

Alfred Bader Fonds

Chemistry and Art
More Adventures of a Chemist Collector

Chapter 1 - Life After
Expulsion

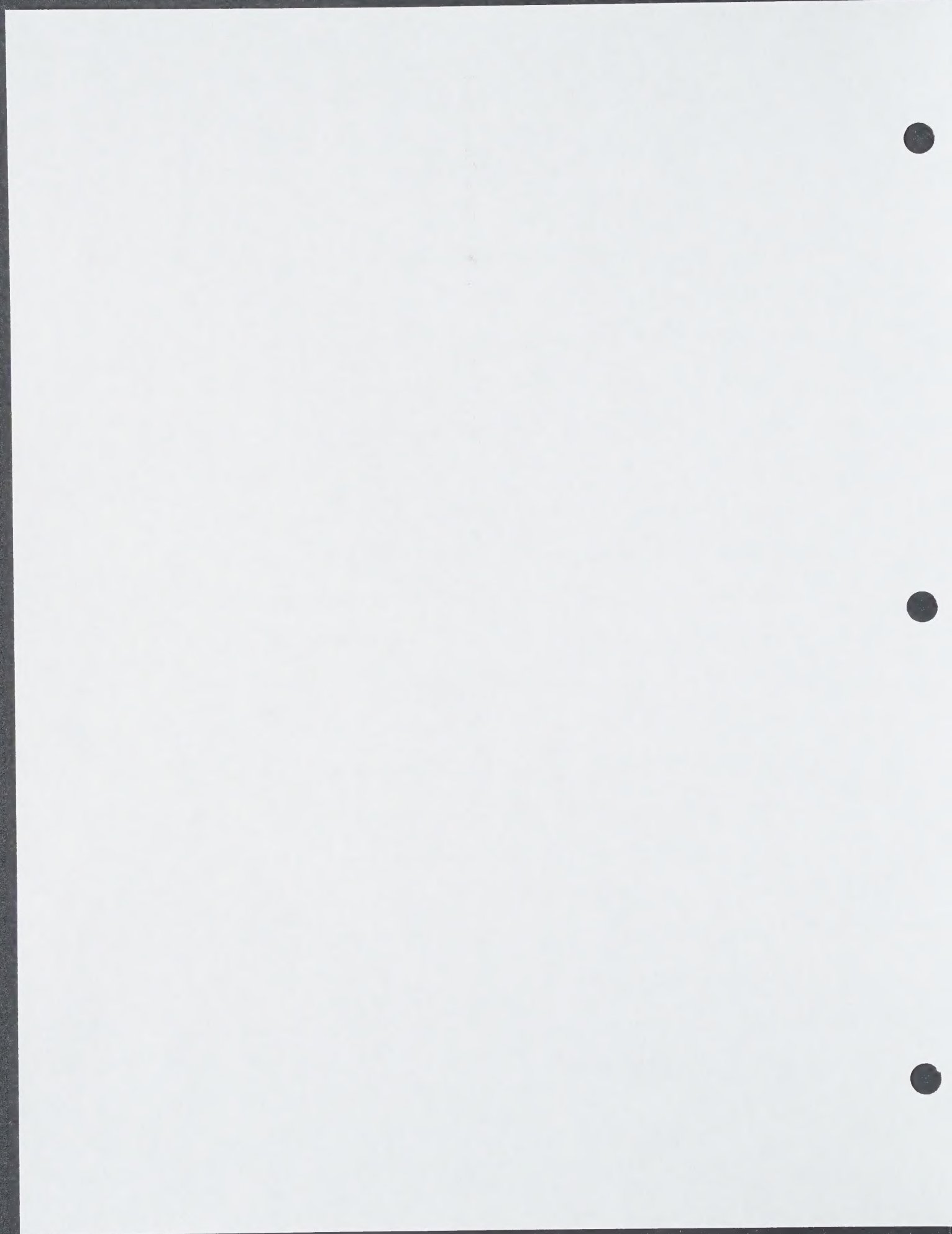
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Chapter 1

Life after Expulsion

My expulsion from Sigma-Aldrich in 1992 caused me a great deal of grief. But now, looking back, I can truly say that I am much happier. Life is better because I no longer have to work with the top people at Sigma Chemical Company, who were so convinced they were right about everything. Of the many days spent at board meetings in St. Louis, there was not a single one I could call happy. Sigma's culture and business philosophy were very different from those of Aldrich, and the pressures from Aaron Fischer and Tom Cori, two of the key executives of Sigma, were enormous. Now I can choose people with whom I enjoy working - art dealers with whom I can discuss paintings and who can sell some of the many paintings I buy, men and women like Yechiel Bar Chaim and Adina Shapiro who help us choose and then administer many of our charitable donations intelligently, friends like Joe Bernstein to talk about investments, local charities, and problems with art. My days are just as busy as they were when I was at Sigma-Aldrich. Of course, there are personal frustrations and disappointments, but I still have the joy of learning about new chemical discoveries, of meeting great chemists from time to time, and of a much more intense involvement in art. I am a workaholic, and the pressures are mostly self-imposed.

I am wealthier because I have followed my son Daniel's advice in 1991 to sell covered call options. Tom Cori's "good" reason for expelling me was that I had bet against the company by selling call options of Sigma-Aldrich stock for my alma mater; his "real" reason was probably his desire to run the company without any input from me.



Until that first sale and my realization that Queen's University in Kingston, Ontario, did indeed benefit from it, I had not known much about call options. Now, as I am no longer a director of Sigma-Aldrich, I am free to sell these for myself. What fun that is, and so profitable.

Of course, I am still interested in the company's progress. Since 1992, Sigma-Aldrich's performance has been very mixed, never reaching the steady 10-20 percent growth in annual sales and earnings that we had reached before. The stock hit a low in July 1994 after an unprecedented announcement of flat quarterly earnings. I realize that it is a great deal more difficult to have an annual 10-20 percent growth in sales and earnings in a large company than in a small one, and the company has indeed grown, partly as a result of acquisitions. I believe, however, that at least part of the slower growth has been caused by the absence of close contact with the academic community and hence the slower flow of new products. Another reason, I am sure, is that all decisions have been made at the very top with little communication or discussion within the company. The old Aldrich policy of encouraging the talents and suggestions of employees is long gone. In 1999, the last year under Cori's leadership, sales increased by all of 3.3 percent and net income from continuing operations declined by 6.4 percent.

An important turning point in the history of Sigma-Aldrich came in 1999 when the decision was made to find a new plan to improve performance. Eight company executives, helped by two summer interns from Washington University, worked for six months on the problem. Mike Hogan, the company's very able CFO, had previously worked on such plans at McKinsey, the management consulting company. The committee interviewed over 650 customers and 150 Sigma-Aldrich employees.



In December 1999, in an interview with Joan Suda, Marketing Communications Coordinator at Sigma in St. Louis, David Harvey, who had taken over as CEO from Tom Cori, explained the Strategic Plan: "...the performance of our Company has not been satisfactory during recent years. 1998 was not good and this year has been only slightly better....Over the last five years our Return on Equity has declined from 20 to 14....We achieved ROE of 20 in the past - so I believe we can do it again". The basic intention of the Strategic Plan was to make the company "One Company Worldwide", the goal I had made when we merged in 1975, but had found so hard to achieve, because I was so often frustrated by Sigma's unwillingness to share information or make any changes.

In the interview, David was asked, "Sigma-Aldrich has lost a lot of good people over the last year. In times of stress and uncertainty, more people might consider leaving. How can we convince them to stay?" He replied, "Regarding commitment to our company, my belief is that the answer above all is to provide job satisfaction. And we need this at all levels. Employees want to be asked for their ideas, work where excellence is rewarded, be informed how the organization is performing, and achieve personal growth. Quite candidly, we have room for lots of improvement and this was recognized in the Strategic Plan." This, of course, is just what we had aimed for from the early days at Aldrich, but we had been unable to convince Sigma management of its importance after the merger.

The company also decided to require its officers and other senior managers (about 50 worldwide) to hold shares of the company's stock valued at one-half to two times their annual salaries. As David explained, "They should have their own money at risk, which should be an added incentive to improve the performance of our Company." Also, the



company began repurchasing shares of stock, over 30 percent of the stock in the following five years.

Tom Cori moved from CEO to Chairman of the Board for one year, and David Harvey became CEO. One important result of the shakeup was the resignation of Tom Cori the following year and the replacement by David of the directors beholden to Cori with really able financial experts: W. Lee McCollum, Senior VP and CFO of S.C. Johnson; J. Pedro Reinhard, formerly the Executive VP and CFO of Dow Chemical Company; and Barrett A. Toan, CEO of Express Scripts. Cori was given an obituary-like farewell ^(fig.) in the 2000 company annual report. This reminded me of a similar farewell ^(fig.) that he had prepared for me for the 1991 annual report but that was scrapped when I vigorously protested my expulsion ^(fig.). Since his departure, Cori has had almost no contact with anyone in the company.

This is so different from my relationship with the company. I have continued to find many research samples for the library of rare chemicals and have received suggestions for new products and, occasionally, complaints, which I have relayed to chemists in Milwaukee and St. Louis. What I really enjoy are the two evenings, one in the spring and one in autumn, when Isabel and I invite some fifty Aldrich old-timers to join us for a simple Chinese dinner, a really fun evening.

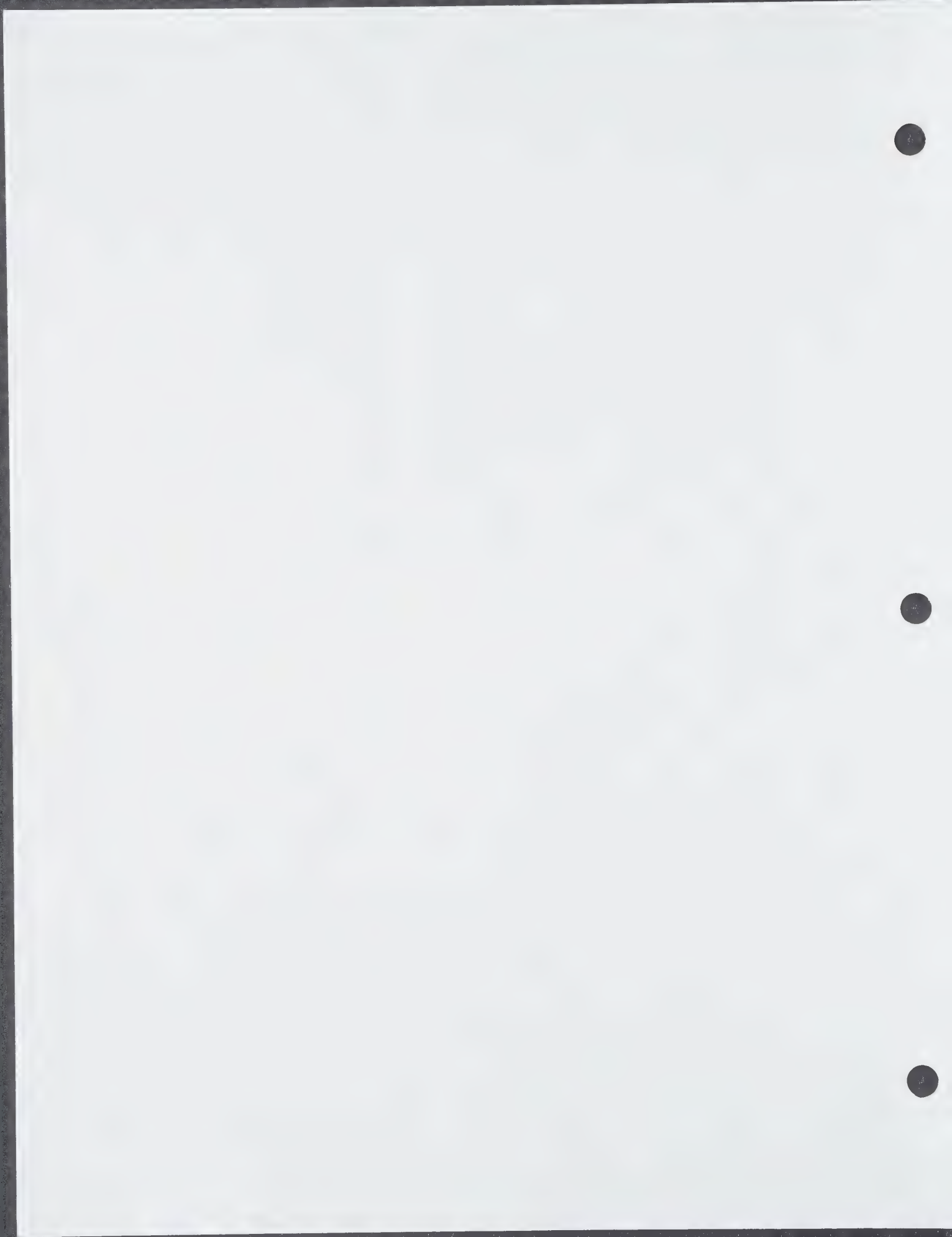
The relationship between David Harvey and me has been mixed. Shortly after my first book, *Adventures of a Chemist Collector* (Weidenfeld and Nicolson, 1995) came out, David asked employees in Milwaukee for their anonymous comments, and I am sure that I was much happier seeing what they wrote than was David. Here are a few examples of



the many given to me by Delores Menehan, who acted as David's secretary when he came to Milwaukee:

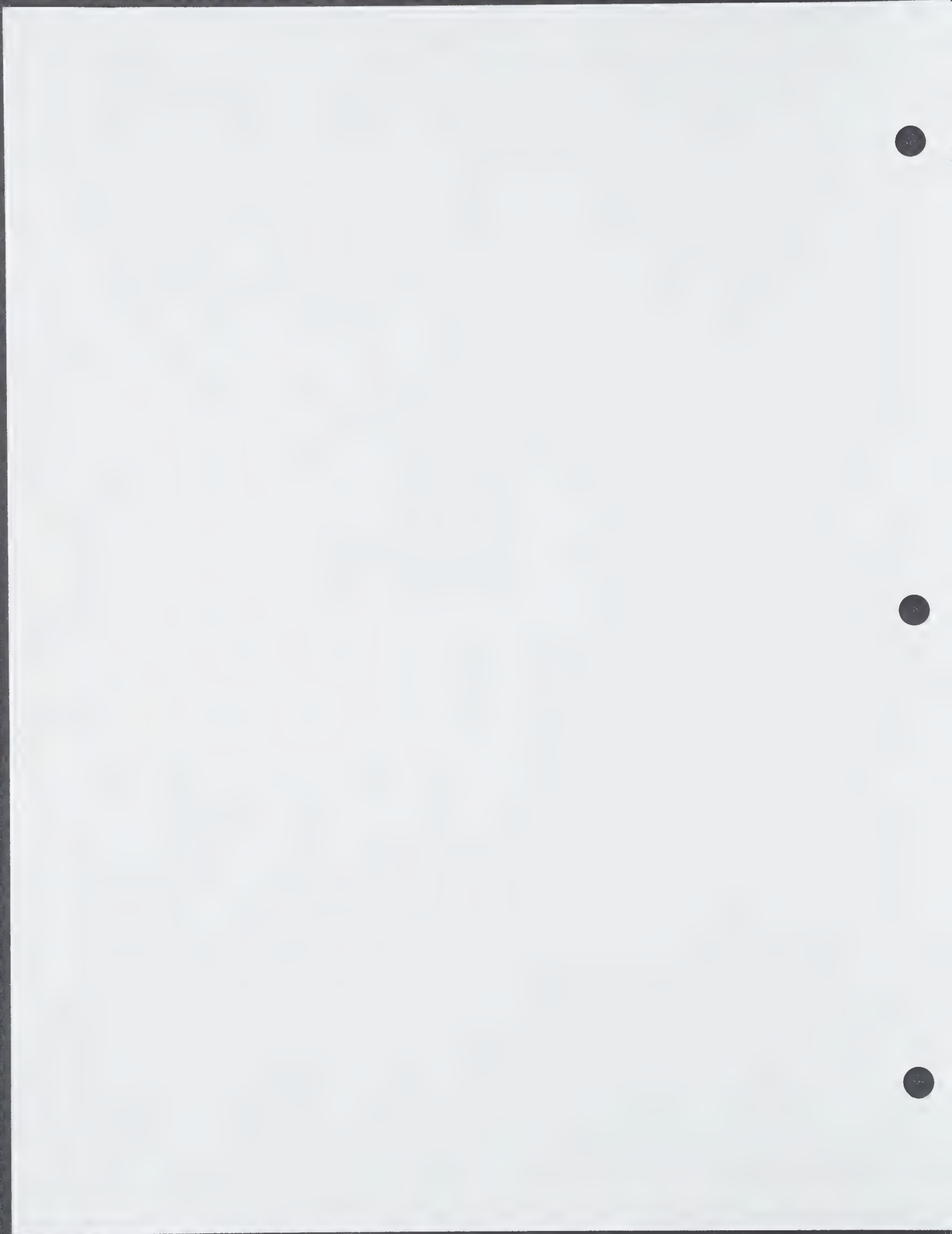
Alfred Bader's book is educational as well as incredibly interesting. It tells about a self-made man who stepped on a few toes during his lifetime, but when you start a business and try to make it go, sometimes you have to do what is necessary to keep that business. He made the only judgments he thought were correct at the time, and I believe he was a very wise, concerned individual. He tells about the hiring of a black lady with great compassion. I don't think he has a discriminatory bone in his body as far as that is concerned. He mentioned that when he first started his business, he didn't even cash his paycheck in order to pay his employees. That to me rather proves his allegiance to the employees working for him. I believe he did the best he could with what he had to work with at the time. He must have spent some sleepless nights back then worrying whether his small business could make it. I also believe he was a man of vision, determined, is religious, and is a man of great character.

I don't have much education; I'm a janitor; quit school. My friend says read the book. Learn about your Company. It takes me a long time to read and understand but my friend is right, he knows a lot. My wife is reading it too. I've never read very much. My family just never had many books at home, just the ones we read in school and that wasn't much. Now we talk about it. We've never met the man, but I heard like because he is a Jew, Jews stick together and get anything they want.



But man, he didn't have nothing to start with, he was real poor like a lot of us. I'm glad he done real good. He helped a lot of people like me, I have a good job that I come to every day and I try to work hard. I like working at Aldrich and I can keep this job for as long as I want to and maybe someday I can have a better job if I read and study, and learn things. If I ever met the man I like to shake his hand and say 'thanks, man'. I tell you more when I'm done (with) the book.

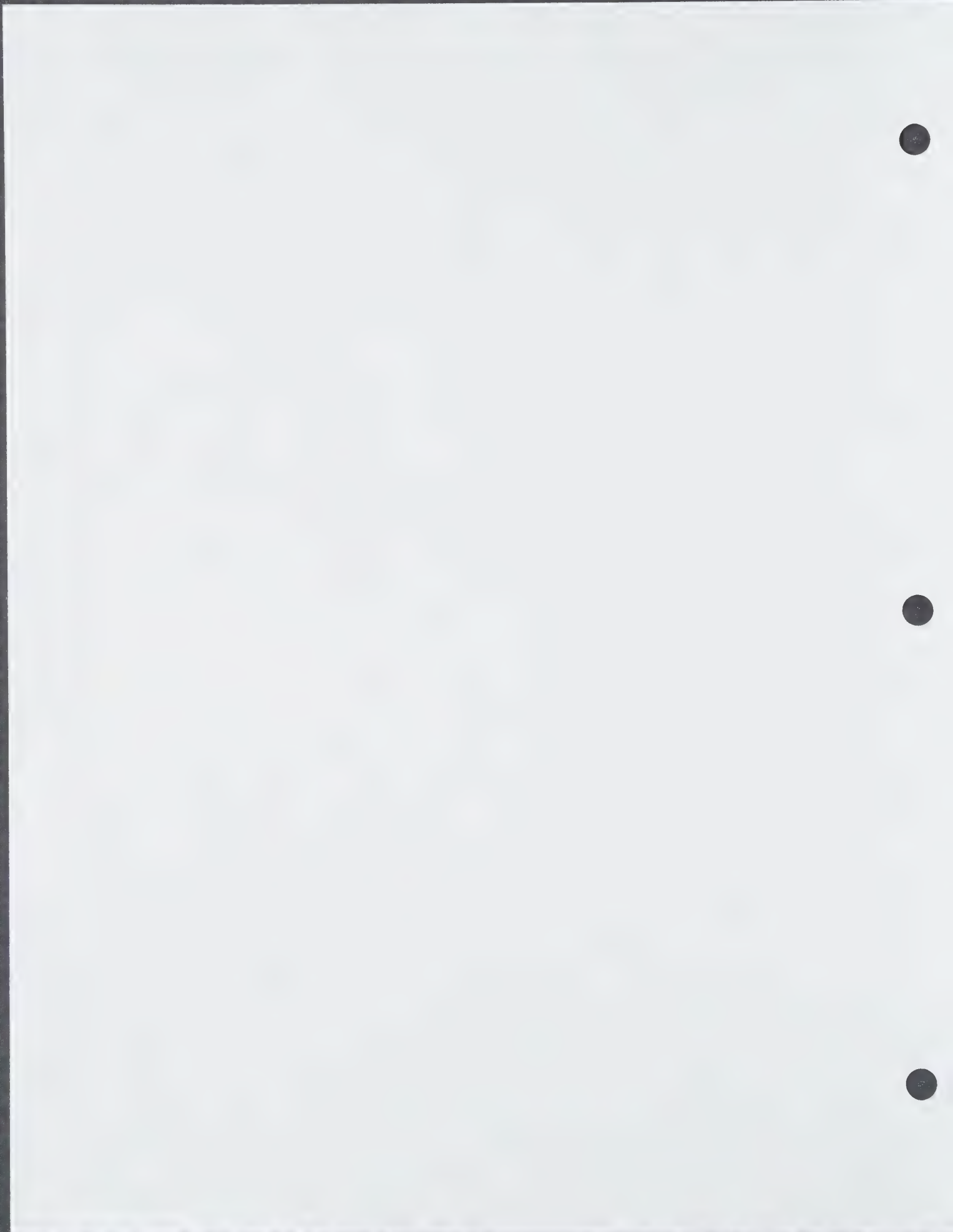
Alfred Bader is a survivor. His story of his adventures told of some heavy blows dealt to him personally at a very young age and again later in life. Especially, his expulsion from the Sigma-Aldrich Board of Directors. He did a good job explaining in detail his position and the Board's decision, and I'm glad he put it in writing. I cannot for the life of me understand the fairness in the final decision and I can well imagine the effect it had on him. I think they were very narrow-minded, and also believe that Tom Cori, the leader, was determined to do it his mean-spirited way regardless of the consequences and the hurt it caused. It is my opinion that Tom Cori wanted Alfred Bader out of his way completely and that was the only method he had to do so. Jealousy, perhaps? This is a case of not only surviving from being struck down, but not counted out. He was dealt a raw deal in the end which was not planned, but he did not collapse. He showed resilience and coped under the circumstances, attaining a healthy self image to the world. People admire him for his spirit and tenacity. Definitely a remarkable life adventure.



When Aldrich celebrated its fiftieth birthday in 2001, David permitted the publication of a very fair history of the company, with a reproduction of a beautiful painting I had bought years earlier. It was particularly suitable for an *Aldrichimica Acta* (Aldrich's scientific magazine) cover, since it depicts Professor Brande teaching the young Michael Faraday how to make Prussian Blue (see Chapter 9).

An evening I spent with the Harveys in August 2003 was interesting and disturbing. Isabel and I had invited David and Margarete to dinner at the University Club. I had a number of questions I hoped David would answer. One was why he allowed Ralph Emanuel to be fired as a Director of Sigma-Aldrich in 1980. David answered, "He was no longer useful to the company. Look how I fired some of the other Directors recently." He was referring to the departure of several of Tom Cori's friends who had really made little contribution to the company, but had effectively kept Cori in power for years. In contrast, it was Ralph who had hired David in 1974. He had constantly pushed him ahead, putting him in charge of our German operations, and then urging that he come to Milwaukee to become my successor. Ralph was an astute businessman and the only one of us familiar with British law and practice, and he had a major role to play in the growth of our English company. However, in 1980, Ralph had offended Aaron Fischer and Tom Cori by voting to retain Dan Broida (who really had built Sigma) in management when they wanted to get rid of him during his fight with cancer. Talk of *good* reasons - Ralph was no longer useful - and *real* reasons!

Another question I hoped David would clear up for me was why he refused to use Bader paintings on *Aldrichimica Acta* and catalog covers. These had a long-recognized impact among world chemists and would have had a twofold advantage. It would not



cost the company anything to use the paintings, and the covers could be reproduced in good color. This is difficult when the printer works only from color transparencies submitted by museums. The color of a recent Aldrich catalog cover, a painting by Fragonard in the National Gallery in Washington, was particularly poor. I had asked Joe Porwoll, the current President of Aldrich, whether he did not think it would be better to use some of my paintings again. Joe told me that he had "sent it up the flagpole and the answer was no". Up the flagpole meant to Dr Jai Nagarkatti, former President of Aldrich, who had become the COO in St Louis. I sent a detailed query to Jai, who advised me to speak directly to David Harvey.

David's reply that evening in August astounded me. "Certainly not," he said. "You hurt the company tremendously when you left in 1992. You spoke to many chemists about how badly we had treated you, and many of these chemists in turn talked to us. Many of us in the company were very angry. Then you asked the Milwaukee Art Museum and the St. Louis Art Museum not to help Aldrich with catalog covers." I admitted that I might well have made a mistake asking the two museums not to help, but that I had been so deeply hurt. David said that I should have left the company quietly and all would have been much calmer. To me this seemed like the world upside down. I had been treated horribly, accused of betting against the company, and now once again I was the accused. I wonder if David ever asks himself whether he has made personal mistakes, like firing so many good people: Ralph, Marvin, me, and many others. When I asked why he allowed the *Prussian Blue* painting on the *Acta* cover, he said that this was a one-time event celebrating fifty years of Aldrich, and I said again how pleased I was that he had done this.



Later on during dinner, we talked about Marvin Klitsner, and David admitted that he was the ablest attorney he had known and that he had greatly enjoyed working with him. When I reminded David that the accusation against us about "betting against the company" had happened while Marvin was in the hospital undergoing bypass surgery, David said that he had not known that. David has a selective memory. If Marvin had not been in the hospital, our defense before the Board would have been much stronger but still of little avail, since the accusation was simply an excuse.

Of course, we talked about a great many other matters. For instance, David just the month before had sold over 33,000 shares of Sigma-Aldrich stock. He told me that he planned to sell more, because with most of his assets in company stock, he should diversify. That, of course, I understand. We discussed the acquisition of other companies and our competitors. He mentioned that Roma Broida, wife of Dan Broida, would be celebrating her eightieth birthday in February 2004 and that her family was preparing a book to present to her. David actually wrote a play, "Beauty and the Beast," (fig.) as his contribution, which he also had printed in the Sigma-Aldrich internal newsletter (May 2004). I found this astounding, because Dan Broida was certainly not a beast; he was very demanding, but he was the remarkable builder of Sigma.

David is stridently atheist, saying time and again that he does not want to have anything to do with all that "religious mumbo-jumbo." In an interview published in *The St. Louis Post-Dispatch* in September 2004, he said, "I became an atheist about the age of 13. My mother was Catholic. I think I once read there were 3,000 religions. What are the chances of Christianity being the right one? Nonsense!" I have known many intelligent atheists, but none who is as publicly offensive to people of faith. David has



also been offensive to British chemists. Though himself a PhD from Oxford, he wrote in an editorial in *C&E News* in 2003, "... American institutions for chemical research are the best in the world." They certainly are very good, but are they better than Oxford and Cambridge and the Eidgenössische Technische Hochschule (the ETH) in Zürich? I guess I need to remind myself that it is possible to be convinced but mistaken.

There is no question in my mind that David is able and hard working, but he is also arrogant, and that must put off many people inside and outside the company. I have faulted him, but I admire his hard work and analytical ability. Since Cori's departure, the company has really prospered and morale has improved greatly. By 2003, ROE exceeded the 20 percent goal and reached 21.1 percent by 2004. Excellent acquisitions have been made, a \$50 million Life Science R&D building was completed in St. Louis in 2000, and a \$70 million production and distribution facility was finished in Milwaukee in 2005. The latter was helped by Milwaukee County's paying \$32.5 million for Aldrich's old eight-story facility on St. Paul Ave.^(fig.), which Marvin Klitsner and I purchased from General Electric for only \$300,000 in 1966. This was because at the time the County was unwilling to pay GE fair compensation and had to construct the new freeway around the building, which GE was then very glad to sell to us.

In January 2006, Jai Nagarkatti^(fig.) became the company's CEO with David remaining as Chairman, and the company has continued to do well, still the world's most profitable chemical company. Dr Nagarkatti, now 60, came from India for his graduate studies at Texas A&M University where he received his PhD in 1976. He then joined Aldrich as a production chemist: very bright, well organized, somewhat of a perfectionist, frank, and really well liked. He became Manager of Aldrich Production in Milwaukee in



1978, Vice President of Manufacturing in 1985, and the President of Aldrich in 1987. During his twelve-year tenure as President of Aldrich, the company continued its unbroken record in sales and profits.

Jai then moved to St. Louis and became President of Sigma-Aldrich's Scientific Research and Fine Chemicals business units, and, in 2004, the company's President and Chief Operating Officer. In 2005, he joined Sigma-Aldrich's Board of Directors. Jai communicates well and can bring out the best in people. Soon after becoming the company's CEO, he made me very happy by asking me again to be the company's "chemist collector" of paintings for the *Aldrichimica Acta* covers ^(Fig.).

As for my own life since 1992, the major decision I had to make when I was forced out of Aldrich was what I wanted to do when we returned from our summer trip to Europe at the end of July. As the realization that I had indeed been forced out became painfully clear, I knew that something absorbing must take the place of the intense effort I had put into what had been my life's work. The answer was to become much more deeply involved in art.

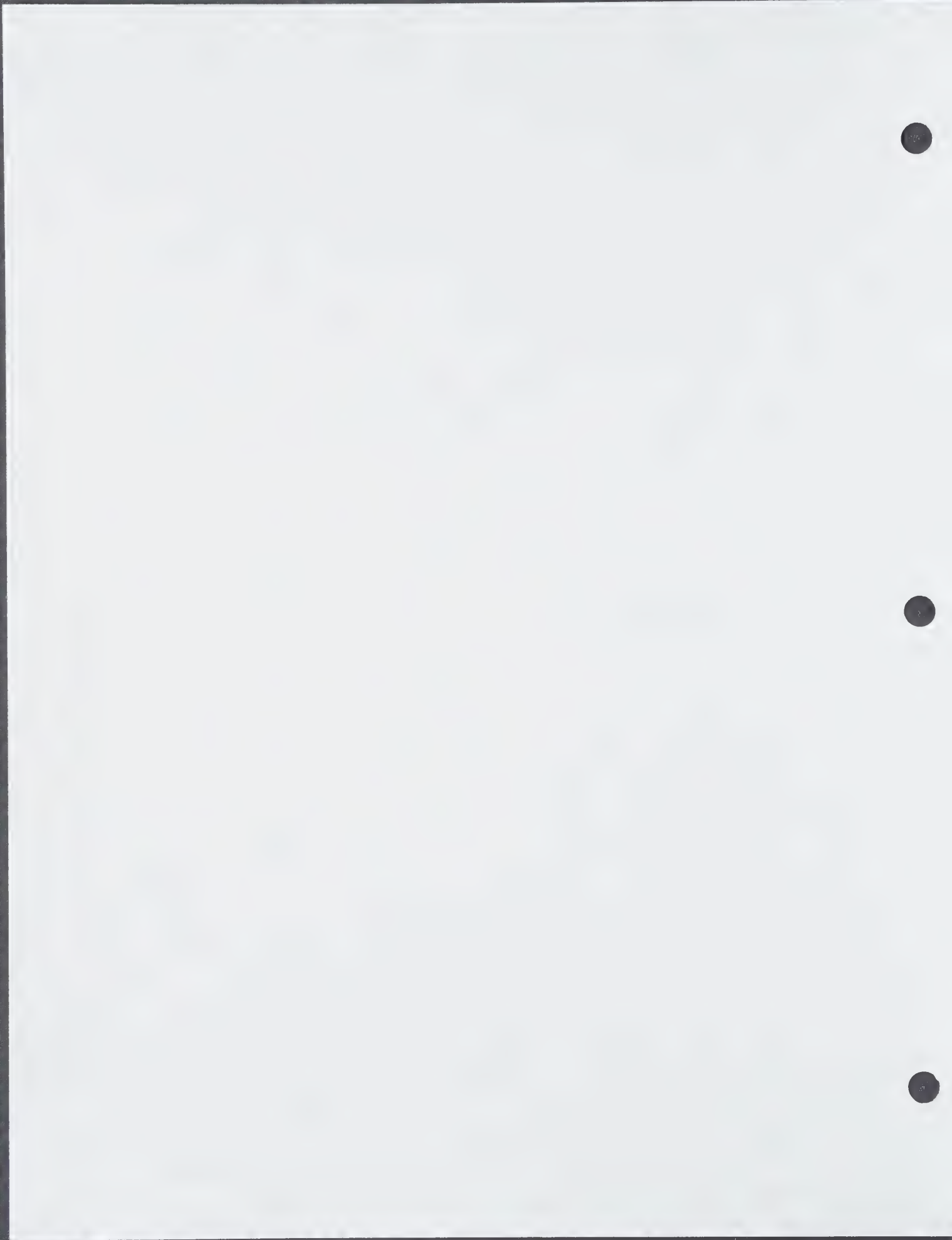
Alfred Bader Fine Arts (ABFA) had been founded in 1961, and for thirty years, I had bought and sold paintings, a very part-time interest. Marvin Klitsner and I had eventually turned the company over, half to my sons David and Daniel, half to Marvin and Jane's grandchildren. I became the president, owning no shares myself. David, Daniel, and, by 1992, the nineteen grandchildren of Marvin and Jane were the shareholders, and I looked forward to building a successful dealership in paintings. I am sure some people have wondered why I work so hard for ABFA. The simple answer is



that I love buying and selling paintings; I love my work and do not want to stop and retire.

The choice of location for the gallery, an apartment in the Astor Hotel in downtown Milwaukee, was decided quite quickly. Fifteen years of occupancy have proved me right in that. The apartment soon became a comfortable gallery, but my urgent need was for a good secretary. To my great relief, the problem was soon solved. My long-time associate from Aldrich, Marilyn Hassmann, decided to take early retirement from Aldrich and come to work for ABFA. What good fortune! We knew each other's ways, and she quickly tackled the challenge of our new venture. Sadly, I lost Marilyn's excellent help at the beginning of 1995. Experiencing great pain, she was taken to St. Joseph's Hospital in Milwaukee on a weekend. Her treatment, or lack of, was completely mishandled. Malpractice led to a stroke that left her partially paralyzed and unable to speak. Marvin recommended Gerald J. Block, an able lawyer, who sued and recovered a million dollars net for Marilyn - materially helpful, but nothing could give her back the active, useful life she had.

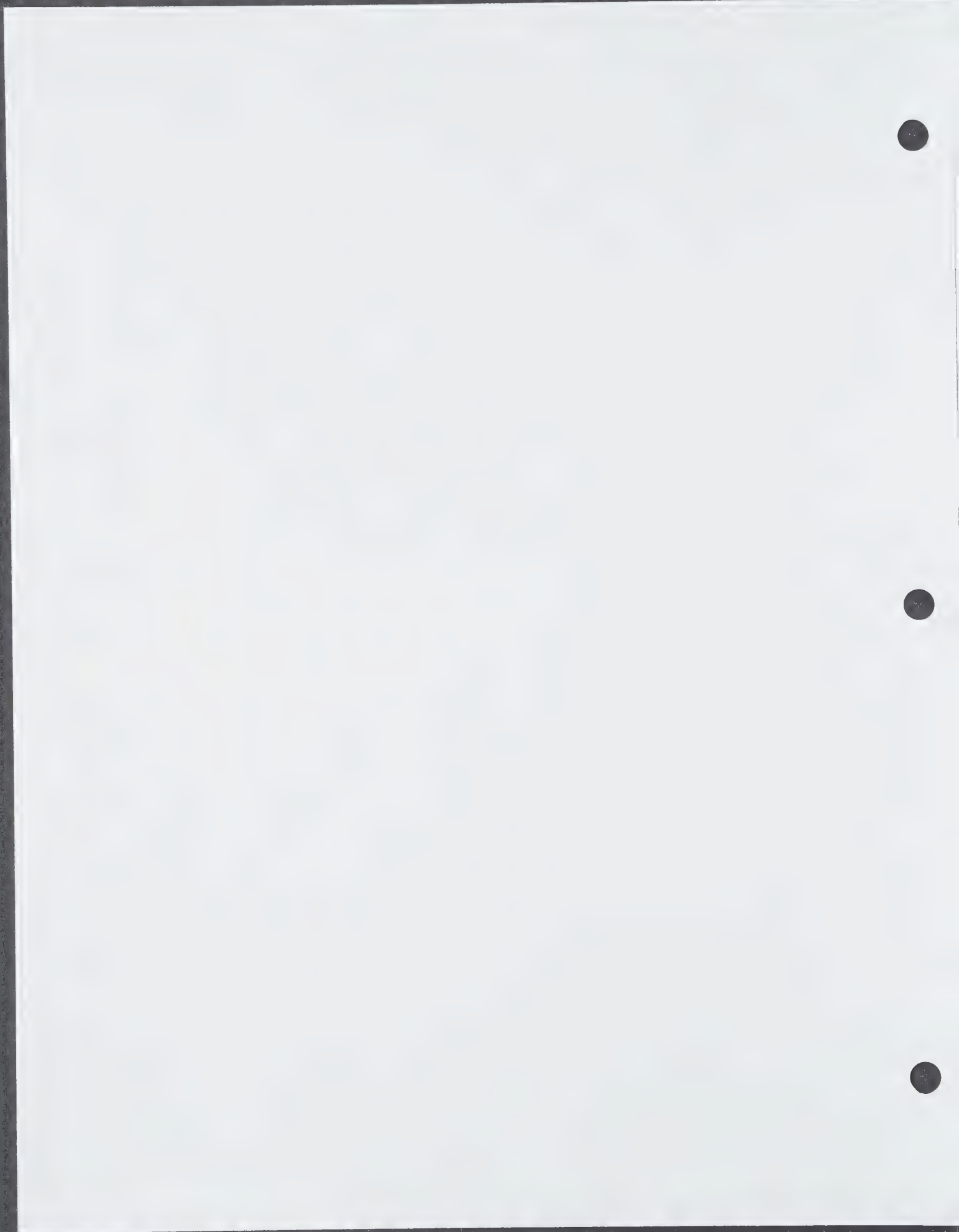
Good fortune again eventually brought me another able and experienced secretary, Ann Zuehlke, who has become my gallery manager. She is very good with people, both in person and on the telephone, and is a great help with our many projects, including my often complicated philanthropic efforts. Particularly useful is the fact that she is good with figures and is able to do much of ABFA's accounting. Whereas computers are a complete mystery to me, Ann is quite capable of recovering material when a computer crashes or is attacked by a virus. She has saved us from many a possible disaster, managing to remain calm in the face of seemingly insurmountable



difficulties. She upgrades hardware and software regularly as the technology changes. It's a pleasure to work with her. I have been glad to see that Ann has become increasingly interested in paintings and enjoys the buying and selling, the wheeling and dealing, almost as much as I do. She checks the Web sites of a number of auctions around the world for paintings of interest. She and my son David have brought ABFA into the twenty-first century.

David has done a fine job of constructing our Web site, www.alfredbader.com, which has brought in a lot of interest from all over, though so far it has attracted more sellers than buyers. We have learned to monitor the site carefully because of an exchange we had with an Italian dealer. He bought a delightful Italian genre painting that he found on our Web site and sent us an e-mail expressing his delight when he received it. This turned to anger when he discovered a week later that we had not removed it from our list. "You don't think that I would be selling it for less than \$5,000!" he e-mailed us. *Gott lebt im Detail.*

My son David has now taught Ann how to photograph our paintings in the gallery so that we can e-mail them and add them to the Web site more easily. All in all, each year we buy several hundred paintings, minor works from local auctions in Milwaukee, Chicago, and England and major works at auctions in New York, London, and Vienna. Occasionally an owner who is anxious to sell will bring a painting into the gallery. We sell largely to dealers, and I have a few collectors who have become friends. Paintings priced over \$100,000 would generally not sell in Milwaukee and so are handled by my dealer friends in New York, London, and Munich.



Of course, I have never lost my love of chemistry, and so my second "job" is to invest in fledgling chemical and pharmaceutical companies. You would think that with my background, I would do uniformly well, but this has not been so. My first investment in 1992 was as successful as it was fun. I had long known Jim Jappy, a really able Scot specializing in fluoroaromatics in the south of the England in a company, Yarsley, owned by the British Institute of Physics. Jim was often frustrated because he felt that he was underused. Even after the company was taken over by Shell, and he hoped for better things, promises were not kept. In 1991, Shell sold it to British Nuclear Fuels, which did not stipulate that Jim and his two able co-workers stay on. They took the opportunity, often discussed in the past, to leave and start their own company.

They found a good location nearby in Leatherhead, Surrey, and, in 1992, formed JRD Fluorochemicals Ltd. using the initials of the three partners. I had often asked Jim why he didn't strike out on his own. Once they had taken the plunge, they needed capital, so Jim asked if I would help with £48,000 for a 38 percent share of the company. I was sure he could make a success of it and readily agreed, with the understanding that I would visit twice a year and consult for them whenever they felt I could help. They were soon operational, growth was steady, and within ten years they came close to a million pounds in sales. When they began paying substantial dividends, I felt they were making a mistake. They should reinvest. But Jim did not want to expand the company. Leslie Jappy, his wife, handled the secretarial and financial work capably. One and later two very able lab technicians were hired, and with the three partners managing production, money started to accumulate. They were happy as they were, and obviously I was no longer needed. I offered my shares at a price that was accepted immediately.



My second investment, in Coelacanth Chemicals, began even more promisingly but turned into a failure. It was started by my old friends Barry and Jan Sharpless whom I have known for many years, first at MIT and Stanford, then at the Scripps Clinic in San Diego. Barry's first review article on one of the great discoveries of the century - metal-catalyzed asymmetric epoxidation - was published in the *Aldrichimica Acta* in 1979, and since then Barry has won the Nobel Prize for this work. His grandfather had started the Sharpless Chemical Company, and Barry and Jan longed for involvement in a chemical company of their own. Would I help kick start Coelacanth with half a million dollars? Knowing of Barry's brilliant chemistry, I agreed. One of his able coworkers, Hartmuth Kolb, soon joined Coelacanth, and I thought that their joint effort would lead to many new compounds of great interest to pharmaceutical companies. But the man heading the company, Seth Harrison, was not the right man, and, in 2001, Coelacanth had to be rescued by Lexicon Genetics in Texas, and I sold my stock at a substantial loss.

In my more recent investments in Cedarburg Pharmaceuticals and Fluorous Technologies, Inc., my son Daniel has joined me. This has made the venture all the more pleasant. I really value his input. He has a fine business sense, honed by his business training at the Rochester Institute of Technology. Daniel is now on the Board of Directors of Cedarburg Pharmaceuticals, a company some ten miles north of Milwaukee. Started in 1998, it manufactures active ingredients for pharmaceutical companies. It has had a very bumpy ride so far, but recent changes in administration point, we hope, to a much more stable future.

The chemist founder of Fluorous Technologies in Pittsburgh is my good friend, Professor Dennis Curran, at the University of Pittsburgh. In 2000, Dennis won the ACS



Award for Creative Work in Synthetic Organic Chemistry sponsored by Aldrich. The company develops fluorous products and applications for life science market needs in drug discovery, biopolymer synthesis, and protein science. It owns or exclusively licenses broad seminal patents on fluorous compositions and applications, and is the world's only company dedicated to commercializing this important new chemistry. Across a wide spectrum of applications, fluorous chemistry has proven adept at solving separation-based problems within the chemical and biological industries. Fluorous Technologies is led by Philip Yeske, a Pittsburgh native with experience in both small and large organizations, having spent ten years working at Bayer sites in the U.S. and Germany. Philip brings a charismatic and entrepreneurial management style to Fluorous Technologies that is well suited for an early-stage company.

Ever since my experience of debating when I was an undergraduate at Queen's, I have realized how much I enjoy speaking in public, so it is not surprising that my third "job" is to give many talks, fifty or sixty a year, from a menu of twelve. I really enjoy talking to diverse audiences about the history of Aldrich, Josef Loschmidt, the Rembrandt Research Project, and my own collection, and I always look forward to the questions afterwards, which sometimes shed new light on the subject and range from serious to funny. The funniest came from a girl at Herstmonceux: "Is one of your sons still available?" It resulted in whoops of laughter.

My fourth, and perhaps the most difficult, "job" is giving money away sensibly. This can be very complicated and requires a great deal of time and input from friends as well as family. It has brought us a great deal of joy, sometimes considerable frustration, and will be a chapter of its own in this book, "Help the Neediest and Ablest."

