RAHM’S PAL GETS SPECIAL SUBSIDIES AS SCHOOLS SUFFER

The Chicago Public School system is struggling with a $1.1 billion budget deficit this year. Parents, teachers and students are suffering from inadequate resources, and are scared about the future.

And as Illinois Governor Bruce Rauner continues to slash funding for public education, public school principals have again been asked to cut their spending, this time by $120 million system-wide mid-year — and Chicago Mayor Rahm Emanuel is demanding that teachers accept $500 million in pension cuts.

But not everyone is suffering.

Some of Emanuel’s best friends, including many of the wealthiest power brokers in the Windy City, are receiving millions of dollars in special subsidies — while schools and teachers face huge cuts.

Rahm’s pals and patrons are getting millions in property tax abatements from the Mayor’s Tax Increment Financing (TIF) fund for frivolous, speculative developments.

**Larry Levy is one of the biggest beneficiaries of special deals for the wealthy and well connected in the Windy City.**

In the past ten years, Levy and his investment firms have been approved for $46.5 million in subsidies from the city’s TIF coffers.

That’s on top of a personal fortune built on restaurant concessions at taxpayer-subsidized sports stadiums in Chicago and around the country.

Levy’s fortune keeps growing with more and more contributions from hard-pressed Chicago and Illinois taxpayers – apparently even if public schools have to get cut to pay for the special subsidies.
LARRY LEVY AND TAXPAYER SUBSIDIES FOR LUXURY REAL ESTATE

TIF Districts were originally created to support “blighted” and “conservation” areas — but Levy’s TIF-funded developments have been luxury office buildings in the wealthiest parts of Chicago that already have sky-high property values.

In 2008, Levy’s One South Dearborn — a joint-development with Hines Interests LP — received $2 million in TIF funds and $1 million from a State Large Business Development Grant to pay for redevelopment in the building on behalf of ArcelorMittal, the largest steel maker in the world.

Then, in 2010, Levy made his prior $2 million subsidy look like chump change when his Chicago Mercantile Exchange (CME) development was approved for the receipt of $15 million in TIF funds.

CME is the largest futures and options exchange in the world. It pulled in $3 billion in revenue in 2010.

But Levy and his development partners still wanted Chicago taxpayers to foot the bill for CME’s $15 million luxury office renovations.

And the biggest smoking gun in Chicago’s wild west of corporate welfare is Levy and Hines’ 52-story River Point office tower, which received a whopping $29.5 million from Emanuel’s slush fund.

A blighted area needing taxpayer subsidies?
The skyscraper, slated for completion in 2017, was originally granted the TIF in 2008 during the Daley administration. But it took Levy and Hines, who own the property, several years to attract an equity lender for the speculative office space.

When the deal eventually went through, Levy laid it on thick for Rahm: Levy was “positively effusive in his praise of the Mayor,” stating “there has never been a better time to be in business in Chicago.”

Three months later, the Chicago Public Schools budget reported a $650 million deficit.

The $29.5 million in property taxes given to Levy might have paid the salaries of 422 new certified school nurses, tripling the current number (141) and bringing the district into the suggested range of the National Association of School Nurses. Or it might have gone to hire 533 badly needed school librarians, whose numbers in the district of 652 schools have declined to 160: an all-time low. Instead, Levy and Hines convinced the city to fund their ostentatious office building.
Levy's Chicago real estate dealings are only half the story. His real claim to fame is his restaurant empire: Levy Restaurants.
BECOMING A (TAXPAYER-SUBSIDIZED) HOTDOG MOGUL: THE STORY OF LEVY RESTAURANTS

In 1978, Larry and his brother Mark purchased D.B. Kaplan’s Delicatessen at the top of the Water Tower Place in Chicago. After six months, the business was doing so poorly that they asked their mother to move from St. Louis to Chicago to change the menu and operate the restaurant. [16]

It didn’t take long for Levy to recognize that there was more money to be made in catering and concessions at sports stadiums and arenas, which had guaranteed customers and low food quality expectations. [17]

When the construction of publicly financed stadiums exploded, Levy’s profits did too.


Concessions at publicly funded sports stadiums made Levy fantastically wealthy.

Levy sold his controlling share of the company to Compass Group – the UK conglomerate made famous by a 2013 horsemeat scandal — for $250 million in 2006. [21]

He stayed on as the company chairman, however, and told radio show hosts Bob Sirott and Marianne Murciano in 2014 that “I’m still treated as if I’m the owner.” [22]
LARRY LEVY’S WORKPLACES: LOW PAY AND DISCRIMINATION LAWSUITS

In the same interview, Levy boasted “most of the people that work in the company have their job with us as a second job.”

The company’s concerted effort to only hire part-time workers is well-documented, and Levy’s decision not to provide full-time, living wage jobs for its employees is indicative of a larger pattern: the company’s extensive history of wage theft and racial discrimination against its workers.

Some of these violations have resulted in legal actions.

In 2010, employees who had worked for Levy Restaurants at the US Open between 2004 and 2009 filed a class action lawsuit alleging that the company “unlawfully withheld service charges and shortchanged the attendants on the number of hours they worked.”

The workers received $600,000 in their settlement with the company.

In 2014, a former Levy Restaurants employee at U.S. Cellular Field (home of the Chicago White Sox) who filed a class action lawsuit against the company alleged that the Levy counts the compulsory service charge as part of tip credit towards the minimum wage, which would violate the Fair Labor Standards Act and the Illinois Minimum Wage Law.

The case was stipulated to dismissal, under unknown settlement terms.

More egregious yet is the litany of disturbing racial discrimination lawsuits Levy Restaurants has drawn in the past several years.

In October 2011, several employees of the company filed a Title VI complaint alleging that managers of Levy’s Georgia food service operation had “engaged in a pattern and practice of discriminating against African-Americans in management positions by... making disparaging comments about African-Americans including calling them the “n” word and “monkeys.””

The case was stipulated to dismissal in 2013.
In 2014, a different set of employees – working for Levy Premium Foodservice L.P at the Barclays Center – filed a strikingly similar complaint alleging that Levy’s managers referred to black employees as “‘black motherf*****,” “dumb black b****,” “black monkey,” “piece of s***”” and the n word.\[29\]

Before seeking legal recourse, the employees had brought their complaint all the way to Vice President of Human Resources David Loiselle, who “refused to rectify the illegal discriminatory behavior” at the company.\[31\]

The case was stipulated to dismissal in 2014. Loiselle kept his job with the company.\[31\]
LARRY LEVY’S LARGESS LINES THE POCKETS OF ILLINOIS POLS

Not only is Larry Levy a big recipient of government-controlled TIF grants, he also happens to be quite the political patron.

To secure his place among the power brokers of Chicago real estate, Larry Levy has made extensive efforts to subsidize and court the very politicians that subsidize him.

Throughout his career, Levy and his companies have donated thousands to Governor Bruce Rauner, Mayor Rahm Emanuel, and former Mayor Richard Daley to purchase power in Chicago.

Levy’s TIF funds in the Chicago Mercantile Exchange and in the first iteration of the River Point project required the support of Chicago’s Mayor, Richard J. Daley.

Perhaps to secure Daley’s support, Levy made three contributions from three different organizations amounting to $20,000 on November 17th, 2006.

He contributed $5,000 in his own name, $5,000 from his investment firm Levy Family Partners, and $10,000 from L&M Riverbend Venture, the company he and Hines established to develop the River Point office tower.

Chicago’s Governmental Ethics Ordinance states that any “person who has done business with the City” or “who is seeking to do business with the City...shall contribute over $1,500 in a calendar year” to candidates seeking City office.

Suspiciously, the FEC’s records show that all three of Levy’s contributions were refunded a month after they were made, but there is no public record of the reason for this refund.

Between 2013 and 2014, Larry Levy donated $8,000 to union-busting Illinois Governor Bruce Rauner, with his wife Carol pitching in an additional $1,000.

Larry and his son Ari have also contributed a collective $6,000 to the Rauner-backed “Yes for Independent Maps”: a ballot initiative which has been criticized by as an attempt by powerful Republicans to “weaken the black and Latino vote” in Chicago.
Larry Levy’s biggest political ally is Chicago Mayor Rahm Emanuel.

Levy and his family members have donated thousands to the Mayor, and Emanuel likes Levy so much that he declared October 8, 2014 “Lawrence F. Levy Day,” and gave Levy’s long-time chef and business partner Tony Mantuano his own day a week later.

It was Emanuel, not Daley, who eventually granted Levy his TIF money for the River Point development. And when it came time for the groundbreaking ceremony, the Mayor was giddy with excitement.
TRUMP’S NEXT-DOOR NEIGHBOR: THE LIFE OF LUXURY LEVY NOW LEADS

These days, Levy is frequently under fire for his long list of special subsidies and corporate welfare.

But Levy is busy with other plans. As a biography in the Wall Street Journal states:

“Mr. Levy, chairman of Chicago-based Levy Restaurants, bounces between Miami, Aspen, Colo., Cabo San Lucas, Mexico, and Chicago for work and fun…In Cabo San Lucas, where Mr. Levy is a partner in Esperanza Resort, he runs on the beach and takes fitness classes. When he’s in Aspen, he skis, hikes and works out with a trainer.”

He takes his training seriously, too, paying over $15,000 a year to trainers for his “yoga and boot-camp-style workouts on the beach.” He thinks it’s worth it, though, because working out on his island getaways “can be very spiritual. I love seeing the waves and the horizon looks different every day.”

But it’s not all fun and games.

Larry is still investing in real estate. Right now, his dystopian-sounding Diversified Real Estate Capital LLC is constructing its second round of luxury condos in South Florida with – you guessed it – joint-partner Hines Interests.
The $134 million luxury apartments will sit next door to Trump’s International Doral Golf Resort. Both Diversified Real Estate Capital[^45] and Hines[^46] boast of this connection to Trump’s marquee property in the amenities sections of their websites.

As the right-wing austerity-for-everyone-but-the-rich crowd circles around Chicago’s public schools, citizens and taxpayers should be asking themselves: “Is financing the developments of a politically-connected real estate tycoon really a worthwhile use of our tax dollars?”
WHO ARE THE HEDGE CLIPPERS?

Every day, the most unscrupulous hedge fund managers, private equity firms and Wall Street speculators impact the lives of Americans. They play an outsized role in our political process, our education system, and our economy. Hedge Clippers is a national campaign focused on unmasking the dark money schemes and strategies the billionaire elite uses to expand their wealth, consolidate power and obscure accountability for their misdeeds. Through hard-hitting research, war-room communications, aggressive direct action and robust digital engagement, Hedge Clippers unites working people, communities, racial justice organizations, grassroots activists, students and progressive policy leaders in a bold effort to expose and combat the greed-driven agenda that threatens basic fairness at all levels of American society.

The Hedge Clippers campaign includes leadership and collaborative contributions from labor unions, community groups, coalitions, digital activists and organizing networks around the country, including the Strong Economy for All Coalition, New York Communities for Change, Alliance for Quality Education, VOCAL-NY and Citizen Action of New York; Make the Road New York and Make the Road Connecticut; New Jersey Communities United; the Alliance of Californians for Community Empowerment (ACCE) and Courage Campaign; the Grassroots Collaborative in Illinois; the Ohio Organizing Collaborative; ISAIAH in Minnesota; Organize Now in Florida; Rootstrikers, Every Voice, Color of Change, 350.org, Greenpeace, the ReFund America Project and United Students Against Sweatshops; the Center for Popular Democracy and the Working Families Party; the United Federation of Teachers and New York State United Teachers; the American Federation of Teachers, the National Education Association, and the Communication Workers of America.
FOOTNOTES

[27] [28] The average salary of Illinois Registered Nurses was $69,760 in the most recent Occupational Employment Statistics. http://www.bls.gov/oes/tables.htm  
[33] [34] The average salary of Illinois Librarians was $55,250 in the most recent Occupational Employment Statistics. http://www.bls.gov/oes/tables.htm