

Company Profile: Blackstone

Name of Company: Blackstone Group

Name of CEO: Stephen A. Schwarzman

Board

- Stephen A. Schwarzman, CEO, Blackstone
- Hamilton ("Tony") E. James, President and COO, Blackstone
- Jonathan D. Gray, Global Head of Real Estate, Blackstone
- J. Tomilson Hill, President and CEO of the Hedge Fund Solutions group and Vice Chairman, Blackstone
- Bennett J. Goodman, Co-Founder of GSO Capital Partners and Senior Managing Director of Blackstone
- James W. Breyer, Founder and CEO of Breyer Capital
- Peter T. Grauer, Chairman, Bloomberg L.P.
- Richard Jenrette, Senior Advisor, Credit Suisse (USA)
- Rochelle B. Lazarus, Senior Advisor, RRE Ventures LLC
- Jay O. Light, Dean Emeritus, Harvard Business School
- The Right Honorable Brian Mulroney, former Prime Minister of Canada
- William G. Parrett, Chairman of the Board, Conduent Incorporated¹

Overall Toplines

- Blackstone CEO Stephen A. Schwarzman is a long-time Trump ally who chaired the President's Strategic and Policy Forum ("Business Council").²
- Blackstone is a private equity firm that manages over \$300 billion in assets.³ Among other things, it profited off the housing crash and has a sizeable investment stake in a company that fights worker efforts for decent livelihoods.⁴

¹ "Corporate Governance: Board and Committees," Blackstone website, <https://ir.blackstone.com/investors/corporate-governance/default.aspx> (last visited Apr. 14, 2017). "Company Overview of The Blackstone Group L.P." Bloomberg website, <https://www.bloomberg.com/research/stocks/private/board.asp?privcapId=671980> (last visited Apr. 14, 2017).

² Richard Feloni, "Here are the 17 executives who met with Trump for his first business advisory council," *Business Insider*, February 3, 2017, <http://www.businessinsider.com/who-is-on-trump-business-advisory-council-2017-2>.

³ Stephen A. Schwarzman, "Resilience, Optimism, and Innovation: Blackstone Annual Chairman's Letter 2016," https://s1.q4cdn.com/641657634/files/doc_financials/2016/ANNUAL-CHAIRMAN%E2%80%99S-LETTER-2016.pdf.

⁴ Ryan Dezember, "Wall Street as Landlord: Blackstone Going Public with a \$10 Billion Bet on Foreclosed Homes," *Wall Street Journal*, December 6, 2016, <https://www.wsj.com/articles/wall-street-as-landlord-blackstone-going-public-with-a-10-billion-bet-on-foreclosed-homes-1481020202>.

Dominic Rushe and Tom Pietrasik, "'I was naive': after losing healthcare battle, factory workers fear next blow," *The Guardian*, February 24, 2017, <https://www.theguardian.com/us-news/2017/feb/24/union-strike-momentive-stephen-schwarzman-blackstone>.

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- Schwarzman embodies the conspicuous consumption of the one percent. He owns five homes that have cost him \$125 million and has thrown himself multi-million dollar birthday parties that have been targets of widespread public outrage.⁵

Connections to Trump

- CEO Stephen Schwarzman is a longtime friend of Trump and one of his key economic advisors. Schwarzman was the chairman of Trump's Business Council and he recruited the council's members.⁶ Schwarzman also serves as Trump's informal counselor -- he's even traveled via Air Force One with Trump to spend time with the President in Mar-a-Lago.⁷
- Schwarzman donated \$250,000 to Trump's inaugural committee in December 2016.⁸
- Schwarzman and Blackstone stand to profit immensely from Trump's plans for tax cuts and financial deregulation.⁹ Schwarzman believes – and hopes – that Trump's policies will change the “architecture of the world.”¹⁰
- Ivanka Trump and Jared Kushner attended Schwarzman's recent 70th birthday party -- a multi-million dollar display of conspicuous consumption.¹¹ Attendees also included Trump cabinet members Steve Mnuchin, Wilbur Ross, and Elaine Chao. While Donald Trump didn't attend this year,¹² the current President did attend Schwartzman's multi-million dollar 60th birthday bash.

⁵ James B. Stewart, “The Birthday Party,” *The New Yorker*, February 11 & 18, 2008 Issue, <http://www.newyorker.com/magazine/2008/02/11/the-birthday-party-2>.

Andrew Ross Sorkin, “A Billionaire's Party Is a Lens on Wealth in the Trump Era” *New York Times*, February 13, 2017,

<https://www.nytimes.com/2017/02/13/business/dealbook/stephen-schwarzman-palm-beach-party-trump.html>.

⁶ Richard Feloni, “Here are the 17 executives who met with Trump for his first business advisory council,” *Business Insider*, February 3, 2017, <http://www.businessinsider.com/who-is-on-trump-business-advisory-council-2017-2>.

⁷ Jordan Fabian, “Trump invites Blackstone CEO on Air Force One” *The Hill*, February 3, 2017,

<http://thehill.com/homenews/administration/317815-trump-invites-blackstone-ceo-on-air-force-one>;

Josh Dawsey and Ben White, “Trump turns to CEOs amid White House turmoil,” *Politico*, April 13, 2017,

<http://www.politico.com/story/2017/04/donald-trump-stein-schwarzman-ceo-white-house-advisers-237168>.

⁸ Report of Donations Accepted for Inaugural Committee at 124, *58th Presidential Inaugural Committee*, April 18, 2017, <http://docquery.fec.gov/pdf/286/201704180300150286/201704180300150286.pdf>.

⁹ Isaac Arnsdorf and Josh Dawsey, “Trump's billionaire adviser stands to gain from policies he helped shape,”

Politico, April 18, 2017, <http://www.politico.com/story/2017/04/trump-schwarzman-blackstone-influence-237341>.

¹⁰ Portia Crowe, “SCHWARZMAN: Donald Trump is going to change the 'architecture of the world,’” *Business Insider*, December 6, 2016,

<http://www.businessinsider.com/blackstones-schwarzman-on-trumps-america-2016-12>.

¹¹ Andrew Ross Sorkin, “A Billionaire's Party Is a Lens on Wealth in the Trump Era” *New York Times*, February 13, 2017,

<https://www.nytimes.com/2017/02/13/business/dealbook/stephen-schwarzman-palm-beach-party-trump.html>.

¹² DealBook, “Inside Stephen Schwarzman's Birthday Bash” *New York Times*, February 14, 2007,

How Blackstone stands to profit off Trump's policies

- Blackstone and Schwartzman stand to profit handsomely from Trump's agenda of tax cuts for the one percent and financial deregulation.¹³
- Certain executives at private equity firms, like Blackstone Group, can save millions in taxes as a result of the carried interest loophole.¹⁴ Trump had criticized the loophole during his campaign, but has since gone quiet about it and has not released a tax plan since taking office.¹⁵
- Schwartzman has called Trump's infrastructure plans a "super big deal"¹⁶ – and it may also be a very profitable deal for Blackstone, which is looking to raise as much as \$40 billion for future infrastructure investment.¹⁷
- Blackstone invests in many industries that will profit from Trump's hands-off approach to regulation – for example, it is a major investor in the oil and gas industry, which is poised to benefit from the Trump administration's support for pipelines, extreme extraction methods like fracking, gutting of environmental regulation, and climate change denial.¹⁸

https://dealbook.nytimes.com/2007/02/14/inside-stephen-schwarzmans-birthday-bash/?_r=0;

Andrew Clark, "The Guardian profile: Stephen Schwarzman" *The Guardian*, June 15, 2007,

<https://www.theguardian.com/business/2007/jun/15/4>.

¹³ Isaac Arnsdorf and Josh Dawsey, "Trump's billionaire adviser stands to gain from policies he helped shape," *Politico*, April 18, 2017, <http://www.politico.com/story/2017/04/trump-schwarzman-blackstone-influence-237341>.

¹⁴ Judith Lewis Mernit, "How the Carried-Interest Loophole Makes the Super-Rich Super-Richer" *Moyers & Company*, June 23, 2016, <http://billmoyers.com/story/carried-interest-loophole-makes-super-rich-super-richer/>;

Michael Moritz, "Stephen Schwarzman's Bad Business Advice" *New York Times*, February 7, 2017, <https://www.nytimes.com/2017/02/07/opinion/stephen-schwarzmans-bad-business-advice.html>.

¹⁵ Isaac Arnsdorf and Josh Dawsey, "Trump's billionaire adviser stands to gain from policies he helped shape," *Politico*, April 18, 2017, <http://www.politico.com/story/2017/04/trump-schwarzman-blackstone-influence-237341>.

¹⁶ Matthew Wisner, "Blackstone Group CEO Schwarzman: Infrastructure is a Super Big Deal," *Fox Business*, April 11, 2017, <http://www.foxbusiness.com/politics/2017/04/11/blackstone-group-ceo-schwarzman-infrastructure-is-super-big-deal.html>.

¹⁷ Devin Banerjee and Melissa Mittleman, "Blackstone May Want \$40 Billion for Infrastructure, Baratta Says," *Bloomberg*, January 31, 2017, <https://www.bloomberg.com/news/articles/2017-01-31/blackstone-may-want-40-billion-for-infrastructure-baratta-says>.

¹⁸ Devin Banerjee, "Blackstone 'scrambling' to invest more than US\$10B in oil and gas firms," *Financial Post*, January 29, 2015, <http://business.financialpost.com/investing/blackstone-scrambling-to-invest-more-than-us10b-in-oil-and-gas-firms>; Jim Polson and David Carey, "Blackstone Bets There's Gas Money to Be Made in the Oil Patch," *Bloomberg Markets*, April 17, 2017, <https://www.bloomberg.com/news/articles/2017-04-17/blackstone-bets-there-s-gas-money-to-be-made-in-the-oil-patch>.

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Relevant CEO Biography Points and Controversies

- According to Forbes, Blackstone manages over \$300 billion in assets, and CEO Schwarzman is worth an estimated \$11.6 billion as of April 18, 2017.¹⁹ In 2016, Schwarzman was ranked the 113th richest person in the world.²⁰ In late 2016, Schwarzman raked in \$250 million in just five days.²¹
- In February 2017, Schwarzman celebrated his 70th birthday with a lavish multi-million dollar party in Palm Beach, Florida, that included live camels, trapeze artists, and a performance by Gwen Stefani. Ten years earlier, Schwartzman's extravagant multi-million 60th birthday party in Manhattan sparked widespread outrage.²²
- Schwarzman caused a stir in 2010 when he reportedly compared efforts to close the carried interest tax loophole to the Nazis. "It's like when Hitler invaded Poland in 1939," Schwarzman reportedly said in a speech. Many were outraged that a billionaire hedge fund manager compared tax increases to fascist violence.²³
- Schwarzman and other Blackstone employees are major funders of leading conservative politicians. For example, the Center for Responsive Politics reports that Blackstone employees were, collectively, the third biggest donor to Paul Ryan in 2016, and the biggest donor to Mitch McConnell from 2011 to 2016.²⁴
- Blackstone profited handsomely from the housing crash -- in fact, they've become the nation's premier "Wall Street landlord." Blackstone spent around \$10 billion to buy over 50,000 properties, which was referred to as "the biggest home-buying spree in history" by the *Wall*

¹⁹ "Forbes/Profile/Stephen Schwarzman," *Forbes*, <https://www.forbes.com/profile/stephen-schwarzman/> (last visited Apr. 19, 2017).

²⁰ Hannah Levintova, "Trump Promised to Kill Billionaires' Favorite Tax Loophole. Of Course His Economic Adviser Loves It," *Mother Jones*, December 13, 2016, <http://www.motherjones.com/politics/2016/12/trump-promised-repeal-tax-loophole-helps-billionaires-now-hes-going-be-advised-rule>.

²¹ Noah Kirsch, "Billionaire Stephen Schwarzman Makes \$250 Million In Five Days As Blackstone Posts Big Numbers," *Forbes*, October 29, 2016, <https://www.forbes.com/sites/noahkirsch/2016/10/29/billionaire-stephen-schwarzman-net-worth-blackstone-earnings-increase/#4662f9845b02>.

²² Andrew Ross Sorkin, "A Billionaire's Party Is a Lens on Wealth in the Trump Era," *New York Times*, February 13, 2017, <https://www.nytimes.com/2017/02/13/business/dealbook/stephen-schwarzman-palm-beach-party-trump.html>.

²³ Jonathan Alter, "Schwarzman: 'It's a War' Between Obama, Wall St.," *Newsweek*, August 15, 2010, <http://www.newsweek.com/schwarzman-its-war-between-obama-wall-st-71317>.

²⁴ Federal Election Commission filings aggregated by the Center for Responsive Politics Open Secrets database, "Paul Ryan Top 20 Contributors, 2015-2016," <https://www.opensecrets.org/politicians/contrib.php?cycle=2016&cid=N00004357&type=l> (last visited Apr. 14, 2017); "Mitch McConnell Top 20 Contributors, 2011-2016," <https://www.opensecrets.org/politicians/contrib.php?cycle=2016&cid=N00003389&type=l> (last visited Apr. 24, 2017).

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Street Journal.²⁵ In fact, Blackstone became the world's biggest real estate investor.²⁶ The private equity company's drive for rental profits has been driving up rents and intensifying gentrification.²⁷

- While Schwarzman and Blackstone earn billions, workers at Momentive Performance Materials, a chemical corporation that Blackstone partially owns, were forced to go on strike when the company refused to give them a decent union contract.²⁸
- Schwarzman shares Trump's taste for ostentatious spending. He has spent an estimated \$125 million on five luxurious properties in Manhattan, Palm Beach, the Hamptons, Saint-Tropez, and Jamaica. "I love houses," Schwarzman told a reporter. "I'm not sure why."²⁹

²⁵ Ryan Dezember, "Wall Street as Landlord: Blackstone Going Public with a \$10 Billion Bet on Foreclosed Homes," *Wall Street Journal*, December 6, 2016, <https://www.wsj.com/articles/wall-street-as-landlord-blackstone-going-public-with-a-10-billion-bet-on-foreclosed-homes-1481020202>.

²⁶ Ryan Dezember, "'This Could Be Huge,' Blackstone CEO Said of Foreclosure Opportunity," *Wall Street Journal*, December 6, 2016, <https://www.wsj.com/articles/this-could-be-huge-blackstone-ceo-said-of-foreclosure-opportunity-1481053818>.

²⁷ Ryan Dezember, "Wall Street as Landlord: Blackstone Going Public with a \$10 Billion Bet on Foreclosed Homes," *Wall Street Journal*, December 6, 2016, <https://www.wsj.com/articles/wall-street-as-landlord-blackstone-going-public-with-a-10-billion-bet-on-foreclosed-homes-1481020202>.

Peter Dreier and Aditi Sen, "Hedge Funds: The Ultimate Absentee Landlords" *The American Prospect*, September 29, 2015, <http://prospect.org/article/hedge-funds-ultimate-absentee-landlords-fall-preview>.

²⁸ Dominic Rushe and Tom Pietrasik,, "'I was naive': after losing healthcare battle, factory workers fear next blow," *The Guardian*, February 24, 2017, <https://www.theguardian.com/us-news/2017/feb/24/union-strike-momentive-stephen-schwarzman-blackstone>.

²⁹ James B. Stewart, "The Birthday Party," *The New Yorker*, February 11, 2008, <http://www.newyorker.com/magazine/2008/02/11/the-birthday-party-2>.