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Testimony of Good Jobs New York  
Before the New York City Industrial Development Agency  
April 7, 2011

Re: Proposed amendment to Financial Industry Regulatory Authority, Inc.  
successor to National Association of Security Dealers deal

Thank you for the opportunity to testify today regarding the proposed amendment to the Financial Industry Regulatory Authority ("FINRA") successor to National Association of Security Dealers (NASD") deal.

We believe this enormously wealthy entity didn't need public benefits in 2000 when the Giuliani Administration provided them and it certainly doesn't need them now to move a couple of blocks from its current location. (A bit of history reinforces the wastefulness of this subsidy deal: It was reported that NASD and AMEX requested these subsidies only after the Administration proposed (but the Bloomberg Administration withdrew the plan) subsidies to build the New York Stock Exchange a new trading floor).

This amendment raises two areas of concern:

**Transparency:** We are grateful that the IDA began implementing a policy of providing the public with information about proposed amendments in advance of hearings, but more information could have been made about this complicated proposal. Thanks to conversations with IDA staff, many questions have been resolved. However, it would be useful if the IDA could document of their website certain details, including:

- There were at least two significant amendments to this deal. In December 2003 the amendment was restructured and it seems some funds were forfeited and a new base job figure was created.
- In 2009 the IDA received \$15 million from the American Stock Exchange in after it merged with the New York Stock exchange and dissolved its agreement with the IDA. This is especially important as none of these figures or details are in the project description in Local Law 48. Thanks to

IDA staff we now understand that \$2.2 million of tax breaks is remaining for this firm but we could not find any public documents that confirm that figure, including in Local Law 48.

Finally, due to its proximity to the World Trade Center, are there any programs the firm is eligible for, especially those that were put in place after September 11, 2001?

**New Yorkers deserve higher standards:** We understand that the firm has the right to receive these unused subsidies. However, the agency should negotiate improved public benefits. As firm is planning to expand, the IDA could demand new job retention figure and/or strengthen clawback provisions.

Another standard that should be established (in new and amended deals) is to require a sizeable portion of the materials the firm purchases for the subsidized location to be bought locally. It makes little economic sense to offer tax breaks to a company that in turn may spend large sums of money out of the city, or even the United States.

Concerns have been raised about FINRA's effectiveness to monitor the financial sector and that it should have been able to better forecast the economic crisis that impacted many of its firms including Bear Stearns and Merrill Lynch, (ironically, both IDA subsidy recipients).<sup>[i]</sup> Recent efforts by the firm's board have pushed the firm to consider better transparency. Being a good corporate citizen, especially one whose job it is to monitor the country's financial institutions, should be taken into consideration before extending these benefits.

Finally, at a time when the Mayor's budget proposes laying off thousands of teachers, cutting employment youth programs and subsidized child care slots for working families, extending \$2.2 million in tax breaks to FINRA is clear distortion of public priorities.

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<sup>[i]</sup> Project on Government Oversight's letter to Congress, February 23, 2010: <http://www.pogo.org/pogo-files/letters/financial-oversight/er-fra-20100223-2.html#11>