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Bill Thompson's well-paved private sector path

Mayoral candidate prospered as exec of bond firm whose city business boomed during his stint as comptroller

1 Comment

William C. Thompson, the city comptroller turned 2009 mayoral candidate, left the public payroll after losing to Michael Bloomberg. Thompson traded his city office for new digs on Wall Street.

The investment banking company that hired the former comptroller, Siebert Brandford Shank & Co., rewarded him handsomely: His 2012 tax returns, released two weeks ago, show some \$680,000 in wages.

While that's for private sector work, Siebert Brandford draws a healthy share of its revenues from New York state and city taxpayers, thanks to fees the firm makes running bond deals.

By volume of business, Siebert Brandford is the nation's largest minority-owned firm in the field of municipal underwriting, which structures public debt and sells it to investors. The company does some 20 percent of its deals with New York municipalities and authorities, including the city, according to data from Thomson Reuters.



As New York City Comptroller Bill Thompson, right, pictured with Mayor Michael Bloomberg and City Council Speaker Christine Quinn in 2008, worked with the mayor to select firms to handle bond deals — including the one that subsequently employed him. Photo: Marla S. Maritzer

Thompson left Siebert Brandford in March to focus on a second run for mayor this year. He had been instrumental in the company's growth — not just since he was hired in early 2010 as its chief administrative officer, but dating back to his terms as comptroller, from 2002 to 2009.

Along with the mayor, the comptroller's office is in charge of picking the city's underwriters, who each year receive millions of dollars in fees for their services. Municipal bond underwriters **buy bonds from governments and public authorities** and then market the securities to investors.

Siebert Brandford prospered during Thompson's tenure as comptroller. The bond company had participated in deals beginning in 1996, soon after founding, as part of syndicates led by other firms. But its fortunes blossomed when the

city first elevated the firm to one of its top underwriting spots in 2006. Its stature rose even higher after a 2009 bidding process — less than a year before Thompson took a job with the company.

In the most recent fiscal year, ending June 2012, the city spent nearly \$57.5 million on underwriters, and Siebert Brandford led two deals that yielded some \$3.5 million in fees. Neither the mayor's nor comptroller's office indicated how much of that went directly to Siebert Brandford, or provided data for previous years.

Nonetheless, the boost in Siebert Brandford's fortunes over the last several years attributable to its selection as a leading city underwriter was worth millions of dollars to the firm.

The city's ethics laws bar outgoing elected officials from doing business with their former colleagues for one year, and **Thompson pledged** not to be involved in any dealings with the city after leaving the comptroller's post.

The Thompson campaign says no link exists between Siebert Brandford Shank's growing role in the city's bond business and Thompson's subsequent hiring by the company, and that he has honored his pledge to recuse himself from all dealings with the city.

"Siebert Brandford Shank has been working with New York City to underwrite bonds since 1997, and underwrote at least 11 separate bond issues for New York City before Bill Thompson even took office," said a spokesperson for the Thompson campaign in an emailed statement. "To suggest that there is any connection between hiring Bill and their role as a bond underwriter is completely ludicrous."

A spokesperson for Siebert Brandford did not respond to repeated requests for comment about Thompson's hiring and work with the firm.

"Siebert Brandford Shank has experienced record growth in recent years through targeted hires," Shank said in a **statement** announcing Thompson's hiring in 2010. "We felt we needed someone of Bill's stature and experience to continue our growth and help secure our firm's desired top-10 standing."

Thompson has personally been involved in deals with the Metropolitan Transportation Authority and other state authorities to raise billions of dollars for projects that serve New Yorkers, from the purchase of new subway cars to the construction of State University of New York dorms and dining halls.

He's listed in a 2010 application to the MTA as sharing "overall responsibility" for the account with Siebert Brandford's president and chief executive officer, Suzanne Shank, according to documents obtained through a records request.

The MTA paid Siebert Brandford some \$159,000 in 2011 and \$1.41 million in 2012, according to an authority spokesman, plus an additional \$341,000 so far this year.

From its founding in 1996, Siebert Brandford has risen to the top echelon of the underwriting world. Last year, it was in charge of 37 municipal bond issues totaling some \$4.8 billion, according to data from Thompson Reuters — putting the firm in 14th place among all underwriters in the country, and top among

minority-owned companies.

Shank joined forces with Napoleon Brandford III, a former fellow partner from the California-based bond firm Grigsby Brandford, and ex-New York State Banking Commissioner Muriel Siebert to create the company.

The expertise Thompson gained in his public-sector post, combined with the connections he forged, have made him a formidable asset for a firm seeking business from state entities like the Dormitory Authority, Empire State Development Corporation, and the Thruway Authority.

Siebert Brandford has been a senior underwriter for all three, along with the state's Environmental Facilities Corporation and Housing Finance Agency.

"He was a two-term comptroller for one of the largest cities in the world," said Paul Williams, the Dormitory Authority's president, who has worked with Thompson. "And that experience and knowledge is reflected in his professional engagements — at least they have been with us."

Thompson has been registered with the state as a lobbyist since 2011.

Siebert Brandford has also done ample business with New York City, where in December, **officials renamed** the firm to one of a handful of senior spots as an underwriter for general obligation bond deals. It is the only minority-run firm with that status.

That selection process was run jointly by the current comptroller, John Liu, and Mayor Michael Bloomberg, through his Office of Management and Budget.

Thompson was, however, involved in the 2006 selection process that resulted in Siebert Brandford's first appointment to a senior underwriting role with the city, at that point with the Municipal Water Finance Authority.

And in August of 2009, Thompson was still in office when the comptroller's and mayor's offices moved Siebert Brandford to a senior role as an underwriter for general obligation bonds, which is considered a more lucrative spot than working with the water authority.

Companies on the panel of senior underwriters take turns leading the sale of the city's bonds, a role known in the industry as "running the books."

Bookrunning underwriters make significantly more on a bond issue than other participating firms. By the calculation of one industry source who does business with the city, a bookrunner is in line to make upward of \$1 million on a \$500 million bond deal, while a "co-manager" — the status Siebert Brandford usually enjoyed before its promotion — would be likely to make less than \$100,000.

The selections of the city's panels of senior underwriters are made after a rigorous request-for-proposals and interview process, with veteran staff involved. Officials at both OMB and the comptroller's office did not respond to questions about Thompson's involvement in Siebert Brandford's hiring.

Eight months after the city announced its 2009 underwriter selections, and five months after Election Day, Siebert Brandford hired Thompson, who had lost the race for New York City mayor by fewer than 5 percentage points.

Despite Thompson's recusal from city work, former federal bond-industry regulator Christopher Taylor questioned the former comptroller's move to the private sector. Taylor, who was executive director of the Municipal Securities Rulemaking Board, an industry self-regulatory organization set up by Congress, says that the city's employment rules ought to restrict officials from working at firms to which they had recently awarded business, even if they recuse themselves from dealing with City Hall.

"Why aren't there ethics laws in place to prevent the move? It doesn't matter that he doesn't go back in front of the city," said Taylor. "The fact is, he got a job. He got paid off. He's made his bucks. And that's really where the issue lies."

He added: "The situation comes down to a question of ethics and the way business is being conducted by a public entity, which owes its allegiance to the taxpayers."

Thompson has also helped Siebert Brandford's growth through his visibility as an advocate for expanded use of minority firms in public business.

New York's laws specifically direct state agencies and authorities to consider minority- and women-owned firms for bond underwriting, and in 2008 then-Gov. David Patterson **convened a task force** by executive order, charged with increasing minority-owned firms' representation in bond deals.

A 2007 survey found that such firms had received just 4 percent of the state's recent bond business. By the end of 2009, that figure **had risen** to 28 percent.

Thompson's commitment to advancing underrepresented businesses was a recurrent theme during his two terms as comptroller. In office, he **worked to triple** the amount of city pension fund assets managed by minority- and women-owned companies — and he also pushed for hiring minority firms as underwriters, according to industry sources.

The city had no minority- or women-owned underwriters in senior roles when Thompson started in the comptroller's office in 2002. When he left, there were three: M.R. Beal, Ramirez & Co., and Siebert Brandford.

"He was always an advocate for the minority- and women-owned, and regional firms," said Adela Cepeda, who runs A.C. Advisory, Inc., which advises the city on bond deals. "He was always trying to level the playing field."

Cepeda said Thompson's decision to work for a minority-owned firm was consistent with the positions he espoused in public, and noted he likely could have earned more money by joining a larger company.

"He didn't sell out for money," she said. "He has to earn a living."

How much of a living he has made, however, remains unclear. While Thompson has released his 2012 tax return, his campaign did not acknowledge a request for his filings from 2010 and 2011, despite saying **during a television appearance** last year that he would release those figures.

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