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Book Review: 'Michael Jackson, Inc.' by Zack O'Malley Greenburg

Michael Jackson bought the Beatles' song catalog for \$47.5 million in 1984. It's now worth nearly \$1 billion.

By Edward Kosner
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Michael Jackson was kind of a shaman of American popular culture. In ancient Greece or Rome, he would have been a minor god—lithe and beguiling, a tricky deity. Preternaturally talented, childlike but perhaps a child molester, he entranced millions, earned nearly \$2 billion and left a shadowed legacy. He was an authentic global superstar but a tortured human being.

Five years since his squalid death and eight years since the second pedophilia scandal that derailed his career as the "King of Pop," Jackson's legend only grows. A Jacksonian Cirque du Soleil extravaganza has been touring the world for three years, racking up more than \$350 million in ticket sales. Just this month, necromancers conjured up a creepy holographic Jackson on a music-awards TV show, and his estate released a "new" Jackson album of remixed old material. Now a new book argues that Jackson wasn't merely a moonwalking marvel but a visionary business wunderkind.

MICHAEL JACKSON, INC.

By Zack O'Malley Greenburg
Atria, 293 pages, \$26



Michael Jackson ca. 1980. GETTY IMAGES

As Zack O'Malley Greenburg tells it in "Michael Jackson, Inc.," the entertainer's supreme talent was in "monetizing fame." Alive—and, especially, dead—Jackson earned more money than any other single performer. Much of it was frittered away in demented extravagance and misbegotten deals by sketchy "advisers." At one point, the singer had no fewer than 120 people working at his Neverland ranch and exotic zoo in California. He once had six recording studios working around the clock at the same time on a new album. Nearly bankrupt toward the end, he spent \$6.5 million in an antic shopping spree at a Las Vegas antique dealer.

Mr. Greenburg, a writer for Forbes, is hard-pressed to make the case that Jackson, for all his gifts as a performer, was a business wizard as well. He wrangles all sorts of show-biz types and big-money men to attest to the entertainer's uncommon acumen. Record moguls like Walter Yetnikoff and Tommy Mottola and deal makers like Ron Burkle can't stop burbling about Jackson's business smarts. "A brilliant, unbelievable mind," proclaims Tom Barrack, a real-estate Croesus who helped untangle Jackson's finances in his last year.

There's no doubt that Jackson was a virtuoso entertainer. He was a pioneer—and not only as the first African-American megastar. Besides his incandescent talent as a singer, songwriter and dancer, Jackson was the first to recognize that music videos—originally low-rent record promos—could be developed into a lucrative new art form of sorts.

He created a 3-D show for Disney that ran for years at the parks. He turned arena tours into extravaganzas that drew epic crowds in the U.S. and around the world. For one overseas tour, he insisted on such a mammoth stage set that the world's biggest cargo jet—a Russian An-225—had to be chartered at astronomical rates to airlift his mise-en-scène around the globe. His "Thriller" album remains the biggest-selling record of all time. No less a publishing heavyweight than Jacqueline Onassis commissioned his best-selling autobiography, "Moonwalk" (1988). He left her confused: "Do you think he likes girls?" she giggled to a colleague after an editorial conference.

Jackson may have preferred sleepovers with near-pubescent boys, but he was married twice—most famously, to Elvis's daughter, Lisa Marie Presley—and had three attractive children, although their paternity is mysterious. He made world-wide headlines when he dangled one of his tots over a Berlin hotel balcony, but he was by all accounts an attentive father always ready to whip up oatmeal or PB&Js. Still, he could never shake the notoriety of the two child-molestation cases against him. He settled the first, in 1993, for some \$20 million and was acquitted in the second in 2005, but the stigma followed him to the grave.

Mr. Greenburg covers the dysfunction of the Jackson family, who thrust him out front onstage when he was barely 5, and the darker phases of Jackson's adult life adequately enough, but his focus is on the singer's business empire. Indeed, the claim that Jackson was some kind of Jack Welch in sequins and white glove turns out to rest almost entirely on a single instinctive coup.

According to "Michael Jackson, Inc.," the singer began thinking about music as a business soon after Berry Gordy's Motown records signed the Jackson 5 in 1968. He was 10 years old. The boy soon came to understand that the publishing rights to the words and music of an artist's songs could hold great value. The owner of the rights to a song collects a small royalty every time a record of the tune is sold and every time the song is played on the radio or TV, licensed for use in a movie or recorded by another singer. These pennies per use could mature into a lifetime bonanza.

It took Jackson more than a decade to act on his instinct, but once he started, he moved quickly. With his lawyer John Branca doing the scouting, Jackson started using the mountains of cash he was earning to buy up song catalogs. His first big investment—\$500,000—got him the rights to Sly and the Family Stone's oeuvre in 1984. He promptly got it back when a British group recorded one of the numbers and it topped the U.K. charts.

Jackson selectively added a few more catalogs. Then, in 1985, he made the big deal that cemented his fortune, saved him from bankruptcy and still generates millions in annual royalties today. For \$47.5 million he bought from an Australian buccaneer a company called ATV, whose chief asset was "Yesterday," "Penny Lane," "Hey, Jude" and the rest—the Beatles catalog. Walter Yetnikoff and show-business billionaire David Geffen warned Branca off the deal, Mr. Greenburg reports, but the singer persevered. Today the expanded ATV catalog is valued at \$1 billion—a nifty return on investment by any measure.

His eye for the main chance went beyond the music business. In the late '90s, Jackson wanted to buy Marvel Comics, sensing that its roster of Spider-Man, the X-Men and their fellow superheroes could be turned into blockbuster movies. A decade later, Disney did the deal for \$4 billion. He also made lucrative endorsement deals with Pepsi and LA Gear and popped up in videogames and in stores with a clothing line.

Jackson's peak earning years were \$125 million in 1988 and \$118 million in 1995, but he was too crazed and mercurial to sustain that level. He regularly dismissed Mr. Branca and other trusted managers and replaced them with charlatans and rogues whose principal talent was saying "yes" to the star's every harebrained scheme. He spent 40 or 50 times the normal budget producing a single album for Sony and decamped for long periods to Bahrain, Ireland and Las Vegas. Multiple facial surgeries and skin-bleaching treatments turned him into a ghostly freak. Ultimately, Jackson came under the malign ministrations of L.A. doctor Conrad Murray, who supplied him with, among other things, Propofol, a surgical anesthetic, and went to prison after the singer's death in 2009.

Jackson always thought big. "Chaplin Michelangelo Disney," he once scribbled in a note to himself. But in the last decade of his life, Jackson was careening toward financial ruin. He hadn't been on the road since 1997 and hadn't released an album since 2001. To stay afloat, he had borrowed so heavily against his music catalogs that he was paying \$11 million a year in interest alone. A 2005 accounting, Mr. Greenburg reports, showed Jackson's essentially illiquid assets "had a gross value of \$567 million—led by his Sony/ATV stake (\$390.6 million), Neverland (\$33 million) and a collection of cars and antiques (\$20 million)—but he had debts of \$331 million. His cash reserves: just \$668,215."

Finally, Jackson decided to save himself by going back on the road with the "This Is It" tour that was to begin in London in June 2009. During the rehearsals, Dr. Murray was on hand to pump the star full of Propofol after hours. A member of the entourage warned the tour's promoters that Jackson was exhibiting "strong signs of paranoia, anxiety, and obsessive-like behavior." On June 25, Michael Jackson died of acute Propofol intoxication. He was 50 years old.

But Michael Jackson, Inc. churned on. Mr. Branca helped spin video of the doomed tour rehearsals into a concert film, "Michael Jackson's This Is It," that became the highest-grossing documentary ever, earning the singer's estate \$200 million. By the end of the year, Jackson had sold 8.3 million albums, nearly twice as many as the runner-up, Taylor Swift. With a new videogame, T-shirt and other deals in the mix, by the end of the next year the estate had gross revenue of \$313 million. And the money keeps rolling in.

The final testament to the scope of the King of Pop's business interests came from the Internal Revenue Service. Last October, it quietly filed a \$702 million tax bill against Jackson's estate.

—Mr. Kosner is the author of a memoir, "It's News to Me," about his career as editor of Newsweek, New York, Esquire and the New York Daily News.

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