Many Challenges Stalk Survival of Black Celebrity Wealth

When funk legend Rick James died of natural causes earlier this month, he might have abused his body with drugs and fast living during his 56 years, but the one thing he took care of was his finances.

James’ three children and two grandchildren will probably be well-off for the rest of their lives, those close to the singer say, because James was shrewd enough to hang on to the publishing rights and other lucrative aspects of his work – things that will translate into wealth for his offspring for years to come.

But the notion of black celebrities being shrewd enough to squirrel away some wealth for their offspring didn’t start with James.

In the early 1900s, for example, during a time when most black women were maids and washerwomen, Madame C.J. Walker amassed wealth and fame after she invented the straightening comb and built a network with other black women who worked as sales agents. When she died, her family continued running her multi-million dollar empire.

Unfortunately, though, Madame Walker's businesses declined after the Depression. And for the most part, it is those shifts in the economy as well as the impact of racism and discrimination that has made it difficult for black people in general, as well as the descendents of celebrities, to benefit from inter-generational wealth, said Thomas Shapiro, a Brandeis University professor who wrote a book entitled “The Hidden Cost of Being African-American”.

Among other things, Shapiro’s book takes a look at how things like past inequality made it tough for blacks to amass enough wealth to be impervious to economic downturns and other factors that affect their ability to pass their wealth on. The mean in inherited wealth for blacks is $21,000 – which is not much at all, Shapiro said.

“Our recent studies show less than 8 percent of African-Americans have inherited wealth,” Shapiro, the Pokross Professor of Law and Social Policy at The Heller School for Social Policy}

“You see the Cosbys and Oprah Winfrey [listed as having wealth]. But if you take a look at the Forbes list, it’s the names such as the Rockefellers and the Fords that are repeated. That wealth has been maintained and passed on.”

But A’Lelia P. Bundles, an author who is the great-great-granddaughter of Madame Walker, said that even though much of her great-grandmother’s money didn’t make it through the Depression, her legacy of community services and philanthropy has transcended generations.

“I didn’t grow up wealthy. We were comfortable,” said Bundles, who is director of talent development for ABC News. “Madame Walker believed in making money and using it to make a difference.”

Bundles chronicled the life of her great-grandmother entitled, “On Her Own Ground.” Both her parents, A’Lelia M. Bundles and S. Henry Bundles, led the Walker Company at one time. Bundles said that Walker’s greatest influence was philanthropy and entrepreneurship.

The influence of entrepreneurship might be the biggest factor in ensuring that black celebrity wealth transcends generations, said Emmett G. Price III, assistant professor of music and African American studies at Northeastern University in Boston.

“When you watch someone build a company, you have a road map for continuing,” Price said. “You know how they did it. The children of people like Earl Graves [Black Enterprise publisher] and Bob Johnson [founder of Black Entertainment Television] have a model to look to. But when you have someone who goes from not knowing how it feels to have $30 in your pocket to being a millionaire ball star, it’s different.”

Price said celebrities who don’t learn the business side of how to handle their wealth risk leaving little or nothing to their offspring.

“Part of it is the lifestyle, the other part is the lack of sophistication in determining what to do with the money,” Price said. “When celebrities come into money, they get a lot of new friends. MC Hammer tried bringing his friends on board, but his payroll soon became bigger than his bank account.”

“Look at Redd Foxx. Look at his life and it seems like he was on top. He wasn’t paid half of what Jamie Foxx is paid today. They had to borrow money for his funeral.”
Aaliyah wasn’t the only member of the new wave of black celebrities who died with their financial fate secure. Last year rapper Tupac Shakur, who was gunned down in 1996 at age 25, ranked number eight out of 19 on Forbes’ magazine’s list of the richest dead celebrities.

Black Celebrity Wealth Can Live on -- Or Die Out
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By: BONNIE WINSTON, BlackAmericaWeb.com

Aaliyah was just 22 when the small, twin-engine plane she was in crashed after takeoff in the Bahamas three years ago. But even though the popular R&B star died tragically, she didn’t die broke.

During her brief lifetime Aaliyah’s parents ensured that she wouldn’t squander her wealth – much of which grew exponentially after her death, said Mark Anthony Neal, associate professor of black popular culture at Duke University in North Carolina.

Her album, “Aaliyah” – which sold roughly 62,000 copies in the week before her death – skyrocketed to sales of more than 300,000 copies in the week after the crash. Her CD went from 19th on the Billboard 200 record sales chart to Number 1. Interest in Aaliyah’s life and music continued to grow with the posthumous release of her CD “I Care 4 U,” and with a flurry of crash-related lawsuits filed by her parents, Michael and Diane Haughton.

“I’m very sure she was on a stable financial foundation,” Neal told BlackAmerica.com. “She did not die penniless.”

But Aaliyah wasn’t the only member of the new wave of black celebrities who died with their financial fate secure. Last year rapper Tupac Shakur, who was gunned down in 1996 at age 25, ranked number eight out of 19 on Forbes’ magazine’s list of the richest dead celebrities.
According to Forbes, Tupac has earned at least $12 million since his death – with more than 8 million of his CDs being sold since 2001. Right behind Shakur on the list was reggae legend Bob Marley, who died of cancer in 1981. He has earned $9 million since then – mostly because his relatives and music executives found ways to keep his music alive and profitable, the magazine said.

But sadly, that hasn’t been the case for many of the black celebrities who came before them.

While stars such as dancer Bill “Bojangles” Robinson and actress Butterfly McQueen won the hearts of fans worldwide and enjoyed lifestyles befitting the rich and famous they, like many other black celebrities from the early days of stage and screen, wound up dying broke or nearly penniless.

Some fell prey to unscrupulous managers. Some succumbed to overly extravagant lifestyles they couldn’t actually afford. And, unlike the newer wave of black celebrities who had and used their access to professionals with financial moxie, many of the older wave of celebrities suffered from their own money management naivete.

Not only that but, in many cases, they gave away large portions of their wealth coming to the financial rescue of family members, friends and even strangers.

“Too often when the older celebrities die, what dominates the headlines is that they died penniless,” Neal said. “That overshadows the legacy of who they were and why they were famous to begin with.”

“Fifty years ago entertainers absolutely were in the position where they could be taken advantage of,” he said. Back then many blacks, Neal said, weren’t smart enough or canny enough to understand the contracts they signed outlining where their money would be going and just who would be getting how much.

“It’s very difficult to find people you can trust to handle your financial affairs,” he said. “That’s why many current entertainers choose family members for those roles.”

Born 13 years after the Civil War’s end, Robinson never learned to read or write. But at the height of his tap-dancing, vaudeville career in the 1920s, Robinson was the best-known and highest paid black performer in America, raking in an astonishing $6,500 a week. He earned more than $3 million during his lifetime.

“He was a symbol of black achievement,” said Francis M. Foster, an 82-year-old dentist and historian in Robinson’s hometown of Richmond, Va. “He taught Shirley Temple how to dance and, of course, starred with her in many of her films,” Foster said. “And yes, he was our type of wealthy. Anytime you made over three or four figures, that was considered a lot of money.”

But Robinson spent his money as he made it, Foster said. “He had so many hangers-on.”

Robinson’s manager and ex-wife got their share of his money, as did countless others. According to various accounts, Robinson was given to quiet acts of charity for friends and strangers that, while altruistic, were also expensive.

Foster gave this example: During a two-week run at a theatre in Richmond in the early 1930s, Robinson saw a little girl almost run over at an intersection in the city’s Jackson Ward, an all-black neighborhood where he was born.
“The next day, Robinson went to the mayor and said, ‘We need a traffic light at that intersection,’” Foster said. The city hadn’t put traffic lights in Jackson Ward because it was a black neighborhood, she said.

“Well, the mayor said, “you know this is the Depression and we don’t have money for a light.” According to Foster, told him to put it up and he would pay for it. The traffic light was dedicated in 1933. It cost Robinson $1,400 — not a small sum at the height of the Depression. Foster, a high school freshman at the time attended the dedication, where Robinson ceremonially pulled the switch to start the traffic light’s operation.

When Robinson died in 1949 at age 71, the Richmond stoplight was draped in black. Meanwhile in New York City, more than a million people lined the streets from Harlem to Brooklyn for a funeral Robinson’s estate was too broke to afford, Foster said.

Friends gave money to bury him, while others donated their efforts for the send off, said to be one of the biggest funerals ever held in New York City up to that time.

Popular variety show host Ed Sullivan coordinated the funeral, while famed musician Duke Ellington, boxing champion Joe Louis, composer Irving Berlin, comedian Bob Hope, and baseball starts Jackie Robinson and Joe DiMaggio were pallbearers. New York congressman Adam Clayton Powell gave the eulogy.

As actors and athletes age, they’re not wanted anymore, Neal said. Their fortunes, which once ballooned into the millions, dwindle with time, forcing some sports figures, such as Sugar Ray Robinson, back into the ring long after their prime.

Others, such as actress McQueen, live quietly and frugally, leaving little but memories and memorabilia upon their death. Little information is available on just how much money McQueen had when she died, or how much actually went to the charities and organizations she wanted to benefit after her death.

But Anne N. Gaylor, founder and president of the Freedom from Religion Foundation, said that despite McQueen’s naming the Madison, Wis., organization in her will, “by the time the estate was settled, we were told there wasn’t anything left.”

Initially a Broadway dancer, McQueen catapulted to fame with her role as the simple-minded slave Prissy in the 1939 epic film “Gone With the Wind.” She stole scenes in later movies, such as “Cabin in the Sky” and “Mildred Pierce.” But unhappy at being typecast as a domestic servant, she quit movie acting in 1947.

In 1980, McQueen won an Emmy in 1980 for her role in “The Seven Wishes of a Rich Kid,” an ABC-TV “After School Special.”

When acting work dried up, McQueen supported herself in a succession of low-paying jobs. She worked as a maid, a companion to an elderly white woman, a taxi dispatcher, and at Macy’s and Saks’ Fifth Avenue as a sales clerk and a seamstress, respectively, while living frugally in Harlem and Augusta, Ga.

In December 1995, a kerosene heater McQueen was attempting to light exploded and doused her in fuel. She died with burns over most of her body. She was 84. Her Emmy melted in the blaze.
A replacement Emmy is on display at the Schomburg Center for Research in Black Culture, a part of The New York Public Library.

While entertainers like Aaliyah, Shakur, Marley and most recently funk musician Rick James did well in ensuring that their riches didn’t die along with them, Neal said he believes that not enough of today’s black celebrities are following their example.

“When you look at hip-hop, many come from underprivileged backgrounds,” Neal said “…and the last thing they are thinking about is how to build wealth for the future.”

“Too often they give up publishing rights (to their music) and control. And then you hear someone’s dead at 42 without insurance or pension plans.”

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Black Athletes Break Barriers, but Some Die Broke

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By: RON THOMAS, BlackAmericaWeb.com

The financial fates of star black athletes - including those who broke color barriers – range from intelligent to awful.

Some, like Don Barksdale, the first black basketball Olympian and the NBA All-Star, and home run king Hank Aaron have been successful entrepreneurs who established a financial legacy for their families.

By Barksdale's death in 1993, he had owned a record store as a college student in the 1940s, a beer distributorship, two highly successful nightclubs, and had invested well in real estate. The Berkeley, Calif., native spent his last decade raising more than $1 million to support high school
sports in Northern California, and when he died, left property in the lucrative Bay Area real estate market to his sons.

"When Don died he wasn't filthy rich, but he had what he needed and he always was willing to share with others," his sister, Pamela Barksdale Gore, told BlackAmericaWeb.com.

A photo of Aaron, baseball's all-time home run hitter, is on the cover of the June 2004 edition of Black Enterprise magazine, which named him its Auto Dealer of the Year. Aaron's BMW, MINI Cooper, Toyota, Honda and Scion dealerships in the Southeast amassed $76.7 million in sales last year, placing him No. 38 in Black Enterprise's Top 100 ranking of black-owned auto dealerships. Aaron has hired his sons and grandson so they can learn the car business from the ground up.

Other great black athletes, however, haven't fared as well.

Former heavyweight boxing champion Joe Louis, who became an American icon after he floored German boxer Max Schmeling in 1938 at the height of the Nazi movement and who still holds the longest championship reign of any boxer, misspent millions of dollars and accumulated enormous debt. More recently, former heavyweight champion Mike Tyson, who filed for bankruptcy last year, has been grappling with the same fate.

Louis died in 1981, generously supported in his latter years by an old friend, Ash Resnick, who employed the beloved champ as a greeter at a Las Vegas casino. However, although Louis' boxing career brought him more than $4.6 million, he owed $1.25 million to the Internal Revenue Service when he died.

In a biography written by his son, Joe Louis Barrow Jr., and Barbara Munder, the authors concluded that Louis was just too generous toward others and believed that money was made to be spent. "If you dance, you gotta pay the piper. Believe me, I danced and I paid and I left him a big, fat tip," they quoted Louis as saying.

Today, the IRS haunts Tyson, too. He somehow squandered $300 million. When he filed for bankruptcy, Tyson listed debts of $27 million. He owed the IRS ($13.4 million), Great Britain's tax bureau ($4 million) and millions more to a mix of attorneys, an insurance company, a jeweler, rug company, and a Ferrari dealer.

When he was knocked out last month by unheralded heavyweight boxer Danny Williams, Tyson's debt reportedly had ballooned to $38 million. That disastrous bout was supposed to be the first of seven fights that would help Tyson erase his debt, but many now doubt if he will ever command another major payday.

Althea Gibson, who in the 1950s became the first black Wimbledon, U.S. Open and French Open tennis champions, fell between the extremes of financially secure and penniless.

In the decade immediately preceding her death last year, her financial troubles and reclusive lifestyle left the impression that those had been longstanding problems.

"It's a misconception that she was destitute," said Gibson's longtime friend and recent biographer, Frances Clayton Gray.

She said that although Gibson earned relatively little money as a tennis star (which preceded today's lucrative pro circuit), Gibson built a middle-class lifestyle through speaking engagements,
personal appearances and her job as a New Jersey state fitness official. When Gibson lost that job in the early 1990s she was forced to try to survive on her meager savings and Social Security.

A failed second marriage and other personal problems left Gibson severely depressed. After friends and family rallied to her support, Gibson's spirits were boosted before she died last September, Gray said.

"Once it was learned that she did not have money and was having financial problems, people sent her money from all over the world," Gray said. Many fans included notes telling Gibson how much they loved and appreciated her, which helped restore her dignity and ego, Gray said.

Barksdale's sister credits his financial success to advice they received from their father, Argee Barksdale. He had only a third-grade education, but Pamela Gore said that in terms of knowledge, "I would put him up with any Ph.D."

Their father's financial acumen stemmed from working as a Pullman porter on the railroad. His job exposed him to wealthy business people who left behind Wall Street Journals that their father read. Some passengers also gave him insights into wealth building.

Argee Barksdale focused on buying apartment buildings, and as the Barksdale children grew up their father urged them to save 10 percent of their earnings, invest in real estate, help those in need when possible, and plan for retirement. Both followed his advice.

Unfortunately, many of today's highly paid black athletes lack that type of guidance. The potential for lifelong financial comfort exists because athletes' salaries have increased so much. For instance, since 1967 the average major league baseball player's salary has increased from $19,000 to $2.4 million and the minimum salary has increased from $6,000 to $300,000.

Recent books by former NBA star Charles Barkley and retired NFL lineman Tim Green both describe how quickly a player's fortune can disappear.

In "I May Be Wrong but I Doubt It," Barkley admits that he probably lost $600,000 to $700,000 by lending money to friends and family. Barley also lost 1.5 million due to high risk investments made by his first agent. What saved Barkley was that he had high salaries throughout an unusually long 16-year career and he eventually hired a reliable financial adviser.

In Green's "The Dark Side of the Game," he describes how NFL players frequently go broke from getting too much money too fast; bad investments, greed, unscrupulous agents, gifts to family members, and ignoring the fact that pro football careers are shockingly short. It's less than three years for the average running back.

"Players don't realize that money is one hundred times easier to lose than it is to make," Green wrote. "When you're trying to make money, nobody is usually helping you. But when you want to spend money, everybody has got an idea on how they can help you."

(Frances Clayton Gray and journalist Yanick Rice Lamb co-authored "Born to Win: The Authorized Biography of Althea Gibson." which went on sale two weeks ago. Books purchased through altheagibson.com will contribute to the Althea Gibson Foundation that encourages the athletic and academic development of children.)
Flip Wilson once said, “If I had my whole life to live over again, I don’t think I’d have the strength.”

That may have been true, but when the comedian died in 1998 at age 64, he made sure his money would help strengthen someone else’s life. He used his estate to endow scholarships for black students, with the stated goal being helping to advance the race.

Yet that type of posthumous philanthropy via estate planning runs counter to the norm for most blacks – layperson and celebrity alike.

It’s a reality becoming clearer as squabbles over the estates left by Ray Charles, Barry White and others continue after their passing – fights that often mirror those of any other black household.

“It really, really breaks my heart that they don’t take time out to do proper planning,” Roger D. Walton told BlackAmericaWeb.com. “People feel they are going to live forever. But you can get into a car and die at any time.”

Walton is a registered investment adviser for the Premier Financial Group, a black-owned firm based in suburban Philadelphia, with a national clientele that includes athletes and entertainers as well as the average Als and Aishas.

The reality and finality of death, while difficult to swallow, is necessary to face if wealth accumulation and basic survival of black people are to continue, experts say.

The U.S. Census Bureau reports that homes are the No. 1 wealth asset in this country. But not only do whites outpace blacks in homeownership (3 out of 4 whites versus less than 1 out of 2 blacks), in the event of death, many black homes are lost to cover debt. That robs the next generation from having a leg up, said Brooke M. Stephens, a financial planner and author of “Wealth Happens One Day at a Time” (HarperBusiness).

“That’s why we don’t know how to build generational wealth, from one generation to another,” said Stephens, who also wrote “Talking Dollars and Making Sense: A Wealth Building Guide for African-Americans” in 1996. “It’s one of those things where it’s ‘I don’t trust anybody to know what I got.’ That has got to change.

“C’mon folks, hearses do not have U-Hauls behind them. You cannot take it with you,” said Stephens.

Wilson, star of a self-titled variety show and TV ratings monster in the 1970s, was cognizant of that when he set up his scholarships for communications majors at five universities, including Howard and Rutgers.

Death is one of the rare times where stars and their fans are equal. Many, particularly those who die suddenly, leave a trail of debt, bereaved demanding entitlement, and no clear plan to mitigate either with the assets that are left.
An estate auction for Pulitzer Prize-winning author Alex Haley after his death in 1992 sent more than 500 items, including telegrams and letters from Malcolm X and an autographed photo of Oprah, to the highest bidder.

Barry White’s death last year launched a legal melee among his 10 children, former wives and girlfriends over who got what, and when.

After Ray Charles died in June, the mother of one of his 12 children claimed payments to her son had been reduced; she is suing the estimated $100 million estate for more money on behalf of the 16-year-old.

Even with some plans in place, chaos can still erupt. Sibling warfare also recently burst into the open in Seattle, where the brother and adopted sister of Jimi Hendrix are wrangling over their father’s will.

The rock star who redefined the electric guitar died in 1970 at age 27, with his father, Al, named his heir. The elder Hendrix died two years ago, touching off a new round of claims to an estate valued at more than $80 million.

By clearly outlining his family’s needs through his publishing royalties, though, Rick James – who died last month -- did something that too few consider while they live. Such a simple move – whether it involves millions or dozens of dollars – provides a step toward overall wealth building, Walton said.

And despite a celebrity-obsessed society, probate planning is an area where family members are better pitchmen, meaning an end to the traditional silence on money matters in many black households, he added.

Experts say the first step is taking stock of what composes an estate – even if it’s little more than a 1972 Pinto, a leather bomber jacket and a $250 passbook savings account. From there, people should plan out how those things should be distributed after their deaths.

“If you don’t trust anybody to know what you’ve got to handle it properly the way you want, go to the bank,” Stephens said. “They have major business trust departments that handle these kinds of things for you.”

Trusts dictate ongoing terms of how money is spent and assets are used. As was the case with Wilson, they can also be used to develop charitable gifts.

Or, for those who own small businesses, be it a barbershop or a supermarket chain, a trust can be used to keep business taxes and insurances paid. That alone would keep many black businesses afloat for another generation, Stephens said.

Plans that are drawn should be revisited annually, taking into account income shifts, births or other major life changes. A will should clearly state all intentions, leaving no question as to the wishes of the deceased.

Expect to shell out some money for these services. It’s either now, or up to five times more and three times more time later, reducing whatever is left to almost nil, experts said.

“Many folks feel that they don’t have the necessary means to work with a financial adviser, and are less likely to do so, but they’re the ones that need it the most,” said Walton. “People say
knowledge is power. I don't get that. It's when you put that knowledge to work that you have power.