

9 Jay-Z

*Made my money quick then back to the streets but
Still sittin on blades . . . sippin that ray . . . hustling*

—Jay-Z, “Big Pimpin’”¹

Shawn Carter is a self-described former drug dealer. It’s important to remember this, because it helps explain the motives and actions of Carter’s eventual rap persona Jay-Z. Raised by a single mother in Brooklyn’s Marcy projects, Carter attended the same high school as future rappers Notorious B.I.G. and Busta Rhymes.² Must’ve been a pretty cool music class.

Carter dropped out, though, and like a lot of hustlers from the way, started slinging rock and writing lyrics. He claims he was shot at three times growing up. So he eventually stopped pushing dope and started selling records. It turned out to be a good career move.

After twelve albums, nineteen Grammys, a fashion line, restaurants, and even skin care products, Jay-Z has built a cultural and institutional empire. As he raps, he isn't just a businessman. He's "a business, man."

Forbes estimates his net worth at nearly \$500 million. I have no problem with that. Jay-Z built his empire through talent, drive, and white teenagers' desire to alienate their parents by listening to rap music. Good for him. He is also married to actress/pop star and absolute knockout Beyoncé Knowles.

I definitely have no problem with that.

But he retained one thing from his drug-dealing past: making money above all. In their world, amassing your personal fortune happens to come at the expense of the health and even life of your customers, and the quality of life for the people living in the neighborhood you're working in. So what? Drug dealers suck in profit and leave empty lives, destroyed families, and shattered communities in their wake. They satisfy a demand, but they aren't making anything better except their bank accounts. This has been the Shawn Carter way.

As part of his empire, Jay-Z purchased a minority share of the NBA franchise New Jersey Nets. As part of the plan of the majority owner, developer Bruce Ratner, to move the Nets to Brooklyn and build them a new state-of-the-art arena, Jay-Z became the unofficial mascot. He was the front man for the project, appearing at groundbreaking, posing for pictures with kids, and helping to design the new Nets logo. His fingerprints are all over everything. Jay-Z even owned part of the new arena itself, called the Barclays Center, after a lucrative deal secured the naming rights. In some ways, Ratner and his team delivered on their promise to Brooklyn. But the arena, and the overall development surrounding it, stand as a monument to the power and peril of Crapitalism. The project,

like Jay-Z's early earnings as a drug dealer, profited only a select few. And Jay-Z sold out his roots to do it.

The story of the Barclays Center, and the Atlantic Yards Project it spearheaded, is perhaps one of the great criminal capers of the past century. Only it was all done legally. And New York tax dollars paid for it.

Ratner, the developer, fell in love with a piece of property located above a railway yard, with trains depositing Long Islanders stopping there, and also serving as the hub for numerous subway lines. But as author Malcolm Gladwell points out, Ratner had a problem.³ Half of the property Ratner wanted to buy and turn into luxury apartments wasn't empty. Or for sale.

Ratner knew that, under certain conditions, the government could actually seize private land in the name of economic development under the eminent domain statutes. The most famous example of this gave us the Supreme Court ruling *Kelo v. New London*, where the seizure of private property was actually upheld in a 5-4 decision.⁴ And part of the decision, written by then-justice Sandra Day O'Connor, suggested that one scenario that would allow for the "sovereign" to transfer the land it seized to a private party was if the entities "make the property available for the public's use—such as with a railroad, a public utility, or a stadium."⁵

So Ratner bought the New Jersey Nets, and decided to build an arena in Brooklyn.

But how could Ratner convince New Yorkers to seize other people's land, move a middling basketball franchise across the New York Bay, and give the rest to a wealthy developer? Enter Jay-Z.

Ratner sold a minority share of both the Nets and the new arena to the rapper. In return, Jay-Z became the head Brooklyn booster. The *New York Times* hailed him as the "unofficial ambassador" of the Barclays Center. The *Daily News* called Jay-Z an "NBA

franchise figurehead.” And National Public Radio labeled it “Jay-Z’s Brooklyn.” Again, more power to him. I don’t have a problem with him getting credit for bringing the Nets to town. I have a problem with you and me getting the bill.

Then-mayor Michael Bloomberg was so enamored with the idea of returning a professional sports team to Brooklyn (they haven’t had one since Jackie Robinson and the Dodgers bolted to Los Angeles) that, with Jay-Z rallying the public’s support, he helped push the project through. Ratner and his cronies secured \$761 million in taxpayer subsidies and conned the government to snatch up the buildings and land whose owners had the misfortune to be located on property that Ratner and Jay-Z wanted.

It seems, however, that Jigga be Big Pimpin’ best when Uncle Sam writes checks. But when tax dollars don’t pad the bottom line, not so much. His 40/40 Club is foundering—the Chicago location never opened, and the “80,000 square-foot Las Vegas club complete with 80 plasma TV’s totally flopped,” shutting its doors eight months after the grand opening.⁶ His one in Atlantic City closed down as well.⁷ Jay-Z also lost “\$50 million in bad hotel development projects” in New York and “defaulted on a \$24 million dollar mortgage” when two other real estate deals went sour.⁸

Hey, maybe Hova’s not a “business, man” after all. Just a Crapitalist. He, like the developer Bruce Ratner, gorges taxpayers to finance his grand projects. But paying taxes on those projects is something different entirely.

After bamboozling the borough for money and land, what did Ratner do? He sued New York City to try to lower his tax bill. He later withdrew the lawsuit and stated it was filed “inadvertently.”⁹ Someone in accounting must’ve reminded Ratner that part of the deal he struck with the city was that his tax bill for the next decade is one dollar a year.¹⁰

Really.

Ratner also turned around and, several years later, sold the controlling interest of the team to Mikhail Prokhorov, a Russian oil tycoon.

After all, as Malcolm Gladwell noted, Ratner didn't care about basketball in the first place. Only money:

Once he won his eminent domain case, the team had served its purpose. He's not a basketball fan. He's a real estate developer. The asset he wanted to hang on to was the arena, and with good reason. According to Ratner, the Barclays Center (the naming right of which, by the way, earned him a cool \$400 million) is going to bring in somewhere around \$120 million in revenue a year. Operating costs will be \$30 million. The mortgage comes to \$50 million. That leaves \$35 million in profit on Ratner's \$350 million up-front investment, for an annual return of 10 percent.

Not to be outdone, Jay-Z rapped about his involvement and motivation in the project, lyrics that drip with civic pride and community responsibility. Or none of that:

*Would've brought the Nets to Brooklyn for free
Except I made millions off it, you fuckin' dweeb*¹¹

Classy.

This is the same guy who goes on Bill Maher's show and acts concerned about the widening gap between the "have[s] and have not[s] . . . it's going to be a problem that no amount of police can solve."¹²

Sort of humorous to hear talk about widening economic dispar-

ities from a guy who raps about his money, fame, use of high-end goods and jewelry, and mansions. But that's nothing new for Jay-Z. His lyrics say one thing. His lifestyle says another. His biggest hit, quiet as it's kept, is hypocrisy. And his iPod's got it on repeat.

This is the same guy whom Al Sharpton (who is supported by Ratner, the project's developer) compared to Jackie Robinson, because of Jay-Z's involvement in the whole Nets project. Sharpton said that "we've gone from Jackie [Robinson, who integrated baseball as a Brooklyn Dodger] to Jay-Z, where we can not only play the game but we can own a piece of the game."¹³

But Jay-Z sold out his homeboys through and through.

Ratner admitted he designed the mall across the street from the Barclays Center in such a way so as to keep "tough kids from the neighborhood" out of it.¹⁴ Anyone who's spent any time in the area knows what Ratner meant: black youth.

This is the project Jay-Z helped bring back to his hometown. Designed intentionally to keep the kids he rolled with as a teenager away. But it makes sense.

While Jay-Z brags about texting with Obama and even released a remix song called "My President Is Black," it turns out that Hova is into black empowerment only when it's good for him. Sure, he is a proud black man. But all you have to do is look at the arena he helped build to see that the color he really cares about is green.

The new Barclays Center features several amenities for the well-to-do. In fact, the arena's website touts one of the most aristocratic touches, "inspired by Jay-Z himself." The Vault is an exclusive level that features only eleven suites, lounge seating, and flat-screen TVs. That it doesn't offer an actual view of the court hasn't stopped anyone from shelling out the \$550,000 a year it costs to own a suite.¹⁵ But while Jay-Z may be living the high life, schmoozing with tycoon developers and Russian oligarchs, and getting the en-

dorsement of bought-and-paid-for civil rights advocates like Sharp-ton, his business affiliations haven't exactly kept hope alive.

Three luxury box owners who are black have sued the arena for \$4 million because of repeated discriminatory practices. The plaintiffs say the House That Jay-Z Built ignored any orders they tried to place and accused the plaintiffs of skipping out on tabs. The suit even alleges the suite was investigated by law enforcement, the owners say, "because they are black." The rest of the luxury suite owners, per the complaint, are "treated like royalty."¹⁶

It honestly isn't that shocking. Like the mall across the street built to keep the "tough" kids out, Hova likes to have it both ways.

One of Jay-Z's big moneymakers is his RocaWear fashion line. You probably see it all over the country in malls and stand-alone big-box stores. Nothing wrong with that. But you might not know or expect a guy who sells Occupy Wall Street shirts to also have a deal to sell \$58,000 crocodile-skin jackets at Barneys—a store designed for the one-percenters. When Barneys had a little dustup over a couple of incidents of racial profiling at its store, many called on Jay-Z to pull his line from the retailer in a show of racial solidarity. The line stayed, and Jay-Z's "New York Holiday Collection" brought in over \$1 million in proceeds. To be fair, the sale was an effort to raise money for the Shawn Carter Foundation, which purportedly will use the money to send inner-city youth to college. But then again, they also said the real estate deal would bring jobs.

The Barclays Center was one piece of a larger development plan known as the Atlantic Yards. Part of the reason Ratner secured the go-ahead and millions in taxpayer freebies to proceed with the plan was that, in addition to the new arena, other aspects of the Atlantic Yards project would include affordable housing, retail, and more. Most important, though, Ratner said the project would bring

jobs. In fact, the official slogan for the redevelopment campaign was “Jobs, Housing, Hoops.”¹⁷

Jay-Z, who reportedly designed the Nets logo himself, was quoted as saying the project had already brought “thousands and thousands of jobs” to the area.¹⁸

I know Jay dropped out of high school, but you expect a former drug dealer to be able to count. Actual estimates at the time had the total number of jobs somewhere near five hundred. Moreover, many of the jobs offered, subsidized by over three-quarters of a billion dollars in tax breaks and benefits, are part-time only.¹⁹ To make matters worse, an analysis by the New York City Independent Budget Office concluded that the project would fail to spur a bonanza of tax revenue as proponents had claimed and instead would end up costing tax payers \$40 million.²⁰

Oh, and that affordable housing that was promised? Snatched up by the borough’s burgeoning hipster population. With rent around \$2,000 a month, it ain’t exactly for the average hustler, yo.²¹

This wasn’t the first time Jay-Z’s been pimped out in an effort to hustle taxpayers. You may recall from the chapter on Crapitalist Greg Meeks that New York’s inspector general blasted the bidding process for a contract to operate a racetrack and casino, in the Ozone Park neighborhood of Queens. Aqueduct Entertainment Group, the investment consortium that won the lucrative deal, offered a lower up-front licensing fee—\$100 million lower—but they had Team Meeks on their side, which meant insider dealing, a shady selection process, and a contract worth billions. The contract was eventually rescinded and the disgraced governor who helped AEG land the deal, David Paterson, dropped his election bid.

But there was Jay-Z, in the mix of this mess, too. While the inspector general's report revealed that Jay-Z had "scant knowledge" of the proposal, AEG's main financial backers may have been trying to use Jay-Z as a one-man PR machine to curry favor with the governor's office.²² He and Governor Paterson were hanging out in the Hamptons and becoming buds right around the same time Jay-Z was being wooed to join AEG as a minority investor.²³

While the self-appointed "best rapper alive" eventually jumped ship because of the state investigation, his being used as a "hype man"²⁴ to barrel over taxpayers is familiar. Where have we seen that movie before? Oh yeah, I remember. And it's hard to miss in downtown Brooklyn: the Barclays Center. Or as the eyesore's been nicknamed, the Rusty Turtle. Thanks, playa. Appreciate that.

That Jay-Z would voluntarily get in bed with corrupt people shouldn't surprise us. Jay-Z's investment firm is called Gain Global Investments. His partner at Gain is a dude named David Rosenberg. Rosenberg is exactly the type of guy you want to be around, that is, if you're into lawsuits and being the subject of numerous state and federal investigations. Rosenberg's Ohio-based collection agency, Unifund CCR Partners, has been accused of fraudulent tactics, including "going after people who've paid, implying they're lawyers and suing years after the last payment notice was sent." And there's probably something to the avalanche of lawsuits because Rosenberg's company has settled dozens of them. Like the case involving Queens man Jose Luis Muniz. Unifund harassed him to pay off a credit card debt that Muniz had resolved a decade earlier.²⁵ Muniz sued and Unifund settled.

Not exactly a person you'd want to invest with, right? But Jay-Z does. And that's just another track on the same hypocritical album

for Carter. A guy who made \$63 million one year but donated only \$6,000 to his own charity.²⁶ Because that's not what thugs, pimps, or drug dealers do. They don't give back. They take. Jay-Z is a taker. They say pimpin' ain't easy. But for former drug dealer turned Crapitalist Shawn Carter, taking sure seems to be.