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Real Estate Interests Help Cuomo Gain a Big Edge in Cash

By Christine Haughney Jan. 28, 2010

As Attorney General Andrew M. Cuomo readies his candidacy for governor, one industry is helping him amass a huge fund-raising advantage: real estate.

New records show that even as the industry has confronted its worst crisis in decades, developers, construction executives and real estate lobbyists have given millions of dollars to Mr. Cuomo, providing one in every five dollars over the past six months.

The money has come as Mr. Cuomo's office has been flooded with complaints about construction in new developments, especially from buyers who are trying to break their sales contracts, claiming that builders are not living up to their promises.

An analysis by The New York Times shows that the real estate industry was the top giver to Mr. Cuomo over the past three years as he amassed \$18 million, leaving him with a five-to-one advantage over Gov. David A. Paterson, a fellow Democrat. The donors include some of the biggest names in the business, many of whom are grappling with intense pressures in the current slowdown.

Since June, the top three executives of Tishman Speyer Properties Jerry I. Speyer; his wife, Katherine G. Farley; and his son Robert Speyer have donated a combined \$151,000 to Mr. Cuomo as they struggled to avoid defaulting on the Stuyvesant Town and Peter Cooper Village apartment complexes, efforts that eventually failed.

Shaya Boymelgreen, who built more than 2,400 apartments throughout the city during the building boom over the past decade, gave \$8,000 while his empire was unraveling as he struggled to build several projects. Kent Swig, who built a \$3 billion real estate portfolio but now says he faces personal bankruptcy, gave \$15,000 over the past two years.

Other prominent givers included Lloyd Goldman, an owner of the World Trade Center site; Bruce C. Ratner, the Atlantic Yards developer; Steven Roth, the chief of Vornado Realty Trust; Stephen M. Ross, the chief of the Related Companies; and Richard Lefrak, whose family developed Lefrak City in Queens and owns tens of thousands of apartments.

"Cuomo got a ton of money from people working in the real estate sector," said Bill Mahoney, research coordinator for the New York Public Interest Research Group, a government watchdog organization, who helped analyze the data. "You don't usually see numbers that high coming from one business sector to one particular candidate, especially as someone who raises as much money as he did. It's definitely not the norm."

Over the past six months, Mr. Cuomo raised \$6.8 million, 17 percent of which came from the real estate industry. The industry accounted for 20 percent of his \$3.9 million in donations from individuals.

The outpouring of support is in some ways unsurprising. Although he has not officially declared his candidacy, Mr. Cuomo is viewed as all but certain to enter the race for governor, and polls indicate he would be a formidable candidate.

The donations could create thorny issues for Mr. Cuomo as he pursues the governor's office. Many of the major developers' projects, like the World Trade Center and Atlantic Yards, are likely to come before the next governor.

And in his role as attorney general, Mr. Cuomo has responsibility over the offering plans of condominium and cooperative apartments, real estate investments, mortgage fraud cases and complaints about construction flaws that violate what developers originally promised. Nearly all plans for new residential development must be approved through his office.

Aides to Mr. Cuomo said he had set up a rigorous screening process that requires donors to certify that they have had no matter before his office for the past three months. They say he keeps a firewall between his campaign and the operation of his office and goes further than any other state official in vetting contributors.

A spokesman for Mr. Cuomo's office attributed the financial support from the real estate industry to Mr. Cuomo's work in real estate before his election in 2006. (He worked at the Island Capital Group, a real estate investment fund and developer of luxury marinas.)

"Any suggestion that members of the real estate industry exert improper influence over this office's real estate finance unit is laughable and belied by the facts," said the spokesman, John Milgrim. "The bureau is staffed with professionals of the highest caliber and integrity, and the bureau itself is a model for other regulators."

But some lawyers representing clients in cases involving construction problems with new condo developments and contract troubles say it is extremely difficult to get Mr. Cuomo's office to respond to the problems.

In late 2006, residents at the Newwalk building in Brooklyn, a Boymelgreen project, contacted the attorney general's office about construction problems, said Michael Rogers, a resident and board member. On March 26, 2007, the residents' lawyer wrote a letter to Mr. Cuomo with specific complaints. His office took no action, and the residents sued the developer in November 2007.

In July 2008, they filed a formal complaint with the attorney general. For almost a year, they received no response, and in the summer of 2009, Lewis A. Polishook, an assistant attorney general, told the residents that the office would not get involved in a dispute that was in litigation.

"They've told us, 'You're on your own,'" Mr. Rogers said.

Mr. Cuomo accepted three donations totaling \$8,000 from Boymelgreen-related companies between Jan. 15, 2008, and May 11, 2009. After an inquiry from The Times, Mr. Milgrim said that Mr. Cuomo would return the money.

Mr. Cuomo's aides strongly defended the work of the Real Estate Finance Bureau, which handles the complaints, and said Mr. Cuomo had increased its staffing by 23 percent since taking office, making it larger even than the Division of Economic Justice, which oversees Wall Street and consumer problems.

Part of the challenge is that many buyers are seeking to break contracts on properties that have plunged in value since the real estate bubble burst. That has left the attorney general's office wading through thousands of complaints trying to sort the legitimate from the rest.

From the 1,640 complaints and 473 escrow dispute cases the bureau received last year, it resolved almost 1,500 complaints and nearly 300 escrow disputes, Mr. Milgrim said. Full investigations were opened in about 150 matters, and the office resolved 50. Ten were resolved through litigation or a settlement, and the rest were addressed through mediation.

[Lorraine Nadel](#), a real estate lawyer who made a small donation to Mr. Cuomo in the past, said that she received many complaints from New Yorkers who wanted her to contact the attorney general about getting out of condo contracts, and that she tried not to bother the office with most of them. But she sought its help on a recent case involving a developer of a luxury condominium project in Union Square who she said misrepresented the number of signed contracts he had obtained from buyers when he received approval from the attorney general to go ahead with his plans.

She got no resolution. "They're sort of the gatekeeper of condo and co-op offering plans," she said. "Now that we are all filing complaints, they really need to step in and resolve it, and they're not."

Mr. Milgrim, the aide to Mr. Cuomo, said the office reviewed the case and found no fraud.

Mr. Cuomo declined to be interviewed for this article. The issues facing the real estate bureau do not seem to be affecting the office's civil rights division, which handles some mortgage fraud cases.

Meghan Faux, director of the foreclosure prevention project at South Brooklyn Legal Services, praised what she called the newfound responsiveness of the civil rights division. And James Lewis, director of policy and organizing at Changer, a nonprofit group that counsels homeowners, said that when he approached the office last spring about foreclosure rescue scams, the staff met with him immediately and resolved the problem in the summer.

"I don't think we could have wished for any more," he said.

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The real estate industry, which Attorney General Andrew M. Cuomo helps oversee, has been his top giver, even as it has hit hard times. Credit...Nathaniel Brooks for The New York Times