



The fast track to a racing certainty

By James Altucher

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When I was driving down the straight at 120mph in the new Ferrari 527M Maranello, a \$500,000 car, it occurred to me I might want to tell my passenger that my license had been suspended for faults all of my own. We were at the Monticello Motor Club racetrack, the largest private track in the world, where I had just become a member despite not having driven a car in the past three years. Well, I take that back. I had to move two cars in my driveway last January and ended up causing thousands of dollars in damage to both.

Now I was the first member to go on the Monticello racetrack because my friend, Ari Straus, an owner and chief operating officer of the club, called to tell me the track was completed and did I want to drive it?

The track is 4.1 miles. My passenger was Tony Funicello, a former diplomat who switched careers and became chief instructor of the Ferrari Club before joining the Monticello team. I was terrified because I don't like going fast and have a horrible tendency to hallucinate at critical moments while driving.

We drove round the track twice while Tony showed me the basics: how to keep my hands on the steering wheel so that I never had to cross them. How to get wide before the turn and then hug the edge of the bend. How to start accelerating during the turn.

Finally, right before the straight, which is close to a mile long, he said: "OK, slam on the accelerator." I got up to 70mph before panicking and having to slow down. But after eight or nine laps I was a little more comfortable and ready to really gun it. I hit 120mph, although Bill McMichael, the club's chief executive, blew past me at almost 200mph.

It was just a few weeks ago that Ari called to tell me to check out the racetrack. For years he had been my 6am Scrabble opponent before my daytrading day began, but had disappeared this past year to build what I thought was his "toy" – the racetrack.

“You have to come check it out,” Ari said, “we’re going to have a 5,000 sq ft spa, it’s the largest racetrack in the north-east, we’re going to have five-star facilities for a restaurant, hotel, race car instructors, a helipad. It’s the only exclusive private racetrack in the country and we’re limiting the membership to 500. You should definitely join. Jerry Seinfeld is a member, Mario Andretti is a member, a ton of hedge fund managers, billionaires etcetera are joining.”

“But Ari, I don’t drive. I don’t like to drive. The last time I drove a car I got stopped for driving the wrong way down a one-way street with a suspended licence and no paperwork for the car.”

But then I thought about it. It’s \$125,000 to join and membership is capped at 500. There’s no other racetrack close to New York city (a 25-minute helicopter ride), let alone a track this large and, more importantly, an exclusive track open only to members. So supply for these memberships is extremely limited.

What’s the potential demand for these memberships? According to Ari, “40,000 people in the tri-state area own at least two super performance exotic cars, like a Ferrari”. Why do you need a car that expensive (a Ferrari, a Porsche GT3 or a Lamborghini, for instance)? Only one reason: to drive as fast as you can on a wide and empty track.

“Ari,” I asked, “once you fill up all the membership slots, what if some billionaire comes along who wants to join? Are you really going to keep him out?”

“He’s going to have to buy a membership from an existing member,” Ari said, which was music to my ears. High demand, fixed supply, prices go up.

“So I can re-sell my membership?” I wanted to confirm. “Absolutely,” Ari said. I thought about how taxi medallions had risen in price from \$600 to \$400,000 over the past 50 years and there are 10,000 of those. This is like a racecar medallion to an exclusive country club, and with more than \$3,000bn in hedge fund assets generating fees for thousands of new aspiring hedge fund managers every year, there’s going to be no shortage of people who want these “medallions”. Suddenly, the membership became an investment. “Count me in,” I told Ari. “I’m joining.”

Later that afternoon Ari called to tell me what Tony, the instructor, had said: “In my 20-year history as a senior racing instructor and chief instructor for Ferrari club, I’ve never had a worse student behind the wheel, but he has potential because he has absolutely no driving habits to unlearn.”

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