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Report Exposes Forest City Enterprise's Bait and Switch Business Model

"The Ratner Way: Lobby, Profit and Bilk" reveals how Forest City Enterprises Ravishes Communities of Local and State Tax Dollars

WASHINGTON – [Cause of Action](#) (CoA), a government accountability organization, today released *"The Ratner Way: Lobby, Profit and Bilk,"* the second installment of the three-part investigation, *"Political Profiteering: How Forest City Enterprises Makes Private Profits at the Expense of American Taxpayers,"* examining how real estate development giant Forest City Enterprises (FCE) has extended its pattern of using politics for profit across the country. As part of CoA's ongoing investigations into crony companies, the report reveals how FCE pocketed \$277.2 million in subsidies from taxpayers in Brooklyn, N.Y. and Albuquerque, N.M. after contributing \$310,450 to local political candidates and spending over \$8.6 million on lobbyists. Additionally, FCE promised to create more than 70,000 permanent jobs and 3,750 affordable housing units in Brooklyn and Albuquerque, but has actually produced only 3,000 permanent jobs and built no affordable housing units.

"FCE's unfair pattern of creating a false market for themselves extends across the country, leaving a trail of broken promises and nearly \$9 million in the pockets of lobbyists," said Dan Epstein, Cause of Action's executive director. "Even when taxpayers from Brooklyn and Albuquerque delivered on \$277 million in tax incentives and subsidies to FCE, the company failed to ensure the creation of the jobs and housing units promised, instead opting to back out of projects."

Among the most nefarious of examples of FCE's profiting from communities revealed in the report:

- Forest City Ratner (FCR) promised to create 10,000 permanent jobs and 2,250 units of affordable housing in exchange for \$270 million in direct taxpayer money to build the Barclays Center. To date, none of the affordable housing has been built and only 2,000 permanent jobs have been created -- 1,900 of which are part-time jobs.
- Despite receiving \$270 million in subsidies for the Atlantic Yards project in Brooklyn and a commitment of \$630 million over 25 years for its Mesa del Sol project in Albuquerque, FCE has failed to deliver the public benefits promised in exchange for taxpayers' financial support.
- FCE provided \$150,000 in campaign contributions and use of its corporate jet to then-Governor of New Mexico Bill Richardson in order to push through a bill creating a new subsidy for real estate development in 2006. In 2007, FCE received commitments from the City of Albuquerque and the State of New Mexico for up to \$130 million and \$500 million in subsidies, respectively, over 25 years.
- FCE's Residential Group (FCRG) has promised the City of New Rochelle, N.Y. that its Echo Bay project will create about 59 permanent jobs and increase local tax revenue. Despite the fact that residents have been facing property tax increases and cuts in public services for years, FCRG seeks \$20 million in tax abatements from 2016 to 2035.

To access the full report, [click here](#).

Comment [11]: Hyperlink to the report page

To access the first report, *Anatomy of a Crony Capitalist*, [click here](#).

About Cause of Action:

Cause of Action is a non-profit, nonpartisan government accountability organization that fights to protect economic opportunity when federal regulations, spending and cronyism threaten it. For more information, visit www.causeofaction.org.

To schedule an interview with Cause of Action's Executive Director Dan Epstein, contact Mary Beth Hutchins, mary.beth.hutchins@causeofaction.org or Jamie Morris, jamie.morris@causeofaction.org.

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