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US Billionaire: "I'm a one-issue guy and my issue is Israel"

New York Times
September 5, 2004
Schlepping to Moguldom
By ANDREW ROSS SORKIN

<http://www.nytimes.com/2004/09/05/business/yourmoney/05sab.html?pagewanted=print&position=>

LOS ANGELES

HAIM SABAN, one of the nation's richest and most improbable media

magnates,
was slouched in a leather seat aboard his Gulfstream jet during a trip from Los Angeles to New York this spring, rattling on about his support for Israel.
After devouring a bagel covered in lox, he leaned forward and launched into his favorite story from the Democratic presidential primaries.

"Did I tell you what Howard Dean told me?" he asked, knowing full well that he had not, at least not yet today. "Do you know how he tells me that he is going to support Israel?" he recounted, with a look of incredulity. "He tells me, 'Don't you know my wife is Jewish?' "

Mr. Saban, 59, let out a sharp laugh, pausing for effect, before delivering his punch line. "Do you know what I told him? I said, 'Governor, the fact that your wife is Jewish is your problem.' " [Mr. Saban's wife, by the way, is not Jewish.]

A self-described "cartoon schlepper," Mr. Saban became a billionaire by turning the Mighty Morphin Power Rangers into a global franchise that he merged with Rupert Murdoch's News Corporation and, in 2001, sold to the Walt Disney Company for \$5.3 billion. He has since emerged as perhaps the most politically connected mogul in Hollywood, throwing his weight and money around Washington and, increasingly, the world, trying to influence all things Israeli.

"I'm a one-issue guy and my issue is Israel," he said in his first extensive interview in years.

To that end, he has become one of the largest individual donors in the country to the Democratic Party and its candidates, giving millions over the past decade - \$7 million in just one donation to the Democratic National Committee in 2002. He recently had Senator John Kerry over to his chateau-style home in Beverly Hills. ("We played guitar and kibitzed," he said.) He regularly spends

hours at a time on the phone with Ariel Sharon, the Israeli prime minister. He vacations with Bill Clinton.

At the same time, Mr. Saban has been bidding - or at least kicking the tires - on media properties around the world as he looks to expand his empire and, by extension, his political reach.

But what really has people talking in Hollywood and Washington is his most ambitious project yet: he is the proud owner of the largest television broadcaster in Germany. "I know, I know. I get the irony," he said with a smile.

A year ago, Mr. Saban beat out his one-time partner, Mr. Murdoch, and many other media titans to buy the broadcaster, ProSiebenSat.1 Media, putting him in control of a company that owns the rough equivalent of CBS, ABC, TBS and Nickelodeon.

"That level of ownership would never be allowed in the U.S.," he acknowledged. "It would be too much concentration."

Since taking over the broadcaster, he has turned it around - cutting costs and sending it American hits like "The OC," a Fox Network series about teenage tribulations, and "Nip/Tuck," a drama centered in a plastic surgery clinic. Not only is the company making money, but Mr. Saban may finally be shaking a reputation that has long dogged him: that he has gone further on luck than talent.

"It's easy to be jealous of someone like Haim," said Peter Chernin, president and chief executive of the News Corporation. "But I think the Germany situation has the potential to be not just a financial score but serve as the cornerstone of something bigger."

That, Mr. Saban readily acknowledged, is the plan. As one of the richest people in Hollywood, he hears about possible deals constantly. He is toying with

the idea of buying The Jerusalem Post from Hollinger International, which has been canvassing for buyers. "If they ever come to earth with the price, I would be interested in it," he said.

He has also stirred controversy in Britain, where he publicly expressed interest in buying ITV, the country's biggest commercial network, while accusing its competitors, BBC News and Sky News, the news arm of the pay-TV provider British Sky Broadcasting, of pro-Arab coverage.

Of course, not every deal has panned out. Last year, he joined a consortium led by Edgar Bronfman Jr. that was bidding on Warner Music, only to drop out at the 11th hour, worried that the group was overpaying. Now that Warner Music is on an upswing, it looks as if he may have missed an opportunity. But Mr. Saban says he has moved on.

"I don't even think about it," he said.

Mr. Saban said he had other deals up his sleeve, but he refused to tip his hand. You can count on him to pursue them tirelessly. "I don't play golf and I don't collect stamps," he said. "I don't ride horses. I don't go mountain hiking, I don't go star gazing. I don't do any of that."

Don't bother asking him what his hobby is. "I have none. Zero. It's my family and work."

Mr. Saban's path to moguldom has certainly been unusual. He was born in Egypt but fled to Tel Aviv with his parents, his brother and his grandmother after the 1956 Suez War. Struggling to get by, the family lived in a one-room apartment and shared a bathroom, he recalled, "with a hooker and a pimp."

As a teenager, he took up the bass guitar and began managing bands and promoting concerts. But his business was wiped out by the 1973 Yom Kippur War and he decided to move to Paris with his business partner, Shuki Levy.

HIS big break came soon after that. While vacationing in Tel Aviv, he got a call from a producer in Paris who wanted one of Mr. Saban's clients, Noam Kaniel, a child singer, to record the theme song for a cartoon called "Goldorak," which was wildly popular in France in the 70's. So he flew back to France and headed to the studio.

"It was just one of the worst songs I ever heard in my life," he recalled.

"But we schlepped all the way there so I said, 'Let's do it so we can get out of here and get back to the pool at the Sheraton in Tel Aviv.' " About a month later, Mr. Saban got a copy of the master and a bill for \$2,000 from the producer.

"I said: 'I do you a favor and you want \$2,000. I don't want the master,' " he remembered. "So now I'm schlepping around to record companies looking for someone to give me a licensing deal and pay me an advance of \$2,000. But the song is so awful nobody wants to give it to me, nobody. So I find this guy at CBS just out of school who is willing to just ship a few hundred copies."

When "Goldorak" became hugely successful, its theme song started selling, and those few hundred copies soon turned into 3.5 million.

During that process, he had his eureka moment. Because he owned the master recording for the TV program, he collected all of the profit. "I found out on a TV deal all the money came to me, not to the record company," he said. "On a licensing deal you only get 20 percent. I was swimming in money. I didn't know what to do with myself. Everything went whoosh from there."

He and his partner started releasing music soundtracks in France for television shows like "Dallas" and "Knots Landing." In late 1983, Mr. Saban moved to

Los Angeles and began writing and producing cartoon soundtracks, though not always with much success.

"When I moved to this country in 1983, you can rest assured that they weren't waiting in lines to meet me and see me and make deals with me," he said. "Did I wait for hours for a cartoon producer to see me so I could play him some of our music and after hours his assistant would come out and say, 'Well, he won't be able to see you today'? Yes."

Soon, however, he was on a roll. He wrote the theme song for the cartoon series that eventually became the Disney movie "Inspector Gadget," for example, and then bought the television rights to the Teenage Mutant Ninja Turtles from the creators of the comic book characters. The television program became an overnight sensation.

Then, in 1985, on a business trip to Tokyo, he hit gold in a room at the Imperial Hotel. "They have all these crazy game shows on and I didn't understand anything and then this thing came on," he said, referring to a children's cartoon show known as "Dinosaur Task Force Zyuranger."

"I said: 'Oh my God. Oh my God.' It was fascinating. I thought it was magical. It was incredible."

For half a million dollars - "which is not nothing," he noted - he bought the rights to broadcast the program outside of Asia. After eight years of begging and pleading, he finally persuaded the News Corporation's Fox Network to broadcast the show, renamed "The Mighty Morphin Power Rangers," in the summer of 1993. It was an instant hit.

With the hottest children's show in the world on his hands, Mr. Saban formed a joint venture with Fox in 1996. It turned out to be a shrewd move. The next

year, the venture acquired the Family Channel from its founder, Pat Robertson, for \$1.9 billion and turned it into the Fox Family Channel. Four years later, Michael D. Eisner, the Disney chief executive, negotiated a deal to buy the channel for Disney for \$5.3 billion.

THE deal is considered one of Mr. Eisner's worst, one that he has acknowledged as a drag on his company. But Mr. Saban walked away with some \$2 billion for himself. "People say they overpaid," Mr. Saban said. "Beauty is in the eye of the beholder. I will be very honest with you and this may sound somewhat arrogant - I will tell you that I ended up with about a half-billion less than what I thought I could have gotten for those assets."

In any event, some of the proceeds from that sale helped to underwrite Mr. Saban's relatively newfound passion: politics.

He said he caught the political bug in the mid-1990's, when he felt that support for Israel was slipping in the United States. He and his wife, Cheryl (who, by the way, is not Jewish), slept in the White House several times during President Clinton's two terms. And Mr. Saban has remained close to the former president.

"Haim Saban has been a very good friend, supporter and adviser to me," Mr. Clinton said in an e-mail message. "I am grateful for his commitment to Israel, to a just and lasting peace in the Middle East and to my foundation's work, particularly on reconciliation issues."

Mr. Clinton might have added that he is also grateful for Mr. Saban's commitment to the Democratic Party, including his \$7 million donation two years ago, the largest individual donation in its history.

While Mr. Saban is a vocal opponent of President Bush - "I think Bush is just messing it up every day more" - he supports some of Mr. Bush's

policies. "On the issues of security and terrorism I am a total hawk," he said. "I'm a Democrat for the reinforcement of the Patriot Act. It's not strong enough. The A.C.L.U. can eat their heart out, but they are living in the 1970's. We should all have ID's. You betcha. What do you have to hide? Some friends of mine on the left side think I'm crazy."

Why is he so supportive of Israel? "I hate quoting Tom DeLay, I really do," Mr. Saban said. "If you're going to quote me quoting Tom DeLay, say I hate quoting him." He continued, apparently quoting Mr. DeLay, the House Republican leader: "He said: 'It is the right thing for us to do to be supportive of Israel. The reasons go back to the beginning of time.' "

Mr. Saban's views on the matter are straightforward. He is a tireless cheerleader for Israel. But when it comes to conflict there, his views are hardly sanguine. "I'm going to make a very controversial statement and I hope to God that I am proven totally wrong: I think that any resolution will have to go both on the Palestinian side and Israeli side to some form of civil war. It's not going to be without spilling blood."

In 2002, he pledged \$13 million to start a research organization at the Brookings Institution called the Saban Center for Middle East Policy. ("I've heard from leaders on both sides of the aisle in the United States and leaders in Europe about what Sharon shouldn't do," he said. "I've haven't heard one educated suggestion about what he should do.") Mr. Saban spends hours every week drumming up support for a variety of charitable causes and, especially, for Israel, sponsoring lunches and dinners at his home and around the country to raise money for candidates who he believes will support his cause. "He has no hesitation to bang on your door for a cause he believes in," said Ron Meyer, president of Universal Studios, who called Mr. Saban one of the few

guys "who puts his money where his mouth is."

In a faxed letter, Mr. Sharon said of Mr. Saban: "To me he will always be a dear personal friend. Haim Saban is a great American citizen and a man who always stood by Israel and the Jewish people in times of need. His contribution to strengthening ties between Israel and American political leaders from all parties has been quite remarkable and outstanding."

So how did Mr. Saban wind up putting so much of his money in Germany?

In 2002, Leo Kirch's empire, KirchMedia, the largest media company in Europe, went bankrupt. Flush with cash from the sale of Fox Family to Disney, Mr. Saban was scouring for deals and sensed an opportunity. "These kind of assets people don't go around selling," he said. "At a normal time we wouldn't have had a prayer in hell."

BY his own account, the timing was perfect. "There was a very small window of opportunity where every single studio had its own issues," he said, and his rivals, thus distracted, were not in a good position to bid against him. Mr. Murdoch never had his heart in the auction because he was working on his deal for DirecTV. Time Warner was still struggling with its acquisition of AOL. Viacom could not get enthusiastic about the deal. And Disney was still struggling with the purchase of Fox Family, renamed ABC Family.

"Our biggest advantage was that we had the cash but no business," Mr. Saban said. "These assets really should have been bought by one of the majors as an outlet for their programming in Europe." Indeed, he is now among the biggest single buyers of Hollywood programming outside of the United States.

In Germany, foreign entrepreneurs like John C. Malone, chief executive of the

Liberty Media Group, have failed in efforts to buy assets, perhaps because their cavalier attitude created problems with regulators. Mr. Saban sweet-talked them. He also used some of his political influence, asking the American ambassador to put in a good word for him.

Mr. Saban has not been shy about calling on his political friends to help sell advertising, too. This year, he invited Germany's most prominent advertising executives to his home in Los Angeles for dinner with Mr. Clinton. The executives, he said, were stunned.

"These people never saw Leo Kirch in their life," Mr. Saban said. "They never saw him. And now the new owner all of a sudden has them in his home with Bill Clinton speaking to them."

Mr. Saban remembers precisely where he was when he clinched the deal for Pro-Sieben: on his cellphone, as he was standing in the middle of the former concentration camp at Dachau, where he and his family had gone to visit. "I found it kind of interesting, to say the least, that the timing and the geography all came together the way they did," he said.

Investing in Germany was an easier decision for him than some people might imagine, he said. "I'm not suggesting we ignore what happened in Germany 50 years ago," he said, "but I am suggesting that we don't allow it to keep us from going into the future."

He added that the German government had been very supportive of him, but not because of his history. "There have been all kinds of theories because of the fact that I'm an Israeli-American and the like," he said. "I don't think so. I think it's a pure economic issue."

Well, maybe not all economics. Haim Saban "is not like one of the guys just assembling trophy properties," said Steven Rattner, the managing

director of
the Quadrangle Group, an investment firm that backed Mr. Saban in ProSi
ebenSat.1. "He'd rather be considered a mogul in Germany than here,"
Mr. Rattner said.
"He thinks Germany is critical to Israel."

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