

Episode 4 – THE JUST ENOUGH FAMILY

Melinda [00:00:00] This is a Three Uncanny Four production.

Bob [00:00:04] When we bought Reliance Insurance Company, the world changed. This insurance company has been around since 1870. Its board were 100 percent WASPs, who the last people in the world that they wanted to sell to was Jews from Brooklyn. Trust me.

Ari [00:00:33] I'm Ariel Levy and this is The Just Enough Family. How big of a deal was being Jewish in your family?

Laura [00:00:42] Huge.

Ari [00:00:43] Tell me.

Laura [00:00:44] Huge.

Ari [00:00:46] Here's Liz's cousin, Laura, Saul's daughter.

Laura [00:00:49] My father was obsessed with it, you know, in a good way. He he loved Israel. He loved Jewish causes. Being a religious Jew was not a big deal. We did not necessarily celebrate the holidays. We didn't always go to synagogue. But in terms of feeling our Jewishness, anybody famous who is Jewish was, you know, a big thing to my family. My father pointed it out all the time. In fact, when my dad passed away, he had all these crazy books that he had collected about famous Jews. And my favorite one was called Jewish Pirates of the Caribbean. He read everything about the Jews, and he felt that if you were a Jew and in business, that you are supposed to help other Jews and there are, was and is a certain level of anti-Semitism in this world. But back then, Jews really banded together to help each other. So being Jewish was a big deal.

Ari [00:01:51] When Saul and Bobby were starting out, the financial establishment was dominated by WASPs. This was an issue that came up when they decided to purchase Reliance Insurance.

Bob [00:02:02] It had all the right elements to it other than the fact that the board members would hate our guts. All of these companies look to their ratings and Reliance Insurance was rated A. The big determining factor, on your rating was how much business you wrote compared to your net worth. And the rule of thumb was if you were three to one or less, you were an A-rated company. Reliance Insurance was writing at two to one, so we figured we could bring it to three to one and use the cash dividended out to the leasing company.

Ari [00:02:42] Uh huh.

Bob [00:02:42] And have much more capital. And that changed everything for us.

Ari [00:02:47] That was the whole point of taking over an insurance company. To have access to money so that Saul could go out and conquer the business world. Here's his son, Rayne.

Rayne [00:02:56] So Reliance was an insurance company, traditional insurance company, quite a stodgy insurance company based in Philadelphia that wrote different types of

insurance. Life, property and casualty, specialty and invested those returns in other companies. And I think this is what our father was more known for, was these investments. You know, there was an investment in Human Genome Sciences, the Spanish television network, Telemundo, things like Symbol Technologies, which was the company that invented the barcode that you see on all groceries. So he was really a genius investor, less known, I would say, as an insurance operator.

Bob [00:03:39] This is the most amazing thing. You could make an unfriendly offer for cash, and there were plenty of unfriendly offers for cash that were successful, but we didn't have the cash to make an unfriendly offer. We had to do it with paper.

Ari [00:03:55] What he means is that they use stock, not liquid assets. In nineteen sixty eight, the Steinberg's bought Reliance Insurance worth roughly 700 million dollars for just four point five million dollars and a bunch of Leasco stock. It was shocking to the establishment that they pulled this off. Saul was riding high on this success when he contemplated his next acquisition.

Bob [00:04:19] Saul had this concept that was today, of course, is everybody gets it, but no one got it then. He thought all financial companies, all financial companies should be under one roof. That you should be a bank, you should be leasing company, you should be insurance company. So we decided we would take it to the next step and by the Chemical Bank.

Ari [00:04:41] Chemical had assets of nine billion dollars, and it was the sixth largest bank in America at the time. Just like Reliance Insurance, Chemical Bank was averse to their company being acquired by such a young and relatively small non-financial corporation.

Rayne [00:04:57] Dad tried to take over Chemical Bank, and the way it is told was to us they even changed the law of insurance companies holding banks, uh, to interfere with this.

Ari [00:05:09] That Saul's son Rayne again. And he's referring to a law that passed the New York state legislature in June of 1969 at the behest of Governor Nelson Rockefeller, whose family had longstanding ties to Chase Manhattan Bank. It enabled the state to prevent any takeover of a bank by a conglomerate. In other words, it was a law specifically designed to prevent the acquisition of banks like Chemical by companies like Leasco.

Rayne [00:05:37] There was actually quite a strong anti Semitic response. At the time, people were actually calling him and making death threats.

Bob [00:05:46] The world turned against us. Our biggest customer was Goodyear.

Ari [00:05:52] The tire people?

Bob [00:05:53] Yeah, because they had lots of computers. Huge customer. They called us when they heard the rumor that we were going to acquire the Chemical Bank and they said if you go forward with this acquisition, every computer you've leased to us will be on your doorstep the next day.

Ari [00:06:14] Why? What do they care?

Bob [00:06:17] It was a WASP world. Don't mess with it.

Kathy [00:06:23] These WASPs said this Jewish upstart is not taking over the Chemical Bank and all of the institutions that had been invested or had Leasco or Reliance stock dumped their stock.

Bob [00:06:40] We were scared to death.

Ari [00:06:42] When Leasco's intention to take over Chemical Bank became public in February of 1969, their stock was trading at one hundred and forty dollars a share. By the end of May, it had fallen to seven dollars a share. Stock that had increased 5400 percent since 1965 lost 95 percent of its gains in a matter of months.

Kathy [00:07:05] And it really almost brought Reliance down, and for us personally, we had to sell our apartment, they stopped paying a dividend. That was big. I mean, Bobby and I were living 50 percent on a salary and 50 percent on his dividends. So if 50 percent of the income is gone, that's changing your lifestyle. There were ups and downs, but after a down, there was an up and after one down where we had to sell our apartment. And I loved the apartment. I said, I don't ever want to be in this position again. Let's just live what we can afford because we can afford so much. We went skiing once and he bought a condominium in Vail and I said, I'm not decorating it. I mean, I'm just not doing it. And he said, I like to live on the edge. And I understand it with hindsight. That was his accomplishment.

Ari [00:07:51] What do you mean?

Kathy [00:07:52] Because he worked for his brother. He was always secondary to his brother. I can't imagine what that must be like. I can't imagine being in a secondary position in my whole life. And not that his brother would fire him. He could fire him. He was never the number one person and he didn't act like the number one person when he was with his brother. Saul adored Bobby, by the way. I don't want to suggest that Saul wasn't good to Bobby. He adored him, adored him. But Bobby's personality changed when he was around Saul and it would make me crazy.

Ari [00:08:26] Changed from what to what?

Kathy [00:08:27] Changed from being himself an out there and funny to kind of a little wimpy. You know, just intimidated. It was just Bobby was a different person. You know, be yourself.

Liz [00:08:40] I get how that would be unbearable, don't you?

Ari [00:08:42] Me, too.

Liz [00:08:43] Must have just been like so like, ugh.

Ari [00:08:47] Yeah.

Liz [00:08:47] I remember once my uncle had one of his legendary parties at his apartment, and my mother, according to her, she must have been screaming at my father about this afterwards. My dad and my mother went to say good night to my uncle at the end of the night and my mother must have said oh, Saul this was a beautiful party. And he said, like, too bad you're not. Meaning like you're not beautiful. And she claims that my

father just stood there or maybe even laughed and didn't like, say, how dare you speak to my wife that way. That was kind of my uncle's personality. He was slightly out of control, larger than life. And he would say anything to my mother. And my father would just kind of go along. Of course, if I was my mother, that would be infuriating. But I also always used to feel that my mother had an unrealistic expectation of my father's pecking order. I sometimes I was like, well, maybe my father just kind of had it right. My uncle was kind of responsible for their whole life. My uncle was my father's everything. Father, brother, savior, everything just rolled up into one, larger than life. Why would he be acting like the number one?

Ari [00:09:45] He wasn't the number one.

Liz [00:09:45] He wasn't. He was the number two person around my uncle. That was just the reality.

Jane [00:09:51] I didn't think my dad was upset with being number two, I think my mom was upset with my dad being number two. I think my dad was like really comfy with his role and his success.

Ari [00:10:00] That's Jane.

Jane [00:10:01] To me, they were just like two goofballs. And, you know, my uncle who was the head and my dad was number two, like, I don't think I thought there was anything so bad about being president of this huge company. She was the one who didn't like it.

Bob [00:10:17] I mean, we were a fabulous team. I mean, Saul was this brilliant financial guy. He saw the big picture. I wasn't such a big picture guy, but I knew how to make the business work and be successful. We discussed everything together.

Ari [00:10:35] You were super close.

Bob [00:10:36] Oh, we discussed everything together. Saul was a character, you know. You remember Jackie Gleason, does that mean?

Ari [00:10:45] Of course.

Bob [00:10:45] That he would do it an incredible- and he was fat, Saul was always fat.

Ari [00:10:49] Always?

Bob [00:10:50] Always. He would do a Jackie Gleason impression for my parents. And he was hysterical. Saul was hysterically funny. We would I mean, we would laugh at the two of us, made each other laugh like nobody else. It was unusual. Saul was the greatest thing that happened to me in my life. I was a lucky guy and I was the worst younger brother in the world as a kid. I would get Saul into trouble almost every night and my father would hit Saul. Oh yeah, he was, my father was a hitter.

Lynda [00:11:25] My father was a little abusive.

Ari [00:11:29] That Saul's and Bobby's little sister Lynda. With you, also?

Lynda [00:11:32] I got away with it.

Ari [00:11:34] Because you were the baby.

Lynda [00:11:35] I was the baby.

Ari [00:11:36] But he beat the boys.

Lynda [00:11:37] Yeah.

Ari [00:11:38] He beat your mom?

Lynda [00:11:40] And my sister.

Ari [00:11:41] I'm sorry to hear that.

Lynda [00:11:43] Yeah.

Ari [00:11:43] And yet Saul revered his father. He was distraught when Jules died in nineteen seventy eight.

Bob [00:11:49] Saul worshiped him.

Ari [00:11:51] Really?

Bob [00:11:51] Oh he worshiped him.

Ari [00:11:52] What about him?

Bob [00:11:53] He just respected, enormous respect for my father. And me, too. But at that stage of the game, Saul needed my father's approval. I didn't. I know, it's strange, right? I think everything he did up to that point was to make my father impressed with him.

Ari [00:12:16] And did your father approve? I mean, was your father has been impressed by what you guys accomplished.

Bob [00:12:20] Very mixed feelings about it.

Ari [00:12:21] Really why?

Bob [00:12:22] Because when he died, we were just beginning to break out.

Ari [00:12:28] Liz asked Bob about this time period when he visited her at Grey Gardens.

Liz [00:12:33] So what year round does he die and what's going on?

Bob [00:12:37] He dies in seventy eight.

Liz [00:12:37] OK, he dies in 1978. I didn't know that.

Bob [00:12:39] And the sad part is that we went through business cycles, you know, as a company. And in seventy eight it was sort of the last year of our being down. And my father dies-

Liz [00:12:55] Not knowing.

Bob [00:12:56] Not knowing. In fact he's pissed at my brother.

Liz [00:13:00] He thinks he's what, just been reckless.

Bob [00:13:02] I have to backtrack. Probably in about seventy five. We all figure out that keeping this rubber factory is insane and we decide that what we should do is sell the rubber factory, take the capital and put it back into the leasing company. And now my father comes to work with us.

Liz [00:13:24] And he's really a partner, right? Because he's an equity partner.

Bob [00:13:27] He owns a lot of stock.

Liz [00:13:27] Does he own more stock than-

Bob [00:13:29] No, Saul owns the most.

Liz [00:13:30] Saul owns the most. You're-

Bob [00:13:30] I have-.

Liz [00:13:30] A little.

Bob [00:13:34] Yeah. Well not that little.

Liz [00:13:34] No, I know. And then my grandfather and my great uncle, they own quite a bit.

Bob [00:13:38] They own quite a bit.

Liz [00:13:39] Because they've given a lot of money

Bob [00:13:42] Well, because they they started it. But it was oil and water, my father coming to the leasing company. He couldn't stand the spending. I mean, he'd walk past the secretary's desk and he would see that she's playing with a paperclip. I know you think I'm going to make this up. He would walk over, take the paper clip and put it back into its shape and says we don't waste these things.

Ari [00:14:07] So he's more than just careful.

Bob [00:14:10] He felt that there were two sides to a business. There's the revenue side and there's the expense side. And if you let the expenses get away from you, you're in trouble.

Liz [00:14:23] I have to say, I think that's very good business. Can you believe it? I really do. I feel like people don't understand that these things add up and any entrepreneur knows that.

Bob [00:14:32] He's, he was a very he was a good businessman.

Liz [00:14:34] He was a good businessman. And now you're telling me-.

Bob [00:14:36] Saul was not.

Liz [00:14:36] Saul was more into the, Saul would drive up expenses.

Bob [00:14:39] Saul was not a very good business man in that sense. Spending didn't mean anything. It was just whatever you need, just spend it. Anyway, so my father, he dies and uh, leaves everything to my mother. And my mother decides that she's going to take her stock and give Lynda and Roni stock and not Saul or I any stock. And this becomes a little bit of a battle that in the end you can't win. I mean, she's allowed to do what she wants to do and she does. So he dies. My mother gives the stock to Lynda and Roni, and then the business has this enormous turnaround and the markets turn around and.

Ari [00:15:25] Everybody becomes real rich.

Liz [00:15:27] So you're mad at your mother at this point?

Bob [00:15:29] I'm furious. I'm working my tail off for the company and all of a sudden the girls are getting not as much stock.

Liz [00:15:35] But very close.

Bob [00:15:36] Yeah, something's inequitable here.

Liz [00:15:37] And you couldn't get your mother to turn around on this.

Bob [00:15:39] No.

Ari [00:15:39] Yeah. So you're there working hard and suddenly these sisters who haven't done anything own-

Bob [00:15:45] Never did anything.

Bob [00:15:45] -some of your company.

Bob [00:15:45] And by the way, how about never did anything.

Liz [00:15:47] Why did your mother. I'm just curious because it's so personal to you. I understood that too. Did she say to you, Bob, I just don't think you need it.

Bob [00:15:54] Her attitude was you have enough as simple as that. You have enough. I want the girls to have something.

Ari [00:16:02] A few years before Jules died, Saul had divorced his first wife, Barbara. Untethered in New York City without a father or a wife, Saul developed a reputation.

Laura [00:16:13] I used to go to Studio 54 and Xenon with my friends and I'd run into my father and his friends. And that was not a happy thought. Just so you know, I didn't feel they should be there.

Ari [00:16:25] And what was that like for you, that period between marriages when your father was a famous playboy?

Laura [00:16:31] It was hard. You know, it really was. My father was still quite young and he had, again, a lot of fun and fabulous friends. He felt like he was invincible and he was willing to try anything and he was acting out.

Liz [00:16:52] My uncle was extremely famous to all my friends' parents, not as like this scion of like society like not at all. More like kind of bad boy, always dating a different woman, always on page six for something crazy. Like you know, his second wife was this very fiery Italian woman, very beautiful. I think when they were fighting, he locked her out of their huge apartment at seven forty. And there's a picture of her in a fur coat banging on the door of seven forty. It ran in like every publication, like New York Magazine in page six. And there was just there was a lot. Like women, drugs, drinking business, like just a swirl of stuff about him.

Kathy [00:17:35] I felt smug because we weren't part of any of that at all.

Ari [00:17:41] Actually, there was a lot about the Steinberg's that made Kathy feel smug.

Kathy [00:17:45] Bobby's parents were practically white trash. I mean, no, no. I mean, Bobby's mother, Liz will agree, was I hate to say it because I sound like a woman scorned. I sound vindictive. I don't care. She was actually the meanest person that I ever met, and his father was psychologically and physically abusive. And his mother was just mean. And Bobby, they really didn't care about because they worshipped Saul. You know, my father went to work in the city, came home at six, six thirty every night, and we sat down at the table for dinner together. The first time Bobby came to my house for dinner. He was in a state of shock. He couldn't believe that we ate dinner together every night.

Ari [00:18:26] Why? How did they eat?

Kathy [00:18:27] His mother played cards every single day and she would shove a tray in the oven and it would have a couple of skinny lamb chops and a couple of hamburgers and maybe a skinny steak. And whoever came home and was hungry would just pull the tray out and put on a plate, or maybe not whatever it was they were eating.

Ari [00:18:45] So when you guys get together and you have Liz and then Jane, did he convert to your way of family?

Kathy [00:18:51] Oh definitely.

Ari [00:18:52] Did you split it down the middle?

Kathy [00:18:53] No, no, no. He converted to my way of family. They had no family life.

Ari [00:18:57] Yeah.

Kathy [00:18:57] And he wasn't resistant to it at all. And he and Saul were very close. That was his family life and Saul saved him.

Ari [00:19:04] How do you mean?

Kathy [00:19:06] They grew up in the same room and Saul was so advanced and whatever Saul did he took Bobby along with him. So Saul brought him up. His parents didn't bring him up.

Liz [00:19:16] There was all this snobbery on my mom's side, which is so hilarious because, again, it's also petty and it's such a small pool. She'd say this to my father's face, he would agree. She's like, your family was like low. Your mother just sat around playing like canasta all day long, was basically a moron. But my grandmother,

Ari [00:19:35] Your maternal grandmother?

Liz [00:19:37] Yes. Was like a snob snob. Her grammar was perfect. She had been considered a great beauty in her youth, like. I never saw it. But she must have been. Even my dad's family, even though they hated my mother, they were always like, but Madeline and Ferd, those are good people. Do you know what I mean? Like somehow my grandparents were beyond reproach. My grandmother to her dying day, did the New York Times Sunday crossword puzzle in ink, went. Never missed a ballet. Never missed the theater. Yeah, there was like this weird cultural snobbery. They had never seen anything like my dad's family. They considered my dad's family our favorite word, ditch pig. That's what my mother thought. She was like, they ate spaghetti instead of tomato sauce, they put ketchup on it. She was like what kind of people are they?

Kathy [00:20:22] You have to trust me on this one. His parents were terrible people. They were low class, but that's even that sounds awful. It's not about them being low class. They were bad people.

Ari [00:20:34] They weren't kind.

Kathy [00:20:35] Oh, God, his father was mean. He was a physically abusive man. Ann had a detached retina. That's the wife. They were terrible people.

Ari [00:20:46] Liz didn't see that side of the Steinberg's or she didn't focus on it. She was mesmerized by the aura of celebrity surrounding her uncle.

Liz [00:20:55] Growing up, I always felt like we were kind of a famous family. Like when would you say that happened? How did that. I felt like everywhere I went, people wanted to know about Saul.

Bob [00:21:03] Look, when we bought Reliance Insurance Company in 68, that was sort of the beginning of Saul's reputation. And then when we didn't buy the Chemical Bank, it was still so aggressive.

Liz [00:21:16] For someone so young.

Bob [00:21:18] For anybody. I mean, but for a twenty nine year old, I'm sure. So because his reputation was so bad in the sense of he's a corporate raider. What we did was very simple. We would look for companies that we felt were underpriced and we would buy a ton of stock in that company. A ton. And then Saul would call the chairman of the company and say, look, I just wanted to let you know that we love your company. We've just bought 10 percent of the company and we look forward to working with you very closely. The next day, we would get an offer from the company to buy our stock back.

Liz [00:22:03] At like a huge profit.

Bob [00:22:04] Huge profit. It was called greenmail.

Liz [00:22:07] Right.

Bob [00:22:07] And we were the leaders of greenmail.

Liz [00:22:10] Did Mike Milken come up with the concept?

Bob [00:22:12] No, it happened by mistake. I forget which company it was. But we really wanted to buy it. And when the guy came back two days later and we were going to make 50 percent on our investment. We said, wait a minute, this could work. Saul's reputation is going to really work for us every single time. And it did.

Liz [00:22:38] I felt like the whole world had their eyes trained on my family and some of that was true, some of it wasn't true. But like there was a certain like

Ari [00:22:46] Like you thought you were the Jewish Kennedys.

Liz [00:22:48] Oh, yeah. Oh, yeah. I just mean that, like, when I went to Thanksgiving often Carl Icahn was there. It was just the people that we kind of just naturally hung with. I didn't understand the whole world thought of as like a group of devils. Mike Milken was Uncle Mike. My uncle would have said, well, he was someone that would wave his magic wand over someone's head and make them enormously rich. Like Mike Milken was a hero. Poor Mike Milken went to jail because he refused to give them his brother. He refused because that's the kind of morals and ethics he has that he would never rat out his brother. He's a rare genius. We don't know why people hate him. In jail? That is the most unfair.

Ari [00:23:29] In nineteen eighty nine, Michael Milken was indicted for racketeering, fraud, insider trading and making false statements to the government. He pled guilty to six felony charges of securities fraud and conspiracy, and he was sentenced to 10 years in prison, fined 600 million dollars and permanently barred from working in the financial industry. He served less than two years. His net worth is now estimated at three point eight billion dollars, and he was pardoned in 2020 by Donald Trump.

Liz [00:24:00] These people were like our mishpucha.

Ari [00:24:03] Friends, like family.

Liz [00:24:04] Friends like family. Beyond. And I remember that at my engagement party that certain friends that I had either from college who didn't know me that well were like, wait, what? Is this the Predator's Ball?

Ari [00:24:18] That's the title of a popular book at that time by Connie Bruck, who's now a colleague of mine at The New Yorker. The Predator's Ball was about Michael Milken's company and their junk bonds. But all of them, Uncle Carl, Uncle Mikey, and, of course, Uncle Saul had the same attitude about business.

Liz [00:24:46] You know, my uncle would do parties at his house in Quogue and he'd have t shirts made up that said I'm a greenmailer and I'm proud of it. In my family, it was yeah, sure, we buy companies and sometimes it's hostile. But you know what? If the

management team, if the president and the vice president, the management, were doing their job and they were maximizing shareholder value and they were making that company the best it could be. Well, then we wouldn't be able to come in and buy it. This is just the way it works. Like if you do a bad job, if you just pay yourself a lot, but it's not good for the shareholders, then, you know, shame on you. There was such a sense of superiority in my family, like such an incredible sense, which, again, is sort of a Jewish thing, I think like we live amongst you, we're trying to be like you were also a little better than you.

Ari [00:25:36] And we're persecuted by you. We've got all our bases covered, yeah.

Liz [00:25:40] It's like everything. But in my family, that story was turned around to basically those pathetic WASPs who are desperately trying to hold on to these institutions that they can barely afford anymore and they don't even see what's coming. And maybe they got me this time. But who's laughing now? All right. So we didn't get Chemical Bank. Mr. Rockefeller, you passed a law. But you know what, Mr. Rockefeller? I knocked on your front door and I bought your stupid apartment. And I bought it for cash because you could barely afford it anymore. Everything was like that. Whenever we met a family that, like, was all snobby and like WASPy, my family always be like, yeah, lots of lineage, no dough. Yeah, it's a fancy last name, but like they couldn't afford one thing to buy right now.

Ari [00:26:29] It's like the story of the Beales' in this house where we're sitting.

Liz [00:26:31] Exactly. They're trying desperately to hold on to the few shekels they have from like their great great great grandfather. No one's worked. No one's done anything. Nobody's smart. Like, good luck to you. We thought that was just hilarious.

Melinda [00:27:09] The Just Enough Family is co-created and written by executive producer Melinda Shopsin, that's me, and Ariel Levy. Our editor is David Klagsburn and our other executive producer is Laura Mayer. We had additional help from archival researcher Laura Coxson, fact checker David Kortava, transcriber Elijah Grossman and assistant editor Allison Sirota. Our music supervisor is Jasmine Flott. And the show is mixed by Christopher Koch. For a transcript and full credits, please visit our website, The Just Enough Family dot com.