# Chapter 1

# New York, the Money Center



I met James again a few days later. This time, I noticed he was carrying his favorite tool, a leather portfolio with a small ring binder on one side for writing notes and a mini iPad secured on the other. All the various pockets were stuffed with business cards, note cards, pens, and so on. As promised, he'd done some quick digging. He flipped through pages of notes in the binder.

"Houlihan Lokey is many things, but it's particularly well-known on the Street as an advisor in financial restructuring."

*What does that mean exactly?*

"Well, they help both distressed companies and the creditors of distressed companies manage equitable repayment of debts. Just in the past decade or so, Houlihan has been an advisor in almost all of the top bankruptcies in the United States."

*That sounds significant.*

"It is. It means they're not a niche player. They've helped to clean up the mess after some major blow-ups: Think Lehman Brothers, Enron, WorldCom, Conseco, and a bunch of others. Of course, they were not the only firm involved—financial restructuring usually involves lots of players—but it means they're up there with the big boys."

*How far up there?*

"Well, there's a list called the Global Distressed Debt and Bankruptcy Restructuring Rankings. The most recent figure I have shows them ranked the number one financial advisor."

*Over who?*

"Over Lazard, Rothschild, Blackstone . . . all the usual suspects." He looked up from his notes to make sure a lowly outsider such as myself had gotten the point. "These are some very serious players we're talking about here, and Houlihan is getting ranked ahead of them."

*So what about the M&A rankings you mentioned?*

He looked at his notes. "Again, I don't know the inside story; all I can do is quote the rankings, but in this year's Thomson Reuters M&A Advisory Rankings for U.S. Transactions Under $3 Billion, they were listed as number one."

*Who was number two?*

"Goldman Sachs. And behind them were Barclays, J.P. Morgan, Merrill Lynch, Lazard, Morgan Stanley, Citi, Deutsche Bank, and a whole bunch of other firms big enough to eat Houlihan Lokey for lunch."

Now I was impressed.

"Wait, I'm not done. Obviously, the key table inside the industry is the one I just mentioned, the ranking in terms of deal volume. But there's one that also carries some weight outside the industry, meaning clients and prospective clients take it very seriously. That's the Global M&A Fairness Advisory Rankings. Before they put billions of dollars at risk and sign away millions more in fees, clients like to see who they can trust to advise them."

*You aren't suggesting that clients don't always trust the big investment banks who charge those handsome fees?*

"Perish the thought," he said with a smile. "We all know that the investment banks are pillars of ethical conduct."

*Preaching to the choir. So trustworthiness is a key differentiator from the client's perspective.*

"Well, expertise, market clout, and fee structures are very important differentiators, don't get me wrong. But when all is said and done, clients like to trust their advisor to give them good advice and not to be working both sides of the street. So some people take those fairness rankings pretty seriously. And in that important category Houlihan has scored number one for . . . I'm pausing for effect . . . the past decade."

*Pretty impressive.*

"Very impressive."

I was growing more and more interested in this company. I could cold-call them and get an appointment to talk to someone, but I'd be starting at the bottom with some PR flak and have to work my way up to a C-level manager, and I didn't want to waste the month or so that would take. More than that, I would have to fly to L.A., where the firm is based, and kill time there trying to get appointments with the senior executives. I hadn't even decided if Houlihan was worth considering for a story, so I asked James if the firm had a New York office. Stupid question. Every major financial-related business this side of Neptune has at least a rep office in New York. Next question: Could he possibly save me some time and get me an appointment with someone senior at the firm?

"How did I know you were going to ask that?" He was already pulling a cream-colored note card from his portfolio. "A good friend of mine knows the CEO, a guy named Scott Beiser. I hear he's a good guy. Call this number, mention this name, and see if you can catch Scott when he's in New York. No, don't bother to thank me. Lunch is on you . . . again." He smiled as he got up to leave.

## A Trusted Advisor

About 10 days later, I stepped out of a cab on Park Avenue, half a block north of Grand Central Terminal. Looking up the street, I could see a line of high-rent steel-and-glass office towers chock full of banks, brokers, and financial companies and, almost hidden among them, the Waldorf-Astoria Hotel and St. Bartholomew's Church. Walking up a few steps to my right and entering one of those office towers, I found my name was already on a list at the Security desk and I was soon being directed to the offices of Houlihan Lokey, Inc. Thanks to James's connections, I had managed to bypass the PR staff and all the lower rungs of the executive ladder. I was shown into a suitably expensive-looking conference room and, before I could even sit down, a distinguished-looking fellow sporting a dark suit and a big smile came in to welcome me. This was Scott Beiser, CEO and senior managing director of Houlihan Lokey, in the flesh. I made a mental note to buy James another steak lunch. He shook my hand warmly and invited me to sit. So much for the image of aloof, inaccessible investment banks. He wanted to know why I had come and how he could help. The answer was simple: I wanted to know more about his business and, in particular, I wanted to know how that business fit into the global operations of something called the ORIX Group.

Scott is a cheerful guy and quite animated when he speaks. I could see he was happy to talk about Houlihan's business. Although I'd already done some background research, I asked him to give me a thumbnail sketch of the company's history. Leaning back in his chair, looking and sounding younger than his hairline suggested, he told me the story. Houlihan Lokey was founded back in 1972 by two Price Waterhouse accountants who, as he put it, "didn't want to be accountants anymore. They started Houlihan Lokey to be consultants; they didn't really know what that meant, but it sounded good at the time." They somehow found themselves doing business valuations for employee stock ownership plans, which kept the company going for the first few years. Soon they were doing valuations for tax planning, such as for estate and gift taxes—people making gifts of their businesses to their children or charitable foundations, and so on. It was still just a small L.A. firm.

The 1980s brought a wave of leveraged buyouts (LBOs). During this period, Houlihan Lokey specialized in services that were important parts of the new leveraged buyout environment, such as solvency opinions (expert analyses of an LBO target's financial health) and employee stock ownership plan (ESOP) business valuations. "We got to Wall Street largely due to our expertise with these valuation services, at first with smaller, privately held firms and then with mid- and large-size public companies. When I joined the firm in 1984, it was 25–30 people, still based only in L.A. and still focused exclusively on business valuations, but now there was a transaction focus on those valuations."

Within a few years, the firm opened offices in San Francisco, Chicago, and NYC. The partners quickly realized that they were doing business valuations for all the investment banks that were putting together LBO deals, and they began to wonder why they couldn't do some of those deals on their own. This led the firm to start a small investment banking effort in the late 1980s.

Strategically, they also began to think about what would happen when the LBO market ran its course. How would the firm grow in a post-LBO world and especially now that it was making a small name for itself among the big Wall Street houses? The answer was to hire a pair of bankruptcy lawyers who were, just like the founders, looking to do something bigger with their skill sets. At Houlihan Lokey, they became bankruptcy investment bankers. Within a very few years, the LBO market crumbled and the recession of 1990–1992 hit the economy. "We began advising on financial restructuring," Scott explained, his voice picking up a bit. "We had all the skills and experience to do a uniquely good job with that service, and the markets had a major need for those skills. We became de facto one of the pioneers in that industry."

In the next decade, the firm grew and expanded, not only in the United States, but overseas as well. Still, it was a relatively small player. "In the late 1990s, we wondered if we should align ourselves with a commercial bank because that's what everyone in our space was doing at the time, but we decided it wasn't appropriate for us."

In the recession that followed 9/11, the company's corporate finance business struggled, whereas its financial restructuring business took off. The firm expanded to London and into Europe.

"We realized we needed to become more specialized, more industry-focused, working not only in M&A, but also capital raising, financial restructuring, and business valuations. By the end of the first decade of the new century, we had become a leading independent financial advisory firm."

*What does that mean exactly?*

"We do M&A, capital raising, financial restructuring, and what we call financial advisory services, which is basically our old business valuation product line. Now we focus on a dozen core industry groups, and we have developed a much higher profile as experts in what we do."

While we were talking, another person entered the room. Scott stood up to introduce a serious-looking gentleman with wire-rimmed glasses, craggy features, and a deep voice. "This is Bob Hotz, co-chairman and senior managing director of the firm." Bob pulled up a seat next to Scott.

The timing seemed good to ask them both about my main concern: the ORIX connection. My research showed that Houlihan Lokey was indeed connected to the Japanese firm. How did that happen? Scott gestured to Bob, who smiled and said, "Early in the past decade, we began looking at a small number of potential partners to help us accelerate our growth. We already knew ORIX because we'd been helping them identify and evaluate M&A opportunities in the United States."

*So ORIX owns or is invested in other U.S. firms?*

"Oh, yes, several," he replied. "And if you look carefully, you'll see that they're all very strategic, well-thought-out investments. Not random, but part of a bigger picture."

Okay, now I was starting to learn something interesting. Did Houlihan Lokey introduce some of those deals to ORIX?

"No," Bob said. "They asked, but we weren't successful in finding companies that met their requirements. I had known Ned Mundell, who was the chairman of ORIX USA, for many years, so I felt comfortable telling him that we couldn't find anything really interesting for them at that time."

The personal relationship, as well as Houlihan's honesty in not wasting ORIX's time looking at a bunch of second-rate or inappropriate acquisition targets, obviously made an impression. ORIX soon expressed an interest in investing directly in Houlihan Lokey, and within a year, ORIX's U.S. headquarters had completed the transaction.

"It was a perfect match for both sides," Scott explained. "We were interested in finding a partner, especially one with a strong global network, and ORIX was looking for a firm to help with their ongoing investments worldwide, not to mention participating in our growth as a fee-based business. They acquired a significant stake in Houlihan Lokey, but we retained the independence we need to manage the business as we see fit. The results speak for themselves."

Ah, yes. What about those results? James had quoted some rankings, what are called *league tables* in the industry, and Bob handed me a fact sheet with several more. Just an abbreviated list of the firm's 2012 awards is eye-opening:

Investment Banking Firm of the Year (*The M&A Advisor*'s International Awards)

North American Investment Bank of the Year (*DealMakers*)

Best Loan Restructuring House (*EuroWeek*)

Best Global Corporate Restructuring House (*Euromoney*)

Restructuring Deal of the Year for both Americas and Asia-Pacific regions (*The Banker*)

Number one in Global Distressed Debt & Bankruptcy Restructuring Rankings (Thomson Reuters)

Number one M&A Advisor for All U.S. Transactions in Healthcare; Industrials; Food & Beverage; Consumer; Food & Retail; Transportation & Logistics Under $1 Billion (Thomson Reuters)

And, as James had noted when we first spoke about the company, in the 2012 M&A Advisory Rankings published by financial news group Thomson Reuters, the company ranked number one in the category U.S. Transactions Under $3 Billion. The next four entries were what James had called the usual suspects—the gigantic *bulge bracket* firms that regularly bag the very largest M&A transactions: Goldman Sachs, Barclays, JPMorgan Chase, and Bank of America Merrill Lynch. And, as he'd mentioned, Houlihan is ranked number one in the Global M&A Fairness Advisory Rankings for deals completed from 2003 to 2012.

I asked the CEO and co-chairman about these rankings. From my perspective as an industry outsider, it certainly appeared as if Houlihan Lokey had spent a decade securing its position as a top advisor in middle-market U.S.-based M&A deals, landing the number one spot on league tables for deals under $1 billion for several years, and was now moving upmarket, landing the same number one spot for deals up to $3 billion. It seems as if the firm is growing steadily, working on bigger and bigger deals, but maintaining its reputation for skill and integrity. The result is that in the segments where it competes, it is outperforming much bigger and more famous rivals.

Bob smiled. His face showed a visible conflict between his personal modesty and the need to market his firm's abilities. "I think that's a fair summation of our position," he said.

*Okay. Tell me why that's happening. How can a firm like Houlihan Lokey, which back in 2001 was still only ranked as an advisor for M&A deals under $100 million, have collected a stack of awards for deals up to $1 billion and now be in the same top spot for deals up to $3 billion? That's pretty fast growth.*

"The answer is simple," Bob replied. "We have developed an in-depth industry focus covering several key industries; we always have a senior banker in charge of each project, not just in a reporting line, but hands-on working with clients to achieve optimum outcomes; we have a solid global capability that is expanding yearly; and we have an extremely strong reach into private equity and other types of alternative capital providers."

*Isn't all of that true of your larger rivals?*

"Most of it is," Scott interjected. "Lots of bigger companies have that same skill set. But precisely because they're bigger, they're not willing to provide the same level of service to companies in the middle market. That's where we compete most effectively in M&A. We've also been in the top tier of service providers in our financial restructuring and financial advisory practices for many years."

Bob added, "There are lots of companies out there that require good financial services, advice, access to capital, and so on, but the big banks and Wall Street firms don't feel it's worth their time. We've selected this middle-market range as our focus in M&A; we're providing a premier service to that market, and we have the global infrastructure to allow us to do that. Some of our competitors have chosen to focus their resources elsewhere."

*Got it. Now, how does ORIX fit into that picture?*

Bob continued, "ORIX is a giant global financial services firm doing essentially what we're doing: focusing on specific markets where they can provide nontraditional financial services. It's not about bank lending or selling stocks and bonds, but leasing, asset management, and other services. Like ourselves, ORIX has selected certain markets and decided to be a dominant player in those markets. That's a smart, opportunistic strategy. The best opportunities come from finding a place where you can provide a superior service."

*Do you interact regularly with the parent firm? Do they influence your management strategy, hiring, operational policy . . . ?*

Scott looked pleased to receive the question: "The answer to the first part is yes, we do interact with them. ORIX is represented on our board of directors, and we interact with them fairly often, but not on any regular schedule. ORIX USA is still one of our clients, so we are in close contact with them. As for the other questions—do they influence our decision making, personnel decisions, business policy, and so on? The answer is no. We are left alone to manage our company the way we always have. Don't misunderstand—we are very conscious of being part of the ORIX Group and we're proud of that. But I think ORIX understands that we know our business better than anyone else ever could; we know our clients and we know our markets. The best way for ORIX to benefit from our membership in the Group is to let us do what we do best and in the process generate steadily increasing profits. I'm confident that our managers in New York, L.A., and throughout our global network, as well as our partners in Tokyo, are all on the same page. We understand and trust each other. It wouldn't work any other way."

*I don't know, doesn't that almost laissez-faire attitude seem unusual to you? Especially for a Japanese company?*

After a pause, Bob replied, carefully considering his response before he spoke. "First of all, ORIX is not by any means disinterested or unconcerned about our operations; they just know that the best way to maximize our performance is to give us the freedom to run the company the way we do. It makes sense. Is that unusual? Perhaps. Is it unusual for a Japanese firm? I'm not really qualified to answer that. But I can tell you that ORIX is an unusual company regardless of nationality. From what I understand, they like finding companies with excellent management, good clients, strong reputations, and outstanding growth potential and then partnering with them. The ORIX style is to provide support for outstanding businesses to grow, not to turn them into puppets run by remote control from Tokyo. That's a very smart strategy. People say it's all part of the ORIX way—find good partners and help them to grow so that the Group as a whole grows. The long-term trust relationships and the freedom to develop our business are definitely a part of that approach. You'll hear some people refer to it as the company DNA."

*And where does that company DNA come from, do you think?*

"I'm probably not the right person to ask. What we hear is that the founder of the company, the guy who is the chairman today, really created the ORIX approach. But you should talk to the people at the U.S. headquarters. They know a lot more about it than I do."

I thanked them both and told them I planned to do just that. I also mentioned that I'd heard of another company in the ORIX Group based right here in New York, a fund management firm called (I looked down at my notes) Mariner Investment Group.

*If I've got the address right, their office is just a couple of blocks from here. Is there any chance that I could talk to someone over there, maybe a fund manager or a VP or someone?*

"I think we can arrange something," Scott said with a smile. "Let me make a call."

## A Professional Money Manager

Half an hour later, after a cup of coffee and a chance to review the notes I'd just taken on Houlihan Lokey, one of their staff escorted me to another office building only a block or so from Houlihan's offices. Entering a stately reception room, I gave my name to the receptionist, who was obviously expecting me.

"Right this way, Mr. Russell."

She took me down a corridor lined with dark wood paneling and seated me in a comfortable meeting room. I had a brief quiet moment to think about how quickly this had all happened. Usually, as a journalist, it took me days or even weeks to get appointments to visit the companies I wanted to visit, and even then I sometimes didn't get to meet with anyone very senior, at least not on the first meeting. James's introduction had opened the door to Houlihan Lokey, and I was very fortunate to have talked to two of the top executives in the firm. Frankly, I hadn't even begun my research on Mariner yet. I was expecting to do an interview at Houlihan and then spend a week or two trying to land an appointment at Mariner. But the opportunity had presented itself when I checked my notes and realized the asset management firm was close by. And they're both members of the ORIX Group. Why not take a chance and ask for an introduction, I thought.

Now I was glad I'd done just that. Here I was, sitting in Mariner's offices without making an appointment. I didn't even know who I would be meeting; for that matter, I didn't even know the names of the executives. Going into an interview unprepared always bothers me, but I decided not to sweat this one. I was lucky to get a personal introduction to the firm, and there was no way I was going to ask for an appointment later in the week. Experience teaches you to take what you can get when it's offered, and Scott Beiser had just set me up to talk to someone at Mariner on the spot. Maybe it would be a company PR manager. I was in no position to complain. So what if I didn't have any prep notes on the execs or the company? I'd just roll with it. I'm a pro. I can handle myself. What could possibly go wrong?

Suddenly, a gentleman tapped on the door and stepped inside. "Hi there, I'm Bill," he said, as if we were about to be old friends. He wore no jacket or tie, just a dark blue dress shirt that set off his mane of white hair. He looked and sounded energetic and authoritative. Maybe one of their directors, I thought, a guy without much operational responsibility who has the time to chat with an unknown outsider like me. He handed me his card, which had the word "MARINER" in large letters across the middle and, beneath that, his name, William Michaelcheck. No title. I thought, maybe he's a retired ex-director or somebody tangentially related to the business.

I turned on my little IC recorder to make sure I got his comments accurately.

*Could you please state your name, your title, and how long you've been with Mariner*, I began, sounding more like a district attorney than a friendly interviewer. *And then could you briefly explain what your company does?*

He looked a bit taken aback, and then smiled calmly and began in a smooth, authoritative voice: "My name is Bill Michaelcheck and I am the chairman and chief investment officer of Mariner Investment Group, a company I founded in 1992."

I swallowed hard, pretended to be looking down at meaningless notes I was scribbling, and made a mental note never to go unprepared to any interview ever again. True, I've made the same promise to myself in the past when I felt like an idiot, but this time would be different. Really.

"We are an alternative asset manager, sometimes called a hedge fund manager. In fact, we manage a group of vehicles, including multiple hedge funds, on behalf of our clients. Those clients are very large investors: pension funds, state retirement funds, sovereign wealth funds, and so on."

Now I really was jotting notes even as my recorder blinked that it was getting all this. I still couldn't look Bill in the eye. What I got from his opening remarks was that Mariner was, to put it simply, more than just a hedge fund. I had a rough grasp of the kind of investment strategies that traditional hedge funds employ, but I was far from an expert. Moreover, I reminded him that the popular image of hedge funds was none too positive, especially in the wake of the 2008 market crash. Although that was not hedge fund–driven, the public was led to feel that any complex trading vehicle they didn't understand was probably up to no good.

"Understandable," Bill responded. "Hedge funds became popular 25–30 years ago, and in the beginning they were largely vehicles for very wealthy individuals. Not something most people would warm up to. That's changed a lot, though. Hedge funds have evolved; today, they are just one of many common tools that investors use to trade stocks and bonds. They're a standard component of almost every large-scale portfolio."

He made it clear that we were not talking about commodity investors risking tens of millions on a small uptick in the price of gold or oil, or speculators driving up a stock price only to bail out suddenly and leave Main Street shareholders high and dry. He said the portfolios that use hedge funds are generally the kinds of groups he'd just mentioned, giant pension funds and the like. That means very conservative, risk-averse professional investors, often managers of public funds who are aiming, on balance, for long-term, stable returns.

"I can't disclose the names of most of our clients, as we are under contract to maintain confidentiality. However, they include some of the bigger public retirement funds as well as a number of other large governmental bodies and major corporations. As you can imagine, these organizations have hundreds of billions of dollars spread out among a diverse group of investment managers. The bulk of their funds are invested in traditional stock and bond portfolios. However, they also place a much smaller amount—typically around 5 percent, but depending on the client, it could be double that—in alternative investment vehicles. Those highly specialized alternative products are what Mariner provides. So, we typically account for only a small percent of a client's total assets.

"We work with the clients' CIOs (chief investment officers) to help them devise effective investment strategies to meet their needs, such as reducing volatility and helping to improve their outcomes under certain possible scenarios. For example, what will happen if the Fed makes a big change in monetary policy, the kind of thing we've been hearing about recently?* How could a specific portfolio avoid the likely problems that would ensue from that event? We work with clients to show them solutions for a particular type of risk or a particular type of volatility. Then we bring in our specialists, who were often top proprietary traders at big banks or major Wall Street firms, to help us execute those strategies. All that is very different from hedge funds 20 years ago."

*So, just how big is Mariner?*

"At the beginning of 2013, together with our associated advisors, we had about $10 billion in assets under management. Then we acquired another firm, Concordia Advisors, which added roughly another billion to our assets. This was nothing sudden; we'd known the management of Concordia for a long time and we successfully convinced them to join forces with Mariner. The result is that we collectively have something like $11 billion under management today, which would place us in the top 50 or so hedge fund complexes worldwide. We aren't the largest by any means, but it's safe to say we're one of the larger organizations."

*What's the key to success in your business?*

"Two things: good clients and exceptionally good staff. And I'm happy to say that we have both."

*And what about those clients?*

"We're very proud of our clients. As I've said, we can't disclose many of their names because they've asked us to keep that information private. However, I feel confident in saying that we have some of the very best clients any investment manager could dream of, and I don't mean just in the United States, but worldwide. I think that client base is important in attracting the caliber of investment managers who come to us. They want more opportunities to manage money for these special clients."

There was no way to lead in subtly to my key question, so I just asked if Mariner is, in fact, a member of the ORIX Group?

"Absolutely. We are very fortunate to be affiliated with ORIX. They are an enormously large, diversified financial group, and we benefit directly from being part of that group."

* Shortly after this interview, the Federal Reserve Board of the United States announced that it would begin to slow the monetary easing policy that had fueled the stock markets for the past few years. Although no immediate actions were taken by the Fed, the mere hint of a reduction in the massive flows of liquidity propping up the markets led to a large sell-off on Wall Street.

*How so?*

"Well, let me begin by saying that roughly 60 percent of our business is U.S.-based. To look at it another way, approximately 40 percent of our business comes from outside the United States. We don't just invest in American stocks; we have a trading room in London and offices in Seoul and Tokyo, and we are still expanding. To borrow a horribly overused term, we are a truly global operation and becoming more so."

"That's where our membership in the ORIX Group really pays off. Take the Middle East as just one example. We often visit that region to service our existing clients, but of course we'd like to expand our client base there. As you'll find throughout Asia, business in the Middle East often depends on having the proper introduction. If we tried to market ourselves independently—'Hi, we're Mariner, a hedge fund from New York City'—we wouldn't get very far. But ORIX has been doing business in the Middle East for years, and they have well-established offices in Egypt, Dubai, Oman, and Saudi Arabia. When we visit those areas, their local managers make time to meet with us, and they make a special effort to introduce us to their clients. Because ORIX has been there for years and they are well-known and very well-respected, people pay attention. That's important to us because we are nowhere near as big or as internationally respected as ORIX. Just recently we visited Saudi Arabia. ORIX has a leasing company there, and I've met the country manager several times. He is accepted among the top tier of businessmen in that country, so his introductions mean a lot. His help is invaluable to us."

*So being part of ORIX has a direct, tangible benefit to your firm?*

"Absolutely. The fact that we're a part of the ORIX Group helps to open doors in many countries around the world. Simply put, the ORIX brand helps us to do business."

*But you don't have ORIX in your name. Neither does Houlihan Lokey, for that matter.*

"That's one of the rare things about ORIX. Today, every big company or conglomerate wants to put its name on everything they touch all around the world. Branding is the name of the game. ORIX understands that not every member of the group needs to fly the same flag. We like our name, and we've worked hard to build our reputation. I'm sure the people at Houlihan feel the same. In some ways, maybe ORIX is smarter than most of the giant corporate groups whose brands we all recognize immediately. As far as I can tell, ORIX is all about understanding local markets, not imposing ideas and templates from overseas. They do whatever is best in order to succeed. Of course, what is best may be different in different markets and with different companies. That flexibility is a hallmark of the ORIX way."

*Is that part of the "company DNA" that I just heard about up the street?*

"Yes, absolutely. It's not a strategy that you chart out on paper. From what I can tell, it's a way of thinking, an approach to doing business. But that's only part of it. I can't say that I know all that much about ORIX's DNA. For that, you should talk to someone at ORIX USA. They know the Tokyo story better than anyone, and I'm sure they can explain it better than I could."

I thanked him for his enlightening talk about Mariner and for educating me about modern hedge funds, and especially for helping me to understand a little more about this unusual corporate creature called ORIX. How strange, I thought, that even here in New York, halfway around the world from the company headquarters, without a Japanese manager in sight, the idea of the company's DNA was firmly embedded in local executives' minds. I felt like the blind man grasping the tail of an elephant and trying to imagine what the whole beast might look like. I had only seen two relatively small companies in the ORIX Group, yet both were highly successful firms led by sharp, market-savvy managers with a passion for acquiring outstanding talent and producing exceptional results. But holding onto the tail teaches you little about the elephant. I knew the only way for me to grasp the whole thing was to travel, do some research, and ultimately, go to Tokyo to track down the source of these DNA stories.

But first I needed to learn a little more of what was close at hand—the U.S. operations. I said as much to Bill Michaelcheck.

"There are other ORIX operations right nearby," he said. "For example, there's an interesting company called New Health Capital Partners just across town on Sixth Avenue. They're a private equity firm that specializes in life sciences, and ORIX was one of their seed investors. Then there's RED Capital Group, which is based in Ohio but has an office not far from here in Connecticut. That Group includes RED Capital Markets and RED Mortgage Capital. They are a major lender to multifamily housing developments, assisted-living facilities, healthcare services, and more. Then there's ORIX Ventures, a venture capital firm with offices around the country. They have supported the growth of a number of well-known U.S. firms, including some that couldn't get financing elsewhere but later grew enormously thanks to ORIX's backing."

It was beginning to become clear that ORIX had operations spanning the entire United States, all of them involving financial services. I was glad I'd talked with Houlihan Lokey and Mariner, but not sure if I would learn a lot more by visiting RED Capital, New Health Capital Partners, ORIX Ventures, and every other company and autonomous business unit in the ORIX universe. That could take months, and moreover, would still only give me a vague concept (the trunk and tusks, if you will) of the ORIX behemoth, and then, only the North American variety. What I needed was a fast overview of all these businesses and some sense of how the U.S. operation fit into the bigger picture.

Using the same technique that had worked so well at Houlihan, I asked Bill if he could arrange an introduction to someone at the North American headquarters, ORIX USA. "I think I might be able to do that," he said with a broad smile. He looked at my business card. "I'll send you the details within 24 hours." Then he looked at my dark New York–style suit, neatly pressed button-down Oxford shirt, and tightly cinched tie. "I hope you've got some other clothes," he said with a friendly laugh. "It's 100 degrees in Texas."