

nv

NEW VISION IN BUSINESS

EDDIE PEEBLES IS
BUILDING AN EMPIRE
OF REAL ESTATE FIRSTS

THE NEW DIVERSITY

CORPORATE AMERICA,
SAY HELLO TO THE
GENERATION GAP,
INTRA-ETHNIC ISSUES,
DISABILITIES AND RELIGION
IN THE WORKPLACE

A PRISON STORY

PRIVATE PRISONS
ARE BIG BUSINESS,
BUT ARE THEY
EFFECTIVE?

MEET THE DEMAND

MINORITY-OWNED
COMPANIES HAVE
ACCESS TO
BIG BUSINESS

groundbreaker

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An artist rendering of
Don Peebles' Las Vegas
gem Las Palmas Hotel &
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*DON PEEBLES IS
BUILDING AN EMPIRE
OF REAL ESTATE FIRSTS*

WORDS: YTASHA L. WOMACK

groundbreaker

DON PEEBLES LOVES A CHALLENGE.

The Washington D.C.-born real estate tycoon, who defied skeptics by building the luxurious Royal Palm Hotel, the first African American-owned hotel on Florida's famed South Beach, has his eyes set on tackling the entertainment capital of the world, Las Vegas.

His latest venture is Las Palmas Hotel & Residences, a \$2.5 billion, four-building, 55-story glass towered paradise. Located on Vegas' Paradise Road, it hosts 800 suites and 1,000 condos. It is the first Las Vegas hotel and the largest real estate project in the country to be developed and owned by an African American.

"I'm looking for projects that have an intellectual challenge, some way of inspiring me and some sense of excitement," says Peebles, CEO of The Peebles Corporation, whose portfolio includes four-star hotels, commercial properties and luxury residences in Washington D.C., San Francisco, Las Vegas and Miami Beach.





The Bath Club

"It's hard to get that excitement if you do the same things over and over. I could have built a half dozen condos in Miami but how exciting would that be?" asks Peebles.

Not exciting at all, by his standards.

The Las Vegas project is a behemoth of luxuries, including a 6-star tower, a 5-star tower, and two 4-star towers. Amenities include lavish shops, designer boutiques, exclusive retail chains, luxury residences, customized concierge service, acclaimed chef-run restaurants, and a dramatic sky lobby with an infinity edge swimming pool 400 feet above the Strip. It will also be home to a high-end casino "on the line of what you'd see in Monte Carlo," says Peebles.

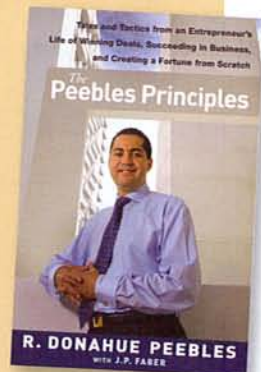
"Before a guest checks into the 6-star (tower) they will be asked their food and drink preferences. They will be emailed shopping and excursion options," says Peebles. "When they get to Las Vegas, all of their itinerary will be taken care of." Luxury vehicles are also available for transportation. "It's the complete experience for someone who wants to pay for it," he says. The first tower breaks ground in 2008.

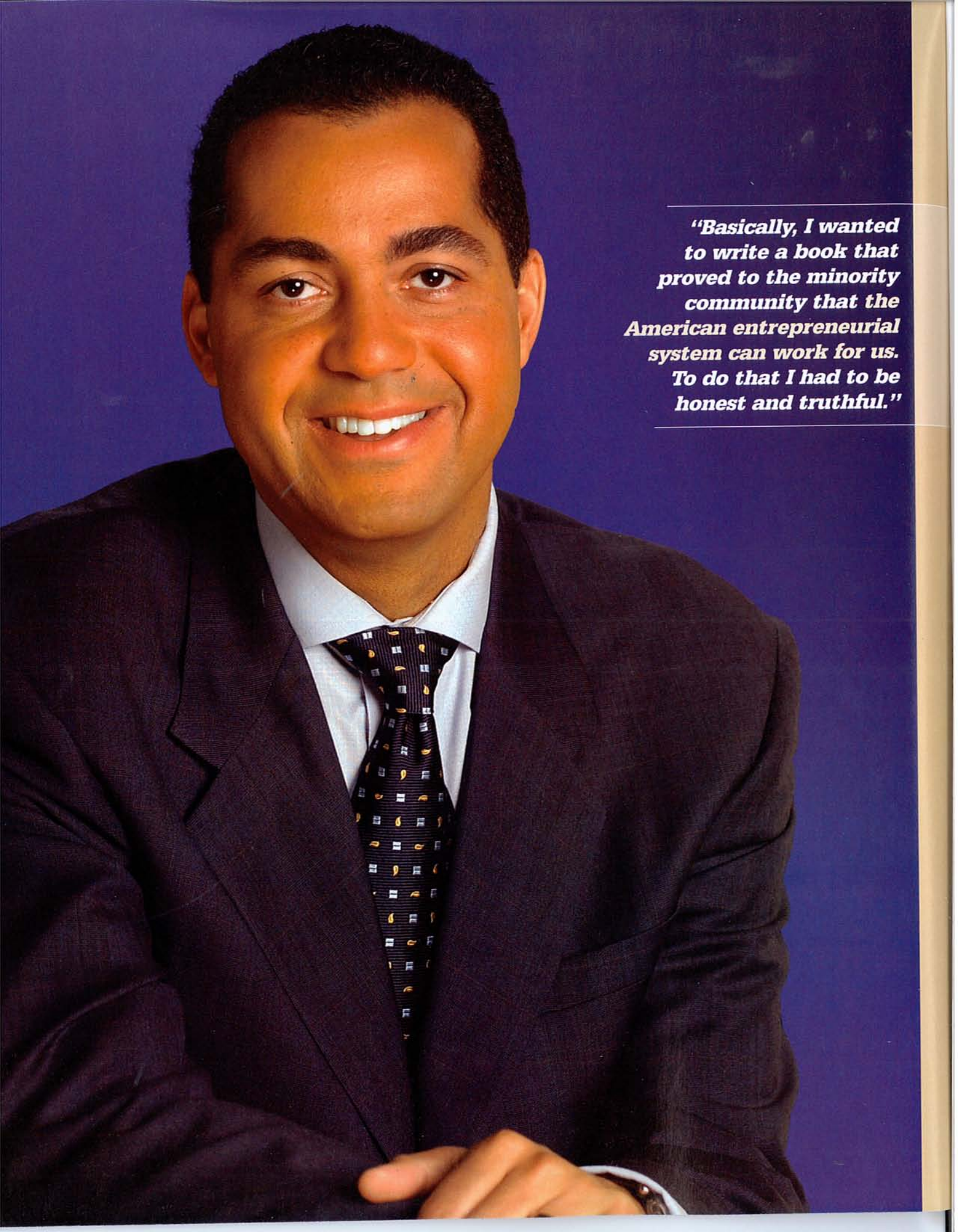
THE NEW LAS VEGAS: ENTERTAINMENT VS. GAMING

The idea for Las Palmas was sparked three years ago when a hurricane-riddled Florida lead Peebles to resettle his family in Vegas for a few weeks. He learned how attentive, or rather inattentive, hotel staffs were to the non-

PEEBLES' principals

1. **Control the Deal**
2. **Make Your Money Going In**
3. **Being Lucky Means Being Ready**





“Basically, I wanted to write a book that proved to the minority community that the American entrepreneurial system can work for us. To do that I had to be honest and truthful.”

gambler. "If I want a \$3,000 a night specialty suite, I can't get that unless I go through the casinos," says Peebles. "You can get a \$175 a night room, but not the suites. My view was to build a super luxury experience for the customer who wants to pay for it, and to (create) an alternative experience."

That alternative experience refers to entertaining the host of non-gamblers now flocking to The Strip.

"More than 50% of visitors who come by air come for non-gaming purposes," says Peebles. Shopping, concerts and shows attract as many visitors as gaming. Even the MGM Mirage says that gaming only accounts for 37% of its revenue. In fact they are also including a non-gaming hotel in their \$7 billion CityCenter project. It's a trend that Vegas developers are cultivating.

Las Palmas, he says, will be Vegas' premiere non-gaming hotel for high-end clientele who want world-class service. The hotel is tailored for the traveler who prefers the likes of Cirque Du Soleil and Celine Dion performances to frustrating rounds at the slot machines.

Key to this new experience is the select location, Paradise Road, the up-and-coming Las Vegas luxury destination. "Paradise Road is the future," chimes Peebles, CEO of The Peebles Corp, who purchased his 13-acre property for \$65 million. The property is east of the Wynn Las Vegas Golf Course and just off the Strip. "It's close enough to the Strip and the Convention Center, so they have the options without being right in it."

THE PEEBLES PRINCIPLES

"My first deal made me a multimillionaire," writes Peebles in *The Peebles Principles: Tales and Tactics from an Entrepreneur's Life of Winning Deals, Succeeding in Business and Creating a Fortune from Scratch* (John Wiley & Sons). Then, a 26-year-old whiz that left college early for a chance in real estate, Peebles saw the entire world ahead of him. After weathering two years of political mayhem and partner abandonment in Washington D.C. he bought a multimillion-dollar, 150,000 square-foot building in a dilapidated downtown area. It would

be his first major property and central to the revitalization of that area.

Unlike Trump and other real estate luminaries, who inherited millions as they reached adulthood, Peebles grew up in a middle class, single-parent, Washington D.C. home. His mother, a real estate appraiser, helped her teenage son land a job as a page on Capitol Hill. By the time he reached his early twenties, he was savvy enough to understand the bonds between politics and the real estate industry. Peebles wanted to start his own appraisal business, and knew that a couple of well-crafted fundraisers for then mayoral candidate Marion Barry, would position him perfectly.

"I was not born with a silver spoon in my mouth," writes Peebles. "I came from what most people would describe as a middle-class home, an only child in a one-parent household. But by the time I was 27 I was a multimillionaire, and by the time I was 45 I was worth more than a quarter of a billion dollars."

PEEBLES' ground rules

Each chapter in *The Peebles Principles* ends with a few lessons from each major real estate deal. Here are a few tips learned from his first major deal.

- 1. Always believe in yourself**
- 2. Master your business**
- 3. Put yourself into the mix**
- 4. Protect yourself from the sharks**
- 5. Be your own boss in your profession**
- 6. Be prepared to lose everything**
- 7. Appear strongest in your weakest moments**

In his book, which was written with J.P. Faber, Peebles details his meteoric rise and candidly explains how the former page navigated the political waters to become a significant player in the real estate industry.

"Basically, I wanted to write a book that proved to the minority community that the American entrepreneurial system can work for us," says Peebles. "To do that I had to be honest and truthful."

In *The Peebles Principles*, he carefully explains each of his major deals, providing behind the scenes insights that are invaluable. He freely discusses his very first deal in Washington D.C., the acquisition of the Royal Palm and Bath Club in Miami and his problematic San Francisco investment.

"When I was building my business and trying to go from one level of development to the next, I was out there looking for books that would show me the entrepreneurial road and I wanted it from a minority perspective or a from a woman," says Peebles. "I wanted a book that could help guide me and I couldn't find one."

The Peebles Principles fills that gap, and provides a knowledge-packed roadmap for others to follow highlighted by "Peebles Ground Rules" and "Peebles Principles."

"The basics for success in any business are threefold: Learn the industry, get into the mix of it, and go forward full of confidence," he writes. "But that only takes you as far as the first deal. What you need after that is something very important, and it's not money. You won't have any money anyway. Not if you started like I did with nothing."

LET'S MAKE A DEAL

Peebles' acquisition of the Royal Palm Hotel was a milestone that he discusses freely in his book. While in Miami, he stumbled across a story on a set-aside program for an African American hotel owner. In the aftermath of Nelson Mandela's foiled City of Miami trip in which he was refused an official visit (he was thought to be a communist), the city was looking to mend bridges with the



Peebles and former San Francisco mayor Willie Brown (Below) Royal Palm Hotel ribboncutting



African American community. As a result, the Royal Palm Hotel was set aside for African American ownership.

"That day, I called one of the law firms we work with in Washington and got them to recommend a local lawyer," writes Peebles. In a shrewd move, he made arrangements to buy

the Shorecrest, a troubled hotel next door to the Royal Palm, which the city planned to buy as part of a package deal.

"The city, everyone knew, had set aside \$10 million to support the award of a hotel to an African American group or individual," writes Peebles. "What everybody did not know was

that the city had spent \$5.5 million buying the Royal Palm. That meant they only had \$4.5 million left to buy the Shorecrest."

Peebles paid the Shorecrest's ownership a total of \$5.1 million. The city was furious, but the deal gave Peebles an edge in landing the neighboring Royal Palm. But the deal was no "shoo-in" and Peebles gives his readers every salacious detail of the rollercoaster ride that he dubs "the Wild, Wild West of Florida Real Estate."

"THINK BIG WITH A PLAN"

"The number one reason that we are actively able to go into other markets is because of our understanding of politics," says Peebles, who emphasizes the importance of his political dealings on page after page. "Real estate is highly regulated. Usually developers spend careers building relationships with local government. I learned politics very early on, and I was a page at an early age. Politics is portable, and it's all relationships and access. If you understand how the rules are played, you can play it anywhere."

He also encourages emerging real estate developers to embrace government programs, pointing to Ross Perot, Trump's father, and Bob Johnson, who's fortunes began by taking advantage of government sponsored supplier opportunities. Trump's father, he notes, built his fortune by "making low-income housing for HUD in Queens."

While HUD doesn't have the cache of a luxury hotel, Peebles says it's a formidable start. "It may be easier to start off unsexier and work your way up," he says. "Government is the biggest consumer of goods and services in the world," adds Peebles.

Peebles has reached a point in his career many will envy but he conveys that his success is attainable. "One of the things I would like to share is that we live in a great country. We are full of opportunities. We may not be perfect. Those opportunities are more difficult to come by for women and minorities, but they are there," says Peebles. "So there is really no excuse to not pursue our dreams. Those big dreams can come true." nv