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TESTIMONY OF GEOFFREY MAZEL, ESQ. BEFORE THE NEW YORK CITY COUNCIL FINANCE COMMITTEE REGARDING VALUATION INCREASES IN NORTHEAST QUEENS FOR 2011/12

My name is Geoffrey Mazel I would like to thank the Finance Committee for giving me this opportunity to testify on this extremely important issue. By way of background, I am a practicing attorney in the City of New York for 25 years; I am a former Chairperson of the Advisory Committee for the Federation of NY Housing Cooperatives & Condominiums; I am a member of the Bar Association of the City of New York Cooperative and Condominium Committee; Campaign Treasurer and Advisor to Jon Kaiman, the Supervisor of the Town of North Hempstead and presently Counsel to the Presidents' Coop Council.

I am a member of the law firm of Hankin & Mazel, PLLC. My firm represents over 8,000 units of Coop/Condo housing including thousands of the hardest hits Coop in the City of New York. The date was January 15, 2011 when much of Queens remained unplowed as a result of the neglect of the Mayor when another, far more devastating storm hit the Queens area. This time, the tragic storm was not the result of an act of nature, but was a man made storm, and that storm was named Commissioner Frankel.

I received an email on the morning of January 15th from Warren Schreiber, President of Bay Terrace Cooperative Section I, Inc. and was asking his fellow Board Presidents' in an email thread if they experienced extraordinary increase in their real estate tax valuations. The responses started coming back and the numbers were staggering: 147%; 122%; 107%; 86% and on and on. The consensus was clearly something must be wrong and the leadership of the President's Council contacted City Council members Dan Halloran and Mark Weprin.

A few days later, a meeting was set up with Commissioner Frankel and we met with him in the offices of Councilman Dan Halloran. Commissioner Frankel's explained the increases and they were similar to his testimony he gave to this Committee on March 21, 2011. The explanations were long and drawn out: Queens was undervalued; the Department was returning to a new and more accepted system of valuation known as income capitalization and that the more property owners complied with the real property income and expense information. In addition, in his testimony Commissioner Frankel does make reference to a new computerized assessment application known as CAMA 2.

Commissioner Frankel testifies that the average increase in real estate assessed valuations increased only 8% for 2011/12, yet 251 Coops in Queens saw increases of over 50%. He even admitted that this was an “anomalous situation”. However, there is one thing he failed to tell the City Council in this hearing and the shareholders of Queens—the infamous “computer glitch”.

On April 9, part of the truth start to come to light in a New York Post article. Owen Stone, a spokesperson admitted that a computer glitch caused the Department of Finance to overvalue 139 properties, mostly in Queens. The so-called glitch created an overvaluation of nearly \$339,000,000! At this point, the Department of Finance is in full damage control and is more concerned with protecting the careers of those bureaucrats involved than the ten of thousands of Coop shareholders adversely affected by the reckless error.

We all remember the famous slogan during the American Revolution “no taxation without representation”. The acts of Commissioner Frankel mirror the acts of the British and clearly violates the spirit of that concept. Here we have an unelected official who not accountable to anyone. His gross errors in judgement have been covered up and buried. It is time for the City Council to investigate the specifics of the glitch, which has quickly morphed into a major scandal. As the “representation” arm of the basic American concept, this body must act swiftly and strongly to undo the tremendous injustice perpetrated by the Department of Finance. The public deserves a thorough investigation as to the Department of Finance actions and any cover up of their mistakes. Ten of thousands of shareholders have seen government operate at its worst thanks to the Commissioner—the time is now to correct the injustices and freeze any tax increases until a full and independent investigation is completed. Show us government at its’ best!

Please be aware that if this issue is not resolved by the end of May, 2011, the PCC and all aggrieved shareholders will be forced to file a lawsuit against the City of New York and Commissioner Frankel. Obviously, the basis of this lawsuit is that Commissioner Frankel failed to follow the law and acted arbitrarily and capriciously in implementing these flawed valuations. A team of attorneys throughout the City are working on the papers as we speak. The shareholders of the City will not sit idly by as an unelected City Commissioner threatens their very homes and way of life. This man-made storm must be stopped in its tracks. Please help us in stopping this treacherous storm. Be advised, this year the storm hit northeast Queens, but every Coop and Condo owner could get hit next year.

Respectfully Submitted,

Geoffrey R. Mazel, Esq.