



The World's Richest People

Buying City Hall

Matthew Miller 03.24.08, 12:00 AM ET

John Catsimatidis built a fortune in supermarkets, real estate and oil. Now he wants to become the next billionaire mayor of New York City.

On a recent dreary morning in Manhattan John A. Catsimatidis was gobbling a breakfast of egg whites, spinach and toast at Midtown's Harry Cipriani, a joint that gets its prestige from its prices rather than from its cuisine. Between bites the grocery magnate rattled off a few things he wants to accomplish this year: "I need to improve my public speaking, I need to know all of the problems voters are facing, and I need to lose 30 pounds to look better on television." Catsimatidis ("cat-si-ma-TEE-dees") wants to succeed Michael Bloomberg and become New York City's second billionaire mayor.

Why? The chairman of Red Apple Group--a holding company for the Gristedes supermarket chain, commercial real estate, an oil refinery and gas stations--doesn't have a snappy answer. "I don't want New York to turn into downtown Detroit," he says. "If we lose our middle class by allowing New York to be a place where only the rich and the poor live, it will be a disaster." He has built up his \$2.1 billion net worth through dumb luck and shrewdness, and he says he's willing to spend perhaps \$100 million of it to win the office, \$15 million more than Bloomberg spent to win reelection in 2005. The primaries are a year and a half away.

Catsimatidis has no press secretary and one political adviser; that's about to change. The newspapers have given him a little play, most of it dismissive. The only public position he's held: president of the Manhattan Council for the Boy Scouts of America. Then there's the flip-flopping. A supporter of Reagan "who fell in love with Bill Clinton," Catsimatidis, a lifelong Democrat, says he will run as a Republican candidate. He is an admirer of Bloomberg, an Independent with a socialist streak.

Does the grocer stand a chance? "There is nothing unique about him, except that he is rich," says Mitchell Moss, professor of urban policy at New York University and a onetime adviser to Bloomberg. "He won't be able to turn owning oil and supermarkets into votes."

Born on the island of Nissyros, Greece, Catsimatidis, 59, settled in uptown Manhattan as an infant. His father, who 'd been a lighthouse operator, found work as a busboy. John attended high school at Brooklyn Tech and received a congressional nomination to West Point. But instead of becoming a cadet, he studied engineering at NYU. During his senior year a friend convinced Catsimatidis to become his partner in a fledgling family

supermarket. For his share Catsimatidis agreed to work off \$10,000 at \$1,000 a month once they were profitable and to forfeit his stake if he missed a payment. They cleaned up the store and were quickly generating \$1,000 a week in profit. Catsimatidis soon went it alone, opening his first Red Apple grocery store in 1971. He never borrowed from banks.

By the time he was 25 Catsimatidis owned ten stores debt free and was grossing \$25 million a year. In 1977, when everyone in New York was selling real estate, he bought up \$5 million in Manhattan property. (Five years later, he says, the investment was worth \$100 million.) "A total accident," he says. "I wasn't smart, I just needed a place to put all the money I was making with the supermarkets."

Approaching 30, Catsimatidis got his pilot's license, then bought his first plane, a Cessna 206. His obsession with flying led to a new investment: the airline business. When gambling was legalized in Atlantic City in the late 1970s, Catsimatidis noticed that the big customers from New York City were arriving via limo; fellow gamblers from Connecticut and Massachusetts tended to stay put because of the long drive. Sensing opportunity, Catsimatidis built a small fleet of corporate jets to shuttle players from New England, a business that grew to 40 planes flying executives around the East Coast. He ran this business under three different names until 1990 and eventually sold out to Richard Santulli, who went on to create NetJets.

Then he overreached. In 1984 Catsimatidis bought regional airline Capitol Air, which operated half of what is now the British Airways terminal at JFK Airport. Capitol soon went bankrupt. "Airlines are a pricey business," he says. "I was really in it for the love of flying."

While trying to salvage the airline in bankruptcy court, Catsimatidis stumbled on the Chapter 11 proceedings of a fledgling oil outfit called United Refining Co., which was selling assets just to make payroll. In 1987, for \$7.5 million in cash, Catsimatidis bought all the shares and renegotiated with creditors, repaying \$120 million in debt over the next decade. Today United operates a refinery in Pennsylvania that processes 70,000 barrels of oil a day and will generate \$2.9 billion in sales this year. Additionally the company owns 372 gas stations under the names Kwik Fill, Country Fair and Keystone. In December Catsimatidis created a unit, United Refining Energy, and took it public on the American Stock Exchange, raising \$450 million as a blank-check company. There's not much float, and the units have barely budged from their \$10 offering price. No matter. It was a cheap way to lever up in order to hunt for another refinery.

The bid for Gracie Mansion is Catsimatidis' biggest gamble. He is grooming several executives to take over Red Apple in the event of a run, since a win would force him to give up operational control of all his businesses. It gets messier. Catsimatidis owns a parcel of land on Myrtle Avenue in Brooklyn and plans to build on it. The condo-and-office project, close to mogul Bruce Ratner's controversial Atlantic Yards development, will cost \$175 million to build, though it's proceeding piecemeal in a dicey market. If he were mayor, he'd have to steer clear of the project.

A big if. Catsimatidis says he has always been interested in politics, but got more involved after meeting George H.W. Bush. During Bush's term Catsimatidis, a devout Greek Orthodox, helped fund the construction of a new chapel at Camp David. He later raised funds for Bill Clinton's 1996 reelection, for Hillary Clinton's first run for the Senate in 2000 and for her current presidential campaign.

Last year Catsimatidis crossed party lines. He had to register as a Republican, he argues, because no pro-business candidate could ever earn the support of the New York Democratic Party. Fair point. First, though, he must convince the GOP he can win-- against such possible luminaries as Richard Parsons, the former Time Warner chief, and current New York City Police Commissioner Ray Kelly.