

New York's Fracking Scandal

by STEVE HORN February 12, 2013 <http://www.counterpunch.org/2013/02/12/new-york-fracking-scandal/>

New York could soon become the newest state in the union to allow [hydraulic fracturing \(fracking\)](#), the controversial technique used to enable shale oil and gas extraction. The green light from New York Governor Andrew Cuomo could transpire in as little as “[a couple of weeks](#),” according to journalist and author [Tom Wilber](#).

That timeline, of course, assumes things don't take any crazy twists or turns.

Enter a press conference today in Albany, where seven groups, including [Public Citizen](#), [Food and Water Watch](#), [Frack Action](#), [United for Action](#), [Catskill Citizens for Safe Energy](#), and [Capital District Against Fracking](#), called for an Albany County District Attorney General investigation of the Cuomo Administration.

[They are asking](#) “whether Lawrence Schwartz, Secretary to Gov. Andrew M. Cuomo, has a conflict of interest between his stock investments and his involvement in the state's decision on whether to allow high-volume hydraulic fracturing for shale gas.”

Schwartz – dubbed “[the ringleader](#)” of Governor Cuomo's administration – potentially has what these groups describe as a legal conflict-of-interest. A months-long *DeSmogBlog* investigation reveals that Cuomo's chief-of-staff actually has a direct financial interest in fracking going forward in New York state, potentially falling under the sphere of insider trading.

Above and beyond Schwartz's annual oil and gas industry stock holdings in corporations ranging from Occidental Petroleum, Williams Companies, ExxonMobil/XTO, and General Electric (GE) for the past decade, the Cuomo Administration has also held numerous meetings with lobbyists representing some of these same corporations dating back to when Cuomo assumed office in Jan. 2011, records obtained under New York's Freedom of Information Law (FOIL) by *DeSmogBlog* reveal.

Dirty Details: Oil/Gas Industry Stock Holdings, Meetings with Lobbyists from Same Corporations

The details are dirty, both figuratively and literally.

A September 2012 investigation by the [Environmental Working Group \(EWG\)](#) examined [Schwartz's past three financial disclosure forms](#). That probe revealed that he had stock holdings of \$1,000+ each in Occidental, Williams, Exxon/XTO, and GE in both [2010](#) and [2011](#), respectively. All four of these corporations possess a financial stake in Cuomo approving fracking in New York.

[2009 saw much of the same](#), a year in which Schwartz had \$1,000+ in his stock portfolio invested in GE, Williams, and Burlington Resources ([purchased as a subsidiary by ConocoPhillips in 2005](#)).

DeSmogBlog followed in the footsteps of the EWG investigation by filing both an Executive Chamber FOIL request, as well a FOIL request to Schwartz's former employer, the Westchester County Executive Office, asking for his financial disclosure forms dating back to 2002.

That latter request revealed that Schwartz has had stock holdings in the oil and gas industry dating back to 2002. At that time he was working as chief-of-staff to then-Westchester County Executive, [Andrew J. Spano](#).

In [2002](#) and [2003](#), Schwartz had over \$1,000 in stock holdings in Chevron and GE. Until 2001, Texaco – [purchased in 2000 as a subsidiary by Chevron](#) – was [headquartered in Westchester](#). The Westchester County Executive Chamber did not possess Schwartz's forms for 2004 or 2005.

His [2006 filings](#) reveal \$1,000 or more in his stock portfolio invested in Burlington Resources, GE, and Williams Companies.

[Records obtained from Cuomo's Executive Chamber](#) also revealed that lobbyists from the very corporations Schwartz has thousands of dollars of stock holdings in have earned the ear of Cuomo in the form of exclusive meetings with his high-level aides.

One case in point: Both in April 2012 and in Sept. 2012, [Williams Companies lobbyists had meetings with Cuomo aides](#) on the status of its proposed [Constitution Pipeline](#), a joint venture between Cabot Oil and Gas, Piedmont Natural Gas and Williams Companies. That 120-mile long, 30-inch prospective pipeline, if approved, will carry gas produced in NY's section of the Marcellus Shale to [markets throughout the northeastern U.S.](#)

[The latter meeting](#) was held between two Williams' lobbyists – Tonio Burgos and John Charlson – and upper level Cuomo aides.

Charlson is a former public information officer for the New York State Division of Lottery who was fired in Jan. 2009 for not getting along with fellow employees. In retaliation for his firing, he illegally “eavesdropped on a confidential lottery conference call” and “trespassed via computer to get 16 lottery e-mails,” [the Post Star explained](#), summarizing a [New York Inspector General report](#).

Charlson's next job was serving as a corporate lobbyist with [Tonio Burgos and Associates](#), New York's Joint Commission on Public Ethics database reveals.

One of Charlson's 14 current clients at the Burgos firm is [United Water, Inc.](#), “the second-largest private operator of municipal water systems in the United States,” [according to a 2010 Food and Water Watch report](#). United Water is a subsidiary of global water privatizing giant [Suez Environnement](#), the second largest water service corporation in the world.

[Food and Water Watch](#) explained in a March 2012 report that [fracking on a global scale will almost certainly serve as a progenitor of a global water crisis](#). Another December 2011 FWW report revealed that water privatization corporations – which stand to gain economically if and when water ends up becoming a scarce global commodity – [are hedging their bets on shale gas production](#).

Burgos, the principal of [Tonio Burgos and Associates](#) and [former aide](#) to Andrew Cuomo's father, Gov. Mario Cuomo (described by the *Chicago Tribune* in 1993 as his “[patronage chief](#)”), was identified in Jan. 2012 by *The Wall Street Journal* as “[one of Mr. Cuomo's closest outside advisers and top fund-raisers](#).” Like Charlson, Burgos also [lobbies on behalf of United Water, Inc.](#)

Burgos has [already given](#) \$93,500 towards Cuomo's [2014 re-election campaign](#), according to the *National Institute on Money in State Politics'* campaign finance database. Burgos' firm also doles out big money to the Democratic Governors' Association, [forking over \\$110,000](#) between 2006 and 2012.

The records also reveal that the Cuomo Administration held [several meetings with lobbyists working on behalf of ExxonMobil](#), another corporation in which Schwartz holds stock.

NY Fracking Scandal: Conflict-of-Interest or Insider Trading?

The seven “fracktivist” groups signing onto the [letter requesting the investigation](#) concluded that under New York state law, Schwartz – and by extension the Cuomo Administration – may have a conflict-of-interest in the looming fracking decision.

In so doing, [they cited N.Y. Pub. Off. § 74\(3\)\(g\)](#), a law mandating that public officials must not make financial investments that would “create substantial conflict between his duty in the public interest and his private interest.” Cutting to the heart of the matter, the groups are seeking a thorough investigation as to whether the Cuomo Administration is breaking this law.

An issue that goes unraised in this letter: whether Schwartz is defying the spirit of the federal law that bans insider trading – the STOCK (Stop on Congressional Knowledge) Act- passed by the U.S. Congress and [signed into law by President Barack Obama in April 2012](#).

“The powerful shouldn’t get to create one set of rules for themselves and one set of rules for everyone else,” [Obama said while signing the bill](#).

In New York, though, that appears to be the case, with [2016 Democratic Party presidential hopeful Andrew Cuomo](#) and his administration playing by a different set of rules that may threaten the health and water supplies of New York citizens.

This dreary picture has prompted the launch of a new website dedicated to chronicling the ongoing and growing scandal: [NYFrackingScandal.com](#).

“NYFrackingScandal.com serves to put all of the worst offenses in the state’s review of fracking in one place. When you put it all together, it paints a pretty bad picture,” [said Frack Action Executive Director, Julia Walsh in a press release](#).

Some believe the scandal warrants a redux of the entire review process into whether or not fracking should be permitted in the Empire State.

“New Yorkers must be assured that policy decisions are made on merit – and not because of the possibility of personal financial gain,” Tyson Slocum, Director of the *Public Citizen* Energy Program told *DeSmogBlog*. “Given these financial holdings by key Cuomo decisionmakers, New York ought to review all aspects of the fracking review.”