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PROFILE: JEFFREY GUNDLACH



NO HALF-MEASURES IN BUSINESS, LIFE

Jeffrey Gundlach's drive and laserlike focus have helped him become a transformational figure – his \$42.5 million to gift to the Albright-Knox is no exception

By COLIN DABKOWSKI
NEWS ARTS CRITIC

LOS ANGELES – The first thing you'll see if you are brave enough to peer over the gate of Jeffrey Gundlach's \$15 million estate in Pacific Palisades is your own reflection in the stainless steel surface of a half-ton sculpture by Anish Kapoor.

The first thing you'll likely hear is the bark of a security guard aiming a semiautomatic pistol at your head.

"If somebody's interested in causing me trouble, they already know that it's going to take a number of people. Some of them will die," said Gundlach, whose art collection was robbed in 2012.

Gundlach's rotating, six-man security detail operates out of a military-style command center at the edge of his property, where he lives with his girlfriend. It might seem excessive, but, like all of the Buffalo-born billionaire's pursuits – in academics, business and art – it reflects his distaste for half-measures.

SEE GUNDLACH ON PAGE A8

Jeffrey Gundlach sits in front of a painting by William Ritshel in his office at DoubleLine Capital in Los Angeles.

Photo by Jenna Schoenefeld/Special to the News

Plea expected by 'investment guru' in scam

By PHIL FAIRBANKS
NEWS STAFF REPORTER

Michael H. Wilson donned many faces – investment wunderkind, indicted scammer, international fugitive – during his decade-long journey in the spotlight.

Even at age 21, when he first arrived in Buffalo, he wowed people with his purchase of a \$6.3 million estate in Hamburg, a price tag that set a local record at the time.

And then came the fall.

Now 30, Wilson is expected to appear soon in a downtown courtroom to plead

It wasn't uncommon, investigators said, for individuals to pony up as much as \$250,000 apiece as part of their initial investments, but Wilson allegedly never invested those funds.

guilty and once and for all end the federal investigation into an \$8 million scam targeting wealthy investors. No one will comment on when Wilson might plead guilty, but court records indicate the two sides have reached a plea agreement.

If he does plead guilty, it would mark the start of the end for Wilson, the onetime investment guru who arrived here from Cleveland in 2007 before running afoul of the FBI and fleeing first to Canada, and then to Vietnam.

"I remember him being very young," said

See Wilson on Page A12

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Campaign funds reportedly eyed in Grassroots probes

Influence extends to 4 organizations linked to founder of East Side club

By SUSAN SCHULMAN

NEWS STAFF REPORTER

The Grassroots political club has worked to elect dozens of politicians over the past three decades, including Mayor Byron W. Brown.

Now, the East Side organization finds itself under the microscope of state and federal investigators, who two weeks ago took documents from the organization's headquarters using a warrant.

Authorities haven't disclosed the target of the raid, but several sources have said the action grew out of the state and federal probes against G. Steven Pigeon, a former Democratic Party chairman and political operative who is charged with political corruption. Investigators are believed to be following a money trail that includes campaign finance reports for Pigeon, Grassroots and others.

While the Grassroots club has had significant political clout, public records that The Buffalo News searched found that it is not a big-time money machine. It took in some \$202,000 in contributions and related payments over the past 10 years, according to state Board of Elections reports.

But Grassroots' influence goes beyond the walls of its Genesee Street storefront office, touching four other orga-

Deeper ties

Maurice Garner's connections go beyond Grassroots

Political contributions/payments to organizations since 2006

Grassroots political committee	\$ 202,200
Be the Change political committee (Started 2010)	\$ 63,396
Maurice Garner, Garner Associates consulting firm	\$ 58,397*
Urban Vision for Tomorrow consulting firm	\$35,034
Buffalo Urban Chamber of Commerce (Started 2013)	\$ 14,985
Total	\$ 374,012

* Includes \$5,714 paid to Garner's sons
Source: NYS Board of Elections campaign filing reports

erations. When those other organizations are included, the total political money increases to almost \$375,000, The News analysis found.

The common denominator of those organizations is Maurice L. Garner, the Grassroots founder who more recently

See Grassroots on Page A6

Amherst clinic's move remains in limbo

Drug treatment site has stirred battle

By STEPHEN T. WATSON

NEWS STAFF REPORTER

When the Catholic Health System made plans to offer methadone, suboxone and other medications to drug-dependent patients in Amherst, it wanted to do that at its existing outpatient drug treatment center on Sheridan Drive.

But the clinic's landlord balked at drugs being distributed there. It refused to renew the lease.

That meant Catholic Health had to seek a new location for its expanded services, setting off the community controversy over where to treat addicts.

Catholic Health officials found one a short distance

away, at 910 Millersport Highway, and unveiled the site to a handful of town and county representatives in spring 2016. But news of Catholic Health's proposed move there drew bitter opposition from neighbors and town officials when it was revealed publicly in April.

The battle is being played out as an opioid crisis continues in Amherst and the rest of Erie County.

The timeline of Catholic Health's efforts to offer medication-assisted treatment in the town is outlined in the system's application to the state Health Department for permission to move the clinic. The Buffalo News obtained a copy through a Freedom of Information Law request.

The application also details

See Clinic on Page A12

INDEX

Automotive E1
Books D4
Business G1
Crossword F5
GustoSunday D1
Home & Style F1
Letters H5
Lotteries C2
Obituaries C4
Picture Page A12
The Region C1
Scoreboard B11
Sports B1
Travel F8
TV Topics H1
Viewpoints H1

WEATHER

Partly sunny, breezy. High 77, low 62. Details on Page C8.

7 42440 00175 8

\$2.50

Newsstand and machine price



JEFFREY GUNDLACH: *No half-measures in business, life*

Carol Gundlach,
with her son
Jeffrey at the
Albright-Knox last
September, says
her youngest son
was "an easy child,
a very eager child,
to do well."

Mark Mulville/Buffalo News

FROM AMHERST HIGH SCHOOL TO A FULL RIDE AT DARTMOUTH

GUNDLACH • from A1

Gundlach, 57, whose \$42.5 million donation to the Albright-Knox Art Gallery last year was the largest to a cultural organization in Western New York history, has no interest in being a minor player.

That has been a theme throughout his life, whether as a hypercompetitive student at Amherst High School, a renegade Ph.D. student at Yale University or as a rock drummer in Los Angeles, a career he abandoned to pursue his true calling after watching an episode of "Lifestyles of the Rich and Famous," according to his favorite bit of personal lore.

The theme continued in 2009, when he launched his new firm, DoubleLine Capital, in the wake of a messy public divorce with his former employer.

"I don't spread things thin," Gundlach told The News in September, after his Albright-Knox donation was announced. "I focus deeply. I do that with my work, with my company. I want to make a difference to the things that I apply myself to and not just, as T.S. Eliot said, mete out my life in teaspoons."

And while he has spent the last 15 years building one of the most impressive private art collections on the West Coast and one of the most successful investment management firms in the United States, Gundlach is turning his attention to more-enduring projects.

"I could either buy another picture, or I could massively transform the Buffalo art museum," he said in an April interview in his offices on the 18th floor of the Wells Fargo tower in downtown Los Angeles. "It's just badly in need of a transformational project."

Transformational projects are a specialty of Gundlach's.

Case in point: himself.

Even as a child, intent on success

The youngest of three brothers, Gundlach grew up in a modest house on Harlem Road in Snyder where his mother, Carol Gundlach, still lives. His father, Arthur, who died in 2013, was a chemist for Pierce and Stevens Chemical Corp. whose claim to fame was inventing a highly durable wax widely used to coat the floors of bowling alleys.

Even now, despite the fact that he lives next door to Stevie Nicks in a Tuscan-style villa perched on the edge of a Santa Monica canyon, Gundlach still carries hints of his middle-class upbringing.

He wears tailored suits on company webcasts and financial news shows, but he inhabits them with a hint of discomfort. During an interview, he was dressed in brown-and-orange checkered shirt, brown slacks and brown shoes.

Artworks by Andy Warhol, Clyfford Still, Jeff



I DON'T SPREAD THINGS THIN," GUNDLACH TOLD THE NEWS IN SEPTEMBER, AFTER HIS ALBRIGHT-KNOX DONATION WAS ANNOUNCED.
"I FOCUS DEEPLY. I DO THAT WITH MY WORK, WITH MY COMPANY.
I WANT TO MAKE A DIFFERENCE TO THE THINGS THAT I APPLY MYSELF TO..."

Koons, Donald Judd, Willem de Kooning, Joseph Cornell, Piet Mondrian, Cy Twombly and others share space in his house with a painting done by a largely unknown artist: his maternal grandmother Helen Fuchs Gundlach's pastoral scene from 1929 depicting her West Seneca gar-

den.

Look hard enough and you will find clues from Gundlach's ancestry that suggest a future love of art. Look even harder and his status as a bond trader with a net worth of \$17 billion, whose predictions in the financial press move markets, begins to emerge.

Carol Gundlach said the youngest of three sons, even as a child, was intent on succeeding. More than anyone in the immediate family, she said, Jeffrey took after his uncle Robert Gundlach, a physicist who invented much of the technology used in the Xerox copy machine.

"He was a very intense little fellow," she said in a phone interview from the family home, where prints of famous Albright-Knox paintings by Georgia O'Keeffe and Picasso and photographs of family members visiting the gallery hang in her kitchen. "I found him a very easy child, a very eager child, to do well."

Drew Gundlach, who has built a successful construction business focusing on historic restoration work, said his younger brother always wanted to get it right.

He recalled a day from their youth when he taught Jeffrey to ride a bicycle in their Snyder driveway.

"There was a little rock wall along the side of the house," he said. "He'd fall off that bike and crash into the wall. He was all banged up, but he got right back up and back on the bike. At the end of the day, he was riding that two-wheeled bicycle. No training wheels."

It was a clear precursor of a life to come.

"He follows things through all the way to the end," Drew Gundlach said.

Culturally active upbringing

The Gundlachs were culturally active, taking frequent trips to the Albright-Knox, the Buffalo History Museum and Buffalo Museum of Science.

Carol Gundlach said she believes those experiences and the family's artistic background — her mother was a trained pianist and her mother-in-law a successful painter — shaped her sons.

"They have startled me," she said of their successes in academia, business and philanthropy. "I don't know where it comes from. My whole life is blessed beyond anything I would ever have dreamed."

Jeffrey Gundlach, too, acknowledges the advantages of his upbringing.

"I was given skills and opportunities," he said. "I mean, sure, Harlem Road between Main and Sheridan? Not the greatest opportunity in the world. But I'm a white guy that got a scholar-

ship to an Ivy League college."

Partially out of a belief that the family would not mix well with the upper classes, Gundlach's grandparents prevented his mother from attending Vassar on a full scholarship.

"It's a class thing: You don't fit in," he said. "There was a lot of class-consciousness 50 years, 70 years ago in Buffalo. That's not our place."

When his other brother, Brad, now a college history professor in Illinois, applied to Princeton University, the family argued against it. But he went anyway, smoothing the path for Gundlach's academic rise.

After discovering a preternatural talent for math, Gundlach earned straight A's at Amherst High School and a full scholarship to study math and philosophy at Dartmouth College. When he wasn't playing in his neighborhood, competing on the WIVB trivia show "It's Academic" or practicing his timpani part for his high school orchestra, he was studying.

"I was just a guy that was trying to get A's," he said. "I always wanted to succeed."

Gundlach was part of a group of high-achievers at Amherst High. One of them, his neighbor and classmate Charles Zukowski, is a long-tenured electrical engineering professor at Columbia University. He recalled Gundlach as a happy-go-lucky kid, eager to play practical jokes on his brothers and compete against neighborhood kids in pickup games.

"We were pretty competitive, in a fun way. Everybody wanted to do well," Zukowski said. "In our social group, everybody valued education, everyone assumed they were going to college. There was friendly competition in school and on the SATs, and all that stuff."

Next chapter: Rock and roll

Gundlach graduated summa cum laude from Dartmouth in 1981 and entered the mathematics doctoral program at Yale. But he dropped out after his proposed thesis, a radical argument about the concept of infinity that challenged the underpinnings of modern mathematics, was rejected by his adviser.

Disenchanted with academia, Gundlach moved back to Buffalo to work construction jobs with his brother Drew, waiting for his next opportunity to be a major player.

It soon came in the form of an offer from fellow musician Bev Eyre, whom he had met as a student at Dartmouth. "A guy who I'd been playing in a band with said, 'Let's go to L.A. There's a big music scene out there. We'll be rock and roll people.' I said, 'I got nothing better to do.'"

So, in 1983, the Ph.D. dropout became a glam-rock drummer.

He played in a series of Los Angeles rock bands, the best known of which was called Radical Flat, a nod to his math background.

"He was an incredible drummer," Eyre, who could not be reached for comment, told Busi-

JEFFREY GUNDLACH: No half-measures in business, life

ness Insider in 2012. "He never missed a beat, like a machine gun. He could play so many cool rhythms, switch tempos, doing something real fast, then a little slower."

After chasing his music dream for two years and building a small following, the life of a struggling drummer lost its charm. One night in the mid-1980s, in an oft-repeated story, his fortunes changed:

He found himself sitting alone in his grungy West Hollywood apartment, surrounded by cardboard boxes for furniture and a donated TV that required a pair of pliers to change the channel, when he came across an episode in progress of "Lifestyles of the Rich and Famous."

Cue Gundlach's impression of TV host Robin Leach:

"We have a special show tonight. We're going to be counting down the 10 most lucrative professions," he said. "I'm like, cool. I could use a little direction."

The No. 1 profession, Leach informed him, was investment banker.

"They said you need to work very hard, and you need a very analytic mind," Gundlach said. "I'm like, check and check."

Starting from scratch

Tantalized by the trappings of an investment banker's lucrative lifestyle, Gundlach grabbed a copy of the Los Angeles Yellow Pages. He flipped to a section labeled "investment managers," figuring this was the same as "investment bankers."

With no experience or knowledge of investment, he wrote letters of interest to the 23 companies that had paid for bold-faced listings. Trust Company of the West hired him on faith and shuffled him into a minor job in its bond department.

Between the day he was hired and the day he started, Gundlach devoured everything he could about the bond market, deriving the formulas that undergird the market from scratch so he could understand them from the inside out.

"The day I started, I knew more than anybody that worked there about bonds," he said.

Within six months, Gundlach, at 26, was managing Chrysler's pension fund. Over a 24-year career at TCW, he built the firm's bond business into a national powerhouse.

He earned a reputation as a smart analyst with a knack for accurate predictions. In 2006, he called then Federal Reserve Chairman Alan Greenspan "out of his mind" for saying — prematurely, as it turned out — that the housing bust had bottomed out.

That foresight allowed Gundlach to protect his clients' money through the financial crisis that followed, soon earning him the title of "Bond King," solidifying his reputation as one of America's most successful investors and elevating him to oracle status in the financial press.

"He is a strong personality in the industry, and he has grown quite the reputation," said Steven Gattuso, a Buffalo-based financial adviser who campaigned to bring Gundlach to speak to a group of fellow industry members at the Albright-Knox in 2015. "He's one of a handful of people that can command some media attention when he makes a prediction or an observation about what's happening in financial markets."

Because of his reputation for accurate predictions, Gundlach is sought after by financial news outlets and appears several times a year on CNBC and Fox Business News. His speeches are live-blogged and dissected by investment pros for clues about the future.

Gary Schreier, senior vice president for programming at the Fox Business Network, described Gundlach as a straight-talker with a reputation for accuracy. A case in point: his prediction that Donald Trump would win the Republican presidential nomination and the general election.

"His immense value is his track record, his knowledge, his acumen, his confidence and also his self-assuredness. He says what's on his mind to a large degree. He's not overly careful about parsing his words," Schreier said. "That's unique and makes him someone we appreciate."

An ugly business battle

Gundlach's success in piloting his company and clients through the housing crisis also precipitated one of the biggest dramas in his life, when, in 2009, he was forced out of TCW and began an ugly legal battle. He claims the company was plotting to steal millions of dollars in future fees, the fruits of his team's work during the financial crisis. TCW claimed that he and his team stole proprietary information in a secret scheme to launch their own business.

"I worked so hard. So hard," he said. "I was working till midnight, getting up at 5 a.m., killing ourselves. My reward for doing that was they tried to steal the business."

The subsequent court battle played out in Los Angeles Times headlines and on blogs, where developments in the case were reported with O.J. Simpson-level detail.

In the fight, according to court filings, TCW accused Gundlach of a litany of improprieties. These included keeping a trove of drug paraphernalia, hardcore pornography and sex toys in his office. In a memo to his staff, Gundlach wrote that the material uncovered by TCW contained "vestiges of closed chapters of my life."

Gundlach's countersuit accused TCW of attempting to defraud him and his team of their future earnings by forcing him out of the company. What's more, he accused TCW management of hiring private investigators to collect incriminating information on the sex lives of him and his team members. In his case, he said, they did not succeed because he and his former wife had already decided to divorce by the time he began a relationship with another woman. (Gundlach has one daughter, now 26, with his ex-wife and former bandmate, Nancy Draper.)

TCW spokesman Douglas Morris declined to address the allegations, noting that the company is under different management and does not comment on former employees or competitors.



Jeffrey Gundlach, second from right, was the drummer in the mid-'80s-era band Thinking Out Loud.

In the end, the court ordered TCW to pay Gundlach and three members of his team \$67 million in back pay and denied TCW's request for damages. Gundlach was found responsible for breaching his fiduciary duty to TCW, a finding that carried no financial penalty and which TCW was thus unable to appeal.

Asked how he felt about the verdict, Gundlach said, "They massively lost. It was 67 to zero."

A passion for modern art

When any of DoubleLine Capital's 210 employees exits the elevator on the 18th floor of the Wells Fargo Tower, Gundlach's brushwork greets them.

He spent the better part of a year painting the entry sign for DoubleLine, which, like the firm's name, was inspired by a Piet Mondrian painting that hangs on the second floor of his home.

As with everything in Gundlach's life, DoubleLine is shot through with art.

The company's Wi-Fi network is named "Rothko," after the abstract painter.

Its conference rooms are named after famous modern artists, several of which contain actual pieces by those artists.

The entire DoubleLine investment team can fit around a massive table in the Warhol room,

where a 1963 Andy Warhol car crash picture, "Five Deaths Twice," hangs. The Judd conference room features a Donald Judd sculpture next to a wide window looking out on the financial district of Los Angeles, with the Hollywood sign visible. In the Calder conference room, a Calder mobile dangles from the ceiling.

"The rooms aren't sterile here," said Robert Cohen, who joined DoubleLine in 2012 and serves as its director of global developed credit. "You walk into a conference room here and there's something lively happening."

Gundlach does not have a corner office, preferring instead to survey his domain of traders and analysts from a desk that might belong to a low-level accountant, save for one item: A football inscribed to Gundlach by DoubleLine client and Buffalo Bills running back LeSean McCoy: "Thanks for taking care of my money," the inscription reads. "Go Bills."

Before announcing his donation to the Albright-Knox last year, Gundlach's name was in the local news for another high-profile proposition: He was part of a group including Jim Kelly that briefly entertained buying the Bills, but eventually dropped the bid in the face of strong competition.

Kelly declined to be interviewed for this story.

Gundlach is a long-suffering Bills fan, but his interest in football is dwarfed by his passion for art. And although he grew up visiting the Albright-Knox, Gundlach didn't gain an appreciation for modern and contemporary art until a 2002 trip to the Tate Gallery in London, where he came across a man sketching a Mondrian painting.

"It's like I'm hit by a thunderbolt," Gundlach said in September of the painting that changed his life. "All of a sudden, at that moment, all I cared about was more modern art."

Almost immediately, Gundlach began collecting 20th-century pieces.

Every room of his house — from the living room where a Calder mobile spins in front of a \$28 million Warhol portrait of Marilyn Monroe to a hallway where a Diebenkorn landscape dialogue with a transcendent Mondrian — feels like a conversation across art history.

In his vestibule, for example, Robert Rauschenberg's excellent 1955 piece "Monk" hangs on a circular wall opposite a pristine stack of Donald Judd drawers from 1975. In a hall leading to his study hangs a luminous Willem de Kooning from 1946.

"This is de Kooning when he just becomes de Kooning," Gundlach said. "It's an observation he makes frequently about the artworks in his collection, many of which capture his favorite artists at the cusp of an artistic revelation."

Gundlach, before he became Gundlach, was just another art enthusiast who bought California landscapes. Now, he's a modern art expert with an encyclopedic knowledge of the artists he collects, a house filled with art books and insights drawn from his own analytical mind.

Insatiable curiosity, commitment

His knowledge of modern and contemporary art and deep curiosity sets him apart from most other high-profile collectors, said Amy Cappellazzo, the Buffalo-born art expert at Sotheby's who helped to coordinate Gundlach's gift to the Albright-Knox.

"It's like when you see a child who has natural athletic ability," Cappellazzo said in an interview last year. "He's very, very passionate and very, very, searingly intellectual about it. Once he knows an object or is curious about an artist, it's full-on research, deep."

Albright-Knox Art Gallery Director Janne Sirén, who worked with Gundlach on last year's fundraising campaign, admitted that he has to brush up on his art history before meeting with Gundlach. And he has a Ph.D. in the subject.

"Jeffrey knows more about Mondrian than most people that I know," Sirén said. "When I go to visit with him, I'm browsing through my Mondrian biographies, for example, because I don't want to be in a situation where I can't carry a conversation with a person as knowledgeable as he is."

Sirén also said it was Gundlach's desire to go big that pushed him and other gallery officials to seek 50,000 square feet of new gallery space instead of a smaller amount. This was because Gundlach insisted that the gallery be on par with what he sees as its peer institutions: the Whitney Museum of American Art and the Solomon R. Guggenheim Museum in New York City.

Gundlach's home, his art collection, his approach to business, and his entire way of life reflects this insatiable curiosity and commitment.

If he's going to go to Amherst High or Dartmouth, he figured that he may as well graduate at the top of his class. If he's going to learn how the bond market works, he reckoned, he may as well learn it better than anyone else in the industry. If he's going to buy a portrait by Andy Warhol, he might as well know twice as much about it as the person he is bidding against.

And if he's going to make a donation to an art museum, Gundlach may as well make sure that it has an earth-shattering effect.

"I'm in the fixed income hall of fame. I've got the most successful startup investment management company in the history of the business. I don't have anything to prove," he said. "To people who like to criticize me, I say: 'So, what major museum is named after you?'"



Photos by Jenna Schoenefeld/Special to the News
Jeffrey Gundlach is never far from fine art in his office at DoubleLine Capital in Los Angeles. Below, Andy Warhol's "5 Deaths" in the Warhol conference room.

