



## SPORTS

# Ahmed Zayat's Journey: Bankruptcy and Big Bets

By **JOE DRAPE** JUNE 4, 2015

Before his name was on the lips of horse lovers, American Pharoah was known simply as Hip No. 85 and was drawing attention two summers ago for all the wrong reasons. He was a large, lovely bay yearling with a tiny scrape on the back of a front ankle that was beginning to swell. His sales price was dropping each time prospective buyers watched him walk amid the barns at the Fasig-Tipton Saratoga Sale in upstate New York.

Jeff Seder and Patti Miller believed No. 85, nicked up or not, was the best horse on the grounds, and they told his owner and breeder, Ahmed Zayat, not to sell him. Mr. Seder and Ms. Miller are bloodstock agents, innovative ones, who lean on science and databases to pick out fast, big-hearted horses for their clients.



Ahmed Zayat, with glasses, has combined an old-fashioned lust for betting with a new-age mastery of social media -- wagering up to \$200,000 a week and bantering with fans on Twitter.

Victor J. Blue for The New York Times

Mr. Seder knew Mr. Zayat's racing and breeding operation was in the midst of settling a high-profile bankruptcy dispute.

"Sell your house; don't sell this horse," he said he told Mr. Zayat. "This is your get-out horse."

They were right. On Saturday, American Pharoah will try to capture the [Belmont Stakes](#) and become the 12th [Triple Crown](#) winner, and the first since Affirmed in 1978.

---

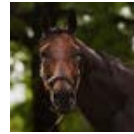
#### RELATED COVERAGE



[Belmont Stakes 2015: Predictions and Analysis](#) JUNE 4, 2015



[Long Path to the Top of Racing for Larry Collmus, the Voice of the Triple Crown](#) JUNE 3, 2015



[In Belmont Draw, American Pharoah Gets Post 5 in Field of Eight](#) JUNE 3, 2015



[Pletcher's Hopes of Spoiling Triple Crown Bid Lie on Rest and Home Turf](#) JUNE 2, 2015



[American Pharoah Flies Around Track; Next Stop, Belmont](#) JUNE 1, 2015



[And They're Off: Crowd Numbers Will Be Smaller at the Belmont Stakes](#) MAY 31, 2015



[The Triple Crown Winners, Fit to Print](#) JUNE 4, 2014



Victor J. Blue for The New York Times

That get-out horse, however, has not been a panacea for Mr. Zayat, 52, who made his fortune selling beer in his native Egypt. He is one of the most successful and controversial owners in thoroughbred racing. His associations with bookmakers, as well as some of his business practices, have resulted in myriad legal proceedings, some of which have caught the attention of state racing regulators.

In a sport long populated with outsize characters, Mr. Zayat has become a gargantuan one by combining an old-fashioned lust for betting with a new-age mastery of social media. He makes no secret that he bets on horses with both hands — up to \$200,000 a week. He is an exuberant talker and racegoer who banters with fans on Twitter and holds contests for them to name his horses.

Mr. Zayat can be compassionate. He can also be combative, driving hard bargains with business associates and withholding payments. He is loud and often profane. In a recent two-hour interview at his office in Hackensack, N.J., he scaled a range of emotions, from the verge of tears to red-faced anger to berating before storming out of the room.

Then, in a soft voice, he offered: “I am Middle Eastern. I have a hot temper. I am angry because I feel violated that I feel like I’m a target of a campaign that is trying to smear me.”

### **From Beer to Horses**

In 2006, Mr. Zayat introduced himself as a major player in horse racing with the \$4.6 million purchase of a colt at the blue chip Keeneland September Sale. His passion was seeded at a riding club when he was a young boy in an upscale suburb of Cairo.

The Zayats were a prominent family in Egypt — his grandfather Ahmed Hassan al-Zayat was a leading intellectual who founded Al-Risala, a well-known literary magazine. His father, Alaa, was a physician who taught medicine in Cairo and had been the personal doctor to President Anwar el-Sadat.

Mr. Zayat's horse trading was financed by his proceeds from the sale of Al Ahram Beverages Company, the formerly state-held beer company that he had privatized, to Heineken for \$280 million, or four times what he paid for it in 1997.

“The business dealings during the first wave of privatization were pretty opaque, but his family had very good contacts at the upper levels of government,” said Daniel C. Kurtzer, the American ambassador to Egypt at the time. “But he did some impressive things to turn it around.”

First, Mr. Zayat had to take the idea of selling beer to Muslims to international investors in an effort to raise \$70 million. It was not even good beer — its flagship brand varied from one batch to another, and a common joke was that it could power heavy machinery if there was no diesel fuel available.

Still, Mr. Zayat moved the company's factory to solve a land dispute, and raised money for his acquisition by selling shares of the company on the London Stock Exchange rather than borrowing from banks. He also pioneered [a line of nonalcoholic beers](#) that appealed to the conservative Muslim country.

It was this sort of forward thinking that led Mr. Zayat to [name his \\$4.6 million colt Maimonides](#), after Moses Maimonides, considered to be among the greatest Jewish philosophers. As a Muslim, he said at the time: “I wanted to say something with the tool I had, which was a horse. I wanted it to be pro-peace, and about loving your neighbor.”

It also highlighted another complicated facet of his life. Publicly, Mr. Zayat alternately identifies as Muslim and Jewish. In fact, Mr. Zayat, who graduated from Yeshiva University, has given amply to Jewish causes. He lives with his wife and four children in a largely modern

Orthodox neighborhood of Tudor and Victorian houses known as West Englewood in Teaneck, N.J. They keep kosher, arranging menus in advance at racetracks and, if they cannot locate a hotel close by, they stay in an R.V. and walk to the track, [as they did at the Preakness Stakes](#), to avoid driving on the Sabbath.

“It’s a very wonderful, kind family — very active, very generous,” said Steven Pruzansky, his rabbi at Congregation Bnai Yeshurun, one of more than a dozen Orthodox synagogues in Teaneck.

When asked for clarification about his religion, Mr. Zayat said: “Why is it relevant, and why does it matter? It’s personal.”



Jeff Seder, a bloodstock agent, told Mr. Zayat in 2013, "sell your house, don't sell this horse," referring to American Pharoah. Times  
Mark Makela for The New York

By 2008, Zayat Stables had won nearly \$6.9 million, leading all American thoroughbred owners in earnings. The next year, he matched that total, and Pioneerof the Nile, the sire of American Pharoah, finished second in the [Kentucky Derby](#). Mr. Zayat was also among the most active buyers at horse auctions, paying \$24.5 million for 77 horses in 2009, according to [BloodHorse.com](#).

As his stable ballooned to 250 horses, Mr. Zayat both wowed and wore on people. He hired and then fired Bob Baffert, the Hall of Fame trainer of American Pharoah, and he moved horses from one barn to another

on what appeared to be a whim.

“He was hyper and trying to micromanage me,” said Mr. Baffert, who eventually reunited with Mr. Zayat and currently trains six of his horses, including American Pharoah, the Derby and [Preakness](#) winner. “Things set him off. He can be very aggressive, and it gets to people.”

Mr. Zayat's zeal to win spilled into public view before the 2009 [Preakness Stakes](#) when he said in a television interview that he was considering helping the owner of that year's [Kentucky Derby](#) winner, Mine That Bird, keep the filly [Rachel Alexandra](#) out of the race. His horse Pioneerof the Nile had finished second in the Derby, and both owners would improve their chances to win by entering inferior but eligible horses to fill up the Preakness gate.

Instead, other owners persuaded them to abandon the plan, and [Rachel Alexandra](#) became the first filly to win the second leg of the [Triple Crown](#) in 85 years.

There have been other public missteps. Mr. Zayat said he attended Harvard, a claim that he has made for decades and that has appeared in his biography on websites for his company and for entities that he has been affiliated with, including the National Thoroughbred Racing Association. He repeated the claim in his deposition in a court case involving gambling debt that was dismissed this week.

Two years ago, Mr. Zayat's lawyer Joseph Vann told The Record of Woodland Park, N.J., that “unfortunately, early in his career there was misinformation reported about Mr. Zayat's education” that was erroneously repeated by other outlets.

In a recent interview, Mr. Zayat said he was accepted to and transferred from Harvard.

A spokesman for Harvard said there was no record of Mr. Zayat's having attended the university.

### **A Trail of Debts**

Horse racing has long been a business in which contracts are preferred but handshakes are accepted, and slow pay is better than no pay. In 2010, when Zayat Stables filed for bankruptcy protection, court filings provided a window into how much it was costing Mr. Zayat to stay on top of the owners standings.

Besides leaving a who's who of the thoroughbred industry waiting to be paid — including Keeneland, the auction company; breeding farms owned by the ruler of Dubai, Sheikh Mohammed bin Rashid al-Maktoum; trainers; and horse transportation vendors — the lawsuit also made claims about Mr. Zayat's prodigious gambling habits and his poor track record of paying his bills.

Fifth Third Bank said Zayat Stables had defaulted on more than \$34 million in loans it made to Mr. Zayat while his stable lost more than \$52 million from 2006 to 2008. It also claimed that Mr. Zayat did not disclose a previous personal bankruptcy under the name Ephraim David Zayat and that he withdrew more than \$2 million from stable accounts, in addition to a salary of \$650,000, in the year before the bankruptcy filing.

Mr. Zayat said Ephraim Zayat was clearly on his [credit reports](#).

In Mr. Zayat's name, the stable also paid \$1.2 million to New Jersey Account Wagering, \$350,000 to the Las Vegas Sands, \$150,000 to the Palms Casino and Resort and \$100,000 to [NHPlay.com](#), an account wagering platform for horse racing.



Mr. Zayat made his fortune selling beer in his native Egypt, driving hard bargains with business associates and withholding payments.

Barry Iverson for The New York Times

“Everybody has been paid 100 percent on the dollar,” said Mr. Zayat, who agreed to settle with his creditors by the end of 2014.

He said that he filed for Chapter 11 reorganization as a legal defense against a bank that had reneged on its promises to his stable.

“Ahmed Zayat is a wealthy man,” he said. “Thank God! I’ve earned it. It was because it was a defense mechanism that I had to use.”

Still, there are farms and vendors in Kentucky that will no longer do business with Mr. Zayat, including Stockplace Farm, where American Pharoah was foaled, and Taylor Made Farm, where he stayed for months before the Saratoga Sale. Still others demand cash upfront.

Mr. Zayat said he had been “extremely generous” to the people who say that he does not pay his bills.

Of his penchant for gambling, he is unapologetic. He said he bets a lot because he can afford it.

“I like gambling on horses,” he said. “Everybody has a different wallet size.”

He also said he bet on occasion to generate cash flow for the stable. “It’s called hedging,” he said.

Sometimes his gambling has brought unintended scrutiny. A 2013 suit filed by the owners of Freehold Raceway against the New Jersey Sports and Exposition Authority claimed that Mr. Zayat was improperly granted credit in the state’s online betting system.

New Jersey law prohibits betting more money than is in the account, but court papers show Mr. Zayat was allowed not to pay \$286,000 for several months as a courtesy because he was betting \$200,000 a week and had put more than \$9 million in play through its pools.

The court filings also show that one check for \$100,000 from Mr. Zayat to the sports authority was returned for insufficient funds, and that he had stopped payment on another check for the same amount.

Mr. Zayat said that he was simply given V.I.P. treatment that he appreciated. “I was a client betting legally and proud to support the pools of New Jersey in the state that I live,” he said.



## A Generous Gesture

Mary Ellen Modico is among Mr. Zayat's fervent supporters, having seen a side of him that is not captured in court filings. She has never met him, and has spoken to him only a couple of times. But she will be in the grandstand at Belmont Park on Saturday with her husband, Kenneth.

[Her son Nick](#) was the captain of the 2008 state champion baseball team at John F. Kennedy Catholic High School in Somers, N.Y., a member of the National Honors Society and a horseplayer like his parents.



American Pharoah, working out at Churchill Downs, is on his way to becoming that "get-out horse," with purses worth \$3.7 million and stallion rights of \$13.8 million if he

William DeShazer for The New York

completes the Triple Crown sweep. Times

"He learned percentages and odds as a young boy at Yonkers," Ms. Modico said.

In 2012, while he was a student at Boston College, Nick learned he had Ewing's sarcoma, a rare bone and soft-tissue cancer found in teenagers and young adults. It was not Nick's nature to brood or rue circumstances. Instead, he wrote uplifting blog posts, finished his degree in finance and marketing and continued to pursue his passion for horse racing.

Between bouts of crippling radiation and chemotherapy, Nick managed a trip to Keeneland, the stately racetrack in Lexington, Ky., where he picked a long-shot winner [on TVG, a horse racing network](#), and struck up a friendship with Mr. Zayat.

They talked horses by text and on the phone. Mr. Zayat even offered to fly him to California for the Breeders' Cup world championships at Santa Anita Park. At the time, Nick was too ravaged by his treatments, so Mr. Zayat asked him to name a colt of his, a son of Giant's Causeway.

[Nick's baseball jersey number](#) at Kennedy was 37.

"He took it seriously and came up with Thirtysevenliveson," Ms. Modico said as her voice broke. "It was one of the highlights of his life."

Nick did not live to see the horse run — he died in March 2014. Ms. Modico said she would not think of missing American Pharoah's try for the Triple Crown.

"Ahmed Zayat helped our son out in our darkest hour," she said. "It meant so much to Nick and his family. It actually gave him something to live for — people deserve to know the kind of guy Ahmed is."

### **A Decision Not to Sell**

Mr. Seder, the agent, knows people are far more complicated than horses. He is a Harvard-educated lawyer who has started and run businesses and invented scientific instruments. He has spent the last 40 years measuring the organs of thoroughbreds and building a 50,000-horse database to track which of them have the most coveted qualities.

While Mr. Zayat has not always been the easiest of clients, Mr. Seder is grateful that he was one of the first prominent owners to embrace his unorthodox methods.

"He is a tough businessman," Mr. Seder said. "He demands steep discounts and takes them."

But then there's American Pharoah. When Mr. Seder and Ms. Miller

scanned the colt's heart and spleen, when they checked his airways, Mr. Seder saw what he described as a memorable cardiovascular system.

He knew the colt's pedigree well, too. He and Ms. Miller had help picked out American Pharoah's mother, Littleprincessemma, for Mr. Zayat.

"There was nothing mediocre about him," Mr. Seder said about American Pharoah.

Mr. Zayat, indeed, ended up writing a check to himself for \$300,000 for a colt that has now captured six of seven races and more than \$3.7 million in purses. American Pharoah's stallion rights were bought by Coolmore, based in Ireland, for \$9.8 million with a kicker, or incentive bonus, of \$4 million if he were to win the Triple Crown, according to two people familiar with the deal.

Last year, he was named the 2-year-old champion. Now American Pharoah, the get-out horse, and his owner sit on the doorstep of history.

---

Joseph Berger contributed reporting from New York, and Kareem Fahim from Cairo.

A version of this article appears in print on June 5, 2015, on page A1 of the New York edition with the headline: Bankruptcy, Big Bets, and Maybe a Triple Crown .  
[Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)

## **NEWS**

[World](#)

[U.S.](#)

[Politics](#)

[New York](#)

[Business](#)

[Technology](#)

[Science](#)

[Health](#)

[Sports](#)

[Education](#)

[Obituaries](#)

[Today's Paper](#)

[Corrections](#)

---

## **OPINION**

[Today's Opinion](#)

[Op-Ed Columnists](#)

[Editorials](#)

[Contributing Writers](#)

[Op-Ed Contributors](#)

[Opinionator](#)

[Letters](#)

[Sunday Review](#)

[Taking Note](#)

[Room for Debate](#)

[Public Editor](#)

[Video: Opinion](#)

---

## **ARTS**

Today's Arts

Art & Design

ArtsBeat

Books

Dance

Movies

Music

N.Y.C. Events Guide

Television

Theater

Video Games

Video: Arts

---

## LIVING

Automobiles

Crossword

Food

Education

Fashion & Style

Health

Home & Garden

Jobs

Magazine

N.Y.C. Events Guide

Real Estate

T Magazine

Travel

Weddings & Celebrations

---

## LISTINGS & MORE

[Classifieds](#)

[Tools & Services](#)

[Times Topics](#)

[Public Editor](#)

[N.Y.C. Events Guide](#)

[TV Listings](#)

[Blogs](#)

[Cartoons](#)

[Multimedia](#)

[Photography](#)

[Video](#)

[NYT Store](#)

[Times Journeys](#)

[Subscribe](#)

[Manage My Account](#)

---

**SUBSCRIBE**

[Times Premier](#)

[Home Delivery](#)

[Digital Subscriptions](#)

[NYT Opinion](#)

[Crossword](#)

[Email Newsletters](#)

[Alerts](#)

[Gift Subscriptions](#)

[Corporate Subscriptions](#)

[Education Rate](#)

[Mobile Applications](#)

[Replica Edition](#)

[International New York Times](#)

---

© 2015 The New York Times Company | [Privacy](#) | [Terms of Service](#)

[Site Map](#) | [Help](#) | [Site Feedback](#)