

For Immediate Release	Contact:
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“Moreland Monday” Analysis of REBNY Contributions Raises Serious Issues for Commission to Consider

From 2011 to July 2013, over 73% of REBNY contributions to State Senate candidates went to districts outside of New York City in return for tax breaks, lax regulations, and other legislation relating to city developments.

Analysis includes itemized list of donors and contributions to Jobs for New York PAC, REBNY’s latest effort to play in city races.

NEW YORK, NY (07/22/2013)(readMedia) -- A new "Moreland Monday" analysis released today by Common Cause/NY is raising serious questions about the potential influence of tens of millions of dollars in campaign contributions on public policy relating to real estate and development in New York City. Since 2005, REBNY (Real Estate Board of NY) and the 37 companies comprising its leadership have contributed \$43.9 million to state and local candidates, committees, and PACs. REBNY’s contributions have increased in recent election cycles, with \$17.1 million given since 2011 alone.

The Fair Elections for New York campaign is calling on the newly created Moreland Commission to subpoena all relevant information related to contributions as part of their sweeping investigation of corruption in New York State.

Common Cause/NY’s analysis reveals that the State Senate is the top target of REBNY money and that the overwhelming majority flows to lawmakers who represent districts outside of New York City: Since 2011, REBNY and its leadership have given \$3.2 million to candidates and committees in the State Senate. Over 73% of contributions to candidates have gone to district outside of New York City. Similarly, over \$2.4 million (75%) has gone to Senate Republicans. By comparison, Senate Democrats received \$500,000 while the four-member Independent Democratic Conference received \$308,000 since 2011.

In the longer term since 2005, REBNY and its leadership have given over \$11.7 million to candidates and committees in the State Senate, overwhelmingly concentrated to Republicans. REBNY has given less to the State Assembly where party control is safe for the Democrats, \$2.1 million in total, with 84% going to Assembly Democrats.



The return on REBNY's political investment in Albany is crystal clear: New York City rent regulations remain weak, while multi-billion dollar subsidies like the 421a and J-51 continue to grow each year. These policies collectively affect the lives of millions of New Yorkers but also impact billions of dollars of potential profits for REBNY. The 421a property tax abatement for new residential construction was created in the early 1970's to incentivize city development at a time when few wanted to build. Connections to affordable housing were added in the 1980's and expanded in 2007 but experts estimate that 421a provides less than 15 cents for affordable housing for every dollar of forgone taxes.^[1] Since 2002, the cost of 421a to New York City government has exploded from \$130 million^[2] to nearly \$1.1 BILLION in fiscal year 2013.^[3] This is an enormous sum in the context of a \$70 billion city budget and it is more than double the entire annual budget of the City's Housing Preservation and Development agency.^[4]

The analysis also illustrates the way in which the real estate industry utilizes Limited Liability Corporations to blow past the already high New York State campaign contribution levels and circumvent New York City's campaign finance program altogether.

"Our analysis shows a skillful and calculated manipulation of all of the weaknesses in New York State's campaign finance laws by New York City's real estate industry, which uses every trick in the book to insure that the investment they make in plentiful campaign contributions garners an extraordinarily large return at the expense of New York City's tenants and taxpayers," said Susan Lerner, Executive Director of Common Cause/NY. "Legislators from outside New York City are thus encouraged to pass laws which burden New York City residents and have no impact on their own constituents but serve to maximize the campaign contributions they receive. We urge the Moreland Commission to use the full scope of their investigatory powers to fully examine this situation and recommend policies to end this exploitation."

"It's hard to imagine a more dramatic illustration of the havoc campaign contributions can play with lives and needs of ordinary New Yorkers and why New York State's campaign finance laws must be changed," said "Jessica Wisneski, Legislative Director for Citizen Action of New York, on behalf of the Fair Elections for New York campaign. "The situation illustrated by this new analysis of REBNY campaign spending highlights the urgent need to pass Fair Elections. "

Highlights

The LLC Loophole

REBNY takes advantage of the much abused LLC loophole to evade campaign contribution limits and help hide the full scale of their contributions from the public. Under New York State campaign finance law LLCs are treated as “individuals” subject to the \$150,000 annual limit rather than the \$5,000 annual limit for corporate donors. Additionally, the State Board of Elections also treats each subsidiary as a separate entity subject to its own limits, allowing each LLC to contribute up to the full \$150,000.

REBNY’s worst abusers of the LLC Loophole include:

- Leonard Litwin’s Glenwood Management, which has contributed over \$10 million since 2005 with the help of 40 LLCs and subsidiaries.
- The Durst Organization which has contributed nearly \$3 million contributed since 2005 with the help of 61 LLCs and subsidiaries.
- Newmark Grubb Knight Frank with nearly \$1.7 million contributed since 2005 with the help of 35 LLCs and subsidiaries.
- Jack Resnick & Sons with nearly \$1.4 million contributed since 2005 with the help of 27 LLCs and subsidiaries.
- The Related Companies with nearly \$2.5 million contributed since 2005 with the help of 18 LLCs and subsidiaries.

The LLCs controlled by REBNY developers often contribute to the same candidate/committee, on the same date, in checks of the same amount. This coordination makes it very clear that these LLCs are not independent entities.

- o For example, on January, 8 2013, Glenwood Management gave \$225,000 to Governor Cuomo in checks of \$25,000 through 9 LLCs. This is common practice for Glenwood; other examples include \$20,000 to Senator Tom Libous on July 5, 2011 through 4 LLCs, and \$10,000 to Assemblyman Joe Morelle on June, 3 2013 through 4 LLCs.
- o Examples from other developers of coordinated giving through multiple LLCs include \$10,300 given to Senator Greg Ball on September 5, 2012 by 9 LLCs controlled by Jack Resnick and Sons, and \$25,000 given to the NYS Senate Republican Committee on October 12, 2012 by four LLCs controlled by the Durst Organization

Jobs for NY PAC

Similarly, REBNY is using the LLC loophole to maximize its influence in city races through the “Jobs For New York” PAC by registering it at the state level. “Jobs For New York” allows REBNY to bypass the New York City campaign finance system’s limits on campaign contributions that are intended to curb the influence of special interests. Just sixteen REBNY member companies^[5] contributed the entire \$5.26 million raised by “Jobs For New York” in first half 2013 for an average of \$328,750 each. This is only possible due to the LLC Loophole.

Sky-High Campaign Contribution Limits for Statewide Candidates

New York’s sky-high campaign contributions for statewide candidates also empower special interests like REBNY. Since 2011, REBNY has given \$1.99 million to Governor Cuomo, including 44 contributions of \$25,000 or more. In contrast, due to the city’s strict \$4,950 limit on contributions to Mayoral candidates participating in the public matching funds system, it is not possible for REBNY to contribute on the same level in New York City. The top Mayoral recipient of REBNY money, Bill Thompson, has received \$169,945, less than 10% of Governor Cuomo’s haul.

Soft Money

New York’s state-level party committees can accept unlimited sums of money, making them prime targets for REBNY contributions, including \$1.6 million to the New York State Democratic Committee, \$515,566 to the Independence Party (which was involved in funding campaigns on behalf of Senate Republicans in 2012), \$170,000 to the New York Republican State Committee, and \$164,500 to the Conservative Party.

Issues for Further Investigation by Moreland Commission

1. Examine the timing of the contributions made to the top legislative recipients in relation to the introduction or discussion of real estate related bills.
2. Examine the involvement of lobbyists and bundlers relating to the contributions to the top legislative recipients.
3. Examine the circumstances of, and any conversations which took place in relation to, the donations made to the Senate and Assembly campaign committees.

REBNY Company <i>(including key executives, family members, and all identified subsidiaries)</i>	REBNY Officer	Total NYS Contributions Since 2005	Total NYS Contributions Since 2011	“Jobs for NY” Contributions
Glenwood Management	Leonard Litwin, Charles Dorego	\$10,002,541.00	\$4,490,711.00	\$425,000.00
REBNY / REAL ESTATE BOARD PAC	Steven Spinola	\$2,984,503.98	\$1,146,350.00	zero
The Durst Organization	Douglas Durst, Harold Fetner	\$2,926,638.50	\$1,185,820.00	\$637,500.00
The Related Companies	Stephen M. Ross, Bruce Beal	\$2,493,941.06	\$962,226.00	\$250,000.00
H.J. Kalikow	Peter Kalikow	\$2,133,365.83	\$788,696.00	zero
Rudin Management	William C. Rudin	\$1,890,515.00	\$812,865.00	\$425,000.00
Newmark Grubb Knight Frank	Jeffrey Gural	\$1,664,685.70	\$633,878.75	\$425,000.00
Brookfield Financial Properties	John E. Zuccotti	\$1,651,728.83	\$967,200.00	\$450,000.00
Vornado	David Greenbaum	\$1,529,875.00	\$518,400.00	zero
Rose Associates	Adam Rose	\$1,401,377.00	\$421,077.00	zero
Jack Resnick & Sons	Burton P. Resnick	\$1,387,478.00	\$589,942.00	\$425,000.00
Fisher Brothers	Kenneth Fisher	\$1,328,965.00	\$500,890.00	\$425,000.00
Tishman Speyer	Rob Speyer	\$1,324,220.00	\$728,040.00	\$415,000.00
SL Green	Stephen Green	\$1,283,093.00	\$649,243.00	\$425,000.00
Extell Development Corp	Gary Barnett	\$1,241,670.98	\$458,373.00	zero
Milstein Properties	Howard Milstein	\$1,153,821.33	\$203,139.00	zero
Donald Zucker Company	Donald Zucker	\$870,750.00	\$108,000.00	zero
The Brodsky Organization	Daniel Brodsky	\$785,600.00	\$321,550.00	\$187,500,000
CB Richard Ellis	Mary Ann Tighe, Mitch Rudin	\$708,704.12	\$70,125.00	zero
Sterling Equities/Sterling Mets	Fred Wilpon	\$666,097.46	\$131,025.00	zero
Kaufman Management	George Kaufman	\$664,470.44	\$105,300.00	zero

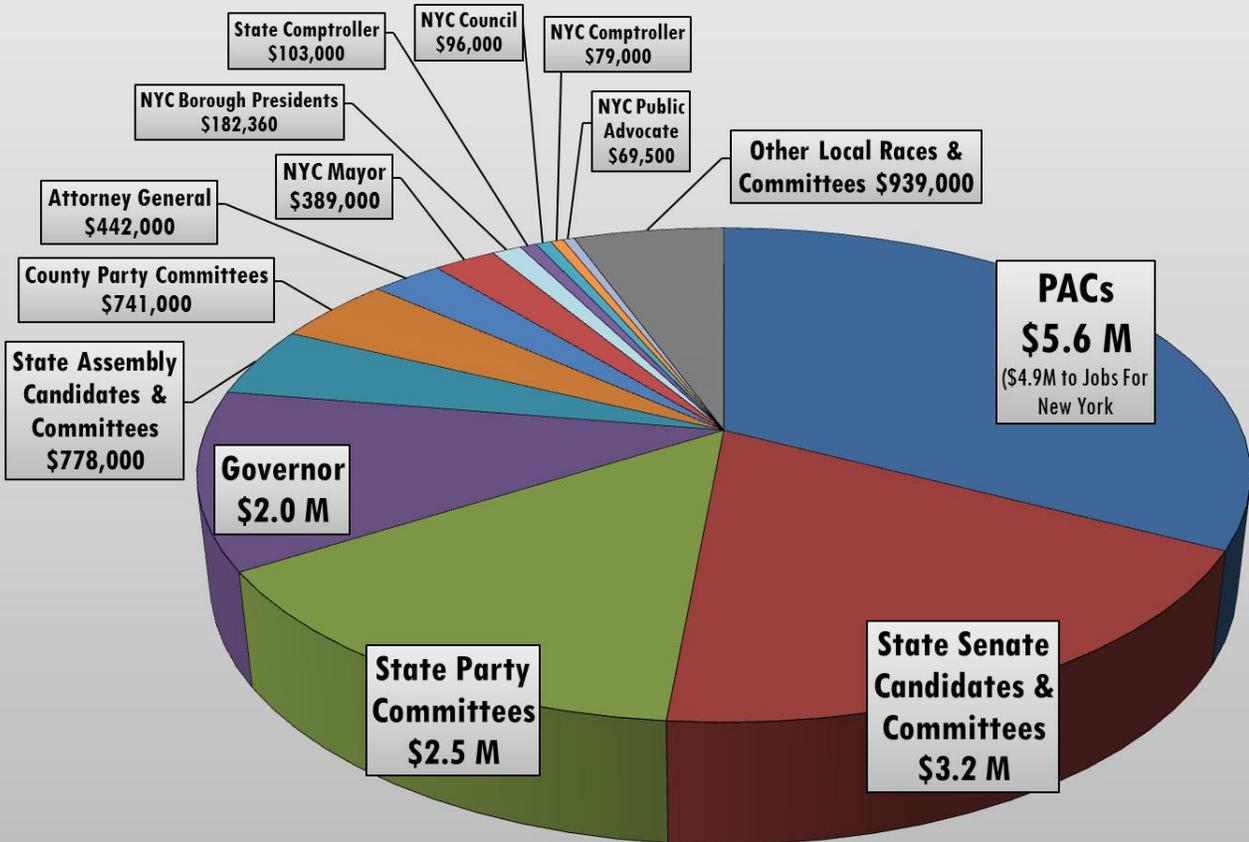
Two Trees Management	Jed Walentas	\$510,135.98	\$151,680.98	zero
TF Cornerstone	Kamran Thomas Elghanayan	\$473,836.64	\$256,240.00	\$212,500.00
Tishman Construction	Daniel Tishman	\$443,019.30	\$143,648.15	zero
The Gotham Organization	Joel Picket	\$428,800.00	\$164,400.00	\$85,000.00
Himmel & Meringoff	Leslie Wohlman-Himmel	\$401,075.00	\$217,500.00	\$212,500.00
Solow Realty & Development	Sheldon Solow	\$298,900.00	\$33,750.00	zero
Stroock, Stroock, & Lavan	Leonard Boxer	\$294,948.12	\$101,673.12	zero
Levine Builders/Douglaston Development	Jeffrey Levine	\$220,552.00	\$40,909.00	zero
Rockrose Development	H. Henry Elghanayan	\$189,232.98	\$18,250.00	zero
Cushman & Wakefield	John Santora	\$157,279.35	\$55,352.50	zero
L & L Holdings Co.	David W. Levinson	\$107,479.19	\$19,750.00	zero
Fried Frank	Jonathan Mechanic	\$69,486.28	\$8,420.00	zero
Massey Knakal	Robert Knakal	\$57,530.00	\$25,155.00	zero
Wells Fargo Mortgage	Alan Wiener	\$47,273.00	\$1,450.00	zero
Corcoran Group	Pamela Liebman	\$41,950.00	\$27,300.00	zero
Warburg Realty Partnership	Frederick Peters	\$8,000.00	\$4,000.00	zero
Halstead Property	Diane Ramirez	\$6,950.00	\$3,100.00	zero

"Jobs For New York" Donor	Amount
THE DURST ORGANIZATION	\$637,500.00
BROOKFIELD FINANCIAL PROPERTIES	\$450,000.00
FISHER BROTHERS	\$425,000.00
GLENWOOD MANAGEMENT	\$425,000.00
JACK RESNICK & SONS	\$425,000.00
NEWMARK GRUBB KNIGHT FRANK	\$425,000.00
RUDIN MANAGEMENT	\$425,000.00
SL GREEN	\$425,000.00
TISHMAN SPEYER	\$415,000.00
THE RELATED COMPANIES	\$250,000.00
SILVERSTEIN PROPERTIES	\$235,000.00
HIMMEL & MERINGOFF PROPERTIES	\$212,500.00
TF CORNERSTONE	\$212,500.00
THE BRODSKY ORGANIZATION	\$187,500.00
THE GOTHAM ORGANIZATION	\$85,000.00
STELLAR MANAGEMENT & CHETRIT GROUP	\$25,000.00
CHASE (BANK INTEREST)	\$1,051.68
TOTAL:	\$5.26 MILLION

Real Estate Board of New York and Officers NYS Campaign Contributions 2005 - 2013



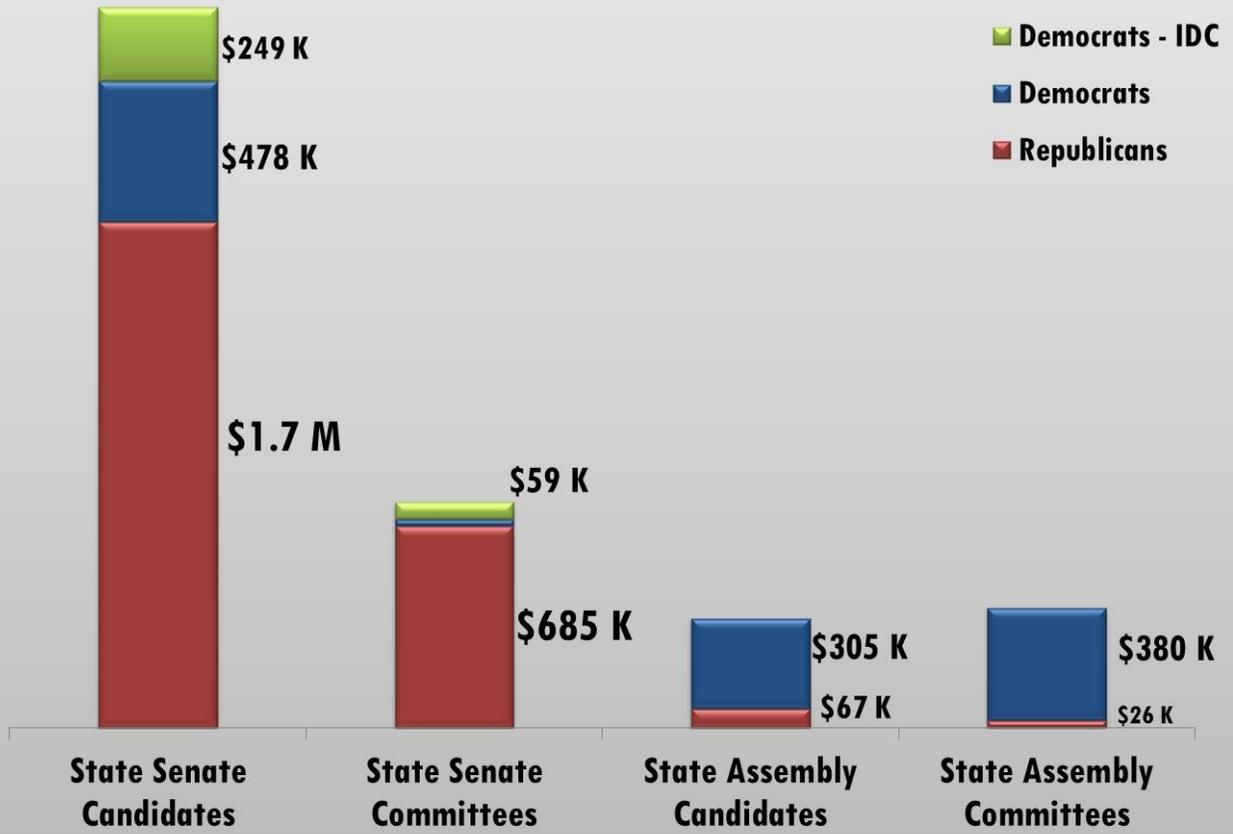
Real Estate Board of New York and Officers 2011 – July 2013 Contributions by Type



**Real Estate Board of New York and Officers
New York State Legislature**



Campaign Contributions by Type and Party 2011-July 2013



[1] <http://www.citylimits.org/conversations/210/refoming-421a>

[2] http://www.housinghereandnow.org/pdfs/421-a_Report.pdf

[3] http://www.nyc.gov/html/dof/downloads/pdf/13pdf/ter_2013_final.pdf

[4] <http://council.nyc.gov/downloads/pdf/budget/2014/execbudget/hpd.pdf>

[5] Fourteen of the Jobs For New York donor companies are “officers” on the REBNY Board of Governors and are included in the overall dataset, the other two (Silverstein Properties and Stellar Management) are REBNY members.