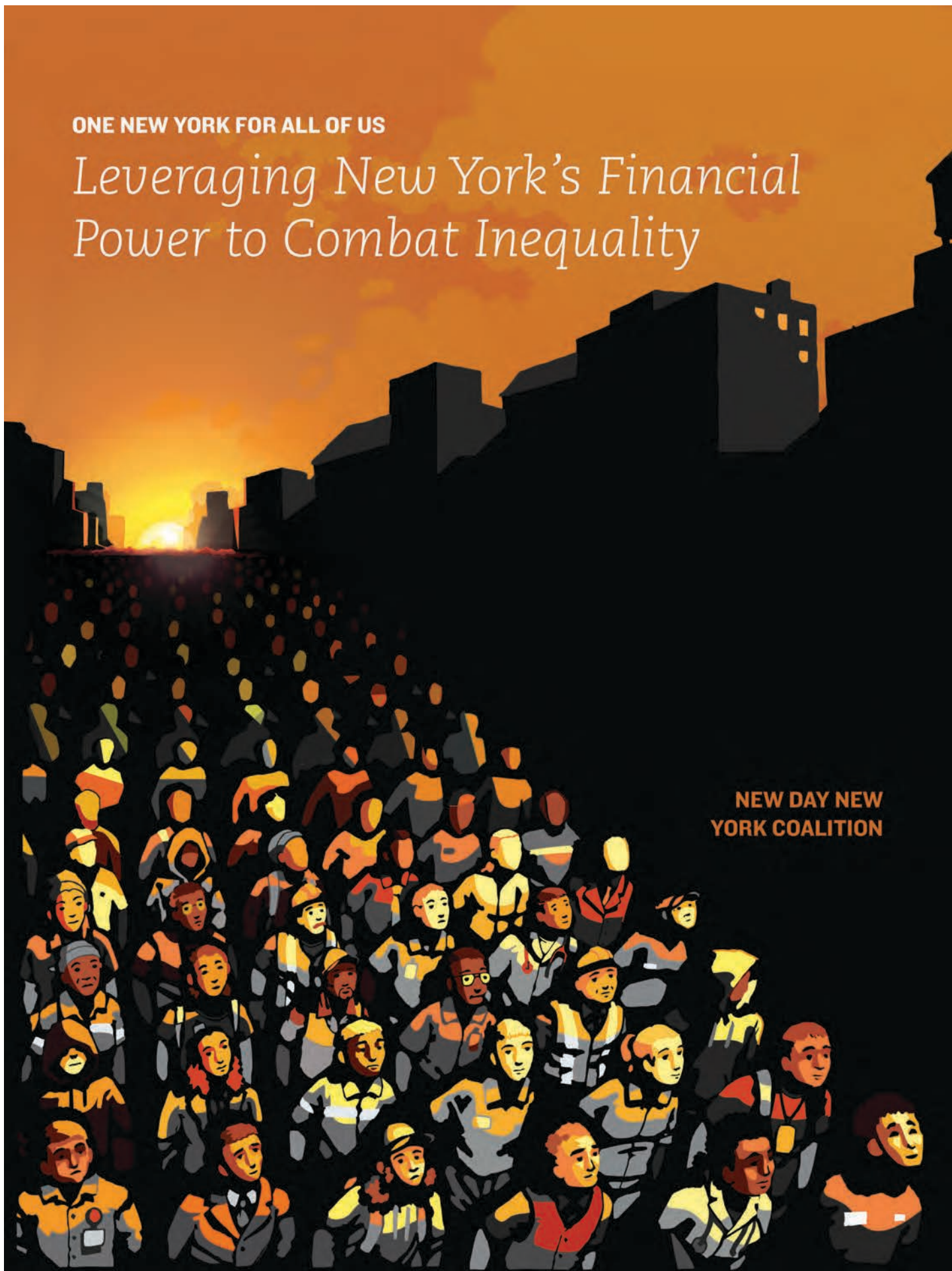


ONE NEW YORK FOR ALL OF US

# Leveraging New York's Financial Power to Combat Inequality

NEW DAY NEW  
YORK COALITION



## About the Authors

### New Day New York Coalition

The New Day New York Coalition includes dozens of New York's leading community groups, faith organizations, labor unions, and social service providers, as well as veterans of the May 12, Occupy Wall Street, Millionaires' Tax, Minimum Wage, Paid Sick Days, anti-Stop-and-Frisk, Immigrant Justice, and other successful New York City and New York State movements. These groups joined together to mobilize to build One New York for #AllofUs

The New Day New York Coalition includes: United NY; Strong Economy for All; ALIGN NY; Center for Popular Democracy; New York Communities for Change; Make the Road NY; Alliance for Quality Education; Coalition for Educational Justice; Walmart Free New York; Coalition for the Homeless; Food and Water Watch; NY Citizen Action; Met Council on Housing; Community Voices Heard; United Federation of Teachers; Professional Staff Congress; Retail, Wholesale and Department Store Union (UFCW); Communication Workers of America Transport Workers Union Local 100; New York State Nurses Association; Service Employees International Union 1199 – United Healthcare Workers East; Service Employees International Union 32BJ; Alternative Banking; Not An Alternative; Beautiful Trouble; 99 Pickets; MoveOn NY; and others.

### Center for Popular Democracy

The Center for Popular Democracy (CPD) promotes equity, opportunity, and a dynamic democracy in partnership with base-building organizations, organizing networks and alliances, and progressive unions across the country. CPD builds the strength and capacity of democratic organizations to envision and advance a pro-worker, pro-immigrant racial and economic justice agenda.

### ALIGN: The Alliance for a Greater New York

ALIGN: The Alliance for a Greater New York's mission is to create good jobs, vibrant communities, and an accountable democracy for all New Yorkers. Our work unites worker, community, and other allies to build a more just and sustainable New York. As a coalition building organization, we build power to advance the movement for social and economic justice. Using organizing, policy and communications strategies, we develop, drive and win campaigns that increase opportunity for all, improve our environment, and hold government and corporations accountable.

### New York Communities for Change

New York Communities for Change (NYCC) is a coalition of working families in low- and moderate-income communities fighting for social and economic justice throughout New York State. By using direct action, legislative advocacy, and community organizing, NYCC members work to impact the political and economic policies that directly affect us. Through neighborhood chapters and issue-based committees, we are working to ensure that every family throughout New York has access to quality schools, affordable housing, and good jobs. It is through the power-in-numbers approach that NYCC is able to win real change for our towns and neighborhoods.

### Retail, Wholesale and Department Store Union

The Retail, Wholesale and Department Store Union (RWDSU) represents 100,000 members throughout the United States, including 40,000 in the New York metropolitan area. The RWDSU is proud of its long-standing commitment to organizing and representing low-wage workers in retail and other industries. Through innovative campaigns like the one currently bringing union membership to car wash workers in New York City and Guitar Center Workers nationwide, the RWDSU serves as a progressive voice that is helping build better lives for working people. The RWDSU is affiliated with the United Food and Commercial Workers Union (UFCW).

### The Strong Economy for All Coalition

The Strong Economy for All Coalition fights for fair taxes and fair budgets, more jobs and better wages, investments in education and higher education for our future, a strong safety net and public financing of elections. It is a coalition that includes some of New York's most effective and engaged unions and community groups, working together against income inequality and for economic fairness and a New York that works for all of us. More information at [strongforall.org](http://strongforall.org).

### UNITED NY

We're standing up for a vision of New York City where everyone, not just a privileged few, has the opportunity to thrive and build a secure, dignified life for themselves and their families. Corporations, big banks and Wall Street are making billions in profits. They should be investing in good jobs and paying their fair share in taxes so we can stop the cuts to education, healthcare, public transportation and other vital city services.

December, 2013

# ONE NEW YORK FOR ALL OF US: LEVERAGING NEW YORK'S FINANCIAL POWER TO COMBAT INEQUITY

## Executive Summary

New York is among the most unequal cities in the US. This inequality has become the most pressing issue in New York City and New York State.

The good news is that New Yorkers are demanding action — and there's a clear path to real, practical alternatives that can make New York fairer, more livable and more prosperous.

One key set of solutions will come from renegotiating the relationship between New York City government and Wall Street. New York City and its pension funds control \$350 billion that travel through the financial system. That money gives the City the leverage to renegotiate our relationship with Wall Street so that it serves the public interest.

## Key findings:

- The city and associated entities pay \$160 million a year for bad deals with banks.
- The city, its pension funds, and the MTA pay \$563 million in base Wall Street fees each year.
- New York City and State give banks subsidies worth about \$300 million a year, without ensuring that New York City communities will benefit.
- Because their wages are so low, 39% of bank tellers and their family members rely on at least one public assistance program, at a total government cost of \$112 million.
- During the past 5 years, foreclosures have cost New York City \$1.9 billion in expenses and lost revenue.

## Key recommendations:

1. Renegotiate toxic financial deals to save up to **\$725 million each year**.
  - a. Use the city's economic and financial leverage to lower fees and interest rates for new and existing financial services
  - b. Investigate unethical behavior by Wall Street and prosecute fraud to the fullest extent of the law to recover losses
  - c. If Wall Street won't negotiate in good faith, bring the functions into the city by creating an in-house financial management team and/or a publicly owned city bank.
2. Save money and create jobs by holding banks to firm commitments to the community in return for **\$300 million each year in city subsidies for banks**.
3. Write down underwater mortgages to keep 86,000 families in their homes and stimulate the local economy by as much as **\$1 billion**.

## One New York for All of Us: Leveraging New York's Financial Power to Combat Inequality

To create a new economy that serves the needs of working families and their communities, New York City needs to reset its relationship with corporate banks. Indeed, New York City is uniquely positioned to lead the way in holding Wall Street to an appropriate standard. The city and its related authorities has the financial leverage and economic power to demand that Wall Street fundamentally change how it relates to our communities.

New York City and its pension funds control \$350 billion that travel through the financial system. The city and its pension funds have \$200.4 billion in financial assets and, every year, an additional \$150 billion moves through their financial system in the form of new debt issuances and payments received and made.

In addition, New York City and State subsidies to banks average about \$300 million annually, which is diverted from New Yorkers to Wall Street firms.

New York City should not be a passive participant in a market that is rigged by the financial sector. With hundreds of billions of dollars to shop, the city can shape the market.

In the wake of the Great Recession, State Comptroller Thomas DiNapoli expressed excitement at Wall Street's faster-than-expected recovery: "Wall Street remains the engine that drives New York's economy."<sup>1</sup> Indeed, if it were a nation, New York City would be the 14th largest economy in the world, ahead of Mexico, South Korea, and the Netherlands.<sup>2</sup> The city's annual Gross Metropolitan Product is \$1.36 trillion.<sup>3</sup>

But another hallmark of the Wall Street-driven economy, New York's excessive inequality,<sup>4</sup> threatens our economic health.<sup>5</sup> A study of 2009 tax returns shows that New York City's top 1% takes home 32.5% of the city's income, while the top 1% nationwide collects only 16.9% of U.S. income.<sup>6</sup> But, today that disparity is even greater in New York, with the top 1% making 40% of the total income in the city.<sup>7</sup>

### More Money in City-Related Entities

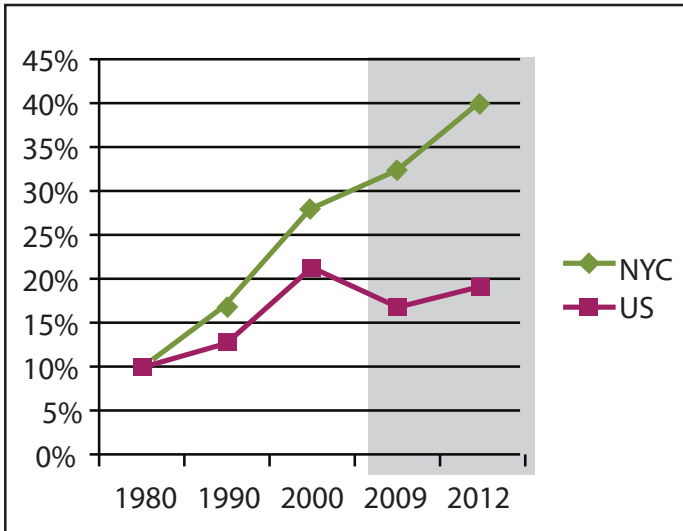
New York City and its pension funds control \$350 billion that travel through the financial system. By just adding one associated non-city entity, the Metropolitan Transit Authority, that total jumps to \$409 billion. The city, its pension funds, and the MTA have \$209 billion in financial assets and \$200 billion moves through the financial system in the form of new debt issuances and payments they receive and make.

### Inequality Threatens Economic Health

Economists suggest that too much inequality may threaten not only economic growth but economic stability as well. Inequality slows consumption for most people. In highly unequal societies, those on the bottom rungs of the income ladder are typically forced to rely on debt to maintain their purchasing power, which increases systemic risk in the economy. Additionally, the concentration of cash among the rich leaves them looking for investments, which can lead to the propagation of untested financial instruments that further increase economic risk and the disproportionate growth of the financial sector more generally.<sup>8</sup>

The sub-prime mortgage crisis – which catalyzed the economic crisis of 2008 – is a perfect illustration of this theory. Ninety percent of subprime borrowers were refinancing their homes.<sup>9</sup> Wages had stagnated, so homeowners withdrew cash value from their largest asset, their homes. In 2006, 86% of homeowners who refinanced got cash, collectively drawing nearly \$320 billion from their homes.<sup>10</sup> At the same time, investment houses (and the insurance company AIG) designed exotic instruments based on these subprime mortgages. When a critical mass of borrowers was unable to meet their mortgages payments, banks lost on the defaulted mortgages and the derivative instruments structured out of those mortgages. That crisis led to an overall crisis of liquidity in the financial market – some significant banks could not secure the cash they needed to operate day to day – and led to the economic meltdown in September 2008.



**Table 1. Top 1% Incomes as Percent of Total Income for New York City Residents.<sup>11</sup>**

Financialization – or, the growing importance of the financial sector to the larger national and global economy – is a driving force of the growing inequity in our country. According to the Levy Economics Institute, the principal impacts of financialization “are to (1) elevate the significance of the financial sector relative to the real sector, (2) transfer income from the real sector to the financial sector, and (3) increase income inequality and contribute to wage stagnation.”<sup>12</sup>

New Day New York’s key findings are:

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- The city, its pension funds, and the MTA pay \$563 million in base Wall Street fees each year.
- New York City and State give banks subsidies worth about \$300 million a year, without ensuring that New York City communities will benefit.
- Because their wages are so low, 39% of bank tellers and their family members rely on at least one public assistance program, at a total government cost of \$112 million.
- During the past 5 years, foreclosures have cost New York City \$1.9 billion in expenses and lost revenue.

New York City can exert market – as well as policy – pressure on Wall Street to renegotiate our communities’ relationship with the financial sector.

1. Renegotiate toxic financial deals to save up to **\$725 million each year.**
  - a. Use the city’s economic and financial leverage to lower fees and interest rates for new and existing financial services.
  - b. Investigate unethical behavior by Wall Street and prosecute fraud to the fullest extent of the law to recover losses.
  - c. If Wall Street won’t negotiate in good faith, bring the functions into the city by creating an in-house financial management team and/or a publicly owned city bank.
2. Save money and create jobs by holding banks to firm commitments to the community in return for **\$300 million each year in city subsidies for banks.**
3. Write down underwater mortgages to keep 86,000 families in their homes and stimulate the local economy by as much as **\$1 billion.**

# \$350 BILLION OF LEVERAGE

The City and its pension funds have \$200.4 billion in financial assets, and every year an additional \$150 billion moves through the financial system (in the form of new debt issuance and payments received and made). This year alone, the city controls \$350 billion in potential Wall Street business.

Wall Street profits off of each of these streams of money.

- With the money in the city's depository accounts, Wall Street benefits from the float, or the period between a deposit and the withdrawal of that money. Banks can make money by lending or leveraging those funds.
- When public entities issue debt, Wall Street firms take out fees for underwriting the bonds. In recent years, municipal underwriting fees have been around 47 basis points (or 0.47 percent).<sup>13</sup>
- In addition to pension fund management fees, banks take a commission on each investment transaction. Although some assets remain invested in the same vehicle throughout a year, others may turnover 30 times. This churning generates significant additional revenues for the banks.

**Table 1. Wall Street Fees for Certain Financial Services to New York City, its Pension Funds, and the MTA.**

Financial Service	Dollars under Control	Wall Street Fees (est)
NYC Bonds	\$14,700,000,000	\$60,000,000
NYC Retirement Plans	\$143,900,000,000	\$472,500,000
MTA Bonds	\$7,600,000,000	\$30,400,000

Run properly, the banking industry plays an indispensable role in our modern economy, “akin to a power utility, distributing money (power) to where it is needed and keeping an account of how it is used,”<sup>14</sup> while government protects “society from the market's demands.”<sup>15</sup> Currently, the opposite holds. The financial industry fails to serve the broader economy and the government fails to protect the people from the market. These failures cost everyday New Yorkers.

- The MTA pays about \$105 million a year to service bad interest-rate swaps (see interest-rate swaps section below) that Wall Street sold it and would have to pay \$581.5 million to get out of the deals altogether. For comparison, in 2013, the MTA expects \$393 million in additional revenues from significant fare and toll increases that took effect in March. That means that more than one quarter of the revenue from those increases will go directly to paying Wall Street banks for these toxic swaps.
- Each year, banks in New York City receive around \$300 million in subsidies from the city and State combined. That money could pay for 30,000 Section 8-style housing vouchers/year, enough to virtually end homelessness in the city and allow the city to repurpose the \$1 billion currently spent each year on the shelter system for better things.
- New York City homeowners currently owe banks \$17.6 billion more on their mortgages than their properties are worth, largely because banks' actions inflated prices during the housing bubble. A program to reset mortgages to positive equity and keep people in their homes would add about \$1 billion to our economy and create nearly 17,000 jobs.

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## PROBLEM 1: Banks drain public wealth

In recent years, banks have increasingly engaged in predatory practices when providing financing to cities and government agencies. They entice, induce and/or assist public institutions in taking loans, issuing debt or transacting derivatives that carry high fees, high interest rates, unnecessarily high-risk and complex structures; strip the borrower of capital resources; and, often, place the borrower in a lower credit-rated loan to the benefit of the financial institution. New York City has more at stake than most cities because it has such large banking needs.

**EXORBITANT MANAGEMENT FEES.** Because of inadequate government action, banks have been able to set terms that are advantageous for them but decidedly disadvantageous for New Yorkers. While the pensions of the New York City public employees lost \$1.2 billion in value during FY2012, they paid almost \$400 million to Wall Street for investment advice.<sup>16</sup> The New York City Employee Retirement System (NYCERS) is the “only one of the 11 biggest U.S. public-worker pensions that refuses to manage any assets internally.”<sup>17</sup>

**MUNICIPAL BID RIGGING.** Bid-rigging occurs when banks collude to fix prices to undermine competition. One recent example concerns Guaranteed Investment Contracts (GICs), which are financial investments that are used to invest the proceeds from bonds before the money is used. Federal investigations have found that banks colluded to designate a winner that would bid a lower interest rate on government investments than if the bids had truly been competitive. Bank of America, UBS, JPMorgan Chase, the financial arm of General Electric, and other banks colluded on what were supposed to be competitive bids to earn municipalities the highest rates on investing the proceeds from issuing bonds. This scheme cheated taxpayers out of hundreds of millions of dollars. Executives at GE and UBS have been convicted of fraud conspiracy<sup>18</sup> and a group of 25 state attorneys general has reached settlements with JPMorgan Chase, UBS, Bank of America, GE, and Wells Fargo.<sup>19</sup>

This municipal bid rigging may have cheated taxpayers across the country out of \$82 billion between 1996 and 2011.<sup>20</sup> It is neither an isolated incident nor unlikely to occur again. In a speech on November 7, William Dudley, President of the New York Federal Reserve Bank, referred to an “important problem evident within some large financial institutions – the apparent lack of respect for law, regulation and the public trust. There is evidence of deep-seated cultural and ethical failures at many large financial institutions.”<sup>21</sup>

**LIBOR RIGGING.** Over the last few years, the public learned of a vast interest-rate rigging scheme involving 16 of the world’s biggest banks. In order to increase their own profits, the banks illegally rigged the London Inter-Bank Offered Rate, or LIBOR, which is the benchmark for the interest rates on up to \$800 trillion worth of investments and derivatives globally. Many of these investments are held by cities, states, and public pension funds, which lost billions of dollars when banks colluded to artificially drive down LIBOR. To date, four banks—Barclays,<sup>22</sup> UBS,<sup>23</sup> RBS,<sup>24</sup> Rabobank<sup>25</sup> – have settled antitrust charges with authorities agreeing to pay in total \$3.6 billion in fines; and both UBS and RBS have pleaded guilty to criminal antitrust violations. JPMorgan Chase, Bank of America, Citigroup, Deutsche Bank, and other big banks remain under investigation. Regulators are also investigating banks’ manipulation of the \$5.3 trillion foreign exchange market.<sup>26</sup> Fundamentally, these scandals shows how much control banks hold over every aspect of the deals – and how industry fraud directly robs taxpayers of revenue.

We estimate that the New York City Employees’ Retirement System (NYCERS) may have lost as much as \$145 million as a result of LIBOR fraud. The New York City Housing Authority (NYCHA), the Health & Hospitals Corporation (HHC), and the New York City Transitional Finance Authority hold \$10.3 billion dollars of debt that were likely negatively affected by the LIBOR interest-rate rigging as well.

**INTEREST-RATE SWAPS.** Interest-rate swaps are financial instruments that municipal borrowers use to hedge against the risk of rising interest rates on variable-rate debt. When municipalities and agencies issue bonds to borrow money, they can choose to take out variable-rate bonds. Variable-rate bonds are like adjustable-rate mortgages – they can save you money in the short run, but there is always the risk of spiking interest rates down the line. To protect against this risk, banks offered municipalities and agencies a deal. If the municipalities would pay a steady, fixed interest rate, then the banks would pay the municipalities and agencies a variable rate that they could use to pay the interest on the bonds.

**Figure 1. Interest-Rate Flow in Interest-Rate Swaps**



Banks sold these deals as insurance policies that would let taxpayers lock in lower interest rates without having to worry about rates shooting up in the future. However, these deals were actually more of a gamble than an insurance policy. If variable rates fell really low, then they could actually end up costing agencies millions of dollars. That is exactly what happened in 2008 when the banks crashed the economy and the Federal Reserve slashed interest rates in response to the financial crisis.

**Table 2. New York City Interest-Rate Swap Obligations.**

<b>New York City Entity</b>	<b>Estimated Latest Annual Swap Losses</b>	<b>Estimated Cost of Terminating Swaps</b>	<b>Banks Selling the Swaps</b>
New York City	\$27,839,415	\$217,299,000	JP Morgan Chase, Wells Fargo, Morgan Stanley, UBS
NYCIDA	\$2,941,519	\$19,835,000	Goldman Sachs
NY Public Library	\$3,006,774	\$16,917,000	not disclosed
NYC Water	\$6,356,444	\$121,835,000	not disclosed
MTA	\$105,461,249	\$581,495,000	JPMorgan Chase, Citibank, Morgan Stanley, Bank of New York, UBS
CUNY	\$14,968,542	\$69,668,000	Citibank, Bank of America, UBS
<b>TOTAL</b>	<b>\$160,573,942</b>	<b>\$1,027,049,000</b>	

New York City alone will be losing more than \$20 million a year on these deals into the foreseeable future.<sup>27</sup>

Furthermore, a close analysis shows that New York City also may have used interest-rate swaps to disguise its debt, the same way Greece did before its economic meltdown. In several of the city's swap deals, it received cash at the initiation of the swap contract and paid a higher interest rate than it would have otherwise.

We estimate that the MTA is currently making swap payments to Wall Street banks – including Citibank, JPMorgan Chase, Morgan Stanley, and UBS – of over \$105 million per year. In addition, in September 2012, the MTA made payments to Citibank of \$41.7 million in order to extricate itself from two sets of swaps.<sup>28</sup> Based on the negative value of the swap contracts held by the MTA as of March 31, 2013, it would cost the MTA \$581.5 million to get out of these contracts without concessions from the banks. As a point of reference, the fare hike and toll increases that went into effect in March 2013 are expected to raise \$393 million in additional revenues for the MTA in 2013.<sup>29</sup> That means that more than a quarter of the revenue from those increases will go straight towards paying Wall Street banks on these toxic swap deals.

### **SOLUTION 1: Renegotiate toxic financial deals to save \$650 million a year**

New York City and its entities are tremendous customers for financial-services firms and can exert market pressure in addition to making changes to city policy and structure. The city should:

**RENEGOTIATE BAD DEALS.** The city should push to renegotiate exorbitant management fees and bad interest-rate swap deals. On Wall Street, it is not unheard of to renegotiate contracts when the financial environment changes. In 2010, Blackstone famously renegotiated the terms of its loans for its acquisition of Hilton Hotels to cut about 20% off its debt and put it back in a positive-equity position.<sup>30</sup> Richmond, California and the Asian Art Museum of San Francisco have each negotiated better terms on their interest-rate swaps and other bad deals.<sup>31</sup> **The city and associated entities could save \$160 million per year just by renegotiating interest-rate swaps.**

**FULLY INVESTIGATE AND PROSECUTE ALL INSTANCES OF FRAUD BY WALL STREET FIRMS.** The municipal bid-rigging and LIBOR scandals demonstrate that Wall Street controls enough information to pass fraudulent deals off as



legitimate. In cases where regulators learn of such deals or the city's auditors suspect such deals, New York City and State should actively investigate and prosecute the offending firms. The government should refuse to partake in any settlement that does not make the city whole for its losses.

#### **CREATE AN IN-HOUSE FINANCIAL MANAGEMENT TEAM FOR PENSION FUND ASSETS AND BOND DEALS.**

City and state pension funds would save significant amounts in management fees by hiring a talented in-house investment management team for pooled pension assets. Even setting salaries high enough to attract quality managers would not cost the "2 percent of assets they oversee, plus 20 percent of profits," the fees that hedge funds, private-equity firms, and real-estate firms typically charge.<sup>32</sup>

Likewise, the city – as the second largest issuer of local government bonds in the US, after the State of California – could benefit from its own team to structure, issue, and market debt issuances like bonds. In addition, an internal management team would not have the same the conflicts of interest as external investment managers, who are looking to maximize profits for their firms.

The in-house management of bonds and pension assets could save the city and the MTA \$490 million in fees to banks.

**CREATE A CITY-OWNED PUBLIC BANK.** A city-owned public bank would provide depository services to all public agencies in the city; provide, structure, and underwrite fair and affordable financing options to public agencies; invest city and pension dollars; serve as a wholesale bank to support lending to local small businesses; and pay dividends to the city to help address revenue shortfalls during tight budget years. North Dakota has had a state bank since 1919. That bank has helped the state maintain its financial wellbeing through economic downturns and natural disasters. In the wake of the Great Recession, other states like Massachusetts and Oregon have begun considering state bank options, as well.

## **PROBLEM 2: New York City and State Subsidize Banks Without Ensuring That They Serve the Broader Community or Economy**

Despite the range of ways that banks make bad deals with the city and state, banks in New York City receive around \$300 million each year in subsidies from New York City and State combined. These subsidies take many forms: tax loopholes, credits, and exemptions; grants; and low-interest loans.

The government's priority for these subsidy dollars is to secure the banks' presence in New York City, rather than to ensure that this presence is beneficial to the city's residents. Only occasionally do these programs also aim to encourage job retention or creation. In order to change the approach to subsidizing the financial industry, action is needed at both the city and state level.

Despite having caused a global economic recession and received a sizeable public bailout, engaging in predatory municipal financing, and now reporting record profits, banks continue to benefit from enormous taxpayer subsidies.

**TAX-LOOPHOLE PROGRAMS FOR THE FINANCIAL SERVICES INDUSTRY.** The cost of the several New York tax-loophole programs for the financial services industry (described in more detail in the Appendix) reached a record high in 2012, when the city and state gave up \$248 million in tax revenues to banks.

**Table 3. Tax Loopholes Benefit Banks (Dollars in millions)<sup>33</sup>**

<b>Year</b>	<b>Foreign Bank Alternative Tax on Capital Stock (NYC)</b>	<b>International Banking Facility Deduction (NYC)</b>	<b>Deduction of 60% of Dividend Income and Excess Gains from Subsidiary Capital (NYS)</b>	<b>Discounting of the Wage Factor in the Calculation of Entire Net Income and Taxable Assets Allocation Percentages (NYS)</b>	<b>International Banking Facility (IBF) Formula Allocation Election (NYS)</b>	<b>Investment Tax Credit (ITC) for the Financial Services Industry</b>	<b>Total</b>
<b>2003</b>	\$15	\$75	\$53	\$20	\$4	\$15	<b>\$182</b>
<b>2004</b>	\$23	\$84	\$55	\$27	\$25	\$10	<b>\$224</b>
<b>2005</b>	\$34	\$40	\$96	\$27	\$29	\$13	<b>\$239</b>
<b>2006</b>	N/A	N/A	\$143	\$31	\$37	\$17	<b>\$228</b>
<b>2007</b>	\$15	\$16	\$85	\$27	\$30	\$7	<b>\$180</b>
<b>2008</b>	N/A	N/A	\$49	\$25	\$24	\$13	<b>\$111</b>
<b>2009</b>	\$11	\$21	\$30	\$14	\$13	\$15	<b>\$104</b>
<b>2010</b>	\$10	\$23	\$131	\$21	\$34	\$17	<b>\$236</b>
<b>2011</b>	\$69	\$10	\$84	\$26	\$30	\$7	<b>\$226</b>
<b>2012</b>	\$137	\$14	\$34	\$25	\$23	\$15	<b>\$248</b>
<b>10-Year Total</b>	<b>\$314</b>	<b>\$283</b>	<b>\$760</b>	<b>\$243</b>	<b>\$249</b>	<b>\$129</b>	<b>\$1,978</b>

**DISCRETIONARY TAX EXEMPTIONS THROUGH NYCIDA.** In addition to these tax loopholes for the financial industry, the city grants tax exemptions to banks through discretionary programs. Sixteen banks received nearly \$325 million total (including \$15.5 million in 2011) in tax exemptions through the New York City Industrial Development Agency (NYCIDA).<sup>34</sup> The exemptions include property tax exemptions, sales tax exemptions, mortgage recording tax exemptions, and energy tax savings. IDAs are the only subsidy program in NY that provides detailed job creation data to the public. This data has shown that IDA-funded projects often fail to create the jobs they promise. The largest subsidized project, JPMorgan Chase's building in the MetroTech Center in Brooklyn, is nearly 2,200 jobs below its promise.

**Table 4. Tax Exemptions for Banks through the New York City Industrial Development Agency.**

<b>Bank Name</b>	<b>Location</b>	<b>Net Exemptions</b>
JPMorgan Chase (originally Chase Manhattan Bank, NA)	4 MetroTech Center, Brooklyn	\$114.2 million
Bank of America, N.A	1111 Sixth Avenue (a/k/a One Bryant Park), Manhattan	\$49.9 million
Credit Suisse First Boston Corp.	11 Madison Avenue, Manhattan	\$44.9 million
Morgan Stanley Group, Inc.	1585 Broadway, Manhattan	\$34.3 million
Depository Trust Company	55 Water Street, Manhattan	\$18.5 million
JPMorgan Chase (originally Bear Stearns Company, Inc. #2) (1999)	383 Madison Avenue, Manhattan	\$18.3 million
National Association of Securities Dealers, Inc.	One Liberty Plaza, Manhattan	\$11.6 million
UBS Paine Webber, Inc.	1285 Avenue of the Americas, Manhattan	\$11.4 million
NASDAQ Stock Market, The	One Liberty Plaza	\$8.5 million
BlackRock Financial Management, Inc.	40 East 52nd Street, Manhattan	\$3.9 million

**GRANTS.** New York State's Empire State Development Corporation (ESDC) provides grants to local economic development projects, often in addition to IDA tax exemptions. Twelve of the 20 largest recipients of ESDC grants in New York City are banks and financial institutions, together receiving nearly \$210 million dollars in cash grants. Much of this funding was provided after 9/11 to ensure that these businesses remained in Lower Manhattan.

### Bank of America Merrill Lynch

Merrill Lynch, which is now owned by Bank of America, received \$28 million in subsidies, including a \$12.3 million tax break from the NYCIDA in 1997, to entice the company to conduct an expansion at the World Financial Center North in lower Manhattan. The company agreed to retain all of its 9,000 jobs and create 2,000 new jobs by June 2012. By the end of the deal, Bank of America Merrill Lynch fell short of its job retention and creation targets by nearly 6,000 jobs. It had actually dramatically cut jobs. Although the deal with the NYCIDA contained a provision to "clawback" money if job creation goals were not met, the agency only recovered \$379,000. A review of the original agreement suggests that they could have clawed back much more.

Additionally, Bank of America Merrill Lynch recently announced it was moving from its current location into the Bank of America Tower in Midtown Manhattan. This location has benefited from a separate and more recent tax break deal of nearly \$50 million.<sup>35</sup>

**Table 5. Grants for Banks and Financial Service Providers through the Empire State Development Corporation.**

Bank Name	Location	Total Grant
Bank Of New York	1 Wall St., Manhattan	\$40 million
Deutsche Bank	60 Wall St., Manhattan	\$34.5 million
Goldman Sachs	26 Battery Park City, Manhattan	\$25 million
American Express	3 World Financial Center, Manhattan	\$25 million
NY Board Of Trade	1 North End Ave., Manhattan	\$23.3 million
Morgan Stanley	1 New York Plaza, Manhattan	\$16 million
Deloitte & Touche	1 & 2 World Financial Center, Manhattan	\$13 million
State Street Corporation	1 World Financial Center, Manhattan	\$9.1 million
Cantor Fitzgerald Group of Companies	135 E. 57th St., Manhattan	\$6 million
New York Mercantile Exchange	1 North End Ave., Manhattan	5 million

**TAX-EXEMPT BONDS.** Banks in New York City also have \$990 million in outstanding tax-exempt bonds. A tax-exempt bond is a vehicle for private entities to borrow money through the municipal (rather than commercial) bond market. Tax-exempt bonds are attractive to investors willing to exchange higher income (from interest) for freedom from taxes. The lower interest rate makes these bonds much cheaper for the borrower (in this case, the banks).

The Morgan Stanley Group received a \$532.7 million bond from the NYCIDA, while two other banks received over \$450 million in bonds. Together, these banks are likely to have saved nearly \$400 million through reduced interest rates, while the city, state and federal governments have likely lost nearly \$400 million in personal income tax collection.<sup>36</sup>

## **SOLUTION 2: Ensure that Subsidies to Banks Create Good Jobs and Come with a Money-Back Guarantee.**

Because so many of the subsidies to New York City's financial industry come from the state, action is needed at both the city and state levels.

**THE JUST AND OPEN BUSINESS SUBSIDIES (JOBS) ACT.** The JOBS Act, a bill that Rep. Sean Ryan (D-Buffalo) has introduced in the New York State Assembly (A08203), can help to open these wasteful subsidies to greater public scrutiny and to ensure that public dollars create public good.

This effort is spearheaded by the Getting Our Money's Worth coalition, a statewide coalition united for good jobs, not giveaways.<sup>56</sup> The Just and Open Business Subsidies (JOBS) Act will:

- Prioritize Performance by requiring that proposed development projects set job creation, job quality, and local hiring goals before receiving public subsidies.
- Make Performance Transparent by creating a public website where any New Yorker can track the performance of subsidized projects and by including subsidy spending in a state unified economic development budget.
- Increase Accountability for Performance by ensuring that all publicly subsidized projects engage community stakeholders and establish a "money-back guarantee" that allows local or state government to recapture subsidies when projects do not meet their promises.

In addition, the city and state should incorporate clear standards that banks into requirements for banks doing business with the government:

- Fulfill job retention and creation obligations under subsidy agreements. Require banks to file annual reports that detail their actual performance on goals related to public investment, job retention and creation, and workers' hours and wages on

## Banks Are Cutting – Instead Of Creating – Jobs

Even with hundreds of millions of dollars in public subsidies, banks have been cutting jobs.

Bank of America, Citigroup, JPMorgan Chase & Co., Goldman Sachs and Morgan Stanley slashed more than 3.5%, or 31,000 jobs, of their combined workforce just between June 2011 and April 2013.<sup>37</sup> Challenger, Gray & Christmas, Inc., a Chicago-based outplacement company, reported that between just January and July of this year New York saw about 59,200 layoffs and that the financial sector was responsible for about 45% (more than 26,000) of these job cuts.<sup>38</sup>

Wall Street employers are transferring employees in services like accounting, trading and legal support, and human resources and compliance outside of New York City, across the sea and across the country, to places like Missouri, Utah, North Carolina, and Florida.<sup>39</sup> St. Louis's securities-industry employment, for instance, surged 85% between January 2007 and September 2012.<sup>40</sup> Banks reportedly offer staff willing to move outside New York City to these smaller cities better titles with more responsibility, but lower pay. In the last five years, the top 15 cities that added financial securities jobs have gained nearly 27,000 jobs, just about the same number as New York City originally lost after the financial crash.<sup>41</sup>

Wall Street's practice of moving jobs away from "The Street" itself undermines the New York City economy and tax base. The Office of the State Comptroller estimates that every financial services position lost means two more in other industries are shed in New York City and that one job is lost elsewhere in the state.<sup>42</sup>

Banks are expected to make significant job cuts in retail branches, as automation of banking services allows banks to dispense with many positions that deal directly with customers.<sup>43</sup> JPMorgan Chase plans to cut 3,000 to 4,000 (1.5% of its workforce) jobs in consumer banking in 2013 and hopes to reduce staff per branch by 20 percent through 2015.<sup>44</sup> Citigroup plans to cut 6,200 jobs from its consumer banking unit, including 1,700 New York City-based back-office staffers.<sup>45</sup>

**MORE WORK, LESS PAY.** The Committee for Better Banks, a coalition of community groups and labor unions in New York, conducted a survey and hosted forums for bank workers in New York City to learn how the bank industry has changed from their perspective, and how those changes have affected them. In all, more than 4,000 bank workers participated.<sup>46</sup>

Twenty-nine percent of survey respondents included mention of layoffs and/or heightened turnover as key problems in the industry, another 17.5% included mention of a shift from full-time to part-time positions and/or job freezes. Thirty-five percent of respondents described much tougher, often unattainable sales pressures, with sales

demands frequently rising each month. Many respondents described needing to sell products in order to meet the goals, regardless of the actual benefit to the customer. For those bank workers who are not laid off, stress on the job increases because they have to take over the work of laid-off workers, who are rarely replaced. Workers report that they are not compensated for this extra work and many times report working unpaid overtime hours in order to meet additional demands.

According to respondents, banks have also increased their use of temporary hiring services, which employees described as a mode to pay less in wages and escape paying for benefits altogether.

The Committee for Better Banks' survey confirms the prevalence of pay and benefit cuts.

- In response to an open-ended question about changes in the securities industry since 2008:
  - 25.5% described cuts to their take-home pay;
  - 24% mentioned benefit cuts (including increased premiums);
- 43.5% of respondents said that their life insurance and medical benefits did not cover all desired medical and life needs; and
- 32% reported that they were not always paid for overtime work.

The University of California–Berkeley Center for Labor Research and Education found that salaries for bank tellers in New York State are so low that 39% of bank tellers and their family members are enrolled in some type of public assistance program (including EITC, Medicaid, CHIP, SNAP, and TANF), with a total cost of \$112 million.<sup>47</sup>

As banks resort to pink slips and pay cuts, they seem to continuously spare their most handsomely compensated executives.<sup>48</sup> The top fifty financial CEOs compensation collectively rose by 26% in 2010 and by 20.4% in 2011.<sup>49</sup>

Although Bank of America's stock fell 58% in 2011, Brian Moynihan, the bank's CEO, earned \$8.1 million for the year. The following year, his pay package rose to \$12 million.<sup>50</sup> Similarly, while in 2011 Goldman Sachs' stock plunged 45.6%, CEO Lloyd Blankfein's compensation rose to \$16.2 million.<sup>51</sup> In 2012, he was awarded \$21 million, including \$13 million in restricted stock.<sup>52</sup> Jamie Dimon, CEO of JPMorgan Chase & Co.'s compensation increased in 2011 to \$23 million as the bank's stock fell 20%.<sup>53</sup> Dimon's salary was only reduced after admitting wrongdoing when in May of 2012 JPMorgan's stock dropped more than 10% in two days.<sup>54</sup> Despite the fact that Citigroup was in the midst of letting go of thousands of workers, it let Vikram Pandit leave his post as CEO with a hefty \$6.7 million bonus in 2012.<sup>55</sup>



the subsidized project. If they fail to meet those obligations, the government should enforce clawback provisions on the subsidies and require banks to repay their subsidies.

- End public contracts and subsidy agreements with banks that have a record of violations with wage-and-hour, labor, or securities regulators.
- Agree to a labor-peace arrangement. Require banks to agree to meet and work with the Committee for Better Banks to develop a plan to raise industry standards and increase jobs in New York.

### **PROBLEM 3: The bank-caused mortgage crisis continues to devastate New York communities.**

Since 2008, there have been over 95,000 foreclosure filings in New York City and more than 7,000 homes have been abandoned and now sit vacant as a result of this crisis.<sup>57</sup> New York City, with more than 8 million residents, is often referred to as a city of renters, but due to its sheer size and population, it has a greater number of homeowners than most cities. Currently 1 in 5 homeowners with a mortgage in New York City has negative equity, or owes more than their property is worth.<sup>58</sup> These loans are called underwater loans. The vacant, foreclosed properties and underwater mortgages strain communities' cohesion and economic wealth.

**FORECLOSURES.** The long legacy of the Great Recession and the bad loans that contributed to it is the underwater mortgages, foreclosures, and hollowed-out neighborhoods. Since 2008, there have been over 95,000 foreclosure filings in New York City and more than 7,000 homes have been abandoned and now sit vacant as a result of this crisis.<sup>59</sup> During the past five years foreclosures have cost New York City \$1.9 billion in expenses and lost revenue. Foreclosures cost the city money in two ways. First, foreclosures cause property-tax revenues to decline as property values erode. Second, many properties that enter the foreclosure process end up being owned by banks rather than occupants and sit vacant, significantly increasing city maintenance costs.

Homes near foreclosed properties end up losing value as well and sell at a discount. We estimate that the city has lost \$1.7 billion in revenue due to losses in value incurred by properties with foreclosed properties nearby since 2008.

Bank-owned (also called real estate owned or REO) properties have also cost the city nearly \$141.5 million since 2008. A property becomes REO when it is auctioned at a foreclosure sale, and, in the absence of a third-party buyer, ownership reverts to the bank.<sup>60</sup> REO properties are nearly always vacant<sup>61</sup> because either the homeowners abandon hope and leave before the foreclosure process is completed or, when lenders take possession, they evict the former homeowners.<sup>62</sup>

**Table 6. The Cost of Foreclosures, since January 2008**

Source of cost	Loss in value per instance	Cost per instance	Number of instances	Total Cost
Property Tax loss from foreclosed properties	-20%	\$844	95,961	\$81 million
Property Tax loss from surrounding homes	-1%	\$42	40.1 million	\$1.7 billion
Maintenance of Real-Estate (or Bank) Owned properties		\$19,277	7,341	\$141.5 million
				<b>\$1.92 billion</b>

**UNDERWATER MORTGAGES.** Currently one in five homeowners with a mortgage in New York City has an “underwater loan,” or a mortgage balance that is more than the property is worth.<sup>63</sup> New York City homeowners owe \$17.6 billion more than their properties are worth. Only in Chicago, Los Angeles, and Las Vegas are homeowners underwater by higher dollar amounts. Homeowners in New York City are further underwater than those in Detroit, Atlanta, Baltimore, and Philadelphia combined. Foreclosure hotspots such as Phoenix, San Diego, and Jacksonville are all substantially less underwater than New York City.<sup>64</sup>

Underwater properties, even if they are not in foreclosure, are an obstacle to the recovery of the housing market and the economy in general because they create a self-perpetuating cycle of decline. Homes that are currently underwater are significantly more likely to go into foreclosure in the future. Borrowers who are underwater are 150%-200% more likely to eventually default on their loans than those with positive equity in their homes.<sup>65</sup> Once they default, those borrowers are well on their way to foreclosure. A 2009 report by the Congressional Oversight Panel of the Troubled Asset Relief Program (TARP) found that 93.4% of homeowners with prime loans that default on their mortgages end up in foreclosure.<sup>66</sup> While the Federal Reserve has kept interest-rates low, partly as a tool to incentivize the housing market, underwater families cannot take advantage of the low rates because they have no equity with which to refinance.

This cycle of declining property values has wide-reaching effects on the economy as well. Declining real-estate values not only impede the recovery of the housing market but also obstruct economic growth in general. As their home values fall and they slip into negative equity positions, homeowners slow spending, which weakens the economy by hurting businesses and further “feeds into housing declines.”<sup>67</sup> There is an undeniable link between home values, consumer spending, jobs, and foreclosures.<sup>68</sup> That is why experts agree that the only way to truly fix the housing crisis is to write down the principal on underwater mortgages so that homeowners can start rebuilding equity in their homes.

Even though writing down principal on underwater mortgages would benefit both homeowners and the investors of these mortgages, there are some structural barriers that typically prevent this from happening on a large scale. For example, with securitized mortgages, contracts between the investors and the mortgage trustees often prevent principal reduction. Another obstacle is that the banks that service mortgages have different incentives and can actually make more money when homes go into foreclosure, so they often prevent meaningful relief for homeowners.<sup>69</sup>

### ***SOLUTION 3: Revive our neighborhoods and help homeowners hit by the foreclosure crisis.***

**ENCOURAGE MORTGAGE WRITE-DOWNS.** The city should encourage servicers and investors to write down underwater mortgages to the fair market value. Not only would this be good for homeowners and the communities they live in, but it would also be good for the investors who own these underwater mortgages. When a home goes into foreclosure, the investor is saddled with many foreclosure-related costs like legal fees, maintenance costs on the property, and sales costs. The Center for Responsible Lending estimates that for prime borrowers these costs amount to 49% of the total unpaid principal on the mortgage and that, for subprime borrowers, they come to a staggering 75%.<sup>70</sup> Investors in underwater mortgages would also fare much better if they reset the mortgages to fair market value.

**USE EMINENT DOMAIN TO SEIZE REMAINING UNDERWATER MORTGAGES AND REFINANCE HOMEOWNERS INTO AFFORDABLE MORTGAGES.** Where mortgagors fail or are unable to do write down mortgages, the city should use the power of eminent domain to seize the mortgages. The power of eminent domain allows the city to take private property, in this case mortgages, and pay the owner market value for that property, if it serves a public purpose.<sup>71</sup> The city, in partnership with private investors, would purchase underwater mortgages at the fair market value and allow refinance homeowners into new, affordable mortgages, and allow the homeowners to stay in the property with significantly smaller mortgage payments. This cost-neutral policy would prevent the loss of billions of taxpayer dollars and create an enormous economic stimulus for the city.

If the principal balance and interest rates of all of the city’s underwater mortgages were modified to reflect current home values and interest rates, *we estimate it would save homeowners an average of \$1578 per month on their mortgages and generate an annual stimulus of almost \$1 billion to the total economy that would allow for the creation of more than 16,679 jobs.*

# BUILDING ONE NEW YORK THAT WORKS FOR ALL OF US

The policies of the last twenty years have ensured that New York City's financial and economic power benefited Wall Street. This approach has led to rampant inequity and created the "tale of two cities" that Mayor-elect deBlasio decried during his campaign. While Wall Street has rebounded to record profits following the financial crisis, average New Yorkers are still reeling from the devastation those same banks caused. Despite this recent history, in today's New York, we give banks money to encourage them to locate in New York City.

But with progressive leadership in both the Mayor's office and the City Council, we can build one New York that works for all of us. Using our financial leverage and policies to demand a fairer relationship between the city and the banks:

- Fair deals will lower costs.
- Strong job creation and retention clauses (with clawbacks) will create strong community return-on-investment for our subsidies.
- Written down underwater mortgages will stimulate the local economy.

These practices could save the city \$1 billion annually and stimulate the economy by about \$1 billion more.

For more information about how Wall Street drains New Yorkers' resources, go to [NewDayNewYork.org](http://NewDayNewYork.org).

## Stop Wall Street-driven privatization of the public school system

Taxpayers shouldn't foot the bill for \$2000-per-student "management fees," millions in free rent, and half-million dollar CEO salaries for charter schools that don't serve #AllOfUs. We need one effective public school system that works for all of us.

More info at: [NewDayNewYork.org](http://NewDayNewYork.org) and [www.nygps.org](http://www.nygps.org)



## Stop Wall Street exploitation of college students through massive debt

New York should lead the way to finding creative solutions to minimize and refinance student debt while funding quality, affordable higher education for all of us.

More info at: [NewDayNewYork.org](http://NewDayNewYork.org) and <http://nysr.tumblr.com/>



## Reduce the power of Wall Street over New York government and politics

Our elected officials should work for everyday New Yorkers, not just for their big campaign contributors from Wall Street. Public financing of state elections and new reforms in city elections will make sure candidates hear from all of us.

More info at: [NewDayNewYork.org](http://NewDayNewYork.org) and <http://fairelectionsny.org/>

## Stop Wall Street control of New York City economic development policy

New York economic development officials should focus on neighborhoods in need, not just the needs of Wall Street. Ethical standards for top staff will make sure city government works for all of us.

More info at: <http://www.nydailynews.com/news/politics/deputy-mayor-robert-steel-resides-new-york-city-facts-paint-picture-article-1.954624> and <http://littlesis.org/>



## Make Wall Street lend to New York's small businesses

New York City can and should use our government-purchasing market power to demand high standards from banks that want our business. If Wall Street banks want public business, they've got to work for all of us – and that includes expanding small business lending.

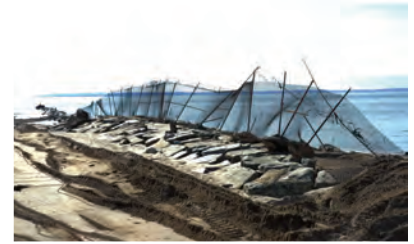
More info at: [NewDayNewYork.org](http://NewDayNewYork.org) and [www.nedap.org](http://www.nedap.org)



## Stop Wall Street-driven favoritism on Sandy recovery & climate adaptation

Hard-hit neighborhoods need resources, jobs and protection more than connected contractors need sweetheart deals or Wall Street needs a publicly funded trillion-dollar seawall. Sandy rebuilding and climate adaptation must work for all of us.

More info at [NewDayNewYork.org](http://NewDayNewYork.org) and [www.rebuildajustny.org](http://www.rebuildajustny.org)



## Appendix. New York City and New York State Subsidies for the Financial Services Industry.

### Foreign Bank Alternative Tax on Capital Stock (NYC): \$137 million<sup>72</sup>

The purpose of this tax loophole is to promote foreign banking in NYC. There is no analysis of whether this tax serves to create jobs or promote additional economic development in NYC. It currently benefits 73 banks.

### International Banking Facility Deduction (NYC): \$14 million<sup>73</sup>

The purpose of this tax loophole is to promote international banking activity in NYC. International Banking Facilities (IBFs) are bank offices that are able to conduct a deposit and loan business with foreign residents without being subject to reserve requirements or interest rate ceilings. IBFs are encouraged to set up shop in NYC based on this favorable tax treatment. It currently benefits 33 banks.

### Deduction of 60% of Dividend Income and Excess Gains from Subsidiary Capital (NYS): \$34 million<sup>74</sup>

This tax exemption is unique to banks. In order to calculate net income for NYS, banks may deduct 60 percent of dividend income and net gains from subsidiary capital. While this bank tax exemption is offered state-wide, the overwhelming majority of bank income is earned in NYC.

### Discounting of the Wage Factor in the Calculation of Entire Net Income and Taxable Assets Allocation Percentages (NYS): \$25 million<sup>75</sup>

This tax exemption is unique to banks. Banking corporations are taxed on the portion of their income and assets attributable to New York activities. Consequently, formulas have been devised (called allocation percentages) for the purpose of determining the portion of a banking corporation's income and assets taxable in New York. In computing both the entire net income and taxable assets allocation percentages, the numerator of the wage factor is discounted to 80% of the taxpayer's wages, salaries, and other personal service compensation during the taxable year. While this bank tax exemption is offered state-wide, the overwhelming majority of bank income is earned in NYC.

### International Banking Facility (IBF) Formula Allocation Election (NYS): \$23 million<sup>76</sup>

Banking corporations are taxed on the portion of their income and assets attributable to New York activities. Consequently, formulas have been devised (called allocation percentages) for the purpose of determining the portion of a banking corporation's income and assets taxable in New York. A banking corporation that establishes an IBF within New York may deduct from its net income the adjusted eligible net income of the IBF. While this bank tax exemption is offered state-wide, the overwhelming majority of bank income is earned in NYC.

### Investment Tax Credit (ITC) for the Financial Services Industry: \$15 million<sup>77</sup>

An ITC is allowed for qualified property used in the financial services industry. Qualified property includes property principally used in the ordinary course of the taxpayer's trade or business: as a broker or dealer related to stocks, bonds, securities, commodities, or lending in connection with the purchase or sale of securities; providing investment advisory services; or an exchange registered as a national securities exchange or a board of trade. Recipients must also show that 80% or more of the employees performing the functions resulting from or relating to the qualifying uses of the property are located in New York State. While this bank tax exemption is offered state-wide, the overwhelming majority of bank income is earned in NYC.



## Notes

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- <sup>44</sup> Dan Wilchins, “JP Morgan Chase Job Cuts: Bank Announces Plans to Slash Up to 4,000 Jobs,” *Reuters* (February 26, 2013).
- <sup>45</sup> “Citigroup Job Cuts: Banks Plans to Cut 11,000 Jobs in Aims to Save as Much as 1.1 Billion Per Year,” *Reuters* (December 5, 2012). Matthias Rieker, “4th UPDATE: Citi Cuts 11,000 Jobs; Takes \$1 Billion in Fourth-Quarter Pretax Charge” *Dow Jones News* (December 5, 2012)
- <sup>46</sup> The Committee for Better Banks includes the Alliance for a Greater New York (ALIGN), Communications Workers of Amer-

ica, Make the Road Action Fund, and New York Communities for Change. About 170 bank workers responded to the survey and more than 4000 bank workers participated in forums in Fall 2013.

- <sup>47</sup> “Research conducted by Dave Graham-Squire, UC Berkeley Center for Labor Research and Education.
- <sup>48</sup> William Alden, “Laid off on Wall Street: Lowest Paid Workers Losing Jobs” The Huffington Post (July 22, 2011).
- <sup>49</sup> Laura Marcinek and Nikolaj Gammeltoft, “Wall Street CEO Pay Rises 20% With KKR’s Kravis No. 1,” Bloomberg Markets Magazine (June 5, 2012).
- <sup>50</sup> Hugh Son, “BofA Increases Moynihan’s Pay 71% to \$12 million in 2012,” *Bloomberg News* (February 19, 2013).
- <sup>51</sup> Marcinek and Gammeltoft.
- <sup>52</sup> Halah Touryalai, “A Bank CEO Gets \$58M in 2012 and You Thought Wall Street Was Changing,” *Forbes* (January 29, 2013).
- <sup>53</sup> Marcinek and Gammeltoft.
- <sup>54</sup> Marcinek and Gammeltoft,.
- <sup>55</sup> The Associated Press, “Ex-Citi Chief Pandit Gets \$6.7 Million Bonus,” *USA Today* (November 12, 2012).
- <sup>55</sup> The Getting Our Money’s Worth coalition is anchored by the Alliance for a Greater New York (ALIGN), the Coalition for Economic Justice (Buffalo), and Long Island Jobs with Justice.
- <sup>57</sup> RealtyTrac.
- <sup>58</sup> Zillow Real-estate Research. *Zillow Negative-equity Report*. (June 2012), 5.
- <sup>59</sup> RealtyTrac.
- <sup>60</sup> Immergluck, Dan. *Neighborhoods in the Wake of the Debacle: Intrametropolitan Patterns of Foreclosed Properties*. Urban Affairs Review 2010 46: 3, page 7.
- <sup>61</sup> Immergluck 2010, page 8. Also, Whitaker, Stephen. *Foreclosure Related Vacancy Rates*. Federal Reserve Bank of Cleveland; Economic Commentary. July, 2012. Page 1.
- <sup>62</sup> Immergluck 2010, page 8, citing: Rao, J., and G. Walsh. 2009. *Foreclosing a dream: State laws deprive homeowners of basic protections*. Boston: National Consumer Law Center.
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- <sup>64</sup> Zillow Real-estate Research. *Zillow Negative-equity Report*. (June 2012), 5.
- <sup>65</sup> Ocwen Financial, *Curing Underwater Mortgages, Preventing Foreclosures and Avoiding Moral Hazard through Principal Reduction, Shared Appreciation Modifications* (March 2011).
- <sup>66</sup> Congressional Oversight Panel, *October Oversight Report: An Assessment of Foreclosure Mitigation Efforts after Six Months* (October 9, 2009).
- <sup>67</sup> Papagianis and Gupta, 2012, 4. Also; Hockett 2012, 13.
- <sup>68</sup> *Win / Win Solution; How Fixing the Housing Crisis will Create One Million Jobs*. (The New Bottom Line, 2011).
- <sup>69</sup> Diane E. Thompson, *Why Servicers Foreclose When They Should Modify and Other Puzzles of Servicer Behavior*, (National Consumer Law Center, October 2009), 2.
- <sup>70</sup> Wei Li and Sonia Garrison, *Fix or Evict? Loan Modifications Return More Value than Foreclosures*, (Center for Responsible Lending, March 22, 2011).
- <sup>71</sup> Schiller (2012).
- <sup>72</sup> New York City Tax Expenditure Report, page 69; see also NYC Tax Expenditure Reports 2003-2011.
- <sup>73</sup> New York City Tax Expenditure Report, page 78, see also NYC Tax Expenditure Reports 2003-2011.
- <sup>74</sup> New York State Tax Expenditure Report, page 55, see also NYS Tax Expenditure Reports 2003-2011
- <sup>75</sup> New York State Tax Expenditure Report, page 57, see also NYS Tax Expenditure Reports 2003-2011.
- <sup>76</sup> New York State Tax Expenditure Report, page 57, see also NYS Tax Expenditure Reports 2003-2011.
- <sup>77</sup> New York State Tax Expenditure Report, page 151, see also NYS Tax Expenditure Reports 2003-2011.







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