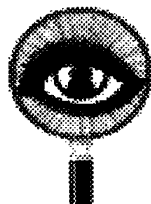


Reconstruction



Watch

**Promoting Fair and Effective Use of New York City's
Economic Development Resources
After September 11th**

Publication #1 - February 2002

**Profiles of the Members of The Lower Manhattan
Development Corporation: Who Are These People And
Where Did They Come From?**

A project of Good Jobs New York

Good Jobs New York
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212.414.9394
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What is Reconstruction Watch?

Reconstruction Watch is intended to assist low and moderate income New Yorkers in understanding and influencing the reconstruction process. Through its research and publications, Reconstruction Watch will provide these New Yorkers and the organizations that assist and represent them with timely information that they can use to participate effectively in the reconstruction process.

Reconstruction Watch will:

- Provide useful information on the key players in the reconstruction process.
- Analyze, in plain English, the subsidy proposals being advanced at the federal, state and city levels to foster economic development in New York City in the wake of the September 11th attacks. Do the proposed subsidies have quality job standards? Are there safeguards for taxpayers for companies who don't keep their agreements? What are the benefits and drawbacks of each proposed subsidy?
- Report on subsidies targeted to specific firms including the estimated dollar value of the deal, the company's job creation and retention performance, its compliance with environmental and labor standards, and previous subsidies received.

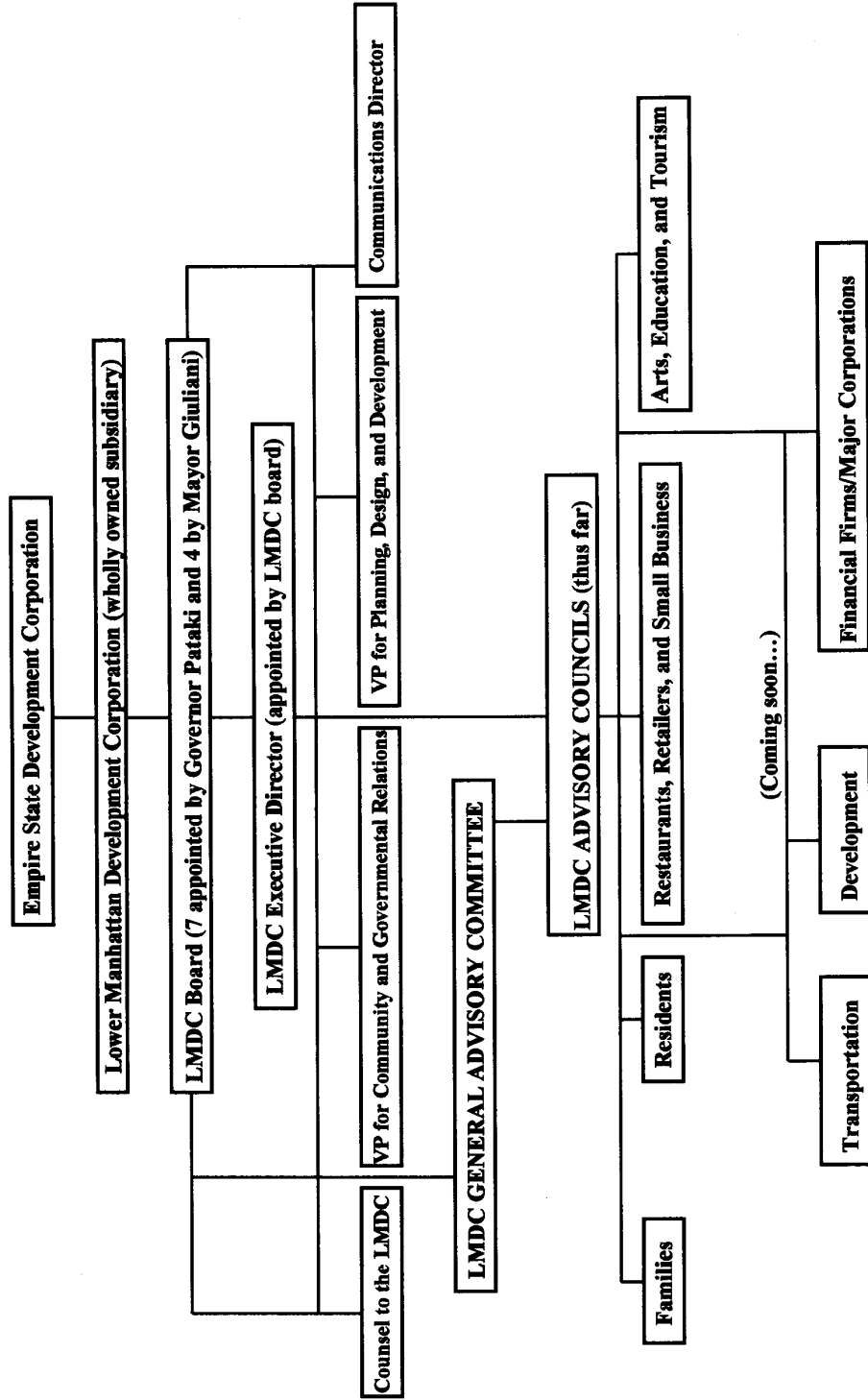
Feedback from members of the public is crucial to this project. Please contact us with questions or suggestions.

Good Jobs New York is funded by the Rockefeller Family Fund, the New York Foundation, The New York Community Trust and The Rockefeller Foundation. Funding for Reconstruction Watch has been provided by The Rockefeller Foundation.

For additional information visit www.reconstructionwatch.net

Good Jobs New York is a joint project of the Fiscal Policy Institute and Good Jobs First

Lower Manhattan Development Corporation – Organizational Chart



LOWER MANHATTAN DEVELOPMENT CORPORATION

LMDC Board Members (bios attached):

Roland Betts
Paul A. Crotty
Lewis M. Eisenberg
Richard Grasso
Robert M. Harding
Ed Malloy
John C. Whitehead (chair)
Madelyn G. Wils
Howard Wilson
Deborah C. Wright
Frank G. Zarb

Executive Director:

Louis R. Tomson –

Tomson is a lawyer and close associate of Governor Pataki who served for many years as the state's deputy secretary to the public authorities. He joins the LMDC from a position as senior vice president at Plug Power, a fuel cell developing company.

Communications Director:

Matthew Higgins –

Higgins served as former Mayor Giuliani's Press Secretary. He graduated Queens College with a degree in Political Science and is currently pursuing a law degree.

Vice President for Community and Government Relations:

Tara Snow –

Snow is a former policy advisor to Governor Pataki as a Senior Program Associate in the Office of State Operations. She holds degrees in Marketing Communications and Business Administration.

Vice President for Planning, Design, and Development:

Alexander Garvin –

Garvin is a long-standing member of the New York City Planning Commission and author of three books on urban planning. He worked closely with the Deputy Mayor for Economic Development, Daniel Doctoroff to bring the 2012 summer Olympics to NYC. He is an admirer of Frederick Law Olmstead, who designed Central Park.

Council to the Board

Ira M. Millstein –

Millstein is a Columbia Law School graduate with a 51-year career at the firm of Weil, Gotshal & Manges. His private clients included General Motors, General Electric, Olympia & York, Macy's, and Empire Blue Cross. He has also done a great deal of philanthropic work, especially on behalf of city parks. He is serving as LMDC counsel pro bono.

GENERAL ADVISORY COUNCIL

Members of the General Advisory Committee can serve on any of the specialized advisory councils.

Hon. Joseph Bruno, the Senate majority leader

Robert Catell, the chairman of the New York City Partnership, a group of business leaders

Hon. Martin Connor, Senate minority leader

Dan Doctoroff, Deputy Mayor of Economic Development and Finance

Robert Douglass, chairman of the Downtown Alliance, a business improvement district for Lower Manhattan

Hon. C. Virginia Fields, Manhattan Borough President

Charles Gargano, the chairman of the Empire State Development Corporation, the parent organization of the LMDC

Denis Hughes, the president of the New York State A.F.L.-C.I.O.

Hon. Gifford Miller, City Council Speaker

Hon. Robert M. Morgenthau, the Manhattan district attorney

Hon. Jerrold Nadler, US Representative from Lower Manhattan and much of the West Side

Hon. Sheldon Silver, state Assembly speaker

John Whitehead, Chairman of the LMDC

ADVISORY COUNCILS

They are tasked with reaching out to their designated constituencies and making periodic recommendations to the LMDC Board. The boards announced so far have the following constituencies:

- Family of victims of September 11th attack
- Downtown Businesses
- Arts and Cultural, Educational, and Tourism Groups
- Residents of Lower Manhattan

Additional Advisory Councils focusing on transportation, development and financial firms/major corporations are expected to be announced shortly.

Families Advisory Council

LMDC Board Members: Lewis M. Eisenberg, Deborah C. Wright

- Virginia Bauer, surviving spouse, Leading Victims' Advocate
- Paula Grant Berry, Organized families of 67 victims of Keefe, Bruyette and Woods
- Darlene Dwyer, Director, Windows of Hope
- Jennie Farrell, Co-Founder, Give Your Voice
- Christy Ferer, wife of Neil Levin
- Marian Fontana, President, September 11th Widows' and Victims' Families Association
- Anthony Gardner, Chairman, WTC United Family Group
- Monica Iken, Founder of September's Mission
- Lee Ielpi, retired New York City Firefighter, father of fallen firefighter Jonathan Ielpi
- Ann Johnson, mother of victim
- Anthoula Katsimantides, sister of victim
- Carie Lemack, President, Families of September 11th
- Kathleen Lynch Martens, sister of fallen Firefighter Michael F. Lynch, Ladder 4
- Maria McHugh, surviving spouse of Michael McHugh
- Tom Roger, Vice-President, Families of September 11th
- William Rodriguez, Founder of Hispanic Victims Group
- Jim Smith of NYPD, and surviving spouse of fallen NYPD officer
- Nikki Stern, Facilitator of families groups in New Jersey

Ex-Officio Members

- Edward Cardinal Egan, Archbishop of New York
- Rev. Calvin O. Butts, III, The Abyssinian Baptist Church of the City of New York
- Archbishop Demetrios, Primate of the Greek Orthodox Church in America
- The Rt. Rev. Mark S. Sisk, Bishop of New York, The Episcopal Diocese of New York
- Rabbi Joseph Potasnick, Chaplain, New York City Fire Department
- Dr. Dan Matthews, Rector of St. Paul's and Trinity Church
- Raymond W. Kelly, Commissioner, New York City Police Department
- Nicholas Scopetta, Commissioner, New York City Fire Department
- Richard Sheirer, Director, New York City Office of Emergency Management
- Chief Joseph Morris, Port Authority New York/New Jersey Police Department
- James Gill, Chairman, Battery Park City Authority
- William Hood, Managing Director for Corporate Affairs, American Airlines
- John Buscher, Director of Federal Affairs & East Region Public Affairs, United Airlines

Residents Advisory Council

LMDC Board Members - Madelyn Wils, Paul A. Crotty

- Tom Alghanayan of Rockrose, representing residential owners
- Fanny Aragon, Lower East Side Resident
- Liz Berger, Community Board Member, Community Board 1
- Charlie Boillod, Battery Park City Resident
- Lynne P. Brown, VP University Relations and Acting VP for Student Affairs, NYU
- Gary Fagan, Member Community Board 1, Founder of the Seaport Coalition
- Sudhir Jain, President, Lower Manhattan Tenants Coalition
- Richard Kennedy, Resident and Senior Director, Cushman & Wakefield
- Michael Ketrin, Seaport Resident
- Virginia Ky, Chinese American Planning Council
- Don Lee, Community Board Member, Community Board 2
- Tammy Meltzer, Battery Park City Resident
- George Olsen, Tribeca resident and President, PS 234 PTA
- Nancy Owens, Tribeca, Community Board Member, Community Board 1
- Linda Roche, Southbridge Housing Complex
- Rebecca Skinner, Financial District Resident
- Kristine Sui, Financial District Resident

Ex Officio Members

- New York State Assembly Speaker Sheldon Silver or his designee
- State Senate Majority Leader Joseph Bruno or his designee
- Charles Gargano, Chairman, Empire State Development Corporation
- Deputy Mayor Dan Doctoroff, City of New York
- James Kallstrom, Director, New York State Office of Public Security
- Raymond W. Kelly, Commissioner, New York City Police Department
- James Gill, Chairman, Battery Park City Authority
- Dr. Antonio Novello, Commissioner, New York State Department of Health
- Dr. Thomas Frieden, Commissioner, New York City Department of Health
- Joseph A. Miele, Sr., Commissioner, New York City Department of Environmental Protection
- Erin Crotty, Commissioner, New York State Department of Environmental Conservation
- Richard Sheirer, Director, New York City Office of Emergency Management
- Assemblywoman Deborah Glick
- Councilman Alan Gerson, City Council District 1
- Carl Weisbrod, President, Downtown Alliance
- Len Aubrey, President, NYU Downtown Hospital
- Paul Elston, Chairman, New York State League of Conservation Voters

Restaurants, Retailers, & Small Business Advisory Council

LMDC Board Members - Roland W. Betts, Robert M. Harding

- Mark Alesse, State Director, National Federation of Small Business, New York Chapter
- Albert Capsouto, Capsouto Freres, Tribeca
- David Chen, Executive Director, Chinese American Planning Council
- Richard L. Cohn, Proprietor, Southwest New York
- Benjamin Fox, President, Newmark New Spectrum Retail
- Rachelle Friedman, President, J & R Music and Computer World
- Raymond Gindi, Chief Operating Officer, Century 21
- Paul Harnett, Vice President and General Manager, South Street Seaport Marketplace
- Paul Lee, VP of the Chinese Consolidated Benevolent Association, small business owner
- Julie Menin, President, Wall Street Rising, small business owner
- Joel Moser, Attorney, Moser & Moser
- Drew Nieporent, Owner of Tribeca Grill and several other restaurants
- Harry Poulipakis, Proprietor, Harry's at Hanover Square
- Ted Potrikus, Senior Vice-President, Retail Council of New York State
- Edward Youkilis, Owner, Edward's Restaurant, Tribeca

Ex-Officio Members

- New York State Assembly Speaker Sheldon Silver or his designee
- State Senate Majority Leader Joseph Bruno or his designee
- Charles Gargano, Chairman, Empire State Development Corporation
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- James Kallstrom, Director, New York State Office of Public Security
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- Richard Sheirer, Director, New York City Office of Emergency Management
- Assemblywoman Deborah Glick
- Councilman Alan Gerson, City Council District 1
- Kathryn Wylde, President, New York City Partnership
- Carl Weisbrod, President, Downtown Alliance

Arts, Education, and Tourism Advisory Council

LMDC Board Members - Howard Wilson, Madelyn Wils

- Roger W. Borsink, Vice President, New York Market, Marriott International, Inc
- Randall Bourscheidt, President, Alliance for the Arts
- David Caputo, President, Pace University
- Kenneth Chenault, Chairman and CEO, American Express Company
- Melissa Coley, Director, Arts & Cultural Program, World Financial Center
- Paula Gavin, President, YMCA
- John Hayworth, Lower Manhattan Cultural Association
- Ginny Loulourdes, Art NY
- Francine LeFrak, President, LeFrak Productions
- Earle Mack, Chairman, Arts Rebuild New York
- David Marwell, Director, Museum of Jewish Heritage
- Peter Neal, President, South Street Seaport Museum
- Antonio Perez, Borough of Manhattan Community College
- Lynn Rollins, President, The Museum of Women - The Leadership Center
- John Sexton, President Designate, New York University
- Steve Solberg, General Manager, Embassy Suites
- Brian Thompson, Executive Director, Museum of American Financial History
- Liz Thompson, Director, Lower Manhattan Cultural Center
- Manfred Timmell, General Manager, The Ritz Carlton
- Jonathan Tisch, New York Rising Campaign

Ex-Officio Members

- Charles Gargano, Chairman, Empire State Development Corporation
- Deputy Mayor Dan Doctoroff, City of New York
- Tim Zagat, Chairman, NYC & Co.
- Cristyne Nicolas, President, NYC & Co.
- Harold Levy, Chancellor, NYC Public Schools
- Kent Barwick, President, Municipal Arts Society
- Deborah Simon, Downtown Alliance
- Shelley Harwayne, Superintendent, Community School District 2

ROLAND W. BETTS – Appointed by Gov. Pataki

Roland W. Betts is a film financier and a real estate developer who helped George W. Bush become wealthy through their 1989-1998 shared ownership of the Texas Rangers major league baseball team. Betts is the developer of Chelsea Piers, the mammoth sports and entertainment complex on the Lower Manhattan Hudson waterfront. He also co-founded Silver Screen Management, a film financing company. Betts identifies himself as a liberal Democrat, yet he committed to raise \$100,000 or more for Bush's 2000 campaign.

Betts and his business partner Thomas Bernstein are part of President Bush's inner coterie from Yale. According to Betts, "[t]he conventional wisdom on George is that the turning point of his life was giving up drinking. I don't believe that. The turning point in his life was buying the Texas Rangers, being successful with the Texas Rangers." When the partners sold the team in 1998, Bush received \$15 million.

A September 24, 2000 article in *The New York Times* points out that the Rangers investment was immensely profitable in part because Betts and his partners "charmed and bullied the city of Arlington into giving them a great deal, with the local taxpayers paying more than \$135 million to help build the Rangers a stadium." Key to that deal was the 1991 passage of a sales tax referendum by the voters of Arlington; Bush, as team president, played the most public role advocating for the referendum.

The son of a wealthy investment banker, Betts grew up in Syosset, Long Island. He received degrees from Yale University and Columbia Law School. Between college and law school, influenced by the culture of the sixties, Betts spent seven years in Harlem and taught in public schools. He met his wife, a teacher from a poor black family, during that time.

After graduating from law school, Betts joined the entertainment department of the New York law firm Paul, Weiss, Rifkin, Wharton and Garrison. There he met Bernstein; they became long-term business partners. The two founded Silver Screen Management in 1983 and raised \$83 million in a limited partnership to help Home Box Office produce feature films. Between 1985 and 1991, Silver Screen raised \$1 billion for 70 Disney films.

Betts and Bernstein launched their next project in 1992, the \$100 million Chelsea Piers sports and entertainment complex in Lower Manhattan. The partners invested \$11.7 million themselves and raised another \$17 million from friends and family. While the project was largely privately financed, it involved payments in lieu of taxes that were not due for two decades; a large part of the rent was also deferred for three years. The New York Dept. of Transportation owns the piers and had used it for parking before Betts and Bernstein redeveloped it. The project was criticized for cost overruns and lack of public participation. The two other competing bidders for the project also criticized the state for selecting Betts' group.

Assemblyman Richard N. Gottfried denounced the deal as having been "negotiated entirely in secret," particularly the fact that the initial 20-year lease had been extended to 49-years. At the public hearing convened later, Gottfried said that, "The reason for the extension of the lease is

Roland Betts - continued

simply so that Chelsea Piers Management can make more money. The interim use of this land is being converted into a virtual sale of this land. I don't think this should be tolerated.”

The Clean Air Campaign and other community groups criticized the project for having too little open space. Despite the disagreements, Betts and Bernstein persuaded the community board and legislators to approve a project that would focus on retail and recreational activities, rather than high-rise residential buildings that have anchored other waterfront developments.

Betts is a shrewd and convincing negotiator with extraordinary interpersonal skills. Council member Thomas Duane said of his experience in negotiating with Betts over Chelsea Piers, “[Betts and Bernstein] are unusual because they come to meetings with people who are opposed to their plans. Usually developers aren't at the table with the community. They just send their lawyers.”

Recent Campaign Contributions

New York City 2001 elections:

\$500 to Mark Green (D) for Mayor

Source: NYC Campaign Finance Board

PAUL CROTTY – Appointed by Mayor Giuliani

A fixture in New York City political circles for nearly 20 years, Paul Crotty worked in numerous capacities under both Mayors Koch and Giuliani. Since 1997, Mr. Crotty has been an executive at Verizon Communications, formerly Bell Atlantic.

A lawyer by trade, Crotty served as Housing, Preservation and Development (HPD) Commissioner and Department of Finance Commissioner for Mayor Koch and Campaign Chairman in 1989 for Koch's unsuccessful re-election campaign. In 1993, Crotty joined the Giuliani administration as Corporation Counsel. It is widely reported, and recently criticized by Mayor Bloomberg, that the Giuliani administration was too frequently in court.

The Koch administration was marred by corruption, especially in its later years, however many considered Crotty as a standout. A 1989 *The New York Times* editorial listed Crotty among a handful of Koch staff as one of finest public officials ever to serve New York.

In 1986, as he took over as HPD commissioner, non-profit groups said they were encouraged by Crotty's appointment. The director of the Association for Neighborhood and Housing Development was quoted in *The New York Times* that Crotty is showed "a real openness to new ideas." On the other side of the coin, *Crain's New York Business* reported during Giuliani's transition, some business leaders lobbied for Crotty to be given a deputy mayoral position because of his experience, and others said he would be more likely than the other candidate to cut social programs.

Aside from serving as Corporate Counsel under Giuliani, Crotty served on numerous bodies including the Emerging Industries Fund and the Mayoral Task Force on Tax Reduction and Restructuring. He also chaired the highly publicized 1998 Charter Reform Commission, which many argued was established primarily to drive then Public Advocate Mark Green out of the charter-mandated role of mayoral successor. The spitefulness shown by the leadership of the Commission in this matter shocked many who knew Crotty.

Crotty is originally from Buffalo, New York and his brother and father are heavily involved in upstate New York politics.

Recent campaign contributions

New York City 2001 elections:

\$1,500 to Herb Berman (D) for New York City Comptroller

\$250 to Betsy Gotbaum (D) for Public Advocate

\$250 to Mark Green (D) for Mayor

\$250 to Fernando Ferrer (D) for Mayor

\$250 to Alan Hevesi (D) for Mayor

\$150 to Michael McMahan (D) for City Council

\$1,500 to Peter Vallone (D) for Mayor

Source: NYC Campaign Finance Board

New York State:

\$200 to Evan Davis (D) for Attorney General

\$1,000 to Dennis Vacco (R) for Attorney General

Source: The National Institute on Money in State Politics

CHARLES GARGANO – Chairman and CEO of the Empire State Development Corporation

Charles Gargano is a powerhouse in New York State politics and a key fundraiser for the Republican Party both state wide and nationally. In 1994, Gargano assisted a little-known Republican gubernatorial candidate named George Pataki. The campaign raised over \$14 million and crushed incumbent governor Mario Cuomo.

During the early 1980's, Gargano was the co-owner of the construction firm J.D. Posillico Inc., which specializes in public works. Named in the Southwest Sewer District Scandal in the early 1980's, the company admitted no wrongdoing but paid \$315,000 to settle allegations by the Suffolk County District Attorney that it overcharged on its public sewer contracts.

Gargano's work in the private sector made him part of a powerful group of Long Island businessmen. Gargano was influential in raising money for Alfonse D'Amato's successful 1980 campaign for the U.S. Senate. Shortly after the election, D'Amato arranged for Gargano to be appointed deputy administrator of the Federal Urban Mass Transit Administration. Gargano stayed at UMTA until 1983, then returned to Posillico and served as New York State director for Ronald Regan's 1984 re-election campaign.

After being passed over for the number two position at the U.S. Department of Housing and Urban Development, Gargano left Posillico and was named ambassador to Trinidad and Tobago. During a 1990 coup attempt, the U.S. State Department was unable to locate Gargano; he turned out to be home in Long Island. Gargano left the position in 1991.

After Pataki's successful campaign for governor in 1994, Gargano was named Chair of the Urban Development Corporation, a state agency that does business as the Empire State Development Corporation. *New York Newsday* reported in 1995 that during his confirmation hearings for the position, Gargano's résumé failed to mention the fact that he was a director of two Manhattan-based companies that do business with New York – Winners All International and Lehigh Group. In addition, Gargano downplayed his role as a director of First Commercial Bank of Long Island. Sen. Richard Dollinger, who oversaw the confirmation hearings, stated that "[i]f I had an employee who made these types of representations on his résumé, I would fire him immediately."

Gargano has come under widespread criticism that he misused his office to solicit campaign contributions and help companies that have made substantial contributions to Pataki's campaigns. Case in point is a Long Island company named Silverite Construction. In 1998, Gargano was subpoenaed by Federal prosecutors in an inquiry on whether Silverite was awarded a \$97 million state contract in 1997 in exchange for over \$335,000 in contributions channeled to Pataki and the state Republican party, \$100,000 of which was donated just days prior to contract award.

The New York Times reported that Silverite was awarded the 1997 project even though officials originally claimed that Silverite and their partner were not qualified. In addition, the contract came under scrutiny after two competing bidders filed lawsuits claiming that the selection process was unfair.

Charles Gargano – continued

The state awarded this contract to Silverite (to clean the Queens-Midtown Tunnel) even though a previous contract awarded to Silverite – \$14 million in 1993 – had serious problems. *The New York Times* quoted an unnamed official on previous 1993 project describing that the improper removal of asbestos by a company subcontracted by Silverite for the MTA was as “awful situation” and noted that the agency considered removing Silverite from the project.

More recently, Gargano was subpoenaed in 1999 in an investigation of alleged theft of monies at the ESDC international division. Gargano and his long time friend Paolo Palumbo, the division’s deputy director, were investigated for having annual Italian heritage parties in which some catering fees were allegedly pocketed. Palumbo left the position in July 1999 and agreed to plead guilty on a bribery charge.

Gargano, however, avoided charges when the Manhattan District Attorney closed the investigations in early 2001. While Gargano has retained his position at the ESDC, some speculate the investigation cost him a job with George W. Bush’s presidential campaign.

Campaign Contributions

New York State:

\$500 to Max DiFabio (R) for Assembly

Source: The National Institute on Money in State Politics

RICHARD GRASSO – Appointed by Mayor Giuliani

Richard Grasso is a lifelong insider at the New York Stock Exchange who rose from being a clerk just out of the Army in 1968 to become Chairman of the Exchange in June 1995. He held at least six interim management level positions at the NYSE prior to this appointment. His detailed technical knowledge of the workings of the NYSE earned him a reputation as a skilled problem solver. However, since the September 11th attacks, Grasso has been recognized for his charismatic leadership role as head of one of the most famous financial institutions in the world. He received high accolades from businesspeople and politicians for successfully calming his staff during the crisis, working to get the Exchange open again after only four days of closure, and promoting public confidence in the markets and in New York City's economy in the aftermath of the attacks.

Even before his recent prominence, Grasso was an influential, ambitious man. He expanded the NYSE's listings in foreign markets and helped keep it dominant in the face of competition from the new NASDAQ. All the while he insisted on maintaining the old floor-trading system rather than moving toward electronic trading like other exchanges, many of which have criticized Grasso for the strict rules the NYSE applies to its member companies.

Throughout the 90s, high profits on Wall Street generated strong tax revenues for the city and state and helped stimulate growth in Lower Manhattan. As a result, the NYSE was confirmed by politicians, businesspeople and economists as the cornerstone of the financial health of the local and regional economy as well as the treasuries of New York City and state. During the boom, Grasso capitalized on the NYSE's valued position when he leveraged the largest economic development subsidy in New York State's history (over \$1.1 billion in city and state funds) by threatening to move the Exchange to Jersey City in 1998. Since the attacks, the deal has been modified to exclude a proposed private office tower. The tower's rents would have offset the city's cost of approximately \$900 million. The currently proposed deal, which has yet to be finalized, acknowledges this loss by cutting only \$250 million off the city's portion of the cost. The strength of Grasso's bargaining position with the city was indicated by the fact that he first announced major changes made to the subsidy deal (i.e. no office tower) at a speech in Florida, rather than directly contacting the city's negotiators. The city hurriedly put together a new agreement in principle, which Mayor Giuliani signed as one of his last acts in office.

Grasso's grew up with his mother and sisters in Jackson Heights, Queens, went to public schools, started an accounting degree at Pace University, and spent two years in the Army. He has since been back to Queens to teach in local high school enrichment programs. Bloomberg newswire notes that in 1999 he went to Colombia and met with rebels in the jungle. His board affiliations include only one private company, Computer Associates, International, Inc. and one financial institution, the advisory committee of the Federal Reserve Bank of New York's International Capital Markets. The rest are a mix of academic, police-affiliated and youth-oriented boards, notably New York City Public/Private Initiatives Inc., the Trooper Foundation of the State of New York, Yale School of Management advisory board, Baruch College School of Business advisory council, NYU Stern School of Business advisory council, and the Stony Brook Foundation.

Grasso lives with his wife and four children in Old Brookville, Long Island.

Richard Grasso – continued

Recent Campaign Contributions

New York State:

\$5,000 to George Pataki (R) for Governor

Source: The National Institute on Money in State Politics

ROBERT M. HARDING – Appointed by Mayor Giuliani

With the possible exception of Deborah Wright, Robert Harding is the LMDC Board member with the most direct experience in economic development projects in New York City. Originally a private lawyer and former Counsel to State Assembly Speaker William Passannante, Harding was appointed to a series of positions in the Giuliani administration after his father, Ray Harding, head of the Liberal Party of New York, was instrumental in getting Mayor Giuliani elected. His posts included: Director of the Mayor’s Office of Intergovernmental Affairs, Director of New York City’s Office for Management and Budget, and Deputy Mayor for Economic Development and Finance.

Harding is likely to advocate for the heavy use of targeted tax cuts and other subsidies to lure businesses to the area. Under Giuliani, he was responsible for drawing up preliminary and executive budgets for the mayor, and for brokering large commercial retention packages and other financial deals, including the controversial proposed subsidies for the new Yankees and Mets stadiums, courtesy of the NYC taxpayers. Giuliani praised Harding for bringing about reform in the Business Income Tax, Unincorporated Business Tax, Co-op and Condo Tax, and also for reducing the sales tax on clothes and shoes. Harding once gave a speech at the Yale Club in which he extolled the power of targeted tax cuts, such as the hotel occupancy tax cut, which he claimed reinvigorated the corporate use of NYC hotels for meetings.

Harding also participated in Senator Charles Schumer’s “Group of 35” report that made recommendations about the development of office space and distribution of businesses in NYC. The report recommended increasing the amount of “Class A” office space available through means including tax incentives as an essential component in attracting and retaining large firms.

As the Deputy Mayor for Economic Development and Finance, Harding had an automatic seat on the board of the NYC Industrial Development Agency (IDA) – an entity that awards and oversees the delivery of financial incentive packages to private companies in the name of economic development. This largely mayor-appointed board provides tax subsidies and other forms of public funding to companies that threaten to take jobs out the city. The staff at the IDA, with much direct input from the mayor’s office, has worked for over three years on a subsidy package valued (prior to September 11th) at \$1.1 billion to retain the New York Stock Exchange on Wall Street in Lower Manhattan. The IDA has come under criticism from community groups for its lack of transparency, and for allowing public money to be spent without safeguards when companies fail to make good on their promises. Harding did not respond when community groups reached out to him and other IDA board members and expressed their concerns about the deal.

Harding received a New York-based education at SUNY Plattsburgh and Brooklyn Law School. He is married to Frances Sulzberger Harding and they have two daughters.

Recent Campaign Contributions

New York City 2001 elections:

\$100 to John Seminerio (D) for City Council

Source: NYC Campaign Finance Board

ED MALLOY - Appointed by Gov. Pataki

As the president of both the Building and Construction Trades Council of Greater New York and the New York State Building and Construction Trades Council, as well as the New York State Vice President of the AFL-CIO, Malloy is one of the most widely respected labor leaders in the United States. The New York State Building and Construction Trades Council alone represents over 200,000 people and has great political and financial clout in both the city and the state. Malloy is known for his skill in creating effective labor-management partnerships, and is credited with helping to initiate programs that have created jobs, stimulated development and generated tax revenue. Unusually, for a labor leader, some of the highest praise for him comes from management: Jack Rudin, a major NYC real estate developer put it: Malloy “is a far-sighted, fair and responsive labor leader...If management has a problem and goes to Ed Malloy, management gets a fair hearing and vice versa.” Donald Trump says: “He's a highly respected man within the construction trades. He's a true professional. He's a tough negotiator, but he's also very fair. And he's also one of the finest human beings you'll ever meet. A great man.”

Malloy, who began his career as a steamfitter, is a seasoned political player who has cultivated strong relationships with government officials at the city, state, and federal levels. For example, he persuaded President Clinton to include a provision that required union wages to be paid on school construction projects bill by threatening not to back Al Gore’s 2000 Presidential bid. On the other hand, the Building and Construction Trades Council backed Republican Senator Al D’Amato in a tight election in 1992, but was unable to call in the favor when the following year a Republican filibuster held up a Clinton stimulus package that would have aided the construction industry. And although Malloy himself has maintained a good relationship with Mayor Giuliani and city officials, the building and construction trade unions have gone to battle with the city over certain projects. Most prominently, in July 1998, approximately 40,000 union members from the building and construction trades took over a section of mid-town Manhattan in protest of the non-union company Roy Kay, Inc. that was contracted to build a new MTA building. The protest ended in 38 arrests and some injuries. The unions have also fought with NYU (a university at which fellow LMDC board member Richard Grasso serves on the advisory board) a number of times over non-union construction contracts.

Malloy has been involved in initiatives aimed at broadening opportunities for non-union members in the construction industry, particularly those from poorer parts of the city. He is credited with creating “Project Pathways” a program that links public vocational schools in New York City to industry apprenticeship programs. The project uses public works contracts to leverage private investment in training students who make a formal commitment to graduate. The Building and Construction Trades Council of Greater New York recently backed efforts by community organizations to make alliances between the building trades unions and public housing residents to press the city to make use of Federal money available specifically for training people living in housing projects in construction work that is done on the projects. This effort has built a bridge between the largely minority residents of public housing and the Building Trade unions which have historically lacked in racial diversity. Malloy is also a member of the New York City

Council’s Legislative Advisory Commission on the Homeless. These activities underscore his potential on the LMDC board to act as an ally to working and poor New Yorkers beyond his immediate membership.

Ed Malloy – continued

Ed Malloy and his wife, Marilyn, live in Manhattan. They have two daughters and seven grandchildren.

According to the NYC Campaign Finance Board and The National Institute on Money in State Politics, Mr. Malloy has not made any recent campaign contributions.

LOUIS R. TOMSON – Executive Director of the LMDC - appointed by LMDC Board Members

Louis R. Tomson is a long-time close associate of Governor George Pataki. He served under Pataki as deputy secretary and then first deputy secretary for New York State's 60 public authorities (such as the MTA, the Port Authority, the Dormitory Authority, and the New York Power Authority). He has past work ties to at least two LMDC board members, Frank Zarb and Ed Malloy. Throughout his career he has alternated between public service to New York State and private employment as a lawyer and executive. In his law practice, he has represented many state agencies.

A graduate of Columbia Law School, Tomson was a partner in the law firm Plunkett & Jaffe, where Pataki also worked. As early as 1982, he represented the New York State Dormitory Authority. He also worked as counsel to the former state comptroller, Ned Regan. He served as chairman of the State Thruway Authority from 1999 until he resigned, citing family reasons, in late September 2001. To accept the LMDC executive directorship, he will leave a position as senior vice president of corporate development at Plug Power, Inc., an energy company that develops fuel cell technology that he joined in 1999.

Tomson has a reputation for handling complex problems well and his ability to strike delicate compromises. However, some of his key decisions have raised criticisms that he failed to protect the public good from business interests.

For example, while working as First Deputy Secretary for the Authorities under Pataki, Tomson was instrumental in putting together a controversial buy-out deal first announced in 1997 and authorized in 1998 in which the state, through the Long Island Power Authority (LIPA), took over for the Long Island Lighting Company (Lilco) as the major utility serving Long Island. (Frank Zarb, now a member of the LMDC Board, was considered a chief architect of Pataki's take-over plan and served as unpaid chairman of LIPA until he left in April 1997 to oversee the NASDAQ stock market.) The deal was hailed as much-needed relief to Long Island residents who had been paying roughly twice the national average for their electricity.

However, critics of the deal argued that the rate reductions are somewhat artificial. To make the lower rates possible, the state borrowed a greater amount than necessary using bond financing, and then delayed payment for some of the bond debt over the next three decades. This makes rates for consumers lower for the first few years, but increases the total cost of the deal by approximately \$1 billion over the long-term. The move was viewed by some as a short-term political gimmick by Governor Pataki. At the center of the buy-out dispute was the Shoreham nuclear plant, which was ordered, closed by Governor Cuomo in 1989 and taken over by the Long Island Power Authority to be de-commissioned. As part of the deal, the state promised Lilco that it could charge higher rates to make up for the cost of decommissioning (about \$4.5 billion). Louis Tomson was a key figure in the State's decision that payments to Lilco for Shoreham had to continue being made, despite arguments from critics that the state should simply order Lilco to absorb some of the costs.

As Chair of the Thruway Authority, Tomson was criticized by many, including State Comptroller H. Carl McCall, for announcing a 3% increase in Thruway toll fares in February 2000 without providing any forum for public input. The increases were ultimately shot down by Governor Pataki and a host of other critics. On the other hand, he was instrumental in

Louis R. Tomson - continued

developing the MTA's popular weekly and monthly Metro Card passes. Tomson also helped the MTA commit to replacing 500 buses with natural gas or hybrid electric engines with a state-issued environmental bond.

Tomson faced criticism as a senior vice president at Plug Power, a company which, according to a January 9, 2002 *The New York Times* article, has received "millions of dollars in loans and grants from the state." Mr. Tomson was named in a series of lawsuits filed in the fall of 2000 in which shareholders alleged that top executives approved the release of statements overstating the company's profitability, despite knowing about upcoming financial troubles. Some of the executives apparently profited by selling stock just before bad news later came that caused a 25% plunge in share prices. The lawsuits were consolidated into one class-action suit in January, 2001 and referred to New York's Eastern District Federal Court. No report of a settlement has yet appeared.

Besides his public-sector clients, Tomson has represented the sole labor member of the LMDC board. In 1996, he represented the New York State Building and Construction Trades Council – led by LMDC board member Ed Malloy – in a successful appeal upholding the right of the State Thruway Authority to require successful bidders for state contracts to abide by "project labor agreements," which effectively ensure the projects will be built with all union labor.

Perhaps the most hopeful news about Mr. Tomson is the oldest. In 1975, he served as the executive director of the New York State appointed Committee on Public Access to Records. In this capacity, he and the committee's chair, Columbia University Journalism School Dean Elie Abel, helped re-design the state's Public Access and Freedom of Information codes to make it easier for citizens to look at government records and have input into government decision-making. It declared more government meetings to be "open" and changed the law on document availability to put the burden of proof on the official refusing access rather than the citizen seeking it.

Recent Campaign Contributions:

New York State:

\$1,500 to George Pataki (R) for Governor

Source: The National Institute on Money in State Politics

JOHN C. WHITEHEAD - Appointed by Gov. Pataki

John C. Whitehead has had a long and influential career in both business and government. At age 79, Whitehead emerged from his second retirement when he agreed to chair the Lower Manhattan Redevelopment Corporation (now called the Lower Manhattan Development Corporation or LMDC). Prior to his LMDC post, he spent nearly 38 years as co-chair and Senior Partner at Goldman Sachs. He also served as the Deputy Secretary of State under George Schultz during the Reagan administration. Along the way he chaired the Federal Reserve Bank of New York, was a director of the New York Stock Exchange and Chair of the Securities Industry Association. Following his first retirement he became the Chair of AEA Investors, Inc., a private equity investment company. Throughout his career, he gave significantly to Republican candidates and continues to sit on innumerable boards, notably the International Rescue Committee, the Board of Overseers of Harvard University, the United Nations Association of the USA, the Asia Society, the Brookings Institution (chairman emeritus), and the Boy Scouts of America. He also owns part of the New Jersey Devils, a hockey team.

Whitehead is probably one of the best connected people in the country to both the Republicans in Washington who control much of the Federal aid New York City is likely to see, and to Wall Street, whose member firms are widely regarded as essential to retain in downtown Manhattan in order to boost the recovering local economy. He has a personal history with other local figures as well: He once declined to hire Michael Bloomberg for a job at Goldman Sachs, and he swore in Charles Gargano, head of the Empire State Development Corporation of which the LMDC is a legal subsidiary, as Ambassador to Trinidad and Tobago.

Although extremely well connected with people who are likely to matter to NYC's reconstruction, Whitehead has a history of going his own way. He disagreed publicly with President Reagan over the Iran-contra arms for hostages deal, for example, and took the conservative Heritage Foundation to task for its criticisms of the State Department. If this record is a guide, Whitehead's private judgment will be influential in the decision-making processes the LMDC oversees. By his own admission, Whitehead is not "a Right-wing Republican, but pretty close." As a Deputy Secretary, one of his early tasks was to try to persuade U.S. allies in Europe to support the bombing of Tripoli and join the U.S. in imposing sanctions on Libya because of the terrorist threat posed by its leader, Muammar al-Qaddafi.

One of his most significant philanthropic activities has been fundraising on behalf of international refugees. In December, 2000, his work with the International Rescue Committee reportedly took him to Afghanistan where his group ate a meal with a Taliban leader. He also enjoys a reputation as a mild-mannered gentleman -- for example, under his influence, Goldman Sachs generally did not participate in hostile corporate take-overs -- and an excellent manager and negotiator. These skills that will be necessary to gather and preserve any consensus about redeveloping the Trade Center site. He has already publicly endorsed a mixed-use vision that includes offices, residences, a memorial, and cultural uses. Members of the LMDC will be assigned, he said, to work with and represent various constituencies including Lower Manhattan residents, victims' families, developers, and small and large businesses.

Whitehead has declared that the LMDC will function as an independent body, despite its legal subordination to the state authority headed by Gargano. In a sign of his clout with the Federal government, Congress stunned state government officials by designating up to \$2 billion in reconstruction aid directly to the LMDC without going through the expected state channels.

John C. Whitehead – continued

Because of his wide-ranging connections, his business, political, and philanthropic backgrounds, all of which helped make his appointment as chair acceptable to a broad array of powerful figures, Whitehead is likely to exert more influence over the LMDC's work more than any other member.

Recent Campaign Contributions

New York City 2001 elections:

\$3,500 to Betsy Gotbaum (D) for Public Advocate

Source: NYC Campaign Finance Board

New York State:

\$30,7000 to George Pataki (R) for Governor

\$2,500 to Roy Goodman (R) for Senate

\$1,000 to John Raviz (R) for Assembly

Source: The National Institute on Money in State Politics

MADELYN G. WILS –Appointed by Gov. Pataki

A TV producer-turned-community board chair, Madelyn Wils is the sole downtown resident on the LMDC Board. After marrying into the Wils family fortune (made from a food processing business currently run by her husband Steve Wils) and moving to TriBeCa in 1986, Wils became active in local politics and was eventually elected Chair of Community Board 1, which represents about 50,000 residents including those in TriBeCa, Battery Park City, SoHo and Little Italy.

Wils ran a production company called Bread and Butter Television until 1997. According to *The New York Times*, she created *Larry King Live*, and discovered Charlie Rose at a talk show in Dallas, Texas. As a sidebar, Rose's partner, Amanda Burden, who was described in *Crain's New York Business* as a friend of Mayor Bloomberg's, was recently appointed NYC Commissioner of City Planning.

Wils, as the only "community" representative on the LMDC Board, has positioned herself as an advocate for residents, workers, and community interests. Since the September 11th attacks, she has been advocating for tax breaks for property owners, grants for small businesses, better air quality testing and more professional cleanup. She also recommended, in an article in the *Gotham Gazette*, that the cleanup equipment near her neighborhood be moved uptown by about 20 blocks to a "less heavily residential" area.

Many of Wils' advocacy projects prior to September 11th have centered on the creation of quality public space. She helped form the Hudson River Park Trust. She had serious reservations about a new downtown Guggenheim, and opposed Goldman Sachs' plans to redevelop 55 Water Street because it didn't include a sufficient amount of public space. (Her Community Board voted against permitting the Goldman Sachs project.) The amount and placement of public space is likely to be a large part of the discussions in redeveloping the World Trade Center site as well as other areas of Lower Manhattan. As Community Board Chair, Wils also worked to secure space for the John Hughes House, a men's homeless shelter.

Recent Campaign Contributions

New York City 2001 elections:

\$900 to C. Virginia Fields (D) Manhattan Boro President

\$3,850 to Kathryn Freed (D) for Public Advocate

\$900 to Alan Gerson (D) for City Council

Source: NYC Campaign Finance Board

New York State:

\$1,250 to Tom Duane (D) for Senate

\$100 to Deborah Glick (D) for Assembly

Source: The National Institute on Money in State Politics

HOWARD WILSON - Appointed by Mayor Giuliani

Howard Wilson, widely regarded as an experienced and talented lawyer, is a close personal friend of his former boss, Mayor Giuliani, and chairman of the problem-plagued School Construction Authority. As an assistant U.S. attorney under Giuliani in the U.S. Attorney General's office for the Southern District of New York, Wilson rose to become chief of the criminal division and helped prosecute several high profile Securities and Exchange Commission scandals involving Wall Street brokers.

As a measure of how close Wilson is to the former Mayor, Giuliani once lobbied Senator Al D'Amato to nominate Wilson as his successor at the Attorney General's office. When D'Amato chose a different candidate to back, Giuliani responded by backing D'Amato's Democratic opponent Andrew Cuomo in a tight election year. In 1994, Giuliani appointed Wilson Commissioner of the Department of Investigation of NYC (DOI), a bureau set up to do internal monitoring for the Mayor's office and city agencies. In this role, Wilson came under some criticism for the potential conflict of interest created by his personal relationship to the mayor. Controversial cases included an investigation of former Mayor Dinkins-appointed youth service aides ordered by Giuliani at the same time that his own youth service commissioner was facing allegations of misconduct. In another instance, top Giuliani aides were given rent breaks by a major East Side developer, William Koepfel, who was also a fundraiser and contributor for Giuliani. This incident was not investigated by the DOI but handled internally by the mayor.

Wilson's appointment in 1996 to chair the School Construction Authority also raised eyebrows, since he had no background at all in construction. Under his tenure, problems at the SCA have continued, including spiraling costs (up 33% in the Fiscal Year 2000-2001), failure to complete projects, accidents attributed to negligence, and theft from school properties. In fairness to Wilson, the mayor refused to provide the amount of funding called for by the SCA projects already slated.

Despite his history as a prosecutor, as a private lawyer Wilson has defended some high profile government and Wall Street personalities accused of corruption. These include Adam Barsky, former head of Giuliani's Office of Operations, who took over from fellow LMDC board member Robert Harding as budget director and was accused of mishandling development money through the Industrial Development Agency, and Richard Harriton, a Bear Stearns executive who was ultimately penalized for fraud in an S.E.C. case.

In his role as SCA chair, Wilson has shown himself to be a fan of public-private partnerships in development projects, and has sought to avoid the use of eminent domain to take over properties for school construction. This may be an important indicator for his behavior as a LMDC board member, since the board has the authority, through the Empire State Development Corporation, to condemn downtown properties through eminent domain.

Wilson was born in Borough Park, Brooklyn and graduated from Stuyvesant High School before going on to Cornell University and Harvard Law School.

According to the NYC Campaign Finance Board and The National Institute on Money in State Politics, Mr. Wilson has not made any recent campaign contributions.

DEBORAH WRIGHT – Appointed by Gov. Pataki

Some consider Deborah Wright, President and CEO of Carver Corp. (Carver Federal Savings Bank) since 1999, “Harlem’s unofficial finance minister.” Carver Federal Savings Bank is the largest African-American owned bank in the United States. Prior to heading Carver, Wright was head of the Upper Manhattan Empowerment Zone. While HUD secretary Andrew Cuomo officially appoints the head of Federal Empowerment Zones, it was reported that Wright was the only person key players Gov. George Pataki and Rep. Charles Rangel could agree on for the position.

Wright began her public service career in 1987 at the New York City Partnership after a brief (and admittedly unfulfilling) stint in corporate finance. While still at the Partnership, she joined the City Planning Commission, and then in 1992 left the Partnership when Mayor Dinkins appointed her to the New York City Housing Authority (NYCHA) board.

In 1994, Mayor Giuliani appointed Wright to head the Department of Housing, Preservation and Development (HPD). *The Daily News* praised Wright’s ability to navigate the city’s political waters, noting that working for both Mayors Dinkins and Giuliani is a rare feat to accomplish. However, shortly after being named HPD commissioner in late 1993, Campaign Finance Board reports showed she raised \$850 from employees at the NYCHA for Dinkins’ re-election campaign. Serving as an intermediary for campaign contributions from employees at city agencies is against the City Charter. While no charges were brought against her, the contributions received media attention, and Wright claimed she never delivered any contributions to the Dinkins campaign.

During Wright’s two-year tenure as commissioner, HPD began the complicated process of reducing the city’s role of landlord by turning city-owned buildings over to private owners. In 1995, a controversy erupted during the city’s takeover of three city-owned buildings occupied by squatters. HPD, along with the NYPD and other Mayoral agencies, commandeered a block of the Lower East Side to recapture the three buildings. Residents and housing advocates said that using three helicopters and a 50,000-pound tank was excessive force. However, the police were met with barricades of overturned cars and furniture, trash fires, M-80 fireworks and verbally abusive tenants. The squatters, who claimed they fixed up the dilapidated buildings and made them livable, were defying eviction orders and were prepared to fight the police. At least 30 people were arrested.

In 2000, Wright defeated a hostile takeover attempt of Carver Corp. by Boston Bank of Commerce. The takeover attempt received much public attention and threatened former Mayor Dinkins’ seat on Carver’s board.

Wright, who received a joint program law and business degree from Harvard in 1984, is also Adjunct Assistant Professor of Real Estate at the Columbia Graduate School of Architecture, Planning and Preservation. She is a member of the African-American Association of Real Estate Executives, and a member of New York City 2012.

Deborah Wright - continued

Recent Campaign Contributions

New York City 2001 elections:

\$1,000 to C. Virginia Fields (D) for Manhattan Borough President

\$250 to Marty Markowitz (D) for Brooklyn Borough President

\$500 to Fernando Ferrer (D) for Mayor

\$250 to Helen Marshall (D) for Queens Borough President

\$2,250 to William Thompson (D) for Comptroller

Source: NYC Campaign Finance Board

New York State:

\$500 to Hakeem Jeffries (D) for Assembly

\$500 to Carl McCall (D) for Governor

Source: The National Institute on Money in State Politics

FRANK G. ZARB – Appointed by Gov. Pataki

Portrayed in the media as the “ultimate power broker,” Frank G. Zarb has alternated between Wall Street and political appointments – many of them energy-related – throughout his career. A strong advocate of nuclear power, he was most recently the chairman of NASDAQ and its parent NASD (National Association of Securities Dealers), where he resisted proposals for greater regulation.

Zarb has been appointed to special bodies three times by New York Gov. George Pataki: as a member of the Lower Manhattan Development Corporation; as chair of the Nassau Interim Finance Authority created to supervise Nassau County’s finances after its fiscal crisis; and to engineer the partial state takeover of Long Island Lighting Company.

Other career highlights include serving as President Ford’s energy czar and leading Traveler’s Inc. and Smith Barney with longtime guru and partner Sanford Weill of Citigroup. Zarb was also the chairman of the National Advisory Board of the Resolution Trust Corporation (RTC), established to investigate the savings and loan fraud scandal and dispose of the assets of the failed S & Ls. He also advised California Gov. Gray Davis during that state’s energy deregulation crisis in 2001.

The son of Italian and Maltese immigrants, Zarb grew up in Flatbush, Brooklyn. Following his father’s footsteps he trained to become an airline mechanic, but at the urging of a high school teacher he attended night classes in business. His experience as a trainer at a service station got him a job at a now-defunct Wall Street firm, Goodbody & Company, to train workers in the back office. There, he learned about stocks from co-workers and mastered the back office so well that he was recruited by Sanford Weill, who was building the firm that eventually became Shearson.

Zarb’s 1997-2001 tenure as Chairman and CEO of NASD was marked by several controversies involving ethical issues, as well as the dot-com/high-tech crash.

In December 1997, early in Zarb’s tenure at NASD, a jury found that he had committed fraud and ordered the parent of the insurance brokerage, Alexander and Alexander Services, of which he had been chairman and CEO, to pay \$10 million to former New York Giants wide receiver Phil McConkey. In the lawsuit, McConkey alleged that he had been reluctant to join A&A because he had heard it was about to be sold. McConkey joined Zarb’s company in May 1996 after being reassured by Zarb that it would not be sold. Seven months later, A&A was sold to Chicago-based Aon and Zarb received a \$23 million severance package. While the jury found that Zarb lied to McConkey, the lawsuit was filed against Aon, so Zarb was not personally liable and had earlier been dismissed as a defendant.

NASD board member Alan Davidson called Zarb’s integrity into question following the McConkey case. Davidson had been a harsh critic of Zarb’s controversial proposal to convert NASDAQ into a publicly-traded company. Davidson alleged that the conversion would work to the detriment of small brokerage firms. NASDAQ became a for-profit publicly traded company in 2000.

An April 1998 *Business Week* cover story reported allegations of widespread misconduct at the American Stock Exchange. (AMEX and NASD merged in late 1998 over the objections of the

Frank Zarb – continued

Independent Broker Dealer Association.) The *Business Week* article said the SEC and relevant law enforcement agencies had failed to investigate allegations made by Edward R. Manfredonia, a trader turned whistle-blower who wrote Zarb a 10-page letter alleging a pattern of illegal activity at AMEX. No one from NASD had contacted Manfredonia regarding the letter.

In 1998, Zarb opposed a proposal by the Securities and Exchange Commission to forbid political contributions by municipal bond executives. Zarb's position came as a surprise to industry insiders since he had historically supported a voluntary ban on political contributions by municipal bond dealers. Such contributions are seen as an ethical problem because politicians award contracts to sell bonds, creating the appearance that such contributions constitute kickbacks for the contracts.

Zarb was NASD's highest-paid chairman; his salary of \$1.5 million was about three times that of his predecessor. On leaving, he received a "golden handshake" valued at \$7.5 million.

Zarb is also on the board of Thayer Capital Partners' board of advisors, which also includes Democratic power broker Vernon Jordan, former Congressman Jack Kemp, and former Defense Secretary William Cohen. Thayer is a private equity investment firm based in Washington DC that manages buyouts and growth equity investments.

According to the NYC Campaign Finance Board and The National Institute on Money in State Politics, Mr. Zarb has not made any recent campaign contributions.