

THE PRIVATE CODES OF QUIET MONEY

TOWN & COUNTRY

NOVEMBER 2017

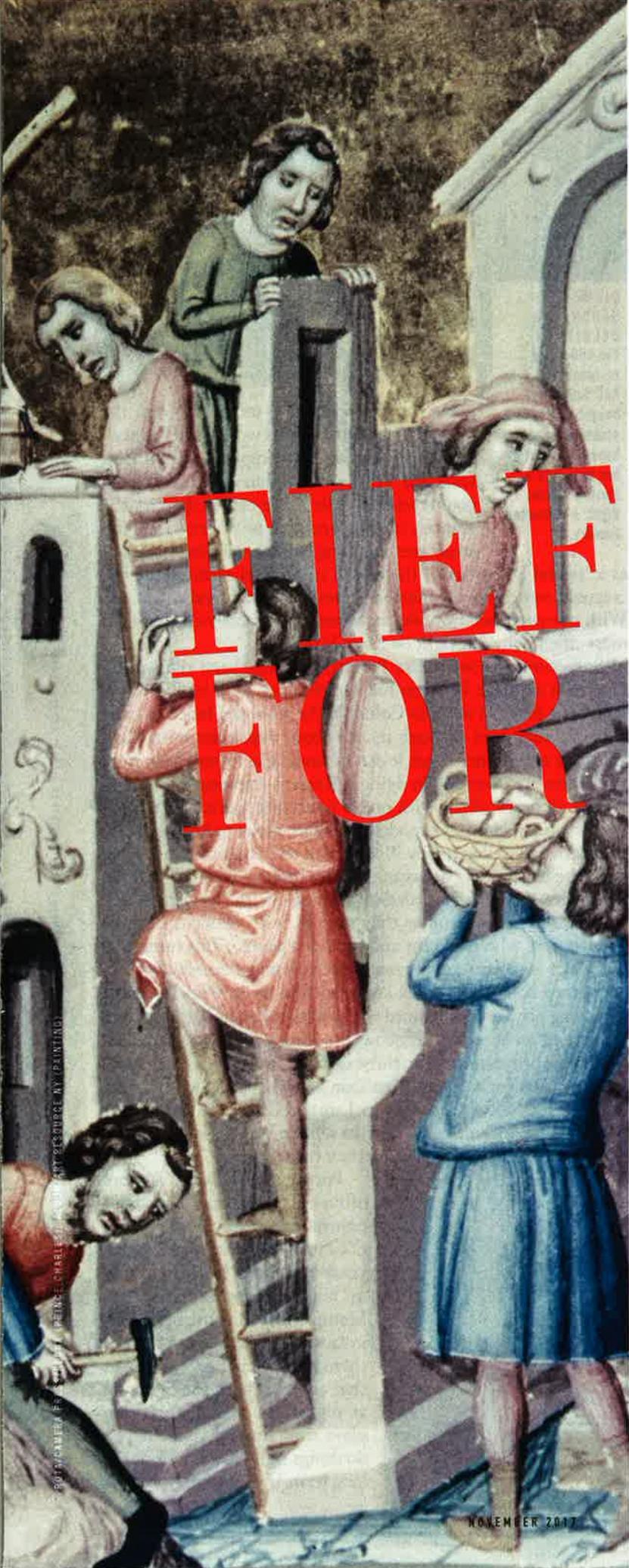
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MULTIMILLION-DOLLAR MANSIONS ARE *YESTERDAY'S STATUS SYMBOL*. NOW THE RICH ARE BUYING UP *ENTIRE TOWNS*. WHAT COULD GO WRONG?

FLY FOR DOMS SALE!

By Bob Morris

When most people arrive in rural Sloatsburg, New York, they see a down-and-out main drag with no charm. Michael Bruno, who created and then sold Istdibs.com, the innovative online antique furniture and design site, sees nothing but potential. So much of it, in fact, that he bought up a good portion of the town. He has also purchased a market and pub in nearby Tuxedo, a small, struggling hamlet riddled with shuttered shops that lies just outside the famous gated enclave of Tuxedo Park. “We’re branding the area the Gateway to the Hudson,” he says.

It is early summer 2016, and I’ve made the short drive up from Manhattan for a tour. Bruno is a youthful and impetuous man with a salesman’s bluster and a high-end decorator’s taste. In 2012 he moved to a mansion in Tuxedo Park, then started to buy and sell homes there at a staggering pace. “I needed something to do after Istdibs, and I’ve always loved real estate,” he says. Also, he wanted to be an architect as a child. But he has no more time to talk about himself with so much to show. Throughout 2016 and into early 2017 he bought 24 properties to turn into high-end businesses in an area that is very much in need of major resuscitation.

“That place will have the best fish tacos in the region,” he says as we zip in his black BMW 7 Series past a funky drive-in on an unsightly stretch of Route 17. He shows me an abandoned building that will become an antiques market on a 12-acre farm he bought and a yellow building that he compares to a crack house and says he will demolish. Just past the Master Arms Gun ➔

PHOTOGRAPH BY CHARLES W. HART/ART RESOURCE NY (PAINTING)

➔ Store in Sloatsburg, he pulls up to a dilapidated row of houses. A crew has already fixed the porches and put in trees, rosebushes, hydrangeas, and pea gravel—phase one of what he calls the Valley Rock Inn Complex.

“This will be a resort, café, and farmers market for people biking up from the city,” he says. “We’re having a big dinner when our farm stand opens here in early July.”

Across the noisy road is a strip mall. Bruno, who has spent about \$12 million so far in acquisitions and labor for this part of the project, doesn’t seem to care. He envisions foodie tourists flocking up to eat and hike in Harriman State Park. He imagines rolling hills, horse fences, beautifully restored buildings, barns housing restaurants and shops, and a grassy village green where a sprawling parking lot used to be.

“It’s going to be a village for all seasons,” he says.

Bruno is the latest in a long line of wealthy benefactors who have wrapped their arms around a town they love in the hope of helping it not just survive but thrive. Along with cash they bring political clout, a track record of getting things done, and, for better or worse, a vision of how things should work.

Just a few months ago the *New York Times* reported that Diane Hendricks, co-founder of ABC Supply (and the second-richest self-made woman in the country), was buying up derelict properties in downtrodden Beloit, Wisconsin, to remake the town into a startup-friendly place. She moved the library into a failing mall and repurposed the building as a performing arts center. She bought a beleaguered country club. “I see old buildings and I see an opportunity for putting things in them,” she said.

Whether in Milford, Pennsylvania (revamped by Judge John Biddis in the late 18th century), Kohler, Wisconsin (incorporated by Walter J. Kohler in 1900), or Catskill, New York (where Etsy founder Rob Palin renovated a 19th-century textile factory in 2013, setting up workshops for artisans in the struggling river town), the thought of controlling one small physical pocket of an uncontrollable world has long appealed to a certain type of idealist.

It doesn’t take a social scientist to see why this phenomenon is trending again now. Small town living and walkability have become assets as we come to realize that social media isn’t always so social. Prince Charles, following the lead of Milton Hershey, the chocolate



DIANE HENDRICKS
BELOIT, WI
The billionaire co-founder of ABC Supply has bought up derelict properties and hopes to transform her town into a startup mecca. *Right: A converted foundry.*



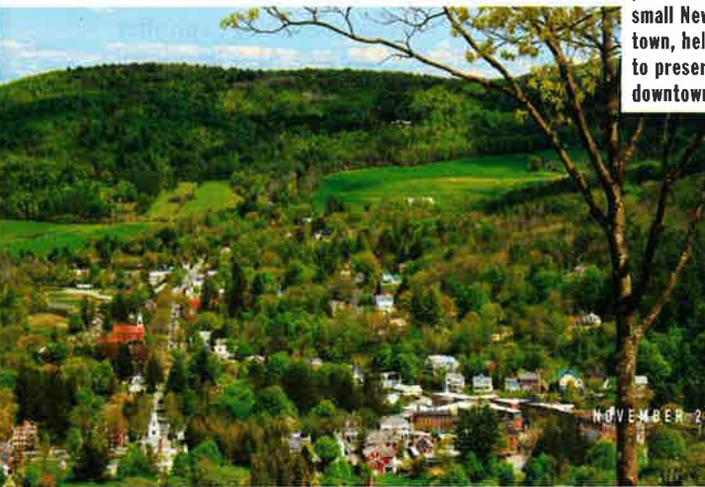
purveyor who created a model town in the early 20th century for his workers in Pennsylvania, recently saw the completion of his ideal walkable village, Poundbury, in the English countryside. While some critics dismiss the prince’s utopia—replete with neo-Georgian structures set along ye-olde winding streets—

as a “feudal Disneyland,” the town’s traditional architecture has created a sense of old-fashioned community in a brand new place. With one-percenters wondering where their money can have the most effect, why not right on Main Street?

Sometimes, as with Elsa Peretti, who has been renovating houses in a village in Spain for herself since 1968, or Bill Koch, who built his own town in Colorado (he tried and failed to close the road that goes through it), it’s about aesthetics more than anything else. Other times it can be nostalgia. In southern Italy foreigners are investing in dying hill towns, creating homes and jobs of all types, along with hotels to attract tourists. And then there’s money. Hershey’s model town was meant to keep workers productive as well as happy. That part of the tradition—profiting from the land and its occupants—goes back to the Middle Ages, when French kings rewarded loyal vassals with fiefs: entire villages or districts to run as they saw fit, with resident farmers and laborers who paid rent and provided goods. (This summer a savvy San Francisco couple created their own modern-day fiefdom when they bought the street and sidewalks of Presidio Terrace, a blocklong private enclave lined with multimillion-dollar mansions. Because of an error, its homeowners association had not paid a particular property tax for three decades. The city put the common areas up for sale, and Tina Lam and Michael Cheng bought them for \$90,582 at auction. Now Lam and Cheng are considering their options, including whether to sell the land back to the residents or charge them to park on their own street.)

Fortunately, idealism is more often the motivation. “I’m about community,” developer Greg O’Connell told the *Times* several years ago about his rush to buy up buildings on Main Street in Mount Morris, a rust belt town in upstate New York, and rent them at low cost to businesses that agree to keep the lights on at night and change their displays four times a year. “If you do things right, if you look at the long term, if you’re fair, you don’t

LAURANCE AND MARY FRENCH ROCKEFELLER
WOODSTOCK, VT
The couple (left) were longtime patrons of this small New England town, helping to preserve its downtown area.



JILL SWIRBUL (BRUNO); TUXEDO HUDSON COMPANY (SLOATSBURG); DEBRA MILLET/ALAMY (AURORA BUILDING); POST-STANDARD/GLORIA WRIGHT (ROWLAND)

have to look at the bottom line every two seconds.”

His inspiration to be a “socialist developer,” as locals call him, is more Jane Jacobs, the urban sociologist who believed in the ballet of daily life, than Donald Trump. But even Rick Caruso, the Los Angeles shopping mall magnate, talks like an idealist about his recently approved plan to revitalize downtown Pacific Palisades. He isn’t sure the movie theater that the locals want is financially viable, but he’s giving it to them anyway. “Residents don’t want to have to leave their neighborhood,” he told the *Los Angeles Times*. Across the country, in Marshfield Hills, Massachusetts, people feel the same way, and they can thank actor Steve Carell for purchasing, in 2009, the faltering general store near his summer residence. He told the *Boston Globe* that buying it was more of an emotional investment than a business move.

“Places like the Marshfield Hills General Store represent a gathering place and give people a sense of community,” he said. Never mind saving the whales; save the general stores and the towns they serve.

This trend isn’t a new one. As far back as 1907, Pennsylvania coal magnate James W. Ellsworth returned to his comatose hometown of Hudson, Ohio, to find that Main Street had burned down. To revitalize it he made deals with the town’s government, buried power lines, and planted elms. He even moved houses so they would line up more aesthetically and then invested in the local college. In the 1940s, Chicago industrialist Walter Paepcke saw sleepy Aspen, Colorado’s potential and founded both the Aspen Skiing Company and the Aspen Institute, because he knew that bringing in culture would give the town an identity. In the 1960s, Laurance and Mary French Rockefeller helped preserve the 19th-century architecture and rural feel of Woodstock, Vermont, by building a handsome inn as a central point for the town, burying power lines, and creating a scenic district to protect the best views.



MICHAEL BRUNO
SLOATSBURG, NY
The founder of 1stdibs.com has launched a second career as small-town white knight. Right: Phase one of the Valley Rock Inn Complex.



Of course, cautionary tales are as much a part of the narrative as happy ones. In 1989, Kim Basinger and some developers bought most of Braselton, Georgia, 50 miles northeast of Atlanta, from the family that gave the hardscrabble town its name. The plan was to make Braselton a tourist attraction and open a movie studio. Instead, when the actress, a

Georgia native, declared bankruptcy, jobs vanished and businesses imploded. She was lambasted.

Around the same time Bruce Willis, then married to Demi Moore, swept into Hailey, Idaho, near Ketchum in Sun Valley. He saw potential and quickly dumped millions into renovations that created a vintage-style diner, a lavishly designed bar, and a state-of-the-art movie theater. He also became the employer of more than 200 people. But his swagger rankled some townsfolk.

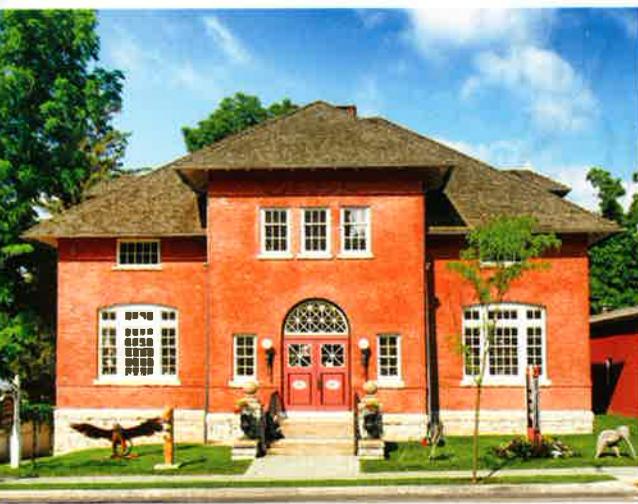
“What he’s done to this place is turn it into a stage set,” one resident told the *London Independent* in 1999. “It’s a projection of his onscreen persona.” It didn’t help when reality hit the star with a slew of box office failures, along with the demise of a business he co-owned, Planet Hollywood, all of it coinciding with an expensive divorce. According to the *Independent*, Willis upset locals by closing down a bar, leaving buildings empty, and then abandoning a plan to bankroll holiday fireworks displays and to fund a children’s recreation center. “Of course people are resentful,” one waitress sniped.

But, then, if you kick one person in a small town, 10 people say ouch. The locals, who make up the bulk of both the customer base and the workforce, have to be handled with care.

Pleasant Rowland, the founder of the doll company American Girl, learned that the hard way in Aurora, New York, the Finger Lakes town where she had attended Wells College. Aurora had lost its luster, she felt, and having sold her doll empire to Mattel in 1998 (for \$700 million), and at the behest of the college’s

president, she swept in from her home in Wisconsin to make things sparkle again. She renovated an inn, planted trees, and rebuilt shops and sidewalks. She redecorated and upgraded the menu at a popular local bar and grill, too. But as she waved her magic money wand—redoing six buildings and two grand homes—resentment grew. A local coalition sued. Residents called her snobbish and complained about her closing some mom-and-pop shops. They protested with [CONTINUED ON PAGE 172]

PLEASANT ROWLAND
AURORA, NY
The founder of American Girl (right) swept into her college town, renovating an inn and opening an arts center (left).





FIEFDOMS FOR SALE!

[CONTINUED FROM PAGE 161] bumper stickers and claimed that the dollmaker from out of town was turning their community into a dollhouse. They took to calling the town “Pleasantville.”

“Physically, she added some new buildings,” a local told the *Milwaukee Journal Sentinel* in 2007. “But in a social sense it seems like she has unapologetically torn the place apart.”

A few hundred miles away, meanwhile, Andrew J. Hall, an Englishman who was a former Citigroup oil trader, was buying up property in Reading, Vermont, and irritating some of the inhabitants. According to a 2013 *Bloomberg News* report, they found the \$65-a-gallon wood-fired maple syrup and other pricey products from his Downton Abbey–like gentleman’s farm questionable. Mostly they didn’t appreciate his razing of more modest homes, even if he had paid a fair price to knock them down. One neighbor got into a dispute with Hall over the rights to a proposed power line. “Affordability for working folks is already a real challenge in places like Reading,” says Lyssa Papazian, a regional preservation consultant. “Enforced charm—you can keep it!”

This fall the perils of the municipal knight in shining armor were the subject of a new novel by Jonathan Dee. The Pulitzer Prize finalist’s *The Locals* tracks the arrival of a New York City billionaire in a small town in western Massachusetts and the corrosive effects of his community-minded largesse.

How to proceed without animosity? Jack and Irene Banning, the couple behind the impressive upgrading of Pine Plains, New York, are the textbook example of best practices.

One Sunday morning in July, I pay them a visit at the Pine Plains Platter, a hopping café on the tiny Dutchess County hamlet’s main street and one of the businesses the Bannings, who moved to the area from Tribeca in 2004 (in part in reaction to the World Trade Center attack), have helped

with a combination of a big checkbook and a soft touch. Breakfast at the Platter is good but basic, and it’s reasonably priced so as not to alienate full-timers. Among the enthusiastic customers I see the familiar face of former New York governor Eliot Spitzer in an I LIVE NY T-shirt. Spitzer has a home in the area, and he loves that Pine Plains is thriving after years of decline. “It’s amazing to see what some vision and dedication can do for a town,” he tells me.

That and something else the Bannings seem to have in abundance: sensitivity. “Nothing is more poisonous than the out-of-towners who know better,” says Irene Banning, a compact woman of 53 who grew up the daughter of a wealthy German-American couple in Bavaria. She has fond memories of a tight-knit community of rich and poor and the merry noise of carnivals, church bells, and the “oompa band” that played at her father’s funeral. “We don’t want to be perceived as the people who came to town to tell everybody what to do.”

Four years ago, when they and some partners bought Pine Plains’s derelict red brick community hall, they called a meeting with the locals. Eighty people showed up. “I told them we’d bought the building on behalf of the town and asked what they wanted us to do with it,” says Jack Banning, a ruddy and youthful man in his seventies who helped run Norman Mailer’s 1969 mayoral campaign and who started New York’s Off Track Betting parlors with not much more than a calculator in a tiny office. “What they wanted first was to get their laundromat back.”

With something like humble pride, the Bannings take me on a tour. We pop into their old-fashioned barbershop, which they rent to a bearded young barber with the requirement that he keep prices low. In the state-of-the-art laundromat in the basement of the community hall, which will eventually house a performing arts space and offices for charitable organizations, a woman folds clothes.

“Are you the manager?” she asks Jack.

He tells her he is, smiles, and asks if he can help her.

“I just lost a dollar in the soap machine and there’s no phone number to call.”

He bows his head and apologizes. Then he gives her a dollar. She thanks him.

“So that problem is solved and life is good,” he says.

With any luck, life will be good for Michael Bruno as well. When I see him in Sloatsburg a few weeks after my first visit

in 2016, he’s hosting a party for Yaddo, the upstate New York artists residency program, at the farm stand we toured. Attractively dressed guests admire what he has done with the derelict grounds of his new properties—a reflecting pool with a trickling fountain, roses and hydrangeas now in full bloom—and compare it to the south of France. “The whole town is like your canvas, and we’re so grateful,” a fluttery woman tells him. Indeed, if not for the dilapidated convenience mart across the street, it might be Provence, or perhaps a Hampton.

“Now, this is my idea of a farm stand,” he says of his just-renovated barn, which now has a walk-in refrigerated pantry, a picture window, and designer lighting. The evening is a nice way to inaugurate it, the first of his projects after a year of attending every manner of community meeting from village board to Rotary Club. He’s only a little bothered by an encounter from the previous afternoon, when a young local walked up and chewed his ear off for changing the community. Bruno, frazzled to the breaking point with all the work he’s overseeing, cursed him out and told him to get lost. But the following day he tracked the man down so he could apologize.

“I told him I was angry at his criticism, when I’m putting so much effort into making things better,” he tells me as guests pass with regional wines and farm-to-table dinners. “We talked a while. He told me his grandparents used to live in one of the houses I’m redoing and he used to mow their lawn. Eventually he told me that everyone is happy about the changes.”

I get the sense that it’s true. On my way out of Sloatsburg I drop in to a bar with a REHAB IS FOR QUITTERS sign and lottery TV screens. Customers looking out the windows wonder about all the people in pastels and plaids, who seem to glow in the dusk between passing headlights. “They’re leaving a party for the opening of a farm stand,” I say with a raised eyebrow.

“Oh, you mean Bruno,” several reply without judgment. I ask the bartender about the mogul’s reputation in the area. “This town is on the edge,” the bartender tells me. “It would be nice to see a change.”

As of this fall the change is coming to fruition, with Bruno’s opening of an inn, bike shop, and farmers market, with help from a \$750,000 grant from the state to make the area an enticing gateway to the Hudson River Valley. “It’s looking really beautiful,” he says.

Sometimes all a town needs is a white knight in a black BMW. «