



THE FORBES 400

DYNASTIES

THE PERELMANS

FUNNY BUSINESS

LBO maestro Ron Perelman and his dad, Raymond, in an intimate conversation about rebellion, success, mistakes and the meaning of life.

BY KEREN BLANKFELD

PHOTOGRAPHS BY
NATHANIEL WELCH / REDUX FOR FORBES

Ronald Perelman had been working for his dad, Raymond, for a decade or so when he asked to be promoted to president. His father said no, and Ronald, hurt and astonished, quit. That clash, more than 30 years ago, strained relations between the two for half a dozen years.

It also turned out to be a pivotal moment in modern capitalism, a decision that would affect thousands of lives and billions of dollars. Ronald went on to become a feared and notorious corporate raider and LBO specialist, using MacAndrews & Forbes to acquire interests in cosmetics, entertainment, biotech and military equipment. Today he is worth \$12 billion. Raymond, meanwhile, more quietly expanded the family's paper products, metals and freight business. He has built up a smaller fortune, much of which he has given away.

Family trauma has bound Ronald, 68, and Raymond, 94, more tightly than ever. Raymond is suing Ronald's younger brother, Jeffrey, alleging







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fraud and breach of contract stemming from a 20-year-old agreement. Jeffrey is countersuing his father and brother, claiming defamation. And in late July Ruth Perelman—Raymond's wife and Ronald's mother—died.

"Now we both need each other," Raymond says. He's sitting in Ronald's midtown office in August during an unprecedented—and touchingly candid—joint interview. "He lost his mother, I lost my wife, you know? Who do I turn to? I got nobody but him. And so we need each other."

Ronald cuts in. "I need him more than he needs me."

"What'd you say?" asks Raymond.

"I NEED YOU MORE THAN YOU NEED ME!"

"No, that's not true."

Deeply affectionate though their relationship is, they still don't see eye-to-eye on lots of things. Over the years, as Raymond got involved in philanthropy, Ronald increasingly turned to modern Orthodox Judaism—something his dad still doesn't quite understand. They disagree about politics. Nor does Raymond seem to grasp Ronald's idea of family: five wives, four divorces. Raymond was married to the same woman for 70 years.

Still, they have found common cause in pooling resources. They joined forces a year ago in a failed bid to buy two ailing Philadelphia newspapers. And they've discussed giving jointly to their alma mater, the University of Pennsylvania (to which Raymond recently gave \$225 million to name a school for him and Ruth).

Father and son walk to the photo shoot together, holding hands. Raymond straightens his suit, smooths back wisps of cotton-white hair and asks, "How do I look?" Ronald eyes his dad, "You look good." As the camera clicks Raymond looks at his son, his eyes cutting mischievously. "You're bald!" he says. "How did that happen?" Ronald laughs, checking out his dad's shiny pate. "Well, we're alike; we both have fires in our belly," says Raymond. "We both won't quit, you know? At 94 I'm buying a company. What's my window? If I have five years it's a lot. I'll be 99. Until I get there I'm acting like I'm 50. And he has that fire in his belly. He ain't gonna quit. And I ain't gonna quit."

Impatient to get the story rolling, Ronald stands up and walks to the door. "His mind is as agile as it ever was," he says, stepping out. "Now, if he'd get a f---ing hearing aid, he'd be 100% perfect."

GROWING UP—
AND BUTTING HEADS

RONALD: He taught me how to ride a bicycle. We took trips around the world together with my family, but early on I just was fascinated by the dynamics of business. He never said no to me about going with him to a meeting or to a factory or to an activity that related to business. So from a very early age I was exposed to this stuff. And then when I graduated from [college] I got engaged. At that point, during graduate school, I was working nights for him.

I was the night foreman of a galvanizing factory, which is hot and smelly and dirty and miserable. And then I [got] an M.B.A., and then I worked for him full-time. I worked for him until about 30 years ago when I had the title of executive vice president and chief operating officer, and I said to him, "I want president and chief operating officer." And he said, "No." And I said, "Well, then I'm going to go off on my own." He said, "Okay."

What did I learn from him? I think I'd start with the need to make decisions: people, customers, whatever. He'd say, "Look, if you don't make a decision, a decision will be made for you. And if someone else makes the decision for you, it might not be fixable." And the only time he would really get pissed off at me is if I didn't make decisions. Not so much that I [messed] up but that I didn't make decisions.

One time he got mad at me because we had a brewery, and when I was about 16 years old, I was working on the loading platforms unloading the trucks. We used to unload the cases of beer by hand, put them on a roller and roll them upstairs. It would take these guys like two hours to unload the truck. And I said, "Watch this." And I unloaded the truck in 15 minutes.

All of a sudden, I hear on the PA system, "Ronald! Ronald! Come into my office." So I go, walking through the factory, and there's nobody working. I go into his office, and I said, "Where did everybody go?" He said they left to go on a walkout. I said, "Why?" He said, "Because you were changing the work rules, which allowed them two hours to unload the truck, and you showed them [how to do it in] 15 minutes. They don't want to unload the truck in 15 minutes, 'cause then they only need a third of them." That was typical of my learning experiences.

RAYMOND: [Laughing:] You wanna tell her the story about the fire? The insurance?

RONALD: I'll tell her. You'll take two hours to tell her. We bought a company [that made ship doors]—

RAYMOND: I'll tell her—

RONALD: Will you be quiet for a second? We bought a





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company, and we really, really squeezed them on the price. The sellers were really pissed off. It was outside Philadelphia in Willow Grove. And the night that we closed on the deal, there was a fire. It was arson; it was the guys doing it. So I call up my insurance broker and said, “How much are we covered for?” He said, “You never told me to cover it.”

So it turned out that we had little bits and pieces, sort of straddles of other insurance policies that we got something out of it. So I called my dad, and we drove out to the fire, and we were watching this fire, and I’m like sick to my stomach, and he says, “How could you have done such a stupid thing?” I said, “I f---ed up.” And there was somebody standing next to us, one of these brothers, and heard the

comment, “I f---ed up.” And when we sued the insurance company—we had an applied policy because I did call the broker, but I never gave him the closing date—they used “I f---ed up” as their pivotal defense, and they won. And he never forgot it, but he never blamed me for it.

RAYMOND: Well, it was an incident that—what did we lose, a million dollars on that insurance?

RONALD: No, no, no.

RAYMOND: No, that insurance was a couple of million dollars that was covering the plant.

RONALD: Really?

RAYMOND: Yup. And we got nothing. But that’s all right. I told him [*laughing*], “You just learned a lesson.”

RONALD: That’s what he said to me, “You just learned a lesson.”

RAYMOND: So let me tell you something, it was a strong lesson. That never happened again!

RONALD: I’ve always made sure we’re insured.

THE EARLIEST YEARS

RAYMOND: My father came over [to the U.S.] at age 16 from Lithuania. And he couldn’t read or write English and neither could my mother. She came over as a teenager. My mother was taught to be a housewife, and my father was taught to make a living, but in the end he found himself a business.

I was working for my father. The headquarters [of our paper products company] were in Philadelphia. But he was getting orders in the South. And so we were running the freight 24 hours a day, shipping it to the South when I said to my father, “Look Dad, I could make a living on the freight!” So he said, “What do you want to do?” I said, “I wanna open a plant in the South.” So he said, “Well, go ahead and do it.”

So I went to Greensboro, N.C., found a building, sent the equipment down and started the plant. I was a single man in Greensboro, which was a good town with a lot of affluent Jews in it. There were two [women’s] colleges in town. And one night I was invited to dinner, and Ruth was there. I talked to her, and I began to date her and court her, and next thing I know her father and mother are coming down to look at me! [Laughs.] We got engaged, we got married in New Haven.

We were married in ’41, and in ’43 Ronnie was born—the first baby born in Greensboro in ’43. The newspaper wanted to have a write-up, so they called us up and said, “Your child’s the first baby, what’s his name?” I said we hadn’t named him yet. And the next day the article was “Little No Name.”

And about six months after he was born, I got word I was being inducted into the army. [By the time I was called up,] it was late in the war. I was ready to go to Okinawa with a flight crew when they dropped the bomb. Then they sent us home.

My father died, and then we became owners of the plant. It was in our hearts that whatever we had would go to our





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children, you know what I mean? And so I had all intentions of leaving the company to the children. Trouble is [laughing] I'm still running it, and then I began to expand. I made my first million dollars on a brewery.

ON HIS OWN

RAYMOND: The incident—of when he wanted to leave, and I didn't want him to be [promoted to] president—he was too young. I think he was 24—

RONALD: [Laughing:] I was 34!

RAYMOND: No, you weren't.

RONALD: [Still laughing:] Yes I was!

RAYMOND: Well, I still thought you were too young. And I didn't wanna give up on the control of everything, you know? He was 34, I was 54.

RONALD: I figured I'd have no problem, he'd say, "Yes, you're now president," and—

RAYMOND: Well, I told him he could have anything he wanted, you know, he knew he had my support. He went to New York, and in the first year he made \$42 million. He calls me up, he tells me he's buyin' a jewelry company, Cohen-Hatfield. You wanna tell them about the deal?

RONALD: They had three businesses. One was like 15 stores and malls called Hatfield's [with] a wholesale business and lease departments at primarily Wal-Mart. I didn't want to be in the jewelry business. So the first thing I did was sell the mall retail stores to People's Drug in Toronto, Canada.

So I sold that, and the day it was announced in the *Wall Street Journal* I got a call from Sam Walton. And he said, "This is Mr. Sam, I understand you just bought my lease departments." I said, "Yes, sir, I did." He said, "I'd like to meet you." So I said, "Sure, when would be convenient?" So he says, "How about tomorrow morning?" So I flew out to Arkansas, and we had breakfast at his Holiday Inn. And we got along very, very well. And I met him probably a dozen other times while we owned the stores. They were a profitable sector. And he said to me one day at a meeting, "I know you want to get out of this business one day. When you're ready, call me up."

So a few months later I called him up, and it just worked beautifully. That investment created my relationship with Wal-Mart. And from that we have been very, very close. Today they're 40% of our business. Department stores are zero. And they've just been the greatest partner in the world. They have made, single-handedly, America more efficient.

RAYMOND: I really didn't hear any of that. I'm going to read about it. As you can see, he became a billionaire, and I'm still struggling. [Laughing.] No, I'm not struggling, but I'm doing very good. So it was great for him, and it would not have happened working for me. Because he did things I would not have done. And that's what you do when you're out to make a lot of money. You've got to take risks.

GETTING EVEN

RONALD: [Back in 1970 my father] did a tender for the stock [of a company that he really wanted to buy, MacAndrews & Forbes,] but the board got a local guy who owned the local racetrack to buy the stock and blocked his tender at a higher price. So this guy who owned the racetrack owned [MacAndrews & Forbes] for a couple of years and then sold it to two guys that we both knew.

RAYMOND: Larry Katz and Sam Rosenblum.

RONALD: And they would never sell us their stock. And he tried to buy it, and I tried to buy it, and then they sold it to a





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guy named Buddy Kaufman from Binghamton, N.Y. And this was at the period where interest rates skyrocketed up to like 24%. And I knew they were having trouble carrying their investments. So I called up a mutual friend, who was an investment banker in Bear Stearns, and I said, “See if Buddy will sell it.”

And so I go up there to Binghamton, and I meet with the family. He says, “Let me think about it, I’m gonna be in New York [City], let’s have lunch tomorrow afternoon.” So I said, “Sure.”

We had lunch, and it’s this inconclusive meeting. So I walk him halfway back to his office, and I open up my jacket, and I give him a check—a certified check for what I was willing to pay for the stock. And he took it, and he looked at it, and he said, “I’ll call you back in 15 minutes.” He called me back in 15 minutes and said, “We got a deal.” Now before this happened, before I made the offer, I called up my dad, and I said, “Look, this stock is now available.” I said, “You wanted it first. If you wanna do it, go ahead and do it.” And he said, “No, you do it.” And that’s how I got the company.

RAYMOND: I was glad, I mean, you know, he was so young, and it was really a very attractive thing, and he still owns it, and that’s like, I don’t know, 50, 60 years later. I was happy he bought it. Look, I never competed with him, okay? In my mind I never did, I maybe—we didn’t have that kind of relationship. He did what he wanted to do, and I would do mine on a much smaller scale.

LEARNING TO GIVE

RONALD: I learned [about philanthropy] from a very early age watching my parents. And hearing from them how important it is to give back to the community. And I saw them do that.

And [my father and I] both sort of oriented toward the same kind of things—medicine, Jewish education and education in general. We both shy away from large structural organizations like the United Fund or where so much of the money is eaten up in overhead. So we like to do stuff where the money will get used for what it’s intended. So I pretty much got my pattern of giving to follow his pattern of giving. He was chairman of the board of the Philadelphia Art Museum and gave the Perelman Building at the museum; I was chairman of the board of the Guggenheim, he gave the Perelman pavilion at the Guggenheim. So, you know, I learned a lot in following him as to what he was doing.

EMBRACING RELIGION

RAYMOND: Can I add something? The Ruth & Raymond Perelman Jewish Day School, which kids go to instead of a secular school, kids go there for Judaism. I want you to hear this, Ron, it’s very important. The one thing I don’t understand about Ronald. Everybody asks me the question, “Why he is so religious?” And so I said to him one day, I said, “Ronald, why are you so religious?” Now, I did take him to Israel, and he didn’t want to leave, but he did leave. And so I said to him, “Why are you so religious?” He says, “If I’m gonna be a Jew, I’m gonna be a Jew.” And he is almost so Orthodox, and his religious beliefs, it’s incongruous with me and my wife and the siblings. [Looks at Ronald.] Do you know that? You know that.

RONALD: Mmm-hmmm.

RAYMOND: But you will tell me now. Why are you so religious? And, just a second, let me add one thing. I love it. There’s nothin’ wrong with it. And it’s great, and I’m proud of it. You don’t know this, I’m very proud of the fact that he’s

Deal Makers—
And Breakers

The Perelmans have bought and sold lots of companies. Some of the major hits (in gold), misses (red) and current holdings (gray):

RONALD PERELMAN

2007 FANEUIL

2006 DELUXE ENTERTAINMENT SERVICES GRP

2004 AM GENERAL

2003 ALLIED BURTON

2003 SCIENTIFIC GAMES

2003 SIGA TECHNOLOGIES

1999 TRANSTECH PHARMA

1998 PANAVISION

1994 GOLDEN STATE BANCORP

1989 COLEMAN

1989 MARVEL ENTERTAINMENT

1989 NEW WORLD COMMUNICATIONS GROUP

1988 FIRST GIBRALTAR BANK

1985 PANTRY PRIDE

1985 REVLON

1984 CONSOLIDATED CIGAR

1983 COMPACT VIDEO

1982 TECHNICOLOR

1980 MACANDREW & FORBES

1978 COHEN-HATFIELD

RAYMOND PERELMAN

1994 BELMONT HOLDINGS

1992 RPG HOLDING

1987 CHAMPION PARTS

Year indicates date of initial investment.





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so—and he stands out, he stands out! I mean, here's a guy who's got so much money he can't spend it, why is he religious? He has these Orthodox kids he brings from all over the world when he wants a minyan [a required quorum of ten adults for prayer] on Saturday, he flies them in.

RONALD: I'll give you the answer.

RAYMOND: What?

RONALD: I'LL GIVE YOU THE ANSWER!

RAYMOND: Go ahead, that's what I want to hear, son.

RONALD: [Speaking slowly:] As I grew, it became very clear to me that what I do, I am not doing alone. I am placed in situations with opportunities in those situations that others are not. I don't believe that that is happenstance. I believe that there is a God that has a plan for me. And, you know, why did I get some of the things I got and other people didn't? Some of it, it was just—I walked in on the guy at the right moment, and the day before he wouldn't have done anything, and that day, you know, he got something from his wife, and he was feeling good or something.

And so I believe that God plays this enormous role in my life. And I believe that it's my obligation to give back and to follow the rules that were set. And it also gives me an enormous sense of my own place and an enormous sense of stability. And I don't work on Shabbos. I don't answer the phone on Shabbos—

RAYMOND: He won't talk to me on Saturday!

RONALD: I won't drive on Shabbos. I won't do it, you know? And [my wife] says that "That is an amazing thing for you. Because it cuts off the 300 phone calls you get a day and people come to you with—nobody comes to you with good stuff; it's always a problem." It allows me to just spend the day with my family and sleep and relax and get reinvigorated. And she said, "That is clearly the purpose of it—I can see it in you."

But I truly believe that I am placed where I'm intended to be placed, not my doing. Now, I have to take the opportunity and make good of it, but I am given the opportunity, [it's] not created.

RAYMOND: Now this is a very touching moment. I'm tellin' ya. As close as I am to Ronald, I didn't realize that was his motivation. Okay. And so it's, it's something that I believe but in a different way. Why do I give to charity? I want to do good for other people. I want people to have the benefit of what my money will buy for them.

RONALD: Right.

RAYMOND: Better health, better Judaism—and he—in a sense, we're the same. I just didn't have the patience to be as religious as he is. I mean, it's remarkable. This is a very touching moment, I wanna tell you something. In the whole of my 94 years I've never heard what I just heard. I never heard it. And I love it. I love it. I mean, what's bad about it? Can you complain about someone loving God? In his own way and what he wants. That's remarkable.

BFFs

RONALD: We were unbelievably close before I moved to New York. He was my father and my best friend and my employer. And then when I moved that got a little bit strained. After that we got back into the rhythm of it.

[What ended the strain?] I don't know. I think maybe just 'cause we missed one another? 'Cause I appreciated the efforts that he made when I was getting divorced. He didn't have to come see me. He came like every week, you know, [always asking,] "Are you okay?" And so I think we've been unbelievably close for many, many years now. And we talk a couple times a day. He yells at me a couple times a day, but we've got a fabulous relationship. [Best friends?] Yeah. Yeah.

He's gonna come to the beach next weekend. He came on the boat one week in December. My mom was so sick in the last couple of months, he would've come on in the summertime. But now that my mom's not here, he'll be free to come on the boat in December and next summer when he wants. And that's a good time for us to deal with one another, because there's not a lot of noise around, not a lot of people and we just relax.

[To Raymond:] CAN YOU HEAR A WORD I'M SAYING?

RAYMOND: What? No.

RONALD: I said that now that Mom's gone, you're gonna come on the boat.

RAYMOND: Can I say something? Before you close this?

RONALD: She's closing, she's closing, go ahead.

RAYMOND: Now can I go ahead with what I want to say? Now, you don't print this unless he wants to print it, okay? If I went to God and asked for a son, I couldn't have got a better one.

RONALD: Aw, that's very sweet. You can print that. **F**



"He yells at me a couple times a day": Ron, Ray and the writer.

