they are in terms of, if we do well, we make money on the investments. Not on getting fees for our services. That's an important principle. As I say, we invest heavily in our own firm, in our own investments. That was one set of principles. Those are sort of operating principles. The investment principles, I think, largely came from a guy named Matt Barger, who was one of our early partners. Matt was the one who conjectured and quantified our hold-sell theories.

20-00:24:36

Rubens: Did you have a hand in picking him?

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Hellman: Mmhmm. He'd worked with me some at Lehman Brothers. I asked him if he'd like to join Tully and me, and it took him about a nanosecond. He retired about two years ago, two or three years ago. He's still here. He's upstairs. He's still a managing director of the firm. He was the chief operating officer for a while. He was one of the best investors that I've ever met.

20-00:25:14

Rubens: Is it partly a gift?

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Hellman: Yes.

20-00:25:16

Rubens: I mean, obviously you work hard and study.

20-00:25:18

Hellman: He's very objective, very questioning, and sees investments far more clearly than I do. Philosophically, he's very interested in how you quantify your objectives, and he did.

20-00:25:43

Rubens: How does the sharing of information literally take place? You have a meeting. It's you and he.

20-00:25:51

Hellman: The way the firm operates, and pretty much always has, we have an investment committee. The investment committee is sort of the top people in the firm. All of the managing directors, and indeed all the principals and associates, look for possible investments, put it together, decide that they want to go to the investment committee to discuss it, get a lot of feedback from the investment committee, and the investment committee becomes more and more involved in the entrails of the investment.

20-00:26:29

Rubens: Decisions are made there?

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Hellman: Yes.

20-00:26:34

Rubens: Is this a period also, then, '98 to 2001, of expansion of the office?

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Hellman: Yeah, so we were growing. We were doing increasingly large funds.

20-00:26:58

Rubens: So people have to be brought on to manage that. This is such a naïve question. How is that structured? You have a human resources person? Someone who's in charge of expansion, development, of—

20-00:27:15

Hellman: We sit down every year and say, based on the business we're doing, based on the number of companies we're covering, we're invested in, and what covers their need, we're going to need four associates, or eight associates, or two hundred associates. Usually it's more like five or six.

20-00:27:36

Rubens: I think the list now of associates is about fifty.

20-00:27:40

Hellman: Yeah. I think we have fifty-four or fifty so-called investment professionals now. Basically, there have been sort of two principal sources of principals. There have been sort of two principal sources of new associates, and those are the business schools and the investment banks, because the investment banks regularly hire people to spend two or three years there and then go on someplace else. We've hired a lot of people.

20-00:28:19

Rubens: So they've been trained? They've had experience.

20-00:28:22

Hellman: Yes.

20-00:28:24

Rubens: There was an African American man whose background looked great, who was from Harvard and then Stanford business school.

20-00:28:32

Hellman: Andy Ballard. He's sensational. That was just blind luck. Bain Capital closed their office in San Francisco, and Andy Ballard, and I think Erik Ragatz, a couple of people who are now MDs at the firm, were there and we grabbed them. That's inconsistent with what I just said.

20-00:29:01

Rubens: Wait, why is it inconsistent? Because Bain is—

20-00:29:05

Hellman: Bain Capital is a private equity firm. Usually, we've taken people from—but, boy, did that work out well.

20-00:29:12

Rubens: This is a little bit of a leap. You're quoted as talking about the impact of the Sarbanes-Oxley Act [2002]. I wondered if you could just speak to that.

20-00:29:40

Hellman: Sarbanes-Oxley, I happen to believe to have been a huge mistake. Well, for American industry.

20-00:29:50

Rubens: It's tightening the requirements on public—

20-00:29:53

Hellman: Disclosures. Just creating a whole level of bureaucracy, where if people simply abide by the law, because most of the things that they were talking about were just flat violations of law. But they imposed a level of bureaucracy on boards of directors of public companies. It's been diluted some, but at the beginning it was just unbearable. I was on the board of NASDAQ, and they

were public, and at least two hours of every board meeting would be dealing with Sarbanes-Oxley. It sort of said you have to list what kind of shoelaces everybody wears in the boardroom. It wasn't silly, but it also was solving a problem that I don't think needed to be solved that way. It became way more unpleasant for managements and boards of directors to be part of a public company, and so it was an opportunity for us because we don't impose Sarbanes-Oxley on the companies we own. We know everything, so—

20-00:31:15

Rubens:

You're not required to also because it's private equity. So the boon for you is that you had more freedom—

20-00:31:26

Hellman:

The boon for us is that public companies have much less freedom, so they come to us and say, god, I can't stand it anymore. We're spending more time on Sarbanes-Oxley than the board is spending on the business, so I can't stand to be public anymore. They go private.

20-00:31:54

Rubens:

What's an example of one that came to you.

20-00:32:09

Hellman:

I suppose Getty Images would be one. I think Kronos would be another. I think Catalina would be another. These were all public companies. Well, two things have happened. People argue with me about Sarbanes-Oxley, but certainly Sarbanes-Oxley created an atmosphere where managements of companies really didn't like to be public. Secondly, the price of public companies has become way—I'm talking up to date—way more reasonable. You can afford to pay a premium to what companies are selling for publicly and still make them a successful private investment, for two reasons. One, management, unfettered, usually does a hell of a lot better job than dealing as a public company. Two, you do put some leverage on. You make money simply by retiring debt.

20-00:33:20

Rubens:

So Getty comes to you? Or are you also looking at Getty and—

20-00:33:24

Hellman:

No. Andy Ballard, the very guy you were just talking about, said, "We ought to look carefully at Getty. I met the management. I really like them. They really would like to be a private company."

20-00:33:39

Rubens:

So he's got tentacles out. He's watching it.

20-00:33:43

Hellman:

Yeah. Most of the younger people, managing directors and the rest—principals, associates—they work in what we call a silo. They work on insurance or they work—a lot on software. We've done a lot in software. They'll work on internet marketing opportunities. The expectation here is,

okay, you know your silo really, really well, but you always ought to be thinking, is there another avenue? Is there something else that's new that we ought to be taking a look at? That's sort of part of our culture. So Erik Ragatz could spend a lot of time on energy investments. This sounds pretty mundane, but one day he came in and said, "We ought to be looking at plain old industrial companies. I'd like to look at a bunch of industrial companies." He had worked on Texas Genco. He got to be very knowledgeable in the energy industry. That was a wonderful investment for us. At the same time, he said, "I think we ought to be looking at some more industrial-type investments." So he came up with a company called Goodman Global, which is in the HVAC business. Everybody said, oh my god, with what's happening in housing—only what the people who were saying oh my god didn't realize is that Goodman is most importantly in the business of repairs and replacements. So while people weren't selling homes, they did have to repair their HVACs.

20-00:36:26

Rubens: Anything to say particularly about Kronos or Catalina?

20-00:36:36

Hellman: No.

20-00:36:36

Rubens: Just examples of public going private.

20-00:36:40

Hellman: Yes. I think that, in both those cases—Kronos, certainly—management has just thrived. They can do the things that they couldn't do as a public company. They own much more of the company than they could as a public company, or they did as a public company.

20-00:37:04

Rubens: 2004, you opened the London office. You say that you do specialize in U.S. and European companies primarily, not—

20-00:37:53

Hellman: Yes, we did have our adventure in the Far East, which I thought went okay. We're one of the few people that actually made money there. There was just little enthusiasm for remaining there. My son Mick was in Hong Kong for five years. Came back and went out on his own.

20-00:38:24

Rubens: I haven't talked to Mick yet. I want to. When he came back, he's listed as a senior advisor. How does that category come to be?

20-00:38:38

Hellman: We want to retain an association with people who have done well for us. He and Jack [John] Bunce and Matt Barger and—

20-00:38:46

Rubens: People who are not officially with the company or on salary.



- 20-00:38:49  
Hellman: They all got spoiled by how much money they made, so they want to do other things.
- 20-00:38:56  
Rubens: But London, you did say early on, what's the attraction there? Because you're involved with European—
- 20-00:39:04  
Hellman: We did two or three investments in Europe.
- 20-00:39:07  
Rubens: There's a German company.
- 20-00:39:29  
Hellman: Oh, Axel Springer. Axel Springer was a good investment. It wasn't a fantastic investment. It was good enough.
- 20-00:39:38  
Rubens: Axel Springer is—
- 20-00:39:39  
Hellman: It's a bunch of newspapers in Europe. It's the Das Bild. Interestingly, one of the things that I found out that was important, at least to me, in the charter of the company, a German company, entirely German company, they stated that this company will never take a position against Jews, against Judaism. It was put much more eloquently than that. Given the history of Germany, they actually had in their charter that they would be very careful to avoid any aspect of anti-Semitism.
- 20-00:40:28  
Rubens: Do you think this was unusual for companies there?
- 20-00:40:30  
Hellman: Damn right. They weren't recreating history. It was—
- 20-00:40:41  
Rubens: Acknowledging what had happened. Role of German companies in the whole war machine. This is a sideline, but I haven't been to Berlin. I hear it's just very exciting and hip, besides all the old culture, but that you can't walk a block without there being some memorial to the Holocaust.
- 20-00:41:05  
Hellman: Oh, yes.
- 20-00:41:05  
Rubens: Have you been to Berlin?
- 20-00:41:06  
Hellman: I was stationed in Germany in the Army, so we went to Berlin.

- 20-00:41:11  
Rubens: But currently, they keep cropping up. So was Axel Springer—
- 20-00:41:16  
Hellman: You just wonder when they're going to revert to type and the national remorse is going to wear off.
- 20-00:41:22  
Rubens: Isn't that how we were raised? Just don't trust it.
- 20-00:41:26  
Hellman: It was a fairly appropriate way to be raised.
- 20-00:41:39  
Rubens: Any other European investments that you were particularly happy with or that did well?
- 20-00:41:44  
Hellman: Formula One did great, Axel Springer did great. Gartmore Group, a British company.
- 20-00:42:27  
Rubens: So this is 2004. Would you characterize the business, then, from 2001 to 2009 as just on an upward trajectory? 2007, you're quoted as saying that you're putting close to a hundred billion of capital to work. That's a lot.
- 20-00:42:53  
Hellman: No, it can't have been a hundred billion.
- 20-00:42:54  
Rubens: "Hellman addressed more than 300 attendees at a program jointly hosted by ACG. He discussed how his firm and others are putting close"—oh, his firm and others. Oh, okay, sorry.
- 20-00:43:10  
Hellman: Yeah, I thought if it was a hundred billion, there's a lot of stuff they're not telling me.
- 20-00:43:13  
Rubens: How much would you say, about, by 2007?
- 20-00:43:17  
Hellman: Probably eight, ten billion.
- 20-00:43:18  
Rubens: The target investment that you have on your web site says that you look at three hundred million to one billion.
- 20-00:43:37  
Hellman: Yeah, but the funds are bigger. With a \$9 billion fund, horribly—I like small investments.

20-00:43:45

Rubens: Why?

20-00:43:46

Hellman: They're just more fun.

20-00:43:48

Rubens: What does that mean, more fun?

20-00:43:51

Hellman: They're changing. We invested in PowerBar. I went on the board of PowerBar. It was really an interesting product, changing very rapidly. New opportunities all the time. This is the fun part. It's also the more difficult part. But you didn't have a bunch of legacy businesses that you were tending to. It was all kind of new. The bar was invented—Jennifer Maxwell was a runner at Cal. Her husband was the coach of the Cal women's track team. They basically literally cooked up the bar in their kitchen. It was fun. It was fun dealing with two young people. The poor bastard died when he was fifty. But I'm still close to Jennifer.

20-00:44:44

Rubens: She spoke at your award ceremony at the Haas business school.

20-00:44:52

Hellman: It was just a very family sort of company, and they were good listeners.

20-00:44:59

Rubens: You were saying that you liked smaller—

20-00:45:01

Hellman: I do, but we can't do it anymore.

20-00:45:03

Rubens: Why is that?

20-00:45:04

Hellman: With a \$9 billion fund, making \$100 million—that was a \$60 million investment—it can't move the needle.

20-00:45:15

Rubens: Is that the highest fund you had?

20-00:45:18

Hellman: The last one's the highest. It was 8.9 billion.

20-00:45:22

Rubens: So real growth, just extraordinary growth from 2004 to 2009.

20-00:45:31

Hellman: In terms of the size of the funds? Yeah.

20-00:45:36

Rubens: Should we say now, are you anticipating this collapse? Oh, you invested in Fannie Mae?

20-00:45:47

Hellman: No, NASDAQ.

20-00:45:48

Rubens: I know NASDAQ, but there was something about Fannie Mae. I'll look for the note, and you tell me, if you would, are you anticipating—2007, there's now the housing bubble. Some people are saying this is just getting out of control, these lending practices are—

20-00:46:14

Hellman: The market is wonderful at looking at what has already happened. The Japanese bubble, when Japanese stocks were selling at no multiple of earnings because it was infinite, and you said, gosh, isn't this market really overvalued? I didn't even pay attention to it. But it collapses, and everybody says, we knew that was going to happen. I always say, well, why didn't you sell everything if you knew it was going to happen? Because you didn't. I think that was true of the housing bubble. There were enough signs.

20-00:46:56

Rubens: Were you noticing this?

20-00:46:57

Hellman: Yeah, but you notice lots of things, and then you're always surprised. I didn't think that I would get up in the morning, at seventy-seven years old, and wonder whether Greece could meet its financial obligations. It just never was something that occurred to me.

20-00:47:35

Rubens: So you're sort of aware of this. It sets off a chain. We began by talking about Lehman. This is when Lehman goes down.

20-00:47:49

Hellman: Well, by the way, and Bear Stearns and Merrill Lynch and AIG. Gosh, isn't it interesting that only Lehman was permitted to go bankrupt? You can conjecture two ways. One, that the Bush administration, when they were being castigated for what they did for Bear Stearns and others, had to set an example, and Lehman was the most recent, so they said, we got to do it sometime with somebody. Didn't realize that that would exacerbate the crisis by a lot.

20-00:48:31

Rubens: Because? How did it exacerbate it?

20-00:48:34  
Hellman:

Because the amounts of money you're talking about. The idea of, quote, "too big to fail" was pretty prevalent, and then all of a sudden, it wasn't too big to fail. Miraculously, afterwards, they bailed out AIG.

20-00:48:55  
Rubens:

Bank of America now. The whole—

20-00:48:57  
Hellman:

Well, yeah. But even then, Bank of America—and even, by the way, then, to a certain extent, Goldman Sachs. Now, isn't it magical that the head the Secretary of the Treasury was [Henry] Paulson, who had been head of Goldman Sachs. Goldman Sachs and Lehman Brothers have been bitter rivals forever. He, by the way, absolutely denies this, but the Treasury was filled with ex-Goldman Sachs people. What more fun, what better revenge could you get, than letting your 150-year-old competitor go down the drain? Now, they say, no, no, we had to set an example. They have a bunch of rationalizations, but I don't quite believe them.

20-00:50:00  
Rubens:

Those are the two reasons you're saying, though, the Bush administration making an example and—

20-00:50:04  
Hellman:

They could make an argument that we're being so criticized for bailing out all these large companies. Somebody's got to be the example. Oh goodness, we have Lehman Brothers, and they were our largest competitor. Not so bad.

20-00:50:19  
Rubens:

How do you think Lehman got so overextended?

20-00:50:25  
Hellman:

I think that's a really interesting story. By the way, it's how Merrill Lynch got overextended. I didn't see a red light.

Basically, one time in this dark, distant past, I was president of Lehman Brothers. There's a constant pressure, competitive pressure. Goldman is doing this, Morgan Stanley is doing this, Merrill Lynch is doing this. If we don't get into the collateralized loan obligation market, or all these esoteric markets, we just won't be a major factor on Wall Street. By the way, I think Lazard has been the smartest of any of the larger firms. I think Hellman & Friedman is somewhat similar. We say we do one thing really well. We're not trying to be— What we are is a private equity firm that invests partnerships serially in companies that we really like. We don't want to be in the assets under management business. We don't have a series of other businesses that we're trying to be in. We're not trying to be a public company.

20-00:52:12  
Rubens:

You are in financial services, though.

20-00:52:13  
Hellman:

No. We invest in financial services. We're not trying to say, let's have a bank, let's have a brokerage firm, let's have an insurance company. We may invest in those. We have a very tight sort of mission statement, I guess you'd say.

20-00:52:36  
Rubens:

Was Lazard similar to that?

20-00:52:38  
Hellman:

Lazard has always said, we are in the business of doing mergers, and we're in the business of doing financing for companies, and we're not going to go into everything simply because the other firms on Wall Street are going into it. Lehman, regrettably, fell into the same trap the other way. Guys come in in the morning and say to the CEO, "Gee, do you know Goldman just put \$2 billion into collateralized loan obligations?" We're not going to be competitive. We don't do that. Sitting in your office every day saying no, no, no—I think [Richard] Fuld had a difficult job. By the way, he came up from the fixed-income side of the business, which is what got them into trouble.

20-00:53:35  
Rubens:

Did you know him?

20-00:53:36  
Hellman:

Yeah, I'd known him since Lehman hired him.

You have to be everything. At the end of the year, on the scorecard, on the tables, you've got to be right up with the other big guys. You get more and more exposed. This happened when I was there, and thank god we saved it. When I was there, we were really good at investment banking. We got into the fixed-income business, which meant commercial paper and other more esoteric things, which I really didn't like very much.

20-00:54:30  
Rubens:

You had that kind of cantankerous and ambitious guy who was running it.

20-00:54:36  
Hellman:

Lew Glucksman. I came in one morning. I wasn't yet president. One of the other partners said, "Do you know we have a billion and a half dollars in long governments?" I said, "But our capital is only \$16 million." He said, "Yeah, but it's going to be fine, because interest rates are going to go down, so the spread between what we're borrowing"—you've heard the old saying, "Don't borrow short-term and lend long-term." We were the classic—we were lending to the government perfectly secure securities, except they can go up and down in value. We were borrowing from the government. Well, we were borrowing from the banks—CDs. But the spread went the other way. Short-term rates shot up. Long-term rates collapsed. So it became reversed. We were losing money on everything we owned. I went to Glucksman. I said, "How do we get rid of this?" He said, "We can't." Essentially, we were broke. We

worked our butts off and we didn't go broke. Also, we had a brokerage business, which we had no idea how to run.

20-00:56:16

Rubens: Just remind me. When you came back to San Francisco, you had a relationship with Lehman.

20-00:56:26

Hellman: Yeah, I said, I'd like to work with you guys again, but just in corporate finance. I don't want the San Francisco office to do anything but—we can do some brokerage, because by that time we understood it. But our business is servicing and attracting investment banking clients.

20-00:56:48

Rubens: How long did you maintain a—

20-00:56:50

Hellman: I don't know. About two or three hours. [laughs] I think we did all right. The San Francisco office did fine, but then they sold the firm.

20-00:57:22

Rubens: That's when Shearson—

20-00:57:27

Hellman: Yeah.

20-00:57:30

Rubens: In terms of formal relationship, you—

20-00:57:33

Hellman: It ended.

20-00:57:34

Rubens: Never again?

20-00:57:35

Hellman: Yeah.

20-00:57:36

Rubens: You must have just had an interest. Kept track of what they're doing.

20-00:57:39

Hellman: Well, sure.

20-00:58:06

Rubens: So Lehman is the fall guy. How about when that collapse happens and the whole economy starts to unwind? What's the impact on your business? Is there?

20-00:58:28

Hellman: For a while, the credit markets collapsed. It was very hard to find leverage for companies you were buying. You had to think of buying companies with

much less borrowing. Not that we were ever on the lunatic fringe of that, anyhow.

20-00:58:56

Rubens: So you did well? You steer clear of the mess.

20-00:59:02

Hellman: Compared to a lot of our brethren, we don't believe in borrowing as much as a lot of the others. One of our principles, again, Bargerian, a Barger principle—in fact, this was maybe his earliest—we're very focused on what's called free and clear cash flow. In other words, the company generates a lot of excess cash from its operations. It doesn't need to serve as debt very much from operations, so the cash that comes after expenses, after all expenses, the cash that comes to the bottom line is available for paying dividends, retiring debt.

20-00:59:55

Rubens: This is just a side. Isn't that potentially seen as a problem for Apple, that they have so much cash on hand?

20-01:00:02

Hellman: Well, it's a problem. Gee, it's a real problem—one of my children just won the Nobel Prize, but the other hasn't. No, I love companies to have a lot of cash. They're not always very creative with the cash that they have. You can buy in stock. You can re-capitalize the company. But it is a sign of a darn healthy company. My god, fifteen years ago, Apple was supposed to go broke, and oh goodness, they have too much cash. Don't throw me in the briar patch.

20-01:00:45

Rubens: You like it.

20-01:00:47

Hellman: You need to be creative about it. Public companies are very unwilling to pay dividends, but they should. Because they're always worried that the cash might go away and the dividend's gone.

20-01:01:03

Rubens: Why should they pay the dividends?

20-01:01:06

Hellman: How about returns to the shareholders?

20-01:01:09

Rubens: That's a moral position.

20-01:01:10

Hellman: Yeah, it is.

20-01:01:11

Rubens: As opposed to business-driven.



20-01:01:13  
Hellman:

It's morally correct to pay dividends. John D. Rockefeller, I think in 1933, made a remark that I've always loved. Remember, '33 was the bottom of the Depression, or close to it. He said, "What I always enjoy more than anything else is the nice cash dividends I get from the companies in which I've invested." Dividends—it's not a dirty word. In these bad times, the bad markets of the last couple of years, we've gotten over a billion dollars in dividends from our companies. It's pretty nice. I'm happy to go out and spend that on Hardly Strictly Bluegrass.

20-01:02:05  
Rubens:

Is this something that your business, then, does, to encourage companies to pay dividends at higher rates?

20-01:02:15  
Hellman:

Yeah. We don't believe in hoarding cash. Ironically, we went all the way through the crash without a single one of our companies missing a covenant on its bank loans. Well, one case somewhat close, but not that close.

## Audio File 21

21-00:00:15  
Rubens:

Just continuing our discussion about the collapse. Firstly, I think there was a real culpable role on the part of some academics in business schools who also served as advisors to companies. I'm not going to say this well, but Columbia had a fellow who evaluated the banks in Iceland and said they were healthy. Iceland's the first country to fall, basically, economically. He changed the title of the monograph that he wrote from "Healthy Economy" to "Unhealthy Economy." Just venal.

21-00:01:06  
Hellman:

Yeah, okay. I just don't believe, maybe because of my age—I think, at some level, people don't know anything. It's worthwhile to conduct yourself conservatively, to be conservatively invested, to have, if you can, little or no personal debt, to have little or no corporate debt, or only an appropriate amount, because you really can't predict what's going to happen. Afterwards, you always say, I should have known that. I should have known that the country was going to get to a point that it couldn't agree on anything politically. I should have known we were going to get to the point that the annual fiscal deficits were going to become a worldwide problem. I did know it, but you just wonder when it's going to catch up.

21-00:02:10  
Rubens:

I'm saying, in this case, literally, there were a couple of them. There was a guy at Cal. I don't have the names in front of me to tell you—I'd be glad to—who are just colluding. They're being paid for these reports. Looks to me, well it's not good.

21-00:02:34  
Hellman: The best would be if they were just wrong.

21-00:02:36  
Rubens: That would be very good. That would be acceptable. I thought that you're—

21-00:02:40  
Hellman: Predicting—

21-00:02:42  
Rubens: I'm not saying predicting. I'm saying evaluating what's really there.

21-00:02:46  
Hellman: Do you remember oil once sold for \$150 a barrel? I had a memorandum from Goldman Sachs that oil was going to go to \$200 a barrel, and then it went to \$39 a barrel, and finally it's back to \$85 a barrel.

21-00:03:13  
Rubens: I'm not talking about predictability. Let me ask you about Standard & Poor's. They were rating banks at a high level.

21-00:03:32  
Hellman: And rating collateralized loan obligations as triple-A. Michael Lewis wrote a terrific book about this. *The Big Short*. He just nailed it. There was this little guy in this very building, who worked for the SEC, who kept saying, "This Bernie Madoff thing is bad. It's bad." No, I guess he worked for either the SEC or FBI. They kept not listening to him. Now he'll gladly give you papers from when he said this was really bad.

21-00:04:16  
Rubens: Why is he in the building?

21-00:04:19  
Hellman: One of the agencies, I think, was in the building here. He's a tenant.

21-00:04:27  
Rubens: Okay, Standard & Poor's makes a mistake. You could be generous to them about what the U.S. has. It downgraded America's—

21-00:04:43  
Hellman: Yeah, down to double-A.

21-00:04:45  
Rubens: But isn't that a kind of—

21-00:04:47  
Hellman: I don't think that's a sellout. I think that's, in their terms, being daring. In other words, I think a sellout is you are doing an initial public offering for a company. You do the public offering. Then you write all these favorable research reports on the company. That's a sellout. Maybe the company is doing well, but you keep recommending the stock that you yourself sold, and

then they took the next step, the investment banks, of actually owning some of the company. To me, that's way worse than Standard & Poor's just being wrong. I don't think they were paid to be wrong.

21-00:05:38

Rubens:

You don't see that level of collusion or—maybe I'm using the word “venality” wrong. I do think some of these academics were pushing it.

21-00:05:51

Hellman:

There was a great piece of legislation, and we won't spend time on it this morning, that was enacted, I think, in 1933 and '34, called Glass-Steagall. I think I've said this. That was one of the most brilliant pieces of legislation.

21-00:06:12

Rubens:

That separated banking from brokerage.

21-00:06:15

Hellman:

And it created the SEC, which, until they mushed it together again, was the most incorruptible—to me, the agency that I've admired the most over the years.

21-00:06:28

Rubens:

You have a great story about being at Lehman working with someone at the SEC to get—

21-00:06:33

Hellman:

Stanley Sporkin, I think was his name, or something.

21-00:06:48

Rubens:

Who's driving the end of Glass-Steagall?

21-00:06:55

Hellman:

The investment banks. Sure. It's the old thing of sending the goat to guard the cabbage patch. It's almost consistent—this is a thousands miles from the subject—but there was a report this morning that PG&E was culpable, its officials and the state officials, in the explosion in San Bruno. This is way off in the stratosphere someplace, but it's really similar. The agencies get too close to the people they're supposed to govern. That's clearly, I think, what happened in Washington. And they repeal Glass-Steagall.

21-00:07:52

Rubens:

There are things like Enron, the top tier knows it's going down. They gut the workers' pensions, effectively.

21-00:08:05

Hellman:

They start buying the stock in the pension fund.

21-00:08:09

Rubens:

They sell off their own stock. That was wrong.

21-00:08:15

Hellman:

Well, worse—awful. In fact, that's why the Enron executives made it into my hall of shame.

21-00:08:29

Rubens:

To me—I'm not sure. Maybe I'm just speaking out of turn here. Blankfein. Some of these guys are pretty bad. Really, they should be jailed. I don't get why they're not jailed.

21-00:08:31

Hellman:

They are supposedly being criminally investigated.

21-00:08:32

Rubens:

We'll see. So I guess we have to stop now?

21-00:08:34

Hellman:

Ok. But I've got to play you this one song.

21-00:08:35

Rubens:

I'd love to hear it. We'll leave everything here and I'll just disconnect you

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Interview 12: October 21, 2011

Audio File 22

22-00:00:00

Rubens: You've just returned from a national bus tour with the Wrongers [and Jimmie Dale Gilmore], that included Nashville.

22-00:00:01

Hellman: Yeah, last week. Week before last. This kid gets on, with a ponytail, and then he gets off. One of these guys says, "When I was in high school, I grew me a ponytail, and I got home and my granddaddy lifted it up, and I said, 'What are you doing, granddaddy?' He said, 'I'm looking for the asshole.'" I said, "You guys have just made my day."

22-00:00:31

Rubens: We have an hour and fifteen minutes to meet today, not much time. I thought, given that, here you've just come off the eleventh Hardly Strictly Bluegrass Festival, we should talk about that. Last time we met we talked about the collapse of the financial industry. We were doing very serious—

22-00:01:09

Hellman: Boy, were we prescient, with the whole Wall Street thing that's spreading across the country, Occupy Wall Street.

22-00:01:22

Rubens: We can talk about that. But today is short. We have at least two more sessions. We need to talk about the Bay Citizen, the pension work that you've done, other community service, and then at least do some kind of wrap up. So two more for sure. But I thought, it's so fresh, this recent Hardly Strictly. Maybe the most prosaic of questions is how did it go? How did you feel about it?

22-00:01:53

Hellman: Fantastic. Well, you were there. I thought nothing could be better than the tenth, until the eleventh came along.

22-00:02:02

Rubens: What was better?

22-00:02:03

Hellman: I think that the crowds were huge. In fact, probably larger than last year, but they were spread about a little bit more, so you had a little bit more accessibility. There were at least two or three groups that most of us had never heard before, like the Preservation Hall Jazz Band, which was just off the charts, I thought, and was a great testament to our sound people, because you could hear the bluegrass. I thought, what's the point of having Del McCoury? And you could. That was just thrilling.

22-00:02:48

Rubens: Did you have an additional venue?

- 22-00:02:51  
Hellman: No, we had just the same number of venues. The Towers of Gold was set up last year. That came in conjunction with Frances's book. Somehow, the top acts were spread around a little bit more, like Merle Haggard and Kristofferson were at Arrow or Star. That seemed to work well. I don't know. The weather was perfect. People seemed to respond to each other even better than the year before.
- 22-00:03:31  
Rubens: The feeling was just so wonderful. People said it seemed less intense in terms of getting from venue to venue. There was a much more leisurely pace, and you could walk through the crowd more easily. A lot of wonderful food carts, too.
- 22-00:03:53  
Hellman: Yes, the food was terrific this year.
- 22-00:03:55  
Rubens: The only little sadness was that the T-shirts ran out. I wanted to buy a T-shirt.
- 22-00:04:01  
Hellman: My daughter was very sad about that, because the proceeds go to the Free Clinic.
- 22-00:04:05  
Rubens: I thought you would be selling hats. It was quite hot; the sun was bright.
- 22-00:04:18  
Hellman: Hats are in for next year.
- 22-00:04:22  
Rubens: Firstly, let's talk about your own performance. You basically opened the second day of the festival. How many numbers did you do?
- 22-00:04:40  
Hellman: It was, what, a forty-five minute set, so we did about nine or ten numbers.
- 22-00:04:44  
Rubens: They just moved and they were all just so flawless, it seemed to me.
- 22-00:04:51  
Hellman: That was Heidi driving us. Our music director. She sort of directs how we are on stage. We have gotten better in terms of working—continuity and going right from one tune into the next.
- 22-00:05:14  
Rubens: Then you brought up on stage—
- 22-00:05:15  
Hellman: Oh, Abigail Washburn.

22-00:05:18

Rubens: So I went to see her performance, which was just—

22-00:05:21

Hellman: So did I. Isn't she fantastic?

22-00:05:23

Rubens: Fantastic voice. The synergy between the other man she played with. She had someone handing her banjos and guitars. I had heard you at one performance saying you were uncomfortable with someone being your change man. What do they call it? Is there a term for—

22-00:05:45

Hellman: I don't know. Banjo wrangler. Banjo tech.

22-00:05:50

Rubens: Banjo tech. I saw she and several other performers have one or more.

22-00:05:54

Hellman: Yeah, and Emmylou changes guitars about every thirty seconds.

22-00:06:00

Rubens: Were there highlights for you particularly?

22-00:06:02

Hellman: There was a highlight. The obvious ones, the Preservation Hall Jazz Band and the Blind Boys of Alabama.

But there was an absolute high point for me, which was completely unexpected, out of the blue. I don't know if you heard this guy, Seamus Kennedy, at the Porch Stage. He's an Irish folksinger. He did not do a song in his set, which I really love, which was my mother's favorite song, called "Seven Old Ladies Were Locked in a Lavatory." We were in the food line, and I said, "Seamus, I loved your set, but I wish you'd done 'Seven Old Ladies Were Locked in the Lavatory.'" He said, "Do you know it?" I said yeah. He said, "Well, let's do it together." So we went outside and we were singing. I said, "I've got an idea. Let's go in my camper, and let's perform it for my wife." We went in there, and it was as if twenty years, or ten years, just rolled back. She went crazy. She was singing the verses, she was dancing. It was just phenomenal. It was, Chris is back. Then he finishes, and I guess she'd talked to him before. He said, "So you're a London lass, are you?" That's the best I can do with an Irish accent. She said yes. He said, "Do you know 'The London Dustman?'" She said, "Of course I do." So the two of them sang this other song, which I didn't know, in its entirety together. I think that was the single best moment of the festival. There's all this research now of music. How music affects Alzheimer's and dementia and stuff. I don't know why the shrinks aren't more oriented towards that.

22-00:08:51

Rubens: Does she listen to music? I know you've taken her to the ballet.

- 22-00:08:55  
Hellman: She's taken herself to the ballet, and I go reluctantly. One of her caregivers is a guitar player, and sits and plays pop songs all day for her. So I want to bring Seamus back out and get them to do some Irish stuff together.
- 22-00:09:14  
Rubens: That would be a high point. That's very touching. Very touching. Did you end up performing with anybody else?
- 22-00:09:23  
Hellman: I performed with Earl Scruggs and with Emmylou. And Dry Branch. Oh, and Poor Man's Whiskey, on Thursday.
- 22-00:09:36  
Rubens: How fun. So you felt good yourself—
- 22-00:09:41  
Hellman: Oh, yeah. Felt fine. Then I crashed the next Tuesday, as always happens.
- 22-00:09:46  
Rubens: It's such a gift that you give to the city and to, really, the nation, in the sense of these national figures coming here. I heard one of them say that what they love so much is being able to go see other of their fellow musicians, more of them at one time than they normally would be able to. Did you have a party at Bonnie's place?
- 22-00:10:20  
Hellman: Slim's. Yeah, Saturday night. That was fun.
- 22-00:10:25  
Rubens: Then any private time with—
- 22-00:10:28  
Hellman: I spend a lot of time with Jimmie, always. In Nashville, I spent quite a lot of time with Emmylou, because she came and heard our performance, which blew me away. And then I went out to her house for lunch the next day with her mother. That was great.
- 22-00:10:43  
Rubens: Let's hear about a couple of things, and still not move off of Hardly Strictly. When and how did Jimmie Dale Gilmore formally join your band? Is that right?
- 22-00:10:55  
Hellman: I think it's the other way around. Actually, oddly enough, Jimmie and I started talking and became friends before the Wranglers even existed. He's been there all but the first year. I don't know. We started talking at the party at Slim's, and we ended up talking there every year. I'd go and hear The Flatlanders. Then we made our first record, and he and his wife, Janet, came out to hear us play. He had said something about maybe we could do a record together. They came out to hear us at Old Settler's Festival, and at the end, he



said, “This is going to work.” So he came out and spent, I don’t know, a few weeks, recording the thing.

22-00:11:46

Rubens: That’s all the time it took? That was *Heirloom*?

22-00:11:50

Hellman: Yeah. That’s all? It seemed like an eternity.

22-00:11:55

Rubens: Well, there’s some exchanges ahead of time..

22-00:12:00

Hellman: Yeah, he sent us out the songs and stuff.

22-00:12:02

Rubens: But two weeks to record. You think that seemed long? The Wronglers had been playing together already for what?

22-00:12:17

Hellman: It’s over six years, because Krista was pregnant when we started playing together, and her kid just had her sixth birthday.

22-00:12:25

Rubens: So it’s just a little more than a year ago, then, that Jimmie Dale initiated this?

22-00:12:30

Hellman: I think a little more than that. Maybe a year and a half. Two, possibly.

22-00:12:35

Rubens: So in two weeks, you recorded the *Heirloom* album.

22-00:12:39

Hellman: We had rehearsed together a lot. We went out and spent a weekend at my place in Bolinas, playing for two days. So we had played together a lot. Separately from him, we took the songs he wanted to do, and our band did them over and over and over, and over and over again.

22-00:13:04

Rubens: So it’s a formal relationship now, isn’t it?

22-00:13:06

Hellman: Yeah.

22-00:13:07

Rubens: So how did that happen? You went on several tours after—

22-00:12:13

Hellman: Yeah, we did, after making the album, to promote the album. Well, just to promote ourselves, or to have fun, or whatever. We’ve had a bunch of tours, and we all get along really well. Some of the guests we’ve had on the tours, we’ve had less good fortune with. But Jimmie—

- 22-00:13:37  
Rubens: You mean they just don't fit in? They drink too much?
- 22-00:13:40  
Hellman: They make too much noise. I brought along a banjo tech on one of them, who insisted on playing her accordion on the bus every day for hours at a time.
- 22-00:13:49  
Rubens: So you hit your head.
- 22-00:13:51  
Hellman: Well, yeah. One after another, the Wranglers came up, and Jimmie said, "Does she ever have to come again?" But you saw my grandson [Matt Gibbs] on the stage. The last song, the one that Abigail did with us, he did also.
- 22-00:14:15  
Rubens: That's right, I missed it. I was down seeing Dr. John. I had said, well—
- 22-00:14:20  
Hellman: Why wouldn't you? I heard he was sensational.
- 22-00:14:24  
Rubens: He was sensational. Bela Fleck had also shown up with Abigail. I said, oh, boy, I get to see him in a different—
- 22-00:14:41  
Hellman: Bela may be the greatest banjo player in the world, but it's not the most exhilarating experience.
- 22-00:14:50  
Rubens: Yes. There's something about her. Firstly, it's so beautiful to look at her.
- 22-00:14:54  
Hellman: Did I tell you about meeting in Colorado, or how we've seen each other?
- 22-00:14:58  
Rubens: No, no.
- 22-00:15:00  
Hellman: They have a thing at Boulder. I don't know if you remember Nick Forster of Hot Rize. It was and is a really good band. He runs a radio program, I think weekly, called eTown, and he asked two bands to play. You play, they play, you play, they play. Then there's a long break where he interviews them, and then another break where he interviews Jimmie and me. We ended up just spending a lot of time together. Abigail and I did a solo at the end together on "Deep Elem."
- 22-00:15:38  
Rubens: Oh, I love "Deep Elem."

22-00:15:39

Hellman:

I do too. So I'm in my hotel room. Everybody stays in the same hotel. Boulderama or something [Boulderado] like that. I'm in my room at about seven o'clock in the morning, and there's a knock on the door. I open it, and there's Abigail, whom I'd never met before, and she said, "Did you hear somebody playing the banjo on this floor? Isn't that terrible?" I said, "Yeah, it is." She said, "You want to have breakfast?"

22-00:16:04

Rubens:

How funny. You had not met her before?

22-00:16:06

Hellman:

Not before the night before.

22-00:16:08

Rubens:

But we didn't finish with Jimmie formally becoming part of the band.

22-00:16:20

Hellman:

He was formally part of it by once we did the record. We were one. It was The Wranglers with Jimmie Dale Gilmore.

22-00:16:29

Rubens:

Okay, and that's how it's remained. Nothing has changed.

22-00:16:31

Hellman:

No.

22-00:16:32

Rubens:

There was a cover story in the *Chronicle* Sunday magazine, a haunting picture of you and Jimmie as a lead-in to this season's *Hardly Strictly*, and then a lovely picture of you and Jimmie playing in one of your rooms in your house. In the story, you're quoted as saying you asked some major banjo player to teach you.

22-00:17:13

Hellman:

Oh,.

22-00:17:14

Rubens:

Pete Seeger. We don't have story on that on tape.

22-00:17:19

Hellman:

The whole saga of Pete Seeger? In my more arrogant, previous incarnation as an investment banker, I like most people starting old-time banjo, well, first, you buy a banjo, but second, you buy a banjo. I thought, well, why don't I take lessons from Pete Seeger? So I started trying to call Pete Seeger, and he never returned the calls. Finally, this guy called me and said, "You keep trying to call Mr. Seeger. What do you want?" I said, "Well, I want to take banjo lessons from him." He said, "That isn't going to happen." I said, "I'm Warren Hellman. I'm an investment banker at Lehman Brothers." He said, "That further disqualifies you." So he said, "But I can introduce you to a guy in

Greenwich Village named Roger Sprung.” So I took lessons from Roger for three or four years.

There was a corollary to that story, which I absolutely love, that I think I told you. Once a week, I would dutifully get on the Seventh Avenue subway with my banjo and my three-piece suit and go up to Roger’s in Greenwich Village. One week, I said, “Roger, I’m about to have my thirtieth birthday. Is there some kid who I could get to play banjo at my birthday?” He said, “Let me find out.” I came back the next week, and Roger said, “Well, I got a kid, but he wants fifty bucks.” I said, “Okay. What’s his name?” He said, “Don McLean.” So Don McLean played banjo at my thirtieth birthday for fifty bucks.

22-00:18:59

Rubens:

Great story. You encountered him again?

22-00:19:06

Hellman:

He played at my fortieth birthday. He’s a strange guy. We signed him up for this year, and he suddenly called up and said, “I won’t come unless you give me another \$5,000.” We said, “Have fun wherever you’ll be.”

22-00:19:29

Rubens:

Pete Seeger. Did you ever meet him?

22-00:19:31

Hellman:

No. I knew Mike, his half brother. They weren’t close, I guess. Mike founded, played with New Lost City Ramblers.

22-00:19:42

Rubens:

Had you said, I’ll pay into a cause that he, Pete, supports.

22-00:19:53

Hellman:

That might have worked, but I never did speak—well, I guess I could have said that.

22-00:19:58

Rubens:

Nowadays, you would.

22-00:20:00

Hellman:

Yes.

22-00:20:00

Rubens:

So you never have crossed paths, and he has not been invited to Hardly Strictly.

22-00:20:10

Hellman:

No, nothing vindictive. It just—

22-00:20:11

Rubens:

I read, in one of the write-ups, that you have endowed this festival for—

22-00:20:24

Hellman: Fifteen years.

22-00:20:27

Rubens: Is the hope that—that what? Someone will take it over? That they'll eventually have to charge admission?

22-00:20:36

Hellman: I don't know. Fifteen years just seems like a lifetime, because I don't intend to die for at least another four or five weeks. But whenever I die, it's fifteen years beyond when I die. [Hellman left \$25 million for the festival, which at current costs will last five to six years.]

22-00:20:49

Rubens: Within those fifteen years, somebody better get it together, right?

22-00:20:52

Hellman: Well, I'm certain my family will. [Currently the family is considering several options to continue the festival.]

22-00:20:57

Rubens: Is it kosher, is it all right to say, roughly, what is the budget for this?

22-00:21:02

Hellman: Let me help you. I don't tell anybody the budget, but I can help you. There are eighty bands. Let's say that they average \$2,500 a band. So that's pretty close to two million bucks. Then add putting up all the stages, all the security, everything else. You can really add 50 percent to that. So I have given you the number, but I didn't give you the number.

22-00:21:32

Rubens: Eighty bands. Is that—

22-00:21:34

Hellman: There were ninety this year, I guess.

22-00:21:35

Rubens: It's one of the most extraordinary gifts that anyone has given to a city, that creates the kind of civic sense of well-being. Things go well in this town during it. That we can come together and—

22-00:22:02

Hellman: That's also the genesis of the pension fund thing I'm involved in. They're related. I guess I'm becoming a starry-eyed person or something. I love consensus. I love people enjoying each other. I hate civic strife. I think a lot of civic strife is just manufactured. Is just people going through the motions because that's what you're supposed to do. Go back before the festival. The underground parking facility, which was my life for a bunch of years, I just couldn't understand, as I think I told you earlier, I couldn't understand why people didn't love it. It sort of achieved what everybody wanted. It got cars

out of the park. It made it possible to close the park, or at least part of it, on Sunday.

22-00:23:06

Rubens: Made it possible to get to the museum.

22-00:23:08

Hellman: Yeah. But there were people that really hated it, and most of those people now have become really close friends. Because they said, you were serious about what you said, and I said, of course I was. Why would it benefit me not to be? What did I want personally out of this? Nothing. The festival is the same. In the early years of the festival, there was a lot of suspicion on the part of some of the city officials. What is he trying to do? When is he going to commercialize this?

22-00:23:41

Rubens: Is this a steppingstone to politics? I imagine some people thought it might be a steppingstone for politics.

22-00:24:26

Hellman: Yeah, and I couldn't—

22-00:24:27

Rubens: You had never really put your hat in any political arena.

22-00:24:30

Hellman: No, nor will I ever. Well, it's getting to be too late anyhow.

22-00:24:35

Rubens: That was never your calling.

22-00:24:39

Hellman: It actually is a little more benign than that. You build up a certain amount of savings. Maybe quite a lot. What are you going to do with it? I don't like art. I don't dislike art. I love my wife's paintings. But I bought a Hopper once. I don't know if I told you this. Well, I bought two Hoppers—because guys like me ought to own—

22-00:25:08

Rubens: Something of that stature.

22-00:25:09

Hellman: Yeah. We buy them. I never look at them. One is in our front hall. I thought, what is this about? So I sold one. The other one is still there, because Chris loves it. But I thought, I'm getting nothing out of this. You put on the festival. From day one, I thought, this is heaven. This is better than any Hopper, better than any Giacometti. Better than dealing with art dealers.

22-00:25:39

Rubens: Well, or, what, an estate in Bologna. Of course your family is all here.

22-00:25:46  
Hellman:

My feint in that direction is a farm in Bolinas. So what are you going to do with it? You've left your kids enough. They may not agree. They do agree, by the way. But they're comfortable, so what the hell are you going to do? Just sit there and watch it pile up like manure? It wasn't all that conscious. A lot of this is sort of history reconstructing itself.

22-00:26:18  
Rubens:

Or evaluating and interpreting—seeing the roots of—

22-00:26:22  
Hellman:

Yeah, what actually happened, and trying to put it within a framework. I don't think it's an accident that—well, it probably is.

Well, the pension fund thing, in a sense—and things usually work out for other reasons than you think they are going to—but it's kind of the antithesis of what's happening in the rest of the country about pension funds and other things. The rest of the country is just fracturing. Here's contentious, disagreeable San Francisco that comes up with this consensus approach to pension fund reform that everybody is behind. I guess there are probably eleven people who voted against it, but the mayor, unanimous vote of the Board of Supervisors, the Chamber of Commerce, every single civil service union. It's just this wonderful consensus, and most of the time—except that the negative campaigning annoys me—but most of the time, we just get along really well. We have a meeting every Wednesday morning.

22-00:29:23  
Rubens:

Who's "we"?

22-00:30:00  
Hellman:

All the unions, the city, one of the members of the Board of Supervisors, who's sort of been in the middle of pension fund stuff for years. [Supervisor]Sean Elsbernd. The Chamber of Commerce, the Committee on Jobs. We hash out what we all did to annoy each other the week before.

22-00:30:23  
Rubens:

Where do you meet?

22-00:30:24  
Hellman:

At SEIU headquarters or here. We go from socialism to capitalism weekly. They all love the fact that I've now had to join a union. Because we play in a lot of closed shops. They said, would you join the Musicians' Union? I said, God, yes. It will solidify my position with all the other people I'm dealing with.

22-00:30:57  
Rubens:

How do you literally get into this issue? Because, in fact, you changed your position.

- 22-00:31:04  
Hellman: The two are very much related. I had come out with [Jeff] Adachi. I put some money with Adachi over his reform plan, which was called Prop B last year. It was very tough. I didn't realize how tough it was at the time.
- 22-00:31:25  
Rubens: Had he solicited you?
- 22-00:31:27  
Hellman: Yes. One of my friends in the firefighters union said, "You know, Warren, is there any basis on which you'd switch your position?" I had been thinking about it. I said, "Yeah. Let's get together. I will publicly announce that I'm removing my support for Prop B," which was last year's thing, "if you will simultaneously, all the civil service unions, make a public statement that you understand the need for pension reform, and you're willing to immediately go to work on it." It must have been September or October, so it's over a year ago. They did. They made the statement that day, and we worked together, hand and glove, ever since.
- 22-00:32:14  
Rubens: I understand the civic drive of the de Young parking lot. We haven't really talked about your role on the Committee of Jobs, so maybe that's a prelude to this. To me, that Adachi would solicit you and that you were—
- 22-00:32:44  
Hellman: I'm a friend of Mike Moritz's and George Hume, who have been his two principal financial supporters. I'm sure they said, "You ought to call Warren Hellman." They don't like me so much right now.
- 22-00:32:57  
Rubens: So the issue is that the city is going bankrupt and they can't continue with their share of paying into workers' pensions, and so how are we going to resolve this? The first position that you were willing to support was the city cuts down—
- 22-00:33:15  
Hellman: It was a very sort of tough, dictatorial position. That was a mistake on my part. I'm glad I made the mistake, because it gave me the throw-weight, when I supported the other side, to get them to understand my new position.
- 22-00:33:35  
Rubens: Did we say his name? Your firefighter friend.
- 22-00:33:37  
Hellman: A guy named Joe Driscoll, who's captain.
- 22-00:33:41  
Rubens: How did you happen to know him?



- 22-00:33:43  
Hellman: He was on the city retirement system board. He comes to our annual meetings and criticizes what we're doing, the annual meetings of Hellman and Friedman. Our limited partners conferences.
- 22-00:33:58  
Rubens: Why would you have a firefighter union rep?
- 22-00:34:01  
Hellman: Because the city retirement system has about that much money [first finger and thumb gesture an inch width] in our fund.
- 22-00:34:09  
Rubens: So they convince you. You set up this meeting. I imagine you gave them some money. You tracked the money from a—
- 22-00:34:17  
Hellman: No, I never even—it was fifty thousand. No, I never even tried to get it back.
- 22-00:34:24  
Rubens: I imagine you equaled that, if not more, to—
- 22-00:34:29  
Hellman: I should be so lucky.
- 22-00:34:30  
Rubens: A lot more?
- 22-00:34:31  
Hellman: A multiple. [He spent \$200,000 for an actuarial study of public workers and donated over \$100,000 to the campaign for Measure C.]
- 22-00:34:32  
Rubens: You've had previous experience with labor negotiations. I ran into Josie Mooney at Hardly Strictly. She said she knows you from the Committee on Jobs.
- 22-00:34:57  
Hellman: Yes, she was head of the Labor Council, and I was head of Committee on Jobs. This thing came up about living wage. I called her. I said, "Josie, this is ridiculous. Eighty percent of what San Francisco needs, you and I would agree on. Twenty percent, we probably pretty violently disagree. But let's sit down. Instead of your saying living wage has got to be sixteen dollars an hour, and me saying it's got to be the minimum wage, let's sit down and make a deal and see what we think would work." We came up with a compromise, and we worked together ever since then. That was probably ten or twelve years ago.
- 22-00:35:45  
Rubens: How did you get on the Committee for Jobs?

- 22-00:35:53  
Hellman: Three of my friends, Don Fisher, Doug Shorenstein, and Sam Ginn were the founders. [1991] I was the fourth person on it, and I was chairman for a couple of years.
- 22-00:36:12  
Rubens: How does it fit into the city structure?
- 22-00:36:16  
Hellman: It's supposed to be a committee of large employers, representing their point of view to the city, to spur business.
- 22-00:36:30  
Rubens: So it's one of those civic entities that studies and makes suggestions and tries to mediate issues. What was your interest in going on that?
- 22-00:36:50  
Hellman: Because Fisher and Shorenstein were founders.
- 22-00:36:52  
Rubens: These were good friends.
- 22-00:36:55  
Hellman: Fisher was always a few years ahead of me in school. I never wanted to argue with Don, although I did a lot.
- 22-00:37:04  
Rubens: About what?
- 22-00:37:05  
Hellman: Just politics.
- 22-00:37:10  
Rubens: You, of course, turned to him for a contribution to the parking lot campaign; no doubt other things. That's what you do in these circles?
- 22-00:37:18  
Hellman: Yes, until you start to wear out your welcome, as I'm believing I've started to do.
- 22-00:37:23  
Rubens: Are you speaking of, specifically, the Committee on Jobs? Are you still on it?
- 22-00:37:28  
Hellman: I guess I am, but I never attend.
- 22-00:37:39  
Rubens: Anything of note that you want to talk about that?
- 22-00:37:42  
Hellman: The living wage thing. I think a real admission of the importance of the Chinese community in our city, they were a larger and larger percentage of the

vote, but they were a huge percentage of the school system. Getting ways to work closely with the Chinese community was an important thing. I had this brilliant idea—well, it wasn't my idea. Somebody came up with a brilliant idea that we ought to have a couple of tax increases. So I chaired that campaign, and got my head handed to me. Josie and I co-chaired it. We didn't lose badly, but we lost.

22-00:38:45

Rubens: This was a city measure?

22-00:38:46

Hellman: Yes, Props J and K. It was probably six, eight years ago. I can't even remember what it was about, but I know it had to do with increasing taxes.

22-00:39:08

Rubens: You started really getting active in civic life, based on a moral vision that said—

22-00:39:15

Hellman: Also, I guess I'd like to make this point before I die. A lot of people like to do sort of cosmic, national, international things. I've always wondered whether you really ever make any difference. You make wonderful pronouncements. You're very noble. A lot of my friends are very active in national causes of one sort or another. This has to do with Bay Citizen also. My belief is I like to think locally, act locally. I really enjoy something like the pension plan thing, other things that I've been involved in locally, because you can touch it, feel it. Even if you lose, it can have a defined outcome. I've been on stuff like the American Academy of Arts and Sciences, and we do these wonderful cosmic studies about the effect of the tsetse fly on the population of South Carolina. They come out with wonderful papers that are not widely read. I was on the board of Brookings for years. One wonderful thing about Brookings is, once you put down a Brookings book, you can never pick it up again.

22-00:40:51

Rubens: What does that mean?

22-00:40:53

Hellman: Once you pick up so-and-so, you can't put it down was the old thing. Somebody once said, once you put down a Brookings book, you can't pick it up again. I'm sure there are others that would disagree. They probably should.

I didn't feel that I was capable of moving the needle much, nationally or internationally, but I do believe it's possible for me to move the needle in San Francisco.

22-00:41:28

Rubens: Certainly, we've talked about your largess to the University of California.

22-00:41:35  
Hellman:

There's a great example. We've given considerable amounts of money. We've been very active in UC affairs. They have a huge problem, which is the state is less and less a source of financing, but they can't do anything about it. The bureaucracy just prevents you from really making fundamental changes.

22-00:42:02  
Rubens:

Or quickly, anyway.

22-00:42:04  
Hellman:

Or ever. By quickly, not in my lifetime. Look at UCSF as an example. Less than 5 percent of the UCSF budget comes from the University of California now, but there's nothing they can do. They still have to take all their operating instructions, and I think that's just crazy. I can pontificate to my heart's desire, but nothing is going to happen. It will stay the same. Well, I hope Susan Hellmann, the chancellor there, will be able to change it some.

22-00:42:43  
Rubens:

She's not a relative.

22-00:42:48  
Hellman:

No. She claims that she spells the name correctly. We had a big argument. She went back to the town that we came from, and she happens to spell it correctly. Two Ns. She said, "You just changed it when you got here so you could pretend you were Christians."

22-00:43:06  
Rubens:

So about UC and what is going to happen with the funding cuts. The national labs are an example of privatizing the administration. Birgeneau and others at Cal are lobbying for more flexibility and autonomy.

22-00:43:55  
Hellman:

Yes. We had a meeting of Birgeneau's advisory council yesterday. The beauty of that is you keep thinking about the things you could do to really make it better and the bureaucracy at UC always kills you. They did say something pretty good yesterday, I think, which is, why don't we just do some things unilaterally and let them block us?

As I say, Susan Hellmann and Birgeneau have very much the same issues. They are quite different from the rest of the university system. Not so much from UCLA and Davis and UC Santa Cruz, Santa Barbara, but there's a huge difference between those schools and Irvine, Riverside, et cetera. You're constantly fighting the battle. We should get everything they get, they say. Somehow, if you could break the system into two systems, that—but just to do some stuff where you just start doing it. Then they have to reverse what you've done rather than inhibit what you're trying to do.

22-00:46:19  
Rubens:

Birgeneau is trying to really slice through the levels of bureaucracy at Berkeley.

22-00:46:24

Hellman:

Boy is he. He's not an incendiary presenter, but he's really smart, he's really thoughtful. He really is starting to be able to deal with a bureaucracy. I think Birgeneau really thinks he can change things, and really is changing things. He's been a hugely pleasant surprise for me. When Dynes became president, soon after he became president—he had known Birgeneau as a physicist. So he found him.

22-00:48:57

Rubens:

What is the body you serve on where you met with Chancellor Birgeneau?

22-00:49:03

Hellman:

It is the Chancellor's Executive Advisory Council. There are about twenty of us, people from industry, business, the community, philanthropists. It's not a fund raising body. He meets with us to talk about key issues on the campus. He'll ask what do you think about this idea? What if we did this? Et cetera. Susan Hellmann has now created the same thing at UCSF.

22-00:49:38

Rubens:

How often do you meet?

22-00:49:41

Hellman:

Once a quarter, probably.

22-00:49:45

Rubens:

Who else is on that?

22-00:49:52

Hellman:

Gary Rogers, Rick Cronk, from Dreyer's. Susan Hellmann's has Paul Otellini from Intel, and Arthur Rock.

22-00:50:21

Rubens:

So staying on the topic of thinking locally, acting locally. Do you think we did enough about the pension issue?

22-00:50:31

Hellman:

Yes.

22-00:50:34

Rubens:

The election is coming up soon, where the reform measure you negotiated will be voted up or down.

22-00:50:38

Hellman:

In three weeks.

22-00:50:39

Rubens:

Right. We'll probably see each other once more after that, so we'll evaluate what happened.

22-00:50:46

Hellman:

I have a very simple way of convincing people to support it. Ours is Proposition C. Adachi's is Proposition D. What I say is I graduated from Cal with a "C" average. I would not have graduated with a "D" average. The campaign consultants—god, they're something, those guys.

22-00:51:07

Rubens:

What do you mean?

22-00:51:09

Hellman:

Just anything that any layperson says is automatically a bad idea. So I tried this, and they said, "No, no, no, nobody will understand." I said, "Of course they'll understand it." So I tried it in a few meetings, and it was a really good way for people to remember which to vote for. It's not come into one single piece of campaign literature. They'd much rather talk about Mike Moritz and George Hume as the Tea Party Republicans.

22-00:51:58

Rubens:

I'm interested in the role of political consultants.

22-00:52:05

Hellman:

Mark Mosher or John Whitehead.

22-00:52:07

Rubens:

Also the man who got out of the business; has become very wealthy.

22-00:52:11

Hellman:

Oh, Reilly. Clint Reilly. He was smart, he was decisive. It wasn't a bunch of bullshit. I hired, for this campaign, the best political consultant I've ever known in my life. She retired, but I got her to come back and work with me. That's Mary Hughes. I love Mary.

22-00:52:37

Rubens:

With Staton and Hughes.

22-00:52:38

Hellman:

Yes. She's working with me on this campaign. She is just wonderful.

22-00:52:44

Rubens:

She is wonderful. My godson, Cisco DeVries, has created a company called Renewable Funding. He's working with states and cities across the country to establish financing for the use of clean energy. It's an amazing business. And Cliff Staton joined the company. Cisco, as a young man, had worked for Staton.

22-00:53:12

Hellman:

Oh, Staton did?

22-00:53:13

Rubens:

Yes. How did you know Mary?

22-00:53:18  
Hellman:

We worked together on probably five campaigns. We did lose one. She's sort of the antithesis of a typical modern major general. She's a typical campaign consultant because she's objective. There isn't a single way to do things. She has a very high IQ, I think. I see her every day now. Well, I already talk to her every week. I see her probably a couple times a week.

22-00:53:57  
Rubens:

You said four or five campaigns. I want to make sure we have those.

22-00:54:09  
Hellman:

Yes, I want to remember what they are. One was school parcel tax. I think we did two school bond campaigns together. I can't remember the others.

22-00:54:24  
Rubens:

I'll look through the records.

22-00:54:28  
Hellman:

Why don't you call her?

22-00:54:29  
Rubens:

I'll call her. Should we just start talking about the Bay Citizen? How did that come about?

22-00:54:43  
Hellman:

Think locally, act locally. Very simple. I can have blinding insights into the obvious. What is obvious is that, with the collapse of print news, particularly locally, the paucity—I'm going to use that word a lot—the paucity of local reporting has just gone away. They still cover Stanford football, or they still cover the Giants, but all the local things that are really important, they are just not covered anymore. The *Chronicle*, I think their reportorial staff is down by 60 percent.

22-00:55:35  
Rubens:

When Gerald Adams retired from the *San Francisco Examiner*, no one replaced him. He covered the planning commission, the park commission. All of these entities that really run the city.

22-00:55:45  
Hellman:

That's really important stuff. That's where you live. The thought of the Bay Citizen—since everything is online now, but we do have print partners, like *The New York Times*—was to bring back local reporting. I don't know if you saw the article the last few days, but they did a joint poll with USF on the mayoral campaign, which is by far the best description of how ranked-choice voting works I've ever seen. They polled all the major things in the city. Blank, blank, blank. Political consultants are saying, I don't know if we're winning, because it's obviously important for them that we spend more money. The Bay Citizen said Prop C leads by nine points. So then they go into, well, there's a big number of undecided, and this and that. That's local reporting at its best.

- 22-00:56:53  
Rubens: So specifically, how do you launch the Bay Citizen?
- 22-00:57:00  
Hellman: I started thinking about it. I do have to take a break now.
- 22-00:57:05  
Rubens: Then let's stop. Then you'll have ten minutes.
- 23-00:57:22  
Hellman: [singing] "Only ten minutes more. Let me stay, let me stay, in your arms. Here am I, begging for only five minutes more, only five minutes more of your charms. All week long, thought about our Saturday date. Don't you know that Sunday morning, you can sleep late?"
- 23-00:57:57  
Rubens: Are you going to finish it?
- 23-00:57:59  
Hellman: It's just the chorus again.
- Audio File 23
- 23-00:00:00  
Rubens: Let's do a couple of quick stories. You started to say something about George Miller.
- 23-00:00:09  
Hellman: George Miller's wife, Janet McKinley, she's chair of BMCO, Berkeley Management Company. Manages the Berkeley endowment now. She's out of this world. She's married to George. She said—or George said. I don't know. We were having dinner a couple weeks ago. Said, "Warren Hinckle has a lot of ideas for Bay Citizen." So I'm going to end up having lunch with him. Warren Hinckle is going to learn how little I know about journalism.
- 23-00:00:54  
Rubens: Warren knows a hell of a lot about journalism. He's a great writer, a great newspaper man. He's published magazines; written books. Anyway, I don't want to take up your time. I'll tell you stories about him later. I think you'll enjoy the meeting if you've not met him. Just big, blustery, thunderous. Knows the history of the city. Knows where all the bodies are buried. He'd love—
- 23-00:01:17  
Hellman: Everybody named Warren knows the history of the city.
- 23-00:01:19  
Rubens: That's right. And he's a Warren H. He's the third Warren.
- 23-00:01:24  
Hellman: I'm the nothing.



23-00:01:31

Rubens:

He worked for the Fangs. He was the one who revived the *Examiner*, really ran that paper, and he's got incredible stories about that. Did you know the Fangs?

23-00:01:44

Hellman:

I got a call. I had known James Fang slightly. I got a call, one of the most wonderful experiences you can imagine having, saying, "Florence and I want to come to see you. We'd like to buy the *Examiner*. How do we raise ten million dollars?" I said, "Are you crazy? They'll pay you to take it." So they ended up paying them sixty million dollars to take it. Given their mentality, it was just one of the most wonderful—and then they sold it to Anschutz for twenty-six million dollars.

23-00:02:23

Rubens:

It was win-win all around.

23-00:02:25

Hellman:

Everybody else lost. The *Chronicle*, which got sold to Hearst for six hundred million dollars, is worth nothing. In fact, less than nothing. The *Examiner*—I hope Anschutz is happy. I guess it's a toy, but it's an expensive toy, like the festival. But she [Florence Fang] just comes out absolutely smelling like a rose.

23-00:02:50

Rubens:

Did you help with the tax structure that let her donate the entire photo collection to UC Berkeley? That is such a gift. They got some great tax break on that.

23-00:03:08

Hellman:

She is so smart.

23-00:03:10

Rubens:

How had you known James? He's the one on the BART Board?

23-00:03:13

Hellman:

Just from politics. Yes. I had known Ted slightly. James or Ted called me.

23-00:03:30

Rubens:

Saying, "Would you give me some help? Let's sit and talk about this."

23-00:03:31

Hellman:

Yeah. I said, this sounds like fun. Pay them ten million dollars? Are you crazy?

23-00:03:46

Rubens:

Is the Bay Citizen connected to that at all?

23-00:03:51

Hellman:

No, not at all. The Bay Citizen was sort of a patriotic effort. I think I belabored the point about what's happened to local journalism. There's all

kinds of reporting of national journalism, international stories, but there is very, very little local reporting these days in key areas. Sports does great.

23-00:04:22

Rubens: Entertainment.

23-00:04:23

Hellman: Yeah, but city hall, all the things that used to be covered, where the information is available, just weren't covered at all. A couple of us came up with the idea—a woman named Lisa Frazier, she corrected me. I thought we'd start another newspaper. She said, "That's one of the worst ideas I've heard this year. Let's start a hub. A news hub. We'll feed our material to a variety of websites, including our own, to Yahoo, to lots of other people." We have a partnership with ABC News, ABC Radio. We have the partnership with *The New York Times*. But we have this very, very tech-advanced website.

23-00:05:23

Rubens: Who is Frazier?

23-00:05:25

Hellman: Lisa? She was a partner in McKinsey. This you can't repeat until next Monday. She came over under the understanding that she'd work on this a couple of years as CEO and then move on.

23-00:05:45

Rubens: CEO of the Bay Citizen?

23-00:05:46

Hellman: Yeah, and she's done that, and she's going to Australia.

23-00:05:53

Rubens: I'm just trying to get the genesis. You're concerned. You know Frazier, or you get somebody from—

23-00:05:59

Hellman: No, I knew Gary Pinkus, who's the head of the McKinsey office out here.

23-00:06:06

Rubens: Just said, who can we get to help?

23-00:06:09

Hellman: He said, "We'll contribute time and people," and they did. The principal person was Lisa, who was a partner at McKinsey out here.

23-00:06:20

Rubens: Then does she get a staff together that starts talking to—

23-00:06:22

Hellman: Yes. She had up to seven other McKinsey people working on it at various times.

- 23-00:06:28  
Rubens: Making these partnerships with the other—
- 23-00:06:31  
Hellman: First, coming up with a concept and solidifying the concept.
- 23-00:06:34  
Rubens: That's what they're so good at. You're writing a check.
- 23-00:06:42  
Hellman: Surprise, surprise.
- 23-00:06:45  
Rubens: Do you get some input? Do you get to sit at some of these meetings?
- 23-00:06:48  
Hellman: Absolutely not. *The New York Times* actually made the effort to fly out here to meet with me on one subject. They said, "What is your editorial influence going to be?" I said, "Zero. I don't have any interest in having any editorial input whatsoever." In fact, they've covered more stories on an opposite side from my side than they have on my side. I think you know me well enough. If I've said that, I've lived up to it. I think this morning, I talked to one of their reporters, which is the first time in probably three, four months.
- 23-00:07:39  
Rubens: It's every Friday, isn't it, that it's in *The New York Times*?
- 23-00:07:42  
Hellman: Friday and Sunday.
- 23-00:07:46  
Rubens: You read it pretty religiously?
- 23-00:07:49  
Hellman: Yeah. If you subscribe, you become a member of Bay Citizen. You get the news every day. Or you read it on baycitizen.org.
- 23-00:08:17  
Rubens: So Frances [Dinkelspiel] has not had anything to do with it? She has her own—
- 23-00:08:21  
Hellman: Regrettably. I don't tell them who to hire, and I'm quite sure that if I told them somebody, they would automatically reject them, so I haven't done anything to help or harm Frances.
- 23-00:08:36  
Rubens: So they're going to bring in a new CEO. Then, under her or him, there are—
- 23-00:08:46  
Hellman: Eighteen reporters. Twenty now. Nine on the tech staff. We have a joint venture. There's a similar effort to ours in Austin, called the *Texas Tribune*.

We merged our tech operations. We got a million-dollar grant to develop the tech platform if we would make it available to all the similar efforts going on around the country and around the world, which we have done. It's been great.

23-00:09:20

Rubens: What is your feeling about it? Are you going to stay connected to it for a while?

23-00:09:25

Hellman: Oh, yeah. In for a dime, and for several million dollars.

23-00:09:28

Rubens: I once happened to hear you—I came in to see you, and you had just hung up the phone from someone, and you said, “Now I have to write them a check.” You were a little pissed off about something.

23-00:09:45

Hellman: Some of their reporters I don't like so much, but I don't say anything.

23-00:09:59

Rubens: Frances, we should say, basically runs Berkeleyside, an on-line news site. Covers all kinds of East Bay news. She wrote a wonderful piece on Harriet [Lane] Levy and on various members of the Stein family that collected art. Harriet Levy being—

23-00:10:27

Hellman: Gertrude Stein's lover or—

23-00:10:31

Rubens: No, Harriet Levy brought Alice B. Toklas to Paris, they were neighbors in San Francisco. Levy introduced Toklas to Gertrude Stein. Harriet Levy had gone to Cal—

23-00:10:43

Hellman: Well, Frances didn't, to her eternal discredit.

23-00:10:46

Rubens: Oh, because she went to Stanford. So the Citizen. You have no input, then, especially editorially?

23-00:10:55

Hellman: None whatsoever.

23-00:10:57

Rubens: That's your choice. You want to—

23-00:10:58

Hellman: Well, we never would have made the deal with *The New York Times* if I felt differently. But I did feel differently. Everybody thinks it's so wonderful to have editorial influence. What do you do when they publish something that just sends all of outer Broadway into a decline? Isn't it a great answer, if it's

true, to have plausible deniability? I don't give a damn. I have no interest in the school that's at the Getty's house for rich kids.

23-00:11:36

Rubens:

So I've got to let you go. It's five after. We're going to have a couple more sessions. Finish up business. I think there's a little more civic involvement. Finish up business and then do a wrap-up. I think two more sessions. I want you to stay well.

23-00:11:55

Hellman:

Who gets the film rights?

23-00:11:59

Rubens:

They're mutual. You can have it.

23-00:12:01

Hellman:

I'm kidding.

23-00:12:02

Rubens:

You and I were going to talk about how maybe your daughter would do something with this oral history. You'll read the manuscript.

23-00:12:09

Hellman:

Every time I sneak up on this, I crab away from it. This is sufficient unto itself.

23-00:12:21

Rubens:

I don't know if it's sufficient. It just depends on your energy and feeling of how—

23-00:12:30

Hellman:

This is a very arrogant statement. I'm not very interested in myself. I think one of the reasons I get along so well with people is I'm really interested in them. I know what I've done and what I haven't done. Some people, who have done—what do you call them?

23-00:12:59

Rubens:

Memoirs or autobiographies.

23-00:13:01

Hellman:

They're really fascinated by themselves. I'm not.

End of Interview



Regional Oral History Office  
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Berkeley, California

Warren Hellman: Financier, Philanthropist, Civic Patron, Mensch

supplemental interview with:

Philip Hammarskjold

Interviews conducted by  
Lisa Rubens  
in 2011

Philip Hammarskjold began working at Hellman and Friedman in 1992. He became a partner in 1996 and in 1998 managing director of the firm. In 2009, Mr. Hammarskjold assumed the position as chief executive of Hellman and Friedman

Interview with Philip Hammarskjold, September 6, 2012

Meeting Warren Hellman and joining Hellman Friedman, 1992 — Discusses expansion of the firm in the late 1980s and impact of the financial crash of 1987 and recession of 1991 — Evolution of HF investment strategies and decision making — Reviews specific successful deals, including Young and Rubican, General Cellular, American President Line — HF shifts focus to media, telecom, financial services and energy — Overview of successive funds raised — Reflections on basic operating philosophy and practices of HF — Assesses changes in investment opportunities and markets: opening and closing a Hong Kong office; opening a London office — Changes in HF leadership — Reflections on the recent prolonged “difficult” market and shrinking commitments to private equity — Observations on Warren Hellman’s values and leadership — More on changes in the financial industry — Reflections on Hellman’s experiences at Lehman Brothers and Hellman Friedman’s failed effort to buy Neuberger Berman after Lehman’s bankruptcy — On the incomparable Warren Hellman



## Interview with Phillip Hammarskjold, September 6, 2012

Phillip Hammarskjold began working at Hellman and Friedman in 1992. He became a partner in 1996 and in 1998 managing director of the firm. In 2009, Mr. Hammarskjold assumed the position as chief executive of Hellman and Friedman

## Audio File 1

01-00:00:00

Rubens: How, when did you first meet Warren Hellman?

01-00:00:21

Hammarskjold: I joined the firm in 1992, out of Harvard Business School. I've been here for twenty years now. I remember, quite distinctly, meeting him in late 1991, when I was going through the interviewing process and came out to San Francisco and met the people at the firm.

01-00:00:41

Rubens: It looked to me like you had had a lot of experience prior to that, but you were straight out of—

01-00:00:45

Hammarskjold: Straight out of business school. I had previously worked in Australia for a year, and before that, I had worked in New York for two years, for Morgan Stanley, in the merchant banking group.

01-00:00:53

Rubens: And then went back to school?

01-00:00:54

Hammarskjold: Correct.

01-00:00:55

Rubens: I thought it was possible you met him in Australia. But they weren't there until later.

01-00:01:00

Hammarskjold: That came in the next chapter in the firm's history.

01-00:01:06

Rubens: There must have been a hiring committee. It wasn't he, necessarily, who picked you?

01-00:01:10

Hammarskjold: It was a whole process that the firm went through, so I interviewed with really all of the partners at the time, and it was quite a small firm.

01-00:01:16

Rubens: That's maybe what we could talk about sort of how the firm evolved in major chunks. How small was it about then?

01-00:01:24

Hammar skjold: When I joined, it was the summer of 1992. We were based only in San Francisco. We were probably fourteen or fifteen people on the investment side, so pretty small. I was the second or third post-MBA hire. We had also just hired our first pre-MBA associate, or an analyst, we called them then. And Warren and Tully, of course. Matt Barger, Jay Hagenbuch, John Pasquesi, Jack Bunce and Mick Hellman were the other partners who were at the firm at the time.

01-00:02:23

Rubens: How would you characterize the firm? What were you brought in to do?

01-00:02:30

Hammar skjold: In '92, we had just finished investing our first partnership, and just gone live in our second partnership. Our second partnership was an \$877 million fund. We had raised that fund from big corporate and state pension funds. CalPERS was one of our biggest investors at the time. The private equity business was really the main thrust of the firm, but we also had a corporate advisory business at the time. If you go back in the early history of the firm, it was both investing activities and advisory activities. Some of the advisory clients we had worked with included Levi Strauss, Clorox, Bank of America and McKesson. But that was a smaller part of the business.

01-00:03:17

Rubens: The first fund had been—

01-00:03:20

Hammar skjold: That was \$327 million, and we raised that in 1987. Then in 1991, we raised the \$877 million fund, which was our second partnership.

01-00:03:32

Rubens: You're on the seventh now, is that right?

01-00:03:33

Hammar skjold: We are on our seventh partnership, which we raised in the middle of 2009, right in the middle of the crisis, and that was \$8.9 billion. Pretty remarkable.

01-00:03:44

Rubens: This was the largest fund that had been raised.

01-00:03:53

Hammar skjold: It was the biggest fund for us. It was larger than our prior fund, so certainly our biggest fund. The industry had larger funds outstanding at the time.

01-00:04:01

Rubens: We had talked before we started taping that the business really did start to expand in the late eighties and nineties. You're saying there were fifteen people at the time you came. Warren had said that the firm did very well in the down turn of the market in 1987. He said, "I have a platitude. I was going to say a piece of philosophy. In a lousy market, it's hard to sell but easy to

buy. So we did some of the best investments we ever made during that period of depressed markets.”

01-00:04:41

Hammar skjold: That was a little bit before my time, but certainly the 1987 crash was a major event in the financial history of the country and our industry. Then the 1991 recession was quite a difficult recession, particularly in the financing markets. That was when Drexel Burnham had gone bankrupt, and that caused a whole dislocation in the high yield, or what was then called the junk bond market. We were pretty active investors coming out of that period in '92, '93, and made some quite good investments there. That was a period when there was a lot of blood in the streets and a lot of fear. That's oftentimes when you make good investments.

01-00:05:28

Rubens: Just a couple examples of these? Some are before your time.

01-00:05:33

Hammar skjold: By ninety-two, of course, I was here. A couple of the things that stand out, one of the best investments we ever made was when we got involved in the wireless business. We backed a guy named John Stanton to buy a company called General Cellular in the early days of the mobile telephone business. We bought that company out of bankruptcy and foreclosed on those assets, and it had a rural footprint in, Nevada and three other markets around the country. That was maybe a \$40 or \$50 million investment. The remarkable thing was that that was the first footprint. We then merged that company with another company he controlled and that became General Cellular. Then that company grew really quite dramatically. We eventually took it public. Then out of that, we invested some more money when the PCS Wireless spectrum was being sold. This was in the mid-nineties, maybe '96, '97. Then built a company that ultimately became Voicestream Wireless, that got spun out, and that ultimately became the foundation of a \$30 billion plus deal, when Deutsche Telekom bought Voicestream Wireless. If you think about the foundation of that, what ultimately became a \$30 billion business was really hatched in 1991 out of a purchase of some bankrupt cellular licenses.

01-00:07:12

Rubens: How much is Warren driving exactly what's being done?

01-00:07:20

Hammar skjold: It's interesting. Over the course, at least, of my involvement in the firm, I would describe him as being very active in driving the Firm in those earlier years. He was front and center of the firm. He was front and center of the investment process, and making new investments. Certainly by the later years, he retained a role in our investment committee, and then, even in his final years, he was an active presence around the office. In the early days, he was quite actively involved. That particular investment, one of our partners, Jack Bunce, is the guy who really put it together, but Warren was involved and

kind of a participant, in a little bit of everything. We had a gang tackle kind of approach to deals back then, and he always had a pretty big shoulder in those gang tackles.

01-00:08:09

Rubens: He's talked about the commitments committee at one point. Talked about ramming something through that. I don't know what structure the business had. Would the partners all sit down and talk about what was coming up?

01-00:08:20

Hammar skjold: Well, we've come a long way, and it's amusing in that we actually didn't officially, to my knowledge, have a commitments committee in the beginning. It was simply the partners deciding, and it was a bit more of an informal process. One of the things that's happened over the twenty-five, maybe thirty, years of the firm now, of course, we've ended up putting more systems and processes and procedures in place and become much more formal. Today, I would describe us as having a very rigorous investment process. But back then, it was, for sure, more informal, but he was absolutely the biggest voice at the table during those discussions.

01-00:08:58

Rubens: There was clearly some kind of decision about certain areas to concentrate in. Early in the career of the business, there's a *Wall Street Journal* article that says his skills as a strategist and dealmaker are incredible. It describes Hellman and Friedman as being a boutique firm.

01-00:09:24

Hammar skjold: We ran, or he ran, this firm as a boutique. This was a small, intimate place.

01-00:09:29

Rubens: Is that what they mean by boutique?

01-00:09:30

Hammar skjold: When they talk about a boutique, it's a small investment firm, or small advisory firm, or small firm in the financial area. I would have described us as a boutique. In many ways, actually, I think we retain boutique-like elements in the firm today. I think that was a structure and a model that Warren was always very attracted to.

01-00:09:50

Rubens: And that allowed for flexibility and quick acting?

01-00:09:55

Hammar skjold: It was smaller, it was intimate. It was about ultimately what the firm is today. I would describe us as an investment boutique in the large-cap private equity market. But when I say boutique, this is all that we do. We don't have an advisory business anymore. We don't have a hedge fund business. We don't have a credit business. We don't have a venture capital business. This is what we do, so that's what I mean, when I say boutique, and I think it's kind of generally what people talk about.

01-00:10:22

Rubens:

At one point Warren said: “We didn’t and don’t like to have control. It’s fine if we nominally control a company, but we want management and others to have a significant interest. But it’s changed a little bit. We’re less religious about that these days.”

01-00:10:41

Hammar skjold:

I would say, in the early days, the industries that we were most actively involved in would have been financial services, and particularly in the money management industry. Our partner, Matt Barger, was really the guy who spearheaded that initiative. But of course, that built off of everything that Warren had done. When Warren was at Lehman Brothers, he was responsible for the investment management business at Lehman Brothers. We, early in the firm’s history, and he in particular, backed John Osterweis, or helped John, when John founded his firm. We helped set up what’s today Farallon Capital Management, at one point called Hellman and Friedman Steyer. This whole history of investing in the money management industry was really something that came from Warren, but really was expanded by Matt Barger, and ultimately our other partners. Patrick Healy and Allen Thorpe have really kind of taken that to an even new level today. That would have been the main industry.

We did a lot in the media industry, and I can talk about that. Then, early on, the whole telecom industry was one where we were pretty active. Jack Bunce was the person who drove a lot of those investments. General Cellular, I mentioned, was one that Jack was involved with. Candidly, in the early days, I think we were also just finding our way. Today, I would say we have a very strong philosophy in terms of the way we run the business, in terms of what kind of businesses we want to invest and how we want to invest, who we want to invest with. There’s a real point of view on the process, what it means, what it doesn’t mean. Candidly, in the early days of our firm and of the industry, people were figuring it out. It was a cottage industry is the way I would describe it in those days. There’s a whole process to figure out what we wanted to do and what we didn’t want to do. Honestly, we did some experiments, if you will. We invested in American President Lines.

01-00:12:37

Rubens:

He talked about that, yes.

01-00:12:38

Hammar skjold:

That was big iron ships floating around the ocean. We did fine on that, but that’s not our kind of business. We invested in a company called GAMI, which was a collection of industrial businesses, and didn’t do particularly well on that. I would describe it as those were kind of learning, or building, blocks in the learning process that we went through in those early years to try to really define what we wanted this firm to be.

- 01-00:13:01  
Rubens: You're talking about now it's media, telecom, and financial services.
- 01-00:13:04  
Hammar skjold: Those were, I would have said, the main thrusts of the firm from the early to mid-nineties.
- 01-00:13:12  
Rubens: Then energy.
- 01-00:13:15  
Hammar skjold: That came a little bit later. That started in 2002, post-Enron. We spent a lot of time in the whole energy area, and then ultimately made a couple investments there in the early to mid-part of the 2000s. But that came quite a bit later.
- 01-00:13:36  
Rubens: Did you want to talk more about media?
- 01-00:13:41  
Hammar skjold: We made a number of great investments during that era. Really kind of ultimately invested in every flavor of what today would be defined as traditional media. We were in the newspaper business when we bought a company out of bankruptcy in Australia. We were in the radio business. We were in the outdoor advertising business. We were in the tradeshow and trade publication business. Then, of course, we got in the advertising agency business with Young and Rubicam.
- 01-00:14:11  
Rubens: I think that's what he said was your biggest deal.
- 01-00:14:12  
Hammar skjold: In 1996. That was a really transformative deal for the firm in the sense it was a large investment for us. We invested \$224 million out of what was then fund three. That investment worked out extremely well for us as a high-profile company. That was a marriage of all the things we had been doing in the media industry, along with—it's a people-based business, similar to some of the things in the financial services businesses we had been involved with. Warren was intimately involved with that. That would have been, I'd say, kind of one of the later deals that he was really most personally involved with.
- 01-00:14:59  
Rubens: What is the figure 800 million? Warren said "It may have been our largest deal. It was fun."
- 01-00:15:07  
Hammar skjold: It was fun. We invested \$224 million there, and I think we made a little over four times our money, so we made quite a bit of money.
- 01-00:15:18  
Rubens: One other thing he says: "It was an example of a company where you did a few small, obvious things, and it completely changed the financial picture of

the company. People really argue with this, but Young and Rubicon had a huge positive working capital.” He said, ‘If you guys will reverse that, we can take at least 500 million out of the business and pay off the debt.’ And they did that, and so we were absolute heroes.”

01-00:15:39

Hammar skjold: Yes. Not exactly the right theme. That was a company that had a great position in the marketplace. It had been a seventy-two-year-old enterprise, one of the real proud leaders of the Madison Avenue major advertising firms. So its marketing-facing initiatives and products, were really first-rate. It had a great group of clients, great people, but the way they ran the business needed a lot of work and upgrading. The management team there, with our help, was able to take the margins up really dramatically in that business. What Warren’s referring to is that’s a business that has a lot of working capital in it, and we were able to take the working capital down. It has a lot of float, so people pre-fund the advertising. The company was very sloppy in the way it managed that working capital. Literally, between signing and closing, they were able to manage—I think it was closer to \$200 million—out of that. That was an investment where the whole value of the enterprise was a billion dollars, and \$200 million came out in the first ninety days. That was pretty important. They’re always fun when they go well.

01-00:16:58

Rubens: I sort of interrupted the narrative, but you’re saying—

01-00:17:00

Hammar skjold: No, I was just trying to highlight, fill in some of the blanks on the investments we were making in the media area. Again, traditional media. We ultimately got in the TV business. We were in the cable TV business as well. Traditional media was a big focus of the firm during the 1990s. What’s interesting, really, is we stopped that really all together by the time we reached the early 2000s.

01-00:17:24

Rubens: Because?

01-00:17:28

Hammar skjold: I don’t know that we were prescient in terms of the way the whole digital revolution would work out, and the way the online world would impact traditional media, but we certainly were quite concerned about that and felt like a lot of those business models would be under threat in a digital internet mobile-enabled world, and so we were just inherently more cautious on those businesses. That was really one of the times when we started to transition, what I’ll call our traditional media practice, into what we would today call our digital media practice, which would be DoubleClick and a lot of the other things we’ve done that we can talk about a little bit later, we can come back to that.

01-00:18:10

Rubens: So around 2000, then, we’re sort of hovering. How big is the company then?

01-00:18:14

Hammar skjold: Just to take you through the progression of the funds, in 1991, we raised fund two, which was \$877 million. In 1995, fund three was a billion and a half. Fund four was \$2.2 billion, and that was in 2000. Then we raised fund five, which was \$3.5 billion in 2004. I would describe the growth trajectory of the firm during the nineties as growing along with the market in a measured kind of way. We still were only based in San Francisco. The number of people had maybe gone from thirteen to fifteen on the investment side to twenty, twenty-two on the investment side. We built out a pre-MBA cadre of associates. We recruited more, on a consistent basis, out of business schools. I would say there was also just more process and structure coming into the firm. Matt Barger, Jack Bunce, Mick, John Pasquesi, would have been people helping drive a lot of that transition. But it became a bit more of a firm, or more of a professional organization. Always being small, but just more professional in the way we went about things.

01-00:19:45

Rubens: We were talking earlier about establishing structures like a committee of commitment.

01-00:19:51

Hammar skjold: Yes. Maybe there was an investment committee before that, an official one, but that whole process became much more formalized. Matt Barger would have been the person who really drove a lot of that kind of structure. Matt was always one of our best investment thinkers. That would be where I think his particular strength resided. Today, he is a senior advisor to the firm, but he left a number of years ago. He's based downstairs, and still comes to our Monday morning meetings and is still pretty involved in the life of the firm, but not in a day-to-day capacity.

01-00:20:33

Rubens: I don't know where I read the stat that there's longevity here in terms of people—the average is twelve years.

01-00:20:41

Hammar skjold: I don't know what the average would be today, but there has been, I think, remarkably little turnover.

01-00:20:46

Rubens: And if they go somewhere, I had the question, where do they go?

01-00:20:51

Hammar skjold: Matt, obviously, eventually moved on and became a senior advisor here. Jack Bunce eventually left in the late nineties, maybe early 2000s, and is doing his own investing activities in Sun Valley. John Pasquesi is doing his own investment activities. Mick has started his own firm, of course. He left and did his biking career for a while, and then he came back. Nobody has really ever left us to go to a competitive institution. That may be slightly less technically



true today, because we've gotten bigger, but in terms of the people who have played meaningful roles at the firm, that really hasn't happened.

01-00:21:33

Rubens:

We're now hovering just a little bit now at about 2004. We want to get to Digitas and DoubleClick, but I want to ask a question about serving on boards. Regarding APL, Warren said, "It was a different world in those days in the sense that it wasn't a conflict if you were on the board of a company. If you invested in the company today, the agony you would go through to make an investment is"—I guess he's saying more arduous.

01-00:22:10

Hammar skjold:

I think you touched earlier on the minority versus control aspect. I don't know if that's what he's referring to today, but in today's world, I'd say our industry has become so much more professional. It's become more institutional. It's become larger. The quantities are bigger. The degree of due diligence that we do, and analysis that we're involved with, has just gone up dramatically. The sophistication of, I think, the way we deal with companies has also gone up dramatically. To make an investment, there's a lot of work and kind of romance and courting and analysis that takes place. When we're trying today to make equity investments of \$300 million to a billion dollars, you need to be right. Our philosophy is about risk management and high-quality businesses. We really take a lot of pride in how few investment mistakes we've made. That, I think, is certainly our strategy and our approach, and that's been the facts, but you've got to get them right. We've been very actively involved in our portfolio companies, much more so than in the early years, when we traditionally maybe—we certainly served on boards, but I'd say our degree of stewardship or oversight of companies in our portfolio today is more engaged, more involved, more professional. I think we bring a lot more to the table, and I think we add a lot more value than we did in the old days.

01-00:23:42

Rubens:

So serving on boards—because you've been on—

01-00:23:45

Hammar skjold:

We always serve on boards. In all of our investments, we will always take a board position. I've certainly served on many, many boards, and continue to serve on a number today.

01-00:23:55

Rubens:

The conflict is—we're not quite sure what he means by that.

01-00:23:57

Hammar skjold:

Yes, I'm not quite sure where he was going on that.

01-00:23:59

Rubens:

I know he's talked about conflict regarding taking a political position on for instance electing mayors or supervisors here in San Francisco because the company has city retirement funds invested.

01-00:24:09

Hammar skjold: I think that would be a little different. I know the one thing that he did feel pretty strongly about, and I agree with it, is the public company board model is a—I think it's a challenging one when you contrast that with the private company board model. One of Warren's big themes was alignment of interest and skin in the game. I'm sure you've heard him say that. He always said, "Skin in the game." Of course, we do that. We're one of the largest investors in our funds. We as individuals in our partnerships. Warren has always—

01-00:24:42

Rubens: Is that what skin in the game means?

01-00:24:43

Hammar skjold: Yes. Your own money alongside your investor's money. Let me back up. One of the founding principles of this firm was alignment of interest. That absolutely came from Warren. He felt like that was the right way, the best way, to build a firm. What that meant was a couple of things. One is we invest our own personal dollars, in scale, alongside of our limited partners. Then secondly, we make money on a management fee basis and through participating in the profits of an investment, but we don't charge other fees to our investments, aside from the management fee that we charge our investors. That's a pretty differentiated point of view. We, today, relative to our peers, have much larger investment commitments, and we really don't take any fees out of it, whereas our industry has become one that's taken pretty substantial fees out. Both of those things serve to align interests, which was always one of Warren's big dogmas. Maybe where he was going on that was public boards have this challenge in that the members of the board don't have that much skin in the game. They serve on the board. Typically, they'll buy some stock, but they have a lot less of a vested interest in the success of that company than I think we have when we've got our own money and our investor's money, in scale, in an investment. We feel like we're a lot more aligned with our companies than the typical board would be in a public company.

01-00:26:18

Rubens: So what fees don't you take? You have management fees.

01-00:26:25

Hammar skjold: The way we work, we charge a management fee, and we charge a profits interest. What other people do is, when they make an investment, they charge a transaction fee. Lo and behold, I did all this hard work, so I'm going to charge you a transaction fee. And, oh, by the way, I'm spending all of this time on the portfolio company; I'm going to charge you a monitoring fee. Oh, by the way, we just sold this portfolio company, so I'm now going to charge you a monitoring fee termination fee for all my hard work of selling the company. We just say to ourselves, look, we do get a management fee and we get a profits interest. That's what we get. What we're not doing is, we say, fee-ing to death all of our portfolio companies.

01-00:27:04

Rubens: That's one of your selling points, then.

01-00:27:06

Hammar skjold: We are not shy about pointing that philosophy and that approach out, because it's highly differentiated.

01-00:27:14

Rubens: Now you had been talking about getting out of the traditional media enterprises, getting into the digital startups.

01-00:27:30

Hammar skjold: To give you a little background on how things like that happen, one of the philosophies we've had—I think, partly from Warren, but also just kind of developed organically over the years—is we've not been a big top-down firm. And what I mean by that is we've typically had things bubble up from the bottom. I call it the power of individual initiative. And so you say to yourself, how does something like a DoubleClick happen, or how does something like a Texas Genco, in the energy area, deal happen, or how does something like a NASDAQ happen, or how does something like a Formula One happen, which were a bunch of investments we've made over the years? How does something like a software business, like a Blackbaud, how do those things happen? You can typically almost always trace those back to the individual initiative of one of the partners. The Cellular example, Jack Bunce had an idea and pursued it. It didn't come from some grand top-down strategy saying that we, today, are going to be in the digital media industry, or we're going to be in the energy industry, or we're going to be in the cellular or the wireless business. That's been kind of the way the firm has grown up and worked over time. Typically, behind all of those stories or those examples that you're citing, there's a bit of a story of a person who had an idea and pursued it, and it turned into an investment, and then, lo and behold, we ended up doing more things there because you're good. You know it, you've understood, you've built some capabilities, some expertise, and one thing leads to another.

Interestingly, the one counter to that, which we haven't talked about, was the firm had an office in Hong Kong. That was from 1991—so just before I joined—to 1997 or eight. Mick ran that. We did fine over there. I wasn't around when we put that together, but the way I understood it, that was a bit more top-down-oriented. Ironically, I think at the time, we felt like the U.S. market was becoming a lot more competitive. Asia was growing very rapidly. I think Warren, who was really a driver of that decision, was attracted to the growth over there. I think he felt like sitting on the West Coast, we were geographically and psychologically closer to what was going on in Asia than what was going on in Europe, which was kind of more of a New York-centric world. So we set up in Hong Kong. Mick went to run the office. We actually made reasonable money there. Had a couple excellent investments, a couple that weren't so great, and ultimately in 1997, '98—kind of just asked ourselves, do we think we can win here long-term or not? I think we really

started to question that and we were less sure of that. We had spent six or seven years. We had built a good presence. Mick did a really nice job. We made a couple good investments. But we just felt like the standards of diligence that we wanted to do, and the transparency that we wanted with our portfolio companies at that time, we were really struggling to find opportunities that lined up with that. It was also becoming a very competitive market. It's not like they were sitting there with open arms, inviting in Westerners from San Francisco to come invest in all of their best opportunities. Those were some of the reasons, I think, that made us want to pull back and really focus our resources here in this market.

01-00:31:19

Rubens: This is parenthetical about Asia. Warren was close with Richard Blum. He was heavily invested there.

01-00:31:32

Hammarskjold: The history, as I understand it, is I think they went to grade school together. So I know they've known each other for many, many years. We never had a real professional relationship with him or his firm. I really don't know how much of an influence that might have had on Warren or not.

01-00:31:50

Rubens: So the Hong Kong office is closed. Then later there are London and New York offices.

01-00:31:56

Hammarskjold: There are a couple chapters in the middle there. Then we're kind of chugging along through the late nineties. We had some different organizational structures in the interim there. Matt Barger was the president of the firm there for a while. I don't exactly have what the dates were. Brian Powers became—let me just back up on Brian for a second. Brian had been a partner at the firm from maybe 1990 to '91 to '93 or four, so just for a brief period. Warren had previously known Brian when Brian ran the Ford Foundation. Brian was one of Warren's investors in one of the early venture capital firms that Warren had. Brian had been a partner at the Wolfensohn firm, and then had run Jardine Matheson, which was one of the big trading companies in Hong Kong. He and Warren had known each other for many, many years going way back. Brian joined us when he came back from Asia as an investment partner. He was involved in some of the things we did down in Australia with the Fairfax Group, as an example. Then in 1993, he left to become the chief executive of Consolidated Press down in Australia, which was a big media conglomerate owned by Kerry Packer.

Eventually Brian left there, I think right around 1999, and he rejoined us in a part-time capacity. But as Brian was wont to do, instantly became very effective in the marketplace. He and Patrick helped put together the Formula One transaction, which was very, very successful. We made a couple investments in German media out of some bankruptcies that came out of that

recession. Then Brian kind of rejoined. He was really working part but increasing time at the firm. Then in, I don't know, maybe '03 on, he came and joined the firm fulltime again and became the chief executive. That was a pretty important transition in the life of the firm, because Brian came back with, I'd say, an energy level and a real point of view on where the firm needed to go in terms of its scale and, I'd say, its market relevance, and was really the author of what I would say was a pretty meaningful increase in the size of the firm, really from fund five, which was the \$3.5 billion, and then fund six which was \$8.4 billion. Brian was the person, I think, who felt like there was a market opportunity we were well-suited towards, that we could kind of really be effective in that marketplace. He's the one who pushed Patrick to move over to London to open our London office, and he's the one who then really pushed to open the New York office.

Just as a little piece of history there, of course, we got involved investing over in the U.K., or over in Europe, really out of San Francisco. That was Patrick and Brian putting together the Formula One transaction, I think in '01, really by taking a lot of planes over there. But Brian hit it off really well with Bernie Ecclestone, and over the course of a very long courtship and gestation period, pulled that deal together. Then one thing led to another. We made these couple other media investments. We made an investment in the money management industry. We, at that point, had four investments in London, and that's what kind of prompted Patrick to move over, I think, with Brian's encouragement, to officially open an office. It was right around then, maybe a little bit after that, that we opened the New York office.

01-00:36:11

Rubens:

How big was the London office and now?

01-00:36:14

Hammar skjold:

Today, we've got eleven people over there, maybe. It's typically been somewhere between seven to twelve people, kind of depending on where it's been in its history.

01-00:36:25

Rubens:

And New York is?

01-00:36:27

Hammar skjold:

About the same size, actually. Plus or minus ten on both of them. We've got three partners sitting over in London today, two sitting in New York.

01-00:36:38

Rubens:

You used the word "market opportunities." Is that where we go back to looking at digital or—

01-00:36:46

Hammar skjold:

I'd say the scale of the private equity industry during that period of time started to increase pretty dramatically. The economy was going, during that period, pretty well. Financing markets had been very robust. That Greenspan

kind of flood of liquidity after the '01 recession really lifted a lot of boats and the scale of transactions started to increase pretty dramatically. The frenzied peak of it, of course, was some crazy stuff that happened in '07, of \$50-plus billion transactions. Up to that point, the biggest transaction was, with one exception—which, of course, the RJR Nabisco transaction, which was late 1988, into 1989. Which was \$31-odd billion. Then, of course, it was a five to seven to eight billion dollar business, and lo and behold, ten and twenty and thirty billion dollar transactions were starting to get done. The whole industry just expanded really dramatically during that time.

01-00:37:59

Rubens: This is really a naïve question. You're looking for places to invest, but you're also looking for investors.

01-00:38:08

Hammar skjold: We're basically, just the structure of our firm, a hundred people in total. We're basically forty-five people focused on the investment function of our firm. We raise capital on a serial basis from limited partners. By serial, I mean we have Hellman and Friedman Capital Partners, seven, or six, or five, and that's a fund, and investors commit to that fund. They make a dollar financial commitment to that fund. Our investors are big corporate state pension funds, endowments, foundations, a number of global sovereign wealth funds and global investors as well. Some high-net-worth individuals. They make a commitment. They don't actually fund it. Then what we do is we go look in the marketplace for investments on behalf of the fund. When we find an investment, we commit on behalf of the fund, and then we send a draw-down notice to our investors, and then they'll fund their pro rata share of that investment. Then we'll make that investment, we'll oversee that investment. Ultimately, when it gets disposed, we'll return the proceeds to our investors.

01-00:39:13

Rubens: People are surely coming to you and wanting to invest, as well as, I assume, you're developing investors. You're reaching out.

01-00:39:22

Hammar skjold: Yes. We've historically turned away a lot of people, because the record has been quite good. We've never been about trying to be just the biggest firm for the sake of being the biggest firm. Philosophically, again—I think this goes back to Warren—we always wanted to—we've explicitly said, internally and externally to our investors, to the marketplace, we have a goal of earning very high rates of return for investors. That's what we're trying to do. We're not trying to be the biggest firm. We're not trying to invest a lot of dollars marginally. We're trying to make good, high-quality investments and earn good risk-adjusted rates of return over the cycle. That's what we're trying to do. We've had, typically, excess demand, but we've said to ourselves, how much can we invest responsibly? How much can we invest well over the next five years? That was the size of the fund. It wasn't, how big can our fund be, and let's go Hoover-up every dollar that we can find around the world today.

Now, I'll tell you, the market has changed dramatically. Of course, we're sitting here in 2012. We've had a number of years now of a pretty prolonged, difficult financial market here. Our industry is changing. Our industry is, I think, shrinking now for the first time. Limited partners if anything are shrinking their commitments to the private equity business. It's like a lot of businesses. It's got its ebbs and flows to it.

01-00:40:55

Rubens:

Were there a couple more you wanted to talk about just as examples? Digitas for example.

01-00:41:01

Hammar skjold:

Digitas was one that came off of Young and Rubicam. Then DoubleClick—again, there was a common thread here sometimes. Digitas came off of Young and Rubicam, and then ultimately DoubleClick came off of Digitas. DoubleClick was an investment we made in 2005. That was a going-private transaction of a public company. DoubleClick was one of the high flyers and darlings of the 1998, '99, 2000 internet boom. Then it had a very difficult next four years, but we had been studying that marketplace really carefully. We had seen it through the Digitas lens. We were looking at the online market and the digital media marketplace carefully, and we really felt like the core infrastructure that they provided was differentiated, it was value-added, and that the price pressure they were feeling was something we could kind of manage through. That was not an obvious call at the time. It was a public auction. There were probably seventy people who they sent proposals to. We ultimately were one of two bidders there, and the other bidder really wasn't there. They were kind of half there. That was a bit of a tough call at the time. I remember it very dramatically, or very specifically.

01-00:42:26

Rubens:

But a success. A great—

01-00:42:27

Hammar skjold:

A huge success. The guy who ran that, David Rosenblatt; Warren actually became pretty close to and his mom. His mother was a rabbi in New York. So Warren and she developed a friendship over the years. David was really one of the great CEOs we've ever backed, and just did an outstanding job there. We got the turn right.

01-00:42:52

Rubens:

Isn't DoubleClick a case study at Harvard Business School?

01-00:42:56

Hammar skjold:

Oh, I don't know. If it's not, it should be. We made over eight times our money on that.

01-00:43:03

Rubens:

The turn just right meaning?

01-00:43:05

Hammar skjold: Just the whole transformation of the business. We cut a lot of expenses. There was a bunch of businesses in there that we ended up selling and kind of focusing down on the core business, and freed up a lot of resources to invest in product development. We freed up a lot of people to develop new products. We bought a couple things that were adjacent to our company to help us grow in Europe, help us grow in the rich media or video advertising business. David and the team did a great job and ultimately positioned that company to where that online digital advertising ecosystem was going, and ultimately found ourselves the happy recipient of a very aggressive bidding war between Yahoo, Microsoft, and Google. Google eventually was the winner there. It's been a really successful deal for them. It's been a very successful deal. It's been the core anchor part of their display business, which today is the second biggest business at Google.

01-00:44:09

Rubens: Amazing. Amazing. Yes, I think it is the case study I read. And then NASDAQ. I think the date is 2001.

01-00:44:21

Hammar skjold: I think that's right. Patrick Healy, who's been a longstanding partner of ours was the one who pulled that together. He's been here eighteen years now. He and Warren had just a great relationship. He and I have a great relationship. He's one of the real culture carriers of our firm. That was—

01-00:44:39

Rubens: Culture carriers? What do you mean by that?

01-00:44:45

Hammar skjold: When I talked at the end [of Hammar skjold's eulogy at Hellman's memorial service] about what role did Warren play at the firm, I described him as our chief cultural officer. He was our founder, but he was no longer the chairman, he wasn't the CEO, and at the end, he wasn't even on the investment committee, but he still came to the office every day. He had breakfast over at the Park Grill at seven thirty every day, and he wandered right down that hallway every day at eight thirty, and he was here until six. He was doing a lot of different stuff. He was doing his music; he was doing the philanthropic stuff; he was doing his political stuff. He was just a cultural presence at the firm.

I think a number of us are, but Patrick is, I think, one of the great culture carriers of the firm today. But really, Warren was the guy who really set the culture of the firm. If you look back on what Warren gave to this firm, it was all about the people, the philosophy, and the structure. He was involved on the investment front for sure as well, and I think was one of the great investors of his generation. Really, particularly in the later years, it was the building blocks from people, philosophy, and structure, but much more so than investments. It seems a little awkward being said by one of the people he



chose, but he had really good judgment on people. If you look at the great people who have come through this firm and who are still at this firm today, Warren had a hand in a lot of those decisions. Brian and Matt and Tully and John and Jack and Mick. It's a really great list.

01-00:46:45

Rubens: He saw something in people, plus he cultivated it as well.

01-00:46:48

Hammarskjold: He did, he did. The philosophy which is around the no-assholes policy—

01-00:46:52

Rubens: Say what that is.

01-00:46:54

Hammarskjold: Basically, he wasn't up for assholes. In polite company, we say the no-jerks policy, but in the day-to-day, it was the no-assholes policy. He just wasn't up for it. He wasn't going to tolerate it.

01-00:47:11

Rubens: He didn't suffer fools.

01-00:47:12

Hammarskjold: He didn't. He had kind of been there, done that. He had seen that in, I think, a lot of the cultures that he had been part of in previous firms, and he just wasn't up for it with his firm. The spirit of open debate and open discussion was just always notable. People are expected to kind of speak their mind in an informed and thoughtful way. You don't want to attack people, attack their ideas, but rigorous and open debate. Then he always just had this great sense of generosity, of spirit, and generosity overall. One of the, I think, key distinctions about this firm is the way he set it up. It's a book value-based firm. What I mean by that is we've never sold the firm. It's always been owned by the people here at the firm. Ownership has been given from one generation to a next at book value, which is a very low value. That's the way firms used to be run. That's not the way firms are run today. So the public versions of all of our large-cap peers—KKR, Blackstone—they all have outside investors. Many of them are public today. That was just never Warren's philosophy. He felt the best way to keep and attract and retain really high-quality people is to hand the firm down over time to those people who are driving the value in the firm prospectively. I've been a huge beneficiary of that. Others have as well. That was a decision Warren made, and it was a really, really unique and differentiated point of view he had.

01-00:49:03

Rubens: That's really interesting. You become a partner pretty quickly, '96, but you become CEO in 2009?

01-00:49:12

Hammarskjold: Yes.

01-00:49:14

Rubens: Where had he been in this structure? You mentioned—

01-00:49:18

Hammar skjold: Before that, Warren was the chairman. Brian was the CEO. On that transition, I became the CEO, Brian became the chairman, Warren became the founder. Very official title. Still served on the investment committee, but then he stepped off the investment committee, I think sometime in 2010 or eleven.

01-00:49:39

Rubens: This is when his music is—

01-00:49:43

Hammar skjold: Just all of the other parts of his life had become—taking up increasing amounts of time.

01-00:49:48

Rubens: You mentioned the Monday morning breakfasts. Was that something that he came to?

01-00:49:54

Hammar skjold: There are two things. We have a Monday morning meeting among the investment people at the firm—every Monday. That's basically just to talk about what's going on in the firm, new investments, existing portfolio, things people are seeing in the marketplace. He always came to that, but then he always had—I think I was saying—a regular table over at the Park Grill. Having breakfast with somebody. A political person, a philanthropic person, a music person, a businessperson.

01-00:50:38

Rubens: This is a weird question. He was so clear growing up that the family wasn't religious, but their Jewish heritage was really important. The other firms' clubs in New York, he could never have gotten into because he was Jewish. I have no idea what the balance was here. Did he have any—what is the word?—preference? Was it important to him to bring in Jewish people? I haven't thought about that before and didn't ask him about that.

01-00:51:15

Hammar skjold: I've never heard anything like that. I think he just wanted the best people he could find.

01-00:51:27

Rubens: I don't know if he had such a systematic effort to have women or minorities at the firm.

01-00:51:33

Hammar skjold: I think his number one principle was, let's get the best people we can find. Warren wanted to win. Oh, god. People don't really understand that, but he really wanted to win. He was always very competitive, and he felt like all we have is our reputations and our people. We've got great limited partners, but

at the end of the day, the people—it's an elevator asset business, and we get that. So we need to have a great value proposition for our people here, and that's a little bit the theme I talked about in terms of structure of the firm. It's about the philosophy of the firm; it's about the culture of the firm. But the flipside of that is he wanted the best people.

One of the things I've said over the years, which has been, I think, interesting, anyway, is we were thirteen, fourteen, fifteen people back when I joined. It was, I don't know, seven or eight, kind of earlier than that. It was, candidly, a pretty white male firm. I actually never really paused to think about the religious backgrounds, but it would have been pretty mixed. What's pretty interesting today, though, is—look, for sure, white males are still the largest fraction, but it's a much more diverse firm today. What's interesting is, notwithstanding that, the face of the firm, if you will, just looks different. But interestingly, notwithstanding that, the culture of the firm hasn't really changed at all. We have a number of women, we have a number of Indians, we have an African American —Andy Ballard who is just a great partner; we have a number of Pakistanis, we have a number of Chinese, we have lots of Europeans in the firm. The cultural makeup of the firm is different, but somehow it doesn't feel any different. Which is kind of, I don't know, just an interesting note about how a culture can kind of just transcend a lot of different backgrounds.

01-00:53:54

Rubens:

Still have the identity that he sort of set. Do you think you've said everything that you said in your remarks? I don't know if we should have a copy of your remarks in this oral history.

01-00:54:07

Hammar skjold:

I think that's it. It's kind of worth, I think, just touching a little bit on the last piece of the current era of our industry. The financial markets in general, the finance industry, and certainly the private equity industry, was nothing but up and to the right in terms of its growth curve, from really 1983 to 2007. There were blips there, right? We had a crash in '87. We had a financial market and credit market recession in '91. We had a dot-com blow-off in 2001 and two. We had kind of bumps along the way, but it was fundamentally in the context of a market that was up and to the right. Of course, you look at it today, in 2012, and we had the great recession of 2008. We had the Lehman bankruptcy. We had the Bear Stearns rescue purchase. We had AIG. We're now in the middle of the euro crisis. It's interesting just to think about how much our industry, the financial services industry and also the private equity industry, has just changed in the last four or five years here. People used to have \$20 billion funds. They'll be lucky to have \$8 billion funds today. Firms in our industry are going to restructure for the first time.

01-00:55:45

Rubens:

Restructuring meaning?

01-00:55:46

Hammar skjold: Get smaller. Get rid of people. I think that's happening. The investment returns in the industry have been really quite weak for a number of years now. Basically, the thing just went too far, too fast, and too high. We've made some mistakes, but one of the things that I'm pretty proud of is we still haven't had a bankruptcy in our portfolio. The last bankruptcy we had was Mobile Media that I'm sure he talked to you about, which was a 1991 investment. It was a '95 bankruptcy.

01-00:56:21

Rubens: Biggest fiasco in the history of the firm, he said.

01-00:56:23

Hammar skjold: Yes. I can come back and give some perspective on that. I think it was a lot of those kinds of cultural lessons we got from Warren, of humility and keep your ego in check, and it's about quality, it's not about size. I think we avoided many of the pitfalls that really enveloped a lot of firms and companies and industries, or parts of our industry, during that period. Again, we've had our challenges. On some level, when the tide is running a different way, it's going to impact everybody, but I'm pretty proud of the way we've managed our way through it. As I said, I think a lot of it comes to a lot of those foundational principles of the firm that Warren put in place.

01-00:57:08

Rubens: At one point in his oral history Warren said, "I get along really badly with somebody who's doing a poor job running a company," but in one particular case—I think it may have been a doctor's medical supply business, I can't remember—he recalled "I really liked this guy and I still like him."

01-00:57:27

Hammar skjold: Yes, I'm not sure who he's talking about there. That would be unusual. There aren't many guys like that. He was competitive. Warren wanted to win. He really wanted to win. He wanted to be successful. He took great pride in the fact that, for many, many years, we were the single-best-performing fund that CalPERS had in their portfolio. But he wanted to win, and people should never kind of misjudge that. He could be tough on people who weren't performing.

01-00:57:56

Rubens: He had a nickname at Lehman's, which was Hurricane Hellman. I said, "Why were you called that? Because you were always in such a hurry? Because you came in like a storm?" He said, "No, because I had a bad temper." He said, "I think I was always right, but there was always somebody wanting to do something that was wrong that made me" —well, you get the idea.

01-00:58:19

Hammar skjold: He was tough. That temper of his was a lot less evident on a day-to-day basis later in his life, but it was there. It was there on bad decisions, things that worked out poorly and certainly on anything that even came close to the line

on ethical integrity, he would go ballistic. But it was funny to see the younger guys at the firm, who hadn't really known him in the old days didn't really see that side of him. I'd sit in meetings sometimes and I'd see this—this was rare, but it happened—this line of debate or questioning coming, and I could see that he was getting ticked off. I could look across the table and saw that none of the people knew what was coming. Out of nowhere, he would erupt. These eyes would open up wide on the other side, and these people would be like, oh my god, where did that come from? That's there. That's there.

01-00:59:26

Rubens:

Would you let me just change this and just do a couple more things?

## Audio File 2

02-00:00:02

Rubens:

He had grudges, too, it seemed to me. He'd bring up –badmouthing is the wrong word- how much he hated some people from the old days at Lehman. And he seemed to remain very competitive and combative with Goldman Sachs: how they were the leading bad people in the financial crisis; and how come the government went after Lehman not Goldman. Just to get to a question, was there some animus, or why was he driven to get Neuberger from—

02-00:01:01

Hammar skjold:

That's a slightly different thing. The one thing I'd say about Warren generally is, of course—I think I said this in his eulogy, and I've reflected on it often—there's a fine line, sometimes, between love and hate. If Warren hadn't fallen in and out of love with you a few times, you hadn't really known him. What I mean by that is he was tough. He wanted to win. He was competitive. He had very high standards for himself. He had very high standards for those around him. But he also had a forgiving way about him. I can think of a lot of examples over the years where somebody would be on his bad list, or his good list, and I think people learned over the years, you just kind of never take it personally, and just try to do the right thing. I'd say he was ultimately a very forgiving kind of person. That's one key theme to him.

The Lehman thing was interesting. I think he had an enormous pride of Lehman Brothers. The reputation of Lehman was that it always had the best people, but that, internally, they were always very competitive with one another, and they were their own worst enemies. They were kind of always in-fighting: certainly a lot of the stories I heard from Warren over the years, where he would recount examples of that during his tenure at Lehman Brothers. Ironically, at least my perception, having dealt with Lehman Brothers for the fifteen or eighteen years—really twenty years up until their bankruptcy—is that had really changed, actually, in the more recent period. Interestingly, I think people would have said they had generally done a pretty

good job, but obviously not that good of a job, because they got way too aggressive in a certain part of their business that they didn't really understand. But at least on the investment banking side, I think a lot of those historical kinds of perceptions, at least I thought, they dealt with. What he would always say about Goldman, though, of course, was Goldman was their number one competitor to Lehman. Goldman had been, and has been, probably of all those investment banks, the most successful one. They're obviously having a more difficult period now, but fundamentally, they've had a very long string of success. What Warren always said is that we maybe had the better people, but the Goldman folks, they were externally competitive, not internally competitive. I think he was always competitive with them because they were the main firm Lehman was trying to knock off. I'm sure with that came a lot of competitive rivalry that would take place from time to time. I think the one thing he did look at was Goldman's better sense of camaraderie and partnership. I think it was maybe a little bit of, at least vis-à-vis from the Lehman perspective, a little bit of jealousy about that. But I think he took all those little things he learned from Lehman and New York and Goldman as lessons that helped form part of the philosophy and structure that he really tried to use when he set up the firm here. He really tried to think about the values that he wanted to instill in the firm. I think all those things were lessons that he drew from in helping to build this firm.

02-00:04:30

Rubens:

Is there a story particularly in trying to get Neuberger as—

02-00:04:34

Hammarskjold:

Neuberger Berman, just background of that. That was an investment management business owned by Lehman Brothers. It had previously been independent. Lehman had an investment management business. Interestingly, as a funny anecdote, way back when, the investment management business at Lehman had reported to Warren when he was the president of Lehman Brothers. This was now ten generations later. During the whole Lehman bankruptcy, we spent quite a bit of time trying to buy the Neuberger Berman's asset management business out of Lehman Brothers, out of the Lehman estate. Ultimately, we weren't successful in that. But that's, I think, the transaction you're talking about.

02-00:05:11

Rubens:

That's what he was talking about.

Now I didn't ask, why did the firm open up a New York office?

02-00:05:18

Hammarskjold:

Brian made that decision, and I think he really felt like he wanted to have a physical presence in New York, given how much of our business and how much of the financial markets really kind of end up taking place out of New York. We have an office today, as I said, plus or minus ten people, but at any

one time, at least two or three people from other offices are working out of that office.

02-00:05:42

Rubens: Does that mean you don't have to travel there as much?

02-00:05:45

Hammar skjold: No, I spend a lot of time in New York. All of us do.

02-00:05:49

Rubens: Similarly London or—

02-00:05:50

Hammar skjold: Yeah. I go to London probably four or five times a year.

02-00:05:53

Rubens: So do you think you said what you want to say?

02-00:06:02

Hammar skjold: I think you've got it on the business side. I'm sure you're talking to other people on the music and philanthropy and the politics, because he was multi-faceted.

02-00:06:10

Rubens: Sure. I'm looking at my notes. So his strengths and weaknesses, we talked about that. He said he just was good with numbers. He said, "I just liked it. I liked getting in there and seeing it."

02-00:06:24

Hammar skjold: Yes. We're all —at the end of the day, it's a pretty analytical lot here.

02-00:06:27

Rubens: He loved that sharpness of mind. You said in your statement when he died that was released through the firm, that he chartered his own course.

02-00:06:42

Hammar skjold: Yes. He was an iconoclast. He could be that. He was at that point in his life, and he just set it up the way he wanted to set it up, and did it the way he wanted to do it.

02-00:06:55

Rubens: Did you also say in your remarks something about his belt buckle?

02-00:07:07

Hammar skjold: I talked about his outfits and his clothes, but I don't—

02-00:07:10

Rubens: What was it about his outfits?

02-00:07:12

Hammar skjold: He was one of the worst dressers. He was, let's say, very independent.

02-00:07:17

Rubens: Would he wear a suit when he had to, or did he—

02-00:07:19

Hammar skjold: From time to time. I think by the end, it's not clear to me he quite had one. Khakis and his blue Levi shirt was—and his belt buckle, his Western States belt buckle that he had great pride in.

02-00:07:35

Rubens: So anything else?

02-00:07:41

Hammar skjold: No. Thank you. It's a worthwhile project. Happy to have been part of it.

02-00:07:45

Rubens: I particularly like your overview of HF and the industry. I think that was wonderful.

02-00:07:52

Hammar skjold: Great.

[End of Interview]



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Warren Hellman: Financier, Philanthropist, Civic Patron, Mensch

supplemental interview with:

Susan Hirsch

Interviews conducted by  
Lisa Rubens  
in 2011

Susan Hirsch is founder and CEO of Hirsch and Associates: Philanthropic Advisors. Hirsch and Associates works with families, foundations, and corporations to maximize the impact of their philanthropy. Previous to establishing her own business she ran the Miriam and Peter Haas Fund for ten years. Hirsch became very close to Warren Hellman and his family. She oversees the Hellman Foundation and Hellman Fellows Fund

Interview with Susan Hirsch, September 6, 2012

Meeting Warren Hellman in the early 1980s — Overview of Hirsch's work with charitable foundations — 1999 forms a business with Chris and Warren Hellman — Reflections on Hellman's largess, creativity and openness — The Hellman Fellows Program at the University of California — On Warren's support for public schools and pension reform — Reflections on Hellman's children's interest in philanthropy — Genesis of the Bay Citizen: launching the website and pages in the New York Times, 2010; impact of Hellman's death on the Bay Citizen; ongoing concerns; changes in management; affiliation with the Center for Investigative Journalism and Berkeley's Graduate School of Journalism — New considerations for what the Hellman Foundation will support — On Hellman's lack of pretension and ability to listen to other people's ideas — Hirsch's deep love and respect for Hellman

## Interview with Susan Hirsch, September 6, 2012

## Audio File 1

01-00:00:16

Hirsch: Hellman Fellows, did he talk about that at all?

01-00:00:20

Rubens: We acknowledged them. We also talked about supporting the water polo team and the aquatic program.

01-00:00:31

Hirsch: Because there are things he would say probably he was the most proud of, and the Fellows program was one of them.

01-00:00:39

Rubens: Let me just ask first, how did you meet Warren? And maybe then lead us into his philanthropy.

01-00:01:02

Hirsch: I met Warren in the early 1980s at a dinner party at Mimi and Peter Haas's house down on the Peninsula. I had never met him before, and was at the Haas's house, and Mimi and Peter were there and invited some friends to come join them for dinner in the summer. He and I sat next to one another, and he stood out as this extraordinary human being. I've been very lucky in my life to meet a lot of really interesting people, and he was both—his humor, his wit, his intelligence. I then went on and ran the Miriam and Peter Haas Fund for ten years. Warren and I would meet one another, see one another, and he would call or send things over and say, "What should I do about this? What do you think about this?" I had what I always called my Warren Hellman inbox. The range of both his intellectual interests, as well as the community interests, were really striking, because there was no issue too small. He would meet with anyone. As I was leaving the fund, Warren said, "What are you going to do?" I decided I would start a business, and I would work just with him and Chris for the first year, and see whether or not indeed there was a business to be made, do we want to continue working together, what would it look like. So that was the beginning, about 1999.

This was really about a business where we work with families and foundations on all aspects of their philanthropy. It has been thirteen years that we've been doing the business.

01-00:02:56

Rubens: And so you just—

01-00:02:58

Hirsch: And started with an Excel spreadsheet, which had just a listing of some of the gifts that Warren and Chris had made. The foundation had been created, but it

really was not—the primary vehicle was through the donor-advised fund, a number of different buckets that they would use. But what was striking to me was the variety of the kind of organizations, the range in the size of gifts. And Warren was really proud that he had this eclectic appetite for people, issues, and ideas. It was really about the people. He'd meet people, and he never wanted to be constrained by program areas. In fact, he bristled at it. If somebody said, "How much do you give to education?" or "How much do you give to youth development?" he would get quite cranky about it, because he didn't want that to be what his philanthropy was about. I always said it was like Johnny Appleseed, spreading not just the money, but the time, the energy, the interest, the roll-up-the-sleeves to get involved. From an underground garage in Golden Gate Park—who would ever think that someone would take the time to put seven years and millions and millions of dollars to working through the issues—to creating the Bay Citizen out of an idea when it came about that perhaps the *Chronicle* was going to be shutting down and there was an opportunity to start something that really could provide high quality journalism. He asked a team of us, about five people, to work with him on it. One of the things that was most appealing to me personally was, A, to have the opportunity to work with Warren on something from scratch, and B this was really an opportunity to talk about democracy in journalism—democracy in the little "d" sense of the word—of what would be the community.

01-00:04:34

Rubens:

That's going to be our launch point, but let's say just a couple more things about that year you worked with him. Were you helping him figure out where and what to give?

01-00:04:43

Hirsch:

Warren is the most different of any of the families we work with because of his level of involvement. He had the quintessential open door policy. Anyone and everyone could get in to see him, and that, for a lot of people, was shocking. Here was this guy, the titan of Hellman and Friedman, and he would meet with all kinds of people. I would go to a lot of the meetings with him. Often I would sit in very quietly. I sometimes said I was the Vanna White of the meetings. Didn't say a lot. He and I would talk quite a bit afterwards. That first year, we would email one another. "What about this idea? What about that idea?" But it was really his generosity and Chris's that launched a whole host of things that they often didn't want to take credit for, but they cared deeply, deeply about this community. I would be over at Hellman and Friedman and some of his partners and others in the community said, "This guy could play on the world stage. He could be anywhere. Why does he care about who the supervisors are, or what's happening in Golden Gate Park, or what's happening with the schools?" He really felt he wanted to be here in this community making a difference, and so really invested his time and energy, increasingly over time, to projects that really were Bay Area-specific.

01-00:05:57

Rubens:

I always wanted to ask him—aren't you besieged? Aren't people calling you and coming up to you all the time?

01-00:06:05

Hirsch:

He loved it.

01-00:06:05

Rubens:

There was no filter?

01-00:06:06

Hirsch:

He loved it. That was why my relationship with him was different in terms of working, and personally, than it was with other clients we have, where he didn't want to have a gatekeeper. Sometimes he'd get, not frustrated, but feeling as if there were people constantly asking him, expecting him to always make very large gifts. For him, it was meeting with smart, interesting people and being involved in unusual, eclectic, problem-solving projects that was truly rewarding. He felt his wealth was a gift and a responsibility. He had the wherewithal, both in terms of financial resources and a mind and a generosity, that he wanted to meet with people. He learned a lot from people, and so engaged in ways that very few other people did. On the rare occasion, he'd say, "I'm not sure why I agreed to do this." I said, "The only way to solve it is to just not get out of bed." Because from the moment he would get up in the morning, he would be meeting with people, and he encouraged that. He wanted to hear always what people were doing. What are new ideas? What were kinds of things where someone could make a difference? The small amounts were as important as the very large gifts that he and his family made.

01-00:07:03

Rubens:

You had mentioned in the beginning, that one of the things he was most proud of was the Hellman Fellows.

01-00:07:07

Hirsch:

Hellman Fellows. This was a program that grew out of his daughter, Frances, who had been sick, and is now head of the physics department at UC Berkeley. She had been ill and there was a question how she would be able to continue getting her research dollars. They concocted an idea, I think in 1994, to create a program for tenure-track professors at various institutions, largely within the UC system, who were having a hard time, perhaps, getting their initial big funding to help launch their career. At the time when it was started—this was before my time—I think the UCs and others were in a very different place financially, and they were wondering, do we need this program? What does it mean? It grew to be really instrumental for attracting young, bright professors. This was really about the ideas that people didn't want to have the dollars funneled to only one department or one program, and so these tenure-track, young, bright, ambitious, research people would be researching medical issues, biological issues, dead languages, literature, music. We would meet with them once a year and they would talk about what they were doing, and then they would have time to be able to ask Warren

questions. It was always, with him, about the future, and these were young people who were going to represent really the best and the brightest at all of the institutions, who were researching ideas, and developing cures or approaches, curricula, across the board. He often would say it was the philanthropy he and Chris were the most proud of.

01-00:08:42

Rubens: I think Chris was a part of that.

01-00:08:43

Hirsch: Chris was very, very much a part. She was always proud. She loved to talk about that maybe there would be fellows who would meet and get married, and indeed there was at one time. The range and the variety of the kind of research really reflected the best about Chris and Warren, because they weren't going to be pigeonholed into being only investment banker, or only an athlete, or only, as in later life, only a musician. It was this eclectic, broad array of issues that he was interested in.

01-00:09:11

Rubens: So were they pretty hands-on in terms of who was picked?

01-00:09:14

Hirsch: No. Also a real gift of Warren is you get the best people to do their job and let them do it. He was not a micromanager. There would be a committee at each of the various campuses or some of the other institutions that received the funding, and they would identify who the fellows would be. We would meet with them and the fellows would say, "If I hadn't gotten this money, I wouldn't have been able to do this." To be able to say they got a Hellman meant a lot. One of the great things also about both Warren and Chris, the need at UC Berkeley would be that some of the young fellows—and they'd be men or women with children—needed help with their babysitting costs. So we went to the university and said, "How about thinking about this?" and indeed, they would be allowed to include it. But it was hands-on in the way of being supportive. He wrote letters back to all of the fellows, met with them, engaged with them. They would come to the Hardly Strictly Bluegrass festival. At the end of every one of the lunches, he would say, "Do you have questions for me?" The first several years, the questions would often be about investment and about politics, and as time went on, because the festival became that much more a part of Warren's life and bigger and more well-known, the questions were about music, about banjos, about whom some of the performers were. It was a great opportunity for him to really learn from others as well.

01-00:10:33

Rubens: Is this sustained and ongoing?

01-00:10:36

Hirsch: There is a foundation, the Hellman Fellows Fund, that has been created, that has been endowed, that is going to continue.

- 01-00:10:42  
Rubens: We'll get to the Bay Citizen. Is there anything else you want to particularly point to? You mentioned the garage, of course.
- 01-00:10:52  
Hirsch: I think one of the things that Warren also was extraordinarily proud of, and had an impact that is impossible to quantify, was his support for public schools in San Francisco.
- 01-00:11:05  
Rubens: I really thought, actually, one more interview that I should do is with Mary Hughes, who ran—
- 01-00:11:14  
Hirsch: Yes, in terms of the pension reform?
- 01-00:11:15  
Rubens: Also with schools, with several of the school election.
- 01-00:11:19  
Hirsch: She did the park bond with him. Actually, somebody who works with me here worked with her on both the park bond and the garage. She worked with him. She's a very, very dear friend. They worked together, but she also worked on the pension reform. She would give a really good perspective.
- 01-00:11:36  
Rubens: I think so. I talked to her on the phone for background, but now—
- 01-00:11:39  
Hirsch: Wait until after the election. She's really busy. .But she's an extraordinary human being. The pension reform will give you where the thornier, the knottier, the issue, that was the kind of thing that attracted Warren. He would talk about it. He had fabulous successes and unbelievable sort of opportunities to be involved, and also there were some things that didn't go as well. One of the ones I don't know if he spoke with you about was Mills College.
- 01-00:12:09  
Rubens: Yes.
- 01-00:12:10  
Hirsch: Did he talk to you about it? In terms of "Hellman, go to hell, man" and they had this effigy. Actually, what I said to him was, "You generated people and got them going, and they were able to raise some more money." So he didn't shy away from controversy.
- 01-00:12:27  
Rubens: All he was concerned about was getting the college on a good financial footing, and he wasn't committed to making it co-ed per se.

01-00:12:36

Hirsch:

He had very strong opinions about things, and at the same time, also, if you could present an alternative that made sense and could back it up, he was more than happy to change his mind. What happened at Mills College was another example. What struck me after he died were the tens of thousands of stories. I said he had thousands of people he knew, and tens of thousands of other people who he didn't know, and they considered that he was a really good friend. Our rabbi who spoke at the service, Sydney Mintz, she had been up at Sugar Bowl right before Warren died, and she talked about that she ran into somebody. She was still up at Sugar Bowl, and it was *so* on her mind about Warren. The person said, "I was a really good friend of Warren's." She said, "How did you know him?" and he said, "I didn't know him, but he was a really good friend." I think to have that as your legacy, to have that kind of impact in a community, is pretty special. That was a unique characteristic, and I think the community continues to look for who's going to fill those shoes. I've said there isn't one person; it's going to take a lot of people. But also what he really wanted to do was help people pay it forward. So he would ask and engage with the next generation to work with him on projects, whether it was the Magnes Museum, or get people involved with the garage or with the schools, because that, he knew, was really the future, that you needed people to step up and take that leadership role.

01-00:14:04

Rubens:

So his kids are pretty active? That amazing family—

01-00:14:08

Hirsch:

The four kids, each of them in their own right, are superstars. Each one of them.

01-00:14:13

Rubens:

But I meant regarding philanthropy.

01-00:14:15

Hirsch:

Yes. They will be looking to find—

01-00:14:18

Rubens:

Tricia, of course—

01-00:14:19

Hirsch:

Tricia and certainly the free clinic. Well, and Frances, who cares a lot about the Exploratorium. Girls and science has been something she's very interested in. She struggled to establish a career as a woman in what had been traditionally a man's world, and so she cares deeply about girls and science, and so has been instrumental in funding and looking at programs there. The Exploratorium, she cares about. Mick has spent some time in education. He's also interested in youth and sports and sort of youth development in sports. He was a really, really good cyclist. Each one of them, in their own right, and I think that's a testimony to both their parents, is that they had to have meaningful—they would have meaningful lives, make strong contributions.



Judith is a doc up at UCSF and really is doing hard work in terms of infectious disease. And really cares about low-income people and healthcare research.

I think for them, as we go forward with the foundation and we're having a lot of conversations about what it will mean, what does philanthropy mean to them, a gift Warren gave to them was he didn't tie their hands on what they had to do going forward. That is an opportunity for them to come together and think about what are the things that are important to them, because Warren didn't say, as others we have worked with have said, "We want you to continue funding this issue area or these programs." He didn't saddle them with that burden, which also means that they'll be more engaged over time, because it's not just doing what somebody else said they should do, but what's important to them.

01-00:15:56

Rubens:

The Hardly Strictly Bluegrass Festival is a separate entity.

01-00:15:59

Hirsch:

Hardly Strictly has been funded as well, and that funding is in the new foundation that was created just after Warren died. There was a new foundation, Hellman Foundation, and the funds for Hardly Strictly will go into that foundation as well. Though the festival will continue for now, it is not endowed in perpetuity.

In terms of the schools and kids, did he talk to you about that at all, in terms of public schools?

01-00:16:21

Rubens:

He talked about a couple campaigns. That's how I knew about Mary Hughes.

01-00:16:23

Hirsch:

But it was also, I would say, Lisa—and people would say, "Why do you care about public schools?" and he'd say, "How do you ignore 56,000 kids?" He was a product of public schools here in San Francisco and UC Berkeley. You look at what the school system was and what it could be, and so he would invest enormous amounts of time and interest to meet with superintendents. It wasn't school reform, big policy kinds of structural things he was interested in. It was what do you do to make a difference? How do you get involved and how do you engage others, who were really abandoning the public schools, to private schools or charter schools, or moving to Marin or wherever else it is? Again, when I said the theme about this was the future, these are kids who are going to be working jobs, and how to give them opportunities. He just instinctively, intuitively believed that this was a commitment that he needed to make, and wanted to make. When you're talking about Hardly Strictly, there was a day, always as part of the festival, where all of the fifth and sixth graders in the public schools had a special day at the festival. MC Hammer would perform and these kids loved it. It's really special.

01-00:17:39

Rubens: So Bay Citizen. Were you in on it from the beginning?

01-00:17:43

Hirsch: Very beginning. The first breakfast that we had with a couple of people who came to Warren, because he was a problem-solver and a go-to person. When there were issues, he had breakfast most mornings at seven thirty, either at Il Fornaio or at the Meridien Hotel, and people would come in with their ideas and talk to him. On that breakfast, I was there. He had gotten a call and some people were talking about what was happening with the *Chronicle*. It was reported that they were going to maybe shut down. They were losing somewhere, I don't know, a million dollars a day. The number ranged all over the place. Who knew what was actually the true number. A million dollars a week. He had an idea. He thought that, okay, maybe we should just buy the *Chronicle*, and that would be that. Well, that proved not to be a very good idea. And then started talking to a number of people and gathered four or five of us together to say, "What could we do? What could some ideas be?" He got—

01-00:18:38

Rubens: These were businesspeople. I read in the *Financial Times*, Andrew—

01-00:18:42

Hirsch: Andrew Woeber. There was an investment person. We had a lawyer. We had somebody who knew about journalism, Neil Henry. He came along early on. What a great guy. He was hugely instrumental.

01-00:19:55

Hirsch: There were a few people, and then what happened was Warren got a call from the person who was then the managing director at the McKinsey office here in San Francisco, and said, "I read about this. I have somebody I'd like to have you meet." Lisa Frazier, who was in the media practice for McKinsey, had gotten two calls, she said, that week. One was from people in Seattle. What was going to happen to the *Seattle Post-Intelligencer*? And then from the person running the office here, and said, "We have done a lot of work with this guy, Warren Hellman. He has this idea." Lisa then became not only just the team, but she led the team. She and two people from McKinsey did an extraordinary amount of work to really think about what could this be. The "this" at that point, we called it an egg. We didn't know what it was, the "this." One of the very first meetings—and I don't know whether or not you're going to be able to get a hold of Lisa.

01-00:20:51

Rubens: You told me she moved to Australia. I thought I'd talk to you first, and I don't know how extensively I'll keep interviewing.

01-00:20:57

Hirsch: Warren said, "I have this great idea. Maybe the *Chronicle* will give money to support this, because it would be good for them." Lisa, in her inimitable way,

said, “That’s great, Warren. Let’s call that option A. Now let’s focus on option B.” What she and her team, and Christian Selchau-Hansen, who is fantastic—he can speak with you if he will, and if you can get him it would be terrific. Because he and Lisa, they had more than a hundred different conversations with people in business, in tech, in journalism. What was ultimately created to think about how do you cover issues in the Bay Area that are not being given the appropriate kind of attention, and how do you create a model that then has the high-quality journalism, has the technical kind of engagement at all levels, and has a model that can be supported in a business way, financially? We were always looking at it as a three-legged stool, high-quality journalism, innovative technology and a sustainable business model. That was the lens from the very beginning of thinking about it, and that’s why I said the little “d” democracy. Warren would often talk about things that were happening in city halls all over the Bay Area that have tremendous impact on our lives, and nobody was paying attention to them.

01-00:22:09

Rubens:

Were any journalists, literally, for the city, who were involved, for instance Gerald Adams who worked for *The Examiner* for years. He was the only one who consistently would go to the planning commission meetings, the redevelopment commission — covered all that level of civic administration.

01-00:22:23

Hirsch:

It had gone by the boards. So we would talk about in terms of—

01-00:22:28

Rubens:

But no journalists that you can point to specifically here who were involved. I don’t whether it was Bronstein or Warren Hinkle or—

01-00:22:36

Hirsch:

There were a few who wanted to share some ideas. It was difficult for them to do it because of where they were working at the time. We had a real vested interest in the future of journalism, and Neil came along because he could talk about the future. What was journalism going to look like? How were journalists being trained at the journalism school? A lot of it was really thinking about how to do kind of hyper-local reporting, how to engage the journalism students in this from the very beginning, in creating an internship. So we worked with them on that. Neil just has such a good mind and is great with people. Because creating something new can often be contentious, and Neil’s gift is to bring people together and think at the thirty thousand feet as well as on the ground, because he was a journalist, because he was running a journalism school. He also had a great relationship with Lisa and the rest of us on the team, and with Warren.

The Lisa piece. She was going to do this. We talked to a lot of people, what it was going to take to fund it. The goal was to create something that then would take a lot of financial support from the philanthropic community, the beginning, and then could be self-sustaining after four or five years.

01-00:24:05

Rubens:

Had someone already talked to the *New York Times* at that point?

01-00:24:07

Hirsch:

*New York Times* came along very early on in terms of having a relationship with them, and it was a classic Warren, Lisa, my involvement as well, at that. I think Warren and I both thought we'd have to pay the *Times* to be part of this. Lisa said, "Absolutely not. They're going to pay us." We would laugh and say she had this business mind of thinking about her acumen, her understanding about journalism, and let's get it right from the beginning. And so developing that relationship—

01-00:24:34

Rubens:

She developed that relationship—

01-00:24:35

Hirsch:

She and Warren. When the folks from the *New York Times* called Warren, he said, "Look, I want to be very clear with you. I am not Sam Zell." He loved to tell this story. Sam Zell from Chicago. He was not going to be involved in the journalism, the day-to-day operating of the newsroom.

01-00:24:53

Rubens:

Who bought the *Trib* and the *L.A. Times*.

01-00:24:55

Hirsch:

Right. Even everything from when the managing editor was hired, et cetera, none of us who were on the team putting it together, including Warren, knew who it was until the person was hired. We had this absolute separation, as I say, of church and state. It was really important to Warren that he do that. He would get calls from people, even in the very early days after the *Bay Citizen* was launched, from people who were not happy about what the stories were. There were things even that he was involved with that he didn't always agree with, but understood that, in terms of the First Amendment and really covering the issues that needed to be covered, that not everyone was going to be happy all the time.

01-00:25:35

Rubens:

This was put together pretty quickly.

01-00:25:37

Hirsch:

Pretty quickly. Lisa moved at the speed of light. This was she and the team, and they worked twenty-four/seven to put it together.

01-00:25:45

Rubens:

Warren basically funded this first part of it?

01-00:25:48

Hirsch:

Warren funded this first part of it, and then developed a plan to go around and talk to a lot of other people about why they should think it was important as well. Individuals, foundations. We looked at ways to bring on corporate

sponsorship that would continue this in terms of what they would get out of it. It was a startup. And it was risk-taking in the sense of getting corporations and others, because you weren't going to them and saying, "Here is our audience in terms of, for marketing." It was, take a chance on this, because the audience that's reading the Bay Citizen are the people who you want to have. First Republic got involved, and others as well.

01-00:26:28

Rubens:

The list of corporate sponsors, we can include that.

01-00:26:30

Hirsch:

Yes, it was a small part of it. We tried to think three hundred and sixty degrees. Who were all of the people who would have an interest in this? Looking at some of the areas that we wanted to be sure would be covered. We were just beginning to get to that point around developing beats around healthcare, or around education, where there could be some donors or foundations that have an interest in those areas specifically. Lisa really—she ran the business in a very, very tight way financially, thinking about making sure that the budgets could be met. Didn't want to overspend. Really thinking about it as a startup. She and her team and everyone around her, they worked incredibly hard.

01-00:27:15

Rubens:

I understand they were paid well enough.

01-00:27:17

Hirsch:

They were well-paid. We knew that was part of it. If you're going to get good staff, you want to pay them well. The reporters were all paid a going wage. They looked into it to engage what that was. This is a profession, and should be paid well.

01-00:27:42

Rubens:

You're talking about developing a financial model.

01-00:27:51

Hirsch:

The goal would be that there would be earned revenue from a number of different sources that would provide the sustained funding over time. Part of what that was was to develop what that would look like, and so the *New York Times* was one, and there were a number of other relationships with—

01-00:28:06

Rubens:

Did the *New York Times* pay?

01-00:28:08

Hirsch:

The *New York Times* did pay.

01-00:28:12

Rubens:

There wasn't advertising, though, right?

01-00:28:14

Hirsch:

There was not advertising, per se. There would be corporate sponsorships. Lisa, part of it was, let's get this funding to get up and going, and then, over time, look and see what other sources of revenues could be and how to develop them, with a goal that after four years, there would be enough other earned revenue. Membership was a huge part of it, in terms of developing what that would be. Looking to have a broad membership support, that would range the gamut from more modest support from members to higher-end members. Looking at what that model would be, and how do you develop that, that really would provide a large percentage of the financial support needed over time. That was part of the modeling and marketing, and so there were a lot of things that were being tried. I think one of the great things about a startup—and if you talk with Christian, he will be able to share this with you—try a lot of things. If they fail, fail fast and move on. Revenue generation was not entirely defined when we started but we had revenue. It was looking at partnerships with other media organizations, because looking at what the stories were that we were going to develop, recognizing that a lot of other journalism outlets and newspapers were not having the same kind of level of support for covering various issues. How could we come up with a way that really we could sell, have other kinds of partnerships and relationships going forward?

01-00:29:43

Rubens:

It must have been a very exciting time.

01-00:29:44

Hirsch:

It was pretty incredible. Everybody who got involved loved it. That was also a testimony to Warren's kind of excitement and enthusiasm. If he asked you to do something, you'd say yes, and then you'd find yourself so caught up in it that you wanted to do everything that you possibly could to be a part of it. This was a great moment in time to be part of a team, working with him on something where he had this vision, and yet recognized that he wasn't an expert in the area, so having Lisa come along, and Christian, and Rose Roll, who was also on the team.

01-00:30:15

Rubens:

Rose was?

01-00:30:16

Hirsch:

Rose Roll, who was also a McKinsey person and took on the marketing part. Bringing Neil on board. Andrew, who had a relationship with the *New York Times* and thinking about, kind of for the financial, how do you put the deal part of it together? So there was great synergy. We had terrific attorneys. Formally we met two or three times a week. Because there were a lot of issues around contracts, around really thinking about what the staff was going to look like, even though that was Lisa's part in terms of managing it, what was she learning from her interviews that really was going to be helpful as we were

putting all of this together. I think it added, probably, to my days, probably another twenty hours a week.

01-00:31:07

Rubens: You met at Warren's office?

01-00:31:08

Hirsch: We met at Warren's office. We'd go meet with various people in terms of in the community. There were people who had questions about it. Was this another one of kind of Warren Hellman idea? How would it be sustained? What was it going to look like? So there was a fair amount of skepticism. Rightly so, and that was one of the things great about Lisa and the team. We'd ask and try to answer every question.

01-00:31:31

Rubens: So 2009, it's conceived, I think October. Launched by May 2010. That's fast

01-00:31:49

Hirsch: In the beginning, this was a delicate part of looking about would we partner and how to work with KQED. Was there a marriage that could be made? At the end of the day, we just had to agree that our philosophies and the approach were very different. Not to take away from the incredible service and work that KQED does, but it was a little counterintuitive for them at that time because we were so much a startup.

01-00:32:15

Rubens: What are you pointing to? Does that have to do with the digital, with the—

01-00:32:18

Hirsch: I think it was, part of it, the approach, the management, the moving fast, making decisions. The way I framed it to people was often, KQED had the best of being a venerable organization. They've been around for fifty years. They had their way of doing things. They've recognized that they needed to change, but how to get there? Working with us—we were moving really quickly and trying a whole host of different things—gave pause, I think, to their management into their board. I think now, in the next iteration through the merger with CIR, everybody has learned a lot and times have changed, and I think we'll continue to work really closely together. No one wanted a forced marriage. That was one of those ideas. Would it work? Could we come together in terms of sharing things? At the end of the day, we said, not at this moment. It didn't mean never. It was just a different approach and a different style and a different philosophy.

01-00:33:08

Rubens: Little bit like—I don't know if this is a good analogy, but Warren's work with the Magnes and then the Jewish Museum here in San Francisco, and how that didn't work.

01-00:33:16

Hirsch:

Analogous in some ways. Different cultures. Right? And then it came back together. You give everybody a little bit of time. I think there was some hesitance about who were we, who was the startup, what did Lisa know about running an organization. They'd been doing this for fifty years. Trust them, let them do this. It wasn't the natural fit in the way I think that everybody had hoped it would be. Warren would poke people sometimes. We had had a meeting to talk about what the name was going to be, before the Bay Citizen. One of the marketing people at KQED said, "There has to be a 'Q' in it." We sat there and Warren said, "Yeah, there will be four Q's. QQQQ." They said, "What does that mean?" He said, "Four Q."

01-00:34:08

Rubens:

Well, we'll see. You get to read the transcript, by the way.

01-00:34:11

Hirsch:

He loved to tell that story. We'd be like, oh my god.

01-00:34:16

Rubens:

How did the name come out?

01-00:34:18

Hirsch:

There was a firm I had worked with we went to and came up with a lot of different names. It was hard to do. We were doing that with the KQED people as well. How do you come up with something that meant, and try to capture what it is, that we're doing? Bay Citizen was the name that we ultimately came up with.

01-00:34:36

Rubens:

It's a stunning name.

01-00:34:38

Hirsch:

Simple, right?

01-00:34:40

Rubens:

Exactly. Pretty impressive to see it in the *New York Times*. To have a page.

01-00:34:46

Hirsch:

Yes, and it was something they really wanted, because their second largest readership, outside of New York, was here in the Bay Area. This, I think they hoped, would be a bump for them in terms of their readership in the Bay Area. It was hard; it was complicated, trying to work through the demands with the *New York Times*. It was greater, I think, than anyone had expected. How they wanted stories. It wasn't better journalism. It's just the way the *New York Times* works in terms of their expectation. So it took a lot for a very lean team to produce stories the way that the *Times* wanted them.

01-00:35:19

Rubens:

What was that, what the *Times* wanted, versus how the Bay Citizen worked?



01-00:35:23

Hirsch: I think it was kind of when they needed it, the kind of photographs that they needed. It proved to be a little out of synch.

01-00:35:30

Rubens: It's not as investigative, probably.

01-00:35:34

Hirsch: This is an issue that, I think, as we looked at the merger after Warren died, the Bay Citizen wasn't intended to be solely investigative. It was covering local stories and covering issues. The *Times* wasn't about investigation either. It was really the broad strokes about what are things that are important to people in the Bay Area. As we looked at the merger with CIR, some of us had questions about what investigation, and was it a question around semantics, et cetera.

01-00:36:02

Rubens: Was CIR involved from the beginning?

01-00:36:05

Hirsch: No. The J-school was involved from the beginning.

01-00:36:10

Rubens: CIR, during that period, changed its relationship to the J-school.

01-00:36:16

Hirsch: They were changing its relationship. Rosey, Robert Rosenthal, Warren and I had met, and he had moved over to CIR. They were doing stories that often would take nineteen months to put together. It's been around for thirty years. I think at the end of the day, it was something Warren would have been happy about in terms of the merger.

01-00:36:36

Rubens: So he didn't know about that.

01-00:36:39

Hirsch: As much as he would have known was that, when he was getting sicker, Lisa also had had some physical issues, and she made a very hard decision to return to Australia. She is Australian. She has a young child. She wanted to go back. Her family was all there. All of this happened very much at the same time. Warren asked that Jeff Ubben, who was on the board of the Bay Citizen, become chair of the board, and so he did that. At that time also, Phil Bronstein and others, we had been talking with about in terms of a search to run the organization. Went through a search process. As Phil emerged as somebody who we all wanted to talk to, this idea of doing a merger came about at the same time.

01-00:37:34

Rubens: So Phil wasn't in on the beginning?

01-00:37:37

Hirsch:

No. Warren knew there were conversations that were talking about, but was not participating in them at that time. The merger didn't become official—oh my gosh, I want to say—

01-00:37:56

Rubens:

This year.

01-00:37:57

Hirsch:

This year. Was it April? I want to remember exactly when it was. Warren died December eighteenth.

01-00:38:03

Rubens:

March. I think it's March. Well, it says May first, the new team began.

01-00:38:10

Hirsch:

The new team began. You're better at dates. It all blurred together. We had a couple of meetings in December. I remember one in Warren's office. He was not there. But it was something in terms of, as I was saying—

01-00:38:24

Rubens:

He knew something had to evolve in terms of—

01-00:38:27

Hirsch:

Whatever the best next step would be. I always say if one and one makes more than two, then this had to add up to more than two; and it did ultimately. First, however, we wanted to go through the right kind of due diligence to steward the culture and philosophy that was created at the Bay Citizen. We also had to find the right financial model and determine how to incorporate investigative journalism with the Bay Citizen's local focus. One of the great things, I think, is that stories that have been generated in using technology at the Bay Citizen at the local level now can be ratcheted up and have implications at the state and national level, and vice versa as well. The CIR has done some fantastic stories, and developed a creative way to use technology. It's great. The guy who does technology over at CIR was very, very close to the person who did all the technology startup at the Bay Citizen, Brian Kelley, who was phenomenal, and Warren adored. He had been at another couple of startups and was really gifted in creating and explaining intricate, innovative technology. You talked about getting something up fast. That team worked their tails off to figure out what would the website look like, and get something up, and what would the technology be, and how do you use technology in the best sense of the word, and stay current and engage people throughout the process.

01-00:39:48

Rubens:

The J-school was also very successful in getting big grants to do develop the hyper—local hubs.

01-00:40:12

Hirsch:

That's what I think is so interesting about the times we live in, because it's all evolving and changing. When we started this, even, in 2009, through that process, Facebook was very different. Twitter was in a very different place.

01-00:40:29

Rubens:

And it was unclear that the internet would be your main source for getting information. Everyone knew the newspapers were declining, but not that it would be so quickly replaced by the internet.

01-00:40:39

Hirsch:

Well, and being able to use the internet in terms of being data driven and getting access to information and making it public. The kind of things that really Warren was extraordinarily interested in and committed to, and that, I think, is really important through this transition we went through from the Bay Citizen to the merger: that access and the public accountability, in the best sense of the word, of not being always "Gotcha," but covering issues that really hold people accountable, and also cover issues related to what is important in or effects people's lives. When we started the Bay Citizen, we didn't need another restaurant critic. There was not a need, but food being such a part of life in the Bay Area, how could that fit in? The one question we get asked, "Are you going to cover sports? I'll read it much more if there would be somebody who would be covering sports." Same kind of thing. Sports are really well-covered, but through blogs and others, people can have—we wanted to talk about things that were being neglected. What was happening in education? Were there things in healthcare, contracts that were being led? Planning issues at the local level. But really focus on the things that were going to be meaningful to lives for people who live in the Bay Area. I think we've done that. It's a lot of hard work. It's still in testing mode, because it's still new.

01-00:41:56

Rubens:

What happened to the board, then? Are you still on it?

01-00:42:00

Hirsch:

I'm on the board. Most of the board from the Bay Citizen is now on the larger merged board.

01-00:42:08

Rubens:

Is it still called Bay Citizen?

01-00:42:12

Hirsch:

It's Bay Citizen, Center for Investigative Reporting, and then there's California Watch, which is a large project of CIR. Each one still has its own logo, its own identity. You see the others if you go on the website. At some point, we will take on the branding of what that looks like in terms of for the combined organization. We, the board, the Bay Citizen board, really firmly believe that the identity and the branding, as new as we were, meant something to people here, and that was what we owed to ourselves, to Warren,

to our donors in the community, to ensure that that continues. Rosey and Phil get it. I feel really good about where we are.

01-00:42:56

Rubens: Tell me a little more about the boards.

01-00:43:06

Hirsch: It was the Bay Citizen board. Warren deliberately kept the Bay Citizen board very small in the beginning, because it was a working board. We wanted to keep it where we could move fast, be nimble, and also where decisions could be made. He also recognized that over time, we were going to need to expand it. But that's very typical in terms of the growth of an organization.

01-00:43:29

Rubens: So it hasn't expanded particularly significantly.

01-00:43:33

Hirsch: No, because the CIR board was very large, and Phil had reduced the number of board members. I think we're sixteen. But most everybody has stayed involved.

01-00:43:46

Rubens: In terms of the Hellman Foundation, is there going to be a continuous stream of some order?

01-00:43:52

Hirsch: The family made another gift to the merged organization. This is an important part. They're interested in it as well, and so will continue to be interested in what goes forward.

01-00:44:06

Rubens: So the hope is that you can still tap into these corporate sponsors or other sources?

01-00:44:10

Hirsch: There's a really strong development team that is focusing on that, but Mick and his siblings—I say Mick and the siblings, Warren's kids—are interested in this, and so we'll have Phil come in and talk about it. There's a fundraising event for the Bay Citizen, CIR, the combined organization, and Mick is on the host committee for that.

01-00:44:48

Rubens: What was the firm that helped you with the branding?

01-00:45:02

Hirsch: We used a group, Joey's Corner, and they did it because I had previously worked with them on some other projects. They did it more or less pro bono, because the firm's principal, Michael Osborne, I had worked together. He had a son who died young, and so he wanted to do a few things for the community. He worked with me on another project related to kids, and that's

really what he does. This, I took to them and I said, “Are you interested in it?” They really only do things that are tied to kids. I started this thing called City Fields Foundation. It’s another project that we run with somebody. It was doing fields for kids. His focus really is on stuff for kids, but because we’d worked together, I asked whether they were interested and Michael said yes. It’s a really hard thing finding the right branding firm for a new business in a long-established field. Names are what people remember, and we felt really strongly, back on the Bay Citizen part, was that even though it was still new, that it was a brand that we wanted to continue to build on, or at least hold onto until we came up with something much better. We didn’t want it just to go goodbye and be done.

01-00:46:11  
Rubens:

So maybe it will stay.

01-00:46:12  
Hirsch:

Yeah, we’ll see. I think everybody feels, frankly, much more comfortable. It took a little while. But Rosey is a great—Rosey Rosenthal, who runs CIR, the team at the Bay Citizen really like him. I think they feel much better about this merger, what it was, because each person brought something to the table. It wasn’t an acquisition. It was really in terms of what each organization had. As I keep saying, one and one was going to equal a lot more than two in that way. The reach would be better, the quality, the stories would be better, the synergy would be better. Funding would hopefully be easier to get on a more sustained basis. Looking at stories that then could be covered with—there’s a relationship with KQED. BBC’s going more deeply in the Bay Area. It really is filling this void.

It’s a great project. I’m glad you’re covering this.

01-00:47:19  
Rubens:

I think you’ve given a really wonderful view. I think we’ve gotten most of the history of how Bay Citizen evolved. I think this isn’t a history of the Bay Citizen. It’s really about Hellman’s role.

01-00:48:28  
Hirsch:

And whether it was his Hall of Infamy or having you listen to a new CD—if he had something he wanted to be about, he wanted others to know about it and to engage in it and understand it. His appetite for issues was insatiable. And he was genuinely interested in other people. He wasn’t dressed in Armani suits. IN the online stream you’ll hear Tricia talk about the jacket that Warren wore. This plaid jacket was like a suit jacket, but it was a blazer. It was ill-fitting, and there was quite a nice story behind it. I don’t know if she’ll be able to tell it again. That was what he would wear. But the two stories that I always think about, very quickly, were quite funny. I took my partner to meet him. I said, “You’re just not going to go by what he wears. It is not what is important.” Warren showed up for breakfast with pencils in his pockets and

lead stains. He had an old belt and battered shoes and crumpled socks. It was just not what was important.

Then he and I went to a meeting with Riley Bechtel, the head of Bechtel, with somebody else one day. Riley's office was pristine. It was sort of like General MacArthur. There wasn't a piece of paper on the desk. It was very quiet. We were sitting there having this conversation in this meeting about something when, all of a sudden, Warren says, "Oh, shit." One didn't speak that way in this environment. Warren was looking down, and literally he had horse shit on his shoes. He forgot to change his shoes when he got finished being in the stable. That was just who he was. He was just totally unpretentious in that way. He had a real disdain for people who tried to impress him with who they were or what they knew. It was about the people and what you did. It was not jewels. It was not having houses everywhere. It was not fancy cars. It was really what did you do with your day and what kind of person were you. That was the measurement he would use, really.

01-00:51:33

Rubens: Just so razor-sharp in business, bottom line, but at the same time, just such a humanitarian. Just committed to philanthropy.

01-00:51:43

Hirsch: Humble in that sense of thinking about what was important, and not wanting to tie too many strings. You asked about kind of the micromanaging of the organizations. He was, "You know better. You know what you're doing. Here's your money. And hope things get better." Often, it would be small grants would have as much impact as a million-dollar gift. There would be three hundred, four hundred organizations a year that would receive funds, and some were smaller amounts and some were larger amounts, and everybody was very grateful because you had the imprimatur that if Warren Hellman was involved, then it was that you were a good organization. He was very willing to get involved and help organizations and help on political campaigns. There was a letter he was writing, and he had done four or five. I said, "Why don't you just write one letter and say, 'Here, here's the list of things I'm asking you to give to,' and people could just check the box." Because he was willing to get out there and speak out on behalf of issues and organizations and people he cared about. That differentiated him from a lot of people. He didn't care what other people thought. When you said about the open door, others in his same kind of status or stature probably would not have met the broad range of people or been willing to meet with people whose views were diametrically opposed, on whether political issues, homeless issues, education issues. If you were smart, then go ahead and let's debate it.

01-00:53:24

Rubens: He could talk with people of any background. The music, of course, was what the connection was, but he talked about Hazel Dickens.

01-00:53:29

Hirsch: Oh, Dickens. She was not crazy about him when she first met him.

01-00:53:32

Rubens: That's what he said. He talked about how they came from such different backgrounds, such different values.

01-00:53:38

Hirsch: But the consistency, what it was, I think, that they shared, he abhorred pretention and people who were pompous. And she came thinking, okay, he's rich and a Republican, therefore he must be—it was sort of like a tautology, and he was so not that. As you said, you see him shuffling around in his khaki pants and this ill-fitted jacket. He drove his own car. Was extraordinarily accessible, and Chris very much—you'd see her at the grocery store.

01-00:54:09

Rubens: You mentioned having the horse stuff on his feet. He talked about stable boys and people he rode with—people from such different walks of life that he became close with.

01-00:54:27

Hirsch: And his sense of humor. He was often quick to say thank you. And you knew you'd done something really right, that he loved, when he'd say "Hot dog!" That was the expression. "Hot dog!"

The story made me think of—Hellman and Friedman did a holiday party every year. A woman had come to meet him from Brookings Institute to update him—he was on the board—maybe to ask for money. They had their meeting. That night was the Hellman Friedman holiday party, and it was a scavenger hunt and people were dressed up. He got dressed up as Miss Marple. Let me tell you—his own words—no Miss Marple was less attractive than Warren dressed up as Miss Marple. The sensible shoes, the dress that was sort of a shirtwaist, and that gray wig. He's in a van for the scavenger hunt, and he gets out on Grant Avenue, and coming towards him is the woman he had met with that morning. She was almost about ready to walk past him, almost didn't recognize who it was, and he grabbed her arm and said, "Hi, how are you?" This was probably twelve years ago. She looked at him. Here was this man dressed in a dress, and she didn't know what to say. She was absolutely speechless. He just starts talking to her. "Hi, hi, hi." She just almost couldn't decide whether she wanted to get away from—who is this guy? He's totally crazy, dressed as a trans—what was it? He was so proud of that. I remember we were talking about it a few days later, and he had a Brookings board meeting to go to. He said, "I don't know what she's going to say when I see her." I said, "You should take the clothes in the bag, and then at the end of the meeting, say, 'Is there a bathroom here? I need to change,' and see what she says." He had a great sense of humor.

The stories he loved to tell, and jokes, and most people could never remember them, but you'd walk in and you'd hear these unbelievable jokes. I'd walk out of the office, and I couldn't tell you any of them right now. His mind to remember things!

01-00:56:32

Rubens:

Of course his knowledge and memory of lyrics was extraordinary —and limericks.

01-00:56:43

Hirsch:

He definitely had a sense of humor. But it came back to, think of why he was a success in business, in terms of remembering numbers. When he was at Lehman, what he said and I'm sure Philip talked about, he wanted to create a business that was his and that was run in a way that treated people well. He was very bottom line-oriented in terms of asking questions about finances, and at the same time, the staff at Hellman Friedman would say he'd walk around the office and say goodnight to everybody before he went home, and he knew something about everybody's life personally. There wasn't a distant kind of distractedness to him. They were like family.

01-00:57:24

Rubens:

And he had this gift of sizing up people. It was very important to him what the management staff was like and they would go into certain companies because of the quality of the people. He told me, "Usually I would get really pissed off at people if they weren't running it well, but there was this one guy I liked so much, who had run the company poorly, but I stayed friends with him."

01-00:57:56

Hirsch:

He had a temper. He could get irritated.

01-00:57:59

Rubens:

Would you see that sometimes?

01-00:58:00

Hirsch:

Oh, sure. Oh, sure. We'd call it going to Siberia. Somebody else said it was going to the cornfield. I said, "No, if it was Siberia, you didn't want to go." He could be angry, but he would come around. He was a unique human being.

01-00:58:21

Rubens:

That was a huge loss for you.

01-00:58:24

Hirsch:

Personally, professionally, but I felt so lucky to have known him, to have known him as well, and to have a seat at the table. There was that great book written after World War Two. You know it? *Seat of History* or something. Both being part of watching, engaging, I learned an extraordinary amount from him. To see how, with his kids, and when you talk with Tricia, they're carrying on that tradition. For her, the importance of Judaism, both from the



religious, but the cultural and the tzedakah and what it means to be part of the community. He came to that—

01-00:58:59

Rubens: He said she brought him to that.

01-00:59:02

Hirsch: One of the other things I'm most proud of that I gave him, I have this great picture on my phone when they were doing their Bar and Bat Mitzvah. I had a yarmulke made, a kippah, that had "Cal" on it. I took this picture in his office, and he wore it, but he put the "Cal" on the front when they were having the ceremony. It was just too funny for words. He was really proud that he did it. It meant something to him. Again, that appetite to learn. His Torah class. He would invite people in, and it has continued. What an amazing kind of tribute to him that it didn't stop. It was really hard for Tricia, I think, to think about continuing it. We have this amazing rabbi who is funny and challenging, and Warren really liked him. It is that continuity, and that's, in a personal way, said about playing it forward. His kids and generations of people who have been touched by him will have that opportunity to do that. I don't say that in a corny sense. He touched people's lives in a very personal and special way, and each person felt it differently than somebody else, which is why I love the stories that people share, the emails that I got. People all wanted to share their own stories. There are thousands and thousands of people who feel that way about him.

01-01:00:22

Rubens: What a heartfelt this is going to be, the Hardly Strictly this year.

01-01:00:26

Hirsch: Yeah, and Tricia for the free clinic lunch that she does every year, that he did. I used to call it the bar mitzvah lunch, or the bat mitzvah, because he was so proud of Tricia. He came last year. It was prescient and poignant and powerful. Just extraordinary to see him there. He stayed, and there were a lot of questions whether or not indeed he was going to be able to get there.

[End of Interview]