

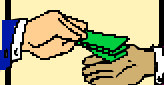








Pay to Play?

Campaign Contributions to Governor Pataki and Funds from the Empire State Development Corporation

S	M	T	W	T	F	S
1	2 	3	4	5  Contract	6	7
8	9	10 	11	12	13  Contract	14
15	16  Contract	17	18	19 	20	21
22	23	24	25 	26	27	28
29	30	31  Contract				

Public Policy and Education Fund of New York

October 2002

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Introduction

State authorities such as the Power Authority, Port Authority of New York and New Jersey, New York State Thruway and Metropolitan Transportation Authority are a major part of New York State government. New York State frequently uses “public benefit corporations” to undertake large economic development and public works projects, rather than implementing them through more traditional governmental bodies. Authorities are more autonomous than other agencies, they have more financial leeway, and they generally function more like independent businesses than like government agencies.¹

Despite the fact that their accountability to the public and elected officials is extremely limited, state authorities control billions of dollars of public funds.² They regularly issue bonds for their own projects, and they have also been used to borrow for other, unrelated state government purposes, such as the construction of prisons, thus indirectly increasing state debt beyond the debt limits set by state-wide referenda.³

While many are concerned about public benefit corporations because of their broad authority and financial scope combined with little accountability, some authorities are particularly suspect because of their political role and the financial benefit that they provide to selected private businesses. The Empire State Development Corporation (ESDC) is a prime example.

“Empire State Development Corporation” is an assumed name, under which the Urban Development Corporation (UDC), the State Department of Economic Development and many other smaller development programs are integrated. The UDC’s original role was to provide financial aid

for the development of low-income housing, industrial parks and malls, and such public facilities as sports stadiums and convention centers.⁴ While these functions are still a significant part of the ESDC’s activities, the scope of the agency has been significantly expanded since the mid-1990s. Currently, the ESDC serves as a “one-stop [shop] for businesses needing assistance,”⁵ regularly working with private corporations to put together benefit packages including funding from job development programs, development assistance from other governmental agencies and municipalities, and numerous other sources. In many cases, this effort comes as a result of negotiations and close collaboration between the ESDC and businesses seeking governmental subsidies.

It is clear that the ESDC is closely connected to Governor Pataki. The ESDC was actually created by Governor Pataki soon after he took office in 1995. By combining a broad range of state development agencies under the control of the ESDC, the Governor gave unprecedented authority and discretion to the ESDC’s board and particularly its chair. This is particularly telling, since the Governor’s former chief fundraiser, Charles Gargano, has served as the chairman of the ESDC since its creation in 1995. Press releases announcing new ESDC grants to businesses are actually released by the Governor’s press office.⁶

This report details over \$100 million in public funds received by 26 private companies which contributed almost \$400,000 to Governor Pataki and the Republican Party. The 26 companies in question each received at least \$1 million from the ESDC since 1997, and they and their executives made campaign contributions to Governor Pataki’s 1998 and 2002 re-election campaigns.

1. Keith M. Henderson, “Other Governments: Public Authorities” in *Governing New York State*, 4th Ed., SUNY, 2001, p.187-199

2. According to the 1997 Comptroller’s Annual Financial Report, Public Benefit Corporations had over \$41 billion in bonds payable and short-term debt outstanding.

3. Henderson, 189

4. Henderson, 193-4

5. State of New York Executive Budget, 1997-1998 p. ix

6. Available online at <http://www.state.ny.us/governor/press/year02/press02.html>

Methodology

This study is based on records obtained from the Empire State Development Corporation and campaign finance reports filed with the New York State Board of Elections.

The ESCD data includes grants and loans made between 1995 and 2001, as provided to PPEF by the ESCD through a request made under New York's freedom of information law. The total ESCD benefit amounts quoted are a combination of grants and loans received by a given corporation, often encompassing several different development projects or sites. For the purposes of this report, we only analyzed companies that received loans and grants of \$1 million or more.

The campaign contribution data from 1999 to 2002 is from the New York State Board of Elections website.⁷ The data for 1997 and 1998 was made available by the Institute for Money and State Politics from a database originally constructed by a consortium of New York newspapers. The total amounts quoted in this report for contributions from companies benefitting from ESCD funds are based on Board of Elections records reported on five contribution schedules.⁸

The campaign contribution data includes all donations from the corporations receiving ESCD benefit, their owners or subsidiaries when identified, corporate and employee PACs, and individual executives and directors and their spouses and dependents. Individual contributions are only included if the individual in question was an officer or director of the company, or the spouse or dependent of an officer or director, at the time that the campaign contribution was made. A multi-step research process was used to positively identify individual contributors. Unfortunately, New York State disclosure law does not require that

individuals be identified by employer or occupation in campaign finance filings. Some contributors were identified using data from the Federal Elections Commission and the New York City Campaign Finance Board, both of which require reporting of occupation and employer. A variety of internet searches and other research strategies were used to identify a significant number of individual donors.

This study certainly underestimates the number of ESCD contracts that coincide with campaign contributions to Governor Pataki and the New York State Republican Party. The study excludes companies that received less than \$1 million in ESCD funding. The reporting limitations of New York election law, make it highly likely that we missed contributions from corporate executives and their spouses. We do not have access to campaign contribution data from before 1997 and the 1997-1998 data does not include data on contributions to the Republican Party; it only includes contributions made directly to Governor Pataki's election campaign.

7. <http://www.elections.state.ny.us>

8. Individuals and partnerships (Schedule A), corporate contributions (Schedule B), all other contributions -- PACs, organizations, etc.(Schedule C), in-kind contributions (Schedule D), and party housekeeping receipts (Schedule P)

Findings

Twenty-six companies that each received more than one-million dollars in ESDC funding made campaign contributions to Governor Pataki and the New York State Republican Party. These companies received a total of \$102,327,050 in ESDC grants and loans between 1995 and 2001. These companies, their executives and directors contributed \$393,349 to Pataki and the Republican Party between 1997 and 2002.

In many cases the dates of the ESDC contract or loan and the dates of the campaign contribution are very close. Here are some examples:

- Between January 1997 and January 2001, Corning, Inc. received 11 separate ESDC grants and loans, totalling \$10 million in state funds. All seven of the dates on which Corning received ESDC funds fell within three months of a campaign contribution. On August 17, 2000 Corning received \$250,000 in ESDC funding; the next day Corning's Chairman, James R. Houghton, contributed \$1,000 to the New York State Republican Party. In a three month period in 1997 the ESDC made seven loans and grants totalling \$6.25 million while Corning executives gave seven campaign contributions to the Governor adding up to \$18,000.
- General Electric received over \$3.2 million in ESDC funding between 1996 and 1998. One \$200,000 grant was approved the day before a \$1,000 contribution to Governor Pataki from General Electric Director Kenneth G. Langone, and on the same day as a \$1,000 contribution from Langone's wife Elaine. A little more than one month later GE received grants and loans from ESDC of an additional \$750,000.

- On January 18th, 2001 News Corporation, the giant media conglomerate headed by Rupert Murdoch, received a \$2.4 million ESDC grant and one of its subsidiaries, the *New York Post*, made a \$1,500 campaign contribution to the New York State Republican Party.
- Kraft Foods received over \$2.3 million in ESDC grants and loans since 1995 for various projects related to its Nabisco brand. On March 15, 1999 Philip Morris, Kraft's parent company, gave the New York State Republican Party \$10,000. One month later, on April 21, ESDC gave Kraft a \$53,290 grant. In the month following the grant, on May 28, Philip Morris gave another \$25,000 to the State Republican Party. On July 20, 2000 Kraft received an \$89,500 ESDC grant; followed on August 9th by a \$10,000 campaign contribution to the Republican Party and on September 7th by an additional \$15,000 contribution.

Below, the first chart details ESDC funds received and contributions given by all of the 26 companies. The following pages give in-depth information on the dates, distinct donors, etc. of eight of the 26 corporations studied. These examples demonstrate the close connections between contributions and grants, and also show that much of the money donated to influence politicians comes from individual executives and directors, not simply from the corporation itself.

Total ESDC Benefit and Total Contributions Overall

	ESDC Benefit
ESDC Grants	\$ 91,584,825
ESDC Loans	\$ 10,742,225
Total ESDC Benefit	\$ 102,327,050
	Contributions
to Pataki	\$ 191,850
to NYS Republicans	\$ 201,499
Total Contributions	\$ 393,349

Total ESDC Benefit and Total Contributions by Corporation

Corporation	Total ESDC Funds	Total Contributions
DELPHI-HARRISON (FORMER GENERAL MOTORS)	\$ 20,750,200	\$ 4,500
NEWS CORP	\$ 15,345,000	\$ 1,500
CORNING	\$ 10,000,000	\$ 43,900
LOCKHEED MARTIN	\$ 9,750,000	\$ 5,000
NEW VENTURE GEAR (GENERAL MOTORS + DAIMLERCHRYSLER)	\$ 5,500,000	\$ 18,000
GENERAL ELECTRIC	\$ 3,264,400	\$ 2,000
BUFFALO CHINA / ONEIDA LTD	\$ 3,063,130	\$ 1,000
GENESEE BREWING / HIGH FALLS / MONROE BREWING	\$ 3,000,000	\$ 10,000
NASD / NASDAQ	\$ 3,000,000	\$ 1,500
ALBANY MOLECULAR RESEARCH	\$ 2,540,000	\$ 9,050
THE GAP, INC	\$ 2,500,000	\$ 1,000
KRAFT / PHILIP MORRIS	\$ 2,324,193	\$ 95,199
GUARDIAN INDUSTRIES	\$ 2,250,000	\$ 1,000
DIEMOLDING CORP	\$ 2,223,000	\$ 2,750
AIG (AMERICAN INTERNATIONAL GROUP INSURANCE)	\$ 1,825,000	\$ 6,000
GARDEN WAY	\$ 1,800,000	\$ 2,500
NABISCO / R.J. REYNOLDS	\$ 1,761,290	\$ 10,000
KAUFMAN ASTORIA STUDIOS	\$ 1,700,000	\$ 72,700
INTERNATIONAL PAPER	\$ 1,629,437	\$ 50,000
QUEBECOR PRINTING	\$ 1,501,400	\$ 5,000
FORD	\$ 1,500,000	\$ 10,250
ALSTOM TRANSPORTATION	\$ 1,100,000	\$ 30,500
INDIUM CORP	\$ 1,000,000	\$ 1,000
PLUG POWER LLC	\$ 1,000,000	\$ 6,750
REVERE COPPER PRODUCTS	\$ 1,000,000	\$ 4,750
ZURICH CENTRE GROUP / ZURICH FINANCIAL	\$ 1,000,000	\$ 1,000
Overall	\$ 102,327,050	\$ 393,349*

* Contribution total subtracts \$3,500 of contributions from General Motors which would otherwise be double-counted due to GM's involvement with two separate companies receiving ESDC funds.

Corning

Corning, Inc, the central New York manufacturing giant, received millions in ESDC funds, often within days or weeks of contributions to Governor Pataki and the state Republican party from the company or its executives.

Between January 1997 and January 2001, Corning received 11 Empire State Development grants and loans, on 7 separate occasions, totalling \$10 million in state funds. Between September of 1997 and January of 2002, Corning and its executives contributed \$43,900 to Governor Pataki and the New York State Republican Party. All 7 of the dates on which Corning received ESDC funds fell within three months of a campaign contribution. On four of the seven dates, contributions and ESDC grants coincided by two weeks or less.

In addition to the ESDC grants and loans specified below, several additional Corning projects were funded after January 18, 2001, the end date of the ESDC data obtained for this study. According to the offices of the Governor and Lieutenant Governor, the ESDC was involved in Corning development projects in April and October of 2001 (04/30/01 and 10/17/01). Although the actual amount of any ESDC funding cannot be ascertained, the authority offered Corning over \$2.5 million in grants between these two projects. Each of the dates that the two projects were announced by the State each fell within one month of a Corning campaign contribution, and the April date came within less than a week of several large contributions.

It is also worth noting that Representative Amory Houghton, Jr., (R-NY), former chairman and CEO of Corning and older brother of James R. Houghton, has contributed \$15,000 to Governor Pataki and \$2,000 to the New York State Republican Party since 1997.

Corning Executives and Directors

Biographical information and amount contributed to Governor Pataki and NYS Republicans

James R. Houghton: \$13,000
Chairman, 1983-1996 & 2001-present. CEO 1983-1996 & 2002. Director since 1969.

Laura R. Houghton: \$5,500
Mother of James R. Houghton, wife of Amory Houghton Sr., former CEO and Chairman, Corning Inc.

John W. Loose: \$4,500
CEO, 2000-2002. Employed by Corning since 1964.

Gary K. Emmick: \$1,500
Senior VP, Long-term employee retired 06/2002

Roger G. Ackerman: \$10,500
CEO, 1996-2000. Chairman, 01/2001 - 06/2001. Employed by Corning since 1962.

Robert A. Gilchrist: \$1,500
Senior VP, Long-term employee.

James B. Flaws: \$1,850
CFO, 1999-present. Employed by Corning since 1973.

Larry Aiello, Jr: \$1,250
President and CEO, Corning Cable Systems. Employed by Corning since the early 1970s.

Peter F. Volanakis: \$1,000
President, Corning Technologies since 2000. Employed by Corning since 1982.

Corning: Total ESDC Benefit and Total Contributions from Corning and Executives

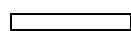
Total ESDC Grants: \$ 9,550,000	Total Pataki Contributions:	\$39,100
Total ESDC Loans: \$ 450,000	Total NYS Republican Contributions:	\$4,800
Total ESDC Benefit: \$10,000,000	Total Contributions:	\$43,900

Corning: Campaign Contributions and ESDC Grants and Loans by Date

Loan Amount	Grant Amount	Grant / Loan Date	Contribution Date	Contribution Recipient	Contributor Name (Corp)	Contributor Name (Individual)	Contribution Amount
\$ -	\$ 300,000	07/16/97					
\$ 250,000	\$ 250,000	07/16/97					
			09/10/97	PATAKI		LAURA R. HOUGHTON	\$ 500
			09/10/97	PATAKI		JOHN W. LOOSE	\$ 500
			09/11/97	PATAKI		GARY K. EMMICK	\$ 500
			09/15/97	PATAKI		JAMES R. HOUGHTON	\$ 5,000
			09/17/97	PATAKI		ROBERT A. GILCHRIST	\$ 500
\$ -	\$ 3,000,000	09/23/97					
\$ -	\$ 1,500,000	09/23/97					
\$ -	\$ 500,000	09/23/97					
\$ 200,000	\$ 200,000	09/23/97					
			10/01/97	PATAKI		ROGER G. ACKERMAN	\$ 8,000
			10/15/97	PATAKI		JOHN W. LOOSE	\$ 3,000
\$ -	\$ 50,000	10/28/97					
\$ -	\$ 1,000,000	06/22/98					
			09/17/98	PATAKI		JAMES B. FLAWS	\$ 250
			03/10/99	PATAKI		JAMES B. FLAWS	\$ 100
			03/16/99	PATAKI		LARRY AIELLO, JR.	\$ 50
			06/04/99	PATAKI		LARRY AIELLO, JR.	\$ 200
\$ -	\$ 1,500,000	06/17/99					
			10/08/99	NYS REPS		JAMES R. HOUGHTON	\$ 1,000
			01/26/00	NYS REPS		JAMES R. HOUGHTON	\$ 1,000
			05/25/00	NYS REPS		JAMES R. HOUGHTON	\$ 1,000
			05/26/00	PATAKI		JAMES B. FLAWS	\$ 250
			06/23/00	PATAKI		JAMES R. HOUGHTON	\$ 1,000
\$ -	\$ 250,000	08/17/00					
			08/18/00	NYS REPS		JAMES R. HOUGHTON	\$ 1,000
\$ -	\$ 1,000,000	01/18/01					
			02/09/01	PATAKI		JAMES B. FLAWS	\$ 250
			03/28/01	PATAKI		JAMES R. HOUGHTON	\$ 1,000
			04/06/01	PATAKI		JOHN W. LOOSE	\$ 1,000
			04/18/01	PATAKI		GARY K. EMMICK	\$ 1,000
			04/18/01	PATAKI		LARRY AIELLO, JR.	\$ 1,000
			04/26/01	PATAKI		JAMES B. FLAWS	\$ 1,000
			04/26/01	PATAKI		PETER F. VOLANAKIS	\$ 1,000
			05/04/01	PATAKI		LAURA R. HOUGHTON	\$ 5,000
			05/04/01	PATAKI		ROBERT A. GILCHRIST	\$ 1,000
			05/11/01	PATAKI	COREPAC		\$ 2,500
			05/11/01	PATAKI		JAMES R. HOUGHTON	\$ 1,000
			05/11/01	PATAKI		ROGER G. ACKERMAN	\$ 2,500
			08/10/01	PATAKI		JAMES R. HOUGHTON	\$ 1,000
			09/25/01	NYS REPS	CORNING INC.		\$ 800



ESDC Grant or Loan to Corporation



Corporate Campaign Contribution to Governor Pataki or New York State Republican Party

General Electric

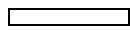
General Electric received over \$3.2 million in ESDC funding between 1996 and 1998. One \$200,000 grant was approved the day before a \$1,000 contribution from General Electric Director Kenneth G. Langone, and on the same day as a \$1,000 contribution from Langone's wife Elaine.

General Electric: Campaign Contributions and ESDC Grants and Loans by Date

Loan Amount	Grant Amount	Grant / Loan Date	Contribution Date	Contribution Recipient	Contributor Name (Individual)	Contribution Amount
\$ 375,000	\$ 375,000	09/18/96				
\$ -	\$ 14,400	11/20/96				
\$ -	\$ 500,000	12/19/96				
			03/18/97	PATAKI	ELAINE A. LANGONE	\$ 1,000
\$ -	\$ 200,000	03/18/97				
			03/19/97	PATAKI	KENNETH G. LANGONE	\$ 1,000
\$ 375,000	\$ 375,000	04/29/97				
\$ -	\$ 500,000	01/14/98				
\$ -	\$ 350,000	01/14/98				
\$ -	\$ 200,000	05/20/98				



ESDC Grant or Loan to Corporation



Corporate Campaign Contribution to Governor Pataki or New York State Republican Party

General Electric: Total ESDC Benefit and Total Contributions from General Electric

Total ESDC Grants: \$2,514,400

Total ESDC Loans: \$ 750,000

Total ESDC Benefit: \$3,264,400

Total Pataki Contributions:

Total NYS Republican Contributions:

Total Contributions:

\$2,000

\$ 0

\$2,000

General Motors (and DaimlerChrysler): Delphi-Harrison and New Venture Gear

General Motors benefitted from ESDC funding through two of their subsidiaries -- Delphi Automotive and New Venture Gear.

Delphi, which was a GM subsidiary until late 1998 and continues to do business largely with GM as a parts supplier, received \$20.8 million in ESDC funding. \$20 million in ESDC grants came

two months after a \$2,500 contribution from GM.

New Venture Gear, a collaboration between GM and DaimlerChrysler, received \$5.5 million in ESDC funding in 2000 and 2001, \$1.5 million of which came roughly one month after \$10,000 in contributions from DaimlerChrysler.

Delphi-Harrison / Delphi Automotive: Campaign Contributions and ESDC Grants and Loans by Date

Loan Amount	Grant Amount	Grant / Loan Date	Contribution Date	Contribution Recipient	Contributor Name (Corp)	Contribution Amount
			10/26/96	PATAKI	GM CIVIC INVOLVEMENT PROGRAM	\$ 1,000
\$ -	\$ 25,200	05/20/98				
			07/08/99	PATAKI	GM CIVIC INVOLVEMENT PROGRAM	\$ 2,500
\$ -	\$ 16,000,000	09/15/99				
\$ -	\$ 4,000,000	09/15/99				
\$ -	\$ 725,000	09/27/00				
			03/19/01	PATAKI	DELPHI AUTOMOTIVE SYSTEMS	\$ 1,000

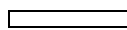
Delphi: Total ESDC Benefit and Total Contributions from Delphi & General Motors

Total ESDC Grants:	\$20,750,200	Total Pataki Contributions:	\$4,500
Total ESDC Loans:	\$ 0	Total NYS Republican Contributions:	\$ 0
Total ESDC Benefit:	\$20,750,200	Total Contributions:	\$4,500

New Venture Gear: Campaign Contributions and ESDC Grants and Loans by Date

Loan Amount	Grant Amount	Grant / Loan Date	Contribution Date	Contribution Recipient	Contributor Name (Corp)	Contribution Amount
			10/10/96	PATAKI	CHRYSLER POLITICAL SUPPORT COMM	\$ 1,000
			10/26/96	PATAKI	GM CIVIC INVOLVEMENT PROGRAM	\$ 1,000
			12/02/96	PATAKI	CHRYSLER POLITICAL SUPPORT COMM	\$ 1,000
			07/08/99	PATAKI	GM CIVIC INVOLVEMENT PROGRAM	\$ 2,500
			10/13/99	PATAKI	DAIMLERCHRYSLER POL.SUP. COMM	\$ 2,500
\$ 250,000	\$ -	04/19/00				
\$ -	\$ 250,000	04/19/00				
\$ -	\$ 1,000,000	08/17/00				
\$ -	\$ 1,500,000	08/17/00				
\$ 500,000	\$ 500,000	08/17/00				
			03/16/01	NYS REPS	DAIMLERCHRYSLER RAIL SYSTEMS	\$ 5,000
			03/16/01	PATAKI	DAIMLERCHRYSLER RAIL SYSTEMS	\$ 5,000
\$ -	\$ 1,500,000	04/19/01				

 ESDC Grant or Loan to Corporation

 Corporate Campaign Contribution to Governor Pataki or New York State Republican Party

New Venture Gear: Total ESDC Benefit and Total Contributions from GM & DaimlerChrysler

Total ESDC Grants:	\$4,750,000	Total Pataki Contributions:	\$13,000
Total ESDC Loans:	\$ 750,000	Total NYS Republican Contributions:	\$ 5,000
Total ESDC Benefit:	\$5,500,000	Total Contributions:	\$18,000

Kaufman Astoria Studios

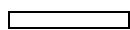
Kaufman Astoria Studios, a major motion picture and television production facility in Astoria, Queens, received \$1,700,000 in state Economic Development funds in 1999. George S. Kaufman, Kaufman Astoria chairman and namesake, has contributed \$67,700 to Governor Pataki and the New York State Republican Party since 1997.

Kaufman Astoria Studios: Campaign Contributions and ESDC Grants and Loans by Date

Loan Amount	Grant Amount	Grant / Loan Date	Contribution Date	Contribution Recipient	Contributor Name	Contribution Amount
			01/28/97	PATAKI	GEORGE S. KAUFMAN	\$ 200
			12/19/97	PATAKI	GEORGE S. KAUFMAN	\$ 1,000
			03/03/98	PATAKI	GEORGE S. KAUFMAN	\$ 2,500
			07/21/98	PATAKI	GEORGE S. KAUFMAN	\$ 20,000
\$ -	\$ 450,000	07/15/99				
\$ 250,000	\$ 250,000	07/15/99				
\$ 750,000	\$ -	07/15/99				
			10/20/00	NYS REPS	GEORGE S. KAUFMAN	\$ 10,000
			11/13/00	NYS REPS	GEORGE S. KAUFMAN	\$ 5,000
			02/27/01	PATAKI	GEORGE S. KAUFMAN	\$ 1,000
			03/15/01	PATAKI	GEORGE S. KAUFMAN	\$ 10,000
			03/28/01	PATAKI	GEORGE S. KAUFMAN	\$ 10,000
			12/04/01	PATAKI	GEORGE S. KAUFMAN	\$ 1,000
			12/04/01	PATAKI	GEORGE S. KAUFMAN	\$ 1,000
			12/07/01	PATAKI	GEORGE S. KAUFMAN	\$ 1,000
			01/10/02	PATAKI	GEORGE S. KAUFMAN	\$ 5,000



ESDC Grant or Loan to Corporation



Corporate Campaign Contribution to Governor Pataki or New York State Republican Party

Kaufman Astoria Studios: Total ESDC Benefit and Total Contributions from Kaufman Astoria & Executives

Total ESDC Grants: \$ 700,000

Total ESDC Loans: \$ 1,000,000

Total ESDC Benefit: \$1,700,000

Total Pataki Contributions: \$52,700

Total NYS Republican Contributions: \$15,000

Total Contributions: \$67,700

Kraft

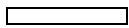
Kraft Foods received over \$2.4 million in ESDC grants and loans since 1995 for various projects related to it Nabisco brand. Since 1997, Kraft parent company Philip Morris has contributed over \$95,000 in soft money to the New York State Republican Party. In two instances, Kraft received ESDC funds roughly one month before or after a \$10,000 contribution from Philip Morris.

Kraft: Campaign Contributions and ESDC Grants and Loans by Date

Loan Amount	Grant Amount	Grant / Loan Date	Contribution Date	Contribution Recipient	Contribution Name (Corp)	Contribution Amount
\$ 750,000	\$ -	10/19/95				
\$ -	\$ 31,403	04/28/97				
\$ -	\$ 100,000	04/29/97				
\$ -	\$ 800,000	10/14/98				
			03/15/99	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 10,000
\$ -	\$ 53,290	04/21/99				
			05/28/99	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 25,000
			12/06/99	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 5,000
\$ -	\$ 400,000	05/18/00				
\$ -	\$ 89,500	07/20/00				
			08/09/00	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 10,000
			09/07/00	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 15,000
\$ -	\$ 100,000	12/18/00				
			05/16/01	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 10,000
			08/07/01	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 10,000
			09/25/01	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 199
			09/27/01	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 5,000
			11/28/01	NYS REPS	PHILIP MORRIS MANAGEMENT CORP.	\$ 5,000



ESDC Grant or Loan to Corporation



Corporate Campaign Contribution to Governor Pataki or New York State Republican Party

Kraft: Total ESDC Benefit and Total Contributions from Kraft / Philip Morris

Total ESDC Grants:	\$1,574,193	Total Pataki Contributions:	\$ 0
Total ESDC Loans:	\$ 750,000	Total NYS Republican Contributions:	\$95,199
Total ESDC Benefit:	\$2,324,193	Total Contributions:	\$95,199

News Corp

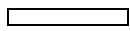
News Corp, the entertainment conglomerate headed by conservative media mogul Rupert Murdoch, received over \$15,000,000 in state Economic Development funds between 1998 and 2001. One January 2001 grant, \$2.4 million to improve a printing plant for News Corp's New York Post newspaper, was made on the same day that the New York Post contributed \$1,500 to Governor Pataki.

News Corp: Campaign Contributions and ESDC Grants and Loans by Date

Loan Amount	Grant Amount	Grant / Loan Date	Contribution Date	Contribution Recipient	Contributor Name (Corp)	Contribution Amount
\$ -	\$ 12,925,000	05/20/98				
			01/18/01	NYS REPS	NEW YORK POST	\$ 1,500
\$ -	\$ 2,420,000	01/18/01				



ESDC Grant or Loan to Corporation



Corporate Campaign Contribution to Governor Pataki or New York State Republican Party

News Corp: Total ESDC Benefit and Total Contributions from News Corp

Total ESDC Grants:	\$15,345,000	Total Pataki Contributions:	\$ 0
Total ESDC Loans:	\$ 0	Total NYS Republican Contributions:	\$1,500
Total ESDC Benefit:	\$15,345,000	Total Contributions:	\$1,500

Plug Power, LLC

Plug Power, LLC, a fuel cell development company based in Latham, NY, received a \$1,000,000 loan from the Empire State Development Corporation one month after Louis R. Tomson, long-time associate and former deputy secretary to Governor Pataki, was appointed Vice President of the Company in 1999. In January of 2002, Tomson was appointed to head the Lower Manhattan Development Corp (LMDC), the branch of the ESDC responsible for the rebuilding of Lower Manhattan.

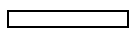
Tomson has donated \$2,750 to Governor Pataki's campaign committee since joining Plug Power in 1999. Pataki also received \$3,750 in campaign contributions from Plug Power, LLC itself, and \$250 from Plug Power Director Walter L. Robb, management consultant and former Vice President of General Electric.

Plug Power, LLC: Campaign Contributions and ESDC Grants and Loans by Date

Loan Amount	Grant Amount	Grant / Loan Date	Contribution Date	Contribution Recipient	Contributor (Corp)	Contributor (Individual)	Contribution Amount
			09/11/98	PATAKI		WALTER L. ROBB	\$ 250
\$ 1,000,000	\$ -	02/18/99					
			04/03/00	PATAKI		LOUIS R. TOMSON	\$ 500
			04/07/00	PATAKI	PLUG POWER, INC.		\$ 2,000
			08/15/00	PATAKI		LOUIS R. TOMSON	\$ 1,000
			03/16/01	PATAKI		LOUIS R. TOMSON	\$ 1,000
			08/14/01	PATAKI	PLUG POWER, INC.		\$ 1,500
			08/14/01	PATAKI		LOUIS R. TOMSON	\$ 250
			08/17/01	PATAKI	PLUG POWER, INC.		\$ 250



ESDC Grant or Loan to Corporation



Corporate Campaign Contribution to Governor Pataki or New York State Republican Party

Plug Power, LLC: Total ESDC Benefit and Total Contributions from Plug Power, Executives and Directors

Total ESDC Grants:	\$ 0	Total Pataki Contributions:	\$6,750
Total ESDC Loans:	\$1,000,000	Total NYS Republican Contributions:	\$ 0
Total ESDC Benefit: \$1,000,000		Total Contributions:	\$6,750

Zurich Financial

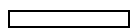
Zurich Financial, a banking company based in Switzerland and England, made one contribution of \$1,000 and received a \$1,000,000 ESDC grant less than one month later.

Zurich Financial: Campaign Contributions and ESDC Grants and Loans by Date

Loan Amount	Grant Amount	Grant / Loan Date	Contribution Date	Contribution Recipient	Contributor Name (Corp)	Contribution Amount
			01/26/00	NYS REPS	ZURICH-AMERICAN STATE & LOCAL PAC	\$ 1,000
\$ -	\$ 1,000,000	02/23/00				



ESDC Grant or Loan to Corporation



Corporate Campaign Contribution to Governor Pataki or New York State Republican Party

Zurich Financial: Total ESDC Benefit and Total Contributions from Zurich Financial

Total ESDC Grants: \$1,000,000

Total Pataki Contributions: \$ 0

Total ESDC Loans: \$ 0

Total NYS Republican Contributions: \$1,000

Total ESDC Benefit: \$1,000,000

Total Contributions: \$1,000

Conclusion

In the past year the relationship between state business and campaign contracts has received its own name, “Pay to Play.” We added a question mark to the title of this study because it is impossible to know what the expectation is between the campaign contributor and the state official that awards state contracts. Does the executive who is applying for a state contract believe that he or she is expected to make a campaign contribution? Does he or she believe it will help them win state business? Is a company executive more likely to respond favorably when asked to make a campaign contribution?

One thing is certain -- the pattern revealed by this study clearly demonstrates the appearance of a conflict of interest. When an agency that is run by the former chief fundraiser for the Governor awards one hundred million dollars in grants and loans to businesses and individuals that contribute to the Governor and his political party, the appearance of a connection is self-evident. That appearance alone is enough to raise doubts about the ethics of the government officials. It may also be enough to make potential applicants for state business feel that they too should become campaign contributors. It may be enough to make them fear what would happen if they don't contribute.

Do the three candidates for Governor believe this is a serious issue? We believe the best evidence for that is in whether the candidates propose that the practice be regulated. In fact, only one of the candidates, State Comptroller H. Carl McCall has a proposal that would regulate “Pay to Play.”

- Carl McCall's campaign reform plan would end “Pay to Play” by prohibiting contributions from corporations, their executives and directors within several months of receiving a government grant, loan or contract.
- Governor Pataki's plan has no provisions whatsoever to limit “Pay to Play.” The contribution limits under Pataki's plan are still extremely high -- as much as \$30,000 to a campaign and \$50,000 to a party.

- Tom Golisano's plan would prohibit contributions from corporations, but would not limit when individual executives and directors could contribute, up to a maximum of \$45,400.

Limiting “Pay to Play” specifically is only one part of the solution. Those who contribute to state government do so for favors that go beyond a state contract. Campaign contributors give to influence state regulations, contracts and broader government policy. If we are to remove the broader conflict of interest we need to provide a way for elected officials to run for office without having to raise millions from private interests or be wealthy themselves. We need a way for public elections to be about the public interest.

The Public Policy and Education Fund has supported such a proposal for several years, called **Clean Money, Clean Elections**. **Clean Money, Clean Elections** provides a well-defined framework where candidates for public office must prove broad public support in order to qualify for a set and equal amount of public funds. In return for these funds, candidates must abide by strict spending limits, agree not to spend their own money and to accept only very small private contributions. **Clean Money, Clean Elections** is a voluntary system that candidates can choose to participate in, and thus does not conflict with standing law or the constitution.

Carl McCall's plan for campaign reform would not only end “Pay to Play,” but it would also institute **Clean Money, Clean Elections** in New York. Neither Governor Pataki and Tom Golisano have proposed Clean Money or any system that would allow candidates to run for office without having to raise vast sums from private interests, or their own pockets.

We would urge all candidates for office to support proposals to prohibit “Pay to Play” and to support **Clean, Money, Clean Elections** reform.