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Michael R. Kain: The Mayor of Dupont Circle

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PROFILES IN PROMINENCE 2010

EDITED BY

DAN AND PATRICIA ANGEL

"In the old days, it was primarily a matter of relationships and reputations... You'd get your loan commitment on a handshake and get the papers out the next day."

- Michael R. Kain

MICHAEL R. KAIN

THE MAYOR OF DUPONT CIRCLE

In many ways Michael R. Kain represents the quintessential Golden Gate Law success story. By dint of a unique, yet peculiarly Golden Gateian constellation of qualities, he has become at once a leading real estate *macher* and a champion of iconic neighborhood preservation in a tough company town—Dupont Circle in Washington, D.C. These qualities include instinctive business acumen, rock-hard determination, smarts, love of adventure, and perhaps most important, a gift for forming and enriching relationships with people from widely different walks of life. He might also add that a little bit of luck never hurts.

The life and times of Michael's forebears presaged the compelling figure he is today. Both parents hailed from Saginaw, Michigan, one of the auto-industry-centered "Tri-Cities," where his paternal great-grandfather, Patrick Kain, had earlier served as chief of police.

Michael's colorful maternal grandfather, an Austrian émigré who made his way to New York and vaudeville, was a great friend of Charlie Chaplin's, played poker with Houdini and dated Mae West, whom he described as "very much a lady." Vaudeville led him to Saginaw, a whistle stop on the circuit, where he opened a clothing store in the famed Bancroft Hotel, home of Michigan's first incandescent light bulb. There he met and married Michael's grandmother, a fellow *garmento* who died when Michael's mother was ten. A born salesman, his

grandfather gave Michael some tips that would serve him well: "When selling a suit, first make sure that you have the suit you're looking to sell in the gentleman's size. Then have him try on something you think won't look so good, noting, 'That suit just doesn't do you justice.' Then put him in the suit you want him to buy and tell him, 'You look like a million bucks!'"

Michael's parents first met as schoolmates at St. Mary's grammar school in Saginaw. Graduating a year ahead of his wifeto-be, Michael's father attended Notre Dame, decamping after two years with his friend, Al Haig, to West Point, and thereafter pursuing a career in the Army Air Corps (later the U.S. Air Force). After a stint at Marygrove College in Detroit, Michael's mother joined his dad in New York, where she followed in her father's footsteps, performing as a ballerina.

Along the way, Michael's father picked up an MBA from Columbia. One of his classmates—the sole woman—went on to become the owner of Secretariat, dubbed by the media "the kind of Big Horse that makes grown men weep" and the only animal ever to make the cover of *Time* as Man of the Year.

The older brother of three younger sisters—two became teachers and the third sells real estate—Michael grew up as a military brat, attending schools from Long Island to Texas, Tennessee and Ohio, before finally transitioning back to Long Island by the fifth grade, in a somewhat jarring wholesome-Midwest-to-sophisticated-East move. His father was in charge of the closure of Mitchell Air Force Base on Long Island, ultimately moving the family one last time to Camp Hill, Pennsylvania, where Michael attended Trinity High School, a Christian Brothers school. His notable albeit short-lived musical career took off at that time. He performed around town with his group, The Some Other Brothers, who reached their apex with the Number 2 slot ("Charlie and the MTA") at the annual Harrisburg Youth Festival, behind The Four Seasons. "Frankie Valli's name is on the program," Michael says, quietly adding, "My friends' parents wouldn't let their kids hang out with me. I was the fast New Yorker with the duck-tail and the black boots versus the conservative mid-Atlantic penny loafers."

For a variety of reasons, romantic and otherwise, Michael proceeded straight from high school to the Naval Academy. A former linebacker and captain of his high school football team, he briefly played for Navy, and remains to this day a rabid Navy booster in the Army-Navy game. While his grades weren't "quite what they might have been," Michael excelled in the equally important leadership corps within the Naval Academy, holding the position of regimental subcommander, and graduating among the top sixteen in his class in military leadership from "one of the best leadership training programs in the world." Somewhere along the line, born of that leadership regimen, he formed the *idée fixe* to be a lawyer.

Thence ensued a classic Kainian odyssey. While his grades wouldn't have gained him admission into the highly sought-after Navy JAG, Michael was nonetheless invited to join the Marine Corps as entré into the newly created Marine JAG program. Things went sideways early, however. During basic training at Quantico, Michael averred to a colonel as to how he wasn't crazy about being a Marine, and was only there to become a lawyer. This did not sit well with the colonel, who punitively assigned him to Marine Corps Headquarters in D.C., preparatory to service in the infantry (in a highly dangerous year, 1971). Characteristically, Michael dodged that assignment when the Marine Corps Judge Advocate General himself suggested that Michael might want to see a lawyer. Enter the legendary Edward Bennett Williams, followed in short order, by an inter-service transfer into none other than the Navy JAG. Seemingly moments later, Michael found himself at Treasure Island and enrolled in Golden Gate Law School.

As thousands before him, Michael's love affair with San Francisco began as he drove over the Bay Bridge and caught his first glimpse of Herb Caen's Baghdad by the Bay. Predictably, unlike the average law student eking out a subsistence existence in some distant and marginal neighborhood, Michael shared an apartment with a cousin atop Telegraph Hill. He dined at The Shadows, took in the view from the Bank of America, and while on his way to class strolled past the Transamerica Pyramid, which was under construction. "It was paradise."

Michael fondly recalls his Golden Gate education as "the first academic experience I ever enjoyed." Among the professors he remembers with particular affection are Mike DeVito, Les Minkus, Tony Pagano, Jim Smith ("everybody loved him"), and Judy McKelvey. He remembers McKelvey's classes as the most stimulating in his career, even though he earned the lowest grade he'd ever received. Nevertheless, she later wrote him a great letter of recommendation for the Georgetown LLM program. He credits Tony Pagano with his LLM in tax, and was proud of his ability to go head-to-head with his former professor on legal questions. "Although Tony had little tolerance for students who didn't get it, I felt comfortable taking him on. I saw the fun side of him, and felt he was a great professor and a good person." Michael was also struck by a more personal attribute that he chose to replicate later in his own life: "I was impressed by his relationship with his wife."

While in law school, Michael moved to Nob Hill (where he still resides on visits, though in the considerably more upscale Huntington Hotel), joined several other students in renting a little ski house in Truckee, and learned firsthand about San Francisco from Ron Forman, a fellow student and native San Franciscan who remains one of his closest friends. Together, they collected money from juke boxes owned by Ron's dad, and learned about football spreads from an expert they had occasion to know, inducing students and professors alike to join in a friendly wager or two. In between summers on active duty in the Navy Legal Office at Treasure Island, Michael waited tables at Victoria Station.

Michael loves returning to San Francisco—perhaps one of these days—and speaks with pleasure of his

close friendships with former classmates, most of whom live here: Ron, Barry Schneider, Mike Bebow, Randy Stiles, Jim Farley (also a Naval Academy graduate), Ron Braley (who went on to receive his own LLM in tax at NYU and currently resides in Seattle), and several of the many women in his class, including Ann Harris (now a judge), Cindy Lee (also a judge) and of course Retired Judge Lee Baxter, a GGU trustee and indefatigable supporter.

Upon graduation from GGU, Michael moved to Washington, D.C., where his uncanny real-estate instinct and moxie almost immediately kicked in. Self-aware enough to know he was not cut out for a traditional transactional law practice, he took out a 100 percent financed V.A. loan while still working at the Navy Yard in D.C. and bought a townhouse at Fifth Street and Independence Avenue. With a \$20,000 home-improvement loan, he proceeded to buy another piece of property. By the time he was out of the Navy, Michael had purchased and renovated four pieces of property on Capitol Hill, all of which he promptly sold, exiting the residential-property business. Instead, he opened his own law firm in the Federal Bar Building, then-occupied by Arent Fox (three of the partners had been professors of his at Georgetown). "They let me use the library," he says, "which I stepped into once or twice."

It was at this juncture that law took a backseat (though his business card still reads: Michael R. Kain, Attorney at Law), as his mastery of the art of the deal became manifest. The transition was early evidenced in his purchase of two townhouses just north of Dupont Circle, just as a new D.C. Metro stop was opening in the neighborhood. Michael had soon bought up most of that block on Connecticut Avenue. Realizing the greater value of the block farther north, he ultimately became the owner of most of it, venuing his modest offices in the building where they remain today. Thus was born a new era in the life of Dupont Circle.

Not long after Michael bought his first Dupont Circle properties, he became determined to meet the man who would

later become his beloved mentor, Warren Brokaw. At the age of twenty-one, Brokaw had founded Parking Management Inc. with Nick Antonelli, a soon-to-be fellow real estate maven, and later sold his interest in PMI to railroad baron Kingdon Gould. Brokaw then had the foresight to transfer his profits from that sale into real estate on Dupont Circle. In a typically gutsy move, Michael traveled down to Palm Beach, Florida, to meet Brokaw, offering to manage his properties. He eventually took over the management of Brokaw's real estate holdings, all of which he now owns. "Warren did not pay me a penny," Michael says. "I managed his property because I loved and respected him, and he was a great mentor to me. I bought the last property that he owned from his estate about twelve years ago."

Michael's characteristically colorful account of one of his earliest deal-related experiences involves a piece of Dupont Circle property owned by real-estate icon Norman Bernstein, and on which a pair of Arnold & Porter lawyers, Mel Garbo and David Bonderman, also were bidding. Once some preliminary confusion was resolved about the contours of the sale. Bernstein suggested that both bidding groups—Michael and his partner and the A&P lawyers—return the following day with their best offer. Michael's team met with the A&P lawyers early the next morning, at their request. There, Garbo and Bonderman averred as to how they had bigger bucks by far to pay for the property. "What would it take," they asked, "for you to just let us bid?" Michael indicated that \$25,000 might do the job for him, to which they agreed. "But what about my broker?" Michael then asked, noting that the A&P broker would clear a healthy commission, and that his own agent likewise should benefit. After considerable hemming and hawing, Michael and his partner walked off with a sales contract signed by Bernstein to sell the property to all four bidders, complete with a side agreement assigning Michael's and his partner's interest to Garbo/Bonderman group for \$50,000. Not bad for a day's work in 1979.

Over the course of the ensuing period, Michael made the acquaintance of a number of colorful financial high-flyers who were actively involved in the Washington real-estate scene.

Michael boils down the basic rules of real-estate acquisition. "You get the property under contract first. Then you scramble and figure out how to get the money. In the old days, it was primarily a matter of relationships and reputations. A lot of financing came off in bars after work," he explains. "Some bars, like Beowulf, were known hangouts for bankers and real-estate developers. You'd get your loan commitment on a handshake and get the papers out the next day. Banks loaned to people they thought had sound moral character, were reputable business people, and would pay back the loan. Today, it's pretty much a bloodless assessment of financial ability to pay."

On the personal front, as in real estate, timing has been Michael's ally. Briefly married at age twenty-five, it was in his late thirties that Michael met and married the love of his life, Marlana, in a ceremony capped by a reception at the Mayflower Hotel. Marlana hails from a Greek family in Buffalo, New York. Brought together at a gallery opening by a matchmaker-artist friend, Michael almost missed his chance by not making his intentions clear at the ensuing group dinner that evening at the Paper Moon restaurant. He subsequently remedied the dereliction. "Not only was she gorgeous, sweet and bright," he says, "but she also was an effective tax lobbyist for the National Apartment Owners Association," an attribute never lost on a real-estate maverick.

Wishing to learn all she could about the real-estate industry, Marlana worked in Michael's office through the eighth month of her first pregnancy. Since that time, she has devoted herself to their three remarkable children and their myriad academic pursuits and athletic events (also frequently attended by Michael), as well as to the advancement of Landon, Georgetown Visitation, and other D.C.-area schools.

Their son Patrick, now twenty-two, is a senior at Trinity University, following a summer internship at the prestigious KLNB Retail, a real-estate services company. "He's gotta work his way into the family business," says Michael, rapidly adding, "I encourage him to do anything he has a passion for." Their second son Brendon, twenty, "is our free spirit; he loves art, loves poetry." Their daughter Kylie, their youngest, attends Colgate University, where her lacrosse skills are much in evidence, although her "unerring eye for emerging fashion trends" may well take her down the path followed so many years before by her great-grandfather.

Today, the real-estate empire Michael owns, develops and manages includes buildings on the prime retail block in Washington, D.C., which just happens to be due north of Dupont Circle, a neighborhood in which he clearly enjoys the respect and trust of his neighbors. "I've been here for thirty-two years and have developed many long-term business relationships and friendships. I have become a 'market-maker' in this area, and I am usually the first person called when a property is available for sale."

Michael's affection and reverence for this historic district animate all he has to say about its distinguished past and its doubtless bright future. What is now the Dupont Circle Historical District was originally developed in 1871 by the Army Corps of Engineers on land owned, coincidentally enough, by the "California Syndicate." By the end of the century, the heart of the district was and remains composed of tree-lined diagonal streets. Queen Anne and Romanesque Revival mansions and row houses converge in a circle dominated by a fountain embellished with classical figures symbolizing the sea, the stars and the wind.

The make-up of Michael's tenants in today's vibrant Dupont Circle milieu reflects his undeniable public-interest core. Among them is a surprisingly large cohort of important nonprofits, like the Institute for Policy Studies (one of the nation's premier progressive think tanks), Search for Common Ground (a group seeking to achieve compromise and cooperation among historical

adversaries), Alliance for Justice (a leading group of more than ninety organizations dedicated to equality in the justice system), Therapeutic Communities (devoted to reform-related mental-healthcare issues), the Wiss Foundation (focused on green development), Machik (a Buddhist group seeking to improve relations between Buddhist communities and the Chinese), and the Center for Economic and Policy Research (whose leader presciently predicted the current real-estate implosion). Other buildings "seem to develop a theme—doctors, lawyers, dot coms. Facebook is a tenant." At the other end of the spectrum, Michael's holdings also include ocean-front property in a surfers' paradise in Costa Rica and real estate in Virginia, Delaware and North Carolina. He miraculously manages all these disparate holdings with a three-person staff, out of the same unpretentious suite of offices he opened years ago.

At this point in his life, Michael's greatest joy comes, as it seemingly always has, from relationships: his cherished family; his two-person staff (his prized office manager of twenty years, Ramona Derring Monroe, is about to retire, and he clearly doesn't like it); and his treasured Dupont Circle community. He says he feels like a small-town boy, working with civic groups and the local historical societies to preserve the turn-of-the-century facades that adorn this unusual neighborhood. He has dreams of replacing several unsightly modern buildings in the area with new buildings whose facades are more congruent with the historic district. He also speaks of restoring "underground" Dupont Circle, a subterranean area complete with the old trolley that once ran through it, of perhaps creating a new park atop it, and of eventually moving with Marlana into the neighborhood from their current home in McLean, Virginia.

Michael has also set his sights on a return to San Francisco in the not too distant future, an eventuality eagerly awaited by his friends and the law school that proudly calls him its own.

This story was written by Drucilla Stender Ramey, Dean of the School of Law at Golden Gate University.

Michael R. Kain was interviewed by Ms. Ramey on March 12, 2010.