

Viking Raid



A Robert Fairchild Novel

By Matthew McCleery

MARINE
M O N E Y
INTERNATIONAL

Praise for *The Shipping Man*

From The Shipping Industry...

“Reading this book won’t make you a shipping man, but it’s a good start.” – **John Fredriksen**, *Owner, world’s largest oil tanker fleet*

“I feel I have been to Coco Jacobsen’s offices in Aker Brygge several times.” – **Tor Olav Trøim**, *Director, Seadrill*

“McCleery’s *The Shipping Man* is very, very funny...painfully funny, as his characters and stories are often closer to fact than fiction. It is a great insight into our wonderful industry. Go Coco Go!” - **Robert Bugbee**, *President, Scorpio Tankers*

“I don’t remember ever reading a book with as much accurate insight into our industry – which, combined with humor and pathos, made it very enjoyable.” – **C. Seán Day**, *Chairman, Teekay Corporation*

“*The Shipping Man* brought home the game of shipping in spades. I am still laughing about the picture McCleery has painted, as it matches a lot of my own experiences.” – **Seymour Schulich**, *O.C., Co-founder, Franco-Nevada Mining Corporation, author and philanthropist*

“*The Shipping Man* is exciting, well-written and the best guide to our industry I have ever seen.” – **George Gourdomichalis**, *Greek Shipowner*

“Why would someone risk millions to own ships? Well, for the sober, textbook answer, you could try Martin Stopford’s *Maritime Economics*, but for an explanation involving ‘shipowner’s punch’ and Jägermeister, *The Shipping Man*, a novel by Matthew McCleery, fits the bill nicely.” – **Greg Miller**, *Fairplay*

...To Wall Street

“Set at the intersection of finance and the high seas, *The Shipping Man* is essential reading for anyone with shipping stocks in their portfolio, but, for the rest of us, it’s simply a great read.” – **Forbes**

“It is very hard to marry entertainment with education – especially in the world of finance and shipping, but McCleery succeeds spectacularly in doing so.” – **Mohnish Pabrai**, *Managing Partner, Pabrai Investment Funds*

“The book is just phenomenal and had me splitting my sides at various points.” – **Guy Spier**, *Aquamarine Capital Management*

“McCleery’s ability to succinctly capture so many facets of the Wall Street morass into the characters is the best I have come across. Very skillfully crafted and delivered story.” – **Tim Dooling**, *Analytic Firepower*

“A gripping, hilarious novel about a hedge fund manager who buys a decrepit dry bulk carrier at what he thought was 1x EBITDA. It is also a crash course on the shipping business.” – **creditbubblestocks.com**

“*The Shipping Man* is really well written, absorbing and fun, and just very well done. I couldn’t put it down.” – **Richard Hurowitz**, *CEO, Octavian Advisors*

“It’s a quick read, it’s interesting, and it teaches a lot about ship financing and high yield financing...I promise you that if you read it you’ll have begun to put shipping into your circle of competence.” – **WhopperInvestments.com**

“Just like Émile Zola’s ‘*L’argent*’ can provide you with a unique glimpse into the world of nineteenth century banking, McCleery’s book does a great job capturing the state of the shipping and financial markets in the years 2007-2010.” – **Clemens Scholl**, *Seeking Alpha*

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Three of the chapters in this book originally appeared in *Marine Money* magazine in 2012. They have changed significantly since their publication.

This novel is a work of fiction. The transactions executed herein are for illustrative purposes only and should not be attempted without the assistance of a knowledgeable investment banker. Other than Hilmar Reksten, the sisters Kardashian, Andi Case, Johnny Depp, Richard Fulford-Smith, T. Boone Pickens, Matt Damon, Professor Costas Grammenos and certain other well-known figures whose appearance is incidental to the plot, all the characters in this book are products of the author's imagination. None of the characters in this book is the portrait of a real person, living or dead.

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About the Author

Matthew McCleery is the president of Marine Money International, a ship finance publisher, conference organizer and advisory firm based in Connecticut, Singapore and Athens. He is also managing director of Blue Sea Capital, Inc., where he arranges debt and equity financing for oceangoing ships on behalf of shipowners and investors worldwide. Matt can be contacted at mmccleery@marinemoney.com.

About the Epigraphs

Each chapter of the *Viking Raid* begins with an epigraph, which either provides biographical information about a selected shipowner or features a fact or quotation relating to the shipping industry. Although some of the epigraphs relate to the theme of the chapter they precede, most don't. The source of the epigraphs is Wikipedia unless noted otherwise. Many of the epigraphs come from a fantastic article written by Lewis Berman and published in *Fortune Magazine* in 1974.

About the Cover

The image on the cover of this book is called *Advancing on Blue #1* by Suzy Barnard, 2012, oil on wood panel. The painting was commissioned by Marine Money and depicts a partially laden, two-million-barrel VLCC, similar to the ones owned by Coco Jacobsen, at sea. More of Suzy Barnard's fantastic work can be viewed on her website: www.suzybarnard.com.

With Thanks

I've been fortunate: fortunate that my curiosity led me into the Port of New Haven, Connecticut fifteen years ago and fortunate that I met Joe and Dave, a pair of affable ship agents who invited me aboard a bulk carrier and introduced me to the truly amazing Connecticut Maritime Association (CMA) – and the equally amazing Jim Lawrence.

I was fortunate to be offered a CMA summer internship as understudy to Jim and Alan Ginsberg at Marine Money where I've been fortunate to have spent the past fifteen years working in ship finance – a fascinating business in which the words “client” and “friend” are almost always interchangeable. Someone once told me there are only two ways to get into the shipping business – either you're born into it or you get lucky – and I got lucky.

I've also had a lot of help – with my life, my career, my deals and my books. Without the patience, support and encouragement of dozens of charitable people around the world neither *Viking Raid* nor *The Shipping Man* would exist. So it is with sincerity that I thank my editor, Steve Whelley, for his tireless help with the plot, Julia Hull for devotion, Jan Lindstrom Valerio for good advice, Elaine Lanmon for patience, Annie Gumpel for providing a second wind, Sarah Noonan for keeping an eye on the books after their release and Suzy Barnard for once again contributing what many rightfully consider the greatest feature of my books – the cover.

Thanks also go to my colleagues at Marine Money, especially Jim Lawrence, Lorraine Parsons, George Weltman and Elisa Bybee, who always keep the ship on course. Richard Squires' commitment to bringing Robert Fairchild to Hollywood (as played by Brian Ladin) has gone beyond the call of duty. My brother Mike has continued his lifelong habit of gently stepping in just in time to save me from myself.

I am very grateful to the following friends and family whose good humor, encouragement and insight into the wheeling, dealing, dining and drinking habits in various locales around the world helped bring badly needed veracity to this story: Jeff Parry, John Bradley, Alan Ginsberg, Peder Bogen, Bob Kunkel, Peter Fortier, Lars Juhl, Beth Wilson-Jordan, David Frischkorn, George Weltman, David Capps, Nico Walsh, George Gourdomichalis, Kevin Oates, Witt Barlow, Tor Olav Trøim, Nancy McCleery, Jamie Freeland, Herman Hildan, Paul Goss, Christos Papanicolau, Thomas Söderberg, Seymour Schulich, Tom Roberts, Greg Miller, Michael McCleery, Don Frost, Campbell Houston, Richard Hurowitz, Andy Dacy, Kees Koolhof, Marc Baron, Erik Helberg, Bijan Paksima, Yolanda Kanavarioti, Aristotle Topalidis, Peter Evensen, Morris Morishima, Kim McCleery, Andre Grikitis, Eric Uhlfelder, Gary Wolfe and Robert Bugbee. Any wisdom or wit contained in this book is theirs – all errors, omissions and misjudgments are mine alone.

Finally, I also owe a debt of gratitude to my family for their support of this project. I want to thank my wife Buffy for tolerating the ever-presence of my laptop, my sons Rufus and Murphy for giving me so many great ideas during our daily drive to school and Homer for listening to me read *Viking Raid* aloud without complaint.

Introduction

For as long as there have been people, there has been a fascination with making money on the sea. Even today, especially today, as technology mercilessly strips mystery from most aspects of life and business, the sea remains what it has always been: a physically and financially unpredictable frontier that excites the imagination and creates and destroys fortunes.

Not surprisingly, the type of people capable of thriving in the global shipping business hasn't changed much over the centuries; Greeks still account for the world's largest fleet of merchant ships, the British and Dutch still provide financing and insurance for global seaborne trading and Norwegians still enthusiastically leave the safety of their shores, exactly as their Viking forebears did, in search of greater opportunity.

The Shipping Man and *Viking Raid* focus on the most recent fortune-seekers to join up with the adventurous world of shipping: Wall Street investors. The books follow the adventures of Robert Fairchild, a dethroned New York hedge fund manager whose accidental discovery of the famously private international shipping business changes his life.

The story of Robert Fairchild's indoctrination into shipping was spontaneously conceived as a last-minute, five-page fictionalized article I wrote for ship finance trade journal *Marine Money International*. In the article, I attempted to explain some of the reasons why American investors were having trouble buying discounted shipping debt from European commercial banks during the post-2009 shipping crisis – and the story was meant to end there. But a few weeks after George Weltman published it, I received phone calls and emails from readers around the planet who asked the same question: What will Robert Fairchild do next?

In considering how to answer that question, I realized that a longer story, perhaps even a novel, would be a fun way to follow Robert Fairchild's education in shipping. I also figured that writing a novel would be a great way to capture the spirit of the unique and amazing people running the global shipping industry at the turn of the twenty-first century – a Belle Époque for shipping during which China-led industrialization converged with the hyperactive global capital markets. From 2003 to 2008, anyone with a ship, any ship, got rich. In 2009, the market began to suffer from overcapacity and it still hasn't fully recovered.

So my long-winded answer to the question of what Robert Fairchild would do next took the form of *The Shipping Man* – a homegrown combination of epic-length trade journal article and thriller. My ambition was not literary; it was simply to use an entertaining format to share some of the things I have observed about shipping and ship financing during my career. I enjoyed the process of writing the book so much that I continued the story with *Viking*

Raid, which involves largely the same cast of characters when confronted with today's shifting patterns of energy production, consumption and transportation.

I am truly grateful to have had the chance to write *The Shipping Man* and *Viking Raid*. The process has given me a unique opportunity to think seriously about the business of financing ships from the point of view of different participants – and to consider why the business of shipping, despite its considerable challenges, has been so alluring for so long.

I'm sure I haven't gotten everything right in the books, but I sincerely hope reading them is as enjoyable for you as writing them has been for me – and that you come away knowing just a little bit more about the remarkable business of shipping.

“We must free ourselves of the hope that the sea will ever rest. We must learn to sail in high winds.”

Aristotle Onassis

For Buffy, Rufus, Homer & Murphy

The Viking Law*

Be Brave and Aggressive

Be Direct
Grab All Opportunities
Use Varying Methods of Attack
Be Versatile and Agile
Attack One Target at a Time
Don't Plan Everything in Detail
Use Top Quality Weapons

Be Prepared

Keep Weapons in Good Shape
Keep in Shape
Find Good Battle Comrades
Agree on Important Points
Choose One Chief

Be a Good Merchant

Find Out What the Market Needs
Don't Promise What You Can't Keep
Don't Demand Overpayment
Arrange Things So That You Can Return

Keep the Camp in Order

Keep Things Tidy and Organized
Arrange Enjoyable Activities Which Strengthen the Group
Make Sure Everybody Does Useful Work
Consult All Members of the Group for Advice

*(*As described on a postcard that Rick Rockbold bought for me
at the Oslo Airport circa 2007)*

Chapter 1

Navigating the Shipowner's Aegean Haven

They are a splendid assemblage indeed, representing most of Greece's special aristocracy: the shipowners and their families. A visitor (to Chios) might well run into a member of the Livanos family, or a Karas, Chandris, Xylas, Lemos, Pateras, Los, Frangos, Tsakos, Fafallos – among others – all of whom by some strange act of the gods hail from Chios. Perhaps the only stars missing are the Onassis family, who come from Asia Minor but are known to have lived on the island. Chios, in fact, is a kind of shipowners' reserve, where ordinary mortals are not barred but have not been encouraged to visit.

The New York Times, 1983

When Coco Jacobsen stepped out of the twenty-seven-foot Riva and onto the island of Chios, the Norwegian tanker tycoon's instincts told him that something monumental was about to happen.

He shuffled quickly through the seaside village of Kardamyla and slipped into the same deserted taverna where he had met the Greek each of the past thirty days. When he walked into the dimly-lit restaurant the two Russians who protected the Greek shipowner looked up from their cigarettes and dominoes and touched their shoulder holsters. Coco flashed a disarming smile as he made his way to the round table in the back corner and the men resumed their game.

"*Kalispera*," the Greek said and smiled as he rose slightly from his seat and sat back down again. As always, the shipowner was alone except for an unopened bottle of local white wine, a basket of sesame bread and a dossier swollen with the deal documents. "Coco, the time has come," he said.

"I sure hope so," the deeply tanned Norwegian said as he peeled off his trademark Ray-Ban aviators and sat down on the wobbly rattan chair, "because I am very hungry today!"

Although Coco was not accustomed to eating so late in the day, as many Greeks did, he never grew tired of the meal they shared: a salad of local tomatoes and fresh feta, fried minnows caught by a village fisherman and a whole red snapper

grilled over charcoal and bathed in that life-extending elixir of olive oil, lemon juice and freshly snipped oregano.

“There will be no lunch today,” the Greek said gravely.

“No lunch?” The Norwegian was disappointed. “Why not?”

“Because I am going back to Athens in a few minutes,” the Greek said, “and it is time for you to leave Chios as well.”

Coco shot the cuffs of his blue shirt, crossed his arms defensively and leaned forward. “Ja, but I am not leaving this little island until the deal is done,” he said.

More than four weeks had passed since Coco’s \$150 million yacht, *Kon Tiki*, dropped her anchors into the azure water off the beautiful island of Chios. Ever since his arrival he had been spending every day the same way: rising late, passing the afternoon commanding and controlling his fleet of supertankers and meeting the Greek for lunch at five o’clock. Like sculptors working clay, the men spent hours going over every detail of the deal – often working until long after the fiery sun had dropped behind the barren mountains of Chios.

“I know,” the Greek said and paused until the waiter had moved safely out of earshot; almost every local resident of Chios was somehow related to a shipowner and it was absolutely critical that their deal remained secret. “It is time to sign the papers and start wiring the money.”

“I’m happy you are feeling so comfortable,” Coco said with smile. He was relieved that his plan had apparently passed muster with the Greek. Over the years, Coco had come to believe that there was simply no one more knowledgeable or harder working than a Greek shipowner with money at risk.

“*Comfortable?*” the Greek chuckled as he submerged a small piece of bread into a shallow pool of dark green olive oil. “I don’t feel the least bit comfortable, Coco, but if I think too much about this deal I will never do it,” he said. “Don’t forget, if we get this wrong I could lose everything,” the Greek said.

“Ja,” Coco replied with a flash in his pale blue eyes, “but this is exactly what makes it so exciting.”

As Coco turned his eyes to the diamond-studded sea, the self-made tycoon had an epiphany; the cyclicity of life wasn’t so different from the cyclicity of the shipping market in which he trafficked. He had been born poor in the village of Bergen, Norway and he might die poor in a village on a North Aegean island – but he would have had one heck of a ride in the meantime.

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“*Θεοῦ θέλοντος,*” the Greek said solemnly – if God is willing. “There’s just one thing I must ask you before we go any further,” the old man said and placed a giant, callused hand on Coco’s. “I need to know whether you will have your share of the money.”

The Norwegian wanted to scream with frustration as he calmly returned his potential partner’s gaze; Coco had developed this deal himself – the single best money-making opportunity he’d ever seen – but now he was short on cash just when he needed it most. Like most shipowners, he had some “rainy day” funds squirreled away in a variety of offshore banks, \$30 million in Liechtenstein and \$20 million in Guernsey, but the deal with the Greek required shipping-sized money, *ten times* what he could scrape together at a moment’s notice.

“Of course I will have my share of the money,” Coco said. A lack of cash had never stopped him before and it wasn’t going to stop him now; he had faith that money would always find its way to the really good deals. “I would, however, be grateful if you put your \$500 million in first – while my CEO Robert Fairchild gets my money together.”

“Okay,” the Greek said, “but let me be clear, Coco. If you do not come up with your share of the money in time for the next payment, you will no longer be a part of this deal.”

The old man removed a tiny talisman from the front pocket of his short-sleeved button-down shirt and pushed it across the rough wooden table toward Coco.

“What’s this thing?” Coco asked as he inspected the pea-sized blue and white eyeball attached to a short gold chain.

“It’s called the *evil eye*,” the Greek explained and shot a furtive glance around the room, “and my people have been using it since the sixth century BC. I want you to keep it close to you until the deal is done; it will keep us safe when things get rough.”

“You really shouldn’t worry so much,” Coco said and tightened his fist around the charm. The pragmatic Norwegian usually wasn’t much for voodoo, but he knew he needed all the help he could get.

“I’m afraid it is you who should worry...” the Greek said slowly as the two Russians rose from their chairs and came to escort their employer to the Mercedes idling outside the taverna, “you and Mr. Fairchild.”

Chapter 2

Hilmar Reksten

Few businesses are as nerve-racking as the chartering of behemoth supertankers to carry oil, and until recently few tycoons played the risks with such consummate cool as Norway's Hilmar Reksten. Reksten, a ramrod-straight six-footer and lone-wolf operator, started out as a shipping clerk; in 1929 he bought a freighter cheap, parlayed it into a modest fleet (thanks in part to two rich wives), then seized on slumps to buy up tonnage cut-rate. By 1973 he had amassed a flotilla worth, by some estimates, \$600 million. Now, one of the worst depressions ever in the tanker business has left Reksten financially becalmed, if not yet dead in the water.

Time Magazine, 1975

Robert Fairchild's six-foot frame was trembling with terror as he clung to the fluorescent-green safety railing and stared down into the six-story engine room of the supertanker – a vessel longer than the Empire State Building is tall.

Viking Alexandra's 36,000-horsepower engine had slowed to an idle as her turbine-driven pumps regurgitated the last million barrels of sour Saudi crude into a Philadelphia refinery – enough juice to light up Spain for forty-eight hours – but even at rest the bowels of the ship were so hot and loud that it felt as though he'd descended into hell.

Like many ship financiers, Robert didn't have much to do aboard an actual ship. The only reason he was spending the day on the *Viking Alexandra* was because his boss, Coco Jacobsen, wanted him to experience some of the less glamorous, but altogether vital, aspects of owning and operating vessels...“Just in case I decide to change your job description.”

Robert had only been aboard the *Alexandra* for a few hours, but even that small dose was enough to shock the system of a man accustomed to the life of a shipping dealmaker. Instead of dining in Michelin-starred restaurants and ruminating over hundred-million-dollar transactions, he had spent the day sipping cold Sanka in the Captain's day room and reviewing the horrifying hemorrhage of cash that started before the ship had even come in to port.

From the four over-budget tugboats that strained to bring the 1,500-hundred-foot vessel into her berth to the longshoremen's union that demanded overtime

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because *Alexandra* arrived on a weekend after being re-routed to avoid the wrath of Hurricane Ebbel, Robert quickly gained a better understanding of just how quickly cash evaporated in the shipping business.

He also learned why shipowners like Coco Jacobsen, irrespective of their wealth, fought for every penny as if it was their last: because it might be. Alistair Gooding, Viking Tankers' lender in London, had once told him that copper wire had been invented by two shipowners fighting over a penny and now he understood the joke. The only predictable thing about being a shipowner was its unpredictability.

After spending just ten minutes on his self-guided tour through the stifling heat, acrid air and pounding cylinders of the ship's floating power plant, Robert's pulse was racing and his anxiety was in the red zone; he couldn't wait to get off the ship and start the weekend. While he was visiting the ship, his wife Grace was dropping off their nine-year-old son, Oliver, at her mother's house in Greenwich, Connecticut. Robert had made a dinner reservation at their favorite restaurant, Il Cantinori, that evening and in the morning they would fly to the New England island of Martha's Vineyard.

In addition to spending the weekend celebrating their twelfth anniversary on the island where they were married, they were also planning to attend an open house at their dream home – a nineteenth century Federal-style mansion in a former whaling village called Edgartown. The house had serendipitously come onto the market a few days earlier for the first time in three generations and Robert believed the timing of the listing was a sign from above. Although he had neither the cash nor the income to support the purchase and ongoing maintenance of a \$3 million second home, Robert knew he probably wouldn't get another chance at the house; the best opportunities in life, he'd noticed, only came around once.

Desperate to exit the unremitting violence of the engine room, he turned around and climbed up the steep and narrow stairway that stitched together the seven levels of the floating dungeon. Once he reached the next floor, he looked across the canyon of pounding cylinders and spotted a small, brightly lit room populated by a small group of men. With his leather-soled Gucci loafers slipping on the oil-slick diamond-plate floor and his hands gripping the greasy green safety railing, Robert carefully edged around the parapet, pulled open the heavy bulkhead door and stepped inside the engine control room.

When the door latch clicked, Robert exhaled with relief. He savored the room's soundproof walls and inhaled the air-conditioning like it was cold water. After he pulled out the fluorescent-yellow foam plugs from his ears, he cleared his throat but the four Indian officers didn't look up. They were transfixed on the long bank of computer screens that monitored the vital signs of the mighty

machinery like bond traders watching the testimony of Fed Chairman Benjamin Bernanke.

A tall man with a long, shiny mustache and a warm smile finally broke away from the intense huddle and moved toward him. All but one tendril of his shoulder-length hair was concealed beneath a fuchsia turban and his lanky body was zipped into blue and red coveralls bearing the infamous, and menacing, logo of Viking Tankers – a Norse longboat resplendent with a serpent’s fire breathing head and five sets of oars and shields.

In an attempt to look the part of CEO, Robert secured his hardhat under his arm, straightened his tortoiseshell glasses and mopped the sweat from his forehead with the sleeve of his blue gingham button-down. “Robert Fairchild,” he said and extended his hand, “Chief Executive Officer of Viking Tankers.”

“Prasanth,” the Indian said, playfully echoing Robert’s serious tone of voice, “Chief Engineer of *Viking Alexandra*.”

Once the introductions had been made, the two men looked each other over in silence. Unsure what to say next, Robert offered the only compliment he could think of. “This engine room is very clean.”

“She’s a cougar,” the Indian acknowledged proudly as he gazed through the window.

“A cougar?” Robert asked, ready to learn more of the lingo associated with the jargon-filled shipping industry. “Do you mean she’s a Cougar-type? Is that the specific model of this ship?”

“No, it means she may not be youngest ship on the sea,” the Indian said with a wink, “but she remains highly desirable thanks to a good maintenance regime. There are some charterers who even *prefer* her to the younger models.”

“There’s no substitute for experience,” Robert said, as he chuckled for the first time since boarding the ship. He appreciated the good humor coming from a man who lived his life in a blast furnace below the waterline.

Robert briefly considered making an offhanded remark about Alexandra Meriwether, the forty-year-old investment banker who Coco had named the aging supertanker after during a brief and tumultuous romance, but he quickly thought the better of it; Alex was one of the few topics in which Coco Jacobsen did not find humor.

“Any idea when this cougar will finish her discharge and sail?” Robert asked.

As the money-man at Viking Tankers, Robert was eager to send the \$3 million invoice to a trading house in Switzerland for *Alexandra*’s delivery of two million

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barrels of Saudi crude oil. Unlike dry cargo shipping, in which customers like grain houses and steel mills paid 90% of the ocean transportation cost upon loading, spot market tanker owners didn't get anything until the cargo was discharged. That meant *Viking Alexandra*, a \$50 million ship, was living hand-to-mouth, paycheck-to-paycheck – just like her enigmatic owner.

“We are hoping to finish the discharge before tomorrow morning's high tide,” Prasanth said proudly, “but I'm not certain when we will sail.”

“Time is money when you get paid by the day the way a ship does,” Robert said.

“I am familiar with how it works,” Prasanth replied.

“What's the reason for the delay?” Robert asked.

“The terminal is having a reception after we finish and they've asked us to stay for photographs,” Prasanth said.

“I've never heard of anyone celebrating the discharge of a tanker,” Robert laughed.

“That's correct,” Prasanth said. “Americans only care about oil tankers when they have a spill.”

“So why the party?” Robert asked.

“It is more like a funeral,” Prasanth replied.

“Not ours, I hope.”

“I'm afraid so,” Prasanth said. “After more than one hundred years in operation, *Alexandra* will be the last tanker to ever discharge crude oil into this refinery,” the Indian engineer said.

“I hope it wasn't something we did,” Robert said.

“Not exactly,” Prasanth replied. “The new owners are going to use this facility to export products like propane, butane and ethane that are made from U.S. shale gas; the U.S. is producing more gas than they know what to do with these days.”

Robert was stunned. “Does that mean they won't import *any* foreign crude oil to make products like gasoline and jet fuel?”

“That's exactly what it means,” the Chief Engineer said. “The U.S. is on the road to energy independence; your country will be an *exporter* of energy once the laws catch up with the reality of the market.”

While Robert had been expecting to learn much during his field trip to the ship, he had not been expecting to receive an education on hydrocarbon production and marketing from the Chief Engineer – a graduate of the Indian Institute of Technology (IIT) who had received a considerably more rigorous education than Robert had at Harvard.

“That really does sound like a funeral,” Robert said, “at least for crude oil tankers like this one.”

After decades of tirelessly trying, a group of maverick energy entrepreneurs in America had figured out how to extract oil and gas from nooks and crannies beneath the U.S. and Canada by combining the established processes of horizontal drilling and fracking, shorthand for hydraulic fracturing, with new technology. As a result of this newfound domestic production, U.S. imports of crude oil had recently hit a twenty-year low and North American production was increasing each year by almost one million barrels *per day* – all of which was apparently starting to have a profound impact on the seaborne transportation of energy.

“It may be a funeral for us, Mr. Fairchild, but it is the beginning of a new life for the people who own the ships that can carry the exported gas around the world,” the Indian said.

Too bad we don’t have any super-cooling gas tankers, Robert thought, and not just a clutch of middle-aged crude carriers. This was the problem with having a “pure play” shipping company – one that had only a single type of vessel: if the market went against you as the crude oil tanker market appeared to be going against them, you were toast – especially if you didn’t have time charters and were as overleveraged as Viking Tankers.

The imminent threat to Robert’s livelihood further aggravated his anxiety. He simply had to get off the ship, take a taxi to 30th Street Station in Philadelphia and catch the next Amtrak back to Manhattan. He placed the yellow hardhat back on his pomade-stiffened hair, wrapped his hand around the heavy handle of the bulkhead door and prepared to step back into the hellish engine room. But just as he was opening the door, he felt his BlackBerry begin to vibrate in the pocket of his blue cashmere blazer. Assuming it was Grace calling to tell him Oliver was safely tucked away at grandma’s house in Connecticut, he answered the call without bothering to glance at the caller ID.

“Hey baby cakes,” Robert said softly so the engineers wouldn’t hear him. “I sure hope you’re going to wear that tight little black dress to dinner tonight.”

“Ja, but only if you find me the \$500 million!” Coco Jacobsen shouted over the roar of the Marshall Islands flag flapping violently on the stern of the *Kon Tiki*.

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“Oh, um, hi, Coco,” Robert stammered as he worked hard to overcome his embarrassment. “What did you just say?”

“You heard me, Fairchild!” the Norwegian insisted as he stared across the teal-green sea speckled with whitecaps. “I need the half billion and I need it now!”

“Half a *billion* dollars!” Robert recoiled. “But, I . . .”

“Just tell me you with the lawyers right now and everything will be fine,” Coco screamed as if force might overcome fact. “Tell me you are getting the paperwork ready. Tell me you are setting up the wiring instructions!” Coco demanded. “I love the smell of an incoming wire transfer in the morning!”

“The *wiring instructions*?” Robert choked incredulously. “Are you crazy?”

Coco had been asking him to find money on Wall Street for months, ever since they bought back the \$300 million junk bond, but the more Coco asked, the less Robert listened. But judging from the desperation in his boss’s voice, Robert knew the situation had become more serious.

The problem wasn’t just the staggering sum Coco was demanding; it was that the Norwegian’s fleet was old and leveraged to the hilt which meant Robert couldn’t get his hands on any more debt in the newly sober commercial banking market. Moreover, Coco categorically refused to sell shares in Viking Tankers which meant raising equity was out of the question as well; playing Lotto appeared to be Robert’s most likely way of raising capital for the shipowner.

“Of course I’m crazy!” Coco shouted above the wind. “If I wasn’t crazy I wouldn’t be shipowner! So do you have the money or not?”

“Coco, I’m in the engine room of the *Viking Alexandra* right now – where *you* ordered me to go!” Robert reminded his boss.

Coco grunted when he remembered the educational errand on which he’d sent Fairchild. After a long period of silence uncharacteristic of the boisterous shipping magnate Coco finally spoke. “And in the engine room is where you will stay if you don’t find me the \$500 million!” Coco shouted and hung up.

Chapter 3

The Greek Spirit

The Greek climate, although it had great variety, rarely endured typhoons or very strong gales. The temperature was always pleasant, blue skies, clear atmosphere, and the sun almost a permanent source of light. Such an environment does make for a freer spirit, strengthens the imagination and makes people optimistic, liberal and daring. In other words, it created the necessary conditions for the Greeks to become very good shipping men.

Mr. Spyros M. Polemis ***The History of Greek Shipping***

The deeply tanned woman floated across the meadow of teak on the stern of the 208-foot Feadship with a shiny silver tray gripped in her hands. She was wearing tight white pants, a blue and white striped sailor shirt and her dirty blonde hair was tousled by the *meltemi* – the warm northerly wind that blew hard across the eastern Aegean during the summer.

“May I offer you a glass of chilled wine, monsieur Jacobsen?” she asked as she approached the sole occupant of the magnificent vessel’s outdoor Jacuzzi.

Coco Jacobsen looked up mischievously from behind the gold-rimmed Ray-Bans that were shading his blue eyes from the blazing Greek sun. He had spent the past several hours moving in and out of the 105-degree water as he studied the name and location of every supertanker in the Arabian Gulf with the intensity of a master chess player considering his next move.

“Only if it’s Montrachet,” the Norwegian announced as he placed the so-called “position list” of vessels on the edge of the hot tub next to a collection of items essential to successfully running one of the world’s largest private fleets of supertankers: a red box of Marlboros, a tin of Snus, half-a-dozen mobile phones to communicate with the hundreds of people around the world who financed, operated, crewed and chartered his ships...and now the evil eye charm that the Greek had given him.

“*Bien sûr*,” Dominique replied with the accent of her hometown, Cap D’Antibes.

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As the yacht's full-time sommelier, she knew full-well that Montrachet was the only variety of wine the six-and-a-half-foot magnate would drink anymore; consuming the dry and costly French wine had become a ritual Coco practiced to worship Alexandra Meriwether – his now estranged lover who had first introduced it to him.

After Dominique had disappeared behind the helicopter that was tied-down to the deck, the shipping magnate swallowed a generous quantity of the ice-cold chardonnay, looked down at the telephones and smiled. He knew it was time to start playing the game he loved most of all: trading ships.

The telephones had been buzzing like a swarm of cicadas for nearly a week but Coco hadn't picked-up a single call. He didn't need to because he knew exactly who was trying to reach him – shipbrokers – and why: to offer crude oil cargoes for his tankers to load in the Arabian Gulf and Africa and haul east to Asia and west to America. Based on the frantic number of incoming calls that day, Coco figured oil companies and traders around the world had begun to notice that something unusual was afoot in the supertanker spot market; demand for ships was rising and so was the number of available ships...yet not a single ship had been chartered, or "fixed" as they say, for days.

Coco took a deep breath examined the updated position list one last time. He liked what he saw. When there were more ships than there were cargoes, charter rates would drop. But when there were more cargoes than ships, even by a small margin, there was almost no limit to how high the market could rise. The cost of shipping commodities by sea was small relative to the value of those commodities, which meant ocean transportation costs could quadruple before it would destroy demand. That's what made the shipping market, which was fragmented with thousands of independent vessel owners, so unusual – and so exciting.

"*God dag!*" Coco boomed to his good friend Peder Hansen who happened to be the lucky caller. The seventy-five-year-old Norwegian tanker broker had been helping Coco buy, sell and charter tankers ever since the oil crisis of 1973 and Coco was happy to give him the business.

"I'm pleased to know you're among the living," the old shipbroker said softly. "People in Oslo were starting to worry."

The über shipbroker was speaking in a hushed voice because he was camped out at BAR, a raucous restaurant near Oslo's famous Aker Brygge so thick with shipowners and ship financiers that a single overheard conversation could destabilize the global tanker market or worse; it could cost him a commission.

"I'm in heaven," Coco said as he admired the magical island of Chios off the port side of his yacht, "but I am feeling more alive than ever."

“You’re about to feel even better,” Peder whispered with his hand cupped over his telephone, “because I have some very good news.”

“Very good for whom?” Coco whispered back playfully.

After more than forty hair-raising years in the tanker business, Coco Jacobsen had come to believe there was no such thing as good news or bad news; there was only the market – that unpredictable amoeba of perception mixed with reality that parceled-out just enough good luck to give struggling shipowners the hope to keep trying.

“American Refining Corporation just called me,” Peder said.

“Ah yes,” Coco said and smiled as he paced the port side of teak deck wearing only his swimsuit. He had been hoping that Rocky DuBois, the CEO of American Refining Corporation, would be the first beast to wander into his trap.

“He wants to charter *Viking Aphrodite* today,” Peder said.

“Ja, but of course they want to fix the ship today,” Coco laughed. “Charterers always want to put a ship on subjects on Friday so they can enjoy their weekend knowing they have a free option on a vessel.”

“Does that mean you’ll take it?” the shipbroker asked hopefully before downing half a bottle of ice-cold Ringnes lager to steady his nerves. “So we can all enjoy the weekend?”

“Peder, I am a shipping man without a family,” Coco reminded his friend. “In fact, the closest thing I have to a child is *Fairchild*.”

“What is that supposed to mean?” Peder asked.

“It means good charter rates are more important to me than good weekends,” Coco said, “and that charter rate simply isn’t high enough.”

“But I haven’t even *told* you the charter rate,” Peder replied.

“Okay, fine,” Coco sighed. He decided he would go through the usual motions even though he knew exactly how the conversation was going to end. “What’s the rate?”

“Forty thousand a day for the ninety-day round trip Fujairah via Houston,” Peder whispered with his hand over his mouth so that no one could hear him. “That’s \$3.6 million for one voyage!”

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“No thanks,” Coco said, pressed the “off” button and placed the device on the edge of the Jacuzzi.

“Are you delusional?” Peder snapped after immediately re-dialing the shipowner’s mobile phone.

The tanker broker’s emotional outburst piqued the interest of a pride of ship financiers from Fjord Bank who were gathered around a nearby table. The dozen lenders had been enthusiastically celebrating the closing of a beefy Belgian bulk carrier deal but knew that anything capable of riling-up a veteran tanker man like Peder Hansen was probably market-moving.

“If I wasn’t delusional, I’d still be working in a petrol station in Bergen,” Coco laughed. “And I am not interested in \$40,000 a day,” Coco said.

“But Coco, average charter rates were less than \$30,000 a day last year,” Peder insisted.

“Ja, but this is exactly why I need a lot more than \$40,000 a day,” Coco explained. “I need to make up for last year’s bad market; I’m still in the hole to my banker.”

“You’re *always* in the hole with your bankers,” Peder laughed. “In fact, most people think you must have photographs of Alistair Gooding or else he would have foreclosed on your fleet ten years ago.”

“Having the right information has always been the key to making money in this business,” Coco said.

“If you don’t like the rate,” Peder said, “let’s just make them a counter offer.”

“A counter offer?” Coco gasped. “Don’t you know how I feel about the CEO of American Refining Corporation?”

The tanker broker knew it was a kamikaze mission to broker a deal between the two greatest foes in the oil shipping market, men whose rivalry was as legendary as it was mysterious, but a successful shipbroker was nothing if not tenacious.

“Everyone in the world knows how you feel about the CEO of American Refining Corporation,” Peder sighed and slowly massaged his temples. He was enjoying the sight of a huge Color Line ferry move slowly across the beautiful Oslo Fjord a lot more than his conversation with Coco.

“That man is *Kraken!*” Coco shouted, likening the American oil executive to the giant, legendary sea monsters known for scuttling sailing ships off the coast of Norway.

“Well, I think ARC’s offer is generous,” Peder pouted.

“Ja,” Coco laughed, “but you should always beware of oil companies bearing gifts.”

“But we are moving the market in the right direction,” Peder urged. “This rate is higher than your last fixture of *Viking Penelope*.”

“Then it sounds like you should have waited a little longer before chartering *Penelope*,” Coco said.

“Yes, Coco, and if your aunt had *balls* she’d be your uncle!” Peder blurted out.

“I don’t have an aunt or an uncle,” Coco said solemnly. “I am all alone in this world and I am getting older.”

“Well your ships aren’t alone in the Arabian Gulf, Coco,” Peder said, “and they too are getting older. If you don’t take this cargo I will be forced to offer it to another shipowner with a more modern and fuel-efficient vessel.”

“I appreciate your loyalty,” Coco said.

“A man has to eat,” the well-fed shipbroker said and instinctively rubbed his stomach.

Peder suddenly remembered his hunger and spread a glob of freshly churned butter on a slice of Russian pumpernickel. Then he laid a blanket of smoked salmon over a slice of cucumber with the care of a mother tucking a young child into bed.

“So do you want the cargo or not?” Peder asked as he tucked a white cloth napkin into the collar of his shirt. Then he lifted his fork and knife and began cutting his delicate sandwich.

“*Nei*,” Coco said casually and then stuffed a giant wad of Snus between his upper lip and gums.

“No?”

“No,” Coco asked once his tobacco was securely in place. He wrapped his hands around the shiny mahogany rail and stared at the magnificent little island of Oinousses. “And would you like me to tell you why not?”

“Do I have a choice?” Peder asked as he reclined in his rattan chair and settled in for another one of Coco’s rousing rants. The celebrity shipbroker lifted his arm to order another bottle of Ringnes; getting a counter offer out of Coco was going to take a while.

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“It is because I’m tired of charterers like Rocky DuBois beating up on me like I’m his baby brother,” Coco said.

“Yes, but your big brother is offering you very good money right now, Coco,” Peder pleaded.

“Ja, but this is only because he knows he has a problem,” Coco said. “Most of the time he won’t pay me enough to keep my fleet properly maintained, never mind give me a respectable return on my capital.”

“Return on capital!” the shipbroker groaned. “Coco, you started life as poor as a potato and you are now the wealthiest person in the history of Norway.”

“Ja, but Norway was a very poor country until the 1960s when we found the oil,” Coco said. “Besides, you know I don’t care about money.”

“Yes,” Peder muttered, “except when you lose it.”

“I care about what’s fair,” Coco continued.

“Give me a break, Coco,” Peder said as he sat up in his chair and took the offensive. “Oil companies pay the market rate and there’s nothing fairer than that. The real problem is that ever since opportunistic tanker owners like Hilmar Reksten and Aristotle Onassis started building vessels on speculation instead of against long-term time charters from oil companies, this market has been nothing but a high stakes game of tug-o-war.”

“That’s right,” Coco smiled. “And now it is time for me to drag Mr. DuBois through the mud.”

“But that’s just the point Coco; forcing Rocky to pay \$40,000 per day *is* dragging him through the mud,” Peder said. “The Americans are importing less and less crude oil because of all the fracking and the crude tanker market is sure to suffer.”

“I am not smart enough to predict the shipping market,” Coco said, “but I assure you that there will always be someone in this world who wants to burn the cheapest form of energy – and that will always be crude oil and coal.”

“Oh yeah,” Peder challenged after confirming the stat on his iPad, “then why are there are so many empty VLCCs in the Arabian Gulf?”

“You’re the shipbroker,” Coco mused, “you tell me.”

“I can’t,” Peder said. “There’s not a shipbroker in the world who understands why the charter market is so firm considering how many idle VLCCs there are. Not one ship has been fixed for a week and an agent at Kharg Island told me

the tanker crews are so bored they've even started fishing off the ships. These vessels are like taxi cabs queuing up outside the airport and one of them is about to pull over and pick up the ARC cargo."

"Not for a \$40,000 daily fare they aren't," Coco said as he used his tongue to push the huge wad of Snus higher into his gums to make room for more – the "turbo pincher" as Magnus Magnussen, Coco's semi-exclusive investment banker at Haakon's Gate Capital, liked to call it.

"How can you possibly think that?" the shipbroker demanded.

Peder knew the clock was ticking. If he didn't get the ARC cargo "on subjects" with Coco in the next few minutes another tanker broker in Monte Carlo, Singapore, London, Paris or New York would fix the business with another ship and Peder would have ruined a perfectly good lunch for nothing.

"Because I just took control of the market," Coco said, "and I'm about to have a tanker party."

"Oh, now I understand," Peder said after a period of silence.

"You do?" Coco asked.

"You've gotten into the Ouzo again, haven't you?" Peder asked. "Don't you remember what happened at the Posidonia party at the Island Club last year?"

"I am serious," Coco said softly and lifted his nearly empty glass of Montrachet to inspect it in the sunlight.

"But you can't have taken control of the market," Peder said. "That's impossible."

"Anything is possible," said the seventh grade dropout. "I'm proof of that."

"But I'm looking at the position list and I can see every open supertanker from the Gulf of Aden to Mumbai," Peder said.

"Don't believe everything you read on the worldwide web machine," Coco said.

The tycoon's interest in modern communications was limited to text messaging; he liked those purely because the truncated style and lack of grammar reminded him of the telexes he was paid to sweep off the floor of Hilmar Reksten's office in Bergen fifty years earlier.

"But Coco, the names of your tankers start with the word *Viking* followed by the name of a character from Homer's *Odyssey*," the shipbroker explained.

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“Everyone knows your naming pattern, even though no one knows why a Norwegian would possibly name his ships after a Greek epic poem.”

“Isn’t it nice to know there are still a few mysteries left in this world,” Coco said. “Goodbye, Peder.”

“No! Wait!” the shipbroker shouted as he read the ship name on the screen of his device. “How about the *Junonia* – I suppose that ship is yours?”

“Yup,” Coco said by way of a sharp gasp of breath that was unique to Norwegians. “She is actually *Viking Telemachus*.”

“And *Fighting Conch*?” Peder asked dubiously as he recited the name of another vessel on his screen. “Is she yours, too, in this little Ouzo-soaked fantasy world you’re living in?”

“Bravo!” Coco said, playfully parroting the favorite expression of his Hellenic partner. “She is *Viking Argos*.”

“*Murex*?”

“*Viking Odysseus*,” Coco volleyed back.

“That’s strange,” the shipbroker said as he skimmed the list again. “Unless I’m mistaken, all the ships presently positioned in the Arabian Gulf are named after seashells.”

“You are finally starting to pay attention,” Coco said.

“But I don’t recall ever seeing a fleet of supertankers named after seashells other than the ones owned by Shell Oil,” Peder said. “And these ships definitely aren’t theirs.”

“Ja, but that was Oddleif’s idea,” Coco chuckled as he spun the evil eye charm on his index finger. Oddleif was Coco’s only shore side employee besides Robert Fairchild.

“Excuse me?”

“It was my idea to play with the position list,” Coco said. “But using the seashell names was Odd’s. He and his wife just bought a very nice house in Miami and his little boys have been finding very pretty seashells on the beach which is what gave us the idea,” Coco said. “You really need to get creative to come up with a unique naming pattern for the ships these days.”

Peder jumped to his feet with a vigor he hadn’t experienced since Spain beat the Netherlands in the World Cup. “You can’t be serious!”

“We didn’t really change the names,” Coco said, “because that would have required getting new inspections and approvals from all of the charterers. We just changed the names on the position list. A computer hacker in Connecticut named Jimmy K helped us do it.”

“But what about the other forty ships in the vicinity?” Peder asked eagerly. “The ones I know for a fact belong to George, Nicos, Andreas and Peter?” Shipping was the only business in the world in which billion dollar companies were still ubiquitously referred to by the *first* name of their owner.

“Ja, but those guys agreed to charter most of them to me for thirty days when we were out playing golf together on the Algarve a few weeks ago,” Coco said. “And the ships I don’t control will just come along for the ride; everyone is invited to Coco’s tanker party.”

“But if what you’re saying is true, Coco,” Peder said slowly, “then you are the first shipowner to have ever cornered the VLCC market.”

“Ja, but this is a little dramatic.”

“Dramatic?” Peder said, stunned. “Coco, *you* control the lifeline between the money addicted Middle East and the power addicted people in America and China! You are living the dream!”

The seventy-five-year-old shipbroker pumped his fist and spun around on the heel of his suede loafer like a breakdancing boy. Not only did he appreciate the artistry of Coco’s handiwork, he was also thrilled that the 1.25% commission he levied against the transportation costs was about to increase in lock-step with the short-squeeze in charter rates.

“Dreams don’t last forever,” Coco said as he thought briefly about his failed relationship with Alexandra Meriwether – the prize he wanted most of all and only one he hadn’t had been able to keep.

“And neither do tanker parties,” Peder said, “but they sure are fun while they last! And I guarantee this will be a surprise party for Mr. DuBois.”

“You know surprise parties are my favorite,” Coco sang. “I’ve been waiting almost ten years to get even with that no-good wrangler and now I’ve finally got my chance.”

“So what should I tell him?” Peder asked.

“Please inform Mr. DuBois that I require \$100,000 per day for the *Viking Aphrodite* and that he has one hour to reply *firm*,” Coco laughed.

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“One hour?” Peder said. “I don’t know if I can even reach him in one hour. It is Friday, you know.”

“People can always be reached if they want to be,” Coco said. “Oh, and tell him the price will go up when he comes back from his rodeo on Monday. That will get his attention.”

“But Coco,” Peder said, “I believe Rocky DuBois has at least ten cargos to load in the next two weeks,” Peder said. “Are you actually proposing to charge him \$100,000 per ship, per day?”

“Oh no,” Coco said sweetly. “I would *never* do such a thing to a fine gentleman like Mr. DuBois.”

“Thank God,” Peder exhaled. During his decades of shipbroking he had learned that while a strong market was good for almost everyone, an overheated market usually ended up hurting more people than it helped.

“I am only proposing to charge him \$100,000 per day for the *first* ship,” Coco howled. “The next one will be higher.”

“*Higher?*” Peder swallowed hard.

“Strap on your lifeline, Mr. Hansen, because we are taking the VLCC market up to \$250,000 per day!” Coco announced. The tanker party wouldn’t yield enough cash to satisfy the \$500 million he owed the Greek, but it was a good and symbolically powerful start.

“Aye, aye, Captain!” Peder said.

“There’s just one more thing,” Coco said. “Be sure to tell old Rocky that I’m currently in Aegean Sea on the \$150 million yacht he bought for me the last time I had a tanker party in 2006,” Coco laughed.

“Will do,” Peder smiled. “What will Mr. DuBois buy you this time: a couple more Van Goghs?”

“No,” Coco said with a smile as he admired the evil eye pincer gripped between his fingers. “This time Mr. DuBois will buy me eternal salvation.”