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Arthur S. Demoulas shows generosity and resolve

By Shirley Leung | GLOBE STAFF AUGUST 22, 2014



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Arthur S. Demoulas.

Detractors portray Arthur S. Demoulas as combative and money grubbing, but that is not how former Boston police commissioner Ed Davis and local powerbroker Kevin Phelan see him.

They know a different Arthur S., the one they sit with on the Boston Police Foundation board. To Davis and Phelan, Arthur S. is the model director: polite, professional, and prepared for meetings. He's attentive and engaged, but doesn't dominate the gatherings. And far from being stingy, they say, he is hugely generous with his time and connections, helping to raise more than \$100,000 or so over the past year for the foundation, which assists officers and the department.

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“He is a gentleman,” said Phelan, cochairman of commercial real estate giant Colliers International's Boston office. “There is nothing bad I can possibly say.”

But in the current chapter of the decades-long Market Basket saga, Arthur S., 56, has been relegated by most to the role of “Bad Arthur” while his cousin, Arthur T., is “Good Arthur.”

Dig deeper, and you'll find neither is that good nor that bad, and that their famously litigious family might be bringing out the worst in each of them. The differences between the two men — said to loathe each other — are stark.

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Arthur T. seems to bask in the adulation of 25,000 Market Basket employees who speak of him in terms usually applied to saints. Since he was ousted as company president in June, they have protested or stopped showing up for work, vowing to answer to no one but their former leader. Customers have shown their solidarity by staying away from the poorly stocked stores and business has ground to a virtual halt.

There's another important difference, from the employees' perspective. Arthur S. favored sending more of the profits to shareholders, while Arthur T. has wanted to give more to employees through profit sharing.

Arthur S., who closely guards his privacy, has remained more reclusive than his cousin. He has eschewed a public relations campaign to make known his strategy for the chain. When confronted outside his Newbury Street office by a WHDH-TV Channel 7 reporter recently, Arthur S. came across as testy in what appears to be his only media interview during the Market Basket standoff.

“Would you please excuse me so I can go to work?” he said to reporter Byron Barnett last month before a meeting of the chain’s board.

When Barnett asked whether Arthur S. wanted to deliver a message to employees and customers worried about the future of the company, he snapped.

“I’m not gonna answer any questions,” he said.

“You can ask as many as you want. I’m not gonna comment.” He did not respond to requests for an interview for this story.

That doesn’t mean Arthur S. and his side of the family don’t care about saving the troubled company, according to those close to him. They say he doesn’t feel the need to prove anything publicly.

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“Artie,” as he likes to be called, will defend himself when needed, and fights for what he believes in, said Carol Cohen, a former attorney who worked for him for nearly three decades.



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Arthur S. Demoulas was a defenseman on the hockey team at the University of Maine.

It was Arthur S. who organized the 1990 lawsuit against Arthur T.'s father Telemachus "Mike" Demoulas and the rest of his family, alleging they defrauded Arthur S., his siblings, and mother, of their shares in Demoulas Super Markets.

"He was the leading factor in the suit against his uncle," said Cohen. "He was the one who came into our office and asked for our help. He definitely knew something was wrong and wanted to be vindicated."

Arthur S.'s father, George Demoulas, built the Market Basket empire with his brother Mike. In the early 1960s, they made a pact. If one died, the survivor would take care of the other's family. In 1971, while vacationing in Greece, George Demoulas, 51, suffered a fatal heart attack.

At the time, Arthur S. was just 12, the youngest of George and Evanthea's four children. He was already working in the family business, retrieving stray shopping carts in the parking lot. He thought he would follow his father's footsteps into the business, which his grandfather Arthur started with a single store in 1917 in Lowell.

After his father's death, Arthur S. kept working in the grocery stores, even throughout college. He attended the University of Maine in Orono, where he was a defenseman on the hockey team, and later transferred to Babson College, graduating in 1985 with a business degree.

He worked at Demoulas Super Markets until 1990, rising to assistant produce director of the chain. He wanted to stay involved in day-to-day operations, but as the litigation against his uncle became nastier, his uncle sued to fire him, Cohen recalled. The court ruled it would be best for Arthur S. to go on paid leave.



MICHELE MCDONALD/GLOBE STAFF/FILE

In court on May 26, 1994, are, from right, Arthur S. Demoulas, Fotene Demoulas, Evanthea Demoulas, Diana Demoulas Merriam, and Rafaele Demoulas Evans.

When the trial opened in January 1994 in Middlesex Superior Court, Arthur S. was the first witness called by the plaintiffs. His voice choked with emotion when he recounted his trust in Mike Demoulas, who handled the family's finances.

“He said, ‘I’ll take care of you,’ ” Arthur said. “I believed he’d take care of us, just like my dad did.”

Mike Demoulas, however, figured the millions of dollars he lavished on his brother's family was plenty. He thought their lawsuit was based on greed.

After a five-month trial, a jury found that Arthur T.'s father had systematically defrauded Arthur S.'s family of hundreds of millions of dollars in stock and real estate holdings over 16 years. Ultimately, Judge Maria Lopez awarded Arthur S.'s family

control of the company with 50.5 percent of the shares. There would be years of appeal, and during that period, Arthur T.'s side of the family remained in charge.

Arthur S.'s family prevailed on appeals and through other suits, but there was an unforeseen setback. Rafaele Demoulas Evans, a shareholder aligned with Arthur S. and the widow of his brother Evan (who died in a 1993 car accident), began voting with Arthur T. That allowed Arthur T. to stay in control, despite losing in court. She apparently was upset by the way Arthur S. handled her husband's estate.

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Evans's switch paved the way for Arthur T. to become president of Market Basket in 2008. The legal victory gave Arthur S. a seat on the board, but he never returned to the company's daily operations.

A few years ago, retired State Police detective and private investigator Bob Long asked Arthur S. to join the board of the Boston Police Foundation. Long has known Arthur S. since the 1990s, when Arthur S.'s lawyers hired him during the battle with Mike Demoulas. Long said Arthur S. doesn't want recognition for his giving.

"The good things that Arthur T. does for his employees and charitable efforts – 50 cents of every dollar is coming from Arthur S.," Long said.

Last summer, Evans switched her allegiance again, putting Arthur S.'s family back in the majority. She made the move, apparently, because Arthur S. promised to direct more Market Basket profits to her and the other shareholders.

To resolve the standoff between employees and management, Arthur T. has offered to buy out Arthur S. and his family. Arthur S. wants to sell, but despite the intervention of two governors and 25,000 jobs at stake, no agreement has been reached. Meanwhile, the chain is bleeding millions of dollars daily, bringing it closer to ruin.

"He was so proud, and he talked so much about Demoulas Super Markets," recalled Tom LeBlond, his former roommate and hockey teammate at the University of Maine.

“It was the kind of thing he really wanted to be part of. He saw that as being his life and carrying on for his father,” he said. “It just seems he was never let in.”

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