

(New York, NY – August 11, 2009)

For Immediate Release:

"East Harlem Property Owners "Sold-Out" by Former NYC EDC President Michael Carey"

Members of the East Harlem Alliance of Responsible Merchants "EHARM" continued their fight last week against the City's planned use and abuse of eminent domain in connection with the East 125th Street Project in East Harlem. EHARM sued the City in State Supreme Court in Manhattan in December 2008 to halt the project and the proposed taking. The City responded to the suit in March. EHARM served its reply last week after discovering explosive information suggesting that the entire approval process was tainted by a conflict of interest involving the former President of the NYC Economic Development Corporation (EDC). The Developer chosen in secret but not revealed until minutes after the final approvals were secured was East Harlem M/E/C LLC, which consists of Archstone-Smith (which was funded by Lehman Brothers), General Growth Properties (which filed for bankruptcy in April, 2009 and now has pulled out of the project) and the Richman Group.

Documents recently obtained by EHARM now confirm that Archstone-Smith, General Growth, and the Richman Group made payments in 2007 and 2008 to the Carey Group, LLC totaling \$297,669.40 for "lobbying." Further, the "targets" for these payments are confirmed in filed documents to include the EDC with the purpose of the payment confirmed to be "procurement." When the development team was finally publicly disclosed on October 7, 2008 (after the final approvals were granted by the City Council), Mayor Bloomberg 's press release reported the Carey Group, LLC, to be a "member" of the "development team," but the City has more recently back-pedaled from that assertion, now referring to the Carey Group as a "consultant" to the developer.

The Carey Group principal and namesake, Michael Carey, touts on the company website that he was Executive Vice President and General Counsel to the EDC from 1997-1999, the President of EDC from 1999-2002 and then served as a Special Advisor to Mayor Bloomberg himself before starting his new practice. In fact, during his tenure as the President of EDC, Michael Carey also openly asserts that he oversaw the "revitalization of East 125th Street."

According to Fancy Cleaners' Damon Bae, "It now comes as no surprise that this particular development group was chosen. There can be no doubt that this was a highly suspect process."

According to Attorney David MacCartney, "EHARM has alleged from the start that the City and EDC have abused power and procedure on many levels. This new information confirms and vindicates our position. The City and EDC acted in secret to benefit private parties led by an 'insider' which received almost \$300,000 from financially troubled developers to influence the process. Worst yet, the unseemly process resulted in City approvals missing any assurance that this secretly chosen developer would ever have to deliver any of the promised public benefits used to justify the project. "

A copy of the reply papers is online at <http://www.eastharlempreservation.org/docs/E125Street.htm>

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