



Councilmember Corey Johnson
Speaker of the City Council
New York City Council
City Hall
New York, NY 10007

April 29, 2019

Re: Please act to apply City ethics laws to NYC EDC Board of Directors

Dear Speaker Johnson:

We write to request the Council take action to subject the board members of the New York City Economic Development Corporation (EDC) to the City's ethics laws – Chapter 68 of the New York City Charter – when they are not city employees.

The Conflicts of Interest Board (COIB) believes EDC is not subject to Chapter 68, [relying on a lengthy Law Department interpretation from 1990](#) that says State Not-For-Profit Corporation Law preempts City ethics laws that might apply to the Board. We thought EDC fell under the [definition of “agency” in Chapter 68](#), which includes both “authorities” and “corporations,” and that the Not-For-Profit corporation law may merely provide a floor for ethics standards. EDC is a 501(c)(3) nonprofit corporation that is considered an authority by the New York State Authorities Budget Office.

Regardless of the Law Department's interpretation, we ask you to use the power of the Council's authority to correct what we see as a hole in New York City's conflict of interest law.

Here are three actions Council can consider:

1. Pass legislation subjecting EDC board members to Chapter 68 and COIB.

2. Pass a home rule message requesting state legislation allowing Council to act on this matter in the event City legislation is preempted per the Law Department memo.
3. Mandate via legislation or otherwise the City's contract with EDC include a provision subjecting the board to Chapter 68 and COIB.

Our concerns about EDC's board being outside of City ethics laws was heightened by [The City's article that reported that EDC board member Mark Patricof has a financial interest in and serves on the Board of Hornblower](#), the recipient of the City's ferry contract worth over \$500 million. Patricof acquired an interest in Hornblower through Crestview Partners, where he is a senior advisor, after he joined the EDC Board. Additionally, it appears to us that Patricof violated EDC's own [board rules](#), which state:

Prohibitions. *A Director shall not make personal investments in enterprises that he or she has reason to believe may be directly involved in unavoidable decisions to be made by him or her as a Director of the Corporation, or that will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest. Additionally, a Director is prohibited from accepting employment that unavoidably impairs his or her independence of judgment in the exercise of his or her service as a Director.*

We believe Mr. Patricof, or any EDC board member, should not have a sizable financial stake in any business doing business with EDC. We further believe that disclosure and recusal policies in the State Not-For-Profit Corporation Law are generally inadequate because they are too difficult for the public to monitor or enforce.

Thank you for your consideration. Should you or your staff welcome further conversation about this matter, please contact Alex Camarda, Senior Policy Advisor, at Reinvent Albany at alex@reinventalbany.org.

Regards,

John Kaehny
Executive Director
Reinvent Albany

Blair Horner
Executive Director

New York Public Interest Research Group (NYPIRG)

CC:

New York City Conflicts of Interest Board Members

New York City Law Department

New York City Councilmember Paul Vellone

New York City Economic Development Corporation