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OBITUARIES

Samuel Belzberg, Relentless Canadian Deal Maker and Philanthropist, Dies at 89

Investor made a fortune on 'greenmail,' lost it and started over in his 60s



Investor Samuel Belzberg was still making deals, golfing and going on fishing expeditions in his late 80s. PHOTO: BELZBERG FAMILY

By James R. Hagerty

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Samuel Belzberg, a Calgary, Alberta-born investor, made a fortune during the U.S. takeover mania of the 1980s and lost nearly all of it when real-estate prices slumped in the early 1990s. Then, starting over in his early 60s, he doggedly rebuilt his wealth by buying and selling property, a student-loan firm and a charter airline, among other assets.

A relentless deal maker, Mr. Belzberg once threatened to make a hostile takeover bid on Christmas Eve. At the family dinner table in the 1970s, he fired his teenage daughter Wendy from a summer job after finding she spent too much time gabbing with colleagues. He was still making deals, golfing and going on fishing expeditions in his late 80s.

Mr. Belzberg died Friday in Vancouver, a few days after suffering a stroke. He was 89.

For much of his career, he worked in partnership with two brothers, William and Hyman. The Belzbergs gained notice, he once said, partly because people were surprised to see “three hicks from western Canada” competing with Wall Street titans.

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In the 1980s, he and his brothers often bought minority stakes in

publicly listed companies. Executives at those firms, fearing a takeover, frequently paid a premium to buy out the Belzbergs, giving them a quick profit. That was known as “greenmail” and widely criticized as unfair to other shareholders, who didn’t get a chance to sell at the same price.

Mr. Belzberg blamed the executives for wanting to pay him off rather than listen to his ideas about how to improve performance.

Greenmail petered out in the early 1990s, partly because of stronger corporate takeover defenses. By then, Mr. Belzberg was tired of the controversy. “Life changes,” he told *The Wall Street Journal* in 1990. “We’re not going to do that anymore.”

He was born June 26, 1928, in Calgary. His parents, Hilda and Abraham Belzberg, were Jewish immigrants from Radom, Poland. Abraham Belzberg worked on a farm in Alberta and in a slaughterhouse. Later he opened a furniture store and invested in real estate.

In the late 1940s, Sam Belzberg earned spending money by selling used cars while completing a two-year degree in commerce at the University of Alberta in Edmonton. Then, starting with a small loan, he began investing in real estate and oil leases. In the early 1960s, he opened a trust company providing mortgage loans and other financial services.

The Belzberg brothers in the mid-1970s acquired Far West Financial Corp., the owner of a savings and loan institution in California. Mortgage lending provided a financial base, but Sam

Belzberg had grander visions and invested in scores of companies, including the makers of Skill power tools and Hamilton Beach blenders.

“I don’t want to sit there and approve mortgages all day,” he explained.

He first attracted notice on Wall Street in the early 1980s after accumulating a 23% stake in Bache Group Inc., then making a \$40 million pretax profit when the securities firm was sold to Prudential Insurance Co. of America for \$385 million.

He went on to make fast profits on investments in companies including USG Corp. and Ashland Oil Co. He invested alongside T. Boone Pickens in Gulf Corp. and profited when Chevron Corp. bought Gulf in 1984.

In 1989, the Belzbergs threatened to take over Armstrong World Industries Inc., a Lancaster, Pa., maker of floor coverings. Unlike many previous targets, Armstrong fought back effectively. With public opinion roused against corporate raiders, Pennsylvania legislators passed a bill making hostile takeovers more difficult. Legal problems at Drexel Burnham Lambert Inc. eliminated a source of financing for the Belzbergs. They sold their Armstrong stake for a loss estimated at \$13.6 million.

Plunging real-estate prices in the early 1990s devastated Belzberg companies in Canada and the U.S. In 1991, U.S. regulators seized their California savings and loan as part of a broad rescue of failing thrifts. The Belzberg brothers feuded over the business debacle, and a nephew replaced Sam Belzberg as CEO of the family’s flagship company, First City Financial Corp.

Furious over what he saw as a betrayal by his brothers, he moved on swiftly to rebuild his fortune, largely by purchasing distressed real estate. One of his profitable early-1990s deals involved teaming up with Barry Sternlicht, then the fledgling founder of Starwood Capital Group, to buy an apartment building in Colorado Springs. “He’s one of the few people I’d do a deal with on a handshake,” Mr. Sternlicht said Thursday after learning of Mr. Belzberg’s stroke.

Mr. Belzberg was a major donor to the Los Angeles-based Simon Wiesenthal Center and founding chairman of that organization, which pursues research and educational projects related to the Holocaust. He founded Action Canada to provide fellowships nurturing young Canadian leaders.

He is survived by his wife of 68 years, Frances, a sister, four children, 16 grandchildren and 12 great grandchildren.

His daughter Wendy recalled that Mr. Belzberg was upset when he learned during her university days that she hadn’t gone to a synagogue on the holidays of Rosh Hashana and Yom Kippur. “He gave me a long lecture about not caring whether I believed in God or not, and the

importance of sitting and identifying as a member of my Jewish community when other Jews were celebrating the holidays.”

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