

# CROOKED PIG OBAMA MADE VAST PROFITS OFF OF RIGGING GOVERNMENT FUNDING

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[Obama Personal Investment Deals Mirror Tax Strategies He Once Criticized...](#)

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## Obama's Personal Investment Deals Mirror Tax Strategies He Once Criticized

Exclusive details on how Obama's business deals are designed to minimize tax liabilities.



[LEE FANG](#)



Barack Obama campaigned extensively during his presidency to eliminate the "carried interest loophole," a tax strategy that allows billionaire investors to evade ordinary income taxes.

Hedge funds and other private fund managers use this tax treatment to pay long-term capital gains of 20%, a rate that is almost half of what many working Americans pay.

Obama, while in office, said this "loophole" leads to "folks who are doing very well paying lower rates than their secretaries."

However, since leaving the presidency, Obama has employed a similar tax strategy to potentially only pay capital gains taxes for the services he has provided to private business interests.

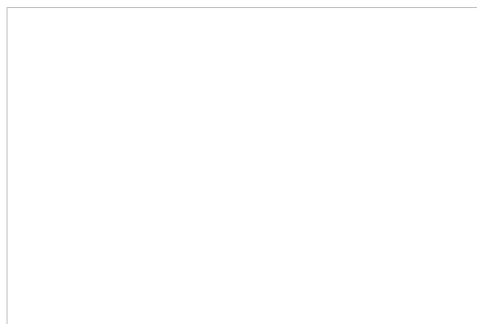
One example of this is Obama's strategic partnership with NBA Africa, which was [announced](#) in July 2021, as part of an expansion of Africa's largest men's basketball league. According to private

information I obtained, the deal is structured as a "profit interest" share.

This agreement enables Obama to possess a "minority ownership stake" in the NBA Africa venture without making any upfront cash investments.

A profit interest share essentially guarantees a portion of future profits through a contractual promise. Celebrities and sophisticated investors often employ this compensation structure as a legal mechanism to minimize taxes resulting from endorsement deals or advisory services.

If certain monetization events occur, such as the sale of NBA Africa, the income Obama receives from the partnership will only be taxed at capital gains, a rate of 20%. Ordinary business income generated from the deal would be taxed as income.



The favorable tax treatment of money earned through a profit interest arrangement resembles the [carried interest loophole](#), which hedge fund and private equity executives use to pay a capital gains tax rate on multimillion-dollar compensation packages that is often lower than the rate paid by middle-class workers earning salaries.

"The Obama profits interest arrangement is a close cousin to carried interest received by private equity and venture capital fund managers," said Gregg Polsky, a University of Georgia law professor, and former corporate tax lawyer.

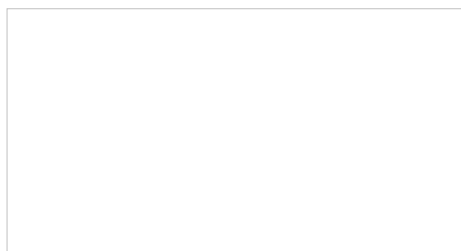
Obama pushed multiple times during his presidency to eliminate the [carried interest loophole](#), which he condemned as a giveaway to the super-rich.

Closing the carried interest loophole so that fund managers' earnings would be taxed as ordinary income was a prominent feature in Obama's budget requests to Congress, as well as during public speeches and his re-election campaign.

In 2012, Obama even ran television advertisements [criticizing](#) Mitt Romney for his use of the carried interest tax provision during Romney's career as a private equity executive. In the ad, the narrator claimed Romney "used every trick in the book."

Asked whether the business arrangement violated the principles Obama professed to support as president, a spokesperson for Obama's office declined to comment. The spokesperson referred me to a press release noting that the former president intends to use proceeds from the NBA Africa venture to "fund Obama Foundation youth and leadership programs across Africa."

"By investing in communities, promoting gender equality, and cultivating the love of the game of basketball," said Obama, in his [statement](#) announcing the deal, "I believe that NBA Africa can make a difference for so many of Africa's young people."

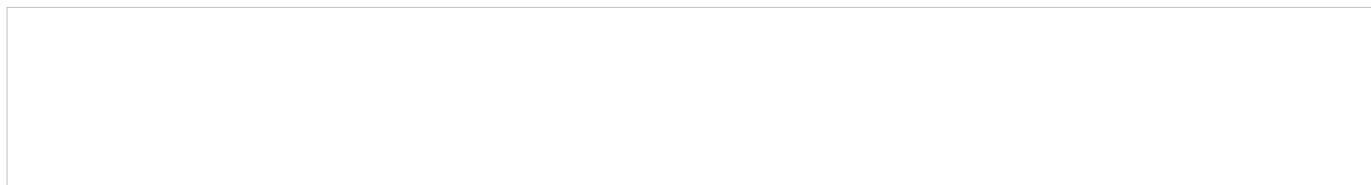


The deal could be lucrative to its various partners. In May, Helios Fairfax Partners, an investment fund also backing the NBA Africa deal, reported an [increase](#) in the fair value for the business by 31%, driven by "strong projected revenue growth."

Over the last seven years, the Obamas have accumulated a vast fortune through glitzy content production deals with Spotify, Netflix, and Amazon. Book sales and speaking fees to banks and trade groups have also [generated](#) millions of dollars.

Obama's newfound personal fortune has vaulted him into the upper echelons of American wealth. Michelle and Barack Obama purchased a 6,892-square foot home in Martha's Vineyard for \$11.75 million in 2019 and an 8,000-square foot home in Washington, D.C., for \$8.1 million in 2017. The Obama family is [reportedly](#) building several houses on a plot of beachfront Hawaiian property purchased by close friend Marty Nesbitt, the chief executive of Vistria Group, a Chicago-based private equity firm.

When he first ran for the presidency, Obama struck a populist tone, promising to close the revolving door in Washington of special interests and lobbyists, [end unfair](#) trade practices with China, and hold business leaders accountable.





Obama's presidency turned out to be a disappointment to many progressives, who were frustrated, by, among other things, his support for expanded international free trade deals after campaigning on renegotiating them, and his administration's refusal to criminally prosecute major banks responsible for the 2008 crisis.

Since leaving office, Obama has largely stopped populist economic arguments altogether. He is apparently more interested in the issue of alleged "disinformation" disseminated on social media. That was the topic of Obama's [speech at Stanford University](#) in April 2022, as well as the [focus](#) of the Obama Foundation's inaugural Democracy Forum summit last November. Obama made [no mention](#) of the carried interest loophole, or any tax justice issues, during either public address.

The carried interest loophole has remained vexing for multiple administrations. On at least [one occasion](#), former President Donald Trump railed against the loophole on the campaign trail. But he never invested significant energy in eliminating it, sparing it in his far-reaching [tax cut legislation](#) in 2017 -- and creating a new path for high-income earners to avoid top [income tax rates](#).

President Joe Biden similarly promised to end the special tax treatment but failed after fierce lobbying from the investment fund industry.



Last year, as congressional negotiators hashed out the final stages of the Inflation Reduction Act, the loophole's closure appeared imminent.

But a last-minute lobbying blitz from the American Investment Council, which represents leading private equity and hedge funds, along with pressure from the real estate industry, [convinced](#) Senator Kyrsten Sinema of Arizona -- an independent who identified as a Democrat at the time -- to kill the measure. In the end, Biden signed the legislation without any change to the carried interest tax rule.

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A group of GOP senators are demanding Attorney General Merrick Garland appoint a special counsel to investigate 'any wrongdoing' by the first family.

