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Reaching for the stars: A W.Va. businessman's mission to restore the Greenbrier resort to glory

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PM

LEWISBURG, W.Va. — Late on the night of Nov. 30, a man named Jim Justice walked into the Applebee's restaurant in this town in the southeastern corner of one of the poorest states in America. It was just up from the Walmart on Route 219 and hard by Interstate 64.

He had a few friends and family members with him, and a sheaf of papers in one hand. Justice, coach of the local high school's girls' basketball team, was celebrating a season-opening victory, an 81-43 blowout. The kitchen was closing, and the group hurried to order before sitting back to chat.

Justice is is off the charts in terms of size of human beings — he stands 6-foot-7 and weighs a good 350 pounds — and he looked the part of postgame coach: a shock of tousled white hair, slumped shoulders, loosened tie, dress shirt coming untucked under a rumpled blazer.

I was surprised to see him there for a couple of reasons.

One, although we'd spent the day talking, we'd made no plans to meet here after the game picking over \$13.69 entrees.

Two, Justice is a 59-year-old billionaire, one of the wealthiest people in America, a West Virginia native who makes his money from corn, timber and coal. He coaches as a release for his competitive streak.

But the thing that made it truly, spectacularly odd was that the big man tucked in the tiny booth is the sole owner and proprietor of the Greenbrier resort, a few miles away in White Sulphur Springs.

The Greenbrier!

That sprawling, 710-room, white-lace-and-petits-fours icon of American history has been a destination of presidents, celebrities and society darlings for more than 200 years.

He is the owner of every Dorothy Draper curtain, every columned portico, every glittering chandelier and every blade of grass on every golf course. He owns the millions of tiny tiles at the bottom of the heated indoor swimming pool and every 350-thread-count sheet on every bed. He owns every slot in every roulette wheel in the casino and every net on every tennis court.

And restaurants!

The hotel has nine, plus room service! He could reserve a suite, order up champagne, step out on the balcony, savor the stars overhead and the glittering Jay Gatsby lights below, and everything all the way up to the ridge line of the mountains was his.

And yet, here he sat, stuck beneath the dim lights in a wiped-down leather booth at a spot that bills itself as “the neighborhood.”

He looked up and saw me at the bar. He laughed and held up the sheaf of papers. He tapped his watch, then made a gesture with his hands as if writing.

The papers, I realized, were the contractual documents for a land deal we'd been discussing earlier in the day. He had until midnight to sign, or it fell through. The deal was for 4,500 acres near Charlottesville, Va., near the homes of Presidents Monroe and Jefferson. The price was \$23.75 million.

I looked at my watch. It was 11:43 p.m.

In the world of Jim Justice, 17 minutes to close on a \$23 million-and-change deal while munching on mozzarella sticks at a chain restaurant beats the Great Gatsby every time.

When Justice bought the Greenbrier in dramatic fashion in May of 2009 — snatching it out of bankruptcy, outfoxing the executives of the Marriott Corp., who thought it was theirs for the taking — it made national news.

The story since then, of how a coal miner returned the legendary resort to near-profitability in 18 months, with record occupancy rates, a PGA golf tournament and a glitzy casino, is partly a story about daring, financial risk and business vision. But mostly, it's a story about one man and the little postage stamp of America he calls home.

“I knew I just couldn't mess this up,” Justice mused one day in his office, with a gesture to the hotel. “I mean, the employees know where I *live*.”

The Greenbrier has been everything to the rural area since the resort's mineral springs began drawing the well-heeled and socially connected before the Civil War. It employs about 1,850 in a county of 35,000. Everybody has a family member who works there or has dinner with someone who does.

But the grand dame lost her prestigious fifth star from the Mobil Travel Guide in 2000, and not even \$50 million in upgrades by the hotel's longtime owner, CSX Corp., could keep a slow decline from turning into a death spiral.

By 2009, the place was losing nearly \$1 million per *week*. Half of the staff, about 600 workers, was laid off. It was declared bankrupt. There were nights when as few as 40 guests roamed the vast hallways, the ballrooms, the chandeliered restaurants. West Virginia's then-governor and now U.S.

senator Joe Manchin (D-W.Va.) was so desperate to save the state's "marquee attraction" that he called Donald Trump and asked the real-estate mogul to take it on.

Ah, no, said the Donald.

There was only one offer to keep the hotel alive. It required CSX to lend Marriott \$50 million to take it over — against a sale for as much as seven years down the line that might net CSX as little as \$60 million. The future was diminishment or dismemberment on the auction block.

Justice, who grew up in nearby Raleigh County, had lived his entire life within 50 miles of the Greenbrier. When his father, a coal miner turned mine operator, took him there to play golf as a teenager, he came home and told friends it was Oz, the Emerald City.

Like everyone else, he knew the place was in bad shape — a lot of his basketball families worked there — but during its demise, he was overwhelmed with his businesses.

He owned 47 companies and employed about 3,000 people spread over four states. In 2008 and early 2009, he was engaged in complex negotiations to buy one coal company (for \$46 million) and sell his active coal operations in West Virginia to a Russian energy firm (for \$436 million).

By late April of 2009, with those deals winding down, he says he saw published reports about the Marriott deal. CSX giving *Marriott* money? He was dumbfounded.

He excitedly plotted a coup: He would offer CSX cash up front and take it over himself. It was an "unimaginable" opportunity to own an American icon and, as an Appalachian to the bone, it gave him a chance to rescue his little swath of the nation.

"You could just see the community drying up," he said. "People's anxiety levels were off the charts."

The morning of April 29, he boarded his Cessna Citation eight-seat jet, and flew to CSX headquarters in Jacksonville, Fla.

His audacious pitch: Instead of CSX forking out \$50 million, he offered \$15 million in cash, that day. That would get him the hotel's stock and controlling interest in the adjacent Greenbrier Sporting Club (a 500-lot development on the grounds). It was an immediate \$65 million swing to CSX's bank account. It would be up to him to get the place out of bankruptcy.

"They countered immediately at \$30 million, and I thought, 'I'm here. I've got this deal done,' " Justice said. "I had thought it'd have taken a lot of money."

That afternoon, they settled on \$20.1 million. (Other debts, a break-up fee to Marriott and the rest of the Sporting Club pushed his total expenditure to \$43 million.) It translated to roughly \$6,600 per acre for the vast hotel and spa, four golf courses and 500 upscale home lots, an astonishing bargain.

Nobody even knew it had happened.

Manchin, the governor, took a phone call from CSX Chairman Michael Ward and was delighted to hear that a deal had been struck. Manchin assured him that Marriott would be a great owner.

"And he said, 'No, it's Jim Justice,' " Manchin remembers. "I said '*Jim Justice* just bought the *Greenbrier*?' "

When the deal was made public the next week, people were stunned.

"I'm at a loss," Sam Huff, the West Virginia native, pro football star and former Marriott employee was quoted as saying when the news broke. "I've never heard of him."

George Hohmann, a writer for the Charleston Daily Mail, pitied the workforce.

"Just 11 days ago, the workers ratified new collective bargaining agreements, thinking they were hitching their wagon to a world-class hotelier," he wrote. "They could end up working for a coal guy who hasn't even run a bed and breakfast."

James Conley Justice Jr. was born in the middle of the last century to a family of coal miners in a land full of them. Matewan, site of the legendary 1920 battle between mine workers and strike-busters, is a couple of counties over. The 19th century Hatfield-McCoy feud was a few miles away. McDowell County to the southwest, ranks as one of the poorest 10 counties in America.

His grandparents on both sides of the family lived and worked in the coal camps. His mother, born of that Depression-era frugality, reused aluminum foil until the end of her life, long after she and her husband were millionaires many times over.

His father, Jim Sr., went to Purdue on a football scholarship, obtained a degree in aeronautical engineering, flew a bomber in World War II and came home to the coal fields with ambition and a brilliant mind set to solving mechanical problems of coal production.

He managed coal operations for owners for a share of the profit and worked his way up to running his own company, Ranger Fuel. He sold it for several million dollars in the early 1970s. He was so quiet about his finances that Justice remembers having no idea they were wealthy until he was in college, and "after I did, it wasn't like anything changed."

Justice and his sister, Stephanie, grew up on Northwestern Avenue in , a pleasant, tree-filled neighborhood toward the outer boundaries of the town. Justice, then 6-foot-5 and 180 pounds, played basketball (not well) and golf (superbly). There was Pete and Bob's Drive-In and endless rounds of golf at the Black Knight Country Club.

"It was nine holes, and we'd play almost sunup to sundown. It was like a big merry-go-round," says Slugger White, a childhood friend and now an executive with the Professional Golfers Association.

Justice went to the University of Tennessee on a golf scholarship, then transferred to Marshall University in Huntington, W.Va., where he also got an MBA . He dated Cathy Comer, a former high school classmate, who was on her way to becoming a teacher. She was the Quarter Horse Queen at the West Virginia State Fair. Her favorite horse, Red, bucked him when he tried to ride him.

They married, and Cathy stayed home to raise the kids, Jay and Jill. Justice went to work at his father's business, leading a new venture into grain farming.

He learned three things: hard work, visiting each business site instead of staying in the office, and privacy. The family business was known as Bluestone Coal and Bluestone Industries, but the

headquarters had no sign out front. The receptionist answered the phone, "252-8528."

"Dad was almost paranoid about people knowing his business [affairs]. He'd go almost berserk to make sure people didn't know what he was doing [financially]."

When his father died suddenly in 1993, Justice inherited a coal and corn farming business worth "about \$25 million."

Working all day all the time, year after year, he bought and sold an ever-shifting array of small coal mines, timberland, corn fields, turf farms, Christmas tree farms, John Deere dealerships. He spread into South Carolina, North Carolina, Virginia and Kentucky. He was a small coal miner by regional standards but built his farms into one of the largest grain operations on the East Coast.

For relief, he coached basketball or went hunting.

Today, none of Justice's companies is publicly traded, meaning his net worth is difficult to gauge. He says it's "somewhat more than a billion dollars." He pauses. "And that would be a very conservative number."

When Justice bought the Greenbrier, he didn't do any marketing studies or even scratch out some numbers on an Applebee's napkin. He knew what he wanted: to regain the elusive fifth star.

A Mobil Travel Guide (now run by Forbes) five-star hotel is all about exclusivity. In 2002, shortly after the Greenbrier was dropped from the ultimate class, only 25 hotels in North America shared the rank. About 240 hotels qualified for the four-star ranking.

The rankings are "granular," says Forbes Travel Guide president Shane O'Flaherty: A mystery inspector drops in and, unknown to the hotel staff, rates 16 departments in 525 service standards. A hotel must get a positive mark in 90 percent of those standards to rate five stars. A second inspector must verify those ratings.

"The challenge is: Here are beautiful facilities around the country, just tremendous, but they're four stars because of our emphasis on customer service."

The desire for the top ranking burned within Justice, and not just for advertising reasons. He saw it as a deeply personal validation that a business owned and staffed by West Virginians could match the sophistication of any resort in, say, Paris or Hong Kong.

"A lot of times West Virginia is looked at a little bit with a slanted eye, maybe, and there may be even skeptics out there that would say, 'Well, I don't know that West Virginians can get a five-star,' " he says. "So there's a real burning passion in me that goes way deeper than obtaining a five-star for the Greenbrier. ... I want this for the people of the state. They've gotten the blunt end of some pretty tough jokes."

He didn't know a thing about the hotel trade. He and Cathy hadn't vacationed since they honeymooned in Bermuda.

But Justice was convinced of this: Although CSX had put \$50 million into physical upgrades, it

hadn't brought *glamour*. The Greenbrier, in his mind, was not a matriarch with pearls but a starlet getting out of a limousine, in high heels and a low-cut blouse.

So he opened the floodgates to his bank account, starting with the workers. Six days after he bought the place, he brought back all 650 laid-off employees. He added vacation and health benefits to their contracts, and offered a 10 percent raise if the hotel regained its fifth star. "Even if we had 14 doormen and one customer, we had to have the energy back."

Next, he made a lightning strike for a high-profile golf tournament.

With help from White, his childhood friend, he persuaded the PGA to move what had been the Buick Open, in Flint, Mich., to the Greenbrier, after it lost General Motors' sponsorship. Fourteen months after he bought the hotel, the inaugural Greenbrier Classic teed off. Stuart Appleby shot a 59 to win on the final day, helping make it a nationally broadcast triumph, replete with overflowing galleries.

"It was just spectacular," says Rick George, the PGA executive, now with the Texas Rangers, who signed the deal with Justice.

For dining, Justice came up with Prime 44 West, a high-end steakhouse, based on the career of NBA Hall of Famer Jerry West, a friend and fellow West Virginian who owns a second home at the Sporting Club.

In a creative frenzy, Justice then set into play a far more lucrative option, a casino, which had been approved by Greenbrier County voters in 2008. Standing in front of the elegant, oval approach to the main hotel entrance, bedecked with magnificent maples, he imagined his casino as "Monte Carlo Meets 'Gone With the Wind.'" He envisioned it as only a coal miner would — in the ground beneath his feet.

He brought in the backhoes and dug a gaping maw into the earth, forming a 100,000-square-foot hole. Black and white tile followed, then decorative clam shells, dim lights, gaming tables and slot machines, and then he poured dirt back over the top and restored the oval drive.

It opened 12 months later with Lionel Richie performing. Justice paid stars to give it the opening-night cachet it needed, shelling out six-figure sums for Jennifer Garner (who grew up in West Virginia) and hubby Ben Affleck, Jessica Simpson, Jack Nicklaus, Charles Barkley and others to attend.

(In early January, nearly halfway through the 2011 fiscal year, the West Virginia Lottery reported the casino has grossed \$5.3 million, with the state taking about \$1.73 million and the hotel taking about \$3.58 million.)

In the spring, Justice bought controlling interest in The Resort at Glade Springs about 50 miles away, because it had whitewater rafting and other high-energy activities, which were made available to Greenbrier guests.

He went on a marketing stampede, buying nearly 10,000 cable television spots, advertising the hotel and the Sporting Club.

For winter guests, he built an outdoor ice-skating rink. To run all this, he hired a new management staff.

The result: a record occupancy rate in 2010 of 58 percent, he says. The highest rate on record had been 55 percent. (In 2008, before he bought it, the average was 32 percent.) The resort will be profitable again beginning in 2012, he says.

“I’ve been coming here for 30 years,” said West, the basketball legend, “and, to me, he saved this place and, to a large degree, saved this entire area.”

Justice’s home life is as unadorned as his hotel is opulent.

He sent his kids to public school. He became president of the town’s Little League nearly two decades ago, a position he retains. He coached local basketball teams, winning national tournaments, and began running a statewide high-school basketball tournament each year, now known as the Big Atlantic Classic.

Each Christmas, he donned a custom-made Santa suit and took his helicopter to Crumpler, a town in McDowell County, where he delivered presents to impoverished children.

When Jill proved to be an exceptionally talented basketball player, he applied for a head coaching job of the girls’ basketball team at Greenbrier East High School in Lewisburg, about 50 miles away, so that he could coach her. Principal Jeff Bryant recalls that Justice applied by saying, “ ‘I love to coach, and I have a proven record.’ He made no mention of his business career. He was the best candidate, so we hired him.”

The family moved to Lewisburg in 2001 so that dad could coach daughter.

“You can say it was a little extreme,” Jill laughs, in a telephone interview. “Because it was.” She’s now in medical school. Jay, meanwhile, went to Virginia Tech and now runs most of the coal and farming interests.

Justice stayed on as coach, and today, a decade later, nothing under heaven interferes with the Lady Spartans’ schedule. He had a \$300,000 parquet floor installed in the school gym. In an uncharacteristic flourish, the court bears his signature right in front of the home bench.

“What I know that not many other people do,” says Bryant, “is that he is paying for several kids’ college education at the moment. He won’t say anything about it. It’s just done.”

He and Cathy still live in the same one-story rancher in Lewisburg they bought for \$205,000 in 2001. A man who owns 71 square miles of land, he lives on 0.67 of an acre. It’s comfortable and pleasant, rustic with a remodeled wood and stone living room with an arched ceiling. There’s a deck out back.

It’s not the most expensive house on the block, real estate records show.

He works from home often, playing with their three Boston terriers, Lucy, Lilly and Molly. The home has four phone lines but no caller identification and no answering machine. If someone calls, the Justices answer. Cathy has counted more than 75 calls in a single morning. It is not unusual for the phone to keep ringing until after midnight.

They like to go out to the movies. They go to the town’s First Baptist Church. His kids, now 30 and 25, often come to his home basketball games. They eat at Applebee’s afterward because “we

like it. That's where people go after the games. You can talk about what happened, this play and that."

He has had knee surgery and has been in chronic back pain for nearly a year. He walks slightly slumped over.

He was a registered independent for years, then a Democrat and is now a Republican but isn't involved with any party. "Like everybody else, I get horribly frustrated when I see what our leaders do but I'm just not going to get involved in trying to create things before elections. "

State and federal records show that his political contributions over the past decade, made to both Democrats and Republicans, total less than \$40,000. U.S. Rep. Nick Rahall (D), a high school classmate and longtime friend, has been a member of Congress for years. Records show that Justice has donated only a few thousand dollars to him.

"He's donated to me," Rahall says with a laugh. "And he's donated to my opponents."

Justice's office at the Greenbrier is behind an unmarked door next to a laundry closet in a carpeted hallway. It appears to be a guest room without a number. There is a wooden desk without a computer, a bathroom off to the side, some family and sports pictures and a bag of golf clubs.

He doesn't use e-mail and is rarely on the Internet. He gives his cell number to almost everyone and answers almost every call. He'll stare down at it when it rings, say, "I have absolutely no idea who this is," and then answer it anyway. A long conversation is 60 seconds.

He bought a lot at the Sporting Club when he bought the Greenbrier but doesn't have any plans to build on it.

He says: "We live in a modest house, we go to basketball games. I'm nearly 60 years old. We're not going to change now."

If you "peeled back the doors to the bunker and saw us at work," he says, "you'd see me and Jay and maybe a couple of others, talking and eating a bucket of chicken."

Jay, told of that, differs only on the locale.

"We actually do an awful lot of business driving a combine down on one of the farms in South Carolina," he says.

This is not to imply that Justice has somehow never laid any off employees or played hardball, or that his mines haven't occasionally been charged with safety violations.

A 1990s court case ordered Bluestone to pay \$5 million in workers' comp claims on behalf of a contractor, who had done a job for the company several years earlier. There were fines from federal safety regulators, and two accidental deaths over the years, both of subcontractors, and investigations found that some of the subcontractors' equipment or procedures were to blame.

Ken Ward Jr., a Charleston Gazette reporter, wrote in July 2009 that Justice's company had a "record of trying to avoid workers' comp payments, ignoring mine safety and health rules, violating environmental laws, and then trying to dodge the monetary fines for those violations."

Justice says that takes the record out of context. He says his mines are as safe as can be made and that no one on his farms has been seriously injured in more than 30 years of business. "We do contest some of the violations, which causes us to be overdue, I suppose. Some of those violation write-ups have made us better mine operators, no doubt, and some have been for little things."

Unions and environmental activists say they have no serious problems with him.

"As did many operators, he didn't pay fines when he should have, and that's not good," said Phil Smith, director of communications for the United Mine Workers of America. The organization has had a few "minor" issues with Justice over the years. "But, generally speaking, he's a decent operator and decent person to deal with, as coal operators go."

In mid-November, the Forbes Travel Guide released its list of five-star hotels in North America. More than 3,000 were surveyed. Only 47 in North America, less than 1.5 percent, made the cut.

The Greenbrier was not included.

For the 11th consecutive year, it was listed as a four-star hotel, along with 154 others.

Justice, at home when he got the call, took the news like "a cannonball to the stomach." He had plowed \$200 million into the Greenbrier. He had worked uncountable hours, overseeing everything down to the selection of the Christmas tree for the front of the hotel.

It had not budged the ratings.

"The first inspector rated it as a five-star," said O'Flaherty, the Travel Guide president. "But not the second. Mr. Justice has instilled a great sense of new enthusiasm at the hotel. It's an iconic institution in America."

To Justice, the praise is poor consolation.

"You're supposed to feel good about it," he said. "I think you should lose with class, sure. But I'm not really interested in the sportsmanship award too much."

Christmas, and his helicopter trip as Santa, came and went. A January comeback bout for boxer Evander Holyfield at the hotel proved to be a bust. Justice's beloved basketball team, ranked in the top five in the state, took two tough losses from the defending state champion. His back was killing him.

Even so, one late January afternoon in his office, the hotel covered in a white blanket of snow, Justice talked with rising enthusiasm about his plans for the Greenbrier. He's upgrading the hotel's long-standing health clinic, geared toward providing convenient physicals for executives on vacation. He's intent on launching the resort's own luxury train service, running direct from Union Station. He leaned forward on his desk while he talked. The Greenbrier would regain its fifth star; he was sure of it.

And soon he stood to leave. He had a basketball game that night. The stands were going to be packed. Afterward, there would be family and friends and chatter, the comforts of home, of West Virginia. A booth at Applebee's was waiting for him.