

TOP STORIES

Designers look back to the '80s for fall fashions
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Film tax credit uncertainty roils local industry
SMALL BUSINESS, PAGE 3

As construction costs sink, pressure on labor mounts
PAGE 3

SPECIAL REPORT



BANKING

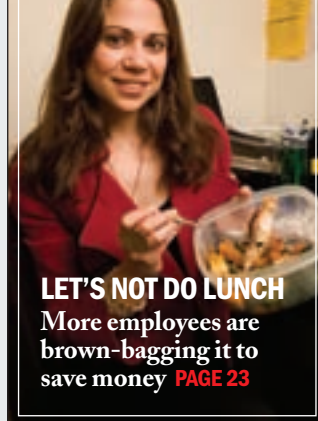
THREE BIG DEALS CHANGE LANDSCAPE

One bank gets bigger while two newcomers make debut in New York market
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• Banks have reservations about taking TARP funds
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BUSINESS LIVES



LET'S NOT DO LUNCH
More employees are brown-bagging it to save money
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CRAIN'S

NEW YORK BUSINESS

Sure, bankers are easy targets, but many more share the blame

—Alair Townsend
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GETTY IMAGES

MR. LEFT GETS IT RIGHT: Nobel laureate and *New York Times* columnist Paul Krugman is not the first economist to call for nationalizing big bungled banks like Citigroup, merely the most influential. He's making the once-unthinkable suddenly, well, thinkable.

THE ECONOCLAST

How Paul Krugman made it OK to say 'nationalize banks'

BY AARON ELSTEIN

PAUL KRUGMAN couldn't help but do a victory dance last week when none other than Alan Greenspan, a most-ardent defender of laissez-faire capitalism, acknowledged that several big U.S. banks would probably have to be nationalized.

"Comrade Greenspan: Seize the economy's commanding heights!" Mr. Krugman crowed on his blog. Mr. Krugman, 55, is in his policy-influencing

prime as diviner of what made the economy collapse and what painful, pricey steps will be needed to fix it. From his twice-a-week perch as an opinion columnist for *The New York Times*, the Princeton University economics professor is the highest-profile advocate of a once-unthinkable step: The federal government must take over Citigroup and other sick banks and carve them up so they have a fighting chance to emerge again as private enterprises.

President Barack Obama is a fan, and even ideologue. See **THE ECONOCLAST** on Page 8

Banks on list of union targets

Labor prepares for blitz if Congress passes new law

BY DANIEL MASSEY

LABOR GROUPS are targeting industries they believe they have a good chance of organizing should a new law be enacted making it easier for workers to join unions.

The Employee Free Choice Act, which passed in the House of Representatives in 2007 but stalled in the Senate, is expected to be reintroduced in both houses within weeks. President Barack Obama has expressed his support for the measure.

EFCA would require employers to recognize a union when a majority of workers sign authorization cards, and it would impose binding arbitration if an initial contract can't be negotiated within 120 days. Under current law, an employer can call for an election, a process that gives companies the time to sway workers against the

26%
OF NEW YORK workers are members of labor unions

See **BANKS** on Page 8

Soaring charges hit condo, co-op owners

Worse lies ahead as income from flip taxes and retail units ebbs just as defaults rise

BY AMANDA FUNG

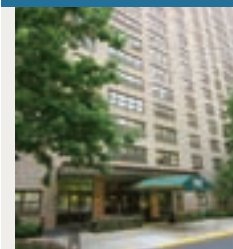
RESIDENTS of a 54-unit Upper East Side co-op got the bad news last month—despite the board's intense efforts to trim expenses, maintenance fees are rising 15%, nearly

double last year's hike. "People are furious," says Steven Sladkus, president of the co-op board and a partner at law firm Wolf Haldenstein Adler Freeman & Herz. "Some of them have lost their jobs."

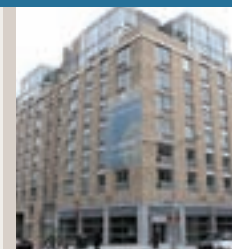
It's an increasingly common problem. Even as the city's economy sinks, maintenance fees and common charges for co-ops and condos, respectively, are rising at the highest rates in years. Co-op managers blame soaring expenses, primarily property taxes.

And things could get much worse. Income derived from renting retail space and levying charges

FEES ALREADY RISING FASTER THAN 2008 PACE



Lincoln Towers (Upper W. Side/co-ops)
+3.79% to +12.5%



68 Bradhurst Ave. (Harlem/condo)
+12%



One Hanson Place (Brooklyn/condo)
+17%

Sources: *Crain's*; industry blogs

on unit sales is plummeting, and the number of owners defaulting is starting to rise.

Monthly fees at co-ops are go-

ing up at more than double the rate of recent years. Though steeply falling fuel costs have given build-

See **CO-OP** on Page 9



GOTHAM GIGS

Artistic dealer

FOR **GAINES PEYTON**, 36, co-owner of the Sears-Peyton Gallery, maintaining close relationships with artists is the key to running a successful gallery. By continually engaging, everyone involved can put together unique shows and catalogs.

STARVING ARTIST After graduating from the Rhode Island School of Design in 1994, Ms. Peyton moved to New York with hopes of making her living as an artist. She spent five years painting, but assisting SoHo art dealer Macie Sears is what really launched her career.

STARTING ANEW Ms. Sears made Ms. Peyton her partner in 1999. "Macie really believed in me. ... It changed my life," she says. Their Chelsea gallery features works by American artists; a show of landscapes by Clay Wagstaff opened last week.

HOLDING ON The recession hasn't hurt sales, Ms. Peyton says, but clients aren't buying impulsively, either. Location helps: People love to tour the neighborhood's galleries.

—MAIA BLUME

EXPERT OPINIONS

MAKING COLLEGE MORE AFFORDABLE

THE WORST MISTAKE is crossing a school off your list because it has a high sticker price. Learn about the financial aid packages offered by the schools your child is interested in.

Don't be scared of the process. Visit www.fafsa.ed.gov or The Princeton Review site for information on aid. Educate yourself about the difference between loans and grants, and understand that the most money you'll receive is likely to come from the school you choose.

—ROB FRANEK
Vice president of publishing, research and development
The Princeton Review

Let's do brown-bag

Workers replace takeout with leftovers

BY LISA FICKENSCHER

IT HAS BEEN TWO MONTHS SINCE Eda Kalkay and her husband, David Nowak, slashed their household budget and began toting yogurt, salad and soup to work. The money they have saved by cutting out \$10 to \$15 lunches at a deli is sitting in a new bank account that already contains over \$1,000, Ms. Kalkay boasts. "I was throwing money down the drain," says the executive, who owns an eponymous public relations firm. "We figured we were just being lazy by not taking our dinner leftovers to the office." Ms. Kalkay and Mr. Nowak, marketing director at Noble House Wines, are among a growing group of penny-pinching New Yorkers

AND GOOD FOR YOU: An online budgeting tool helped dietician Stephanie Middleberg resolve to eliminate pricey lunches.



LUNCH TABS

Le Pain Quotidien

To-go baguette of Paris ham & Gruyère cheese

\$8.13

Kushi-Q

Salmon bento box with miso soup

\$8.20

Hale & Hearty

Medium chicken-barley soup with half a sandwich

\$8.39

See **BROWN** on Page 25

