# Billionaire throws party on Long Island—other billionaires (and hangers-on) attend

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**20 August 2011**

American writer F. Scott Fitzgerald, in a short story, once famously noted that the very rich "are different from you and me." In that same story, "The Rich Boy" (1926), Fitzgerald's protagonist is made a partner in a brokerage firm in 1923 and earns $25,000 a year, or $325,000 in current dollars. Not a paltry sum, but hardly one that would put you in the category of the "very rich" these days, at least as the term is understood on Wall Street. The "very rich" today are a great deal more different "from you and me."

On August 13, billionaire private equity investor Leon Black organized a 60th birthday party for himself at his estate in Southampton, on Long Island, that cost "millions of dollars," according to an account at CNNMoney. Reportedly, pop singer Elton John, who gave an hour-and-a-half concert for the 200 guests, was alone paid $1 million for his services.

The attendees, reports the *New York Times*, included financier and "junk bond pioneer" Michael Milken (initially sentenced to 10 years in prison in 1990, he served 22 months)—he was Black's boss at investment banking firm Drexel Burnham Lambert (which went bankrupt in 1990 in the junk bond scandal); Lloyd Blankfein, chief executive of Goldman Sachs; "billionaire buyout titan" Stephen A. Schwarzman of the Blackstone Group; hedge fund manager and billionaire Julian Robertson; New York City mayor Michael Bloomberg, also a billionaire; Senator Charles Schumer, Democrat from New York, and devoted friend of Wall Street; miscellaneous "celebrities," including fashion designer Vera Wang, Martha Stewart and Howard Stern.

Mr. Black's home, writes the *Times*, is "one of the Hamptons most desirable addresses for its panoramic views of the Atlantic Ocean and Shinnecock Bay. He counts among his neighbors Calvin Klein and David H. Koch, the [extreme right-wing] billionaire industrialist."

"Mr. Black had his backyard transformed into a faux nightclub setting, constructing a wooden deck over his swimming pool and building a tent for Mr. John's concert. After a buffet of crab cakes and steak, partygoers sat on couches with big puffy pillows." The buffet dinner also featured "a seared foie gras station."

Whatever emotion the gathering may provoke in the reader, one hopes it will not at least be jealousy. This is a dreadful crowd of human beings to have anything to do with.

The *Times* reports that Black's firm, Apollo Global Management, "made a killing during the financial crisis. Its big bet on distressed debt at the market bottom in 2009 earned the firm and its clients billions of dollars in profits." *Forbes* magazine makes the same point, "During the financial crisis things looked bleak, but Black and Apollo have staged a massive comeback, partly by investing in distressed debt, a longtime specialty." In other words, Black (a Democratic Party supporter) bet correctly that the Obama administration would expand the looting of taxpayer funds to bail out the banks and cover the bad debts of the financial oligarchy.

Forbes listed Black as the 110th richest person in the US as of March 2011, with a net worth of $3.5 billion. Black has made his fortune by focusing on leveraged buyouts and private equity. He worked for Drexel Burnham Lambert from 1977 to 1990, where he served as managing director, head of the Mergers & Acquisitions Group and co-head of the Corporate Finance Department.

A December 20, 2006 *New York Times* account observed that "It has been a good week to be Leon Black. … Mr. Black, the enigmatic founder of the Apollo Group, a private equity firm, has struck about $37 billion worth of deals." Apollo had acquired in a matter of three days Realogy, the owner of Coldwell Banker, Century 21 and Sotheby's International Realty, and Harrah's Entertainment, the world's largest casino company.

The same piece explained, "In the 1980s, Leon Black was the head of leveraged buyouts at Drexel, which was then designing revolutionary tools in corporate finance. Investors and entrepreneurs like Carl C. Icahn and Boone Pickens were shaking company boardrooms with takeover offers financed by

high-yield bonds—a type of sub-investment-grade lending that Mr. Milken of Drexel popularized."

Black apparently worked quite closely with the disgraced Milken. However, "When Drexel collapsed amid felony charges and scandal in 1990, Mr. Black emerged unscathed." He went on to found Apollo Management.

Black has been active for decades in the most parasitical and socially destructive of financial operations. The "restructuring" of companies that accompanies leveraged buyouts, mergers and similar operations translates into loss of jobs and incomes and social misery for vast numbers of people. As a result of his efforts, Black is fabulously wealthy. "In 2009, at a Christie's auction, he paid about $47 million for a chalk drawing by Raphael of a woman's head," writes the *Times*.

Those who work for the firms Apollo controls are not so fortunate as Mr. Black. Employees at Claire's Stores, for example. The chain, a retailer of accessories and jewelry to girls and young women, does not pay magnificently. A "third keyholder" at Claire's, i.e., an assistant to the assistant manager, with considerable responsibilities, reports one web site, earns or starts at $8.18 an hour, a yearly pay of $16,520. An assistant manager at Claire's makes $10.23 an hour. A store manager earns $28,403 a year.

One anonymous employee wrote in June 2010 of "Extremely unreasonable sales expectations for our demographic (young girls whose parents have given them a few bucks)," and that employees are "held accountable for stolen merchandise that is way too small to keep track of" and have "too much responsibility placed on third key for not enough pay (think Assistant Manager work for Sales Associate pay $7.25-$7.75) … We nearly have to force products on customers just to meet sales goals in hopes of keeping our jobs."

The anonymous worker goes on to say that management should address the overall problem so that "the company [can] run smoothly and ALL employees can be happy in their position—BETTER WAGES FOR OUR HARD WORK."

Black is worth $3.5 billion. That would represent nearly $200,000 for every one of Claire's 17,600 staff (as of January 2009).

The *Times* account of the August 13 Black birthday bash has a somewhat defensive tone. It compares the recent event to the "boom-era-defining 60th birthday party" that Blackstone's Schwarzman threw himself in 2007, when "the global economy was soaring." The article goes on: "Four years and one financial crisis later, the world looks very different. But not much has changed in the private equity world—at least when it comes to birthday parties." The newspaper cites a critic, Michael M. Thomas, a former Lehman Brothers partner, who comments, "It displays a kind of moral bad taste given the vast economic problems in the country."

These lavish, pointless, reckless goings-on bring to a great many minds—and rightly so—the examples set by the French and Russian aristocracies in the periods leading up to the great revolutions of 1789 and 1917. (The *New York Post* described another recent New York party, feting "pharma billionaire" Stewart Rahr, as including "a dessert table fit for Marie Antoinette.")

Readers' angry comments at the bottom of the *Times* piece on the Black affair give some sense of the widespread popular view. One reader from Milwaukee pointedly notes, "Well, I continue reading that history of the French Revolution." Another, from Asheville, North Carolina, says, "Sounds like a lovely party. Early in the last century, it would have been one of the many causes leading to the Bolshevik Revolution—lavish lifestyles while the underling classes suffer horribly (otherwise known as an inequitable distribution of wealth)."

A *Times* reader in Wales, Massachusetts writes, "Disgusting. We middle-classers struggle to stay middle class and worry about our Medicare and Social Security. The President that I voted for is willing to give us up and protect Wall Street and people like Mr. Black." Someone in Virginia comments, "Everyone at the top is having a party. Thank you Vera [Wang] for being such good friends with billionaires. Who wouldn't love them dearly? Down on earth the mantra is 'At least you have a job' as big corporations and banks slash pay and layoff thousands to pile up more cash. This is going to blow up at some point. It will just take longer because the elites are well insulated from the street by gates, guards and guns."

From Florida: "We are living in a world where white is black and black is white. The Wall Streeters are just rubbing it in the face of everyone else. I got mine and I don't care about you." A reader in San Antonio, Texas observes succinctly: "Betimes, I just applied for a loan at 27 percent interest so that I don't lose my house and car. Happy birthday, Leon." Another writes: "Personally, four years into this horrific slow-motion economic collapse, I'm amazed that there aren't bankers hanging from lamp posts on Wall Street and torch-carrying, pitchfork-wielding mobs storming their mansions. Party on, birthday boy. Your day of reckoning is not far off."