

**MATTY MOROUN BOUGHT THE ONLY
BRIDGE OUT OF DETROIT. IT'S A
PERFECT BUSINESS. HE'D LIKE TO KEEP
IT THAT WAY. BY SUSAN BERFIELD**

**AMBASSADOR
BRIDGE**

TOLLMAN

On the morning of January 12, Matty Moroun, an 84-year-old billionaire, walked into the Wayne County courthouse in downtown Detroit for a hearing on sanctions for civil contempt. He was an hour late. The courtroom was full. Moroun took his place in the front row, next to one of his lawyers, looking frail, amiable, and slightly bemused.

A few miles from the courthouse is Moroun's bridge, the only major border crossing in the country that's privately owned, and the source of much of Moroun's troubles. The Ambassador Bridge was built in 1929 by a New York financier and bought for \$30 million by Moroun in 1979. Painted a striking blue, the four-lane, 7,490-foot-long steel span is suspended 152 feet above the Detroit River and connects the city to Windsor in Ontario, Canada. It's the busiest commercial crossing in North America. Twenty-five percent of U.S.-Canada truck freight moves across the bridge, some \$82 billion worth of goods every year. That's more than the U.S. exports to Germany or Japan.

All of that stuff is loaded onto the 7,100 trucks that travel the Ambassador Bridge each day. The average toll for the trucks is \$15 and cars pay \$4, giving Moroun's family business, the Detroit International Bridge Co., a rough daily take of \$156,000. Through an accident of history and bad planning, every single truck and car has to pass through residential neighborhoods in southwest Detroit to reach the highway. Eight years ago the Michigan Department of Transportation worked out an agreement with the Morouns to share the costs of building new access roads and ramps to its bridge. The Gateway Project, as it is called, is essentially a \$230 million driveway to the Ambassador Bridge. It was supposed to be finished by 2008.

But the Morouns and transportation officials tangled over some details. The Morouns built a road that didn't go where the officials thought it should. Instead it went right past the Morouns' new and very profitable duty-free shop and gas station. They constructed a pier that could

support a second, unapproved, span. In 2009, Michigan accused the company of breach of contract, and Judge Prentis Edwards of the Wayne County Circuit Court agreed. He gave the company until the beginning of 2012 to properly finish its part of the project.

In January, Judge Edwards requested Matty Moroun's presence in the courtroom for the first time. It seemed little more than an inconvenience. Then, in an even-toned voice, the judge ordered Moroun and the company president, Dan Stamper, to jail. They would be released when the Gateway project was complete. Their lawyers pleaded with the judge. Then two sheriff's deputies took Moroun and Stamper out the back door to the nearby jail. A woman watching the proceedings applauded loudly.

The executives were put in a cell together. They had to wear the same green jumpsuits as other prisoners, though they were allowed to order in dinner from the Detroit Athletic Club. The next day an appeals court ruled they could be released but had to appear in front of Judge Edwards on March 8 with a progress report. Moroun, shielded by his son, Matt, left the prison at nightfall, saying to the reporters gathered outside, "I love my country. I love my family."

The Ambassador Bridge is a small part of the Morouns' trucking, shipping, and insurance empire, but it is an important status symbol. It brings in about \$60 million in toll revenue every year and, recently, an inordinate amount of grief. The Morouns are fighting the Republican governor of Michigan, the Canadian prime minister, nearly every major business in the region, and residents on both sides of the border over a proposed

multibillion-dollar bridge called the New International Trade Crossing. The bridge would be two miles downriver from the Ambassador, have six lanes, a bigger customs and immigration plaza, and direct connections to a new Canadian expressway and U.S. highways. It would be a public-private partnership. Michigan and Canada would own it but a private company would fund, build, and operate it for profit. Canada would loan Michigan some \$550 million to build new highways. Responsibility for paying back the loans would fall to the bridge operator.

Its supporters hope the new bridge would help return Detroit, and maybe America's industrial heartland, to prominence. "The new crossing will bring jobs and investment into Detroit, strengthen the city's role as a center of international trade, and help it compete as a world-class community," says Bill Ford, the executive chairman of Ford Motor, in an e-mail. It would also end the Morouns' 30-year-long monopoly there.

The Morouns argue that the new bridge is unnecessary, a waste of taxpayer money, and unfair to them. As Matty's wife, Nora, told the *Detroit News* last year: "They want to destroy our family business and [have] government take it over. My husband is battling two countries and two governments. Is this the end of the American dream?" The Morouns believe their treatment in court is connected to their opposition to the new bridge. "The judge knows better than to admit he's sending my father to jail so that we'll stop fighting the government," says Matt Moroun. "But that's the underlying and overarching political aspect of the situation." Later, he brings up another concern: "In this particular instance, it does seem to make a difference if you're rich or poor. Maybe the judge couldn't do that to a poor guy." Matty and Nora Moroun declined to comment, letting their son speak for them.

The dispute has made the Morouns a public enemy to some in this struggling city. "They have co-opted the fears and mistrust of the government for their own ends," says Sandy Baruah, the head of the Detroit Chamber of Commerce. "I am not a big fan of how they conduct their business, but mostly that's not my business. It is my job to help grow the economy. And they are standing in the way of that." Michigan Lieutenant Gov-



Matt Moroun at the family offices. The portrait on the left is of his father, Matty

PREVIOUS SPREAD: PHOTO ILLUSTRATION BY T31; PHOTOGRAPH BY BRIAN WIDDIS FOR BLOOMBERG BUSINESSWEEK; THIS SPREAD FROM TOP: PHOTOGRAPH BY BRIAN WIDDIS FOR BLOOMBERG BUSINESSWEEK; CARLOS OSORIO/AP PHOTO

aged to retain control of the bridge for almost four decades. In 1977 they got out of the business, effectively putting it up for sale.

Matty Moroun, whose given name is Manuel, grew up in Detroit's east side, a neighborhood he later described as a slum. He gained admission to the prestigious University of Detroit Jesuit High School, where he was among the few Arab-American students and one of the poorest. He went on to graduate from the University of Notre Dame. Moroun wanted to be a doctor but was unable to secure a spot at medical school because of the preference for World War II veterans on the G.I. Bill. His father, Tufick, owned a gas station and expand-

Jones industrial average. Moroun, who'd been buying its stock since 1972, wasn't the only one who noticed. When the company appeared open to a takeover, Warren Buffett and his partner, Charlie Munger, began buying shares, too. Eventually, though, they were put off by new demands from the Canadian government and sold their shares to Moroun. By 1979 the bridge was his. He paid about \$30 million for it. Munger declined to comment, but in 2003 he told *Bloomberg Markets*: "I can't imagine a more secure investment than that bridge." Of Moroun, Munger said, "He was a tough, purposeful kind of guy who'd risen in a very tough business."

Moroun was soon caught up in two legal fights with Canada over his company's ownership of the bridge and maintenance of the Canadian customs facilities. It wasn't until the early 1990s that the cases were settled, with Moroun agreeing to pay for new customs buildings and improvements to the bridge.

Following the death of his father in 1992, Moroun found himself in a battle with his three younger sisters for control of CenTra. They accused him of looting it for his own business interests. He said they were profiting from his expertise and would bankrupt the company if they were in charge. He came to an agreement with one sister, paying her a reported \$20 million to sell her shares to his son, Matt. The other two sisters persisted, and the case went to trial in 1999. Moroun settled the \$53 million suit just before the verdict. The details are confidential.

The greater threat to his bridge business, though, emerged after September 11, when a single commercial border crossing in Detroit began to look like a bad idea, and tighter security caused persistent delays. Local politicians and business leaders talked of building another bridge or tunnel in a different location. Moroun said if Detroit needed

ernor Brian Calley says: "I've never seen billionaires who are so good at playing the victim."

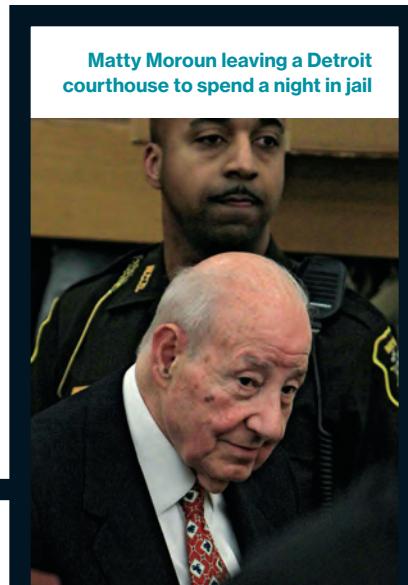
The Ambassador Bridge was an ambitious project launched in an exuberant era. It was the first span across the river to Ontario, the longest suspension bridge in the world, and, unusually, privately funded and owned. In order to build the bridge, Joseph Bower, who was born in Detroit, had to win approval from the governments of the U.S. and Canada, from Michigan and Ontario, and from the cities of Detroit and Windsor. The bridge cost \$23.5 million to construct and opened in 1929. New laws, passed especially for Bower, gave the owner unregulated authority to set tolls and operate a near monopoly on commercial traffic in the region. A tunnel for cars was completed in 1930 and a second international bridge, the Blue Water, opened about 60 miles north, in Port Huron, in 1938.

During the Great Depression, Bower's Detroit International Bridge Co. came close to bankruptcy. To get out of debt, he listed the company on the New York Stock Exchange in 1939. His family man-

ed into trucking; in 1951, Matty joined the business full time. Years later he recalled his high school experience to Charlie LeDuff, now a reporter for Fox 2 News in Detroit: "It made me feel very inadequate," Moroun said. "You can't shake that. ... You think of the children of those people I went to school with. It all crumbled. And I won."

By the 1970s, Moroun had taken control of the family company, CenTra. He was a regular customer of the Ambassador Bridge and knew that the Detroit International Bridge Co. was very profitable. In 1976 its margins were higher than those of any company listed in the Dow

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Matty Moroun leaving a Detroit courthouse to spend a night in jail

DOUBLE-CROSSED?

Government and business leaders back a second bridge across the Detroit River



another bridge, he would build it, right next to the one he already owned.

Moroun had been buying up property on both sides of the border for years so he could one day expand his operations. Residents of the growing city of Windsor were concerned about that prospect. Homes in both communities were demolished, others stand vacant. In Detroit, Moroun also bought abandoned warehouses and the book depository. He owns the derelict 18-story Michigan Central Station that looms over the city, a monument to ruin and dismay.

The Morouns, led by Nora, say they made philanthropic donations of more than a million dollars to Detroit's nonprofit organizations last year. They also began to replace the broken windows in the train station and the offices above it and clear away the debris from nearly two decades of neglect. Their company has torn down more abandoned houses than any other property owner, says Matt Moroun. In Detroit, that's a good thing. "This isn't a living city anymore. I want Detroit to turn around," he says. "We're trying to do whatever we can. We've received zero help from the government. I'm not sure we'd take it if they offered it."

The Gateway project, which began in 2004, did not help the Morouns' image. They closed a small street without permission, cutting off access to a bait shop. The local media portrayed the Morouns

as bullies and showed the shop stranded in a concrete plaza at the base of the bridge. The Morouns settled a lawsuit with the shop owners in 2011. The Morouns continued to fence off a strip of land in a city park even after their permit to do so expired. That matter ended up in the courts, too, and the Morouns lost. Near the park is Pier 19, built to support a second span that Moroun doesn't have approval to build. "Matty Moroun tells the government to F-off at every chance he gets," says Gregg Ward, who operates a ferry across the Detroit River for trucks carrying hazardous materials. "He doesn't get that he has any responsibility."

"His first interest is to line his pockets," says Rashida Tlaib, the Democratic representative from Southwest Detroit, on a drive around her community in early March. "The bridge is the ultimate private utility. We see what that has meant for our health, quality of life, and property values." Deb Sumner, a local businesswoman, activist, and the one who applauded Matty Moroun's jailing, is in the car, too. "He thinks he is above the law," she says. "But now he has to play by the rules."

The Moroun family business is headquartered in a former elementary school in an industrial section of a town called Warren. An American flag flies in front of tinted windows, and the company's

name is nowhere to be found. The Ambassador Bridge is about 15 miles to the south. Matt Moroun, 38, is vice chairman of the Detroit International Bridge Co. and the only heir to the family empire. He walks into the conference room dressed in a dark suit, blue shirt, and a red tie dotted with images of dogs. He's smiling and carrying a stack of files. With him is Dan Stamper, the company president, a gruff and impatient man who has worked for the family for decades. He shared the jail cell with Matty Moroun in January and was briefly imprisoned by the same judge in the same case a year earlier.

All their problems, Moroun says, began in 2009 when Michigan's Department of Transportation pushed for its own international bridge with Canada instead of supporting a second bridge to be built by the Morouns. Michigan was supposed to be a partner in the Gateway Project, and the Morouns felt double-crossed. In Moroun's files is a copy of the 17-page Gateway contract; on page 5 he points out a single line that mentions the possibility of the Morouns building a second span for the Ambassador Bridge. "They married us and then they married Canada. They're like bigamists," says Stamper. "They found another project they liked more than ours," adds Moroun. "We've been punished ever since. We're not going to let the Ambassador be attacked, persecuted, and taken from us."

Moroun says he's not sure why Governor Rick Snyder, who took office in January 2011, is so intent on building a new bridge. "It's not to promote trade with Canada," he says. "Maybe his brother-in-law is a bridge builder, maybe he hates private-sector bridges." The governor's brother-in-law is not a bridge builder. There is only one other privately owned international crossing between the U.S. and Canada, a little-trafficked bridge in northern Minnesota built by a logging company. Still, Moroun considers the Ambassador a model rather than an anomaly. "Why would people be surprised that we own the bridge? That's how a lot of important things have been done in America."

Moroun says a new bridge is unnecessary and unfair competition. Unnecessary because traffic on the Ambassador has fallen from a peak of 12 million vehicles in 1999 to 7.2 million in 2011 and projections of growth by sup-



porters can't be trusted. Unfair because Michigan would absorb any losses even if the governor promises it won't. "The government using people's money to compete with a private sector business isn't competition. That's just government messing up a business," he says. Michigan estimates that the Ambassador would lose about half its truck traffic to a new bridge.

On a drive through Detroit, Moroun bristles as he passes the park where activists, accusing his family of seizing public property, tore down part of a chain link fence in protest. "It got blown out of proportion. It became such a radioactive issue," he says. He pulls up to the controversial duty-free plaza, which includes a store and gas station. "Is it in the way of the road? Yup, to a certain degree that's the whole point. We want people to stop. It has to be in the way. My mom is involved in the duty-free operations. There is nothing evil about it." A little farther on, he adds: "Everything in the dispute was built on our property with our money. Why does it matter to the government?"

In 2011, as the Michigan legislature considered the governor's proposal for a new bridge, the Morouns spent nearly \$5 million on a television advertising campaign to fight it. The ads, created in consultation with Fox News commentator and former Bill Clinton adviser Dick Morris, challenged the governor's assurances that no taxpayer money would be spent on the project.

Tea parties around the state held rallies in support of the Morouns. The Michigan chapter of Americans for Prosperity, the conservative organization founded

"WE'RE NOT GOING TO LET THE AMBASSADOR BE ATTACKED, PERSECUTED, AND TAKEN FROM US," SAYS MATT MOROUN

by the Koch brothers, took up the cause, too. They paid for radio ads in select districts. They also posted mock eviction notices in the deteriorating neighborhood of Delray, where the government would have to buy out some families to make way for the bridge plaza. Many residents thought the notices were real. "We wanted to communicate with the community. We wanted to get them involved," says Scott Hagerstrom, president of the Michigan group. "That was a stupid idea," says Moroun. "But it didn't ruin our relationship with them. We've made some financial contributions. We're in agreement that the government has no place spending money on a bridge that is unnecessary and would become an obligation on taxpayers."

The Morouns, usually significant political donors, have been especially generous lately. They made \$550,000 in contributions in the 2010 election cycle, according to Rich Robinson of the Michigan Campaign Finance Network. They reported contributing another \$225,000 in 2011, including \$100,000 to the Michigan Republican Party right before the state Senate's Economic Development Committee reviewed the governor's bridge proposal. "Nothing adds up to what the Morouns and the bridge company are spending," says Robinson. "I assume anybody who spends well into the six figures in politics is a rational economic actor. They have a policy motivation and my guess is they've achieved it. So far."

In October the Economic Development Committee declined even to introduce the second bridge to the full Senate for a vote, citing concerns over the potential burden on taxpayers if the cost is higher than estimated or the revenues lower. "It's our argument, not our money, that persuaded them," says Moroun.

It was the first legislative defeat for the Republican governor. "It's ironic—we're

proposing a privately financed bridge. The private sector will have to determine that the economics work," says Calley. "This is a fantastic deal for Michigan. It's not my problem how the Canadians get paid back, it's their problem. I think they will be paid back easily, but that's inconsequential to me. Michigan taxpayers would not have to pay a thing." He says he and Governor Snyder are looking for other ways to get the project going.

The Canadians are not backing off. The consul general in Detroit, Roy Norton, says: "The bridge is our No. 1 infrastructure priority. Moroun is very committed to maintaining his company's advantage and seems quite determined to use any device to prevail. One understands the profit motive. But he's jeopardizing the economic future of millions of Canadians and Americans, and we think it's wrong."

On March 8, Matty Moroun and Dan Stamper returned to Judge Edwards's courtroom to report on the Gateway Project. One of their lawyers, Godfrey Dillard, said, "We have put down our swords. The Department of Transportation still wants a war." The judge disagreed. He gave control of the entire project to the government and ordered Moroun's company to pay \$16 million for its completion. The company appealed the decision and lost.

In mid-April a committee set up by the Morouns called The People Should Decide announced it would seek to place an amendment to the state constitution on the November ballot. The amendment would require voter approval of any new international bridge or tunnel backed by Michigan. The committee has until July to get more than 300,000 certified signatures on its petition.

Meanwhile, Calley says the Morouns are welcome to bid for the contract to build and run the New International Trade Crossing. "That's insane," says Moroun. **B**

Tolls on cars and trucks bring in more than \$150,000 a day in revenue

