

Eady: Spitzer's BUFNY Abandoned WCKL

By Jim Planck

CATSKILL — [Editor's Note: This is Part Two of three in a series on the demise of former local radio station WCKL-AM. The station was purchased by the Harlem-based Black United Fund of New York (BUFNY) in 2002, which was then, says BUFNY founder and Athens resident Kermit Eady, improperly taken over by then NYS Attorney General Eliot Spitzer during a self-promoting campaign against charitable organizations.]

Part Two — Spitzer's Allegations

“The very beginning purpose of Black United Fund,” said Eady, “was economic development empowerment.”

He said that through working with the NYC Housing Preservation Dept., BUFNY was able to acquire a derelict property on Adam Clayton Boulevard, in Harlem, which was then rehabilitated into five commercial spaces and 41 residential units.

“They were low income, brand new apartments,” said Eady. “We also moved the Black United Fund office there, into one of the commercial locations.”

Eady said that from 1979, when the organization was founded, until late in 2002, BUFNY successfully maintained its operational mission and fiscal integrity, and was a highly respected player in assisting the lives of the black community.

Eady said all that changed, however, in the fall of that year, 2002, when he was contacted by the Office of then NYS Attorney General Eliot Spitzer regarding concerns about BUFNY's fiscal operations.

The concern was later summarized in a May 2, 2003, press release from Spitzer's office, which stated, “BUFNY's initial mission was to provide financial assistance and support services to black community-based organizations.”

“In recent years,” it stated, “the charity has shifted its focus to housing and land development.”

“Its investments in real estate have caused it to fall behind in honoring its financial commitments to designated grantees (the employee payroll-selected charities) that are directly supported by payroll contributions from federal, state, municipal, city and corporate employees.”

Eady said Wednesday, however, that the real estate end of BUFNY's assets was not the fiscal problem at all. He said it was the late annual disbursements from United Way of New York City.

Spitzer's office also took issue with BUFNY's document filings to the state.

"In addition," the release states, "the charity was chronically delinquent in filing documents, required by law, with the Attorney General's Office."

Regarding those late filings, Eady said it was essentially just used as an excuse for the Attorney General's Office to get involved.

"There's no question we were late with those," Eady said, "but that's trivial," adding that most organizations end up filing documents late on occasion.

He said the documents were forms that go annually to four destinations — the NYS Attorney General's Office, the NYS Department of Charities, the involved not-for-profit agencies for which BUFNY was the payroll contribution conduit, and the Internal Revenue Service.

"Yes, mistakes were made, but no matter what, we had high integrity," Eady said. "There was no rule book on how to build an organization like this."

Eady said that ultimately, in March 2003, he had to sit for a formal deposition on the matter with a local representative of the Attorney General's Office.

"The deposition was done in Mineola, Nassau County, by an attorney of the Attorney General's Office, Juan Merchan," said Eady.

Merchan was then Assistant Attorney General, Nassau County Region, and is currently a Judge with the Bronx County Family Court, appointed by NYC Mayor Michael Bloomberg in 2006.

"He negotiated the dissolution of the (BUFNY) board," said Eady.

"He said if you don't do it, we'll close Black United Fund of New York right now, and you'll never see it again," Eady said.

"So I did it, in the interest of keeping the organization alive," Eady said.

“The board members had to sign a letter,” said Eady, “that they were literally removing themselves.”

Eady said that besides himself, among those who also had to step down was BUFNY Vice President Larry Barton, and that Spitzer appointed an interim board to manage the organization.

The May 2003 press release quoted Spitzer, “Our goal here is to help BUFNY flourish.”

“The interim board — comprising talented individuals with proven records of service — will breathe new life into BUFNY,” said Spitzer, “and help shepherd its finances and programs.”

Eady said Wednesday that he believes nothing could have been further from what actually occurred as a result of that transition.

He said the first thing the new board did was to force him out three months later as president, a position that he had retained upon resigning as a member of the Board of Directors.

Eady said he had continued to serve as the CEO from May through August in 2003, when on the 29th of that month he was summarily terminated.

“I got a telephone call from their new attorney, telling me I had been fired,” said Eady, “and that I was not allowed to go back to the Black United Fund office anymore.”

“All of my clothes, all of my hundreds of plaques, they threw them in the dumpster,” Eady said. “That’s mean.”

Eady said that under BUFNY’s interim board and its subsequent regular board, the organization’s functionality ultimately fell apart and its assets apparently lost.

Regarding the main BUFNY building in Harlem — which was sold after Eady was no longer a part of the organization — Eady said he believes it was sold for \$3.4 million, which he feels was far less than its value.

He said the development cost to rehabilitate the buildings had been \$40 million, which did not, he said, reflect its greater asset cost.

“In today’s market,” said Eady, “it would cost \$40 million no more (no longer).”

Eady said he has been unable to learn how the building was disposed of. He said the ground floor is now a bar.

“Black United Fund owned that building,” said Eady. “When did the sale occur? Who approved it?”

“Selling 41 units and 5 commercials for \$3.4 million is peanuts,” he added.

Eady said he is also unable to learn the subsequent disposition and use of those funds.

Eady said BUFNY also owned a technical center at two locations: one in Harlem and one on Brooklyn.

“The one in Brooklyn,” said Eady, “I think the City took that back.”

“That was in an historic firehouse that was the headquarters for the Brooklyn Fire Department before Brooklyn became a part of New York City,” he said.

Eady said the new board members also failed to follow through on BUFNY’s 2002 acquisition of Catskill’s former AM radio station, WCKL.

“A \$100,000 loan from Community Capital Bank, in Brooklyn, paid for it,” Eady said. “You buy with the contingency that you will be approved by the FCC (Federal Communications Commission, which oversees radio station licenses).”

“We submitted the application, and it was approved,” he said, noting that they then moved the equipment from its Greenport location to a rented building on Route 23 in Catskill, near the Route 385 intersection, and which was to be the broadcast studio.

“Exactly one week more and we would have gone on the air,” Eady said. “The only thing left to do was to put the dish up.”

Eady said, however, that the end came on a Friday, even as the anticipation of starting up the station was building.

“That (dish) was going up on Monday, and the coming Sunday we were to go onto the air,” said Eady.

He explained, however, that it was on that Friday that he received the phone call from

BUFNY's attorney, telling him he was fired.

Eady said he feels the station and its studio equipment was then essentially abandoned by BUFNY, noting that although the new studio was a rental, no one ever came to get the equipment.

"At the end of the first month," said Eady, "he (the landlord) was looking for the next rent, but he didn't get it."

Eady said the landlord was more than fair, and tried to work with BUFNY on the matter.

"He left it (the station equipment) in there quite some time, maybe a year," said Eady. "He tried to get them to pay, and they wouldn't pay."

Eady said the landlord ultimately had no alternative but to toss out the equipment.

"He kept it for a while, but then he had no choice," Eady said. "He didn't have a choice."

Eady said that one of the main things that bothers him is that Spitzer's investigation against the management of BUFNY was never formally closed, that the allegations were never clarified, and the matter was just allowed to remain open, with no closure.

Spitzer's May 2003 press release did, in fact, confirm, that the investigation remained open, stating, "The AG's investigation of the charity's activities pre-dating the interim board is continuing with the cooperation of the new board."

Eady said that, to his knowledge, that investigation was never formally shut down, nor was there a Certificate of Discontinuance issued disbanding BUFNY.

"If they did a discontinuance," said Eady, "they kept it quite secret. It was never made public."

"When Spitzer couldn't find that anything went in my pocket, that's when things got quiet," Eady said, "because I'd have been on TV if he had found anything."