



New York City Comptroller
John C. Liu

NEWS RELEASE

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LIU PEELS BACK THE CURTAIN ON EDC’S FINANCES

*Secures unprecedented transparency and accountability concessions from
New York City Economic Development Corporation*

NEW YORK, N.Y. – City Comptroller John C. Liu today announced that the New York City Economic Development Corporation (EDC), the Mayoral-controlled entity that awards corporate subsidies and tax breaks, has instituted unprecedented new measures for transparency and accountability as part of its contract agreement. Liu made the announcement after his office registered the EDC’s annual \$896 million Master and Maritime agreement for the City.

“Finally we have more light shining into the black hole that has been EDC. They will answer to taxpayers now that we’ve cracked open their books,” said Comptroller Liu. “These new measures will help EDC be more focused on their responsibility to create real jobs, not simply dole out publicly funded subsidies to private companies.”

As part of the contract parameters, City Hall has agreed to implement unprecedented reforms including:

- Publication of all City-funded expenditures on Comptroller Liu’s *Checkbook NYC* online transparency tool, beginning Feb 1, 2013;
- Detailed reports on companies that fail to live up to their job commitments along with the enforcement actions, including claw backs, which were brought against them;
- Certification by the President of EDC that the agency is in full compliance with the terms and conditions of the NY State Attorney General’s agreement to prevent additional illegal lobbying; and
- Provisions to encourage the hiring of New York City residents for publicly subsidized projects.

Background:

Comptroller Liu has criticized the EDC for its failure to create jobs, while doling out huge corporate subsidies. Even though Comptroller Liu views these reforms as a step in the right direction his office will continue to scrutinize the agency's finances and incentive programs.

After revelations by the State Attorney General of illegal practices at the EDC, Comptroller Liu's July 9, 2012 letter urged Mayor Bloomberg to "...finally open the EDC's books to the public. The EDC's FY 2013 budget is projected to exceed \$800 million. It's time to post all of the EDC's spending online on a daily basis, as other City agencies now do through Checkbook NYC."

In a letter dated September 26, Liu wrote, "The City cannot afford to miss this opportunity to meaningfully improve the way it promotes economic development and job creation in a more transparent and accountable manner."

"If the EDC cannot manage its own operations with greater transparency and accountability, produce the number and types of jobs it has promised, and stimulate the City's economy to a degree commensurate with the public subsidies it receives, then the City must directly reassume those responsibilities," Liu continued, directly questioning the premise that economic development policy can best be implemented through a quasi-city nonprofit organization.

The September letter can be viewed at <http://comptroller.nyc.gov/press/pdfs/Letter-to-Mayor-re-EDC-09-26-12.pdf>

Some links to past statements/audits are below:

LIU CALLS ON BLOOMBERG TO CHANGE EDC'S "LAW-BREAKING" CULTURE

(July 9, 2012)

http://www.comptroller.nyc.gov/press/2012_releases/pr12-07-083.shtm

LIU STATEMENT ON EDC ILLEGAL LOBBYING SETTLEMENT

(July 3, 2012)

http://comptroller.nyc.gov/press/2012_releases/pr12-07-082.shtm

LIU: EDC SUBSIDIZES EMPTY JOB PROMISES

(March 19, 2012)

http://www.comptroller.nyc.gov/press/2012_releases/pr12-03-025.shtm

LIU STATEMENT ON EDC'S \$100 MILLION SUBSIDY TO FRESH DIRECT

(February 14, 2012)

http://www.comptroller.nyc.gov/press/2012_releases/pr12-02-015.shtm

AUDIT REPORT ON CONEY ISLAND DEVELOPMENT CORPORATION'S FINANCIAL AND OPERATING PRACTICES

(November 7, 2011)

http://www.comptroller.nyc.gov/bureaus/audit/audits_2011/11-07-11_FM11-070A.shtm

LIU: EDC KEEPS MILLIONS IDLE

(Sept. 21, 2011)

http://www.comptroller.nyc.gov/press/2011_releases/pr11-09-075.shtm

LIU: CASH DISAPPEARS AT THE WATER CLUB ON EDC'S WATCH

(February 9, 2011)

http://www.comptroller.nyc.gov/press/2011_releases/PR11-02-013.shtm

CITY RECAPTURES \$120 MILLION FROM EDC

(July 27, 2010)

http://www.comptroller.nyc.gov/press/2010_releases/pr10-07-080.shtm

AUDIT: EDC HOARDS \$125 MILLION OF TAXPAYER MONIES

(April 28, 2010)

http://www.comptroller.nyc.gov/press/2010_releases/pr10-04-046.shtm

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