

# The Committee to Scam New York

How the Committee to Save New York's Corporate Elites Dodge Taxes, Score Handouts, Get Bailed Out, and Still Want More



public  
accountability  
initiative

A Public Accountability Initiative report, prepared by Kevin Connor for the New Deal for New York campaign

February 25, 2011

**Pictured** on the cover are board members of the Committee to Save New York, the Business Council of New York State, the Partnership for New York City, and the Real Estate Board of New York. Pictures and info were compiled on LittleSis.org. Some board members are not pictured, but are listed at [http://littlesis.org/list/131/Committee\\_to\\_Save\\_New\\_York\\_Extended\\_Family](http://littlesis.org/list/131/Committee_to_Save_New_York_Extended_Family)

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**Row 6:** Lloyd C Blankfein (Chairman and CEO of Goldman Sachs); Larry Fink (Chairman & CEO, BlackRock); Michael Isor Roth; Richard D Parsons (Citigroup chairman); William Cunningham; Jerry Speyer (Founder of Tishman Speyer); Stephen M Ross (Chairman, CEO And Founder of Related Companies); Robert G Wilmers (C.E.O. of M&T Bank); Leonard Boxer (Chairman, Real Estate Department, Stroock & Stroock & Lavan LLP); John E Zuccotti (Real estate lawyer at Weil, Gotshal, Manges LLP); Elizabeth Stribling (President of Stribling & Associates, a Manhattan real estate brokerage firm.); David F Smith (CEO of National Fuel);

**Row 7:** Kevin Burke (chairman of Con Edison); Jonathan L Mechanic (Chairman of real estate department at Fried Frank); MaryAnne Gilmartin (Executive VP, Forest City Ratner Cos., Commercial and Residential Development.); Gary La Barbera (President of Building and Construction Trades Council of Greater New York); Allen F Goldman (President, SJP Residential Properties); William S Macklowe (William S. Macklowe is the CEO of William Macklowe Company.); Adam R Rose (Co-president of Rose Associates); Darcy A Stacom (Manhattan real estate mogul, known as the "Queen of the Skyscraper"); Scott Alper (Executive at real estate firm the Witkoff Group); Deborah C Wright (Chairman, president, and CEO of Carver Bancorp); David Levinson (chairman and CEO of L&L Holdings); George Klett (Signature Bank);

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**Row 10:** Theodore Mathas (CEO of New York Life Insurance); William P Lauder; MaryAnne Gilmartin (Executive VP, Forest City Ratner Cos., Commercial and Residential Development.); Douglas D Durst (Chairman of the Board of the Durst Fetner Residential); Allison Lee; Harold McGraw III (Chairman and CEO of McGraw-Hill); Kenneth I Chenault (Chairman and CEO of American Express); Daniel Brodsky (Managing partner of the Brodsky organization); Sandra Parker (President of the Rochester Business Alliance); Jed Walentas (developer at Two Trees Management); Robert E Selsam (SVP & NYC manager of Boston Properties); Daniel Rose (Chairman of Rose Associates);

**Row 11:** Philip M Waterman III (Founder of Waterman Interests); Dave Barger (President and CEO of JetBlue); Ronald A Williams (Chairman and Chief Executive Officer of Aetna); Steven Roth (Chairman of the Board of Vornado Realty Trust; co-founder and Managing General Partner of Interstate Properties and Chairman and Chief Executive Officer of Alexander's, Inc.); James D Robinson III; Rob Speyer (Co-CEO of real estate firm Tishman Speyer); Mary Ann Tighe (CEO of CB Richard Ellis Group, NY Tri-State Region.); Joseph J Sitt (CEO of Thor Equities); Dennis H Friedrich (President and Chief Executive Officer, U.S. Commercial Operations for Brookfield Properties.); Jack Rudin (Chairman of Rudin Management, real estate developer); John Santora (Executive at Cushman & Wakefield); James S Tisch (President & CEO, Loews Corporation; son of Laurence Tisch);

**Row 12:** David Rockefeller Sr (billionaire Rockefeller heir, Former chairman of Chase Manhattan); Howard P Milstein (CEO of New York Private Bank; Chairman of Emigrant Capital); Harold McGraw III (Chairman and CEO of McGraw-Hill); Eric Mindich; Rochelle B Lazarus; H Henry Elghanayan (H. Henry Elghanayan is Co-Founder and Chief Executive Officer of Rockrose Development Corp.); Dr Marsha Gordon (President and CEO, The Business Council of Westchester); Howard J Rubenstein (President Rubenstein Associates, Inc.); Andrew H Roos (Real estate agent at Colliers International); H Carl McCall (former NYS Comptroller); Pamela Liebman (Corcoran Group); Andrew Rudnick (Buffalo Niagara Partnership)

### *A Word from the Report's Sponsors*

The report below should be a wake up call to New Yorkers about who is trying to control our state government. In this report, the Public Accountability Initiative describes the big money and corporate interests behind The Committee to Save New York, the group Governor Andrew Cuomo has actively courted to promote his agenda of tax cuts for the richest New Yorkers and cuts to vital services for ordinary New Yorkers.

It is tragic and disturbing that our Governor, who said he wanted to “fundamentally remake our state into the progressive capital of this nation,” has courted the very special interests that crashed our economy – big bankers, brokers, and bailout artists among others – to help advance a budget that would decimate public services in New York.

A budget is a moral document, and this year’s budget presents a stark choice between giving tax breaks to the rich or investing in hospitals, schools, social services and other public services that ordinary New Yorkers rely on. The Governor’s current budget sacrifices too much of what makes this state great much in order to pay back his biggest campaign donors and corporate allies.

As we recently laid out in a complaint to the New York State Commission on Public Integrity, we already have a basic understanding of the relationship between Governor Cuomo and the Committee:

- It is tightly linked to the Governor’s office through personal and professional relationships;
- It was established at the “urging” of the governor himself;
- It has reportedly raised more than \$10 million to spend on television advertisements in explicit support of the Governor’s budget proposal; and,
- It appears to have not followed the state’s Lobbying Law when registering as a lobbyist.

It is undeniable that New York faces difficult choices with the upcoming budget. Governor Cuomo is taking the path of least resistance by attacking patients, students, the elderly, and other vulnerable New Yorkers. This is wrong.

All New Yorkers must pay their fair share to get our state back on track. Governor Cuomo has a number of options for increasing revenue to eliminate the budget shortfall, including extending the millionaire’s tax. We urge him to do that, and we urge the Committee to Save New York to cease its efforts to enact a budget that will prove destructive for New York’s future.

Signed,

New Deal for New York Campaign

Member organizations of the New Deal for New York Campaign include ACTS Board of Directors (Syracuse), Community Voices Heard (Newburgh, Poughkeepsie, NYC, Yonkers), People United for Sustainable Housing (Buffalo), Syracuse United Neighbors, Voices of Community Activists and Leaders (Albany, NYC, Westchester), and VOICE (Erie County).

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*We would like to thank Kevin Connor at Public Accountability for his tireless meticulous work coordinating and preparing this report. It was surely no small feat.*

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*The **Public Accountability Initiative** is a non-profit, 501(c)3 research and educational organization focused on corporate and government accountability. Kevin Connor, the lead author of this report, can be reached at [kevin@public-accountability.org](mailto:kevin@public-accountability.org).*

# Executive Summary

New York State's budget woes have inspired the formation of a coalition of business interests named the "Committee to Save New York," which is rallying behind the austerity budget proposed by Governor Andrew Cuomo. The Committee's emergence highlights big business's stake in the state budget battle, as well as the special interest agenda of the Committee's primary backers. They have publicly committed to raising more than \$10 million for this public offensive.

This report examines the ways in which the special interests behind the Committee contribute to and exacerbate the budget problems facing the state. The report shows that big businesses associated with the Committee are some of New York State's top recipients of government bailouts, subsidies, and generous tax breaks. Additionally, these corporations appear to be going to great lengths to evade taxes, with more than 1,700 affiliated entities incorporated in offshore tax havens such as the Cayman Islands.

These findings suggest that New York State's budget crisis is actually a revenue crisis, caused by irresponsible actions on Wall Street that crashed our economy and through years of corporate giveaways in the form of subsidies and tax dodging. A partial rollback of these corporate handouts, which total close to \$20 billion each year, would help to close New York's estimated funding gap of \$10 billion.

**Methodology.** The report focuses on the three major business lobbies behind the formation of the Committee, as reported in the press: the **Partnership for New York City**, the **Real Estate Board of New York**, and the **Business Council of New York State**. Though other business associations and one labor group are represented on the Committee's board, their roles appear to be more peripheral. Furthermore, rather than collect data on all of the business associations' members, the report focuses on individuals who hold board seats at these business lobbies, as well as their major business affiliations.

**Findings.** The report finds that individuals and corporations backing the Committee are some of New York State's top recipients of government aid:

- 13 financial firms linked to the Committee to Save New York **received \$149 billion in federal bailout funds** (TARP) during the 2008 financial crisis, or roughly enough to fund New York State's entire public school system for three years.
- Businesses linked to the Committee have been approved for roughly **\$2 billion in state and local subsidies** in the form of tax breaks, infrastructure spending, and other outlays.
- Individuals associated with the Committee will **save millions in personal income taxes** if the state's tax on high-income earners is not extended.

These businesses and individuals also appear to be engaging in and facilitating significant amounts of tax avoidance:

- Businesses associated with the Committee control at least **1,705 offshore subsidiaries incorporated in tax havens**. The Cayman

Islands is the businesses' favorite tax haven, with 430 corporate subsidiaries incorporated there. Morgan Stanley, alone, has more than 300 tax sheltered entities. It is not possible to determine how much revenue this may be costing the state.

- The honorary chair of the Committee, Felix Rohatyn, is employed at Lazard, **the first major Wall Street bank to incorporate in an offshore tax haven** (Bermuda).
- Several businesses associated with the Committee either **specialize in facilitating tax avoidance by wealthy individuals and corporations or have been fined** by the Department of Justice for doing so, including Deutsche Bank and UBS.

Additionally, large corporate conglomerates and financial firms associated with the Committee are chief beneficiaries of the state's corporate giveaway system for big businesses. Since state tax returns are not publicly available, it is impossible to determine the level of aid to specific corporations, but the lump sum amounts are available:

- **\$14.5 billion in automatic refunds of the stock transfer tax last year**, and \$210 billion since 1981, when the tax was fully refunded to financial firms for the first time.
- **Over \$5 billion in annual tax breaks**, or "business tax expenditures," that are largely oriented towards big businesses.

Furthermore, businesses and individuals backing the Committee wield enormous influence over state and federal government, through positions on government boards and campaign contributions:

- Individuals and corporations linked to the Committee made **\$7.3 million in campaign contributions** statewide during the last election cycle.
- **Governor Cuomo received \$1.8 million in campaign contributions** from individuals and corporations linked to the Committee.
- Individuals linked to the Committee hold positions at many powerful state and federal government bodies, including the **Federal Reserve Bank of New York** and **Empire State Development Corporation**.

# Introduction

Less than three years after many of New York State's biggest businesses sent the economy into a tailspin and received historic, publicly-funded bailouts, New York's corporate elites have positioned themselves as fiscal experts and are advocating for a state budget that closes schools and hospitals, cuts essential services to veterans and the homeless, puts thousands of New Yorkers out of work, and doles out multi-billion dollar tax cuts for high-income earners.

These New Yorkers have come together to form an organization called the "Committee to Save New York," which is spending more than \$10 million in support of Governor Andrew Cuomo's budget proposal. Most of the state's major business associations are represented on the board of the Committee. The coalition has brought one union representative on board, but by all press accounts it is the big business associations like the Partnership for New York City and the Real Estate Board of New York, along with the Governor himself, that are the driving forces behind the coalition, bringing together big businesses like JPMorgan Chase and the real estate firm Tishman Speyer.

The Committee's advocacy for budget cuts highlights its own special corporate interest agenda: **to maintain the favored tax status of big business and wealthy elites in New York State.** The state's corporate giveaway system includes generous tax breaks, loopholes, subsidies – even instantaneous refunds – for the large, profitable corporations associated with the Committee. Many of the big businesses associated with the Committee also received direct government bailouts during the 2008 financial crisis, and their reckless, too-big-to-fail speculation caused the economic and revenue crisis in the first place.

The tax dodging goes beyond government-approved subsidies, loopholes, and refunds: the businesses associated with the Committee also make use of large networks of subsidiaries incorporated in offshore tax havens such as the Cayman Islands, apparently to benefit from light taxation and regulation in these jurisdictions.

**Put it all together – the tax breaks and tax refunds, the subsidies, the love affair with tax havens like the Cayman Islands – and big businesses associated with the Committee appear to have a serious tax dodging problem.** Even just a partial crackdown on these forms of corporate tax dodging would raise billions in revenue. This could close New York State's budget gap, begin to shift the tax burden off of the state's middle-class residents, and address alarming levels of poverty and unemployment in the state.

Instead of cracking down on the tax dodgers robbing the state of much-needed revenue, however, Governor Cuomo is working hand in hand with them. Leave it to Albany.

# I. Background

## The Committee to Save New York Unites the State's Big Business Lobbies

The Committee to Save New York is a non-profit advocacy organization formed in 2010 by the leaders of several of New York State's largest business lobbies in order to support Governor Andrew Cuomo's 2011 budget proposal, which would implement deep budget cuts in order to resolve the state's revenue crisis.

The key early backers of the Committee include:

- **Kathryn Wylde**, the president and CEO of the Partnership for New York City (the Partnership), an elite New York City business association.
- **Ken Adams**, the president of the Business Council of New York State, who Governor Cuomo has since nominated as president and CEO of the Empire State Development Corporation (and who has since been replaced on the Committee's board by Heather Briccetti, acting director of the Business Council).
- **Steven Spinola**, the president of the Real Estate Board of New York (REBNY), New York City's real estate industry association.
- **Mary Ann Tighe**, the chair of the REBNY, the CEO of real estate firm CB Richard Ellis in the tri-state region, and a board member of the Partnership.
- **Rob Speyer** of the real estate firm Tishman Speyer, which has put up \$1 million to fund the Committee, and is a board member of REBNY and the Partnership.

The full board of the Committee was not announced until January 2011, but early press reports on the Committee referred frequently to the involvement of these individuals in founding the organization.<sup>1</sup> The full board list, which includes representatives of the Long Island Association, the Buffalo Niagara Partnership, the CenterState Corporation for Economic Opportunity, the Building and Construction Trades of Greater New York, and other organizations, can be found in the appendix.

Because the core backers of the Committee are closely associated with Real Estate Board of New York, the Business Council of New York State, and the Partnership for New York City, this report focuses on the three business lobbies as the major forces behind the Committee.<sup>2</sup> Furthermore, the report focuses on the board members of each of these business associations and their business affiliations. The following are some key characteristics of the combined list of board members:

- **Billionaires.** There are 13 members of Forbes' list of the Richest 400 Americans: Steven Roth, Rupert Murdoch, Stephen Schwarzman, Richard LeFrak, John Paulson, Stephen Ross, David Rockefeller,

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<sup>1</sup> See: <http://www.nytimes.com/2011/01/18/nyregion/18cuomo.html>  
<http://www.nytimes.com/2010/12/10/nyregion/10unions.html>  
<http://www.capitalnewyork.com/article/culture/2011/01/1178882/governors-lobby-business-leaders-and-others-form-committee-save-cuomo>

<sup>2</sup> The full list of REBNY, Partnership, and Business Council board members was compiled by LittleSis.org analysts, and is available at [http://littlesis.org/list/131/Committee\\_to\\_Save\\_New\\_York\\_Extended\\_Family](http://littlesis.org/list/131/Committee_to_Save_New_York_Extended_Family)  
Special thanks to Priscilla for assistance in compiling the list.

Mortimer Zuckerman, Jerry Speyer, Wilbur Ross, Henry Kravis, Leonard Stern, and Sheldon Solow.

- **Big businesses.** General Electric, Citigroup, and real estate firm Colliers International each have three representatives in the group, more than any other business.
- **Financial institutions.** Goldman Sachs and Citigroup each have five past or present executives or directors associated with the Committee's backers, more than any other business.
- **The Fed.** The Federal Reserve Bank of New York has ties to four members of the group, more than any other government organization.

The Committee has not disclosed its funders, **but has reportedly raised more than \$10 million to support its agenda.** Several funders have been disclosed in press reports, including the Durst Organization, Tishman Speyer, and Larry Silverstein.<sup>3</sup> All have ties to REBNY.

The Committee's agenda was stated clearly by honorary chair Felix Rohatyn, an investment banker at Lazard, in an op-ed in the *New York Post* introducing the Committee in December: "**The bottom line is that New York's expenditures are far outpacing our economy, and we will need to cut spending.**"<sup>4</sup> Committee founder Kathryn Wylde, described an earlier iteration of the group as having a "constructively anti-tax" agenda.<sup>5</sup>

Both the Committee and the Governor have prioritized budget cuts, generally understood to target public employees and the services that the New Yorkers with greatest need rely on, as a way of resolving the state's revenue crisis.

### **Ties to the Governor**

Though the Committee is formally independent of the Governor's office, it was established in 2010 at the urging of Andrew Cuomo, then a gubernatorial candidate, according to the *New York Times*.<sup>6</sup>

The Committee has hired the public relations firm DKC, which has close ties to Cuomo through its chairman, Dan Klores, a close friend of the governor. DKC managing director William Cunningham, who is handling the Committee account, worked on Mario Cuomo's 1983 campaign for governor with Andrew Cuomo, as well. DKC's John Marino is close to Cuomo, having served as a campaign adviser on three of Mario Cuomo's campaigns.<sup>7</sup> The Committee has also retained DKC's Allison Lee as a lobbyist. As HUD Secretary, Cuomo appointed Lee as his "Acting Secretary's Representative for New York and New Jersey."<sup>8</sup>

Tishman Speyer, a major funder of the Committee, was also Cuomo's top donor during his gubernatorial campaign.<sup>9</sup>

Despite these ties, Cuomo and the Committee have denied coordinating.<sup>10</sup>

<sup>3</sup> <http://www.crainsnewyork.com/article/20110109/FREE/301099968>

<sup>4</sup> [http://www.nypost.com/p/news/opinion/opedcolumnists/standing\\_up\\_to\\_save\\_new\\_york\\_OkzT0BiFtmO38BPvVDPMeP](http://www.nypost.com/p/news/opinion/opedcolumnists/standing_up_to_save_new_york_OkzT0BiFtmO38BPvVDPMeP)

<sup>5</sup> <http://www.capitalnewyork.com/article/culture/2011/01/1178882/governors-lobby-business-leaders-and-others-form-committee-save-cuomo>

<sup>6</sup> <http://www.nytimes.com/2011/01/18/nyregion/18cuomo.html>

<sup>7</sup> <http://www.villagevoice.com/2010-11-10/news/andrew-cuomo-goes-to-albany-where-lobbyists-are-waiting/>

<sup>8</sup> <http://www.scribd.com/doc/19609641/DKC-Govt-Affairs>

<sup>9</sup> <http://www.buffalonews.com/city/politics/article226259.ece>

<sup>10</sup> <http://www.capitaltonight.com/2011/01/special-interests-by-any-other-name/>

## II. Saving Their Handouts

### Big Businesses Linked to the Committee Benefit From Billions in Bailouts, Tax Breaks, and Subsidies

13 banks associated with the Committee to Save New York received **\$149 billion** through TARP.

That is the equivalent of a year of income for **2.7 million** households in New York State (at the median), or **1 out of 3 households** in the state.

The Committee to Save New York is highly critical of wasteful government spending, but the big businesses associated with the Committee receive billions in government aid in the form of bailouts, subsidies, and tax breaks that pad their profits, contribute significantly to budget shortfalls and are of questionable value to the rest of New York State. The following is a review of these government “handouts” to big businesses associated with the Committee.

### A. The Bailouts

When Wall Street faced a crisis in 2008, the federal government came to its rescue with the Troubled Asset Relief Program (“TARP”) and a generous series of lending facilities administered by the Federal Reserve that together added up to trillions of dollars in public aid to financial firms.

Businesses linked to the Committee to Save New York were some of the top beneficiaries of these programs. 13 financial firms associated with the Committee were promised nearly \$163 billion in taxpayer assistance through the TARP bank bailout program and actually received **\$149 billion in taxpayer assistance**.

CSNY Affiliate (affiliation*)	TARP Recipient	State	Total Committed	Actually Disbursed
Thomas Montag, president of global banking (P)	Bank of America	NC	\$53.23bn	\$45.00bn
Vikram S. Pandit, CEO (P); Richard Parsons, chairman (P); Kevin Thurm, deputy general counsel (B)	Citigroup	NY	\$46.12bn	\$45.00bn
James Dimon, CEO (P); Gregory Reimers, REB market manager (R)	JPMorgan Chase	NY	\$28.91bn	\$25.00bn
Lloyd C. Blankfein, CEO (P)	Goldman Sachs	NY	\$10.00bn	\$10.00bn
James P. Gorman, CEO (P); David Helleniak, vice chairman(P)	Morgan Stanley	NY	\$10.00bn	\$10.00bn
Lynn A. Carter, president (P)	Capital One Financial	VA	\$3.56bn	\$3.56bn
Kenneth I. Chenault, chairman and CEO (P)	American Express	NY	\$3.39bn	\$3.39bn
Robert P. Kelly, chairman and CEO (P)	Bank of New York Mellon	NY	\$3.00bn	\$3.00bn
Hugh Donlon, president, NE region (B)	KeyCorp	OH	\$2.50bn	\$2.50bn
Lawrence D. Fink, chairman and CEO (P)	Blackrock PPIF, L.P.	DE	\$2.08bn	\$1.58bn
James Gaspo, president NY (B)	CCO (Citizens)	VA	\$42.65bn	\$1.26bn
Deborah C. Wright, chairman and CEO (P)	Carver Bancorp	NY	\$18.98bn	\$18.98bn
<b>Total</b>			<b>\$162.85bn</b>	<b>\$149.05bn</b>

\* P = board member of the Partnership for NYC; B = board member of Business Council of NYS.

Though some of these bailout amounts have been returned, many of these banks would no longer exist were it not for this massive and unprecedented direct government aid.

Furthermore, the Federal Reserve Bank of New York extended bailout financing to the financial firms associated with the Committee at the height of the financial crisis. For example:

- Goldman Sachs borrowed \$24.2 billion in overnight emergency loans from the Fed on October 15, 2008.<sup>11</sup>
- Morgan Stanley tapped the Fed's "Primary Dealer Credit Facility" 212 times between March 2008 and March 2009, more than any other bank.<sup>12</sup>

Four members of the Partnership for New York City's board have positions at the Federal Reserve Bank of New York: CEO Kathryn Wylde, JPMorgan Chase CEO Jamie Dimon, and Loews CEO James S Tisch are all directors, filling three of the Fed's eight board seats, and William Dudley, an ex officio member of the Partnership's board, is President.

Several other businesses linked to the Committee to Save New York were major beneficiaries of the bailout:

- Hughes Hubbard & Reed, a law firm chaired by Partnership for NYC member **Candace K. Beinecke**, was named counsel to the U.S. Treasury in the \$700 billion TARP rescue program.<sup>13</sup>
- Sullivan & Cromwell, a law firm that is a member of the Partnership and that lists Partnership board member **H. Rodgin Cohen** as a Senior Advisor, has advised several major financial institutions that received Troubled Asset Relief Program ("TARP") funds and have received in received inquiries from the House Committee on Oversight and Government Reform relating to post-TARP compensation practices.<sup>14</sup>
- Weil, Gotshal & Manges partner William A. Burck was formerly Deputy Counsel to President George W Bush and a federal prosecutor in New York City, and he has represented clients appearing before the Special Inspector General for the Troubled Asset Relief Program (SIGTARP).<sup>15</sup> **Stephen J. Dannhauser**, Chairman of Weil, Gotshal & Manges is a member of the Partnership for NYC.

## B. Subsidies

Businesses tied to the Committee have received over \$2 billion in subsidies in the form of federal, state and local tax breaks, infrastructure improvements, and grants.

These government handouts to big business are typically justified as job creation and retention measures by economic development officials, though many deals fail to deliver on these promises. An August 2010 report from New York Jobs

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<sup>11</sup> <http://www.bloomberg.com/news/2010-12-01/goldman-sachs-emergency-fed-loans-topped-24-billion-in-crisis.html>

<sup>12</sup> <http://blogs.wsj.com/economics/2010/12/01/goldman-citi-morgan-stanley-used-fed-facilities-heavily/>

<sup>13</sup> <http://www.hugheshubbard.com/about/firmhistory/>

<sup>14</sup> <http://www.sullcrom.com/Congressional-Investigations-Practices/>

<sup>15</sup> <http://www.weil.com/billburck/>

With Justice found that the state's industrial development agencies (IDAs) spent \$135 million in 2008 on businesses that failed to create – or actually cut – jobs.<sup>16</sup> Good Jobs New York estimated the total cost to taxpayers of New York City's corporate giveaways at more than \$2.5 billion in its 2009 report, "Before the Bailout of 2008," but noted that "despite such enormous investments, the city's return is unknown."<sup>17</sup>

The state's economic development strategy of offering scattershot tax breaks to large corporations has been a major boon to big businesses like those associated with the Committee. Since 1988, **39 businesses linked to the Committee have been approved for over \$2 billion** in subsidies in the form of tax breaks, infrastructure improvements, and grants. A portion of this amount has been canceled or clawed back, and a significant portion consists of future tax benefits. *A full table of these subsidies is available in the appendix.*

Subsidies to big businesses in New York City effectively subsidize the real estate developers associated with the Real Estate Board of New York, because they build, own, and lease the properties occupied by these businesses. Two notable examples:

**Goldman Sachs - Tishman Construction.** Goldman Sachs received a massive subsidy package in 2005 to build its new headquarters in Lower Manhattan, including \$115 million in state and city tax breaks and grants.<sup>18</sup> Goldman also received \$1.65 billion in tax-exempt Liberty Bonds, which were intended to help New York City rebuild itself following 9/11.

The potential conflicts of interest surrounding the project are notable. The president of the New York City Economic Development Corporation at the time, Andrew Alper, recused himself due to his longstanding ties to Goldman Sachs, where he had spent 21 years as an investment banker.<sup>19</sup> The former chairman and CEO of Goldman Sachs, John Whitehead, chaired the Lower Manhattan Development Corporation at the time. LMDC was the state authority charged with overseeing reconstruction efforts in lower Manhattan after 9/11.

Lloyd Blankfein, the current CEO of Goldman Sachs, is on the board of the Partnership, and at least four former Goldman Sachs executives sit on the board of the Partnership (Eric Mindich, William Dudley, Kenneth Jacobs, and Thomas Montag). Tishman Construction, which built Goldman's new headquarters, is a partner company of the Partnership, and Dan Tishman is an officer of REBNY.

**Bank of America - Durst Organization.** After threatening to leave New York City in 2003, Bank of America was approved for \$82.6 million in tax breaks from the city and state for its new headquarters at One Bryant Square.<sup>20</sup> Bank of America merged with Fleet the next year, laying off 4,500 employees in New York and elsewhere.<sup>21</sup>

<sup>16</sup> See "No Return on Our Investment: The Failure of New York's Industrial Development Agencies," from New York Jobs With Justice, available at [http://www.nyjwj.org/wp-content/uploads/2010/08/NoReturnOnOurInvestment\\_Final.pdf](http://www.nyjwj.org/wp-content/uploads/2010/08/NoReturnOnOurInvestment_Final.pdf)

<sup>17</sup> See Good Jobs New York's 2009 report, "Before the Bailout of 2008," available at [http://www.goodjobsny.org/GJNY\\_Bailout.pdf](http://www.goodjobsny.org/GJNY_Bailout.pdf)

<sup>18</sup> <http://query.nytimes.com/gst/fullpage.html?res=9A03E5DE1E3EF937A1575BC0A9639C8B63>

<sup>19</sup> <http://www.nysun.com/new-york/new-york-authorizes-16b-in-liberty-bonds/18673/>  
<http://www.nysun.com/new-york/new-york-authorizes-16b-in-liberty-bonds/18673/>

<sup>20</sup> [http://www.goodjobsny.org/BofA\\_news.htm](http://www.goodjobsny.org/BofA_news.htm)

<sup>21</sup> NYT: <http://bit.ly/dZG3BO>

37 businesses linked to the Committee have been approved for over

**\$2 billion**

in federal, state and local subsidies.

The new building was built with \$650 million in tax-exempt, post-9/11 Liberty Bonds by the Durst Organization, a major funder of the Committee to Save New York. Thomas Montag, Bank of America’s president of global markets, sits on the board of the Partnership, and Douglas Durst sits on the board of REBNY.

REBNY board members are also involved in heavily-subsidized development projects such as the stadium deals for the Mets and Yankees and Brooklyn’s Atlantic Yards Development (Bruce Ratner’s Forest City Ratner, represented on REBNY’s board by Maryanne Gilmartin, is the developer behind Atlantic Yards), but a full review of those is beyond the scope of this report.

## C. Personal Income Taxes

10 Partnership for New York City board members will avoid an estimated **\$3.6 million** each year in personal income taxes if the millionaire’s tax is not extended (see table).

Individuals associated with the Committee to Save New York have a great deal to gain if New York State does not extend the “millionaire’s tax” on high income earners enacted in 2009. Governor Cuomo opposes an extension of the tax, which applies to single taxpayers earning more than \$200,000 and couples making over \$300,000, with a higher bracket for those making over \$500,000.

Without the tax, the highest income tax bracket will start at \$20,000 for single taxpayers and \$40,000 for couples. **Effectively, bus drivers will be paying the same income tax rate as the 13 billionaires linked to the Committee.** A majority of New York residents support the tax. A review of the recent compensation of ten Partnership for New York City board members shows that they could collectively save \$3.6 million in taxes if their compensation is flat:

Committee Associate	Company/link	Earnings	Year	Tax Break
Jamie Dimon	JPMorgan Chase	\$12.6m	2009	\$267,000
Lloyd Blankfein	Goldman Sachs	\$1.1m	2009	\$23,320
Vikram Pandit	Citigroup	\$1.3m	2009	\$27,560
K. Rupert Murdoch	Newscorp	\$15.5m	2009	\$328,600
Harold W. McGraw III	McGraw Hill Companies	\$3.9m	2009	\$82,680
Jeffrey L. Bewkes	Time Warner	\$15.3m	2009	\$324,360
Phillip Dauman	Viacom	\$84.5m	2010	\$1,791,400
Jay S. Fishman	Travelers	\$22m	2009	\$466,400
William P. Lauder	Estee Lauder	\$4.8m	2009	\$101,760
Kenneth M Jacobs	Lazard	\$10.1m	2009	\$215,053
<b>Total</b>		<b>\$171m</b>		<b>\$3.63m</b>
<b>Average</b>		<b>\$17.1m</b>		<b>\$362,813.32</b>

Note: Tax calculations assume that every dollar of income will be taxed, but this is not possible to verify. Compensation figures are drawn from Equilar and SEC proxy filings for the specified year.

## D. The Stock Transfer Tax Refund

Every year, New York State provides an automatic refund of billions of dollars in taxes to financial firms, including many banks with strong ties to the Committee to Save New York.

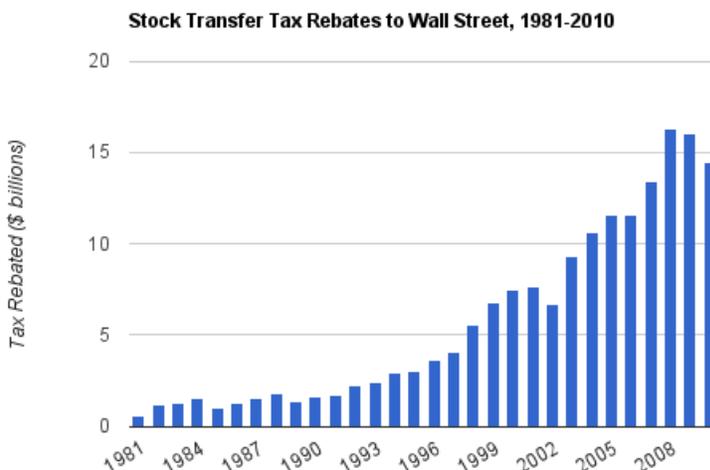
The “stock transfer tax” levies a small fee of a few cents per share on stock trades. It has been on the books since 1905, but in 1978 the state began

# \$14.5 billion

in stock transfer taxes was *refunded* last year to financial firms trading shares in NYS, enough to employ **241,000 teachers** or roughly 37 teachers at each one of the 6,500 schools in the state.

refunding 30% of the tax. In 1981, financial institutions began receiving a full, automatic refund of the stock transfer tax.

In 2010, the state provided refunds of \$14.5 billion to banks making stock trades. Adjusting for inflation, the state has rebated \$210 billion to financial firms since 1981, when the tax was first fully rebated.<sup>22</sup>



Though fully and automatically refunded, the stock transfer tax remains on the books, and it is periodically suggested as a solution to the state’s perennial budget crises. The Fiscal Policy Institute and the Center for Working Families issued a report in April 2010, “New York Has the Ways and Means,” in which they argued that even a partial collection of the small tax levy would yield \$3 billion to help resolve New York’s budget crisis.<sup>23</sup>

## The Committee to Refund the Stock Transfer Tax

Several individuals associated with the Committee to Save New York and its major affiliates played an important role in securing the automatic refund of the stock transfer tax during the 1970s.

The Municipal Assistance Corporation (MAC), the state-chartered agency created to borrow on NYC’s behalf following 1970s debt crisis, convened a “special task force on taxation” in 1976 that recommended refunding the stock transfer tax as a way of stimulating the local economy.<sup>24</sup>

MAC was chaired by investment banker **Felix Rohatyn**, now honorary chair of the Committee to Save New York. Another member of the special task force, **Daniel Rose**, now sits on the board of REBNY as an honorary lifetime governor. The task force included representatives of Citibank (Walter Wriston), Merrill

<sup>22</sup> Data from 2009-2010 New York State Tax Collections report, available at [http://www.tax.ny.gov/pdf/stats/stat\\_fy/2009\\_10\\_annual\\_statistical\\_report\\_of\\_ny\\_state\\_tax\\_collections.pdf](http://www.tax.ny.gov/pdf/stats/stat_fy/2009_10_annual_statistical_report_of_ny_state_tax_collections.pdf)

<sup>23</sup> [http://www.fiscalpolicy.org/CWF\\_FPI\\_NewYorkHasTheWaysAndMeans.pdf](http://www.fiscalpolicy.org/CWF_FPI_NewYorkHasTheWaysAndMeans.pdf)

<sup>24</sup> The full report, which includes a list of task force members, is here: [http://newman.baruch.cuny.edu/digital/2003/amfl/mac/pdf\\_files/Economic\\_Reports/05-26-76.pdf](http://newman.baruch.cuny.edu/digital/2003/amfl/mac/pdf_files/Economic_Reports/05-26-76.pdf)

Lynch (Donald Regan), and Salomon Brothers (Henry Kaufman; now part of Citigroup).

**David Rockefeller**, the founder and honorary chair of the Partnership for New York City, was chairman of Chase Manhattan (a predecessor to JPMorgan Chase) in 1977 when he proposed an economic regeneration plan that called for a partial rebate of the stock transfer tax.<sup>25</sup> The tax was partially rebated the next year, in 1978, and by 1981 it was fully rebated.

The Partnership continues to oppose the collection of the stock transfer tax. It released an issue brief in 2004 on the “potential employment effects” of a re-instituted stock transfer tax on New York City.<sup>26</sup> The study found that the tax could cause losses of 23,000 to 33,000 jobs in the private sector, but failed to calculate how many jobs could be funded with this additional revenue, or how many net jobs would be lost or created. To illustrate the irrelevance of the Partnership’s projections: last year’s stock transfer tax, if collected, could have paid the annual salaries of roughly 241,000 teachers.<sup>27</sup>

## E. Other Tax Breaks

Big businesses and real estate developers like those behind the Committee benefit from a number of other state and local tax breaks. Several notable ones:

**Headquarters tax break.** New York State’s largest single corporate income tax break – projected to be worth over \$2.3 billion in 2010<sup>28</sup> – was implemented during the mid-20<sup>th</sup> century in order to lure large corporate headquarters to New York State, and exempts the subsidiary capital of large corporations from state income taxes as long as the subsidiaries do not do significant business in state.

**Bank Tax.** New York State banks are projected to save \$244 million in state income taxes in 2010 due to various tax exclusions for banks which were largely enacted in 1986, under Governor Mario Cuomo.

**421-a.** The Real Estate Board of New York is reportedly “desperate” to extend this New York City tax break which goes primarily to real estate developers. Councilman Brad Lander estimates it could cost the city \$420 million in tax revenue.<sup>29</sup>

**Other “business tax expenditures.”** A December 2010 Fiscal Policy Institute report, “The Growing Budget Burden of Business Tax Expenditures” found that state tax breaks granted to specific industries and corporations – termed “business tax expenditures” – are projected to top \$5.3 billion in FY 2010 on the state level.<sup>30</sup> This lump sum amount includes tax breaks such as the

This year, big businesses in New York State avoid over

**\$2.3 billion**

in state income taxes by exploiting the “headquarters” tax break specifically designed for large corporate conglomerates.

<sup>25</sup>

<http://select.nytimes.com/gst/abstract.html?res=FA0814F83E5D167493CBAB178AD85F438785F9>

<sup>26</sup> [http://www.pfnyc.org/reports/2004\\_12\\_stock\\_transfer\\_tax.pdf](http://www.pfnyc.org/reports/2004_12_stock_transfer_tax.pdf)

<sup>27</sup> This is a rough calculation, assuming an annual teacher’s salary of \$60,000 (actually above the state median).

<sup>28</sup> [http://www.fiscalpolicy.org/FPI\\_GrowingBurdenOfBusinessTaxExpenditures.pdf](http://www.fiscalpolicy.org/FPI_GrowingBurdenOfBusinessTaxExpenditures.pdf)

<sup>29</sup> [http://www.nydailynews.com/ny\\_local/2011/02/20/2011-02-20\\_deal\\_on\\_law\\_may\\_curb\\_years\\_rentreg\\_fight.html](http://www.nydailynews.com/ny_local/2011/02/20/2011-02-20_deal_on_law_may_curb_years_rentreg_fight.html)

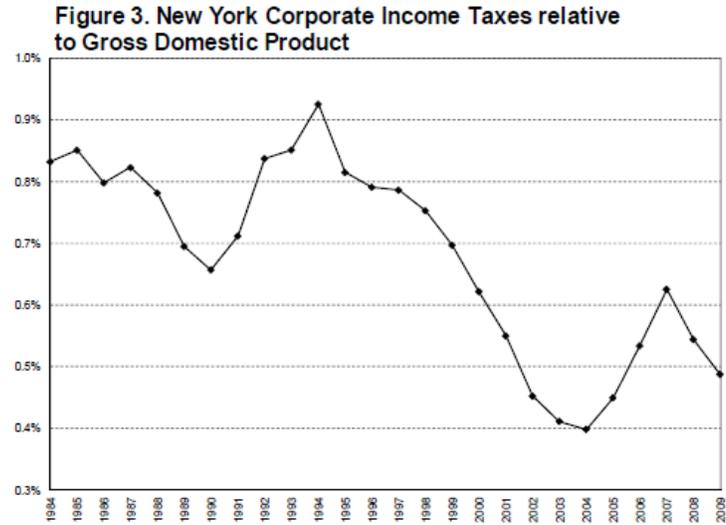
<http://www.nytimes.com/2011/02/09/nyregion/09affordable.html?ref=todayspaper>

<sup>30</sup> Available at:

[http://www.fiscalpolicy.org/FPI\\_GrowingBurdenOfBusinessTaxExpenditures.pdf](http://www.fiscalpolicy.org/FPI_GrowingBurdenOfBusinessTaxExpenditures.pdf)

headquarters tax break and many other corporate giveaways, which together combine to lower the effective corporate income tax rate, especially for big business.

Another chart from the FPI report shows that New York corporate income tax collections have declined as a percentage of state GDP since 1984:



### III. Tax Dodging

#### The Committee's Corporate Network Includes a Web of Offshore Tax Shelters and Tax Avoidance Specialists

As if New York State's system of tax breaks, handouts, and rebates for big business were not enough, many large corporations linked to the Committee to Save New York appear to be engaging in or facilitating tax avoidance through the use of offshore subsidiaries and other tax schemes.

Companies linked to the Committee have incorporated

**1,705 tax-sheltered companies.**

#### Widespread Use of Offshore Tax Havens

Businesses linked to the Committee to Save New York and its major affiliates have set up numerous subsidiaries in offshore tax havens such as the Cayman Islands. These tax-sheltered entities can be used for some legitimate purposes, though they are often associated with complex schemes that leverage the secrecy afforded by light regulatory regimes in order to evade taxes.<sup>31</sup>

Data on corporate subsidiaries is easily accessible for publicly-held corporations, which must file a list of significant subsidiaries with the Securities and Exchange Commission (SEC) each year. We used those filings, CorpWatch's Croctail corporate subsidiary database, and the list of tax havens identified by the Government Accountability Office in 2008 to derive the following information on offshoring by Committee-linked businesses.<sup>32</sup>

- 48 publicly-held corporations associated with the Committee have set up **1,705 offshore subsidiaries incorporated in offshore tax havens.**
- **Morgan Stanley**, which holds one of three ex-officio seats on the board of the Partnership, has 318 subsidiaries incorporated in tax havens, more than any other Committee-linked business.
- Bank of America (269), News Corp (127), Marsh & McLennan (122), Pfizer (104), JPMorgan Chase (76), Wells Fargo (56), Jones Lang Lasalle (56), Blackstone Group (46), and Tyco (42) round out the top ten list. All have significant operations in New York State, and many are headquartered here.
- The **Cayman Islands** is home to more than 400 corporate subsidiaries associated with Committee-linked businesses, more than any other tax haven

*The full table, which includes a breakdown of offshore entities by jurisdiction, is included in the Appendix.*

Without access to corporate tax returns (and the corporations' accountants), it is not possible to know how these corporations are using offshore tax shelters to evade state and federal income taxes. A 2009 US Public Interest Research

<sup>31</sup> For an extended discussion of tax havens, see *Treasure Islands: Tax Havens and the Men Who Stole the World*, by Nicholas Shaxson. <http://treasureislands.org/>

<sup>32</sup> The full Croctail database is available here: <http://api.corpwatch.org/>. Subsidiary data is drawn from 2010 SEC 10-k filings. The GAO report, including the full list of tax havens, is here: <http://www.gao.gov/products/GAO-09-157>

Group report did estimate, however, that offshore tax shelters shifted a tax burden of \$8.4 billion onto taxpayers in New York State.<sup>33</sup>

### Honoring Tax Dodging

One sign that the Committee to Save New York celebrates tax dodging: its honorary chair, Felix Rohatyn, is a top executive at Lazard – the first major Wall Street bank to incorporate in an offshore haven (in this case, Bermuda). Lazard’s CEO, Kenneth Jacobs, is on the board of the Partnership for New York City, though its CEO at the time of its offshore incorporation, Bruce Wasserstein, has since passed away.

From its 2005 S-1 registration statement:

Under current Bermuda law, Lazard is not subject to any Bermuda income or profits tax, capital gains tax, capital transfer tax, estate duty or inheritance tax. Lazard Ltd has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 28, 2016, be applicable to Lazard Ltd...<sup>34</sup>

Rohatyn was not employed by Lazard at the time of its Bermuda incorporation (his first stint there ended in 1997, his second began in 2010), but worked at a closely associated firm, Rohatyn Associates, which appears to have incorporated at least four offshore funds in the Cayman Islands from 2004 to 2006.<sup>35</sup> Such offshore funds can be used for legitimate purposes on behalf of institutional investors, but are also often associated with tax avoidance schemes.

### Facilitating Tax Dodging

Several businesses linked to the Committee have either been fined for helping clients evade taxes or specialize in helping clients arrange tax schemes that decrease their tax liability:

- **Deutsche Bank.** As part of a settlement with the Department of Justice reached in December 2010, Deutsche Bank paid a fine of \$553 million to avoid criminal prosecution for helping wealthy clients avoid billions in taxes by using offshore tax shelters to declare bogus losses.<sup>36</sup> Deutsche Bank Americas CEO Seth Waugh is on the board of the Partnership for New York City.

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<sup>33</sup> <http://www.uspirg.org/home/reports/report-archives/tax--budget-policy/tax--budget-policy--reports/tax-shell-game-the-taxpayer-cost-of-offshore-corporate-havens>

<sup>34</sup> <http://www.sec.gov/Archives/edgar/data/1311370/000119312505056435/ds1.htm>

<sup>35</sup> This relationship is detailed in William Cohan’s *The Last Tycoons* (p. 503-505). Rohatyn signed a non-compete agreement with Lazard upon leaving the bank to become ambassador to France in 1997. When he returned to the private sector, in 2001, he set up his own firm, Rohatyn Associates, in an office at 30 Rockefeller paid for by Lazard, and was described as a senior adviser to Lazard in an internal memo. He was paid \$2.5 million by Lazard in his first year. In 2006, he joined Lehman Brothers as a senior adviser to CEO Dick Fuld. For tax shelter info, search the Cayman Islands Monetary Authority’s database for “Rohatyn”: <http://www.cimoney.com/ky/search/searchforentity.aspx>

<sup>36</sup> <http://www.bloomberg.com/news/2010-12-21/deutsche-bank-agrees-to-pay-553-6-million-to-settle-u-s-tax-shelter-case.html>

- **UBS.** UBS paid a fine of \$780 million in 2009 as part of a settlement with the Department of Justice to avoid criminal prosecution for helping wealthy clients avoid federal taxation.<sup>37</sup> UBS Group Americas chairman and CEO Robert Wolf is on the board of the Partnership for New York City.
- **Roberts & Holland.** Roberts & Holland specializes in complex tax arrangements for wealthy clients. Partner Lary Wolf is on the board of REBNY. Wolf's bio reads, in part, "Wolf has worked with U. S. and foreign clients to design tax-sensitive structures for the ownership, operation and disposition of real property...In addition to restructuring debt utilizing securitized financing and offshore sources, he has been involved in all aspects of complex bankruptcy reorganizations, including planning for federal, State and City taxes."<sup>38</sup>

There are a great deal of tax avoidance opportunities associated with real estate, but a full review of these is beyond the scope of this report.

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<sup>37</sup> <http://www.nytimes.com/2010/11/17/business/17tax.html>

<sup>38</sup> <http://www.robertsandholland.com/overview.htm>

# IV. Government by Committee

## The Committee’s Influence Over Government

The Committee to Save New York – which has somehow branded itself as an insurgent, outsider force in state politics – unites special interests and government insiders who wield tremendous influence over New York State government using a variety of mechanisms.

**Campaign contributions.** Committee to Save New York-affiliated individuals and their corporations contributed nearly \$7.3 million in campaign contributions during the last campaign cycle (2007-2010 for statewide races, and 2009-2010 for legislative races), with \$1.8 million going to Cuomo:

### Political Campaign Contributions by Committee-linked individuals and businesses in the last NYS election cycle.

Recipient	Total Donated by Committee Affiliates
ANDREW CUOMO 2010	\$1,803,196
PATERSON FOR GOVERNOR, INC.	\$872,682
NYS SENATE REPUBLICAN CAMPAIGN COMMITTEE	\$397,500
SPITZER 2010, INC.	\$336,548
NYS DEMOCRATIC SENATE CAMPAIGN COMMITTEE	\$335,500
NYS SENATE REPUBLICAN CAMPAIGN COMMITTEE - HOUSEKEEPING	\$241,005
SCHNEIDERMAN FOR ATTORNEY GENERAL, INC.	\$221,000
NYS DEMOCRATIC ASSEMBLY CAMPAIGN COMMITTEE (DACC)	\$210,300
DEMOCRATIC SENATE CAMPAIGN COMMITTEE - HOUSEKEEPING	\$196,655
DONOVAN 2010	\$159,500
<b>Everyone else</b>	<b>\$2,503,333</b>
<b>TOTAL</b>	<b>\$7,277,220</b>

Note: These totals include campaign contributions by board members of REBNY, the Partnership, and the Business Council, as well as their related businesses.

**Government Appointments.** Committee affiliates hold seats on a number of boards that make important economic policy decisions while being insulated from electoral accountability, as part of New York State’s sprawling “shadow government.” For example:

- **New York City Economic Development Corporation (NYCEDC).** Kathryn Wylde, the Partnership’s CEO and a Committee founder, sits on the board of New York City’s economic development agency, which oversees the city’s economic development programs. Mario Palumbo, a

Committee-linked individuals and their businesses gave

**\$7.3 million**

in campaign contributions last election cycle.

board member of the Real Estate Board of New York, also sits on NYCEDC's board.

- **Empire State Development Corporation (ESDC).** Ken Adams, a founder of the Committee and former president of the Business Council, was recently nominated by Cuomo as the head of ESDC, the state's primary economic development agency.
- **Lower Manhattan Development Corporation (LMDC).** REBNY board members John Zuccotti and William Rudin both sit on the board of LMDC, which is responsible for overseeing lower Manhattan's reconstruction efforts post 9/11 and disbursing recovery funds.
- **Federal Reserve Bank of New York (FRBNY).** It is not a state or local government board, but is one of New York's most powerful government institutions. As noted in the "bailouts" section, the FRBNY's board includes three board members of the Partnership – Wylde, JPMorgan CEO Jamie Dimon, and Loews CEO James Tisch – and its president, former Goldman Sachs economist William Dudley, holds an ex officio board seat at the Partnership.

All of these appointments raise obvious conflict of interest questions, given the density of the Committee's networks, but a full exploration of these is beyond the scope of this report.

## V. Consequences

### Vast Wealth for the Committee, a Growing Tax Burden, Unemployment, and Poverty for the Rest of the State

New York State's system of corporate tax giveaways yields great largess for the Committee and its associates at the expense of the rest of the state. The Fiscal Policy Institute has identified a number of these consequences in recent reports:

- **A crushing tax burden for low- and middle-income earners.** High income earners in New York State pay a lower effective tax rate than low- and middle-income earners, after accounting for income, sales, and property taxes, according to FPI, with households making over \$633,000 paying 7.2% of their income in taxes and households making between \$33,000 and \$95,000 paying 11%.<sup>39</sup> Furthermore, corporate income taxes have effectively declined since 1984, shifting the tax burden onto middle class New Yorkers (see "Other Tax Breaks.")
- **Extreme income inequality.** New York State is the most unequal state in the country, and inequality has been on the rise for decades. In 1980, the top 1% of income earners in New York State earned less than 10% of income, compared to just over 35% in 2007.<sup>40</sup>
- **Rising unemployment and poverty.** FPI identified a number of startling trends in February 2011: unemployment is up 90% in New York State compared to 2007, with a total of 1.3 million unemployed, discouraged, dropped out of the labor force, or unemployed; there are over 3 million New Yorkers in poverty, as the state's poverty rate jumped to 15.8 percent in 2009; food stamp rolls have increased by one million, statewide, over the past three years.<sup>41</sup>

These conditions are a direct outcome of an economic crisis caused by the Committee's backers and a tax system that favors wealthy, corporate interests over the rest of New York State.

The spending cuts endorsed by the Committee will do nothing to address these problems, and will likely make them worse: layoffs, after all, are a good way to increase unemployment; cuts to homeless services and education are a good way to exacerbate the state's poverty crisis; and tax breaks for the wealthy are an effective way of shifting the tax burden onto the rest of the state and increasing inequality.<sup>42</sup>

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<sup>39</sup> [http://www.fiscalpolicy.org/FPI\\_NewYorkShouldContinueTheIncomeTax\\_20110214.pdf](http://www.fiscalpolicy.org/FPI_NewYorkShouldContinueTheIncomeTax_20110214.pdf)

<sup>40</sup> [http://www.fiscalpolicy.org/FPI\\_GrowTogetherOrPullFurtherApart\\_20101213.pdf](http://www.fiscalpolicy.org/FPI_GrowTogetherOrPullFurtherApart_20101213.pdf)

<sup>41</sup> [http://www.fiscalpolicy.org/FPI\\_NewYorkShouldContinueTheIncomeTax\\_20110214.pdf](http://www.fiscalpolicy.org/FPI_NewYorkShouldContinueTheIncomeTax_20110214.pdf)

<sup>42</sup> Cuomo has threatened as many as 9,900 layoffs.

<http://www.lohud.com/article/20110206/NEWS05/102060345/-1/newsfront/Government-jobs-decline-in-New-York>

**Table 1: Committee to Save New York Board Members**

The table includes current and former Committee to Save New York board members and their affiliations. A checkmark in the “press” column means the individual’s name appeared in early press reports on the Committee; “former” means the individual is no longer associated with the Committee; “P” means the individual is a board member of the Partnership for New York City; “R” means the same for the Real Estate Board of New York; “B” means Business Council of New York State.

<b>Board member</b>	<b>Description</b>	<b>P</b>	<b>R</b>	<b>B</b>	<b>Press</b>	<b>Former</b>
Kathryn S. Wylde	President & CEO, Partnership for New York City	X			X	
Rob Speyer (co-chairman)	President & Co-CEO, Tishman Speyer	X	X		X	
Mary Ann Tighe	CEO, NY Tri-State Region, CB Richard Ellis	X	X		X	
Steven Spinola	President, Real Estate Board of New York		X		X	
Felix G. Rohatyn (honorary chairman)	Special Advisor to the Chairman & CEO, Lazard Ltd				X	
H. Carl McCall (co-chairman)	Principal, Convent Capital, LLC and Former NYS Comptroller				X	
Ken Adams	Cuomo's appointee to lead Empire State Development Corp; former president of Business Council			X	X	X
Richard Parsons	Chairman of Citigroup; adviser at Providence Equity Partners	X			X	X
Heather Briccetti	Acting-president and CEO, The Business Council of NYS			X		
Dr. Marsha Gordon	President and CEO, Business Council of Westchester			X		
Gary LaBarbera (co-chairman)	President, Building & Construction Trades Council of Greater New York				X	
Sandra Parker (co-chairman)	President & CEO, Rochester Business Alliance					
Dr. Calvin O. Butts III	President, SUNY College at Old Westbury and Pastor, The Abyssinian Baptist Church					
Garry Douglas	President and CEO, North Country Chamber of Commerce					
Kevin S. Law	President and CEO, Long Island Association					
Andrew J. Rudnick	President and CEO, Buffalo Niagara Partnership					
Robert Simpson	President and CEO, CenterState Corporation for Economic Opportunity					
Elizabeth Velez	President, Velez Organization					

**Table 2: Approximate Subsidies for Committee-linked Companies**

**Important note:** The following table sets forth the approximate federal, state, and local subsidies that have been approved for companies linked to the Committee to Save New York. Amounts are not adjusted for inflation. In some cases, subsidy amounts are reduced or clawed back for various reasons, and the table makes note of this where possible. In many cases, subsidy amounts represent tax savings that is to be realized in the future. Sources for this data include the following: Good Jobs New York's subsidy database and other resources at its website, <http://goodjobsny.org>; the New York City Economic Development Corporation's Annual Investment Project Reports for 2005, 2009 and 2010; and Good Jobs First's Subsidy Tracker database, at <http://www.goodjobsfirst.org/subsidy-tracker>; and various press reports. BCNYS denotes Business Council of New York State; PFNYC denotes Partnership for New York City; and REBNY denotes Real Estate Board of New York.

Company	Committee Associate	Approximate Amount Approved	Approximate Reductions	Year(s) Approved	Details
Alcoa	Klaus Kleinfeld, CEO (PFNYC)	\$438,000		2000	New York City sales tax exemption for 390 Park Ave HQ as part of commercial growth project.
American Express	Kenneth I Chenault, chairman and CEO (PFNYC); Ronald A Williams, director (PFNYC)	\$25,000,000		2002	Job Creation and Retention Program (JCRP) grant as part of 9/11 reconstruction effort.
Bank of America	Steven M Kenny, NY/NY commercial real estate executive (REBNY); Thomas K Montag, president, global banking and markets (PFNYC)	\$56,500,000	\$18,000,000	1993 & 2004	Bank of America received an \$18 million subsidy in 1993, but the deal was canceled in 1998 due to layoffs. It received another subsidy in 2004 worth \$38.5 million, of which \$7.6 million had been used by 2008. (GJNY Bailout)
Bank of New York	Robert P Kelly, CEO (PFNYC)	\$40,000,000	\$2,500,000	2002	JCRP grant
Bear Stearns (JPM)	Gregory R Reimers, real estate banking (REBNY); Jamie Dimon, CEO (PFNYC); Michael Nevins, government banking (BCNYS)	\$81,000,000	\$11,000,000	1991 & 1997	Received an \$11 million subsidy in 1991, which was canceled and merged with a \$70 million subsidy in 1997, of which \$18 million had been used through 2010, according to the NYC EDC projects report.
BlackRock	Larry Fink, CEO (PFNYC)	\$4,160,000	\$440,000	2001	Sales tax exemptions from NYC IDA
Citigroup	Vikram S Pandit, CEO (PFNYC); Richard D Parsons, chairman (PFNYC); Kevin Thurm, deputy general counsel (BCNYS)	\$90,000,000		1989	\$90 million in as-of-right incentives approved for Citicorp in 1989
Corning	Kirk P Gregg, EVP (BCNYS)	\$3,019,630			Tax credit/rebates and property tax abatements from Steuben County IDA
Credit Suisse	Frederick O. Terrell, vice chairman, investment banking (PFNYC)	\$4,364,409		1995	Sales and property tax exemptions from NYC IDA.
Deloitte	Barry Salzberg, CEO (PFNYC)	\$21,000,000		2010	Deloitte must add 2,100 employees in Lower Manhattan to get sales and use tax exemptions from NYC.

Durst	Douglas Durst, co-president (REBNY)	\$1,104,000		2004	\$650 million in liberty bonds
Ernst & Young	Stephen R Howe Jr, Americas Area Managing Partner (PFNYC)	\$4,633,000		2004	Business incentive rate, sales tax exemption for Times Square HQ.
Forest City Ratner	MaryAnne Gilmartin, EVP (REBNY)	\$131,000,000		ongoing	from the NY Daily News, 1/27/2010: "That's on top of \$100 million the city previously pledged to buy up property for the new Nets arena and 16-tower project, bringing the total to \$131 million."
GE (NBC)	Robert Prantil, NY region exec (BCNYS); Rochelle B Lazarus, director (PFNYC); James S Tisch, director (PFNYC)	\$100,000,000		1987	Sales and property tax breaks to keep NBC HQ in midtown (press reports).
Glenwood Management	Gary Jacob, EVP; Carole Pittelman, EVP; Leonard Litwin, founder (all REBNY)			2002 & 2004	\$233 million in post-9/11 Liberty Bonds.
Goldman Sachs	Lloyd C Blankfein, CEO (PFNYC)	\$150,000,000		2005	\$1.65 billion in tax-exempt liberty bonds and an additional \$115 million in state and local tax breaks for the bank's new headquarters, which could grow to \$150 million if its workforce grows.
Hearst	Frank A Bennack, chairman and CEO (PFNYC)	\$35,194,000		2003	From the city: Business Incentive Rate, MRT Exemption, PILOT, Sales Tax Exemption
IBM	Linda S Sanford, SVP enterprise formation (BCNYS); Kenneth I Chenault, director (PFNYC)	\$800,000,000	\$475,000,000	2000 & 2008	State and local tax breaks worth \$660 million were approved in 2000 for IBM's new computer chip fabrication plant in Dutchess County, though IBM failed to secure \$475 million of that due to a decline in its state workforce. An additional \$140 million in grants were approved for another project in 2008.
JetBlue	Dave Barger, CEO (PFNYC)	\$30,000,000			\$12 million in as-of-right incentives plus an additional \$18 million in city and state grants, tax breaks, and financing for its headquarters at JFK.
JPMorgan Chase	Gregory R Reimers, real estate banking (REBNY); Jamie Dimon, CEO (PFNYC); Michael Nevins, government banking (BCNYS)	\$235,000,000		1988	\$235 million in city subsidies were approved for Chase Manhattan in 1988. \$44.5 million were used as of 2003. According to Good Jobs New York, "following the deal, Chase announced a series of layoffs and relocations that moved thousands of jobs out of New York City."
Macy's	Terry J Lundgren, CEO (PFNYC)	\$1,533,000		2001	Sales tax exemptions from NYC IDA.

McGraw Hill	Harold McGraw III, chairman, president, and CEO (PFNYC)	\$54,289,000		1998	PILOT, sales tax exemption, tax exempt bonds from NYC IDA; JCRP Grant
Merrill Lynch (Bank of America)	Steven M Kenny, NY/NY commercial real estate executive (REBNY); Thomas K Montag, president, global banking and markets (PFNYC)	\$28,600,000		1997	Sales tax exemptions used to entice Merrill Lynch to expand in NYC.
Metlife	C Robert Henrikson, chairman, president, and CEO (PFNYC); Michael A Zarcone, SVP (BCNYS)	\$37,320,000	\$5,000,000	2001	MetLife received the property and sales tax breaks as part of a deal to move 1,700 employees to Long Island City, but was later penalized \$5 million for moving the employees to Manhattan, netting \$6 million on the deal.
Morgan Stanley	James P Gorman, CEO (PFNYC); David W Helleniak, senior advisor (PFNYC)	\$16,000,000		2005	Received a Job Creation and Retention Program (JCRP) grant worth up to \$16 million to move employees downtown.
Nasdaq	Robert Greifeld, CEO (PFNYC); Glenn H Hutchins, director (PFNYC)	\$52,000,000		2000	Grants, sales and property tax breaks from New York City.
National Fuel	David F Smith, CEO (BCNYS)	\$827,927		2008	Property tax abatements and tax credits were granted to National Fuel subsidiary Empire Pipeline by Yates, Steuben, and Schuyler County IDAs
New York Life	Theodore Mathas, CEO (PFNYC)	\$214,506		2008	Tax credits and rebates from Westchester County IDA.
Pfizer	Karen Boykin-Towns, VP public affairs (BCNYS)	\$47,500,000	\$24,700,000	2003	Sales tax breaks, real estate tax breaks, energy benefits, cash grant from ESDC; paid NYC \$24.7 million penalty in 2010 after reducing its office space
Rockrose Development	Kamran T Elghanayan, president (REBNY)			2003 & 2006	\$227 million in liberty bonds
Silverstein	Larry Silverstein, president (REBNY); Roger Silverstein, SVP of leasing	\$4,832,000		2003	\$475 million in tax-exempt liberty bonds for 7 World Trade Center
Strook & Strook	Leonard Boxer, chairman, real estate department (REBNY)	\$700,000		2002	JCRP grant
Sullivan & Cromwell	H Rodgin Cohen, partner (PFNYC)	\$18,560,000		2002	Job Creation and Retention Program (JCRP) grant
Thomson Reuters	Thomas H Glocer, CEO (PFNYC)	\$24,684,000		1999	

Time Warner (Time Inc)	Deborah C Wright, director (PFNYC); Jeffrey L Bewkes, CEO (PFNYC)	\$35,221,000	\$30,521,000	1999	Sales tax exemption, terminated due to employment reductions in 2010, after Time had received \$4.7 million in benefits.
Travelers		\$11,000,000		1995	
UBS (Paine Webber)	Robert Wolf, CEO Americas (PFNYC)	\$7,013,544			Tax credit/rebate and property tax abatement from NYC IDA
WalMart	Christopher Williams, director (PFNYC)	\$52,600,000		1994-	\$46 million in payments in lieu of taxes (PILOT) in Sharon, NY; \$2.2 million in infrastructure improvements in Marcy, NY; \$850,000 property tax break in Oneida, NY; \$1.4 million property tax break in Herkimer, NY; \$1.9 million in grants and infrastructure improvements in Johnstown, NY
Xerox	D Cameron Hyde, SVP, global account operations (BCNYS)	\$131,732		2008	Tax credit/rebate and property tax abatement from Monroe County IDA.
<b>Total</b>		<b>\$2,205,439,748</b>	<b>\$567,161,000</b>		

As noted above, the first total reflects the approximate approved amount; the second total represents approximate reductions.

**Table 3: Tax-Sheltered Subsidiaries of Committee-linked Businesses**

The following table includes information on the subsidiaries of Committee-linked publicly-held companies incorporated in the list of tax havens identified in the Government Accountability Office's 2008 report on "International Taxation" (available at <http://www.gao.gov/products/GAO-09-157>). The data was drawn from Exhibit 21 of recent SEC 10-K filings for Committee-linked publicly-held corporations, via CorpWatch's Croctail corporate subsidiary database (<http://croctail.corpwatch.org>).

<b>Company</b>	<b>Committee associate</b>	<b>HQ State</b>	<b>Tax Havens Where Offshore Subsidiaries Are</b>	<b>Total Tax-sheltered Subsidiaries</b>
Morgan Stanley	James P Gorman, CEO (PFNYC); David W Helleniak, senior advisor (PFNYC)	NY	Bermuda (3), Cayman Islands (184), Cyprus (3), Gibraltar (9), Hong Kong (15), Ireland (9), Jersey (25), Luxembourg (51), Malta (1), Mauritius (5), Panama (1), Singapore (10), Switzerland (2)	318
Bank of America Corp	Steven M Kenny, NY/NY commercial real estate executive (REBNY); Thomas K Montag, president, global banking and markets (PFNYC)	NC	Bahamas (3), Bermuda (8), Cayman Islands (87), Costa Rica (1), Gibraltar (6), Guernsey (2), Hong Kong (4), Ireland (21), Isle Of Man (1), Jersey (19), Latvia (34), Lebanon (1), Luxembourg (47), Mauritius (10), Monaco (1), Netherlands Antilles (1), Singapore (12), Switzerland (8), Virgin Islands (3)	269
News Corp	Rupert Murdoch, chairman and CEO (PFNYC)	NY	Belize (1), Bermuda (1), Cayman Islands (16), Gibraltar (1), Hong Kong (27), Ireland (1), Luxembourg (6), Mauritius (20), Panama (1), Singapore (7), Switzerland (3), Virgin Islands (43)	127
Marsh & McLennan	Brian Duperreault, president and CEO (PFNYC)	NY	Bahrain (1), Barbados (5), Bermuda (27), Cayman Islands (2), Gibraltar (1), Guernsey (2), Hong Kong (12), Ireland (30), Isle Of Man (5), Jersey (2), Latvia (1), Liechtenstein (1), Luxembourg (3), Macao (1), Malta (2), Mauritius (1), Singapore (15), Switzerland (9), Virgin Islands (2)	122
Pfizer	Karen Boykin-Towns, VP public affairs (BCNYS)	NY	Bahamas (1), Barbados (1), Bermuda (4), Cayman Islands (1), Costa Rica (2), Guernsey (1), Hong Kong (8), Ireland (37), Jersey (11), Luxembourg (16), Panama (5), Singapore (10), Switzerland (6), Virgin Islands (1)	104
JP Morgan Chase	Gregory R Reimers, real estate banking (REBNY); Jamie Dimon, CEO (PFNYC); Michael Nevins, government banking (BCNYS)	NY	Bahamas (1), Barbados (1), Bermuda (3), Cayman Islands (11), Hong Kong (10), Ireland (7), Jersey (6), Luxembourg (10), Mauritius (14), Singapore (8), Switzerland (1), Virgin Islands (4)	76

Wells Fargo	Alan H Wiener, head of multifamily capital (REBNY)	CA	Aruba (1), Barbados (2), Bermuda (5), Cayman Islands (22), Hong Kong (7), Ireland (2), Luxembourg (3), Mauritius (7), Virgin Islands (7)	56
Jones Lang LaSalle	Peter G Riguardi, head of NY operations (REBNY)	IL	Cayman Islands (6), Cook Islands (1), Costa Rica (1), Cyprus (1), Guernsey (1), Hong Kong (17), Ireland (4), Jersey (1), Luxembourg (13), Macao (1), Mauritius (3), Panama (1), Singapore (5), Switzerland (1)	56
Blackstone Group	Stephen Schwarzman, CEO (PFNYC)	NY	Cayman Islands (39), Hong Kong (2), Luxembourg (1), Mauritius (4)	46
Tyco International Ltd.	Brian Duperreault, director (PFNYC)		Bahamas (2), Barbados (1), Bermuda (5), Cayman Islands (1), Costa Rica (1), Gibraltar (4), Hong Kong (5), Ireland (7), Isle Of Man (1), Luxembourg (6), Macao (1), Mauritius (1), Singapore (3), Switzerland (4)	42
Procter & Gamble	Kenneth I Chenault, director (PFNYC)	OH	Costa Rica (2), Hong Kong (7), Ireland (3), Lebanon (1), Luxembourg (5), Panama (2), Singapore (9), Switzerland (12)	41
BlackRock	Larry Fink, CEO (PFNYC)	NY	Cayman Islands (6), Guernsey (1), Hong Kong (3), Ireland (4), Isle Of Man (6), Jersey (8), Luxembourg (7), Singapore (5), Switzerland (1)	41
Xerox	D Cameron Hyde, SVP, global account operations (Business Council)	CT	Barbados (4), Bermuda (8), Hong Kong (1), Ireland (12), Jersey (1), Luxembourg (2), Mauritius (1), Singapore (1), Switzerland (2), Turks And Caicos Islands (1)	33
Kraft Foods	Deborah C Wright, director (PFNYC)	IL	Bahamas (1), Bahrain (1), Costa Rica (2), Hong Kong (1), Ireland (4), Latvia (1), Luxembourg (2), Panama (1), Singapore (8), Switzerland (10), Virgin Islands (2)	33
Exxon Mobil	Jay S Fishman, director (PFNYC)	TX	Bahamas (20), Bermuda (1), Cayman Islands (2), Hong Kong (3), Ireland (1), Luxembourg (3), Singapore (2)	32
Goldman Sachs Group	Lloyd C Blankfein, CEO (PFNYC)	NY	Bermuda (3), Cayman Islands (18), Hong Kong (3), Mauritius (4), Singapore (2), Virgin Islands (1)	31
Viacom	Philippe P Dauman, president and CEO (PFNYC)	NY	Bahamas (1), Cayman Islands (11), Hong Kong (1), Mauritius (3), Singapore (3), Switzerland (3)	22

ConocoPhillips	Harold McGraw III, director (PFNYC)	TX	Bahamas (2), Bermuda (8), Cayman Islands (5), Ireland (1), Liberia (2), Luxembourg (1), Virgin Islands (2)	21
MetLife	C Robert Henrikson, chairman, president, and CEO (PFNYC); Michael A Zarcone, SVP (BCNYS)	NY	Barbados (1), Bermuda (2), Cayman Islands (4), Hong Kong (3), Ireland (5), Singapore (2), Virgin Islands (1)	18
International Flavors & Fragrances	Roger W Ferguson Jr, director (PFNYC)	NY	Barbados (1), Bermuda (1), Gibraltar (3), Hong Kong (1), Ireland (5), Luxembourg (3), Mauritius (1), Singapore (2), Switzerland (1)	18
Citigroup	Vikram S Pandit, CEO (PFNYC); Richard D Parsons, chairman (PFNYC); Kevin Thurm, deputy general counsel (BCNYS)	NY	Aruba (1), Bahamas (3), Cayman Islands (1), Hong Kong (3), Ireland (2), Mauritius (1), Singapore (3), Switzerland (2), Virgin Islands (1)	17
Pitney Bowes	Michael Isor Roth, director (PFNYC)	CT	Hong Kong (2), Ireland (5), Luxembourg (2), Panama (1), Singapore (4), Switzerland (1), Virgin Islands (1)	16
American Express	Kenneth I Chenault, chairman and CEO (PFNYC); Ronald A Williams, director (PFNYC)	NY	Bahrain (2), Hong Kong (3), Jersey (4), Luxembourg (1), Netherlands Antilles (1), Panama (1), Singapore (1), Switzerland (3)	16
ITT	Linda S Sanford, director (BCNYS)	NY	Hong Kong (3), Ireland (4), Luxembourg (4), Singapore (2), Switzerland (1)	14
IBM	Linda S Sanford, SVP enterprise formation (BCNYS); Kenneth I Chenault, director (PFNYC)	NY	Bahamas (1), Barbados (1), Bermuda (1), Costa Rica (1), Hong Kong (1), Ireland (2), Latvia (1), Luxembourg (1), Malta (1), Mauritius (1), Singapore (1), Switzerland (1)	13
General Electric	Robert Prantil, NY region exec (BCNYS); Rochelle B Lazarus, director (PFNYC); James S Tisch, director (PFNYC)	CT	Bermuda (3), Ireland (2), Luxembourg (4), Singapore (4)	13
United Technologies	Harold McGraw III, director (PFNYC)	CT	Cayman Islands (2), Hong Kong (3), Ireland (2), Luxembourg (4), Singapore (1)	12
Loews	James S Tisch, CEO (PFNYC)	NY	Bermuda (6), Cayman Islands (5), Netherlands Antilles (1)	12
UnitedHealth Group	William J Golden, CEO NY (BCNYS)	MN	Bermuda (2), Costa Rica (2), Hong Kong (1), Ireland (2), Mauritius (1), Singapore (1), Switzerland (1)	10
Polo Ralph Lauren	Frank A Bennack Jr, director (PFNYC)	NY	Hong Kong (3), Ireland (1), Macao (1), Singapore (1), Switzerland (3)	9
Honeywell International	Kevin Burke, director (PFNYC, BCNYS)	NJ	Bermuda (1), Luxembourg (2), Singapore (1), Switzerland (3)	7

Bank of New York Mellon Corp	Robert P Kelly, CEO (PFNYC)	NY	Bermuda (1), Guernsey (1), Ireland (2), Jersey (1), Luxembourg (1), Singapore (1)	7
Coca Cola	James D Robinson III, director (PFNYC)	GA	Cayman Islands (3), Costa Rica (1), Ireland (1), Virgin Islands (1)	6
McGraw-Hill	Harold McGraw III, chairman, president, and CEO (PFNYC)	NY	Cayman Islands (1), Hong Kong (2), Luxembourg (2), Panama (1)	6
Travelers Cos	Jay S Fishman, CEO (PFNYC)	MN, CT	Bermuda (4), Singapore (1)	5
Corning	Kirk P Gregg, EVP (BCNYS)	NY	Cayman Islands (1), Ireland (1), Luxembourg (2), Mauritius (1)	5
Aetna	Ronald A Williams, chairman and CEO (PFNYC)	CT	Bermuda (3), Cayman Islands (1), Ireland (1)	5
Microsoft	Martin T Cassidy, general manager Northeast (BCNYS)	WA	Ireland (3), Singapore (1)	4
Dean Foods	Stephen L Green, director (REBNY)	TX	Gibraltar (2), Luxembourg (2)	4
Alcoa	Klaus Kleinfeld, CEO (PFNYC)	NY, PA	Hong Kong (1), Luxembourg (2), Switzerland (1)	4
WellPoint	John E Zuccotti, director (REBNY)	IN	Ireland (3)	3
Delta Air Lines	Gail Grimmett, SVP (BCNYS)	GA	Bermuda (1), Cayman Islands (1), Ireland (1)	3
Nasdaq OMX Group	Robert Greifeld, CEO (PFNYC); Glenn H Hutchins, director (PFNYC)	NY	Ireland (2)	2
Interpublic Group	Michael Isor Roth, chairman and CEO (PFNYC)	NY	Bahrain (1), Mauritius (1)	2
Time Warner	Deborah C Wright, director (PFNYC); Jeffrey L Bewkes, CEO (PFNYC)	NY	Hong Kong (1)	1
Lazard	Kenneth M Jacobs, CEO (PFNYC)	NY	Bermuda (1)	1
JetBlue Airways	Dave Barger, CEO (PFNYC)	NY	Bermuda (1)	1
Borders Group	Howard M Lorber, director (REBNY)	MI	Ireland (1)	1
<b>Total</b>				<b>1,705</b>