Quest for the Top

International businessman Issam M. Fares owns 100 horses in training, more than 100 broodmares, breeding farms in three countries, and the highest of goals—and he will be a bidder for Calumet Farm

by David L. Hockenson

THE Marriott Hotel in Fort Lauderdale, Florida, has long served as a meeting point and working hub for horsemen who fly south for the winter. Located on the International Waterway, the Marriott operates an all-inclusive marina and is capable of serving not only those horsemen who arrive in Florida by land or by air but also those who choose to arrive by sea.

The portion of the marina that fronts on the International Waterway has direct deep-water access to the Atlantic Ocean and can accommodate private vessels nearly as large as anyone cares to build them. For much of the year, there were three private ocean-going vessels tied up along that portion of the marina, and two of them belonged to Thoroughbred horsemen.

The first in line was the Highlander, which measures something more than 180 feet in length, sports a distinctive "K" on its smokestack, and belongs to John W. Kluge of Metro Mail. Third in line was the Hedge I, another also-prefixed impressive vessel whose length exceeds 170 feet and whose owner is international businessman and horseman Issam M. Fares.

Nautical roots on the main level of the Hedge I is a living and sitting room where discussions are not often interrupted by mere landlocked horsemen. A key feature of the room is a large screen television capable of presenting for all to see the latest exploits of members of the Fares racing stable. Proudly displaying the memorabilia from 1991 Eclipse Award was by Miss Al Sagaff, North America's reigning champion turf female.

Prominence given to Miss Alleged's Eclipse Award shaded the Hedge I effectively symbolizes Fares's current dedication to the Thoroughbred sport. The Hedge I, which spends summers and falls along the French and Italian Riviera, has anchored in Florida for Aug-Nov weeks in each of the past five years, at least partly so that his owner may pursue his passion for Thoroughbred racing.

Genuine enthusiasm

Fares attended the races at Gulfstream Park this year nearly every day from mid-January through early March. He and his small entourage of advisers, relatives, and friends typically arrive before the first race, take up their boxes on Gulfstream's upper Turf Club level, and depart only after the last race.

"I enjoy nearly everything about it," Fares told a owner visitor to the Hedge I. "I enjoy the races, and I enjoy handicapping. It teaches me about the sport, and it allows me to learn more about the Thoroughbred business. I like it as much as anything I do."

Fares partook of more of his racing enjoyment and education last year at Keeneland Race Course in Lexington, where he generally arrives for the Fall Meeting '91, placed in Fares's brown-hued racing colors, was parked at the almost-directly across from Keeneland's main gate throughout October. Fares and his friends occupied their new sky-level Keeneland for nearly every race of the meeting. He also goes racing in France with some regularity when business calls for him to be in Europe.

Evergreens line the entrance to Fares Farm, purchased by Lebanese businessman Issam Fares, lower, five years ago.

(Photos by C)

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Interest in Calumet

Issam Fares has been a familiar name since the mid-1980s among those who buy and sell Thoroughbred bloodstock. He never gained widespread recognition among racing fans last year when Miss Alleged was the Breeders' Cup Turf (G1) winner in the Eclipse Award. It may become known on a still-wider scale this week if he should be the successful bidder for Calumet Farm.

Fares acknowledged as a guarantee prior conference after Miss Alleged's victory last November that he was interested in acquiring some or all of the Calumet real estate, which lies adjacent to his already handsome Fares Farm. He expanded his thoughts in a recent interview.

"Anyone would love to own Calumet," he said. "We have 800 acres here, and we have developed it the way we want. With the money we have spent, I am sure we could have paid for Calumet twice over. Still, Calumet is unique, and I would really like to own it.

"There are drawbacks, of course. The way the farm was laid out, it requires enormous maintenance expenses and is nearly impossible to operate economically. Anyone who buys it would have to change a lot of things. Still, it would be a pleasure to own it."

Among changes which Fares and his Thoroughbred manager W.S. (Sam) G. Shoen suggest might be made if he bought Calumet would be to reduce maintenance expenses by converting his barrens where pastured mares to Fares Farm's own stallions, and consolidate the stallion barns. Fares would become a sort of Fares Farm and would bear the name of the new owner.

Fares also states firmly that, while he would like to own Calumet, he does not intend to be caught in any bidding battle that escalates beyond what he considers a fair price.

"Not that any price is likely to be beyond his means. The Hedge I, for example, was built in the Netherlands according to Fares's specifications and is estimated to have cost in excess of $10 million, a figure quite likely to exceed the price of the Calumet real estate.

"It's a nice boat—very, very comfortable," Fares said of Hedge I. "To us, it's like home, and we spend about 10 months a year on it."

At the present time, Fares spends considerably less time than that at the residence on Fares Farm, though he often stays in Lexington during Keeneland race meetings and major Thoroughbred auctions. He maintains a principal residence in Switzerland and additional homes on his breeding farms in France and England, near his North American training headquarters in Houston, on his 3,000-acre ranch near Fredericksburg, Texas, and in his native country of Lebanon.

His English breeding farm, Newsells Park Stud in Hertfordshire, now numbers 1,000 acres. His French farm is Haras de Manneville in Calvados.

The Kentucky farm centers around the former Warnerton Farm property, located Keeneland. It also includes acreage that was previously part of the Walnut Hollow operation, now owned by Keeneland. Other neighbors of Fares Farm, in addition to Calumet, are Mandalome and Barbaran Oak Farms and Sing Beach.

Worldwide investments

Fares was born in 1950 in a Lebanese family of "modest and humble economic." The family name, originally spelled Farris, has been anglicized to its current form. Fares accepts without correction the Thoroughbred world's most common pronunciation, which rhymes with "hours." When asked, however, he indicates a preference for Ferris, pronounced like *feline* without the *l*.

With his own formal education limited to high school, Fares pursued on-the-job training in the business world and was first employed as a accountant. "You can learn a lot in the world's university," he said. "but I have pushed my own children to have real university educations and place lower accentuate preference for young regular athletes.

The French sitting is split between the owners, Pascal Bary, who conditioned Miss Alleged last year, has its base Claude-Boniface Ma-[illegible], David Smaga, right, Maurice Allen seems (including 1991 Yellow Sailors (G2) winner Kee de Barcelo) and Nicolas Clement, etc.

In the U.S., Phil Hancock has eight runners, including Grade 3 winner Lady Lacers. Charlie Whittingham and Wayne Lukas have three apiece in California. Whittingham's runners include Miss Alleged and the recently purchased Cadillac Winner, third-place finisher in the 1991 Breeders' Cup Juvenile Fillies (G1). Lukas has Grade 2 winner Pampered Star, plus Lady's Secret's two-year-old filly by Alydar named Secrety Trial, and a Pleasant Colony filly.

Elsewhere, Bob's brother Tom Hancock has two horses in Kentucky, and Jerry Hirsfield has one horse, who are based at the Texas ranch and race at Bandera Downs.

Texas, too, is on Fares's planning list for the future. "We are watching what is happening there, and we would like to breed and race more horses there when the time is right," he said.

Plans and dreams

Fares bought his French breeding farm and his first Thoroughbreds six years ago looking for a weekend retreat. Now, he speaks of the industry as a business and one that can be profitable if approached

Manager William Shoen: "We want to do everything we can to produce our product better."

(Lydia Delgado photo)

in the proper manner. To him, the process rest principal things.

"First, I would say that this is not a business where you should expect an immediate leverage. You should only buy horses with money you can spare," he said. "Second, you must make all your plans for the long

Lady's Secret with her newborn Mr. Prospector filly.

(Photo by C)

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Fares earned his first Eclipse Award last year with Miss Alleged.

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with.

• Hedge Food Group, consisting of four companies in Texas, Mississippi, and Florida which operate five stalls and seafood processing plants.

• Hedge Training, which operates four Texas companies involved in transporting products throughout the Southwest, Southeast, and Midwest.

• Hedge Process Engineering, owner of an international engineering firm which has designed and fabricated refineries and chemical plants in Texas, Italy, France, Australia, and Iran.

• Hedge Financial Services, with financial institutions in Switzerland and Lebanon and capital management firms in Texas and North Carolina.

• Hedge Real Estate, owner of the Accorhotel at Vail, ski and golf resort; the Sheraton Grand Hotel on Paradise Island in Nassau, Bahamas; and the Thoroughbred breeding farms in Kentucky, England, and France.

That is just the above-hand version of the Hedge business enterprises, all of which are 100% owned by Fares. The Hedge group as a whole employs approximately 20,000 persons.

As most followers of the racing and breeding industries are aware, there is a heavy crossover between the ranks of Thoroughbred owners and the titans of business and industry listed annually by Forbes as the owner of the 400 wealthiest Americans. John Kluge, whose Highlander finds a coupled length ahead of the Hedge I alongside the Fort Lauderdale Marriott, currently ranks as No. 1 on the Forbes list.

Fares is ineligible for inclusion on that list for a couple of reasons. First, he is not an American citizen. Second, Forbes's principal means of keeping score involves valuations of stock in publicly owned companies, and all of Fares's enterprises are privately held.

Nevertheless, one suspects that if there were a public owner-shipping a figure on the value of the Hedge Group, Fares might rank once again within a couple of lengths of Kluge.

Expansive outlook

Fares's involvement with Thoroughbreds is easier to tally. It quickly adds up to quite a lot.

He has been a regular buyer of yearlings and broodmares at sales in North America and Europe since the mid-1980s. His single most expensive purchase came at the Keeneland July Selected Yearling Sale in 1988, when he paid $2.8 million for three of the Year Lady's Secret, in fact to Alydar.

More recently, he outbid first in North America in 1991 in repeated bids for broodmares at public auction, with 14 purchases for $5,750,000. He also outbid 110 among this continent's leading breeders of yearlings in 1991, with 20 purchases for $2,074,000. And he bought Gally Gally (Ire), in had to Dancing Mission, for $600,000, the single highest price paid in the Keeneland sale of horses of all ages in Kentucky in 1991.

Aside from Lady's Secret, Fares generally has another broodmare lineage backed at the top of the market. Interest, he has sought breeding stallions with potential to produce recent-sale yearlings who are available at prices a step below the top of the market. Following the advice of Shoen and Kentucky farm manager William V. Harrigan, he has placed top priority on young broodmares with superior race records, with slightly less emphasis on pedigree.

Approximately his current list of approximately 110 broodmares includes no fewer than 31 stakes winners (one accompanying foal and 30 stakes-placed runners). Thirty-nine of the 31 stakes-winning mares are ten years old or younger.

Of the 110 broodmares, about 40 are based in Kentucky, about 30 in France, and about 15 in England. The Kentucky group includes all of the Grade 2 and Grade 3 winners, and most of the more expensive dams.

"We run a commercial operation, and Kentucky is where the market is the strongest," Shoen said. "We're trying to figure out which way the market will be going in Europe, so that we can decide what to do there."

Fares intends to a full range of commercial stallion and sires his entire foal crop for sale as yearlings. He retains the racing those who do not reach his reserve price, and he adds to their number with his own yearling purchases.

"We breed commercially and everything we have is for sale," said Fares. "We discipline ourselves in that way, and we do not decide yet on whether we are headed in the right direction. If we make mistakes, we try to learn from them."

Stalling plans

Fares has constructed a stallion barn at his Kentucky farm and plans to stand horses in some individuals prize in the future, when he believes his operation is ready and the market is right. In the meantime, he has purchased leading 1991 Breeder's sire Lion Cavern and expects to bring in from the former Sunny Usher Farm in stand at William S. Farish III's Lane's End Farm near Versailles, Kentucky.

Shoemen of the Fares owners are scheduled to be bred to Lion Cavern in 2000, including Grade 1 winners Slender Card, Pillemalad, and Sea of Love. Mating plans for the fee have to other Grade 1 winners call for Capadocia and Lyphard, Fabulous Studies to Capote, Gally Gally to Woodman, Lady's Secret to Danzig, Track Robbery to Easy Goer, and Videogenic to Private Account.

In France, Fares stands his 1987 French champion four-year-old Highest Honor at Alec Head's Haras du Quesnay. Twenty-one of Fares's 31 French-based mares will go to Highest Honor in 1992.

The Fares's breeding stable now numbers over 100, with 70 mares in France and 31 in the United States. Most of the mares are stable are sent to France for their early conditioning on the theory that the European training facilities are kinder and gentler than American facilities.

The Fares's Kentucky operation is adjacent to Calumet Farm, and Fares intends to bid for the Calumet real estate.

(Photo by C)

With his own formal education limited to high school, Fares pursued on-the-job training in the business world and was first employed as an accountant. "You can learn a lot in the world's university," he said. "but I have pushed my own children to have real university educations and

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• Hedge Chemicals, including one company in Illinois and one in Indiana which produce specialty chemical and metallurgical prod-

degree."

His oldest sons are graduates of Denver University in Colorado. Michael, 28, is chairman of one of the Hedge's major holding enterprises, Hedge Bank of Switzerland. Second son Nizar is based in Houston and manages various of the family's international investments and also spends time with the horse farms. A third son, who first name is also Fares, is a student at Tufts University in Massachusetts (which has recently made Issam Fares a member of its board of trustees).

Fares's wife Zida and their six-year-old daughter Nour travel with him around the year, on Hedge I and in their other homes.

After beginning work as an accountant in Lebanon, Fares progressed to positions as manager of several firms, including catering and construction companies. When oil prices escalated rapidly in the 1970s, he formed his own companies and began investing heavily in Persian Gulf enterprises. Soon after, he began buying companies in the United States.

Fares currently serves as board chairman of the Hedge Group, a private conglomerate of which he is 100% owner. A brochure prepared by Hedge lists the following enterprises:

• Hedge Group Europe, which consists of four luxury manufacturing companies in France and Germany.

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with. It can be a very rewarding business over the long term, but it's big mistake to put yourself in a cooling where you have to meet an immediate return.

"In our racing operation, we did over our training costs with the money we earned last year, but you cannot depend on a positive cash flow all the time. If we were to liquidate today, we would have enough money in the business, but we don't want to liquidate. We want to continue to grow and look to the long term."

Fares depends on Shoen and Harrigan for guidance in matters relating to individual horses, but he sets his own financial strategy.

"We're trying to look at every factor to give ourselves the highest probability of success," Shoen said. "We want to do everything we can to produce our product better."

Fares's tech major breeding stable sale, the Fares team identifies broodmare prospects and establishes prices for their individuals, based on a mare's quality and how much her progeny might be worth

The Fares group home in Fares during race meetings and auctions at Keeneland.

(Photo by C)

Stakes-Winning Mares Owned by Issam M. Fares

Grade/Group 1 Winners

Cocotte, '82 (Nonoalco—Mother of Mine), by Damascene
Fabulous Notion, '84 (Sunahaqiqa—Cocotte Notion), by Jaloux
Gally Gally (Ire), '88 (Dare the Blue—Gaptrice), by Lord Gayle
Highest Honor, '79 (Quiet—Wind Talker), by Tibaldo
Lady's Secret, '82 (Secretariat—Great Lady M.), by Verbatim

• Miss Wagner, '87 (Magesta—Miss Transcript), by Bold Bidder
Pharamond, '79 (Sanctus—Princess Gold), by Raffaello
Rescue Crew, '82 (Ack Ack—Shamrockmore), by Dancing
Trans National, '79 (Ile Romeo—Left At Home), by Run For Home
Videogenic, '82 (Damascene—Video Baby), by T. V. Commercial

Grade/Group 2 Winners

Amorina, '85 (Alleged Alibi—Not Exchange), by Alleged Exchange
Blue Mist Rabbit, '85 (Ms. Prospector—Jinan Tonka Machine), by Tunnel Crossing
Lady Mouse (Fr), '86 (Mouline Danzer—Amarillonette), by Tagalaya
Miss Brooklyn (Ire), '85 (Top Ice Mouse—Bibi), by Nebbio
• Pampered Star, '87 (Star Ice Mania—Pitiriza), by Pitiriza

Nadine, '85 (Nadir—Pine Rain), by High Brooklyn
Amazonian, '85 (Nijinsky—Hyperbolinda), by Sicker Hill
Better Joy, '79 (Nonoalco—Bellful Miss), by Valid's Joy
Bonn and Sunshine, '85 (Bar de Nuit—Sea Shore), by Sunny
Free Dancer, '85 (Affirmed—Free Ride), by Secretariat

Grade/Group 3 Winners

Anatina, '82 (Saint Ben—Hungry Lady), by Saint Ruler
Bella Mania, '79 (Ile Romeo—Heat Ya Pitiriza), by Pitiriza
Dancing, '81 (Ack Ack—Hungry Ruler), by Hungry Ruler
Freedom Fare, '80 (Magesta Noble—Lotto), by Nasrullah
Lady Dance (Ire), '82 (Nijinsky—High Rise), by Northernaire
La Chaque, '80 (Mitre—Pitiriza—Pitiriza Miss), by Bolero

• Lady Lacers, '87 (Cannonade—Not Exchange), by Alleged Exchange
Mamaroneck, '80 (Alydar—Lady Tucker Pitiriza), by Pitiriza Dancer
Ms. Ice Bandits, '79 (Ice Bandits—Ms. Ice), by Northernaire
Paradise (Fr), '79 (Bagatelle Secret—Ivoa Maggiore (GB)), by Nasrullah
Quiet Thoughts, '82 (Thatching—Pine Rainbow), by Tunnel Crossing

Pitiriza Miss, '82 (Dancer Vice—Miss Anchor), by Northernaire
Rising Star, '82 (Nonoalco—Pitiriza), by Pitiriza

Other Stakes Winners

Alabaster (Ire), '80 (Mitre—Steady Ma Buffs), by Bolero
Amy (Fr), '81 (Pitiriza—Ida), by Bolero
Black Ruby (Fr), '80 (Pitiriza Dancer—Kerrone), by Belgaro
Lynn, '77 (Kings—Swinging Sheep), by Sicker Hill
• Tella Pitiriza, '87 (Jaloux Dancer—Tarmangante), by Tua Pitiriza

Dancer Lady, '80 (Nonoalco—Tranquilla), by Hot Spark
Dancing Lady, '81 (Dancer—Ida), by Tom Mellor
Pitiriza, '80 (Alleged—Night Light), by Northern Dancer
Pretty Blackbird, '84 (Secretariat—Princess Pitiriza (Ire)), by Nebbio
Pretty to Jones (GB), '80 (Dancer (GB)—Gainsville), by Hatert Mark

Strength Bunny, '79 (Hatert Mark—Turbo Jet), by Turbo Dynamo
Tiny Cow, '80 (Dancer Vice—Rainbow), by Northernaire
Summer Wind, '81 (Nijinsky—Pretty Pretty), by Vitamin
Village Dance, '80 (Secretariat (Fr)—Village Bounce), by Polly Bolero

• In training in 1992