

Deal Maker



Wreckage is this man's pathway to success. To read his story, turn page

Rebuilding slums—the perfect



By George T. Orick

SOMETIMES IT IS not enough to simply want to make money. Sometimes hunger and forces combine in a man in such a way that he *has* to make money, has to inspect every situation for its profit possibilities, *has* to keep his methods, his ideals, his politics flexible so that no dollar will be lost to him that his money urge tells him must be his.

If such a man is handsome, dominant among men, charming among women, his lifework is easy. If he is not all of those things, his task will be harder, but he will still become wealthy—because he *has* to.

Every town has a handful of such men. You recognize them by their conservative Cadillacs and their air of quiet urgency. These are not the publicized business leaders of your city; these are money makers who move quietly from one deal to the next shifting with public opinion rather than forming it, wanting only the ecstasy of negotiating and the money it brings. Everything about them is unspectacular: they are mild men, family men. And community curiosity about them is mild, too, satisfied by vague rumors (“owns half the town, . . . behind every deal you read about, . . . made his money boot-legging”).

The case study of Sam Caspert will tell you a lot about how such men operate, how they make money. You’ll begin to understand how *The Deal* can be almost as important as anything else in life, how the making of one dollar can be as satisfying as the making of a million. You may never read about Sam again. That would be all right with him. He pays no public relations man to build a myth for you. He has his mind on other things.

Nowadays Sam Caspert is giving his total energy to replacing several blocks of New York City slums with skyscraper apartment buildings. After a lifetime of small deals, of finding dollars where other men weren’t smart enough to look, Sam is in the big time.

Why is he clearing slums? Civic interest? Hardly, even though there is sincerity in his love of New York’s deteriorating West Side. Public acclaim? No—he squirms under the spotlight. He showed none of the easy grace of the publicity seeker two years ago when he testified

before a Senate subcommittee poking into operations at one of his two big slum clearance projects.

The truth is that Sam Caspert became a slum rebuilder when Congress wrote profit into the ideal of decent housing for tenement dwellers. It was no accident that Sam was one of the first money gatherers in the country to go after the big subsidies Uncle Sam was offering to slum clearers. He knows about slums: he has been operating in and out of them for most of his life as a real estate speculator, an auctioneer of distress merchandise, a supplier of furniture to landlords converting their apartment building into rooming houses to milk the highest possible rent from New York’s impouring Puerto Ricans.

Without fully knowing it, Sam had been preparing for years to answer the postwar clamor for rebuilt cities. When public opinion was ready to make slum clearance as profitable as slum operation, Sam was ready to clear slums.

The shaping of Sam Caspert’s need and talent for making money deals probably can never be traced. He is not introspective about it, for he sees nothing unusual about himself. But, from the brief words he has spoken about his earlier years, he made three or four major moves that cinched his development as an effective money operator.

Cash, always cash

Certainly there was no tradition of successful money-making in his immediate ancestry: his father and mother immigrated from Russia in 1870. His father’s grocery business was hardly successful, and the family tried farming in upstate New York for a few years. Sam was through with school at 13 and was back in New York City driving a structural steel truck at 15 to support his parents. He probably felt the first strong pull of the money urge at age 19, when he climbed off the truck and became a salesman in a furniture house.

The Deal, in its full range of wonders and excitement, was first made known to Sam when he was 26; it was then that he went to work for an auctioneer. As quickly

deal for Sam



as he could, he accumulated a few hundred dollars, and then he too was an auctioneer. His procedure was simple: he followed bankruptcy sales, bought, say, \$100 worth of goods and sold them a few days later for \$135. His little stockpile of working cash began to grow.

By the time Sam was 35, the Depression had closed in. He had the cash, the experience and the reputation to be called in to liquidate businesses whose only other fate seemed to be bankruptcy. He turned some 100 sinking enterprises into cash, ranging from drug stores to undertaking establishments.

But Sam Caspert did not become a generator of business until 1935; that was when he opened a furniture store on the upper West Side, at 99th Street and Amsterdam Avenue. There's something about Sam that will never let him wait for business to come to him. Many a storekeeper has stagnated on his first day in business, and has thereafter nourished his dream self on the myth of the Small Independent Businessman. But not Sam. He had seen a new market opening, and he had a plan to move into it:

Owners of brownstone apartment houses on the West Side were cutting large flats into furnished rooms to cash in on the movement of Puerto Ricans into New York. Sam's normal share of the rooming-house furniture boom probably would have given him an adequate income. But he had to have more. He offered brownstone converters a package furniture deal, took down payments in cash and the balance in notes. Then he sold the notes immediately; cash had meaning for Sam. But still sales were not moving fast enough, so Sam put his wife in charge of the store while he operated the Metropolitan Rooming House Assn. Again, his procedure was simple: New brownstone converters joined the association, and their registration cards became Sam's sales leads. The inside track was his.

Inevitably West Side property values dropped as oversensitive Americans fled to the East Side. Banks and other mortgage holders panicked, and Sam was ready with cash to buy first mortgages at bargain prices—fifty cents on the dollar, or lower. Alone and as a member of buying

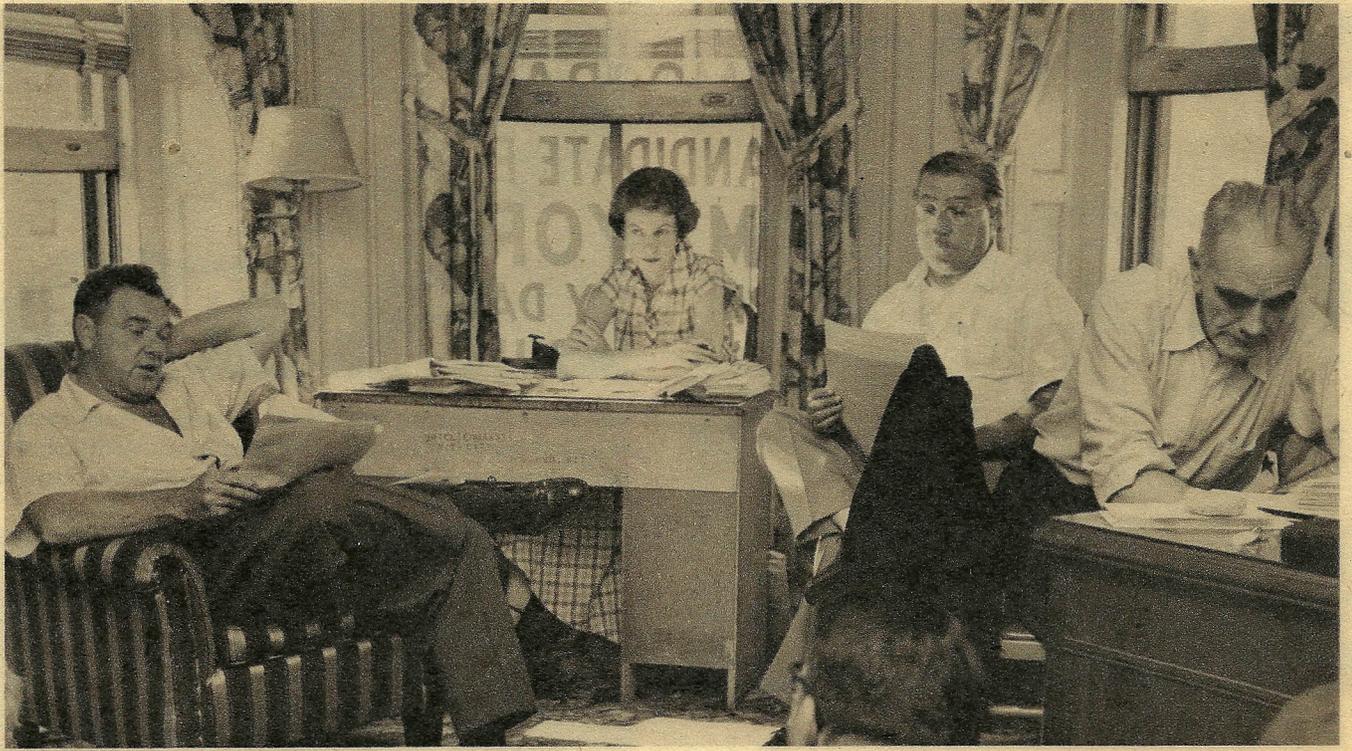


For Sam, it's a long way from driving a truck to talking his way from deal to deal in a black Cadillac. And it's a long way from his first hundred-dollar auction.

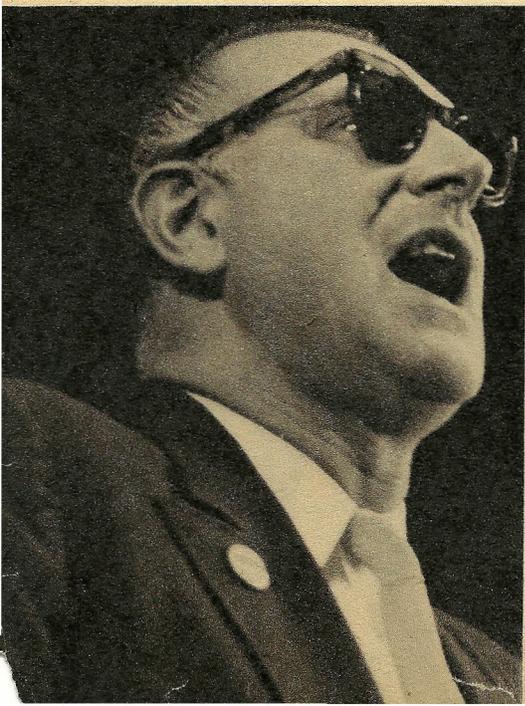


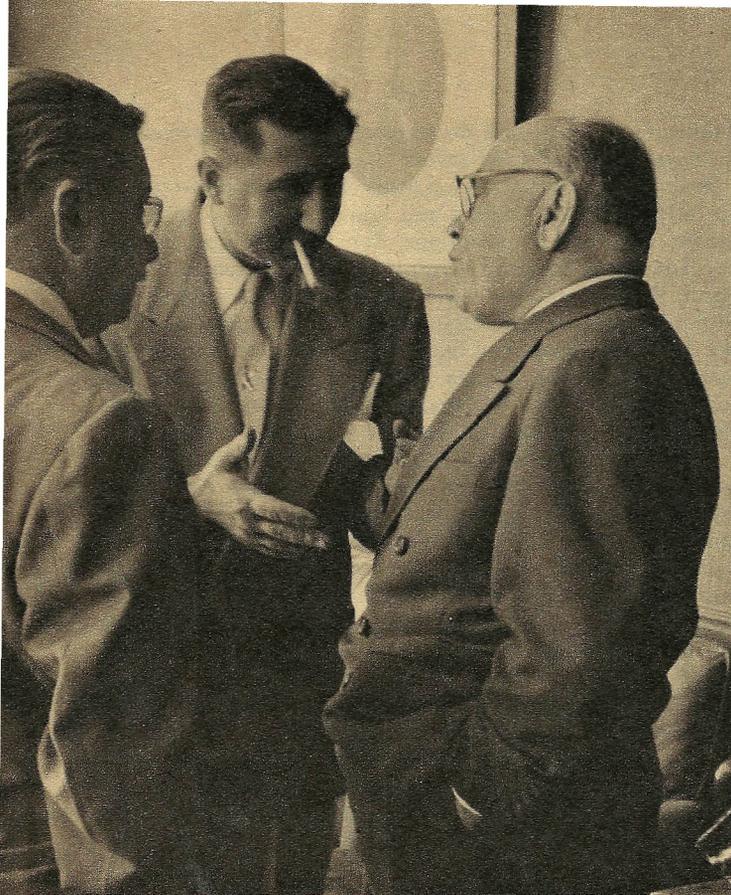
Sam and his syndicate acquired thousands of tenants when they bought six New York slum blocks. He talks rent, above, with shoe-shine stand operator. Sam switches easily, below, from master-minding enormous projects to arguing with contractor on taxpayer job.





Political flexibility keeps doors open no matter who's in power. Sam was backer of Robert Blaikie, above left, rehearsing TV talk, during bitter 1953 fight against Tammany Hall. Year later Sam was back in corner of victor Carmine De Sapio, below. Right, Sam with two handpicked De Sapio candidates in 1954: Anthony Akers, Congressional hopeful, and Averell Harriman, New York governor. De Sapio, New York Democratic boss, still has not restored Sam's city marshallship, lost in '53.





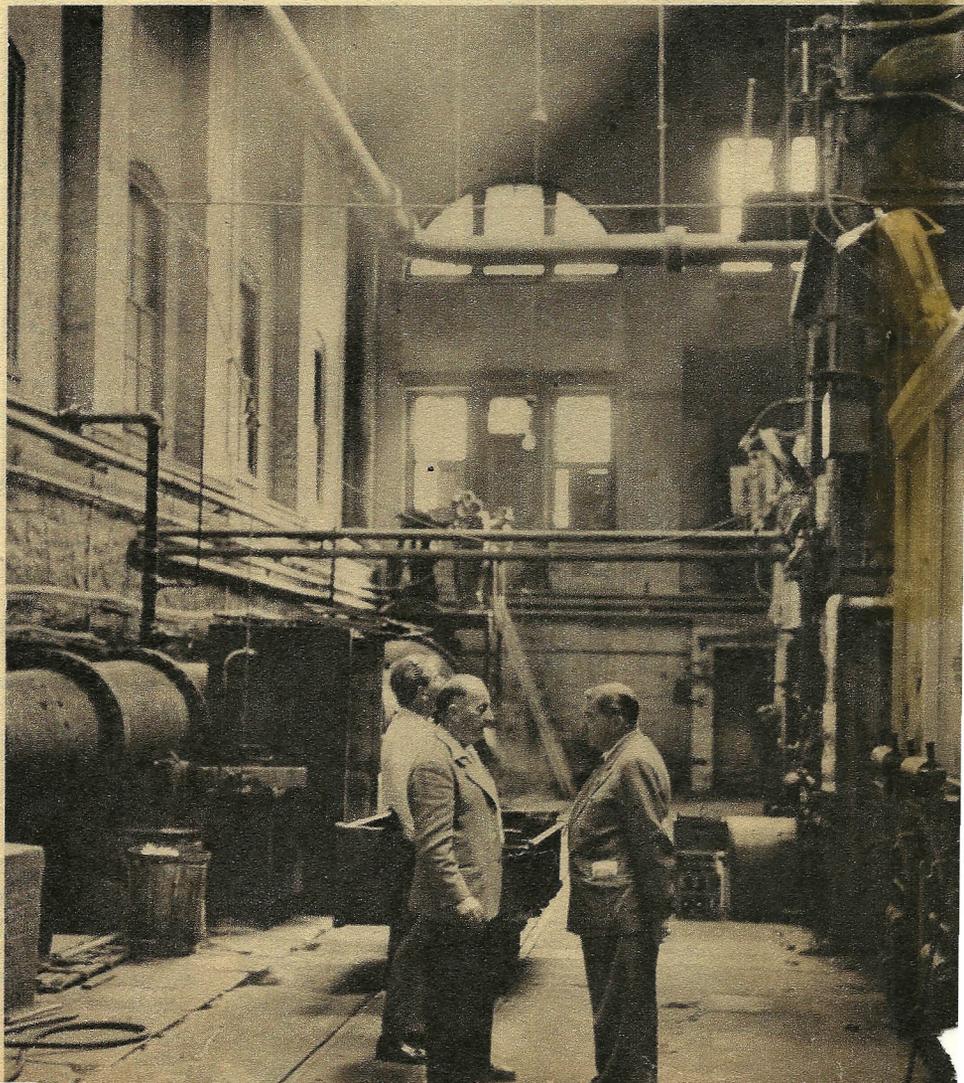
The Deal is everything. There are few joys to compare with that of coming out on top in a money deal, even if the figure is fifteen dollars and the subject is a second-hand refrigerator.

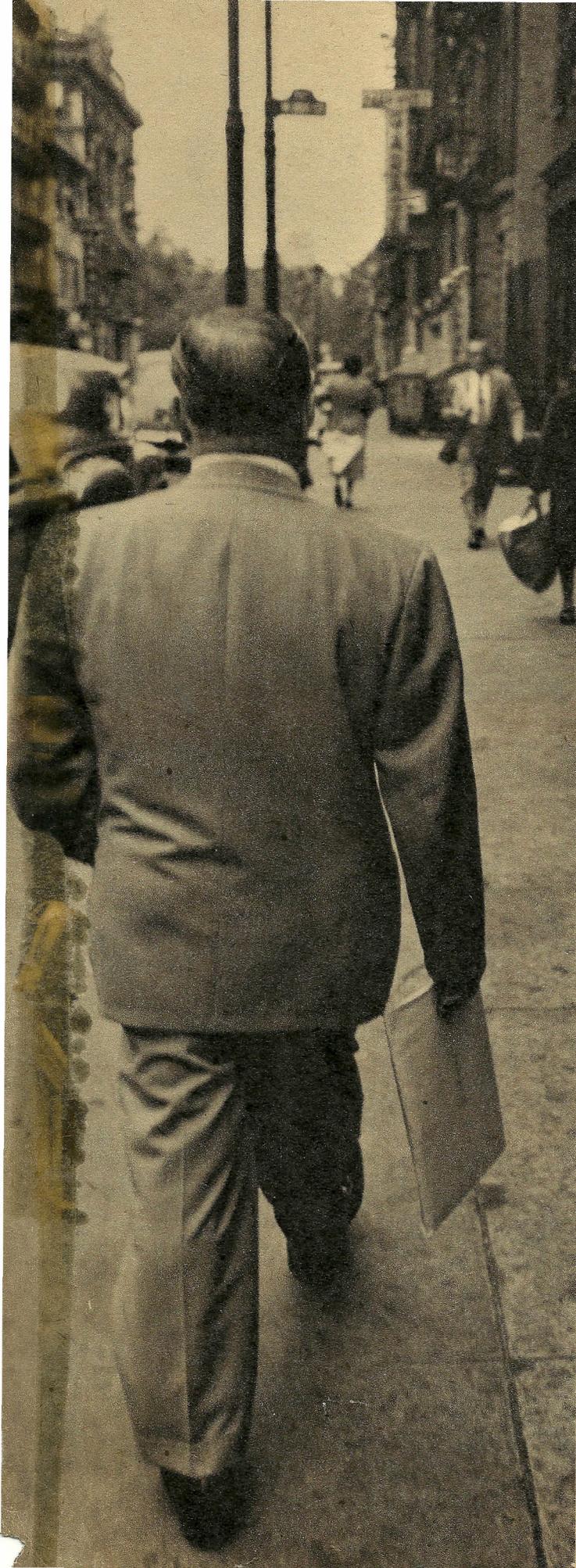
An incident that occurred, right, in an obsolete New York City water pumping station on the site of one of Sam's slum-clearance projects illustrates his open mindedness to all money-making possibilities. Sam was appraising the old pumping machinery for its resale value. A city water engineer thumped a huge iron settling tank and said, "There'll be thousands of eels in there when you take it apart. People come from blocks around to get them."

"Eels?" asked Sam.

"Yep. They get filtered out of the main when they're little, and they grow up in there."

Sam began to speculate on the price of eels. It was suggested that he subscribe to a daily government service giving the wholesale prices of fish, so that when his contractors demolished the pumping station, he would know what to charge the West Siders for the eels. Sam did not follow through on the suggestion, nor did he sell the eels, but it is important that he saw the possibility of turning them into money.





syndicates, he has said he picked up some 65 parcels of depressed land in three years.

Easing in and out of varied deals often depends on pleasant relations with holders and administrators of political power. With a few exceptions, Sam has handled his political negotiations well, even if he has left losers of political fights dismayed at his foresight in picking the winning side. Conveniently, what moderate prestige hunger he might have has been channeled into a practical recognition of the values of minor office-holding. For years he was a city marshall; the shield on his Cadillac pleased him, and he had entry into city departments.

"You just put a couple noughts on the dollars you're talking about." That's how Sam explains his movement into a big dealing. Actually it wasn't quite so simple. The times were ripe for enormous private-money slum rebuilding projects, and Sam was ready for the job. He had the political know-how to maneuver himself into business as a slum clearer, and he needed no one to explain the profit potential to him. But he needed help, so he called in some business friends, who in turn called in some business friends. Soon a big syndicate had been incorporated as Manhattantown, Inc.

This deal was perfect in all ways. Sam Caspert, who was saddened daily by the growing shabbiness of his West Side, was negotiating into existence modern apartment buildings—and stood to make plenty of money doing it.

Taking advantage of federal subsidies, the group was able to buy six blocks of West Side slums, valued at about fifteen million dollars, for under four million. They could collect rent from more than three thousand tenants until the tenements were demolished, and then, by reading the federal housing law right, could borrow mortgage money covering the full cost of building enough middle-income apartments to house thousands of families.

The deal-making habit is strong. Sam, aware that federal slum-clearing subsidies were offered to encourage profit-motivated operators like himself to rebuild cities, approached the two big projects under his guidance with a practical aim: he wanted to make money.

Sam was dismayed and mystified when Congress changed the deal under which he had been working. In 1954 the federal housing act was changed. It ended the popular practice of getting government backing for mortgages covering the entire cost of housing projects. A Senate subcommittee went on the road for a pre-election investigation of big builders who made big profits. It was inevitable that Sam should come under their scrutiny.

To his credit, Sam made a poor witness, for he just couldn't seem to see that there was guilt connected to making money. It was evident from his testimony that he and his associates simply hadn't been able to resist numerous profitable side deals. Even the presence of his counsel, Judge Sam Rosenman, famed speechwriter for FDR, couldn't save Sam from the suspicion that Manhattantown was being milked. For one thing, there were no new buildings built. There still aren't. For another there was a dreary roll call of friends and relatives of Sam and his associates clinging to the payroll.

But the committee changed nothing: the noise ended and Sam returned to his wonderful routine. The wonder of Sam's slum-clearance operation is that he has been able to satisfy his deal-making and money-making urges daily, and that the pattern of his days will have its effect on the appearance and living conditions of his city. So far, he has left only gaping holes where there were slums, but there is little doubt he will fill them with tall, new buildings. There's money in it.