VANITY FAIR EXCLUSIVE

Greenwich's Outrageous Fortunes

In Greenwich, Connecticut, a recent invasion of Wall Street hedge-fund managers has raised the bar for architectural ego trips. An exclusive *V.F.* report from McMansion central

BY NINA MUNK

In the 1920s, Greenwich, Connecticut, was known as "the richest town per capita in the world," and Zalmon Gilbert Simmons was one of the richest men in town. Like other titans of the era, Simmons and his wife, Frances, proceeded to build a manor house in Greenwich that would rival the palazzi and châteaux and stately homes of Europe.

Simmons had made his fortune by revolutionizing "the nighttime furniture of the nation," as his *New York Times* obituary phrased it; put simply, the Simmons Company developed the country's first mass-produced mattresses. Once settled in Greenwich (having moved from the backwater of Kenosha, Wisconsin), Simmons found himself surrounded by other leading industrialists and their heirs. Among them: Edmund C. Converse (founding president of Bankers Trust), Jeremiah Milbank (of the Borden Condensed Milk fortune), Herbert and Louisa Satterlee (she was the eldest daughter of J. Pierpont Morgan), William G. and Percy A. Rockefeller (their father co-founded Standard Oil), Louisine Havemeyer (the widow of "Sugar King" Henry O. Havemeyer), and Harriet Lauder Greenway (the daughter of George Lauder, a partner in Carnegie Steel).

Longing for permanence and, above all, recognition, the newly rich residents of Greenwich built for themselves near replicas of Old World architectural glories: a copy of Versailles's Petit Trianon, for example, and an homage to Britain's Warwick Castle. In 1910, I. N. Phelps Stokes, an heir to the Phelps Dodge fortune, went a step further: he had a 16th-century Tudor manor house taken apart in England; then, wainscot by wainscot, peg by hand-carved peg, it was packed into 688 numbered cases, shipped across the Atlantic to Greenwich, and re-assembled. Percy Rockefeller built a 64-room Georgian mansion. In 1918, Daniel Gray Reid, "the Tin Plate King," built for his daughter, Rhea Reid Topping, a Tudor Revival house for the then staggering cost of $1 million (equal to about $15 million today).

Zalmon Simmons's 164-acre estate was, from all accounts, exquisite. The interior of the mansion, designed by Elsie de Wolfe, featured hand-painted chinoiserie wallpaper, black marble floors with inlaid copper, and a study paneled with pine that had been stripped from a venerable mansion in London. The main house had six maid's rooms. Outbuildings included a stable for horses, two greenhouses, a six-car garage, and a guesthouse with its own courtyard; as well, Simmons built a pair of two-family cottages to house the butler, the chauffeur, the head gardener, and the estate superintendent. For their two sons, Zalmon junior and Grant, Zalmon and Frances Simmons built two more houses on the estate.

Zalmon Simmons died in 1934, during the Great Depression. Within a few years, his widow sold off the estate, piece by piece. Few people could afford to heat a 25-room mansion back then, and even fewer people could afford to buy it. In 1938, George Skakel, a self-made millionaire and founder of the Great Lakes Carbon Corporation, paid Frances Simmons $160,000, a sum equal to about $2 million today, for a parcel of her estate: it included 10 acres of land as well as the main house, with its exquisite chinoiserie wallpaper, marble-and-copper floors, and pine-paneled study.

George Skakel had started his career as a freight-rate clerk on the Sioux City Line of the Chicago, Milwaukee & St. Paul Railway. He was not in the *Social Register* in 1938, nor was he a member of Greenwich's exclusive Round Hill Club, whose president at the time was Prescott S. Bush, grandfather of the current president of the United States. In the studied opinion of Greenwich's Old Guard, the Skakels were no more than "rowdy Irish micks," as biographer Jerry Oppenheimer once wrote. In other words, Skakel's wife, Ann, was Catholic.

Twelve years later, on June 17, 1950, at St. Mary's Roman Catholic Church in Greenwich, Ethel Skakel, the daughter of George and Ann Skakel, married Robert F. Kennedy. The bride wore a white satin gown with a wide, deep collar of point de Venise lace. The groom's older brother John F. Kennedy, then a Democratic congressman from Boston, was the best man. When the service was over, 2,000 guests attended a reception on the grounds of what had once been Zalmon Simmons's estate. It was one of the biggest social events of the year. For better or for worse, it was now George Skakel's turn to join the American aristocracy.

With its undisturbed views of Long Island Sound and a comfortable commute to Manhattan, Greenwich has long attracted men with brand-new money. A few months ago, one of the main pieces of the original Simmons estate changed hands yet again, this time for $18.5 million. The buyer's identity remains a mystery. Rumor in Greenwich has it he's either a Russian mobster or, more likely, a hedge-fund manager.

Today, the money that talks loudest in America belongs to a closely knit, inscrutable group of men who run hedge funds; Greenwich, where increasingly they both live and work, is swarming with them. Of the $1.2 trillion currently invested in hedge funds worldwide, approximately one-tenth, or $120 billion, is now managed out of Greenwich alone, according to Hedge Fund Research, Inc. To put that figure into perspective you should understand how small Greenwich really is: there are only about 23,000 households, a total population of 63,000.

So many hedge funds have moved to Greenwich in the past five years (mostly from Manhattan) that they now occupy about a third of the town's relatively scarce office space. Another third is occupied by companies that work with hedge-fund companies, according to commercial-real-estate brokers.

Commercial rents have gone through the ceiling: whereas prime office space in Midtown Manhattan goes for around $55 a square foot, office space in Greenwich now rents for between $60 and $70 a square foot. Rents of $100 a square foot are not unheard of. On Greenwich Avenue, the main street in downtown Greenwich, shopkeepers pay rents that rival those on Madison Avenue.

Not so long ago, Greenwich was a bedroom community; every weekday morning men in beige overcoats and gray flannel suits boarded the 8:01 to Grand Central station. Now the commuter trains leaving Manhattan for Greenwich are packed with traders and research analysts and clerks reverse-commuting to hedge-fund offices. From Queens or the Bronx, shuttle buses bring in workers who can't afford to settle in Greenwich: housekeepers, busboys, gardeners, day laborers, pool boys, Korean manicurists.

The people who can afford to live in Greenwich these days run hedge funds. On the latest

Forbes Four Hundred list of the richest Americans you'll find four people who live in Greenwich; three of them manage hedge funds: Edward Lampert (estimated net worth: $3.5 billion), Steven Cohen ($2.5 billion), and Paul Tudor Jones II ($2 billion). (The fourth Greenwich resident on the Forbes list is Mary Anselmo, a 76-year-old widow whose late husband founded PanAmSat, the nation's first privately owned satellite company.)

Men such as Lampert, Cohen, and Jones are celebrities—at least on Wall Street they are. But within the enclosed, narrow world of hedge funds, colossal amounts of money are being made by thousands of seemingly ordinary and unknown people, too—many of whom are spending unsettling amounts on new houses. As one Greenwich real-estate broker told me with obvious delight, "Some of the hedge-fund guys spend $5 million, $6 million, $7 million, $8 million without batting an eye." Some spend far more.

Almost As Big as the Taj Mahal

To judge by the number of swollen, over-ambitious mansions rising from lots in Greenwich these days, you'd almost think we were back in the 1910s and 20s—except that this time round the lots are small, and the houses are almost on top of one another. "Years ago, wealthy houses were hidden in the rear of properties after long driveways … and no one ever built to the maximum allowable square footage," remarked Diane Fox, longtime director of Greenwich's Planning and Zoning Department, in an e-mail to me. "Today all big houses want to be seen from the road."

Years ago, houses in Greenwich were built to endure; a great home evoked permanence and stability and character. Think of novels by Jane Austen and Henry James in which a man could be known by his landscaping, his gardens, the view from the terrace. These days, houses are part of the quick and disposable culture of America. Last year, Greenwich issued permits for 176 residential demolitions, a threefold increase in five years. On North Street, one of the main arteries running through Greenwich, there are now so many bulldozers and dump trucks and wrecking balls that the entire street has become a giant, unlovely construction site. One by one, gracious old homes have been torn down, blotted out. The landscape, now flattened, and stripped of its magnificent beech trees, has been utterly ravaged.

One day in January, shivering in the cold, I found myself staring at the skeleton of a mammoth, 19,000-square-foot house rising on Zaccheus Meade Lane. Like so many big new houses in Greenwich, it was a spec house—financed in this case by two retired Goldman Sachs partners.

Only a few months earlier, the lot had featured a gigantic granite boulder, 135 feet long and 35 feet high, and deeply embedded. It's gone now, that massive rock; in its place we find an ordinary driveway and terrain that's nearly flat. "We only blasted for three days," boasted Frank Spoto, the spec builder who, backed by the men from Goldman Sachs, is putting up the house with his business partners, Steve LoParco and Frank Napolitano.

In the old days, no one would have bothered to destroy that rock; financially it wouldn't have made sense, for one thing. But these days, even the least desirable piece of land in Greenwich can attract a speculator who, if he knows what he's doing, can make a quick fortune. For example: Mark Mariani, one spec builder I interviewed for this story, has done so well for himself he owns a Gulfstream IV and a Falcon 900.

For their two irregular acres of land on Zaccheus Meade Lane, Spoto and his partners, or their backers, paid $2.5 million. After spending about $5 million to build the 19,000-square-foot house (and dynamite the rock), they anticipate selling it for around $12 million. Who will buy this big-ticket house? I asked. "A lot of people think this is a home for the hedge-fund guys," replied LoParco. "That's probably a good guess."

People who don't work on Wall Street or in Greenwich tend to think of hedge funds as complicated and mysterious, like quantum physics. Hedge funds are not complicated. As conceived in 1949 by Alfred Winslow Jones, then an editor at *Fortune* magazine, a hedge fund hedged its bets against market volatility by taking both "long" positions on undervalued stocks, hoping they would go up, and "short" positions on overvalued stocks, hoping they would go down.

Unlike mutual funds, which are strictly regulated under the Investment Company Act of 1940, hedge funds have never had restrictions on the investments they make: they can buy stock options, for example, or use leverage. Basically, hedge funds can do whatever they want without government intervention because their clients, who typically must invest $1 million or more, are thought to be richer and more sophisticated than the average investor.

The 1980s and 90s were a wild time on Wall Street, and hedge funds were arguably the wildest of all, with managers placing huge bets on foreign currencies and interest-rate spreads. George Soros, for one, made $1 billion in 1992 wagering against the British pound. Two years later, in a single day, he lost $600 million trading in Japan. It was dangerous, the business of hedge funds. Remember Long-Term Capital Management? The world's financial markets nearly collapsed in August 1998 when, having used $30 of leverage for every $1 in capital, Long-Term Capital lost $1.9 billion.

In the past five years, however, as big pension funds and university endowment funds have sought higher-than-average returns, the amount of money invested in hedge funds has doubled to more than $1 trillion. Suddenly, hedge-fund companies have started to resemble big, plodding mutual-fund companies: few hedge funds now make impressive returns for their investors, and even fewer take real risks. Some hedge funds have even stopped hedging altogether. These days, a hedge fund can be just about any pool of invested money that's closed to the general public.

What really defines a hedge fund—and therefore defines the wealth of Greenwich—is how its managers get paid. The typical hedge fund charges its investors an annual management fee of 2 percent of assets under management—plus a performance fee equal to 20 percent of that year's return. In other words, just for showing up at work, the manager of a midsize hedge fund with $2 billion in assets is guaranteed to earn $40 million a year in fees alone. That's before his cut of any returns.

The leading fund managers make far more than that. Paul Tudor Jones II, whose Tudor Investment Corporation and affiliates manage $14 billion, charges a 4 percent management fee and takes a 23 percent cut of returns. Steven Cohen's SAC Capital Advisors, with $10 billion in assets under management, keeps as much as 50 percent of returns. The fees add up: in the past two years, Eddie Lampert of ESL Investments, with about $15 billion in assets, earned for himself, personally, almost $1.5 billion. During the same time period, Cohen took home $1 billion.

According to Institutional Investor's most recent survey, which appears in the May issue of its *Alpha* magazine, the 25 best-paid hedge-fund managers *each* took home an average $363 million in 2005, nearly twice what they made just two years earlier. And in contrast to the huge money that was made by dot-com millionaires, circa 1999, that $363 million was in cash—not in equity or stock options.

"I can list a hundred people I know personally who made over $100 million last year," attests a trader at a big hedge fund. It takes your breath away.

To understand how the flood of hedge-fund money has affected Greenwich, I spent several days at the town's city hall sorting through records of property sales, tax assessments, and building permits. I also searched transcripts of zoning and development hearings. Before long, those documents became nothing more than a blur of unreal figures and unfamiliar names.

On average, the price paid for a house in Greenwich last year was $2.5 million, up 40 percent in just two years. (Of all the houses sold in 2005, only seven fetched less than $500,000.) If houses worth more than $10 million used to be big news, they're not these days. The number that sold for $10 million or more in Greenwich has climbed more than fivefold in two years, from 3 houses in 2003 to 16 in 2005, according to a search of the town's Multiple Listing Service.

On Close Road, Steven Braverman, of Braverman Asset Management, recently paid $9.5 million for a 21st-century Georgian with one butler's pantry, three Asko dishwashers, seven marble fireplaces, and a dining room that seats 20. Near the shore in Belle Haven, a renovated Tudor manor was bought for $13.5 million by Brian Olson, a former partner of the hedge fund Viking Global Investors. "Steeped in prestige": that's the glowing description of Olson's house in its real-estate listing. "Virtually a new house of incredible style, scale & taste."

Let's think for a brief moment about style, scale & taste. The average new home in America is 2,405 square feet. In Greenwich, as far as I can make out, the average new home of a hedge-fund manager is more like 15,000 square feet, about the size of a typical industrial warehouse. For example: the hedge-fund manager Edward Mulé, of Silver Point Capital, and his wife, Marian, are putting up a new, 15,045-square-foot residence on Dairy Road. Papers filed at Town Hall show plans for a separate, 3,296-square-foot pool house on the Mulé estate, plus an outdoor tennis court.

Clifford Asness, who moved his hedge fund, AQR Capital Management, from Manhattan to Greenwich in 2004, bought a 12,500-square-foot house on North Street for $9.6 million. His house is just a few minutes away from a nine-bedroom, 15,710-square-foot English manor owned by David and Danielle Ganek. Ganek, 42, left Steven Cohen's SAC Capital in 2003 to start Level Global Investors; last year, according to *Trader Monthly*, he took home between $75 million and $100 million. If Ganek is known at all outside the hedge-fund world, it may be because he spent $19 million last year for an apartment in one of Manhattan's most desirable buildings, 740 Park Avenue. For Level Global's office in Greenwich, Ganek commissioned the Los Angeles artist Ed Ruscha, best known for his paintings of single words, to execute a canvas that reads LEVEL.

There are hedge-fund managers in Greenwich who live discreetly. Relatively. About two miles from Ganek is the home of Lone Pine Capital's Stephen Mandel Jr., the nation's 10th-highest-paid hedge-fund manager. Last year, Mandel earned for himself $275 million, according to Institutional Investor. Nevertheless, his house, which dates from the 1940s, sits on a modest 1.6 acres of land. Directly north, in a house that's just 6,900 square feet, lives hedge-fund manager Jeffrey Gendell of Tontine Associates. He made $215 million last year.

But then there's Larry Feinberg, who quietly runs a hedge fund called Oracle Partners. A few years ago he paid about $20 million for a house on the water in Greenwich. The house is "nothing special," I'm told by someone who knows the property well. "It's gray," I'm assured. "It's depressing. It's got everything a good house shouldn't have." Of course, that gray and depressing $20 million house was scheduled to come down—until, in May 2006, it was suddenly sold. Houses rise and fall. According to documents filed with Greenwich's Planning and Zoning Department, Feinberg planned to replace his $20 million house with a 30,771-square-foot neoclassical villa that he now hopes to build in another part of town. How big is 30,771 square feet? Almost as big as the Taj Mahal.

How Much Land Does a Man Need?

For more than 200 years, from the time English farmers settled there in 1640, Greenwich was a small community, a version of pastoral. On December 27, 1848, the first passenger train chugged into town. By the late 1800s, members of New York's new leisure class were spending the summer months in Greenwich. Elegant inns with long, shaded verandas appeared all along the shoreline. At the same time, the richest New Yorkers, members of Mrs. Astor's 400 (the definitive list of New York high society in the 1890s), started buying up hundreds of acres of land and proceeded to build themselves sprawling country estates.

By 1958, the year I-95 was routed through the southern part of Greenwich, the era of the great estates was long over. Still, during the 1960s and 70s, Greenwich remained a safe, familiar haven for the nation's (mostly) Protestant elite. Referring to Greenwich, a *New York Times* headline of 1971 says it all: "When You Get There, You've Arrived."

Today, what's left of blueblood Greenwich is nearly invisible. "Old Money *est complètement disparu*," one member of this dying breed confided to me, switching to French to make her well-bred point. *Entre nous.* "Or if they're not gone, they're in the woods, hiding." (Or else, like Leslie Lee, great-granddaughter of Zalmon Gilbert Simmons, they're living in what was once the caretaker's cottage on the family's former estate.) The people who count now in Greenwich, and everywhere else in America, it seems, are no longer Mrs. Astor's 400, but the Forbes Four Hundred.

A few months ago, I was invited to lunch at what may be the last bastion of Greenwich's Old Guard: the Round Hill Club. It was here, at a Christmas cotillion in 1941, that young George Herbert Walker Bush, then a senior at Andover, met his future wife, Barbara Pierce. Even today, despite or because of the worn carpet and faded chintz in the main clubhouse, there's a waiting list to get into the Round Hill Club.

Picking at their beet salads, my two hosts grew nostalgic. "We came here to raise our families. We came for the wonderful lifestyle," said one of the women. "We came for soccer games on Saturday mornings," added the other. "When we first got here, the women made their own hors d'oeuvres, and the men mixed the drinks," she continued, referring to the town's social gatherings and charity events. "Then it all went upscale."

"No one can afford to live here—all our kids are moving to Darien or Rowayton because it's cheaper."

"There are no starter homes anymore."

"The graceful houses are gone," lamented the woman on my left. "I have a 1929 house that's 6,500 square feet. It's charming and good-sized—spacious enough to raise your family—but there's no billiards table or wine cellar."

"I'm actually worried about selling my house—I mean, I have bathrooms from 1928."

I felt a sharp draft from the dining room's tall windows. Outside, the club's rolling golf course, designed by Walter Travis in 1922, was empty. It was going to snow.

In his autobiography of 1926, Harvey S. Firestone, founder of the Firestone Tire and Rubber Company, asks, "Why is it that a man, just as soon as he gets enough money, builds a house much bigger than he needs?" How much land does a man need?

The first hedge-fund manager to build a big house in Greenwich may have been Paul Tudor Jones II. In 1988, when he was only 33, *The Wall Street Journal* dedicated a front-page story to Jones, calling him "the most-watched, most-talked-about man on Wall Street." The previous year, with estimated earnings of $80 million to $100 million, Jones was said to have made more money than anyone else on Wall Street, even more than Henry Kravis (who earned an estimated $70 million) and Michael Milken ($60 million). It wasn't long before *Town & Country* named Jones one of New York's most "eligible and exciting" bachelors.

Born and raised in Memphis, Jones started his fund in the early 1980s. A speculator with a sixth sense and good nerves, he traded in as many as 30 different commodity markets, moving in and out, sometimes in minutes, never holding a position for more than a few days. His greatest call was predicting the stock-market crash of October 1987; coolly, he showed a return of 201 percent for the year, while others, less prescient, lost everything.

In 1994, with his new wife, an Australian model named Sonia, Jones paid just under $11 million for a graceful Tudor home on Greenwich's Belle Haven peninsula, overlooking Long Island Sound. "When Paul Tudor Jones bought that house, it was the first time I was really aware that the hedge-fund people had so much money," said David Ogilvy, whose real-estate-brokerage company, David Ogilvy & Associates, has handled some of the biggest sales in Greenwich.

Built in the late 1800s by William Thompson Graham (who financed the inventor of the Dixie cup) and his wife, Edith (who would later survive the *Titanic*), the house was torn down by Jones in 1998 and replaced. The new house, perched on three and a half acres just above the Belle Haven Club, is most notable for the aggressive way it dominates the landscape. With its enormous center dome and columned portico, it may have been influenced by Thomas Jefferson's Monticello or by Jones's alma mater, the University of Virginia, where the original campus was also designed by Jefferson. "A cross between Tara and a national monument" is how one person described Jones's house to me.

Whatever it's called, people in Greenwich like to gossip about the house. "It is so large that a lot of people think his house is the club," one longtime Greenwich resident informed me. "He has a 25-car garage under the house," reported someone else, wide-eyed. What I know from my research is that last year Jones paid $190,000 in property taxes on his house. And while the town assessed the house at just under $26 million, one of the top real-estate brokers in Greenwich told me the place might be worth between $50 million and $60 million.

In another, more stratified era, such an immense house would be the setting for week-long hunting parties and formal dinners complete with well-trained servants. Now, out of place and out of time, these grand houses have no clear purpose. One wonders: Who uses the 25 parking spots? Does anyone sleep in all those beds? In Greenwich, I've learned, some of the rooms in these mansions remain empty; their owners lose interest. In the meantime, these huge piles rise, one after another.

Not long after Paul Tudor Jones II settled there, two more of the world's richest hedge-fund managers built themselves edifices in Greenwich. In 1998, Steven Cohen of SAC Capital paid $14.8 million for one of Greenwich's beautiful old "backcountry" homes, north of the Merritt Parkway, on 14 acres of land. "At that time, who had $15 million? It was a huge sum," remarked Jean Ruggiero, a broker with William Raveis Real Estate & Home Services in Greenwich. Ruggiero remembers Cohen's $14.8 million offer perfectly—she represented the person bidding against him. On behalf of her client, and not knowing whom she was up against, Ruggiero pulled out her trump card, offering to pay $25,000 more than the highest bid. It was hopeless. "He was paying cash!" said Ruggiero, still astonished by the terms and tactics of the deal. "Cohen just said, 'I'm standing here with my checkbook.'"

Today, spending outrageous sums of money is what Cohen, 49, is best known for. Last year, for example, he traded in his old Manhattan apartment for $1.75 million and spent $24 million on two apartments he plans to join at the just-completed One Beacon Court, designed by Cesar Pelli ("New York's most prestigious new Upper East Side residential address," according to the sales brochure). He has spent a reported $400 million in the past five years building one of the country's great private art collections: two of his paintings were bought together (from Steve Wynn) for $100 million—Vincent van Gogh's *Peasant Woman Against a Background of Wheat* and Paul Gauguin's *Bathers.* Also listed in his collection: a Jackson Pollock drip painting (reported price: $52 million), a 14-foot tiger shark preserved in formaldehyde by Damien Hirst ($8 million), Andy Warhol's *Superman* ($25 million), and an early, coveted Francis Bacon ($16.5 million).

Back in 1998, when Cohen moved to Greenwich, he was unknown. Unlike Paul Tudor Jones, he had never been profiled by *The Wall Street Journal.* Nor was he considered an exciting and eligible bachelor. (He met his second wife, Alexandra, through a dating service, according to a *BusinessWeek* cover story of 2003 titled "The Most Powerful Trader on Wall Street You've Never Heard Of.")

Among traders, Cohen was known as brilliant and highly disciplined. "A walking computer" is how Cohen's brother once referred to him. Like Jones, never tied down by allegiances, he rushed in and out of markets, moving so much stock that his firm, SAC, was said at the time to account for as much as 3 percent of the entire New York Stock Exchange's daily trading volume.

Until he bought his $14.8 million house in Greenwich, Cohen lived modestly, comparatively speaking. Then he let loose, spending several million dollars, perhaps $10 million, on an elaborate extension and total renovation of the property, with its 14 acres of land. So much dirt was brought in to reshape the grounds that, according to one published report, dump trucks made 283 trips, back and forth, between wherever they loaded the tons of dirt and the Cohen estate. Massage, exercise, and media rooms were added. A full-size indoor basketball court was installed, as was a swimming pool enclosed in a glass pleasure dome. The estate also includes a hairdressing salon, I'm told, or maybe it's called a beauty parlor.

By the time it was finished, Cohen's house had swelled to 32,000 square feet in all. "The economy's been good, the stock market's been good," Cohen told a reporter for *The New York Times* in 1999, somewhat defensively. "We're not building monuments to ourselves. We're building facilities to enjoy with our kids and their friends." As far as I know, that was the last time Cohen spoke to a reporter on the record.

Viewed from above, the sprawl that is the Cohen estate resembles Buckingham Palace, or Windsor Castle. Even people unfazed by luxury are startled by the excess. One billionaire, whose name I've promised not to reveal here, said his jaw dropped the first time he visited.

Outside, and leading up to the great Cohen house, we find a series of perfectly arranged *allées* that cut through formal gardens until they reach a reflecting pool and fountain. The Tuileries gardens come to mind. There is a tennis court, of course. But also a 6,734-square-foot ice-skating rink (about the size of the one at Rockefeller Center) and two putting greens with sand traps connected by a fairway. Referring to the 720-square-foot shingle cottage that houses the Cohens' ice-resurfacing machine, someone who's been to the estate assured me, "You'd be happy to live in the Zamboni house."

You should probably know that in 1999, as bulldozers were digging up Steven Cohen's estate, another hedge-fund manager paid $20,775,000 for a magnificent waterfront property. Only four years earlier, the property—5.8 acres with a deepwater dock—had sold for $10.9 million to a couple who tore down the original house; they spent millions and millions reshaping the grounds and began building a new house twice the size of the old one. Then, for one reason or another, even before the new house was finished, the property came back on the market. That's when Eddie Lampert grabbed it for nearly $21 million.

More than once, Lampert, 44, has been referred to as "the greatest investor of his generation." Since 1988, when he launched his hedge fund, ESL Investments, he has earned for his investors average returns of 30 percent a year after fees. "I've made more money from Eddie than from all the businesses I've created and sold," David Geffen, of DreamWorks, who himself is worth $4.5 billion, told *Fortune* magazine earlier this year.

If Lampert is known outside of financial circles, it may be because of his kidnapping: in 2003 he was dragged from the parking garage below his Greenwich office. For 39 hours, blindfolded and handcuffed, Lampert was held in the bathroom of a ($49-a-night) room at the Day's Inn in Hamden, Connecticut. Finally, having convinced his abductors that the police were closing in on them, he was released—dumped unharmed on an exit ramp off I-95.

Lampert's kidnapping is one reason so many hedge-fund managers are obsessively secretive, it has been suggested. These days Lampert travels with a bodyguard. His offices, housed in a small four-story building in Greenwich, are anonymous: the company's name does not appear on the front door or in the reception area.

On the other hand, it's no secret that Eddie Lampert owns an exclusive waterfront property in Greenwich, or that he paid nearly $21 million for it. As you might have guessed, as soon as he took possession of the unfinished house, Lampert proceeded to tear it down and start all over again.

No One Starts Out Wanting a 30,000-Square-Foot Home

'Do you know what it costs to keep an estate going?" asked Jacqueline de Bar, a Greenwich and Bedford estate manager. By way of example, de Bar, who spent 19 years managing various Rockefeller properties, cited one Greenwich family she's worked with. "Their gardening budget was over half a million dollars a year—to have their trees trimmed, their grass cut. And it's not a big estate, maybe five or six acres."

Owning and maintaining a house the size of the Taj Mahal is expensive. Kerry Delrose, director of interior design at Jones Footer Margeotes Partners in Greenwich, helpfully walked me through the cost of decorating a mansion appropriately. "Carpeting is very expensive," he said, mentioning a $74,000 broadloom carpet he had ordered for a client's bedroom. "And drapery. Just on the hardware—poles, finials, brackets, rings—you spend several thousand dollars, easily $10,000 alone per room just for hardware. Then the fabrics … For most of these rooms, the grand room, the family room, you need 100 to 150 yards of fabric. That's not uncommon. Cotton fabrics are $40 to $60 a yard on average, but most of the ones we look at, the really good silks, are $100 a yard."

So far, the curtains for just one room have come in at $20,000 to $25,000. "Plus the labor," Delrose continued. "Someone's got to sew all this stuff and come hang it. And lots of people in Greenwich want fringe on their curtains, and tassels, bell-shaped tassels around the edges—that's another strip of fabric. Everyone likes puddles at the bottom of their curtains. So, suddenly, you put this all together … " He paused. "Labor alone for a big room is $10,000: sewing and installing, plus they steam them all." Bottom line, or puddle: curtains for one room will run you somewhere between $30,000 and $35,000.

Let us assume that our hedge-fund manager has a dozen rooms requiring drapery with puddles and bell-shaped tassels and fringes; in that case he's spending between $360,000 and $420,000 on curtains alone. "Then there's our fee," Delrose concluded triumphantly.

The more people I spoke with, the more the numbers grew. "You can spend $1 million on lighting alone," a Greenwich-based architect assured me. How? "Very easily, actually," he answered. Running the math, he described a $700 custom-made recessed light, popular with his clients; the home of an average Greenwich hedge-fund manager, he then explained, can accommodate 600 to 800 of these lights. Total cost: $420,000 to $560,000 for lighting. That doesn't include the light switches. He added, "You can spend $200,000 on the lighting-control system."

One day, when I was in the office of Oliver Cope, another architect who specializes in new mansions, he pointed to the sketch of a sprawling neoclassical villa pinned to the wall. "That's $1 million to $1.1 million in windows," he announced matter-of-factly.

To be absolutely fair, these were not ordinary windows; they were the newest, latest status symbol for homeowners: custom-made windows from Zeluck, a company based in Brooklyn, whose slogan is "For those who don't compromise." As Cope explained, "They're beautiful windows. Honduran mahogany. Incredibly well crafted. They're made of two-and-a-quarter-inch-thick mahogany sash, instead of one-and-three-eighths finger-jointed pine. They're solid. Instead of plastic jamb liners you have weights and chains—the windows are counterbalanced." Sensing my skepticism, or cynicism, perhaps, he added, "If you care about things like that and you have the money, you'll buy them."

'Look," Joseph Jacobs is assuring me, "no one starts out wanting a 30,000-square-foot home. You say, 'I want this and that' and then you get up to 30,000 square feet."

To be precise, the new house Jacobs hopes to build in Greenwich is 32,114 square feet, plus a 1,165-square-foot pool house. Jacobs, a founding partner of a hedge fund called Wexford Capital, is unapologetic. "America's a great country," he says. "I've worked hard. I've made a few bucks. So I want to build a house for myself. Is that so wrong?"

It's February 2006. I'm in Greenwich, in Jacobs's current house, having breakfast with him and his wife, Michelle. The Jacobses have owned this house for 20 years; measuring 5,800 square feet, it is quite modest by the town's standards. The ceilings are low. The kitchen is tired. "It's a perfectly nice house," says Jacobs with a shrug, eating whitefish salad on a whole-wheat bagel.

Nonetheless, Jacobs, who grew up in Ossining, New York, in what he describes as "some post–World War II white clapboard ranch house," is entranced by the idea of building what he call his "dream house." "What can I say?" he tells me, washing down a pill for acid reflux with a glass of Lactaid skim milk. "I always wanted to build a house that would have everything I want—a house that I could build for my kids and grandkids. Is that a crime?"

You have grandchildren? I ask, surprised.

"I don't," concedes Jacobs, who is 53, "but I hope to one day."

Until three years ago, the Jacobs family spent only weekends and summers in Greenwich. Then, following the flow of hedge-fund managers north, Joe and Michelle decided to leave Manhattan and establish themselves in Greenwich permanently. That was when Jacobs set out to build his dream house. The idea came to him one night at the movies. "I thought it up in my head," he says. "It needed to be in a meadow, just like in France." Michelle later confirms, "It was his dream, no question."

In September 2003, Jacobs paid $5,575,000 for 11 bucolic acres in Conyers Farm, a gated community in Greenwich's backcountry. It took more than a year for the first draft of architectural drawings to be completed. As time passed, according to Jacobs's architect, Dinyar Wadia, the house expanded. "When Joe came to me, he said, 'I don't want to be one of those hedge-fund people who builds a monster house,'" Wadia recalls. "But then he talked to his sister-in-law, and his decorator, and he kept adding more to the first floor. He added a breakfast porch, and, because he's into symmetry, we then needed to add a library porch. He added a wet bar off the library … " Wadia's voice trails off.

With breakfast cleared away, Jacobs pulls out a thick roll of drawings. Looking at a sketch of the façade, I see a neoclassical palace with two perfectly symmetrical wings. Sweeping entrance steps lead to a grand loggia framed by three radiating stone arches. Above, reminiscent of Venice's Ducal Palace, is a second-story viewing balcony with ornamental stone balustrades. A large central pediment with a carved floral relief serves as the focal point of the façade. I study the slate roof: by my count, there are 12 dormer windows, four chimneys, and two cupolas.

Is it a formal French country manor house? A proto-Palladian villa? "I'm not sure what it is—I'm not an architect," replies Jacobs. Adds Michelle later, "We wanted an old house that's new." Jacobs again: "We wanted a symmetrical, sort-of-European-influenced house … I wanted it to look like it was there a long time—it'll have ivy."

Jacobs walks me through the proposed highlights: "There's a dining room that seats 16. It's 27 feet by 20 feet. It's a big room, but it's not a ballroom, O.K. … Over here there's a room for playing billiards—which is a fun thing to do."

As Jacobs flips from one drawing to another, I notice three staircases, one rising from the center hall, another in "the East Wing," and yet another in "the West Wing." There's also an elevator. On the second floor, occupying the entire West Wing, the master suite encompasses a bedroom, a living room, a wet bar, his-and-her bathrooms, and two dressing rooms, each about the size of a Manhattan studio apartment. (Says Michelle, "For me, as long as I had my closets, it was fine.") In the East Wing are four more bedrooms, plus two apartments for staff. And on the top floor, yet another four bedrooms. Every bedroom has its own bathroom. "The third floor no one will use until I have grandchildren," Jacobs explains.

What particularly delights him are the plans for the lower level. You may think of the "lower level" as a basement. Often damp, with low ceilings and concrete floors, basements used to be places to store old bicycles, do laundry, and, in better homes, install "rec rooms" with brown wall-to-wall carpet. In Greenwich, however, the basement as it once was has been transformed into something grand. Home theaters are commonplace. So are exercise rooms and wine cellars. Now, following Steven Cohen's lead, the newest basements of Greenwich's hedge-fund elite have arts-and-crafts ateliers with built-in sinks, massage rooms with waterfalls ("so you get that Zen feeling," one builder explained), panic rooms, and hockey rinks.

Jacobs does not play hockey, so instead he decided to install a regulation-size squash court in his house. "I'm not really a big squash player, and you should know I'm a lousy squash player," he says. "But squash is fun, especially in bad weather. I figure if I build the house why not have the things I really want? I'm paying for it."

What did Jacobs want in his basement? "I created a yoga room," he tells me. "There's a golf simulator in the basement, next to the home theater—again, if it's raining outside, it's fun." There's also the spa: it includes an indoor pool, a steam room, a sauna, and something called a Swiss shower, with a dozen adjustable showerheads.

Jacobs pauses. "So, what do you think so far?" he asks. Without waiting for an answer, he continues: "We wanted the house, although it's grand, to be comfortable."

"Not fussy," agrees Michelle.

"We want it to be country comfortable," adds Jacobs. "We want furniture you can sit in. We're not having black-tie dinners, not that there's anything wrong with that."

"Nothing fussy, just nice," repeats Michelle. "We were hoping it would be tasteful."

"I wanted something that didn't look like some McMansion," says Jacobs.

Despite Jacobs's best intentions, some people in Greenwich view his new house as just that: an unsightly McMansion. Last December, at a public hearing before Greenwich's Planning and Zoning Commission, a lawyer representing Conyers Farm had this to say about the house: "It is too large, it is too in-your-face, it is too visible."

Next to offer her view of the matter was Regina "Gigi" Mahon-Theobald, a former journalist who heads the Planning and Architectural-Review Committee at Conyers Farm. "I've been on the PARC for I believe it's six years," she said, "and there's never in my experience been a project that aroused anywhere near the depth of passion, really, that this one has. It's really kind of an uproar."

One month later, when I meet Mahon-Theobald, she gets right to the point: "Jacobs is building a monster manse," she declares. "In the past few years, there has been teardown after teardown. All these old, interesting houses are torn down every day, and they put up these massive things that are overwhelming the properties, overwhelming the roads. With the Jacobs house you finally get to the point where you say, 'Enough is enough.'" Apparently there are limits, even in Greenwich.

As I stand in Mahon-Theobald's kitchen while she searches for the keys to her Mercedes, it occurs to me that her kitchen may be one of the biggest I've ever been in. In fact, her whole house is big—very big. And it's brand-new. She and her husband, Thomas Theobald, former vice-chairman of Citicorp, built it from scratch just a few years ago. Coincidentally, their architect, Boris Baranovich, is the architect who designed Steven Cohen's mansion.

Mahon-Theobald has found her car keys. "The whole problem," she says as we step outside, "is you have these men with a billion dollars and they've never been said 'no' to."

On March 13, Joseph Jacobs was awakened from his dream. That morning, a little before seven, he heard the telephone ring. His wife rolled over in bed, reached for the receiver, and handed it to him; Jacobs heard an unfamiliar voice on the other end. It was a reporter from the financial network CNBC: "Mr. Jacobs? Do you have any response to the article in today's *Times*?"

There it was, for all to see, on the front page of *The New York Times*'s Metro section: an article about Jacobs's house. The headline: "Land of the Big Puts 'Too Big' to the Test."

By the time Jacobs got to his office, a camera crew was waiting for him in the lobby. That day, hanging in the sky above Jacobs's bucolic 11 acres were television news helicopters, droning, greedy for substance. Covering the big story about the big house were reporters from CNN, CBS, ABC's *Good Morning America*, NBC's *Today* show, News 12 Connecticut, and Hartford's WTIC NewsTalk 1080 talk-radio station. Even Jon Stewart called and invited Jacobs to go on *The Daily Show*.

The next morning, Matt Lauer introduced Jacobs's home on the *Today* show. "Katie," he began, turning to his co-host, "Americans are getting bigger and bigger these days. I'm not talking about our waistlines." You'd have thought that Jacobs was the first man in Greenwich to have built a big house.

Having just hired a spokesperson, Jacobs released a statement. "In light of the publicity," it read, "I no longer have any plans to build this house."

I spoke with Jacobs a few weeks ago; he called me having just come out of a corporate board meeting in Washington, D.C. Between the architectural fees and the engineering fees, he'd spent more than $1 million planning his dream house. But he'd moved on, he told me. He'd already bought another house in Greenwich, a house built in 2003 that he described as "a Cape Cod Robert Stern–style shingle house." It's only 11,500 square feet.

"It has no squash court," Jacobs said good-naturedly, "but listen, it's perfectly O.K."

Additional reporting by John Ortved.

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