

White Bear native taking business world by storm

Billingsley lives for the art of the deal

by Cathy Carey

Staff Reporter

At the age of four, Chester Billingsley showed his mother he could count to 800,000. His knack for numbers now helps him run his financial empire.

Billingsley, a White Bear Lake native, reads the stock market as easily as others read the funny pages. Through a series of complex real estate transactions, he recently acquired and constructed seven athletic clubs on the West Coast. Twenty-five others wait in the wings.

Last fall, the clubs were consolidated as "Main Street Athletic Clubs" and given the green light by the Securities and Exchange Commission to be publicly-traded on the NASDEC stock exchange. Main Street Athletic Clubs is only the third company out of 7,000 athletic club businesses nationwide to go public. Billingsley, chief executive officer, plans to remain at the helm of the company as it continues to grow.

"In our acquisition of athletic clubs, the purchase is typically structured with 10 percent cash, 50 percent stock and 50 percent debts," he said, in a recent interview with Barter News. "By working in this manner, there's an advantage to the seller tax wise, and our consolidations often give an aging entrepreneur the best opportunity to move a business. One they have run for a lifetime, but their children can't or won't take over."

When later questioned about his financial assets by a *Press* reporter, Billingsley responded as candidly as if asked how much a pair of new shoes cost.

"Main Street Athletic is worth about \$20 million," he said. "But I suspect I've got another \$10 million in properties and eight million in investments."

Despite his success, Billingsley continues to work seven days a week and takes few vacations. The son of a carpenter and a homemaker, he's never been a stranger to hard work. As a small child, he'd spend hours drinking chocolate malts with egg in them at his grandparents' store, Hogan's Groceries, near Fourth Street and Bloom Avenue. It was there, he began to admire the art of the deal.

'In junior high, science programs were of no challenge. So my teachers set up a special program. I bet them an oxidant would burn. But it didn't, so I had to clean up all of the lab dishes.'

CHESTER BILLINGSLEY

Entrepreneur

“When he was in school, he made bargains with his teachers. If he got straight A’s he didn’t have to turn in his daily work,” his mother, Lorraine said. “He always had a good analytical mind. He was very bright.”

Like many exceptional children, however, he bored easily. And boredom led to trouble.

“In junior high, science programs were of no challenge. So my teachers set up a special program,” he said. “I bet them an oxidant would burn. But it didn’t, so I had to clean up all of the lab dishes.”

Alone in the classroom, he removed the hinges to the chemistry cabinet and used flammable soap fluid and sodium to light a Bunsen burner.

“It blew chemicals onto the ceiling,” he said. “The ceiling was black.”

Another prank involved fireworks. In an effort to recreate Old Faithful in the boy’s bathroom, Billingsley and a friend dropped a cherry bomb into a toilet in the middle of a choir concert.

“We just thought it would make the water splash out of the bowl. So we told 100 people about our prank,” he laughed. “But we blew the toilet to smithereens, and they kicked us out of school for a week.”

Apart from his brief foray into juvenile delinquency, Billingsley enjoyed his time on the White Bear High School debate team and as an Eagle Scout.

He was a pretty good kid. He’s always been honest and tried his hardest at anything he’s done, Lorraine said. “He broke his hand in a karate tournament once but didn’t quit. He finished the tournament.”

After graduating in 1970, Billingsley entered West Point Academy. During his senior year he applied for, but did not receive a Rhodes Scholarship. Disappointed, he violated school rules and briefly left campus to visit his girlfriend. School officials discovered his absence and, as punishment, forced him to choose between repeating his senior year or leaving school. He left.

“Every six weeks everybody in every class was ranked at West Point,” he said. “I always did well. I’d have to thank Hubert Humphrey for the school system in Minnesota.”

After that, Billingsley convinced Harvard University officials to accept him without an undergraduate degree and allow him to create a special master’s program himself. This done, he earned a master’s degree in applied physics from the school while taking courses at Harvard Business School and studying nuclear medicine at MIT.

After graduating and working for a few small companies, Billingsley was hired by General Electric to set up companies in Japan and Ireland. Eight years into the job, he was transferred to California to oversee the company’s domestic hardware and software production. Next, he stuck out on his own and began acquiring a variety of small “mom and pop” businesses. He then created an investment firm called Mentor Capital.

“Back in 1985, I had planned to target technically oriented companies because of my background in applied physics,” he said to Barter News. “But as time went on I became more financially oriented...so we changed [the name] to Mentor Capital. The name implies what we do, which is to provide advice and guidance for businesses – usually ones I control with capital that I’m supplying.”

Once the investment firm was secure, Billingsley began purchasing, renovating and constructing athletic clubs. Those clubs now fall under the umbrella name of Mainstreet Athletic Clubs. Billingsley plans to rename the company Mainstreet Acquisition Corporation in the near future.

Though more than financially secure, Billingsley is not one to rest on his laurels. True to form, another deal is in the works.

“I’ve secured an option to purchase 400 square miles and 200 tracts of land in Virginia, Tennessee and North Carolina,” he said. “once that’s completed, I’ll own super mineral rights to 20,000 properties.”

Over the next five years, Billingsley hopes to turn his \$5.4 million investment into \$20 to \$100 million.

Though much has changed since his early days on Central Avenue, Billingsley remains close to his White Bear roots. In addition to visiting his mother on a regular basis, he flew back to attend his 20-year reunion. Once there, he didn’t even brag.

“I was in town last weekend. I try to visit every six months. I love it there,” he said. “People in Minnesota are the salt of the earth. They’re honest, hard-working, well-educated and generous to those in need.”

Though currently residing in San Jose, he and his wife, Jennifer, are looking for a home on White Bear Lake. The couple has one son, with another on the way.

“Chester is very much a family person. And he thinks that stay at home moms are underrated,” said Lorraine. “I’m very proud of him. He worked so hard at Harvard. He and his roommate were so poor, I remember patching his clothes. But his competitive spirit kept him going.”

As tough as those years were, Chester affectionately gave both his Harvard diploma and West Point sword to his mother.

“He had to pay for his own education,” she said. When you have to pay for yourself, you do take it seriously." ♦