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**Donahue Peebles**  
*A Mighty Mogul*

**Ron Brown**  
*Who's Watching*

**Tracing the Family Tree**  
*Family Historian & Genealogist*  
Tony Burroughs

**Thoughts of a Father**

## THE BAKEWELLS

Upholding Family Legacy

Double Issue...Double Cover...AND IT'S ALL ABOUT FAMILY & FREEDOM

# A MIGHTY MOGUL

## The R. Donahue Peebles Story



by Roxanne L. Brown

**R** Donahue Peebles is a name that easily rolls off of the tongues of movers and shakers in the business of commercial real estate. The name "Don" Peebles is recognized outside of real estate circles as well—thanks to a breakthrough deal he brought to fruition in Miami in 1997. Three years shy of 40 at the time, the young real estate developer made history that year as the first African American to build and own a luxury, oceanfront resort hotel, the Royal Palm Crown Plaza in South Beach, FL.

Today at 47, judging by Peebles mercurial metamorphosis to mogul, one might think he walks the planet with a kryptonite supply ready to brandish it in the face of the relentless opposition he encounters in his field. As chairman and CEO of The Peebles Corp., a real estate company specializing in luxury property development, Peebles is in charge of more than \$4 billion in current projects in major cities across the country, including Miami, San Francisco, Las Vegas, Detroit,

Washington, D.C. and New York. The Peebles Corp. weighs in at number 10 on the *Black Enterprise* Top 100 list of businesses with 2006 revenues at half a billion dollars.

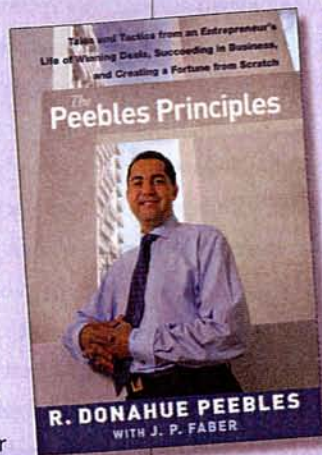
If the clear-sighted Peebles does own a special brand of kryptonite, he is willing to share his powerful secrets in a new book, *The Peebles Principles: The Art of Winning Deals, Succeeding in Business and Building a Fortune from Scratch* (Wiley Press). The 173-page "how-to" tome includes 12 principles for success and wealth revealed in concise chapters detailing Peebles' business deals. The author's straightforward tutelage provides common-sense strategies for winning real estate deals and underscores the importance of gaining and maintaining political leverage.

Peebles says, he wrote the book to share success formulas so others can use workable strategies to build wealth the same as he did. He attributes his "give-back" attitude to the exceptional guidance he received from a mother who passed on her entrepreneurial zeal, and to a grandfather who put four of his five daughters through college while working as a hotel doorman.

"One of the most important things my mother taught me is there are no limitations," Peebles says. "Our society imposes limits and extinguishes dreams, especially those of young African American men who even have the school system telling them what they can't do. My grandfather taught me at an early age that I have to have twice as much of everything to compete and that I have a responsibility to set a

very good example."

A product of the Washington, D.C. area and a household comprised of himself and his mother, Peebles was drawn to the medical field even though his mother worked occasionally in real estate. Bright and strategic-minded, Yvonne Poole taught her son to play chess before he could barely read, and by the time he was 12, she was bouncing ideas off of him related to her various careers as a secretary, broker and a mid-level executive for Fannie Mae.



At 16, Peebles' mother landed him a job that would help to cement his success as an entrepreneur. Wanting her son to learn discipline and responsibility, she secured him an appointment as a Capitol Hill page through U.S. Rep. John Conyers, Jr. (D-Mich.).

Working as a page afforded Peebles the opportunity to develop relationships with U.S. representatives Gus Hawkins (D-Calif.) and Ron Dellums (D-Calif.). He would meet power brokers such as Speaker of the House Tip O'Neill, U.S. Rep. Charles Rangel (D-N.Y.) and former D.C. Mayor Marion Barry—an association that would prove fruitful later in his career.

After high school and his stint on Capitol Hill, Peebles headed off to Rutgers University's pre-med program, but his interest in medicine had waned. The entrepreneurial bug had bitten and he returned home to learn the property appraisal business from his mother.

*continued on page 42*

*Peebles, continued from page 40*



Driven in his new career, Peebles acquired a real estate sales license and decided to launch his own appraisal business, but in order to do so, he needed approval from Housing and Urban Development (HUD). He understood that securing HUD approval would require connections and clout. The needed contact came in the form of Marion Barry, who at the time was seeking mayoral re-election.

After reintroducing himself, Peebles says he employed his creativity and fundraising skills to help Barry succeed in his bid for re-election. Subsequently, Peebles began a friendly partnership with the mayor's office that not only got him on the HUD list of approved appraisers, but helped him land a slot on the property tax appeal board (where he would eventually serve as chairman), before launching his own successful tax appeals firm, and opened the door for his first commercial real estate purchase—an office building in the southeast District that made him a millionaire several times over.

Political connections, according to Peebles, are as important to business as the bottom line. "Business people don't want to deal with political schmoozing and developing relationships, but being in the mix politically means you know when opportunities are coming around," Peebles comments.

"I had the good fortune [as a political page] of seeing Lee Iacocca lobbying Congress, and defense contractors coming around to meet with congressional leaders. I realized early on that politics was the way to manage and create significant business opportunities."

Not all of Peebles business deals have played out on friendly turf. He will tell you his most challenging project to date is the one that put him on the real estate map nationally—the Royal Palm in Florida. Peebles was on vacation with his wife Katrina in early 1996 when he learned about the hotel project. The redevelopment of the Royal Palm was a city set-aside project resulting from a Black tourism boycott in Greater Miami that had reportedly hurt the city so badly, officials agreed to establish a hotel development opportunity for a Black developer. The boycott was a reaction to Miami's refusal to grant Nelson Mandela an official visit because of political pressure from Cuban voters who perceived him as being a communist.

What Peebles didn't know when he submitted his bid for his first Florida development project, was that the Miami City Commission and its citizen's selection committee had another team positioned to win the job. An outsider with no political inroads, Peebles was definitely not on a

level playing field. However, he drew upon his innate business savvy to build a winning team of real estate lawyers, and to pull in a reputable hotel company and investors. Peebles states in his book that he prided himself on constructing an all-Black team, whereas the team favored by the city had only one Black, the project's developer.

Peebles won the bid in June of 1996, but did not gain possession of the property until 1998, and then only to have the city deem it structurally unsafe. "They wouldn't give me possession of the property to do my own assessment, but right after I gain possession, it's condemned," Peebles recalls. "I had to demolish it and build an exact replica of the structure, which cost an additional \$20 million."

According to Peebles, when the system is designed for him not to win, it only makes him more determined to succeed. "As difficult as building the Crown Plaza Hotel was, I consider it my company's best moment," he says. The hotel won the International Crown Plaza of the Year Award and when Peebles put the luxury resort on the block, it went for \$128 million—more than any hotel in the history of Miami Beach.

"This was not a barrier that I should have broken," Peebles says. "I should not have been the first [Black] to develop and own a major hotel anywhere, but the sad, sad state of affairs in the hospitality industry is that of 81,000 full- and limited-service hotels in the country, only 35 are owned by African Americans."

Impediments aside, Peebles ability to gain access, coupled with his preparedness and tenacity, have definitely helped to open the door for other Blacks to enter the industry. Within his own corporation, he offers generous incentives that have created opportunities for young executives to

*continued on page 44*

*Peebles, continued from page 42*

build wealth by owning a percentage of the multi-million dollar projects in which they are involved.

His encouragement of business ownership extends beyond his own enterprise. Peebles spends his free time coaching his 10-year-old son's basketball team, but he finds time and energy to nurture young talent away from the courts as well.

Eric McKan, 35, is one of Peebles' success stories. The senior entrepreneur met McKan when he was a high school student working nights as a custodian in the building that housed Peebles' company. When Peebles acquired his own building, he hired the 20-year-old who had a little more than a year of college under his belt to manage it.

"It was a really big job for someone my age, but one of the things Don taught me about business is that opportunities don't come too often, and when they do, you have to take advantage of them," recalls McKan.

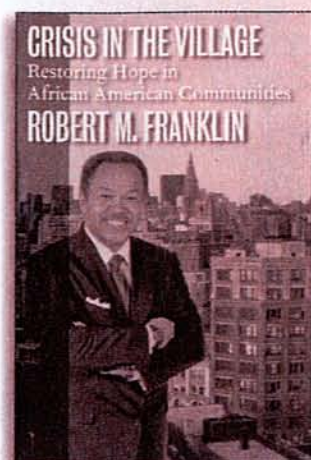
Having watched Peebles grow his business, McKan's entrepreneurial flame was well-ignited and it wasn't long before he was ready to try running his own janitorial service. When Peebles suggested they consider joint ownership of the company and that McKan should draft a proposal, he recalls that Peebles was blown away when he made his proposal deadline, got his required licensing and arrived at their meeting with his lawyer. Today, McKan is the sole owner of his janitorial business, having bought Peebles out and repaid the \$20,000 Peebles loaned him as start-up.

"I have the most respect for him," says McKan. "He took a chance on me and that's all a lot of people need is an opportunity. It's my turn to give back. I've got 15 people working for me and now I'm providing the opportunities."

"He is brilliant—a very, very smart man" says Simon Cruz, president and CEO of Plus International Bank, of Peebles. Cruz, who is running for mayor of Miami and is head of the finance committee of the Miami City Commission, first met Peebles while serving as an advisor to the development team that competed with Peebles on the Royal Palm project. "Don brought to the table the ability to work within the political milieu, but at the same time put forth a strong deal," recalls Cruz. "He has political savvy and the ability to hire the right people within a community. But most important, Don is a man of his word; if he gives you his word, he's going to keep it."

Peebles own evaluation of his strengths focuses on his 10<sup>th</sup> principle: Turn vinegar into wine. "It's important to understand that setbacks can be opportunities in disguise," he explains. "My first instinct is to say 'where is the opportunity within the setback?' I can see my goals as clearly when there is a rainstorm and thick clouds, as I can when there is a sunny, cloudless day." ●

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