

The World's Most Powerful & Exclusive Fortunes

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Abstract

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"It's addictive," says Sassoon. "Once your palate has gotten used to good coffee, it's hard to go back to the old stuff." The Sassoons have always been known for their entrepreneurial spirits and shrewd business methods. The family had made its modern day fortunes after two

of its patriarchs David Sassoon and [Elias Jacob Sassoon] two brothers the sons of Saleh Sason, the chief treasurer of Baghdad, they left Baghdad after being threatened by the Ottoman governor Dawud Pasha in 1832, David went to Bombay via Persia eventually settled in England, and Jacob went to Egypt and later Greece, some of his descendants settled in the United States.

Full Text

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Want to build a billion-dollar dynasty that can last for generations* Our first-ever comprehensive ranking of World's Richest Families can be your starting point.

To find out how the 185 wealthiest clans made their \$1.2 trillion combined fortune, we have looked at the industry composition of the companies behind these powerful dynasties. Among all sectors, retailing has the largest number of the country's billion-dollar clans.

A total of 29 billion-dollar retail families have a combined fortune of \$233 billion, thanks to many well-known household names from clothing lines to department stores. The Waltons, America's richest family who controls the country's largest retailer Wal-Mart Stores Inc., have a fortune of \$152 billion and represent more than half of combined wealth of all the retailing dynasties. The Fisher family, who founded Gap Inc. and still holds 41% stake, is the second wealthiest retail giant (\$10.2 billion). Four families make their fortunes selling groceries from their supermarkets: the Butts (\$10.1 billion), the Meijers (\$8.9 billion), the Jenkins (\$5.2 billion), and the Wegmans (\$3 billion).

The Rothschilds, the Mellons, the Kennedys. the Rockefellers. You know the names already. Many are working at increasing their fortunes. Others are merely sleepy heirs, several generations removed from their families' heydays. Nearly all have ties to some of the most storied businesses and brands in history.

The wealthiest family in America and perhaps one of the world's wealthiest family for example, is the Walton family, which includes the three living children of founder Sam Walton; the wife of his son John, who died in 2005 in a plane crash; and the two daughters of his brother James "Bud" Walton, who helped found the Arkansas retailer in 1962. They are worth \$152 billion, \$63 billion more than the second richest family, headed by the politically active and often controversial Koch brothers. The three richest families are worth \$301 billion, one fourth of cumulative net worth of all the wealthiest families.

Unlike the Forbes 400 list of America's richest and World Billionaires ranks, which focus on individual or nuclear-family wealth, the world's Richest Families includes multigenerational families of all sizes, ranging from just 2 brothers to the 3,500 members of the Du Pont clan. Families needed a combined net worth of \$1 billion to make the cut.

To compile this first list we looked at members of the Forbes 400, descendants of past or deceased Forbes 400 members, families behind the world's biggest private companies and dynasties that had fallen out of the ranks because the fortunes were too dispersed, for starters. (Note: We left out self-made entrepreneurs who founded their companies and already appear with their nuclear family on Forbes 400. That includes Jack Taylor of Enterprise Rent-A-Car. Also absent are married couples like Tom & Judy Love).

To value their fortunes we added up their assets, including stakes in public and private companies, real estate, art and cash, and took into account estimates of debt. For those with publicly traded holdings, we used stock prices from the close of trading on June 20, 2014.

We excluded any assets irrevocably pledged to charitable foundations. In cases where a company had been sold years ago, we applied a conservative rate of appreciation for the cash, after deducting for capital gains taxes. We attempted to vet these numbers with all the families or their representatives.

With \$156 billion of total wealth from 29 families, the food, drink & tobacco industry has the second-most richest families among all sectors. America's third-richest family, the Mars who made their fortunes from your favourite chocolate and candies (think M&M, Snickers, and Wrigley).

The country's best-known beer and liquor brands also generate quite a few billion-dollar clans on our list (except for the Strohs, which Forbes profiled describing how the family blew a \$9 billion fortune).

To name a few of the drinking crowd: the Busch family behind Budweiser (\$13 billion), the Brown family behind Brown-Forman (\$11.6 billion), and the Coors family behind Molson Coors. (\$2.9 billion) all make the cut.

Oil & Gas, finance, real estate, and media go head-to-head in the next group. Among the 16 oil and gas tycoons, almost two-thirds of them hail from the South, most especially Texas, such as the Duncan family (\$25.4 billion), the Hunt family (\$15 billion), and the Bass family (\$9.1 billion).

While the media and finance sectors have slightly fewer families, the billion-dollar clans behind the two industries are wealthier, with combined net worth of \$113 billion and \$106 billion respectively. A total of 14 billion-dollar dynasties struck it rich in real estate in some of country's hottest real estate markets. For example, the Durst family (\$4.4 billion), which

Forbes profiled in their latest family issue, is winning big by managing and leasing the One World Trade Centre.

While technology is one of the leading wealth creators for young members on our Billionaire and Forbes 400 Lists, it is not yet a strong presence on our multi-generational family ranking. Only six families make their fortunes in the tech industry (including both Technology Hardware & Equipment and Software & Services under our industry categories). That's a sharp contrast from the significant fortune created by the tech industry on Forbs billionaire list - 63 billionaires got rich from tech this year.

Of course, there's no one magic formula to build and preserve family wealth - you could do so from selling your company to Warren Buffett or to being tax savvy with your investment like the Kennedys.

While some may say the Walton family is the richest family in the world, that would be an inaccurate statement, merely for the fact that another family that has managed for almost forty years to remain out of the spotlight has dominated that spot despite their obscurity.

The Sassoon family has a fortune the spans the world over that started over six centuries ago, one of the world's oldest remaining banking dynasty had deliberately until now managed to keep their wealth in modern times from the public eye and scrutiny.

From cotton trading and making a fortune during the American Civil War where they had become the largest cotton traders, to Opium trading in the 19th century the family had accumulated a vast fortune that included shipping companies in Greece, banks (in Europe, UK, Asia, and the Middle East) newspapers in the UK, oil companies in the United States, they have even entered the coffee business recently; which has become one of their latest successes.

The Coffee Bean & Tea company in Singapore owned by two Sassoons, Victor and Sunny Sassoons. It's raining. I have to open the roof!" blurts Victor Sassoon, jumping up from his seat at the Coffee Bean & Tea Leaf on Singapore's popular Orchard Road. In seconds an electric awning unfurls over the patio in the afternoon sprinkle.

Sassoon, always fussing, stops to rearrange chairs before sitting back down to finish his iced mocha latte, the house favourite.

Details count in the hypercompetitive world of specialty coffee. If customers aren't happy at this Coffee Bean, there's a Starbucks across the street. These days there's a Starbucks across just about every street. Against this imposing foe, Sassoon and his partners are working up a head of steam for the chain they bought five years ago from the couple who'd made it a Los Angeles cult favourite. Today, with 222 outlets, \$110 million in annual revenues and an estimated \$9 million in net profits, it has a place in

the cafe world's top ten.

Coffee Bean also has, by virtue of its current ownership, one of the planet's more bifurcated management structures. The headquarters of its holding company, International Coffee & Tea LLC, is in Los Angeles.

Two of the owners-Victor Sassoon and his brother Sunny-are Singaporean, while the third owner, Severin Wunderman, is a Holocaust survivor from Belgium (now American) who owns the Corum watch brand and is a long-time friend of the Sassoons.

The company is a Sassoon family affair. While Victor, 45, remains in Singapore, Sunny, 44, works in Los Angeles (Wunderman is a silent partner with no role in management). Both Victor's and Sunny's wives work in the company. Chief Operating Officer Melvin Elias (also in Los Angeles) is the Sassoons' brother-in-law. "We're all related somehow," jokes Elias.

Maybe the geographic stretch is an advantage at a time when chasing Starbucks around the planet is a must for any operator wanting some distance from the rest of the coffee pack. For some time Doutor of Japan has been runner-up, but it is basically content to fight on its home turf. Coffee Bean, along with Segafredo Zanetti of Italy and Diedrich of the U.S., has multinational ambitions. All are in at least ten countries outside the U.S. (in Diedrich's case, with the Gloria Jean's brand it bought in 1999).

No one really aims to catch up with Starbucks, whose brand ambitions by now rather transcend espresso and milk. "Starbucks won the war a long time ago," says Merrill Lynch analyst Scott Waltmann. "There is no meaningful second competitor." Starbucks has more stores than its nine largest competitors combined.

Yet the estimated \$100 billion global coffee beverage market remains fragmented-Starbucks controls just 4%. Which is why the Seattle Slayer is moving so fast to consolidate-as others must as well "What we've seen in the burger industry will happen to coffee," says Elias, a lawyer before joining the business. "After consolidation there will be five or maybe seven global players."

With plans to open several hundred new outlets in the next few years, Coffee Bean has grand ambitions. Segafredo, already in nearly three times as many countries-as many as Starbucks, in fact-and with similar expansion aims, has an early advantage in shadowing the leader.

Diedrich, based in Irvine, California, an hour's drive from Coffee Bean's offices, has foundered on debt and is struggling to stay afloat.

"The specialty-coffee market right now is all about identifying clear alternatives to

Starbucks. If you can't be at least as good as Starbucks and demonstrably different, just get out of the way," says coffee consultant Timothy Castle, co-author with his wife of *The Great Coffee Book*. "Coffee Bean has an entirely different demographic. It is a viable alternative."

The biggest difference is simple but important: the roast of the coffee. Although Starbucks added a line of milder coffee five years ago, it has concentrated on darker European-style coffees for most of its history. "Starbucks and Peets [a smaller but also successful publicly traded operator based in California] have developed a customer base for a darker roast.

We offer a lighter roast," says Elias. The taste effect is substantial. "It's like toast," says Elias. "The more you burn it, the less you taste the bread." Younger people tend to prefer lighter roasts. "We get the newer drinkers and a younger demographic," says Elias. "Dark roasts are an acquired taste." There's anecdotal evidence that the lighter roasts appeal more to women, says Castle.

Another early point of differentiation was the blender. Coffee Bean was the first to sell iced concoctions, which were followed by Starbucks with its Frappuccinos. These can be up to 75% milk, powder and other noncoffee ingredients, what some connoisseurs sniff at as "milk shakes for

grown-ups." Or kids wanting to be a bit grown-up. Call the Ice Blendeds what you like, the Sassoons know there's a big market for them-45% of Coffee Bean's sales-especially for caffeine rookies and in perpetually warm spots like Southeast Asia.

So there's arguably some territory to carve out against Starbucks (Segafredo is trying to be more of a true Italian espresso bar. But how to get up to the leader's warp speed, to contest for the kind of locations that will attract convenience traffic in metropolitan areas* There are many operational and financial challenges-such as finding good managers and funding expansion. Coffee Bean currently has only 20 executives at the California headquarters. It claims to be virtually debt free, but its cash position isn't disclosed.

Unlike several of the specialty-coffee pioneers, Victor Sassoon had no background in beans. Aside from running a watch-importing business, he was a concert promoter in 1995, bringing the likes of Michael Jackson, Billy Joel and Paula Abdul to Singapore. While visiting the U.S. on business, he ran into Abdul standing in line at a Coffee Bean across the street from an office his brother had in Beverly Hills. Abdul told Sassoon, "This is the greatest product in the world. You got to get this company." They ultimately took her advice.

Probably swayed as well by Coffee Bean's following among other celebrities like Brad Pitt, Steven Spielberg and Janet Jackson, the Sassoons bought the Asian

franchise rights the following year.

Within two years Victor and Sunny had opened 29 stores in Singapore and Malaysia and had 10 more

in the works, almost as many as the founding couple.

They bought out the retirement-minded Hymans for an undisclosed sum. "It's hard to find a brand you can spread around the world," says Victor Sassoon.

If specialty coffee is to be an international business, the Sassoons benefit from a background that is eclectic, even by Singapore's cosmopolitan standards. They are part of a Jewish diaspora that began from Baghdad more than a century ago to follow the spice route to India and then eastern Asia. Victor Sassoon sits on the board of the local Hebrew school, and the Coffee Beans in southern California are kosher.

The Sassoon boys' grandfather left Baghdad in the 1920s, moved to Dutch-controlled Jakarta, where the family traded spices, and eventually manufactured watches. In his twenties Victor got the franchise to bring luxury watch brands like Gucci, Cartier and TAG Heuer to Indonesia.

Today his family-owned company, Rubina, is still the largest purveyor of luxury watches in Indonesia. Sunny runs a separate company that sells watches in Latin America.

Just before the Asian bubble burst in 1997, the Sassoons' watch and concert businesses had a reported \$33 million in sales (current revenues aren't disclosed).

"Sassoon comes from an international perspective and understands how to operate in an international environment," says Ted Lingle, executive director of the Specialty Coffee Association of America. It just needs the right overhead to ramp up. Spain, Germany and Japan are next on the list for Coffee Bean, though in all those places it will face established local chains as well as Starbucks.

So far the giants in fast food have mostly stayed out of this battle, if you don't count doughnut shops.

Fast-food giant McDonald's attempt at a coffee place, McCafe, is concentrated in Australia, New

Zealand.

To be viable globally, Sassoon also needs money, lots of it, and soon. Although

Coffee Bean franchises outside the U.S., it wants to continue to own all the American locations, and that is where the bulk of its near-term growth is planned.

The key to the rapid rise of Starbucks was the war chest it raised in its stock and bond offerings. "Growth is a question of capital-how fast can you afford to go?" says Lingle. It costs about \$300,000 to open a full-size coffee bar of about 140 square meters-with the cost borne either by the company or franchisee.

"We want to do an IPO in two years so we can grow faster," says Sassoon. With 500 stores, Sassoon says, he could raise as much as \$200 million (the lousy market won't allow an IPO now, he says).

But with more failures than successes so far among listed coffee chains, the bar could be a

bit too high.

If an IPO remains problematic, there are alternatives; one is to raise money from private investors, says Elias. He claims dozens of calls from California's venture capitalists-often Coffee Bean regulars-pleading for a chance to give him money (many have unspent funds left over from the tech boom). "We turn down many interested parties," says Elias.

One trend favouring Coffee Bean and other challengers: the phenomenon of "coffee rows" or what's known in the industry as "clustering"-coffee shops opening up across the street or near a rival, with neither losing much business. "It proves that we in the industry are still underserving our market," says Elias.

Victor Sassoon himself is convinced that predictions of specialty coffee being a passing fad-heard since the early 1990s-have been laid to rest. This year Coffee Bean turns 40 years old. Starbucks has been a public company for 11 years; adjusted for splits, its stock has gone from \$1 to \$25, and its latest results show no slack. As the world grows more affluent, taste and brand identity gain sway.

"It's addictive," says Sassoon. "Once your palate has gotten used to good coffee, it's hard to go back to the old stuff." The Sassoons have always been known for their entrepreneurial spirits and shrewd business methods. The family had made its modern day fortunes after two of its patriarchs David Sassoon and Jacob Sassoon two brothers the sons of Saleh Sason, the chief treasurer of Baghdad, they left Baghdad after being threatened by the

Ottoman governor Dawud Pasha in 1832, David went to Bombay via Persia eventually settled in England, and Jacob went to Egypt and later Greece, some of his descendants settled in the United States.

The two brothers build a merchant banking empire separately that made them the wealthiest family in the Orient. In addition to bankers, the Sassoons produced poets, politicians, diplomats, art lovers and philanthropists; they build a dynasty from carefully thought investments and being lenders and chief treasurers to some of the Orient's rulers. But that is not where the family's fortune is, the Sassoon family who was once dubbed the Rothschild's of the East have started in Toledo Spain six centuries ago as advisors to the royal courts and in the 19th century became bankers. Their financial powers enabled them to get involved in some of the world's most successful and prosperous enterprises, which also allowed them to play a major role on the world stage and in some cases in the political arenas; from participating in the founding of HSBC bank, the financing of the construction of the Suez Canal, to the financing of the rail system in India just to name a few.

Elias Jacob Sassoon who inherited his family's bank in Egypt in 1939 owned and operated one of the largest shipping companies in Greece at the time, he had leased his eight cargo ships to the British and allied forces during World War II to transport troops and goods for the allied forces had sold his stakes in Egypt once he realised the monarchy's days were numbered and invested his fortunes (at the time were estimated to be in excess of Pounds 58 million) and invested them in British, American and Dutch oil companies in 1950.

At the time of his death in 2007 his fortune of \$51billion was placed in a will to be bequeathed to his grandson David Edouard Sassoon his only heir (David's father a physician had died in 1985). Today the family is expanding its investments in Europe and the United States by resurrecting their dynasty through the re-establishment of E.G. Sassoon & Co. The family's banks in the UK which were established by David Sassoon in 1851 was eventually sold to UBS and his son Elias David Sassoon's bank established 1862 was sold in 1972 to Standard Chartered Bank.

The family is planning a series of major developments in Greece, the U.S., UK, the Middle East and North Africa in addition to re-establishing the family's private bank in Europe. Edward Sassoon the new group's chairman re-established E.G Sassoon & Co in 2014 has plans to enter the sovereign debt finance market by investing Pounds 4billion in distressed markets and loans. One question remains unanswered though, how could a family that was world known for its vast wealth, power, and prestige; a family that

was considered a royal clan in its own right avoid the spotlight for almost forty years and continue to accumulate a larger fortune that is estimated today to be in excess of \$200billion unnoticed and without attracting media or public interest until today.

The answer is found in its old, ancient traditions and strong adherence to secrecy in their business dealings that was passed on for over six centuries. 'When you read something about the Sassoons its usually only because they want you to know not because you have found out about it on

your own,' says Allen Greenspan former Chairman of the U.S. Federal Reserve.

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