CONTENTS

FOREWORD

One of the wonders and strengths of free enterprise is its openness to newcomers. Entrepreneurs from the most unlikely backgrounds can achieve astonishing success. The key is offering products or services that other people want, even if they didn't realize they wanted them before they saw them. As Steve Jobs famously answered when asked if he wanted to do market research: "No, because customers don't know what they want until we've shown them."

Shrewd recording artists like Jay-Z are hyperaware of this, as I learned while spending an afternoon with him and Warren Buffett in 2010. Musicians create offerings that more often than not are ignored or are greeted with indifference. As Jay-Z puts it, "That model still exists of just putting artists out and seeing what works."

Shawn Corey Carter epitomizes the essence of the American entrepreneurial spirit. His extraordinary tale—rising from a less-than-ideal childhood to great success—is incisively and sensitively chronicled here by Zack O'Malley Greenburg. You usually learn more about business by studying the

lives of its great leaders than by studying courses in business school. And Jay-Z's fascinating and inspiring biography is proof of this.

Jay-Z's achievements are especially notable because entertainers are notorious for quickly making money and even more quickly losing it. The things that set Jay-Z apart from this norm are what make Zack's book timely and the examples and lessons it highlights timeless.

In a way, Jay-Z was fortunate because, by entertainment standards, he started late. As he told me in 2010, "My first album didn't come out until I was twenty-six, so I had a bit more maturity." That meant his music was better. "[My debut] album had all these emotions and complexities and layers that a typical hip-hop album wouldn't have if you were making it at sixteen, seventeen years old. That isn't enough wealth of experience to share with the world."

Starting late also meant that Jay-Z had a better grasp of the "here today, gone tomorrow" syndrome. He determined early on that, as much as humanly possible, he would control his destiny. "That was the greatest trick in music that [executives] ever pulled off, convincing artists that you can't be an artist and make money. For many years artists were dying broke because record companies took advantage of them."

Jay-Z would therefore make great music *and* control the business side as well. Moreover, before most others, Jay-Z saw that the digital revolution was disrupting the traditional way of doing things in the music industry. He knew the only way he'd survive and thrive was to make sure he had his arms

around all aspects of the business—and not only the music side, but also the extensions of his brand into other areas.

As with any true entrepreneur, Jay-Z is also an iconoclast who knows the importance of not being confined by the conventional wisdom. One conventional axiom in the music industry is that it's primarily a young person's business. That Jay-Z is still phenomenally successful in his early forties is amazing. He is because he worked hard to make sure his music speaks not only to a young audience but also to his contemporaries, who are entering middle age.

To that end, Jay-Z is also willing to work with other artists, such as Eminem and Bono, at concerts. He feels that too many performances leave audiences with the feeling that the promoters are out to get every last dollar from them. He wants his events to leave customers feeling the opposite—that they got a heck of a lot more than they bargained for. Like a wise capitalist, Jay-Z always keeps one eye focused on the future.

Entrepreneurs such as Steve Jobs have a strong belief in themselves. Jay-Z demonstrated that trait when he laid out $5 million in cash to buy back the rights to a future album—the one that would become *Blueprint 3*—from Def Jam's parent company, Universal Music Group.

There's an intriguing addendum to the transaction that added a harrowing element of risk: "What people don't know," he told me, "is that the day before I flew from Hawaii, I was doing some recording and put it on an iPod. [On the plane] I had on jogging pants. And my iPod, with all the music I had

recorded, [went] missing. It was on the plane somewhere . . . Every day I would wake up and check all the Internet places and everywhere. It was like that for three months."

Imagine laying out $5 million and not knowing if your music would end up being bootlegged all over the Internet! In the end, though, Jay-Z's boldness paid off. The lost iPod never fell into the wrong hands, and he was able to convince Live Nation to pay him a $10 million advance for *Blueprint 3*.

Zack brings to life the characteristics that Jay-Z shares with other legendary entrepreneurs such as Steve Jobs, Warren Buffett, Bill Gates, and others: passion; the knack for imagining what doesn't exist; and the iron-willed self-discipline to make that come into existence—what Thomas Edison formulated as "1 percent inspiration, 99 percent perspiration"—as well as the desire to control as much of your destiny as possible; risk-taking by breaking the bounds of the conventional way of doing things; and the ability to bounce back from setbacks.

These are the common characteristics of the entrepreneurial achiever. Seeing how they come together in an individual like Jay-Z is inspiring—and a challenge to the rest of us.

—Steve Forbes
December 2011

Introduction

At 12:10 a.m. on October 4, 1969, Brooklyn's last Myrtle Avenue elevated train rumbled off into the night.[1] Two months later Shawn Corey Carter—better known as Jay-Z—entered the world, making his first home in the nearby Marcy housing projects. The sprawling complex of drab six-story brick buildings today sits five blocks from the Myrtle Avenue line's ghostly remains, a block-long hollow structure that nobody ever bothered to knock down. During Jay-Z's formative years, the rest of Bedford-Stuyvesant was similarly neglected by the authorities; as the drug trade flourished in the 1980s, lessons of supply and demand were never farther than the nearest street corner. Even now, hallmarks of Marcy's past remain: the padlocked metal gates guarding each parking space, the apartment numbers stenciled

in white paint beneath street-facing windows to help police catch escaping perpetrators, and, of course, the rusted railway skeleton over Myrtle Avenue, just steps from the platform where the J and Z subways now roll into a modern train station.

The following pages will explain just how Jay-Z propelled himself from the bleak streets of Brooklyn to the heights of the business world. In making that journey, he's gone from peddling cocaine to running multimillion-dollar companies, with worldwide stops at sold-out concerts along the way. Once Jay-Z got going, it took him less than ten years to complete that voyage, thanks to innate talents honed through hustling. His story is the American dream in its purest form, a model for any entrepreneur looking to build a commercial empire.

Jay-Z wouldn't be where he is today were it not for his remarkable abilities as a rhymester and wordsmith. Most hip-hop buffs place him in rap's pantheon, alongside the likes of Rakim, KRS-One, Tupac Shakur, and the Notorious B.I.G. Jay-Z's first album, *Reasonable Doubt*, packs a life's worth of lyrics into a single disc, backed by beats thick with soul and jazz. Though his first album is still considered one of hip-hop's greatest, he garnered criticism for heading in a pop-oriented direction in subsequent efforts. Jay-Z readily admits this was all part of his plan to sell more records. "I dumbed down for my audience, doubled my dollars," he says in one song. "They criticize me for it, yet they all yell, 'Holla.'"[2]

While some of Jay-Z's catchier choruses have drawn the scorn

of purists, radio hits like "Hard Knock Life (Ghetto Anthem)" were instrumental in broadening hip-hop's appeal. Jay-Z has helped a cultural movement born amid the ashes of the South Bronx flourish in the fertile fields of the American mainstream. With his aid, hip-hop has gone all the way to the White House—Barack Obama referenced Jay-Z's "Dirt Off Your Shoulder" at a press conference in early 2008 and reportedly called Jay-Z early in his first presidential campaign to ask "what's going on in America."[3] Mid-career classics like *The Blueprint* (2001) and *The Black Album* (2003) earned critical acclaim, and both sold more than two million copies. *The Blueprint 3* (2009) was Jay-Z's eleventh number-one album, breaking Elvis Presley's record for a solo act. At the time of this book's publication, Jay-Z had sold over fifty million records worldwide.[4]

This book's focus is not music, but business, a field in which Jay-Z's prowess rivals his considerable musical talents. He pulled in $63 million in 2010, more than twice as much as the next highest paid hip-hop impresario, Sean "Diddy" Combs.[5] Jay-Z is regularly recognized by *Forbes*, *Fortune*, and others as one of the most successful moneymakers in his industry and beyond. In 2010, he earned more than all but seven CEOs in the country; executives who made less than Jay-Z include Howard Schultz, Michael Dell, and Ralph Lauren.[6]

One of the main reasons for this success is Jay-Z's ability to build and leverage his personal brand. As much as Martha Stewart or Oprah, he has turned himself into a lifestyle. You can wake up to the local radio station playing Jay-Z's latest

hit, spritz yourself with his 9IX cologne, slip on a pair of his Rocawear jeans, lace up your Reebok S. Carter sneakers, catch a Nets basketball game in the afternoon, and grab dinner at The Spotted Pig (Jay-Z owns a stake in both) before heading to an evening performance of the Jay-Z–backed Broadway musical *Fela!* and a nightcap at his 40/40 Club. But leave the gold jewelry at home, ditch the baggy shorts and athletic jersey, and don't even think about drinking Cristal: pop-culture arbiter Jay-Z has pronounced all of these items verboten. Instead, consider wearing a platinum Audemars Piguet watch along with a crisp pair of jeans and a dress shirt, preferably by Rocawear, while drinking Armand de Brignac "Ace of Spades" champagne. He'll profit at every step. As he says in one of his songs, "I'm not a businessman—I'm a business, man."[7]

Jay-Z has a nose for money. It drew him away from music and toward the drug trade as a teenager, then back to music as a young adult. In the middle of his career, it took him from the studio to the boardroom, then back to the studio. It's led him to a little bit of both in recent years, creating marketing synergies at every turn. He has a unique ability to set trends and profit from them, and he has milked many of his ventures for astronomical profits. Jay-Z pulled in $204 million for selling his Rocawear clothing line in 2007; the following year, he secured a ten-year, $150-million deal with concert promoter Live Nation at the top of the market. By my estimate—informed by three years of evaluating the fortunes of billionaires and writing about the business of hip-hop for *Forbes*—Jay-Z's personal fortune stands at nearly half a

billion dollars. With a little luck, he'll make it to ten figures before his social security checks start to arrive.

Despite Jay-Z's success, there are still many Americans whose impressions of him are foggy, outdated, or downright incorrect. Over the nine months I spent working on this book, I was astonished at the number of people—mostly middle-aged and white—who, with varying degrees of seriousness, advised me to watch my back while writing about a rapper. Perhaps these were simply misguided quips, though I fear that more often than not, they were symptoms of the prejudice that still infects our society. This is not a book about race, but in researching *Empire State of Mind*, I was reminded that Jay-Z's rise is all the more remarkable because of the biases he's been able to overcome.

I've encountered a few people for whom Jay-Z's name doesn't ring a bell, especially in France and Germany, where parts of this book were reported. Every one of them, however, remembered who he was when I identified him as the husband of pop superstar Beyoncé Knowles, the subject of Chapter 8. For the most part, I've been amazed at the number of people with an encyclopedic knowledge of all things Jay-Z. When he declared himself the new Frank Sinatra in his 2009 hit "Empire State of Mind," everybody wanted to weigh in on his bold thesis, from deli proprietors to music industry leaders. "Jay-Z did what most would consider improbable—create an anthem as important to New York as Frank Sinatra's 'New York, New York,'" Craig Kallman, chief executive of Atlantic Records, told me. "His version is exhilaratingly

original and fresh, and captures the essence of today's Big Apple."[8]

In November of 2009, *Newsweek* declared Jay-Z the fourth most important newly minted tycoon of the decade, between hedge fund king John Paulson and Facebook founder Mark Zuckerberg. The honor highlighted his prowess in business and music as well as his cultural impact. "Jay-Z helped change the face of America and its racial politics," declared Russell Simmons, founder of Def Jam Records. "Kids in Beverly Hills now understand the plight of kids in Brooklyn housing projects. Without hip-hop there is no Barack Obama, and without Jay-Z, hip-hop wouldn't be where it is today."[9]

Simmons is a good friend of Jay-Z, and one of many with a great deal of respect for him. I spoke with scores of people who've spent time with Jay-Z, and they all praise his natural brainpower, manifested as much in the shrewdness of his business dealings as in the intricacy of his rhymes. They point out his ability to size people up and rapidly gather information on any situation as it unfolds, both talents honed by years of peddling drugs while skirting rivals and authorities alike. Perhaps most of all, observers note his expansive intellectual curiosity in both music and business.

Though Jay-Z is better known for making and spending money than for giving it away, he has some experience with the latter. He established the Shawn Carter Scholarship Foundation to help underprivileged kids attend college in 2002,[10] donated $1 million to Hurricane Katrina relief in 2005,[11] and joined forces with the United Nations and MTV

in 2006 to launch a documentary series called *The Diary of Jay-Z: Water for Life*, which chronicled his journey to Africa to raise awareness about the world water crisis.[12] He also teamed with a slew of celebrities to raise $57 million for Haiti earthquake aid in 2010.[13]

When it comes to his own business dealings, Jay-Z isn't quite so munificent. He has a habit of casting aside his teachers once he's mastered their lessons; to his credit, he isn't on the long list of entertainers who've been taken advantage of by opportunistic friends and family members. On the other hand, this trend has earned him the scorn of a few influential figures in his life, including Marcy mentor Jonathan "Jaz-O" Burks, childhood chum DeHaven Irby, and Roc-A-Fella Records cofounder Damon Dash. Jaz-O, who has known Jay-Z since the mid-1980s, says simply, "His loyalty is to his money."[14]

Jay-Z doesn't like to share the proceeds of projects he feels he can execute on his own, which seems to be one of the reasons he ditched Dash around 2004. I believe it's also the main reason he did not consent to be interviewed for this book. It's an attitude well known by members of his inner sanctum, particularly his shrewd right-hand man John Meneilly, the former accountant who was promoted when Jay-Z and Dash parted ways. (Though Meneilly is essentially a manager, Jay-Z refers to him as a *consigliere*[15]—nobody manages Jay-Z.)

I arranged an appointment with Meneilly to discuss my book in October of 2009, naively assuming he and Jay-Z

would be on board. Upon arriving at Rocawear's headquarters, I was ushered into a high-floor conference room. In front of a window that revealed a cloudy sunset over lower Manhattan stood Meneilly, on the phone with somebody responsible for the logistics of an upcoming concert. What was so difficult, he asked, about setting up a giant video screen above the stage to display a ten-minute countdown sequence right before the start of Jay-Z's show? Eventually the person on the other end relented, and I introduced myself. As soon as the pleasantries were completed, Meneilly got right to his main point: "What's in it for us?" That question basically set the tone for the rest of the meeting. If Jay-Z wasn't going to benefit financially, he wasn't interested in having a business book written about him by anybody—even somebody whose *Forbes* articles he'd referenced in at least three different songs (including the 2007 track entitled "I Get Money: The Forbes 1-2-3 Remix," featuring 50 Cent and Diddy).

After spending the better part of a year researching Jay-Z and familiarizing myself with his tendencies, I can't say I'm surprised he decided not to cooperate. It's all part of the same attitude that helped him build his business empire. I'm sure he figured it wasn't worth granting numerous interviews when he could instead spend time on a book that he'd profit from directly. Sure enough, after my meeting with Meneilly, Jay-Z repurposed the memoir he'd scuttled in 2003[16] and released his book, *Decoded*, before this one went to press.

In the absence of one-on-one time with Jay-Z, I've stacked

this book with quotes and anecdotes gleaned from my interviews with more than seventy-five people—some on the record, some on background—who've either done business with Jay-Z or are intimately familiar with his life. I've included Jay-Z's own words in the form of published quotes, song lyrics, and stories I gathered from his associates. Some of the people I've interviewed asked me not to include their names in print. Others asked me to remove their contributions from the book altogether after it became clear that Jay-Z wasn't on board with the project. I obliged, even in the case of one particularly well-known producer who received an e-mail from Jay-Z on his BlackBerry in the midst of our interview and showed it to me (the sender was listed in his virtual address book as "Hova").

The coming pages include insights from artists, executives, and acquaintances including the aforementioned DeHaven Irby, Damon Dash, and Jaz-O, and others who've spent considerable time with Jay-Z: DJ Clark Kent, the man who convinced him to stop selling crack and start selling records; Craig Kallman, the CEO of Atlantic Records, which distributed *The Blueprint 3*; Jamal Crawford, the NBA star who played on Jay-Z's first basketball team; Questlove, drummer of the Roots; and Fred "Fab 5 Freddy" Brathwaite, one of hip-hop's most celebrated trailblazers.

Aided by original testimony of these sources and others, along with support from hundreds of television clips and news articles, this book aims to answer a simple question: how did Jay-Z rise from Brooklyn's impoverished housing projects

to a position as one of America's most successful businessmen? The answer should be of interest to anybody interested in music, sports, or business—and to any entrepreneur in search of a blueprint for building something spectacular from the humblest of beginnings. For that sort of journey, there's no better attitude than Jay-Z's empire state of mind.

1
A Hard Knock Life

It's half past noon, and I'm stuck in a stalled subway just shy of the Flatbush Avenue terminus in Brooklyn, already late to see the man who discovered Jay-Z. I've never met Rodolfo Franklin, better known as DJ Clark Kent; the pictures I've seen of him are from the mid-1990s. What if I don't recognize him? What if he waited for fifteen minutes and left?

When the train finally groans up to the platform, I race out the door, up the stairs, and across the street to Applebee's. A burly man in a black sweat suit is thumbing his BlackBerry on a bench. I glance from his red-and-black Nikes to his matching baseball cap, brim slung low to the left. It's Clark Kent.

"Clark," I begin. "I'm so sorry I'm late. I was . . . the train was—"

"Don't sweat it," he says.

"It just stopped and—"

"Hey, relax." He smiles. The waiter seats us at a table by the window and asks if we'd like to order drinks. Clark Kent orders the Red Apple margarita. "I'm going to need this," he mutters.

I order a plain margarita.

"Strawberry, mango, raspberry, kiwi, or original flavor?"

"Original flavor." The waiter disappears.

"So when did you first meet Jay-Z?" I begin. "Do you remember the first interaction?"

Kent purses his lips and exhales.

"This was when he was about fifteen," he says. "In the Marcy projects. I heard him rap that day, and it was incredible."

"When did you realize that this guy was the next big thing?"

"I realized it back then," he says. "Whenever he rapped with anybody, he outclassed them so bad that I knew it was only a matter of time. I'm no genius for thinking he was incredible, you know what I'm saying? I just saw it early. And I just wanted to do what I could to make it right." The waiter brings out our margaritas, and Kent pauses to take a sip.

"When you grow up in the hood, fast money is all you can think of because of the pressure," he says. "You're in a building with five hundred people when you could be in a house with four. You want to get out. You do whatever you can to get out."

Born on December 4, 1969, Shawn Corey Carter eased his way out of the womb only to start his life in one of Brooklyn's roughest sections. "He was the last of my four children, the only one who didn't give me any pain when I gave birth to him," says his mother, Gloria Carter, in a spoken-word interlude on Jay-Z's *Black Album*. "And that's how I knew that he was a special child."

Within a few years, neighbors in the perilous Marcy Houses were beginning to share that view. At age four, an impatient Jay-Z taught himself how to ride a two-wheel bicycle. He caused a stir when he rode it down the street unaided. "I rode this ten-speed, it was really high," he said in a 2005 interview. "But I put my foot through the top bar, so I'm ridin' the bike sideways and the whole block is like, 'Oh God!' They couldn't believe this little boy ridin' that bike like that. That was my first feeling of being famous right there. And I liked it. Felt good."[1]

Jay-Z's earliest taste of music came around the same time. "My first musical memory had to be, my mom and pop had like a huge record collection," Jay-Z explained at the beginning of the mini-documentary *NY-Z*. "They used to have these parties and [my siblings and I] couldn't come in the front room, so we had to stay in the back. I remember always sneaking out in my pajamas and watching everybody dancing. I mean, we had every record that was out. My mom and pop had great musical taste . . . Michael Jackson, early Jackson Five, Prince early albums, Commodores, Johnson Brothers [*sic*], Marvin Gaye . . . that's soul music."[2]

Had his family maintained this idyllic milieu, Jay-Z might have been on his way to a stellar academic career. "I knew I was witty around the sixth grade," he explained. "I just had that feeling of being smart. We did some tests in the sixth grade, and I was on a twelfth-grade level. I was crazy happy about that. When the test scores came back, that was the first moment I realized I was smart."[3]

But in 1980, Jay-Z's father, Adnis Reeves, abandoned his wife and children. Reeves first left with the goal of tracking down the man who fatally stabbed his brother,[4] but became so consumed with the notion of revenge—and later, by addiction to alcohol and drugs, most notably heroin[5]—that his departure became permanent, leaving Gloria and the children to fend for themselves. For the young Jay-Z, the effects were instantaneous. He was, in his own words, "a kid torn apart once his pop disappeared." His grades declined, and not even his mother could get through to him.[6]

"His pops left when he was like ten," says Clark Kent, whose own father departed when he was a youngster. "That's when you're already believing your father's a superhero, or your father's the best guy in the whole world. And then he leaves, and all of those things become things that hurt you, and make you want to become more into yourself or become more reclusive. And, you know, those things weigh on you."[7]

Jay-Z turned to other male role models like Jonathan "Jaz-O" Burks, an up-and-coming Marcy-based rapper four years his senior. The two first met in 1984 when mutual friends tried

to arrange a rap battle between Jaz-O and the young Jay-Z, who was just starting to gain a reputation as a talented lyricist himself. When Jay-Z arrived, the older rapper suggested something a bit less confrontational. "I was like, 'Look, let him rhyme, it doesn't have to be a battle,'" recalls Jaz-O over a telephone interview. "I saw he was a young kid . . . but when he rhymed, I heard something I'd never heard before . . . The cadence, the things that people may have as far as raw talent, but never really pay attention to, he had it."[8]

Almost immediately, the two became good friends. Some observers speculate that Jay-Z's stage name is partly an homage to his mentor and partly a nod to the J and Z subway lines that stop near the Marcy housing projects (Jay-Z insists that his rap name is simply a shortening of his childhood nickname Jazzy, a notion confirmed by DJ Clark Kent). Regardless, Jaz-O's influence was undeniable. Under the elder rapper's tutelage, Jay-Z's lyrics became wittier, his delivery faster, and his syncopation sharper.

"I taught him basic poetic license, metaphor, simile, onomatopoeia—things that most rap artists would say to you, 'What is that?'" remembers Jaz-O. "I taught him that in order to be the best, you don't have to outwardly hone your craft. But in privacy, hone your craft. People don't have to know how hard you work to get something." Aside from musical guidance, Jaz-O and other friends helped provide Jay-Z with basic necessities when his single mother of four couldn't. "I think quite honestly, his situation was a bit dire,"

says Jaz-O. "He used to go to [his friend] Chase's house often, just so he could eat. My house as well."

Even with Jaz-O's companionship and guidance, Jay-Z remained stung by his father's departure. In a rare moment of vulnerability, he told *Rolling Stone* that his father's exit scarred him so badly that he started to distance himself emotionally from potentially hurtful situations. "I changed a lot. I became more guarded. I never wanted to be attached to something and get that taken away again," he said. "I never wanted to feel that feeling again."[9]

In the ensuing years, the young Jay-Z indeed became troublingly detached. The worst manifestation of this occurred at age seventeen, when Jay-Z shot his drugged-out older brother in the shoulder for stealing a ring.[10] He describes the incident on his second album: "Saw the devil in your eyes, high off more than weed / Confused, I just closed my young eyes and squeezed."[11]

Moments after he fired the shot, Jay-Z raced over to Jaz-O's Marcy apartment and breathlessly explained what had happened. "He was like, 'I shot my brother,'" recalls Jaz-O. "I was like, 'What the fuck did you shoot him for?' He's like, 'I told him to stop taking my stuff.' He said it was kind of an accident . . . he was trying to scare [his brother], but the situation got kind of crazy, and he just happened to hit him in his arm." Though Jay-Z's brother was taken to a nearby hospital for treatment, he never incriminated his younger sibling

for the injury. In fact, the pair quickly reconciled, as Jay-Z explains in verse: "Still, you asked to see me in the hospital the next day / You must love me."[12]

Surprisingly, the young rapper's actions didn't result in any serious legal consequences. That may seem unusual, but in the early 1980s, Bedford-Stuyvesant was one of the many poor enclaves in New York that were largely neglected by the authorities. Hospitals were accustomed to admitting victims of stray shots, and Jay-Z's brother didn't want to incriminate a family member. "His brother didn't press charges partly because his brother knew he was wrong," says Jaz-O. "And, you know, they're still brothers. For the most part, he felt to an extent that it was an accident. He understood that it was his little brother who couldn't beat his big brother and was just trying to intimidate him."

The incident revealed a striking similarity between the adolescent Jay-Z and his absent father: an inability to control vengeful impulses. Adnis Reeves's desire to track down his brother's killer led him to abandon his family; Jay-Z's need for retribution was so powerful that he shot his own brother. Perhaps the most compelling part of Jay-Z's lyrical confession is his admission that, all along, he was hoping his brother would try to talk him down ("Gun in my hand, told you step outside / Hoping you said no, but you hurt my pride"[13]). It shows a desire for the sort of discipline that he would eventually learn to impose on himself.

Not surprisingly, unloading a bullet into his brother's shoulder is a moment that Jay-Z would rather forget. In

the rare cases when an interviewer brings it up, the rapper maneuvers away from the subject. "I wouldn't feel comfortable talking about that on TV, it's not cool," Jay-Z said in 2002. "That's a bit over the line."[14] Indeed, firing that gun wouldn't be the last time he allowed his desire for revenge to cloud his judgment. As Jay-Z admits in one of his songs, he "had demons deep inside that would raise when confronted."[15]

Despite the magnitude of Jay-Z's struggles at home, few of his peers at Brooklyn's George Westinghouse High School knew the extent of his struggles. "He was very quiet and dressed nice from what I remember," recalls Carlos R. Martinez, who overlapped with Jay-Z at Westinghouse and currently works as a corrections officer in Brooklyn. "That's about it."[16] The mogul-to-be was soft-spoken, except when he was rapping. "He was a clever rapper but not very into talking about it," remembers Billy Valdez, a classmate who's now a music producer in New Jersey. "He did his thing on the low, very humble."[17]

Jay-Z's classmates were too busy dealing with their own problems to speculate on the home life of the quiet kid with a gift for rhyme. In those days, Westinghouse was among the most dangerous schools in New York. Salvador Contes attended Westinghouse at the same time as Jay-Z and went on to teach for thirteen years at the school. He remembers broken windows, smoky stairwells, and a general fear for one's personal safety. "When you went into the boys' bathroom,

there were no lights. You'd walk in there, pitch-dark, and you knew things were going on in the bathroom, but you couldn't see," he says. "You didn't want to take a chance. You could have gotten mugged in the bathroom, and you wouldn't have known who did it . . . So you did your best to hold it."[18]

Jay-Z dodged danger by spending most of his time loitering in the school's brightly lit cafeteria. There, he practiced his rap skills by freestyling to beats pounded out on the table. His classmates began to take notice. "You'd always see him in the same spot when you walked into the cafeteria, if you walked in on the left side," Contes remembers. "Literally all the time." There, he'd partake in verbal jousting matches with other aspiring rappers—Westinghouse alums include the Notorious B.I.G. and Busta Rhymes—while his classmates looked on. "It was always a battle on who was better," says Contes. "It was almost disappointing when they didn't do it."

Jay-Z never graduated from high school, thanks in part to the influence of childhood friend DeHaven Irby, who lived across the hall from him in the Marcy projects. The two boys walked to school together every day. They also frequented Brooklyn's asphalt basketball courts. "He wasn't aggressive," recalls DeHaven, now a thickset ex-con, over milk shakes at Dallas BBQ in downtown Brooklyn. "He had a shot, but he wasn't, like, a ballplayer. Seemed like he'd do a lot of studying before he'd make a move. I guess that works for him now."[19]

In 1988, DeHaven relocated to Trenton, New Jersey, to live with his aunt. His basketball coach at Westinghouse suggested he make the move so that he could play at the local high school in Trenton, which had a better program than Westinghouse. But DeHaven dropped out as soon as he saw the lucrative opportunities offered by drug dealing. With a business partnership in mind, he reached out to his old friend Jay-Z.

"I was like, 'Yo, I need you here with me, there's money here, we can get this money,'" says DeHaven. "I had everything already laid out for him before he even came. I already had told everybody in Trenton about him. I used to tell them he was my [biological] brother."[20]

So the eighteen-year-old Jay-Z started taking the train to Trenton on weekends. Eventually, DeHaven's family got used to having him around; before long, he moved in full-time. Jay-Z's mother didn't stop him. "I was already out on my own at fifteen, sixteen years old," says Jay-Z. "My mom didn't put me out, but she did the best thing for me. She allowed me to search. She gave me a long leash."[21]

Jay-Z took that freedom and used it to start picking up what one might call a practical education. DeHaven taught Jay-Z everything he knew about the heady local drug market—as Jay-Z himself said, "DeHaven introduced me to the game"[22]—and soon he was on the streets selling cocaine. He developed a strict profit-making policy, one that the locals quickly noticed. "They knew he was about business," remembers DeHaven. "No shorts, meaning he was getting

all his money. All the money. If the product was ten dollars, you couldn't get it for nine dollars . . . a lot of people thought of him as being stingy."

Even as he started getting involved in the drug trade, Jay-Z made time for music. In 1988, Jaz-O became the first rapper to land a deal with British label EMI. When the company flew him to London for two months to record his album, he brought along Jay-Z and a young producer named Irv "Gotti" Lorenzo, who'd go on to found Murder Inc., a record label that gained success and notoriety in the late 1990s. "I treated him and Irv as equals, but [Jay-Z] was basically my sidekick," recalls Jaz-O. "It was his first exposure to traveling and doing things in the music industry." Shortly after his nineteenth birthday, Jay-Z got his first real taste of luxury when he cruised to the London release party for Jaz-O's album on New Year's Eve in a Cadillac limousine.

Upon returning to the United States, Jay-Z talked his way onto the tour bus of Big Daddy Kane, a successful rapper from hip-hop's golden age in the late 1980s and early 1990s. A host of hip-hop luminaries joined Kane on tour, including Queen Latifah, MC Serch, Shock G, and a young Tupac Shakur. As a member of Kane's posse, Jay-Z would sometimes go onstage during intermissions to entertain crowds with his spitfire freestyle delivery. Though Jay-Z today grosses over $1 million per show, he spent four months in 1989 working the hip-hop equivalent of an unpaid internship—rapping for room and board, which consisted of a spot on the tour bus floor and a free pass at the buffet.

MC Serch, whose real name is Michael Berrin, recalls Jay-Z having to ask Kane for money to go to a local burger joint for dinner. His memories of Jay-Z were not that different from those of the young rapper's high school classmates. "I just remember Jay having gold teeth in his mouth, having a big smile, not saying a lot. Jay wasn't a big talker," he says. "Kane rolled with the realest of the real dudes from Brooklyn. And Jay was just one of these young gunners that rolled with him."[23]

After the tour, Jay-Z found himself between worlds. Nearly twenty years old, he'd gotten a taste of the good life with Jaz-O in London, and he'd rubbed elbows with the biggest names in hip-hop on Big Daddy Kane's tour. But he'd dropped out of high school, and his own musical career hadn't gotten to a point where he could make serious money as an artist. So he picked up where he'd left off as a hustler. "I think he realized that in order to really push the music, you needed to be able to finance yourself," says Jaz-O. "He chose to quite simply get money, as most of us did in our circle, we just chose to get money and get out of the hood any way we could."

Specifically, Jay-Z went back into business with DeHaven. From a supply and demand standpoint, the decision made a lot of sense. In the 1980s, New York was the main East Coast entry point for cocaine imports from South America. With ties in New York and Trenton, Jay-Z and DeHaven did what any shrewd businessmen would do with a growing enterprise: they expanded into undeveloped markets in Maryland and Virginia, where the competition was lighter

and the clientele less sophisticated. "New York was the capital of drugs," explains DeHaven. "This is where it came in, back then. So the further you were away from here, the higher [the price] goes."

Jay-Z would later use his music to boast that he wasn't just selling $10 crack rocks on the corner. In "Takeover" he says, "I was pushing weight back in '88,"[24] a slang-driven lyric meant to emphasize the magnitude of his dealings. "There wasn't no nickel and diming around back then," says DeHaven with a chuckle. "There was money in the streets. It wasn't a recession. It was Reaganomics."

Even as Jay-Z's partnership came to be interrupted by DeHaven's intermittent prison stints, he continued moving back and forth between Brooklyn, Trenton, and locations farther south with the help of other associates—and the rise of a new and profitable product: crack cocaine. Dreamed up somewhere in Colombia during the mid-1980s, the process of creating crack could be completed by anyone with a coffeemaker, a hot plate, some cocaine powder, and a few common grocery items. If diluted with another additive like baking soda, a brick of cocaine powder could produce enough $10 crack rocks to quadruple a street dealer's profits.[25]

Though Jay-Z's music admittedly "came second to moving this crack,"[26] his collaborations with Jaz-O continued. In 1990, the pair released a song called "The Originators," following it with a music video in which Jay-Z sports a Waldoesque red-and-white-striped shirt. Neither the blithe ballad nor the campy video delved into the grim urban

subject matter that characterized both Jay-Z's life at the time and much of his later work; on the contrary, "The Originators" evoked the playful boasts of early records like Sugarhill Gang's "Rapper's Delight." What set Jay-Z apart as an artist was the sharpness and rapidity with which he delivered his lyrics; that verbal dexterity earned Jay-Z some attention in the underground hip-hop scene. It also served as a moneymaking alibi. With his underground and underworld profiles on the rise, Jay-Z would sometimes help his mother financially—or splurge on extravagances like gold teeth. In the song "December 4th" he says, "I hit my momma with cash from a show that I had, supposedly." In other words, he was using unpaid musical appearances as a front to hide the fact that most of his money came from selling drugs.

"The difference between him and a lot of other people is you really couldn't tell that he was this guy that had a whole bunch of money from being in the streets because he wasn't out there buying Benzes," says Kent. "He was doing little things, like, you know, a little Lexus here, but he was buying a Lexus when all these guys in the street were buying Benzes and BMWs. To be smart enough to play yourself down to just keep the paper means you're doing business properly. And Jay-Z was always about keeping the paper."

These days, some question Jay-Z's drug-dealing résumé and challenge his street cred. DeHaven, who hasn't spoken with Jay-Z since their falling-out in the late 1990s, doesn't deny the rapper's involvement in the drug scene. However, he suggests that many of Jay-Z's lyrical depictions of hustling

were really stories borrowed from his own life—and that Jay-Z distanced himself because he didn't want people to know. "I've been around one of the greatest sellers in the world, whether the story was real or not," says DeHaven with a smile that betrays a hint of nostalgia. "An O.G. [original gangster] explained it to me on that level. He said, 'If Jay was ever jealous or he ever wanted to be you, what purpose is there to have you around? 'Cause then people could see who's who.' Like, 'The person you rap about seems to be [DeHaven].'" Still, one person who spent time with both Jay-Z and DeHaven during the early 1990s estimates that Jay-Z was moving a kilogram of cocaine (a $12,000 value[27] before the fourfold street markup) per week. "He was definitely involved in the narcotics game," says the source, who asked to remain anonymous. "There's no denying that."

In 1992, Jay-Z's musical prospects got a boost when Atlantic Records hired Clark Kent. As part of the artists and repertoire (A&R) department, Kent was charged with scouting new talent. His mind immediately flashed back to the youngster he'd met in the Marcy projects years earlier. But now that Jay-Z was a successful drug dealer, he was hard to track down. Kent was eventually able to get Jay-Z's number from a friend. "The conversation was, 'Yo, I'm over here at Atlantic Records, we gotta do this.' He's like, 'Nah, I'm good,'" Kent remembers. "And then daily, for two months or so, I'm like, 'Yo, I'm over at Atlantic Records, we gotta do this.' It was still a lot of, 'Yeah, aight, whatever.'"

Jay-Z remained hesitant to devote time to music that could

be spent making more money hustling. But after continuous prodding, Kent finally convinced him to appear on a remix, then on a song called "Can I Get Open" with a group called Original Flavor in 1993. "I convinced him, unwillingly," says Kent. "He was like, 'I'm not spending money to do this. If it happens, it happens, but I'm going to be doing what I gotta do, so it's only going to happen when I come up from down south.'"

Jay-Z's reluctance to splurge on music was understandable, as there are a lot of people to pay when recording a hip-hop song. There's the producer, who uses an array of gizmos including drum machines, synthesizers, and a technique called "sampling" to create the basic repeating element, or "hook," of the song. Samples are elements of previously recorded songs—perhaps the horns from a soul record or the snare drum from an old jazz standard, or occasionally the entire song minus the original vocals—and are often used to help create a song's musical backbone, known as the "beat" or the "track." In the mid-1990s, a producer might charge $5,000 per song plus a 50 percent share in the rights to the song, which translates to a 3 to 4 percent royalty on a whole album (on top of that, the use of a single sample might cost $5,000 to $15,000, plus an additional royalty cut[28]). The rapper, also known as the MC or emcee, records vocals over the beat. Once the lyrics are added, sound engineers adjust volume levels and add effects to complete the process. Postproduction and promotion add to the tab, as does studio time—as

much as $2,500 per hour for a minimum of four hours during the period in which Jay-Z first started recording.[29]

Kent, a veteran producer, hoped that with enough songs under his belt, Jay-Z would be able to impress Atlantic or another label enough to get a record deal to fund future recordings. To that end, he persuaded Jay-Z to record a song with a rapper named Sauce Money. At the time, Kent and Sauce were working with a production company called 3-D Enterprises owned by former NBA star Dennis Scott. Patrick Lawrence, a 3-D employee and producer known professionally as A Kid Called Roots, was in charge of booking studio time for Kent, Sauce, and Jay-Z. Though the song never made it onto anybody's album in the end, Lawrence remembers the impression Jay-Z left on him during the session. "Jay-Z was a street dude who didn't realize how talented he was," recalls Lawrence between bites of garlic naan at a Manhattan eatery. "He thought it was like, 'If it was really that complicated, it wouldn't be that easy for me.' So he didn't take it serious. It was Clark Kent who said, 'You need to go hard with this,' and convinced him to fall back on the street thing and go full steam with the music."

When Jay-Z arrived to record his verse, he hadn't yet heard the beat. Instead of asking to hear it or practicing his verse, he started joking around with Sauce, much to Lawrence's chagrin. Though Lawrence had heard rumors that Jay-Z memorized all his verses in lieu of writing them down, nothing was getting done and he was getting antsy. "I'm thinking to myself, 'This guy hasn't written his song, nobody's heard

his verse or anything like that,'" recounts Lawrence. "We've been here for three hours, and they've just been laughing and talking about stuff and haven't been talking about music. So I finally was like, 'Jay, come on, man, you gotta fucking lay your vocals, man. This is on my ass, I'm wasting studio time, I'm almost over budget!' Everybody's like, 'Oh, this guy's getting feisty.' So [Jay says], 'Okay, let me hear the song.'"[30]

Lawrence played the track. Jay-Z began mumbling along to it, then picked up a pen and a notebook and seemed to start scribbling notes. He placed the pad on the sofa and started pacing back and forth, muttering more half-formed words. After five minutes, he glanced once more at the pad and told Lawrence he was ready. While Jay-Z was in the sound booth recording his verse, Lawrence went over to see what he'd written in the notebook, which was still sitting on the couch. "I walk to the pad, and there's fucking nothing on it," Lawrence recalls. "He was doing it as a fucking joke, like just to show people. That was when I was like, 'This guy is the best rapper.'"

Brilliant rapper though he was, Jay-Z continued to hustle. The decision was part of a business philosophy that can be boiled down to a very simple rule: focus on whatever venture offers the most realistic opportunity to make the most money. Early on, that meant selling drugs; Jay-Z saw music as a fun side project, or perhaps a way to diversify his revenue streams. "His first album was supposed to be his only album . . . at least that's what he said," notes Touré, who authored *Rolling*

Stone's 2005 cover story on the rapper. "I think that was real in his mind. He was like, 'This is a pay cut.'"[31]

It would take more than a nudge to make Jay-Z change his attitude. According to DeHaven, that came suddenly and violently sometime in 1994. "He saw death," DeHaven explains. "He saw the bad side of the game. He almost had his life taken. And that's what did it. He messed with the wrong people." Jaz-O recalls the same incident: "When he saw the individual [preparing to shoot], he ran for his life, which he should have. A couple of shots fired, but the gun jammed and that's what saved his life."

Both DeHaven and Jaz-O take credit for the fact that Jay-Z's assailant never came after their friend again. Jaz-O claims he used street diplomacy to snuff out the dispute, which he says was sparked by "dirty dealings" (he wouldn't elaborate). DeHaven implies something a bit more direct. "How did he ever think them people stopped looking for him?" he says, grinning ominously. "That was me all along." Though Jay-Z himself has never confirmed or denied that either Jaz-O or DeHaven served as a guardian angel, he has said that he stopped dealing in the mid-1990s after being ambushed by rival drug dealers: "I had near brushes, not to mention three shots, close range, never touched me, divine intervention."[32]

Clark Kent doesn't believe those experiences were what caused Jay-Z to stop hustling. "That shit don't mean nothing," he says. "Getting shot at is something that you expect when you're in the street hustling . . . Shit, I got shot at, you know what I'm saying? You're going to get shot. You're going

to get shot at. And if you live, it's all good. That just meant he lived to hustle another day. It wasn't that. What I think changed him and made him say he was going to commit [to music] was the success of that first record."

Jay-Z has admitted that a number of factors led to his decision to stop hustling. "It wasn't specifically one thing," he told the *Washington Post* in 2000. "It was more so out of fear. You can't run the streets forever. What are you going to be doing when you're thirty years old, or thirty-five or forty? I had a fear of being nothing—that pretty much drove me."[33] For the burgeoning businessman, the decision to stop dealing sometime around 1995 could also be explained as a simple recalibration of risks and benefits. "When he saw the money that he could make in the music business," Touré muses, "and be legal with it, and not have to worry about the police, and getting shot by other drug dealers, and all the other predators who'd been coming at him, it made a lot of sense."[34]

Jay-Z explains his thought process in verse: "I sold kilos of coke, I'm guessing I could sell CDs."[35] As usual, he proved to be a quick study. He would find his primary instructor in that field when Kent introduced him to a young Harlem entrepreneur named Damon Dash.

"If they were still together," says Kent, "they'd be billionaires."