CHAPTER FIVE

RUNNING WITH THE REICHMANNS

Interhome Energy and Interprovincial Pipe Line

THE HOPEFUL FUTURE THAT GERRY MAIER pointed out, as well as my own natural optimism, would prevail for the next couple of years. Then came the Reichmann brothers, doggedly on the hunt again. No matter how experienced, forward-thinking, and incommand an executive you think you are, events conspire to control you. Unexpected external forces come barrelling down and toss you off your carefully chosen track.

In this case, the unforeseen forces were the reclusive scions of a family that was among the ten richest in the world. Paul, Albert, and Ralph Reichmann were casting a large shadow from their headquarters in Toronto. I'd probably heard by then that the roots of this ultra-orthodox Jewish family harked back to at least eighteenth-century rural Hungary (where an ancestor adopted the Germanic surname meaning "wealthy man"). Their story would unfold in magazine articles and books throughout the 1980s, and it described how the family's descendants moved to Austria and lived there until the anti-Semitism of the '30s propelled them to Paris. Then, with the Nazi occupation of France, they settled in Tangiers, where the patriarch, Samuel Reichmann, became a wealthy currency trader. In the early '50s, his sons began to migrate to Canada, first to Montreal and then to Toronto. And there, in 1964, Paul and Albert formed a small industrial development company, Olympia & York. Two decades later, with Ralph and their parents as equal partners, they'd shaped a multibillion-dollar enterprise that was building the four towers of New York's enormous World Financial Center at Battery Park City and, in 1986, was a year away from opening London's massive Canary Wharf development, featuring Britain's three tallest buildings on reclaimed east-end Docklands.

Over the years, they'd acquired the English Property Corporation of London, which had ten million square feet of office space in Britain and Europe. Through that company, they held a fifth of the shares in Canada's third-largest developer, Trizec of Calgary, and had another 58 percent jointly with Edper Investments, owned by another important Jewish-Canadian family, Edgar and Peter Bronfman. The Reichmanns also controlled most of Block Brothers Realty of Vancouver, the West's largest real estate firm. But there was so much more beyond property in their portfolio. They'd bought Canada's Abitibi-Price, the world's major newsprint producer, and Cassiar Resources, which was rolled into Brinco Ltd., the huge natural resources company. And they'd held the largest piece of Royal Trustco and minority positions in the forest giant MacMillan Bloedel of Vancouver, and for a while, even Bow Valley Industries, where Gerry had presided until 1985.

And of course, they'd made that play for Hudson's Bay Oil and Gas a decade earlier. When that failed, the brothers began buying up shares in the conglomerate I was about to join, Hiram Walker Resources. In time, they discreetly assembled a 10 percent bloc that cost $200 million. They had a couple of objectives: One was simply to hold sway over a flourishing enterprise, and the other, to convince Bill Wilder to help them acquire another oil company. Bill had been executive VP of Gulf Canada, our secondbiggest petroleum producer, before leaving to become chief executive officer of HWR. In an attempt to do what they hadn't done with Conoco, the Reichmanns planned to hold enough stock to induce Gulf Canada's controlling

American parent, Gulf Oil, to sell its Canadian subsidiary. But when they announced their intention, neither Bill nor Hiram Walker's Hatch family would entertain the idea of collaborating with them.

That was then. In 1986, the Reichmanns finally got Gulf Canada, which was generating revenues of $5 billion a year. In the U.S., Chevron had bought Gulf Oil that year, but the Brian Mulroney government insisted the Canadian subsidiary must be offered to domestically controlled buyers. Up stepped Olympia & York. In a typically complicated transaction, the brothers actually acquired Gulf Canada by persuading it to buy their pulp-and-paper company, Abitibi-Price, at the same time—in effect, Gulf was helping to finance its acquisition with its own money (and paying double what the Reichmanns had). Arguing that they were saving a Canadian company, the brothers also managed to finesse a half-billion-dollar tax break from Ottawa by capitalizing on an intricate and heavily criticized legal loophole called "the Little Egypt Bump" (after an old-fashioned stripteaser). Peter Foster described the loophole in his book *The Master Builders*:

> Gulf Canada's oil and gas assets were on the books at much less than their market value. Oil and gas assets, moreover, could be written off against income. So, if the assets' book value for tax purposes could be "bumped up" to their real value—or even more—then there would be correspondingly larger amounts of depreciation available to be set against future income. Assets depreciated once could be depreciated all over again.… This was clearly not the intention of the legislation, but it was the law.

My friend Stephen Jarislowsky, the outspoken Montreal investment manager, said, "It was hypocritical of the Reichmanns to raise the issue of patriotism to justify their huge tax break on the Gulf deal. These patriots have made most of their fortune in New York." The loophole was soon legislated out of existence. It helped the deal to have the advice of the president of Paul Reichmann's private holding company, lawyer and tax expert Marshall (Mickey) Cohen, a former federal deputy minister of energy, industry, and finance, who among his other government duties helped craft the National Energy Program.

With one oil company in hand, a determined Paul and Albert came after the second one that had spurned them in 1981. In a finely calculated raid that could make your head spin with its complexities, they made a bid for Hiram Walker Resources, Home's parent. Bill Wilder had left as chief executive while staying on the board, Cliff Hatch, Sr., had retired as chairman, and Bud Downing was now chair and CEO. Among HWR's holdings was Toronto-based Interprovincial Pipe Line Ltd. IPL, founded in 1950 to transport crude oil from Edmonton to eastern Canada and the U.S., became the longest such pipeline in the world, with assets of $1.7 billion and a healthy balance sheet. In 1983, in an early defensive move, HWR had acquired more than a third of the line, making it the major shareholder in a stock exchange that also made IPL the largest single shareholder of HWR, with about 16 percent.

The Reichmanns' initially friendly takeover attempt of the pipeline, our oil company, and the liquor business would derail my career track. Because Bud was close to sixty-five, Cliff and the board had asked me to consider replacing him in Toronto. My wife, Lee, wasn't that crazy about making any move but said that if we kept our Calgary house and I had a local office as well as one in the east, she'd support me. As I wrote to Noah Torno, chair of the board's management-resources committee, "I would be the sole determinant of the allocation of my time." We were just working out the timetable of the transition when the Reichmanns sideswiped us and cancelled my decision to climb a notch up the ladder.

Their offer for Hiram Walker Resources was $8 per share lower than the $40 value that analysts had determined was fair. Downing and his directors fought back, placing bold ad that suggested Olympia & York was stealing the company and urging shareholders not to sell their stock. Meanwhile, HWR's investment bankers canvassed the world for a white knight to buy the conglomerate's liquor asset, Hiram Walker-Gooderham & Worts, where Cliff Hatch, Jr., had become president. In fact, they found a real knight, Sir Derrick Holden-Brown, head of Allied-Lyons PLC, the London-based food and drink multinational (Baskin-Robbins ice cream, Teacher's scotch). With the funds from such a sale, HWR could battle the Reichmanns for control of the remaining company, including Consumers' and Home. Olympia & York sued to prevent Allied from buying the distillery, but lost in court.

By this time, another suitor had appeared: TransCanada Pipelines, where Gerry Maier had become president and CEO in 1985. He'd known the Reichmanns while he was running Bow Valley Resources, in which they had a heavy investment. But he'd met them earlier, in his time at HBOG, when he approached Paul Reichmann to make a competing bid during the Dome takeover. Paul had been interested, but the Gallagher-Richards team deked him out. Now Gerry wanted Home Oil, so he decided to negotiate with Paul rather than compete directly against him. But he wasn't aware that Interprovincial Pipe Line also wanted Home and that Paul was simultaneously talking to Bob Heule, an engineer who became IPL's chairman, and Ted Courtnage, an Exxon and Imperial alumnus who was president.

TransCanada, backed by its biggest shareholder, the mighty Bell Canada Enterprises, bid \$36.50 cash per share for HWR—while agreeing to accept the \$2.6-billion sale of the distilling subsidiary to Allied and planning to sell off control of Consumers' and possibly enlarging its stake in Interprovincial. It looked like a done deal.

But challenged by the competition and determined to get their prize—which for them was the liquor company—the Reichmanns finally offered \$38 a share, or \$3.3 billion. It was reportedly the largest sum that had ever been tendered for a company in Canada at that time. This time, HWR's outflanked directors reluctantly gave in, all the while hoping that TransCanada would up its offer. Gerry and his directors, however, decided the price to capture the petroleum assets was way too high and withdrew from the bidding contest.

In accepting the Reichmanns' offer, HWR had insisted that the sale of Gooderham & Worts to Allied proceed. Yet once in control, the brothers talked of pulling out of that deal. Allied counterpunched by launching a staggering $9-billion legal action, a Canadian record to that point and the second-largest lawsuit in the world. The Reichmanns—despite politicking in Ottawa and lobbying in the distillery's home of Windsor, Ontario—were forced to visit London and make an arrangement with Sir Derrick's company to sell it a 51 percent interest in Gooderham & Worts. The agreement contained a clause that would eventually allow Allied to buy them out entirely. As things would transpire in 1988, though, the canny Reichmanns traded their stake in the whisky business for $370 million in cash and enough stock to make them Allied's biggest shareholders.

One unfortunate aftermath of the deal was that with the British company as the active partner, the nerve centre of the company moved from Windsor to England. As financial officer Jim Ferguson, one of the few senior executives left in the original Hiram Walker distilling offices, told *Saturday Night* magazine, "With the money we spent on Davis Oil in the early 1980s, we could have taken over Allied-Lyons.… Had we been more aggressive, more proactive, Canada would have still had a proud public company." Another potential Northern Tiger down the tubes.

And in the end, what had the Reichmanns got for their trouble? A weakened conglomerate, which had spent $35 million trying to ward them off (after the acquisition, Bud Downing lost his job but left with a golden parachute of $3 million or so). They got a distilling operation that was in decline as North American liquor sales continued to drop. And even Home wasn't quite as attractive as it had been at the start of the takeover bid: In early 1986, oil prices had plummeted to what was only a third of their value the year before—another example of surprising, controlling forces surfacing from the outside. In the wake of the painfully public Gulf and Hiram Walker Resources deals, Paul Reichmann told the *Globe and Mail*'s David Olive, "If I'd known all this would happen, I would rather not have gone ahead with it."

The actual disposition of shares in the sale of Hiram Walker proved to be as convoluted as the hostile takeover had been. Seventy percent of its stock was tendered to the Reichmann controlled Gulf Canada, 11 percent went to their GW Utilities Ltd., and 16 percent to interprovincial Pipe Line, which was the largest single shareholder of HWR—and now Gulf, in total, would own 40 percent of the pipeline, nearly double the holdings of the only other large investor, Imperial Oil. It takes the minds of an accountant, a lawyer, and an investment banker to track all of this.

Where did all this fancy dealing leave Home Oil and me? In limbo, until late July 1987. That's when Hiram Walker Resources announced it would be selling Home to Interprovincial for $1.1 billion (which excluded our assets in the U.S.). For the second time in a row, a company I was running had been sold out from under me.

At that point, I could have quit Home with my own golden parachute. When the Reichmanns had come after HWR, its board gave eight senior executives what had become standard employment contracts to deal with takeover situations. The idea was to create incentives to keep the current management in place during a transition from one owner to another. Mickey Cohen, whom I'd known from my days at Hudson's Bay Oil and Gas, was negotiating for the Reichmanns, and my hard-nosed friend Bob Peterson, Imperial Oil's CEO, represented his company. If the takeover happened and I simply walked out the door, my agreement would have given me options and a pension—all in all, amounting to about $4 million. Instead, they were offering an increase in my salary and a stay-on-board bonus of $330,000. Bob said flatly, "You can't quit. You're key to putting these two companies together."

"Then you guys have an obligation to make sure that I get the same benefit if I stay on," I replied. In return for my forgoing the lucrative terms of the parachute, I suggested, "Give me another five years on my pension. It's cheap as hell for you, and it keeps me here on an ethical basis." (Bud Downing had encouraged me: "The one thing you've got to remember is that the Reichmanns need you more than you need them.")

They agreed to my demand. I also received the $330,000 sweetener to become president and CEO of both companies, a bonus that led to press reports saying I got this "spoonful of sugar … not as solace for being kicked out into the cold, but for moving between affiliated companies." In fact, I would have been about twice as better off financially if I had just parachuted out. And I felt comfortable about my deal, knowing that the employees who worked for me were also being treated fairly during the transition. (I'm happy to say that never once in my career did a company I headed face a legal challenge about the financial settlement in an employee's severance package.)

As president of Interprovincial, I replaced Ted Courtnage, who'd been criticized for making reports to the board that were so technically oriented that they often went over the directors' heads. Of course, he had also backed the Reichmanns in the takeover battle. That twist also prompted mentions in the media. As the *Financial Post* reported,

> The affair became a symphony of corporate misunderstanding. Hiram Walker management suspected their counterparts at IPL had been plotting with the Reichmanns. IPL management claimed they had not, and that they only climbed into bed with the billionaire brothers because Hiram Walker management would not talk to them.

The Post also noted that I was well regarded by the Reichmanns. They and the articulate and engaging Mickey Cohen had been keeping in touch with me. A few years later, I'd get to take Paul's measure in more depth. But Albert, who was on Interprovincial's board, had called with assurances that they wanted me to run the combined IPL-Home operation. Mickey and I had come to know one another when he was a deputy minister and I was still at HBOG, involved in a consortium planning an oil-sands project. During an Ottawa meeting, the participants were seeking more tax incentives until Mickey asked, "Do you remember what Porky

Pig used to say at the end of the kids' cartoons?' Th-th-that's all, folks'." Then he walked out of the room.

At an early board meeting of the combined operation, Mickey asked, "Now, Haskayne, what are you going to do at this company? What's it going to be when it grows up?"

"Mickey, I guess the answer is simple," I replied. "When oil prices are over $30 a barrel, we're going to say this is one of the best exploration production companies in Canada—which it probably will be. When oil is down, I'll say this is the longest crude-oil pipeline system in the world with a stable rate of return."

We had a good board, with strong people such as Bob Peterson, the Maclean-Hunter publisher Don Campbell, and the Royal Bank deputy chairman Doug Gardiner. My first momentous decision, in early 1987, had been the logical move of the pipeline's corporate office from Toronto, where the major investors and refiners like Imperial had their headquarters, to Alberta—where the producers of the oil were based. Even so, I had to make as many as forty trips a year to Toronto for meetings.

THAT FALL, I TOOK TIME to do a self-analysis, a habit I've continued over the years, writing down and rating how I felt about my various involvements. In the areas of career, travel opportunities, personal contacts, and club memberships, I rated my situation (humbly, of course) as "O" for Outstanding. I felt in excellent shape in terms of my academic credentials and financial investments, which included my membership in syndicates with the specialist insurer Lloyd's of London and my property holdings. I'd bought farmland around Gleichen and a farmhouse outside town that had once been the Salvation Army's Eventide Home for Old Men. As well as those ongoing links to my boyhood, I partnered with friends to develop land near Calgary around the rural community of Bearspaw. This was all involved with looking after me and Lee, of course, but I also rated us well for our contributions to charitable causes—following the counsel of Albert Schweitzer, who once said, "Even if it's a little thing, do something for others-something for which you get no pay but the privilege of doing it." But I gave myself only an "A" for Average on my participation in cultural and recreational activities and the number of corporate directorships I held—the only major ones were Manulife Financial and the Canadian Imperial Bank of Commerce. Assuming I wasn't going to be a CEO again, I could probably sit comfortably on as many as six boards. All in all, I was feeling good about my life.

My career was proceeding well, too. The company had assets of $2.9 billion versus liabilities of $1.9 billion and a plan to spend $7 billion on ventures over the next decade. We were expanding the Interprovincial pipeline to the tune of $1.1 billion alone and would be investing up to $400 million a year on Home's projects. Early in the new year, we'd decided to rename the amalgamated company to reflect both of its divisions. Rejecting the suggestions outside consultants offered, we had a contest for employees to come up with a name, with the proviso that it couldn't incorporate either "Interprovincial" or "Home." Of course, the winning entry broke that rule: Interhome Energy. A new logo in the shape of an oil drop blended the colour gold with Home's red and Interprovincial's blue. Dave Powell points out, "It didn't escape your notice that the logo looked very much like the old Hudson's Bay Oil and Gas logo. It was the same consultant who designed both of them." Despite the new overall identity, we continued to call the separate divisions by their original names.

A quartet of key players in Interhome's success was well in place. Allen Hagerman, who'd wanted to leave Hudson's Bay Oil and Gas when Dome took control, was one of my first hires at Home. He came on as corporate secretary and my administrative assistant, and he became treasurer as we put Interprovincial and Home together. Pat Daniel had moved from overseeing information technology to heading a special task force on productivity to being our planning director. A newcomer, Brian MacNeill, had never worked with me before, though we'd crossed paths when I was at HBOG. Brian, from Winnipeg, had started at Home as an accounts-payable clerk in the Bobby Brown era of the 1960s before going to college and articling in the U.S. Returning to Home, he became the vice-president of finance. After the Reichmann takeover, he moved to Toronto as VP of treasury for what was then called Hiram Walker Consumers' Home, and he worked on a dozen financings to complete the Davis Oil deal.

Needing a new chief financial officer in Calgary, I invited Brian to take the job and asked the current CFO to stay on as treasurer. As Allen says, "Brian was unassuming. He's not very tall—he was the only one able to stand up in a Lear jet. Laid back, but very intelligent. And nothing seemed to get Brian excited." It was just that quiet nature and his reluctance to speak out forcefully at management meetings that convinced some people Brian didn't have enough fire in his belly. I had to lecture him about getting off the fence and asserting himself. Which he did, when we named him chief operating officer to run the Interprovincial office in Edmonton. His astute performance in that job would give him wings to fly to the top of the heap in the Oil Patch.

Dave Powell, meanwhile, ran the Home Oil division in Calgary and had Allen reporting to him on the financial side. ("My main job with Allen often was trying to keep him calmed down," Dave says. "He was a workaholic, and you literally had to push him out the door to get him home. But he was a great team person.")

With both our distinctive divisions under the same Interhome umbrella, there was a real potential for conflicts of interest. Because Interprovincial dealt with other producing companies, we had to create a Chinese wall of written policies that protected their confidential information from leaking to Home—and vice versa. That sort of detail was the only thing the Interprovincial and Home people couldn't discuss with each other when they met. One group of seven VPs—which Ken McNeill nicknamed "The Silver 7"—was like an executive committee that came together regularly as required. An operating committee gathered weekly at Monday-morning meetings. Both groups were designed to build consensus by bringing every department togethertheir managers, not just the vice-presidents—and allowing all of them, whatever their background, to understand and participate in the company's decision-making process. Pat Daniel says now that he earned his MBA while sitting around the table at those meetings, and he later went on to schedule the same sort of sessions in running Enbridge Inc. Another device for building community was the piggybank I placed on the table—anyone from either division who used the words "them" or "us" instead of "we" had to pop a buck in the bank.

Dave Powell, deputy chairman of the operating committee, was so impressed with this style of interdepartmental meetings that he brought it along with him when he later became Home's chief executive officer. For both of us, consensus was the Holy Grail, but at times, you, as CEO, have to make the final decision. As Dave says, "There were some occasions when everybody wanted to go one way, but I felt that that was not the way, then I would invoke my majority of one. At that point, you have to trust your own instincts and judgment that was very infrequent, but it happened. And that's the prerogative of any chief executive officer, you know—that old Harry Truman thing: 'The buck stops here.' The decision was accepted, and everybody threw their weight behind it."

That sort of solo decision-making became known in the office as "white-tanking." When we'd gone to Australia to officially open the Blina-reef operation, I spoke at a gathering of dignitaries at a storage-tank farm being erected in Darby, where Home shipped oil from the Canning Basin. Apparently I told them, "When you look up and see this big white tank, you'll know Home Oil was here." To which Graeme Stephens, our man in Australia, responded, "Thank you, Dick, we'd planned to have the tank in a buff colour, but I guess now it's going to be white."

IN 1991, *FORTUNE* MAGAZINE ranked the Reichmanns as the world's fourth-richest family, with a combined wealth of $12.8 billion (U.S.). And by then, Interhome—of which they controlled about 60 percent—was percolating along nicely while the brothers had been staying in the background, not interfering—or so I thought. What I didn't know until recently was that Paul

Reichmann was ready to sell us to a Calgary company called PanCanadian Petroleum, created in 1971 as a merger of Canadian Pacific Oil and Gas Company and Central-Del Rio Oils. Twenty years later, it was still under the control of the CP Ltd. conglomerate, and its new president was David O'Brien, a Montreal trial and commercial lawyer who later became general counsel and CFO at Petro-Canada. While there, he helped negotiate Petro-Can's acquisition of Gulf Canada's downstream refining and marketing assets from Paul. "I never saw anything in my dealings with the Reichmanns that indicated that they were not ethical," David recalls, echoing most people's view of the business family. That was my experience too: They were opportunistic and often operating out of their depth, but never once in our dealings were they ever dishonest with me, nor did they ever treat me in anything but a fair manner. Biographer Anthony Bianco writes in his exhaustive and even-handed book *The Reichmanns: Family, Faith, Fortune and the Empire of Olympia & York*, "The leading lights of the North American establishment extolled Paul and his brothers as the epitome of old-fashioned integrity in a corrupt, mercenary era."

O'Brien remembers, "They were very private, so everything was shrouded in mystery. And they had a way of negotiating that if you ever compromised on something, and they compromised, the next day they'd [have] forgotten what they compromised on and started all over again from your compromise. That's just a negotiating strategy.

"In 1991, I'd been at PanCanadian for about a year and someone gave me the idea that Interhome was for sale. So I got into a very heavy negotiation with Paul Reichmann, and when we were getting reasonably close, I then had to go to the CP board in Montreal because it was such a big transaction—about $2. 5 billion. And I sold them on the mix of the pipeline and the oil and gas really bringing us to a whole new level. After I had their authority, you could see Reichmann trying to ratchet me up on the price, thinking this young guy must be anxious now. At one meeting in a Toronto hotel, when we were probably $3 apart and there was just the two of us and we weren't getting together, he excused himself very courteously and walked down the corridor. I watched as he got to the elevator, pushed the button, and then turned around and walked back. And what he was doing was seeing if I was going to say, 'Oh, Paul, come on back'—he was testing me.

"But we still didn't agree, and ultimately what the problem was—and I had just a hint of it at that time—he'd got into trouble in his New York project, Battery Park [the World Financial Center], and was under enormous financial pressure and really needed this deal. But what I was offering him was a little cash and a whole lot of PanCanadian shares. And he said, 'It's not enough money for me.' But I wasn't going to put PanCanadian at risk—and so we fell apart.

"The end of the story is that about two months later, the word had come out the Reichmanns were in financial difficulty. One day I'm in my office at PanCanadian and there's a call from Paul Reichmann: 'David, is there any chance we can get together again to discuss this?' And I said, 'Paul, I used up all of my political goodwill with the CP board, and it didn't work. There is *no* chance.'"

I had been getting hints of the Reichmanns' challenges for some time. Although I got on well with them, we'd had one major disagreement. The brothers wanted to place the U.S. assets of our pipeline division into a master limited partnership, an MLP that blends the tax benefits of a limited partnership with the liquidity of publicly traded securities—like the income trusts that became so popular in Canada until Stephen Harper's Conservatives plugged the tax loophole in 2006. The only reason for doing the MLP was to extract a fortune in funds from investors. Our company didn't need the infusion of cash, but I knew the Reichmanns did. And I didn't want thirty thousand unit-holders in the American portion of the pipeline badgering us about rates of return and other stockholders' concerns. During my tenure, I managed to keep the idea at bay, though Interprovincial later did an MLP on the line down south.

I also had the words of Howard Blauvelt ringing in my ears. Howard, who'd hired me at HBOG before becoming head of Conoco, was on the board of Abitibi-Price with the Reichmanns. One day at breakfast in Toronto, this shrewd, circumspect man told me that he'd cautioned them that if they raided the assets of a company like Hiram Walker, they'd be perceived not as builders but as takeover artists destroying companies: "They didn't listen to me, Dick. And the Reichmanns have now abused the privilege of debt."

Meanwhile, I was seeing Paul Reichmann on the board of the Canadian Imperial Bank of Commerce, where I was now a director. From my contacts with him and Mickey Cohen, I'd known that the family was now involved in a bewildering array of rocky investments, from building their own gargantuan Canary Wharf development to being the second-largest shareholder in Ottawa based Campeau Corporation, one of the top developers in North America but facing financial disaster. Paul Reichmann was the public face of the company, the master juggler dealing with the family's four main Canadian banks and a dozen or more international ones. Canada was deep into a recession, with the gross domestic product decreasing and unemployment rising above 10 percent. Real estate values were collapsing across North America and overseas. The bankers were naturally nervous. Anthony Bianco describes this period of time in *The Reichmanns*:

> [Paul] Reichmann's increasingly desperate efforts to retain the confidence of Olympia & York's lenders led him to what amounted to a double life. In private, he was the Harry Houdini of real estate, scrambling continuously to extricate himself from the spike-lined coffins and padlocked strait jackets of Olympia & York's excessive indebtedness. In public, he carried on in the mode of magisterial invincibility he had adopted in taking over Canary Wharf. Although Reichmann did admit that his diversification drive had not panned out, he conceded nothing to critics of his Docklands project and seemed to welcome the recession as a fresh opportunity to display his contrarian will.

Then early in 1991, the brothers hit me with a bombshell: They wanted to split Interhome apart again into its pipeline and oil-company divisions—all the better to sell off the pieces. Strongly disagreeing, I met with Paul a couple of times, to no avail. His secretary called to request another meeting on the day of a farewell party in Calgary for Keith McWalter, who was retiring as president and CEO of Gulf Canada. I was speaking at the event, but even though the Reichmanns had been such big players in Gulf, neither they nor their representatives were attending. I held Paul off till the next day, flying overnight to Toronto.

His secretary called me at my hotel that morning to say Paul was running late and had pushed our meeting back an hour. Their headquarters was in the family's proud flagship, First Canadian Place, which they shared with the Bank of Montreal and Hiram Walker Resources. It was at the heart of the Bay Street financial district. At 72 storeys, it was Canada's tallest office building (and the world's tallest bank building). When I arrived at the thirty third floor, Paul came out of the boardroom and politely apologized for a further delay. He introduced me to a half-dozen dapper-looking American railway executives who he was seeing. The Reichmanns were the largest single stakeholder in the Santa Fe Southern Pacific railway and real estate conglomerate.

Cooling my heels, I looked at the model of the Canary Wharf project Paul always showed me on my visits and realized again how its burdensome debt was crippling Olympia & York. He finally bid the railway guys goodbye and called me in for what I knew would be a critical meeting about the future of Interhome—and me. We were alone—not even Lionel Dodd, the overworked accountant who was Mickey Cohen's successor, was with us. Nor was Gil Newman, who'd started as an outside auditor and became his chief administrator. As always, Paul at age sixty was serious, soft-spoken, and well-mannered—yet what Anthony Bianco describes as "a most aggressive introvert." Full-bearded, wearing a yarmulke and his trademark beautifully tailored charcoal suit, he appeared to be (in the words of a Canadian banker) "more of a wise man than a developer." We met for an hour, and his essential message was that Interprovincial and Home were worth far more split up than they were together.

"If you want my opinion," I said, "that is not what we've been planning to do, and that's not the way to support earnings."

"Dick, I have no trouble making U-turns in my life."

Paul asked if I agreed with the idea of Brian MacNeill running Interprovincial and Dave Powell Horne Oil. Obviously, I did. But the brothers also wanted me stay on to be chairman of the two companies—which is not the job I wanted to do.

In the end, knowing of the Reichmanns' desperate need of cash, I said, "The point is if you want to go ahead with the split, we'll work on it. But it's not going to be easy because of the intertwined financing and the fact we're in a regulated industry."

Our session done, Paul would be meeting later with Chuck Schultz of Gulf Canada and then dealing with the bankrupt Campeau Corporation. Afterward, I wondered how this one man could dip into industry after industry—railways, real estate, pipelines, petroleum—in a single morning, with no advisors in the meetings with him to debate or buttress his opinions while he decided the fate of major corporations. I understood then that Paul was personally stretched as thin as the family finances. The media had been saying that Olympia & York was run more like a corner grocery store than a multinational colossus. And, as much as I wanted to keep running our company, I knew my best course of action now was to beat a rapid retreat from the Reichmann empire. I would leave with a financial package that prompted some smart-ass friends to commission a cartoon that still hangs on my office wall. It shows me clutching a big money bag as I descend on a parachute to a waiting CIBC armoured car while three planes fly above me, labelled HBOG, Interprovincial/Home/Interhome, and Hiram Walker. Below this, there's a medal—based on a remark by Bart Rombough of PanCanadian Energy: "Haskayne's been taken over so many times, he's earned a Distinguished Flying Cross in golden parachutes."

A year later, laden with the heavily indebted Canary Wharf project and other troubled real estate holdings, Olympia & York

Development went bankrupt. The brothers managed to salvage enough assets out of bankruptcy protection to create a new company, Olympia & York Properties, but most of their prize holdings were gone—including Interprovincial Pipe Line. In 1992, the original O&Y became a broadly held company when they turned over control to its creditors and essentially walked away from their once-proud enterprise.

Home Oil suffered the most in the fallout, bearing a $540-million debt load and having to sell $110 million worth of property. Though the Reichmanns had owned three-quarters of the stock in Gulf Canada, which controlled Home, the shares were pledged to a consortium of domestic and international banks as security for loans to Olympia & York. In 1993, Gulf and the creditors of O&Y sold their combined 60 percent interest in Home into the market. Two years later, Amoco Canada Petroleum (Amoco)—an arm of Standard Oil of Indiana—made a hostile bid for the company.

Through all of this, Dave Powell was CEO: "The Reichmanns had been more hands-on than Hiram Walker were, but they weren't too bad. The problem was that with the split-off of the two companies, Home Oil was left with an enormous amount of debt and we had to reduce it. Our debt-to-cash flow ratio was about seven times, and by the time the hostile bid from Amoco came along, we'd reduced that to about four. But it meant selling off a lot of properties and reducing staff by about 40 to 50 percent. So there were some tough times. I couldn't explore much.

"But I'm proud of what we did: put Home on a safe footing [and] reduced the debt, and we were corning out of it. And that was the time when the Canadian dollar was only about seventy cents to the U.S. dollar and gas was running about sixty to seventy cents U.S. MCF [per thousand barrels] compared to the $7 or $8 now, and oil was between $15 and $20 dollars a barrel [compared to $75-plus a dozen years later]. I look at the prices now, and think, *Jesus Christ, if only we could've hung on, you know?*"

Home held off Amoco long enough to let a white knight, the colourful James Carl Anderson, take it over instead. J.C., a blunt

Nebraskan who came to Alberta as chief engineer for Amoco, launched his own oil company in 1968. His one-man operation evolved into Canada's seventh-largest gas producer. In 1995, Anderson Exploration bought Home for $1.2 billion and he promptly fired four VPs. Dave Powell left to be a consultant and sat on the boards of two resource companies, including Talisman Energy, where he was chairman (and more recently retired to Panama). Despite Anderson's lean style of operating, his company was a sitting duck when Devon Canada, the subsidiary of a Houston energy corporation, bought it for $4.6 billion and became the third-largest independent gas producer in Canada—but not in any sense a Northern Tiger.

On the other hand, Interprovincial—which came to be called IPL Energy—did eventually take on Tiger status. In 1994, it repatriated Consumers' Gas, which British Gas Overseas Holdings now controlled. At the time, Brian MacNeill was the pipeline's CEO and Pat Daniel was overseeing corporate planning and business development. It was Pat who recommended that IPL buy Consumers' for about $1.5 billion and Brian who led the secret negotiations (just before the sale was announced, an unknowing headhunter offered Brian the CEO's job at Consumers'). "There is no doubt," Pat says, "when we did that deal and effectively doubled the size of the company, that was the turning point."

He then ran the pipeline division in Edmonton: "We finally convinced the industry that we should embark on a series of expansions, so we were plowing a lot of capital in there. And we'd done an incentive deal with our shippers, a cooperative agreement that forged a whole new relationship. We, as managers of the pipeline company, would attempt to reduce costs, and for every dollar saved, we'd give the shippers half of it." In its first five years, the deal yielded $117 million in productivity gains and cost savings.

With the acquisition of Consumers' and other companies, IPL was becoming so diversified that it changed its name in 1998 to Enbridge—for "energy bridge." Three years later, Pat succeeded Brian as CEO of an enterprise that now runs a crude-oil and liquids pipeline system through Canada and the U.S.—the world's longest—and the major Canadian natural-gas distributor, supplying commercial and residential customers in Ontario, Quebec, and New York State. The company's international reach includes energy projects in Colombia and Spain and its own pipeline-simulator technology that it provides on a consulting basis around the world. And with a staff of more than 4,400, Enbridge has been named one of the country's top one hundred employers for its innovative management.

Brian MacNeill, who has since become chairman of Petro-Canada, believes Enbridge has become a Northern Tiger. Pat Daniel thinks it isn't quite big enough—yet: "We are a very conservative, disciplined company, but we are also very aggressive. We really worked hard to grow this damn company, and I think Canadian companies should have a bigger role to play on the world stage." He's working hard to make that happen and is fully capable of reaching his target.

SO IN THE AFTERMATH OF the Reichmann takeover, two companies emerged from the morass and, after I'd left, both were run by men I thought of as protegés. While Home was swallowed whole by another company, Interprovincial morphed into a world-beater in the years to come.

Ken McNeill and I had quit Interhome at the same time in the spring of 1991 when the companies were split. For him, this was a real retirement to a life in the country with his sweet wife, Lyn, as the airfield brat and former cop pursued his passion for flying his own Cessna Cardinal and riding a Honda ST1300s motorcycle with his buddies.

As for me, I took my pension from Interprovincial and looked around for something challenging to do. But while I was pondering my future, there were other challenges in my life to preoccupy me—most of all, the health of my wife, Lee.

In December 1992, Lee—my cherished partner of three and a half decades—and I sent out our very first Christmas letter to family and friends. Her contribution to the message was brave but heartbreaking:

> It was so nice to hear from you and you will be pleased to know that we are carrying on with our life in the same fashion and seem to be out at some type of function almost every night. While I can't speak, I am able to communicate in writing and currently use a magic board and many scratch pads. Saliva is a bit of a bother because my swallowing is impaired and therefore I notice it more. I have difficulty eating but by watching my diet and blending my food, I am able to eat reasonably well. Also, my left leg is weak but I have a companion (Doreen) to assist me in continuing my many activities. Doreen is a good friend and although she is not a nurse, she is most helpful to me.
>
> So, with Dick's help and the enormous support from family and friends, I am able to carry on with most of my former endeavours. I still go to Dick's office on Mondays and Fridays to work on projects. For example, I have recently organized all our photos over the last ten years and have already filled five new albums....

A year earlier, as I was leaving Interhome, I began noticing some disturbing signs whenever I called Lee long-distance while on the road. I always made a point of phoning home at 6:00 p.m. Calgary time, wherever I was. She had a polished manner on the telephone—she'd been a receptionist at a local TV station for years—but now, she would sometimes stumble or sound hesitant in speaking with me.

"Lover, what's wrong?" I'd ask.

"Oh, I was just about to have supper," she might reply, excusing her little flubs.

Both of her younger twin sisters were nurses, so finally I asked Louise, who lived in town and was close to Lee, what she thought was happening. "I think it could be hypoglycemia—low blood sugar," she speculated.

Over Christmas 1991, we holidayed in Hawaii, and being alone with Lee for long periods, I saw the difficulties she often had speaking and even swallowing. Back home, out for dinner one night with Louise and her husband, John Giffen, I quietly told her sister that Lee's condition probably wasn't hypoglycemia because it was surfacing all the time. John, overhearing us, asked what we were talking about—and when Lee and I got in the car, she asked me the same question.

"There's something wrong," I confessed. "You just don't seem to be yourself." She admitted that she was feeling confused but didn't quite know why. Meanwhile, her bosses at the station—where she was like a beloved Mother Superior to the staff—had sent her a letter noting that some people there were having trouble deciphering her announcements on the PA system. My frat brother Don Campbell remembers her phoning him and Marlene: "There'd be a pause, and then all of a sudden, she'd get the words out. That went on for a few months. We weren't observing any other physical signs then." But Lee, a fashion plate, had taken to wearing sneakers to work because, as I learned later, she was concealing signs of drop foot, a weakness in the muscles that flex the ankles.

Her doctor agreed she needed more specialized help and sent her to a local neurological clinic for test after test—X-rays, needles, blood work. At one point, two of the top station executives came to see me, and as they nervously tried to open the conversation, I told them I knew why they were there, that we were having her tested, but had no answers yet. To my friend Ken McNeill, I let it all come out: "What if they come back tomorrow and say it's Alzheimer's? What am I going to tell her?" But a panel of three specialists in Calgary finally admitted they couldn't find any medical reason for her condition.

I'd had checkups at the Scripps Clinic, the multi-specialty medical group and clinical research institution in San Diego. Now I took Lee there for an intensive series of further examinations by Scripps's crack team of experts. After studying all her medical records, the chief neurologist said he and another doctor had to do one more test, which involved needles in the mouth. After going out for lunch, we came back to hear the news: "This is what she has," the doctors said. "Amyotrophic lateral sclerosis."

ALS.

Lou Gehrig's disease.

LEE HAD A BORN-IN-IRELAND beauty and sense of humour as well as a voice that sounded sweet when she sang and proved an asset in her long-term job as the morning receptionist at CHCT. It was Alberta's first television station, which with changes in ownership became CFAC and CKKX during her time there. Ron McLean, CBC-TV's renowned sportscaster, likes to recall how warm and welcoming she was when he showed up one day as a green announcer from Red Deer. She came home to tell me about this bright talent who should land a job at the station in sports—which he did.

One of the people who knew her then was Shauna Ryan, who was working for a local fashion boutique. "I knew all the wives of the businessmen," Shauna remembers, "and I admired Lee because she always maintained her own status as a working wife. She was very independent. And she was particular—very friendly at the station, but she had a few special people in her life, very much '*I* pick *you*.'"

Lee and I had a wonderful relationship, even though we never had children. When we were first married, living in a basement suite, I was busy articling for my CA and still helping out at the butcher shop. At one point early on, Lee thought she was pregnant but really wasn't, and after that, she seemed to feel apprehensive about having a child. Yet we both liked being with kids. Her folks had their much-younger twin daughters still at home, and we often acted as surrogate parents for the girls, taking them on holidays and helping to finance them through high school. And I felt like a very special uncle to my brother's daughters, Leslie and Laurie.

It's a cliche, but my wife was my dearest friend. We shared most things, except I drank and she didn't. We loved to escape the Alberta winters and refresh our marriage in warm oases like

Hawaii and southern California. Along with pursuing her own work, Lee played the role of the executive spouse with grace and charm. One of her nice old-fashioned habits was having a hot bath waiting for me when I called from the airport after a road trip. She sometimes travelled with me on special business occasions—while I was at Home Oil, she came to France to christen the world's largest drill rig at the site of our two deep offshore oil wells. But she didn't want to move house from the Calgary area when Hiram Walker Resources asked me to run the company from Toronto in a relocation that thankfully never happened.

In early 1991, after leaving Interhome Energy, I agreed to join the board of directors of a Calgary pipeline and chemical company, NOVA Corporation (as I describe in the next chapter). By then, I had started to notice Lee's health problems. She'd had other medical challenges. For many years, she suffered from peripheral neuropathy, which caused anything from numbness and tingling to a burning sensation in her feet. Just before learning about the ALS, she had quit her job at the station and came twice a week to the comfortable downtown office I'd subleased, where she answered the phone, organized my calendar, and handled mailings. Lee was still driving then, though I worried about her coordination behind the wheel. And finally in June 1992, she was diagnosed with Lou Gehrig's disease.

We soon discovered that this terrifying condition (named for the New York Yankee slugger who died from it) has no cure. It's a quickly progressing disease that attacks the body's motor neurons, which normally transmit electrical messages from the brain to the voluntary muscles. When these impulses are interrupted, the muscles begin to atrophy and eventually die. The average life expectancy after diagnosis is two to five years. Yet ALS doesn't affect the senses and only seldom the mind—which is a mixed blessing, as we found, because the victim is painfully aware of the devastating deterioration of the body.

Overnight, our whole world shattered. At that time, there was a theory that a form of the Salk vaccine, originally developed for polio, might help with ALS. Although our local doctor couldn't get the vaccine from the Toronto company that produced it, I acquired it through the help of Dr. Bill Cochrane, who'd been founding medical dean and then president at the University of Calgary. But, after all, the medication didn't help and Lee's health kept deteriorating. We were out for dinner with the Campbells one evening when Lee was walking to the door of a restaurant and then keeled over backward. I just happened to catch her. It was one of the first major physical manifestations of her condition.

When she started losing the use of her limbs—badly enough to require a wheelchair—and eventually lost her speech, we hired a driver, young Kelly Bagley, and a woman friend who became her boon companion, Doreen Cordingley. Eventually, we also had compassionate nurses who offered the care that helped Lee maintain her independent spirit. Kelly would drive her and her caregivers somewhere every day, perhaps to go out for tea or to have her hair done. And we had the ongoing support of good friends such as the Campbells, the Culberts, the Maiers, the McNeills, and of course, her most trusted friend, her sister Louise.

By year's end, I was chairman of NOVA as well as of the board of governors of the U of C and a director on a half-dozen other corporate boards. But my time for business began to be severely limited. Over eighteen months, I never left Calgary so that I could always be there with Lee every evening and weekend. Near the end, we had to brush her teeth for her, puree all her food, and create a board with pictures she could point to without speaking. At one stage, Ken McNeill brought me together with Lee's sister Louise, the nurse, and Dr. Bob Hatfield, a local co-author of two books on death and dying. The very good idea was to offer me advice about my situation. And Dr. Bob said, "You had better keep doing what you're doing to keep your mind occupied. You cannot do any more for Lee. If you try, you're going to go under too—and what will that do for her?"

Aside from a week she spent in hospital after a fall, Lee was never confined to her bed—until the day before she died. God, she was courageous through her ordeal. Sometimes she became so frustrated and angry that she'd send a nurse packing. Yet she always insisted on getting dressed with considerable help in the morning and presenting the best possible face to friends and family. My heart was broken every day.

Lee Mary Haskayne died on October 1, 1993. She was fifty-seven. We had been in love for nearly forty years. Her funeral service at Grace Presbyterian—led by Jack Stewart, a minister Lee had taken a shine to—attracted 1,100 friends, and there were several hundred contributions to the ALS Society. Her television station offered a heart-rending tribute to her that evening and a special commentary from her old friend Ed Whalen, the TV voice of the Calgary Flames. (And more recently, Ron McLean paid a terrific tribute to her at a Calgary Business Hall of Fame dinner.)

Afterward, along with all the other memories, I kept recalling two highlights of our life together. I'd written one of them down earlier that spring as I described the depth of our marriage, and I noted, "The best summary of this is made by Lee and me in the past ten years where we have consistently said that if anything happened to either one of us, that nobody should feel sorry for us because we have had a complete and satisfactory life and accomplished more than we ever expected."

The other recollection was more recent. When Lee's condition had declined so she couldn't speak, I used to take her to the Country Club in Calgary, where immigrant Polish members of the staff—especially Josephine Siemak and Maria Mlodzianowski—would take special care of her, seating us in a quiet corner of the dining room and doting on her. Lee communicated to me that Josie longed to go back to Poland for a visit and that we should give her the money to make the trip. I didn't know how to make that gesture diplomatically. It wasn't until after Lee died that I gave cheques in her name to several of the staff, including Josie. And she was the very first person to call me the next morning, to thank us and say, "*Now* I can go to Poland." As usual, Lee had been right all along.

HER ILLNESS AND DEATH WIPED me out mentally and physically. Yet not long after, I sat down in my usual calculating accountant's way to sum up all the advice I'd been getting during the past year and a half as I was grieving her imminent loss.

One of the key advisors was my niece Leslie, the elder of my brother's daughters. Dr. Leslie Haskayne is a gifted psychiatrist who got her MD at twenty-three and long ago moved to England, where she practises at the Yorkshire Centre of Forensic Psychiatry. She and her younger sister, Laurie Lunseth, were there for me in the week after Lee died, never leaving me alone in our home.

Leslie and I talked long and hard after the funeral, and on a series of pink notes she listed the "many needs" a person in my situation has: physical ("including sexual"), social ("relation ships/family, friends"), intellectual ("using one's brain to its potential"), creative ("creativity in the widest sense"), and spiritual ("your inner self—make sure you leave time for contemplation rather than just keeping busy"). And as I noted about any future socializing, "Leslie said I may want to develop a 'consort' or 'escort' relationship with people to accompany me where there are no possible motives other than friendship or family—when I need a companion for certain functions."

I'd already been warned about the approaches some aggressive women—"casserole ladies"—can make to recent widowers. As I wrote, "It put me on notice that my usual behaviour of a loving person may NOW be suspect and misinterpreted. So in conclusion BE CAREFUL about motives of women (but not too skeptical) and CAUTIOUS—also watch my own behaviour."

There were some casserole-bearing women in the months that followed. But I had my own female support team to shore me up during that dark winter. One of them was Laurie, who took over when Leslie returned home to Yorkshire. Laurie and her contractor husband, Les, live with their two sons in Bassano, where her dad—my brother—had his butcher shop. She's both the school librarian and the manager of the local golf clubhouse. An obvious Haskayne, she thinks she looks like my father, and I think she acts like my mother—warm and caring. As a teenager, she would come to Calgary with her friends and waltz into my office at HBOG to say hello and drop off her shopping bags. She lived with Lee and me while going to business college, and afterwards, we always spent Christmas mornings together. When I phoned from the Los Angeles airport to tell her that Lee had Lou Gehrig's, we were both in tears.

Laurie spent a lot of time with me on the weekends following the funeral. I was with her family in Bassano on Christmas Eve and the next morning, which was a tough one for me. At one point, I sat staring out a bay window at a corral and said, "I can see your dad out there."

Stan had once convinced me to back him in a small cattle business. After we bought some frisky cows at auction, he said we'd have to brand the things right away. Later, as we sat in our sweaty clothes with beers in our hands, he announced, "We could've had them branded for fifty cents apiece at the auction mart, but I thought this would be more fun." (As his daughter shrewdly points out, "He had his little brother with him, and life was good.") When Stan died in 1983, I told Laurie, "I've lost my brother, my second father, and my best friend." Now my best female friend was gone, too. Leaving Laurie's family that Christmas day to have dinner with Lee's sister, Louise, I stopped off in Gleichen to visit my parents' graves.