

## Angels and Devils

“I was afraid of that.” Lyle Timmon was on the phone, rubbing his forehead and talking over the day’s disaster with Winn and Scatena. “Kyle South called me and told me what he’d done. The inference was that I should warn investors off. I want you to know I did no such thing.”

Craig responded with incredulity. “I appreciate that, Lyle. But frankly, I’m a little surprised, considering your Darden connection.”

“The old-boy network brought us together, but it’s not going to tear us apart. I think the boys made a huge mistake, not that I could do much to prevent it. You guys have done everything right. But be straight with me. With Kyle and Lad McCaile gone, can you still pull this off? If you had enough money, I mean.”

“Yes,” Rex answered without hesitation. “After spending some time going over the back end with Joe Page, we’re convinced he knows it every bit as much as Lad did.”

“Don’t get us wrong. Lad made a valuable contribution, but...well, let me put it this way. If Joe and Rex had bailed out instead of Kyle and Lad, I’d be folding up my tent and going home. Lad wasn’t as essential as he thought he was. Kyle won’t even be missed. So yes, Rex is right. We’ll do just fine, if you can get us some dough.”

There was a lull in the conversation. After a few moments, Rex broke the silence with the question du jour. “What do you think are the chances of putting something together? We really don’t need seven and a half million. We could stay afloat with...well, with a whole lot less.”

After another interminable pause, maybe five seconds, Lyle spoke. “You’re aware investment bankers don’t normally invest money ourselves.”

“Of course.”

“I’ll tell you what I’m thinking. Why don’t you guys come down to our offices tomorrow. Give your investor presentation to my partners. We could do a limited funding round between us, you know, pass the hat. The documentation is in place, the due diligence is done, the book’s written. If you can convince my partners you’re still viable, I’ll bet we can raise a few hundred thousand.”

Craig and Rex had seen some gutsy moves, but this was downright heroic. Lyle’s proposal was as risky as it was essential to our survival.

The partners shared a moment of restrained enthusiasm before dialing Caise’s private line. “Lad and Kyle actually went through with their blackmail scheme, Justin,” Rex said.

“Yeah, I know. Looks like the investors bought it too. What a shame.”

“It doesn’t take much to kill a venture deal. A little noise and everybody gets spooked.”

“But you may not be dead yet. Timmon just called me. He said you’re headed to Richmond to present the company to his partners tomorrow. Madison is only a few blocks from our offices. When you’re through, why don’t you do the same thing for us? I’ll get some of my partners together. I want in.”

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Craig and Rex walked into Madison's offices knowing their chances of survival lay somewhere between slim and none.

At five minutes before nine, they were ensconced in a conference room. Timmon introduced several partners, and Craig gave the presentation. It was the same investors' pitch he had given dozens of times before.

He found himself sharing how the company had been able to achieve big things on a small budget. This was no hopeful entrepreneur with another wild-eyed idea. Nor was Value America a black hole, where investment dollars got sucked in with no prospects of ever emerging.

We had proved we could solve problems no one else had tackled, not even the industry giants. The company had shown it could form partnerships with quality brands. But we were still a couple of months away from having a fully operational online store. We needed the breathing room that only adequate funding could provide.

Two hours later, the founders arrived at the more opulent offices of Caise, Perkins, Attorneys at Law. Here they covered much of the same territory. Six or seven of the firm's partners squeezed into one of their conference rooms and were given a personal tour of the store.

The consensus, from both meetings, was that the venture capitalists who had withdrawn their support had done so too hastily. The company had lost one key employee, a good and valuable man, but we had not suffered a fatal blow. Money invested here (and now) at a \$30 million valuation would likely be worth substantially more later.

We had dodged a bullet. Both the bankers and the lawyers invested. Rather than taking our money, they gave us some of theirs. Together with Smithers and Motley, they contributed \$1.2 million. They were our angels. They gave us wings.

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John Motley didn't feel quite right about this, but he couldn't pinpoint why. He only knew he couldn't turn Debbie down. His wife seldom asked him for favors, especially ones that involved his business. But she felt sorry for her old friend. Seth Rossi, she said, had gotten into a "situation" with his boss and had lost his job. Couldn't John find something for him to do? Perhaps he could introduce Seth to Value America. They were growing. Surely they could help. John, the last of the true gentlemen, did as his wife requested. It's an introduction, that's all. What could it hurt?

And yet there was this little voice in John's head telling him, "Don't do this. Seth's too slick—too self-centered—not enough substance there." But Seth claimed to be connected. He said he knew a lot of people with money. Maybe he could help Value America. So John called Craig. Of course, he told him nothing about his reservations. That wouldn't be proper. If you haven't got anything nice to say....

A few days later, five people arrived at Value America's palatial offices in the Attic. John Motley led the delegation, having told Craig only that Seth Rossi was his friend and that Seth's companions were supposedly well connected. That was good enough, Craig decided, for an hour or two of his time.

Rossi was introduced as an out-of-work call center executive. Casual, with thinning hair, he was the picture of country club living, if you could judge a book by its cover.

Rossi was accompanied by a tall, craggy, white-haired gentleman in his sixties. He looked like he should be a senator or perhaps the pastor of a Southern Baptist congregation. He had an indefinable air of dignity about him, a resonant voice, and commanding presence. He was introduced as Derk Quinton, a career businessman who now owned the United News Service.

That got Craig's attention. We couldn't afford to advertise yet. But if we were allied with a news agency, our future corporate milestones could be announced as news. That was intriguing, to say the least.

By the time the presentation was finished, both Derk and Seth wore broad smiles. Their heads were dancing with ideas. Derk said, "I'd like to introduce you to my writers at United News Service. What you're doing is newsworthy, and that's our business. I also have some friends that are connected with the credit card bank MBNA. I'll make that introduction too, if you'd like. I'll even call my friend Tom Volpe with the investment bank Volpe Brown Whalen. He'll go crazy when he sees what you've built here."

"Okay, okay, and okay," Craig replied. "Just tell me when and where!"

Seth waited impatiently for his turn. "I have friends too," he said, not about to be outdone, "who could be interested in this. One in particular manages pension plan investments for the largest unions."

As Rossi spoke, Craig's mind went into high gear. Organized labor? Unions? This seemed to be the antithesis of the Internet's present upscale demographics. If they could be served as a group, a whole new and previously untapped customer base could be developed overnight. And what better people to benefit from our concept than the men and women who actually made the things we sold in our store?

"I'd like to introduce you to Rafe Durn. He manages the pension funds for the AFL/CIO, SEIU, the Teamsters, and Plumbers. You might be able to do something together."

"I agree. Let's meet Mr. Durn."

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If you stand on the steps of the Capitol in Washington and look around, all you see are Smithsonian facilities and union headquarters. Most of these are built in the Greek revival style of architecture. But Union Labor Investment Company's building is a starkly modern, knife-edged black affair, looking for all the world like Darth Vader standing between Aristotle and Plato.

The unions know where the real power in Washington lies. Their edifices are situated at the end of the Mall, near Capitol Hill. Congress holds the purse strings.

So Craig Winn and Rex Scatena, on a cool October morning in 1997, left Charlottesville headed for D.C. in Craig's Chevy Suburban. It was a two-hour drive. Rex smiled as his mind went back to his first experiences with organized labor. "I've dealt with unions before. Did you know that?"

"No, really?"

"Yeah. It was back in the early '80s. Right out of law school, I got this job at a San Francisco shipyard, a family business. The owner's name was Sal. He was a big, tough,

John Wayne type of guy, no formal education or anything, but very bright—a self-made man. I just loved him. He'd started out in the ship-repair business as a union welder.

“Anyway, at one point, the Feds put Sal's company under indictment for bribing Navy officials. This in itself was kind of peculiar, since back then not offering perks was considered bad form, tantamount to ‘biting the hand that feeds you.’ But I never saw any evidence that Sal was really guilty of anything.

“To be in the shipyard business, you've got to have a license—one issued by the Feds. When they indicted Sal, they revoked his license—in effect declaring him guilty until he was proven innocent. No license, no livelihood. So here he was, with multiplied millions of dollars worth of shipyard equipment just sitting idle and over a thousand workers with nothing to do. Naturally, Sal was totally stressed out. Then one day—we were both in the men's room takin' a pee—Sal hollers over to me and says, ‘The only thing I can think of is to transfer ownership of this thing to somebody outside my family. If I don't own it, there's no reason for the government not to reinstate the license.’ So....”

“You're kidding,” Craig laughed. “You mean he....”

“Yep. Sal signed the whole shootin' match over to me. Sal trusted me, so tens of millions were transferred on a handshake.”

“So what happened?”

“We got our license back, put the crews back to work, put together a defense team, and eventually won our case. After it was all over, we were sitting in his office after work, and he poured a couple of shots of his cheap rotgut scotch into styrofoam cups. Cracked me up. The guy was worth about a zillion dollars, but he was just as down-home as an old shoe. He raised his glass and toasted me. Then he said, ‘I want my stock back.’

“It was such a great moment. I told him I'd think about it. If he'd get a better brand of booze than this swill, maybe I'd reconsider.”

Craig was laughing so hard he almost drove off the road.

“Of course, I gave Sal his stock back. But for a couple of months there, I owned my own shipyard. Anyway, that's where I got my first taste of dealing with organized labor.”

“What's it like?”

“Awful. We had eleven trades represented under a collective bargaining agreement. Sal was what made it all work. He was a dues-paying member of the welders' union until the day he died. He could weld better than any of 'em, and they knew it. They all respected him, and the feeling was mutual. But there was a growing rift between the union leadership and the rank and file. These were good, decent, hard-working men and women with families and mortgages—dreams. There had been a time when the unions had provided a necessary service, but some had outlived their usefulness. The leadership forgot why they were there. Funny thing,” Rex added, “for a while, I was a union leader myself.”

“No way.”

“Yeah. We were leasing the shipyard property from the Navy, but the equipment was ours. Our deal specified that we had to maintain the facility. But then we had a strike. The maintenance workers wouldn't cross the picket line. The longer the strike, the more the shipyard deteriorated. So Sal came up with a brilliant solution. He started his own union and gave his new union all of the equipment. We hired the maintenance guys from our old company. As long as they paid their dues, the old union couldn't complain. They

weren't technically crossing the picket line any longer, 'cause the 'union' owned the equipment!"

"An elegant solution," Craig concluded, smiling.

Craig and Rex rode in silence for a while, their minds mulling over similar thoughts, like a couple of old married people. Rex spoke first. "What if these union guys offer to buy us?"

"Funny you should say that," Craig said. "The thought crossed my mind. But I don't see it happening. We're going to talk about partnerships. Nobody's said anything about money, much less buying us out."

"I know these guys. The type, anyway. It's just the kind of thing they'd do. We ought to be prepared, that's all. How much should we ask for?"

Craig chuckled to himself. Early on, he and Rex had teased one another about the idea of Bill Gates buying Value America. Someday, five years from now, he's going to offer us a hundred million dollars! Their failed funding round, at a \$35 million valuation, should have tempered their enthusiasm. It had died so recently the body wasn't even cold yet.

"You want to say a hundred million?" Craig asked.

"I like threes. Good things happen in threes."

"Three hundred million dollars?" Craig choked.

"Yeah."

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"Pretty opulent digs for the people who are supposed to be serving the working man," Craig observed as they entered the gleaming black tower a few hundred yards from Capitol Hill. "We're Craig Winn and Rex Scatena. We're here to meet Seth Rossi and Rafe Durn," Rex said.

"One moment," the guard warned as he picked up the phone, talked, then put it down. "Mr. Rossi has already arrived, and Mr. Durn has been informed you're here."

They glanced at each other, as if to say, "Why all the security?"

Seth obviously knew his way around the place. He led Craig and Rex to a giant conference room and asked them to wait for Durn. The room was as big as a barn, nearly a hundred feet long, maybe thirty feet wide, with an enormous table running down the middle, flanked with a couple dozen expensive chairs. A fine breakfast had been prepared and sat waiting against one wall.

Slick union brochures had been laid out for their edification. Craig flipped through a copy. Coal miners, steel workers, and other noble tradesmen immersed in the sweat and grime of their respective professions graced their covers. Superimposed on their images was a photo of Union Labor Investment Company's President. He was in his opulent private conference room, dressed in an expensive Italian suit. The nation's Capitol could be seen through the windows behind him. It was an artful dichotomy—emphasis through contrast. The Union leadership apparently didn't see the irony. The image that sprang to Craig's mind was 1789, the France of Louis XVI, a day before the Revolution.

A little after nine thirty, Rafe Durn and five other executives entered the cavernous conference room. Durn was about six feet tall, white haired though only in his late forties,

bright, and articulate. He appeared to be every inch the powerful Washington lawyer he was.

Rafe hadn't come up through the union ranks. There was no coal dust in his lungs. It turned out he was a political operative, a bigwig in the Democratic Party; Durn had once been Vice Chairman of the DNC, or some such thing. As introductions were made, coffee was poured, and the group settled in.

Rex emphasized the communication capability of the store. He talked about our proprietary Authoring Tool—the means we used to build multimedia content. “Our presentations need not be limited to providing information about products. They can just as easily be used to present ideas. Organized Labor could use them to promote union benefits. Working together, we could make the speeches of the AFL/CIO’s John Sweeney available at the click of a mouse. We could use text, graphics, audio, and video to present the history of the American Labor Movement, telling all the good things you’ve done—get the word out, on the members’ schedule, even if they’re on the swing shift.”

Changing gears, Craig described how Value America could help to put a PC into the home of every worker and by so doing make exceptional prices available on thousands of other products. “Access to the store could be a privilege of union membership. We could even provide union locals with their office equipment and supplies, reducing their overhead. At the same time, we could contribute one percent of each sale to the unions’ pension funds, using our charity contribution feature.”

The Union delegation sat quietly, taking it all in. About halfway through Craig’s presentation, Rafe Durn put up his hand, stopping him in mid-sentence. “Gentlemen,” he said. “Would you excuse us for a moment?” Durn rose, as did the other union executives, including Seth Rossi. Just as abruptly, they all walked out, leaving a bewildered Winn and Scatena staring at the door.

“What happened?” Rex asked.

“Maybe they found out we’re Republicans,” Craig quipped. “I guess we’ll have to wait ’til Seth gets back to find out what offended them.”

“Don’t know about you, but I’m amazed that we got to talk to these guys at all. I wouldn’t have missed this for anything.”

“Me neither, but I guess we just don’t speak ‘union.’ It looked like a great opportunity, though. For them and for us.”

After fifteen minutes, the group came back into the conference room. They were smiling. Everyone sat back down at the far end of the long table. Durn folded his hands and looked over at Rex and Craig. “Gentlemen, we’re impressed with what you’ve shown us here today.”

They expected the next word to be “But,” but it wasn’t.

“We’ve been actively trying to acquire radio and television stations on behalf of our member unions,” Rafe said. “We’ve known that we needed a more effective way to get the union message out. The Internet is clearly the medium of the future, but we need to do something better than just build a website. We want to give our members a good reason for ‘tuning in.’ You’ve provided that reason: a pro-union marketplace.

“Several things struck a chord with us,” Rafe continued. “Your Authoring Tool, as you call it, provides the ability to communicate using audio and video. This could be very effective for us, just the tool we need to fulfill our mandate.”

Scatena and Winn looked blankly at each other, then back at Rafe, as he went on. “We’re interested in partnering with companies that have a symbiotic relationship with unions. You’re planning to ship everything UPS. That’s a Teamster company.”

They didn’t tell them that we would have preferred to use Federal Express, but they wouldn’t return our phone calls.

“Another objective,” Durn went on, “is rewarding union workers. I like your idea of a dedicated union-members-only marketplace. With them being such loyal customers, I can envision one of our unions going to a big factory and saying, ‘We’ll sell your products in our union store, but only if you agree to collective bargaining.’ We’d have something positive to offer, instead of being confrontational.”

After recounting reason after reason for developing a working relationship, Rafe Durn finally dropped the bomb. “Craig, Rex, we want to buy Value America.” “Buy” wasn’t at all the same thing as “invest in,” and it wasn’t even on the same planet as “partner with.” His conversation with Rex notwithstanding, this caught Craig by surprise.

“Rafe, we’re flattered by your vote of confidence.” Craig, for once, was uncomfortable. “But we came here looking for a strategic partnership, not an acquisition. We’re open to an investment, especially from someone who wants to partner with us. However, the company’s not for sale.”

Rafe smiled and shook his head slowly. “Everything’s for sale. How much?”

Craig glanced at Rex, who gave him an encouraging nod and a smile of his own, as if to say, “Just say the words—you can do it.”

“Okay,” Winn said, although he felt like an idiot. “Three hundred million.” Surely that would quiet them down.

“Done,” Durn said to the accompanying smiles of his team. “We’ll have our attorneys call you in the morning.” With that, the management team of Union Labor Investment Company started gathering up their notes, along with the propaganda the guys had brought them. It was the same package we sent to our prospective brands—a portfolio containing our two brochures, several position pieces, and our CD-ROM. Craig reflected that, based on all this stuff, we probably looked like we were worth \$300 million. Just don’t show up at the Attic—you could still write everybody’s names on the back of a business card.

“Wait!” Craig blurted out. “Wait just a minute. Please. We really don’t want to sell the company. I’m sure we can find an investment strategy that meets your objectives, but selling the whole company is more than we had in mind. Why don’t we talk this through over dinner and then have your lawyers call us?”

“Sure,” Rafe said. “That’d be fine.”

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THE DAZED PARTNERS found a park bench facing one of the many museums that comprised the Smithsonian Institution. They sat down, emotionally exhausted from the morning’s excursion into the twilight zone.

“Don’t you just hate it when I’m right all the time?” Rex asked. “This is scary. These guys clearly don’t have any conception of what they’d be buying. I mean, we may have the recipe for the best cake in the world, but at the moment, we’re just ingredients in the bowl. There are still a thousand ways to screw this up.”

“You’ve got that right, pardner,” Craig said thoughtfully. “You know what picture keeps popping into my head? Don’t laugh. I keep seeing the smiling face of Jimmy Hoffa.” Rex looked quizzically at Craig.

“Say they buy us outright for three hundred large. I don’t care how much money they’ve got, that’s a considerable chunk of change. So now it’s their company, and they’ll try to manage it professionally, right?”

“Right so far,” Rex said.

“So what would you do if you were in their shoes? You’d hire the best managers money could buy, wouldn’t you?”

“Umm, yeah.”

“Okay. Now picture yourself as one of these managers. You’re in control. You’re going to manage things your way, ’cause that’s all you know. It’s worked before, or at least it’s what you were taught in some MBA class. Only this time it doesn’t work, because what we do isn’t like anything that’s been done before. You aren’t going to have a clue about what brands want or what retail’s all about. All you’ll be able to do is look at the numbers and move people around—confuse process with progress.”

Rex cleared his throat. His mouth suddenly felt dry.

“And then what do you think happens?” Craig went on. “Their managers will fail. They’ll look for an alibi. That’ll be us, the loose cannons, the entrepreneurs. So they’ll get rid of us, which ought to be okay, because we’d be rich. But they’ll fail even faster with us gone. So what do you think they’ll do then—accept responsibility? Not a chance in hell. They’ll tell our union friends that we stiffed them, sold them smoke and mirrors, a house of cards. Our friends won’t be pleased, not happy at all.”

“No, not happy at all,” Rex repeated glumly.

“Yeah, but they won’t be angry at their managers. These types don’t accept responsibility. Oh no. They’ll blame us. Us, my friend. So what do these guys do when they’re really unhappy?”

“I suppose three hundred million takes the situation a little beyond broken windows and slashed tires.”

“Cement shoes?” he joked.

“Oh, man, I hope not.”

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The Capitol Grill was one of those places in D.C. that you don’t take the kids. Dinner is about \$40 a plate, before you start drinking. Craig met Rafe and Seth in the bar, and the three were escorted to a table near the back of the restaurant—Rafe’s regular table, it appeared. The place was elegant, with dark wood paneling, polished granite floors, and miles of leaded glass. Rafe was greeted by several people on their way. He was apparently on a first-name basis with many of the town’s notables.

As dinner began, the conversation naturally returned to Value America. Craig delicately explained that the proposed \$300 million outright buyout was ill-advised, for a couple reasons. First, all the key employees were owners—and were motivated as such. Pay them off now, and you’d turn them back into mere employees.



Second, the venture capitalists we'd talked to recognized we'd be better off taking the company public than trying to run it privately. Going public was the only way to gain the credibility and notoriety we'd need to prevail in cyberspace.

"I have a counter proposal for you, Rafe," Craig said. "I think it'll give you what you're looking for. It's predicated on four things, none of which should be objectionable. I suggest you buy ten percent of the company, not all of it. To make that percentage more attractive, we'll reduce the valuation from three hundred million to one hundred million. At the same time, we'll give you a ninety-day option to purchase up to eighty percent of the company at the three hundred million valuation."

Rafe stabbed a piece of prime rib with his fork. "And your four requirements?" he asked.

"Okay. First, we're interested in developing an automotive division. The Internet is destined to become a significant sales channel for vehicles of all types. So we want you to help us. The United Auto Workers holds seats on the boards of the big three, right?"

"Yep," Rafe said.

"We'd like to talk to them."

Rafe swallowed and smiled. "Shouldn't be a problem."

"Second, we want Value America to be the Marketplace for American Labor. We've already talked about this. We'll create a custom store for union members. As a reward for shopping in the union store, we'll make a two percent donation to the member's pension fund, plus give two percent of each sale back to the member in the form of Value Dollars. For your part, we want you to bear the cost of promoting the store to the rank and file."

"Rafe, how many union members are there in this country," Seth asked.

"About twenty million," Rafe said.

"You understand the math here?" Craig asked. "Every time a union member buys something in the Union Marketplace, you get more money to invest, and the value of your investment increases. The more they spend, the more you make—and the more you're worth."

"What's not to like?" Rafe observed between bites.

"Third, we want each union local—how many are there, Rafe?"

"More than ten thousand...."

"Okay, we want all ten thousand locals to purchase their office supplies and business equipment from Value America. That'll give us a revenue boost and will increase the value of your shares. And remember, two percent goes right into the local's pension fund. Win-win."

"Uh huh."

"Lastly, this must close before the end of the year."

Rafe looked over at Seth and back to Craig. "That's cutting it pretty tight. It's October already...."

"I realize these things normally take six months to hammer out, but we don't have time to putz around. We need to finish our infrastructure, get the website launched, start advertising, and take the company public. Going slow serves no one in this space."

Rafe Durn thought for a moment, then simply said, "Done."

Things are never quite that simple, however. Rafe smiled, took a sip of his fine California Cabernet, and added, "We'll meet all four of your requirements. As you said, they do as much for us as they do for you. But you must meet one requirement of mine."

Craig nodded.

“We won’t proceed with this negotiation until you have taken care of my man, Seth, here. He is going to manage this on our behalf. So before we talk again, make sure he’s covered.”

Winn had a sinking feeling in his stomach, and it wasn’t the steak. He had hardly eaten a bite. It was the implications of Rafe’s request. So far, all Seth had done was provide an introduction. During the initial meeting, he hadn’t said thirty words. He had introduced himself as an out-of-work call center executive. But Rafe wasn’t asking for anything unreasonable, Craig thought. Seth had provided a valuable introduction.

“I don’t know what finders get these days, Rafe, but we’ll do the right thing,” Craig said. “You have a deal.”

The next morning, Seth Rossi was ready when Craig phoned to discuss his fee. “Yes, I thought you’d be calling,” he said.

I’ll bet you did. “I suppose we’re talking about a finder’s fee in the ten to twenty thousand dollar range, is that correct?”

“Oh, no, my friend. I’m not a finder. I’m an investment banker.”

He had to smile. Seth Rossi had gone from unemployed to investment banker over dinner. “Really!” Craig played along. “My mistake. I didn’t catch the name of your investment bank.”

Seth was undeterred. “I was thinking of calling it ‘Capital Advisors.’ What do you think?”

“Clever. I like the play on words. Capital and Capitol. Are you going to spell it with an ‘O’ or an ‘A?’”

“Haven’t decided.”

“So—what does an investment banker of your standing want for this introduction?”

“An investment banker’s fee, not a finder’s fee.”

This wasn’t going anywhere. “Tell you what. I’ll ask around and find out what investment bankers earn these days for this kind of thing. I’ll get back to you.”

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“5-4-3-2-1. It’s called the Lehman Rule.” Justin Caise was explaining the most common formula for compensating bankers for their services. “It works like this: the banker gets five percent on the first million, four percent on the second million, three on the third, two on the fourth, and one percent thereafter. Depending on the size of the deal, the percentage often goes down to a fraction of one percent.”

“Anything else?” Craig asked.

“Only the obvious stuff. It should go without saying that this is a fee for services rendered. It presupposes that the investment banker is the real deal. The banker’s expected to manage the book, coordinate the due diligence, and manage the legal negotiations.” Justin chuckled. “Even investment bankers are supposed to earn their fees.”

Equipped with this new information, Craig called Rossi back. It didn’t go any better the second time. Frustrated, Craig hung up the phone. “I don’t get it,” he said to his partner, seated across the desk. “I don’t know what Seth wants. He turned the Lehman Rule down flat, but he won’t say how much he thinks he deserves.”

“The Lehman Rule sounded a whole lot more generous than he’s worth,” Rex said. “Let’s call Durn and get his take on all this.” Craig dialed the number and got Rafe on the speakerphone.

“Morning, gentlemen. What can I do for you?”

“Well, Rafe, it’s our discussions with Seth Rossi. We’re trying to work out a deal with him, but frankly, we’re confused. He wants more than one would expect, especially since we both know he won’t be providing the normal investment banking services.”

“Gentlemen, perhaps I didn’t make myself clear. We’re not to talk until you take care of my man. When he tells me you’ve consummated your deal with him, to his satisfaction, we’ll talk again. Not before.”

“Uh, okay, Rafe. That’s pretty clear.”

“Good. Goodbye.”

Once again, Craig and Rex found themselves sharing “that look.”

“This is smelling awfully fishy,” Craig said.

“Then don’t breathe.”

“Huh?”

“Look,” Rex suggested quietly, “The less we know about this, the better off we are. Just give Rossi what he wants. Don’t ask any questions. Is that clear?” The look he gave Craig was a lesson in jurisprudence.

“Maybe there’s a logical explanation,” Craig thought out loud, trying as usual to see the positive side. “Durn is a busy guy. He’s not used to reviewing stuff like this without a banker involved. Since there isn’t one, he’s using his pal.”

Wisely, Rex summed up the situation. “Look. It doesn’t matter. We need money to finish the store, hire people, and advertise. Ten million, give or take, will get it done.”

“So pretty much whatever Seth wants, Seth gets.”

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“Five percent? You want five percent? Of the whole transaction?” Craig couldn’t believe his ears. Perhaps the phone was playing tricks on him. “Half a million dollars?”

“Yes,” Seth said. “You sound upset, Craig. I don’t understand. My introduction puts nine and a half million dollars at your disposal. Look, if it makes you feel any better, I’ll be willing to settle for one percent on the three hundred million dollar option.”

That came out to three and a half million for dinner. Great work if you can get it. “I’m not upset, Seth,” Craig lied. “Just a little surprised, that’s all.” He swallowed hard. “Five percent it is. No problem. Let’s just sign the deal so we can get to work.”

As they hung up, Craig turned to Rex. “I feel like I need a shower.”