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# SmartMoney

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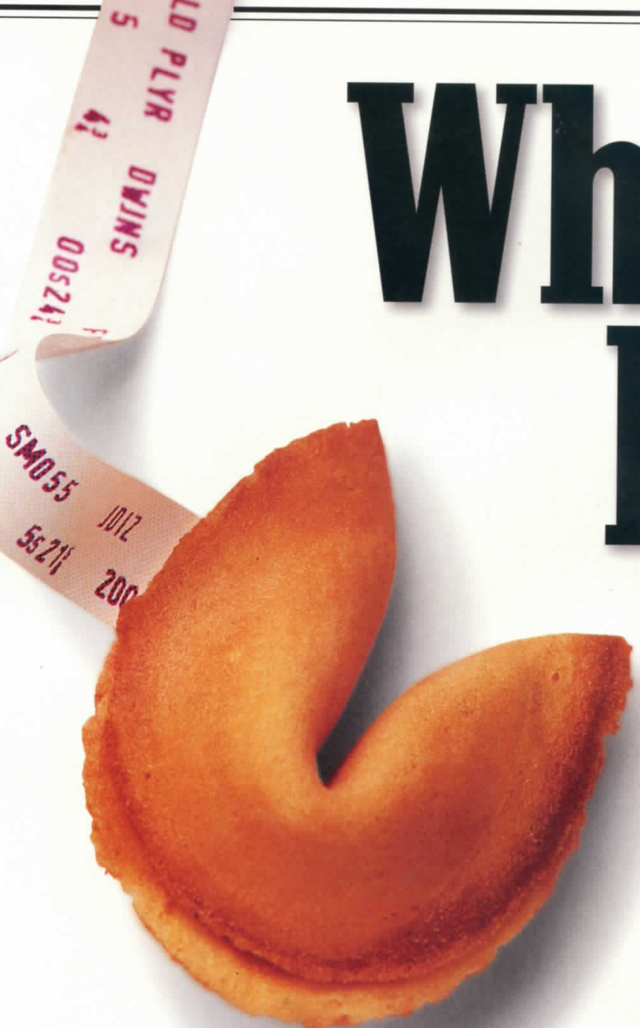

# Where to Invest Now

*Growth* or *recession*? Either way, here are *five investments* that will *thrive*.

# THE ODD COUPLE

*Chef Wolfgang Puck and his wife agree to disagree about dough.*

*By* NELLIE S. HUANG

THEY SEEM TO BE in perfect agreement. Says Wolfgang Puck, the chef and restaurateur who has helped make things like smoked-duck-and-goat-cheese pizzas safe for America: "Fighting over money is not worth it. It's the biggest problem in most marriages in America today." Adds Barbara Lazaroff, his wife and business partner: "Money is such a sensitive issue between couples."

They sound like veterans of the marital money wars who've put those arguments behind them. "As we get older and wiser," says Puck, "we both manage these aspects better. We spend less time arguing over money."

Well, maybe.

As far as Lazaroff is concerned, a shopping trip isn't a shopping trip unless she emerges from the store staggering under a load of packages. "I'll go out and buy $2,000 worth of stockings at one time—enough for three years," she says. Puck is almost monkishly austere by comparison. "If I went shopping today," he says, "I never would go and buy two pairs of shoes or five pairs of socks. Maybe two pairs of socks and one pair of shoes." Seated with her husband at a table in Spago, their flagship Los Angeles restaurant, Lazaroff looks as if she's

**You lead:** *Puck leaves the bill-paying to Barbara Lazaroff.*

PHOTOGRAPH BY MICHAEL GRECCO

about to say something, then stops herself.

Confrontations over money have figured in the couple's relationship from the very start. Back in 1980, when they first started dating, Puck was working as the head chef at Ma Maison in Hollywood. Lazaroff, on her first visit to Puck's apartment, spied one of his paycheck stubs. "You make this little every week?" she demanded.

"What do you mean?" asked Puck. "That's what I make every *two* weeks."

Lazaroff soon put a stop to that. She told Puck to march into work the next morning and insist on a 100 percent increase in his salary. "Watch," Lazaroff told him. "Your boss won't even blink. Then two months later go back and ask for double again." Puck had his doubts, but he did as he was told. Sure enough, four months later, Puck's salary had jumped from $1,200 a month to $4,800.

For all the friction, the Puck-Lazaroff partnership has been a moneymaker. Spago was an instant hit when the couple opened it in 1982, and since then their empire has grown to seven high-end restaurants and six casual, moderately priced cafés. In the mid-1980s they introduced a line of frozen pizzas and desserts. Last year the restaurants and Wolfgang Puck Food Co. grossed more than $55 million. Now they're thinking about taking their enterprise public.

Naturally, the notion is a point of contention. Puck would love to go public, since he thinks it would allow him to spend more time creating in the kitchen and less schmoozing potential backers. Lazaroff hates the idea of public ownership: too many shareholders and regulators peering into their affairs.

While the debate rages on, they're enjoying their success and the heady company that comes with it. Oil man and would-be Hollywood mogul Marvin Davis wants Puck to cater his daughter's wedding. MCA Chairman Lew Wasserman is a pal. Actor Tony Curtis hangs his oil paintings in Spago and dines there regularly with his twentysomething girlfriend.

Some of Puck's fancy friends come to his restaurants bearing stock tips. Back in 1993 Puck got a hot tip from Barry Diller, then chief executive officer of the QVC television-shopping network, who one evening went on at great length to Puck about his company's long-term plans. Puck was convinced. The morning after their conversation he called his accountant, Martin Levy, and ordered him to start buying QVC stock.

Levy balked. Puck, he knew, had never bought a stock—or, for that matter, even made a single investment decision. "Why do you want to own this stock?" asked Levy. "Look," Puck said, "Barry Diller is a friend of mine."

So Levy bought about 1,000 shares of QVC at an average cost of $46.

Four months later, with the stock at $73, Levy had another question for his client. "Is it time to sell?" he asked.

Barry Diller, a Spago regular, talked Puck into loading up on QVC shares at $46. The chef rode the stock all the way up to $73—and all the way back down to $43.

"When the stock doubles," Puck said, "we'll sell."

Famous last words. The stock never made it to $92. Instead, it slipped steadily through the end of 1993 and hovered between $45 and $30 for most of 1994. Puck got what was left of his money in February, when Tele-Communications Inc. and Comcast completed their acquisition of QVC at about $43 a share. The total loss: about 6 percent of the original investment.

The incident earned Puck a resounding "I told you so" from his wife. She hates investing in stocks. "Your stock can be meeting quarterly milestones and doing very well," she says. "Next thing you know, an earthquake hits or something forces the market down, and you lose everything."

The QVC misadventure convinced Puck to leave the investment decisions to Lazaroff and Levy. But the move didn't end the money arguments. Whether the subject is saving it, spending it or investing it, the two just don't see eye to eye.

Puck, it would seem, is almost allergic to the stuff. Lazaroff says he often doesn't even have $5 for gas and has to borrow a few bucks from a waiter. Long ago he delegated the check-writing and bill-paying chores to Lazaroff. "I can't do it," says the Austrian-born Puck, 45. "It paralyzes me. I was brought up to save money. In America it's spend, spend, spend. In Europe the more you save, the better." The 41-year-old Lazaroff, on the other hand, approaches the subject of spending with little inhibition. She carries 26 credit cards to her husband's one.

These days, though, most of the arguments are about saving money, not spending it. They just can't agree on how much to sock away for their two sons, Cameron, who's five, and Byron, six months.

Lazaroff wants to ensure that the boys will never have the sort of money problems that once made her life so precarious. "I worked three jobs to get through college," she says. "I lived from paycheck to paycheck. Why should my children live like that?"

Puck, though, wants the boys to know what it's like out in the big, bad world. "Sometimes money distorts the reality of life," he says. "The kids think, 'When I'm 30, I'm going to get $2 million, so I can hang out on the beach.'" This, Puck thinks, would be a sorry fate. "I think you have to instill in them a work ethic and teach them how hard it is to make a dollar."

At least the two agree that they'll pay for their boys' education. And they both worry about just how much that education is likely to cost. "Days after Cameron was born," Lazaroff says, "I lay awake at night worried there wouldn't be enough money for school. It could cost as much as $400,000 to send Cameron to college by the time he's ready." (She already knows that Cameron will attend an Ivy League school.) Each child has a trust fund set up in his name at Merrill Lynch, to which the parents contribute $20,000 every year.

Lazaroff follows the Merrill Lynch accounts closely; Puck doesn't even read the first page of the monthly statements. Like most of the family's personal investments, the trust funds are, if anything, too conservative: 90 percent of the funds is made up of five-year Treasury notes that pay an average yield of 6 percent; the other 10 percent sits in money-market funds.

One thing about money that Puck and Lazaroff have in common is that both started life without enough of it. Puck's first job was peeling potatoes at a restaurant in the south of France. "When I started earning $1,000 a month," he says, "I thought I was rich." Lazaroff's Bronx childhood was steeped in financial anxiety. "My father was always losing his job," she recalls with a shudder. "Or we had no gas or electricity."

Oddly, though, neither Puck nor Lazaroff has done much to salt something away for their old age. Both feel they're too young to start thinking about retirement.

They do have a fairly small retirement fund at PaineWebber, as conservative as their children's trust funds. About 15 percent sits in two-year Treasury bills, 10 percent in high-profile utility stocks and the remaining 75 percent in a money-market fund.

Right now the fund's balance is in the low six figures, and it's not going to get much bigger anytime soon—Puck and Lazaroff don't make regular contributions. Levy blames labor laws that would require Puck and Lazaroff to set up a retirement plan for every one of their employees (there are about 1,000) if they set up their own.

When it's pointed out that there's nothing to stop Puck and Lazaroff from setting up IRAs for themselves, Levy says he supposes that's true. But he's not sure it's necessary. His rationale: The restaurants themselves constitute a diversified portfolio. "Each restaurant is a separate entity—a problem at Spago would not affect the other restaurants," says Levy. "If they ever wanted to retire, they could always put up the restaurants for sale, and they would have enough money to live comfortably."

Puck and Lazaroff don't always fight about money—sometimes they just have fun with it. They're avid art collectors, and they're always ready to share their excitement. One recent Friday evening, as the tables were filling at Spago, Puck proudly showed off a color photograph of a prize possession: a Rauschenberg painting that, for the moment anyway, hangs in Postrio, their San Francisco restaurant.

"It is 21 feet long, and I spent six years paying it off," he says, holding up six fingers. "But I won't tell you how much it cost."

Lazaroff has no such scruples. As Puck walks away, she spills the beans. "About $500,000," she whispers. ●