



## Public Interest Organizations Endorse Bill to Curb Private Equity Abuses

Over 20 major public interest groups have signed on to support the Stop Wall Street Looting Act of 2019, which was introduced today in the House and Senate. Their statements:

“Private equity firms are the poster children of everything that is wrong with Wall Street, and it’s about time that Congress is finally taking steps to hold them accountable,” said **Maurice Weeks, co-executive director of the Action Center on Race and the Economy**. “From Toys ‘R’ Us to Sears to Payless Shoes, private equity firms have driven a long list of retail chains into the ground, and cost thousands of workers their livelihoods. The impact has been particularly devastating in Black and Brown communities, which are overrepresented in retail jobs. This bill will ensure that when the titans of Wall Street decide to treat the next retail chain as an ATM, workers will be protected.”

“The Stop Wall Street Looting Act will shut down loopholes and carve outs in the law that allow a handful of Wall Street millionaires and billionaires to take over healthy businesses and suck them dry,” said **Richard Trumka, president of the AFL-CIO**. “It will protect the 5.8 million workers employed by private equity-owned companies and many more workers and retirees whose retirement savings are tied up with these Wall Street tycoons.”

“Private equity and hedge funds now wield enormous influence over the American economy, often with terrible consequences for workers and communities,” said **Lisa Donner, executive director of Americans for Financial Reform**. “We need effective rules of the road to stop predatory practices by these Wall Street giants.”

“Private Equity has been pillaging our communities, businesses and workers to line the pockets of a handful of executives for too long,” said **Sasha Graham, state board president of the Alliance of Californians for Community Empowerment (ACCE)**. “We can no longer allow for their greed to go unchecked at the expense of everyone else. It’s time to pass the Stop Wall Street Looting Act.”

“In the darkness of the under-regulated and underexposed private equity industry, there’s a massive wealth transfer from workers to Wall Street,” said **Randi Weingarten, president of the American Federation of Teachers**. “This legislation shines a light on the most pernicious practices of the private equity industry. It protects American workers by closing the carried interest tax loophole, exposing predatory fees, and preventing private equity managers from

taking excessive risks to enrich themselves at the expense of portfolio companies, investors and working people. It's high time we prioritize long-term investments and the dignity of working people trying to plan for a better life and a secure retirement, not short-term payouts to billionaire private equity managers.”

“When we talk about extraction in our economy, private equity firms are some of the biggest culprits,” said **Jennifer Epps-Addison, network president and co-executive director of the Center for Popular Democracy**. “Black communities were devastated by the Great Recession, losing nearly half our wealth following the collapse. This legislation will help restore and keep wealth in Black and Brown communities, instead of the pockets of Wall Street billionaires.”

“For years, private equity fund managers have gotten obscenely wealthy on the backs of the working class,” said **Shane Larson, director of legislation, politics, and international affairs for the Communications Workers of America**. “They have made billions by buying up companies, loading them up with debt and stripping them of assets, and leaving workers and retirees holding the bag if anything goes wrong. They’ve put everyone from manufacturers to retailers to local newspapers out of business in the process. The Stop Wall Street Looting Act will fix that by shining a light on these predatory practices and ensuring that private equity funds will be held accountable for the results of their risky bets. CWA is proud to endorse this important bill.”

“The legislation will not hinder those private equity firms that prosper by delivering efficiency gains to underperforming companies in their portfolios,” said **Thea Lee, president of the Economic Policy Institute**. “Instead, it will simply remove tax and other incentives that allow some firms to realize large gains by inflicting even larger losses on other stakeholders. This type of negative sum strategy is pursued too often in the private equity industry and requires a legislative and regulatory response.”

“Our communities are fed up with Wall Street destroying our jobs, pillaging our neighborhoods, corrupting our government, and exploding inequality,” said **Charles Khan, spokesman for the Hedge Clippers campaign**. “The Stop Wall Street Looting Act creates strong new rules for private equity and hedge funds centered on economic fairness and community needs, not billionaire greed. It will make a real difference for Black, Brown and white working people across America.”

“As a coalition of socially responsible investors, we’re deeply concerned about the role that private equity has sometimes played in looting businesses and undermining worker protections,” said **Josh Zinner, CEO of the Interfaith Center on Corporate Responsibility**. “This bill would provide critical guard rails to rein in the most abusive practices.”

“NELP applauds this effort to hold private equity managers accountable for the predatory business decisions to liquidate companies in order to line their own pockets,” said **Christine Owens, executive director of the National Employment Law Project**. “For too long private equity funds have been operating in the shadows, while leaving those who helped build the

companies they take over with pink slips and communities with shuttered stores, factories, hospitals, and businesses. By creating transparency about fee structures and relationships, the pension funds managing the retirement futures for millions can make better fiduciary decisions before committing investment dollars. And holding managers accountable for siphoning value from communities and workers provides an opportunity to recover what they are owed. We commend this bill's sponsors and their long history of fighting for worker power from financial services trickery and abuse."

"Private equity firms and hedge funds have played a particularly destructive role in local journalism. Motivated only by greed, they deplete news organizations, eliminate beats, lay off journalists at twice the industry average, and shutter newspapers to sell their assets. They make it virtually impossible for local news organizations to serve as government watchdogs or effectively tell the stories of their communities. It's time they are held accountable. Our democracy depends on it," said **NewsGuild-CWA President Bernie Lunzer**. "The Stop Wall Street Looting Act will highlight and limit these predatory maneuvers."

### **New York Communities for Change**

"Private equity firms are raising record amounts for infrastructure investments, and that should worry all of us," said **Lauren Jacobs, executive director of the Partnership for Working Families**. "These firms are maximizing profit for Wall Street executives at the expense of the public good. We need rules of the road to stop private equity firms from looting our public assets and harming workers, communities, and businesses. Our public goods are for all of us and should make our communities healthier and stronger."

"The massive private equity industry lets Wall Street investors play with our money like it's an after-dinner Monopoly game – with no accountability," said **George Goehl, director of People's Action**. "It's real people who pay the price, losing their jobs, livelihood and homes when those companies close or declare bankruptcy. This is no game; tough federal policies and serious penalties for these profiteers are long overdue."

"Public Citizen welcomes this thorough, robust reform that proposes to remove the financial incentives of buccaneers who have pillaged fine American companies, left millions without jobs, and drowned other corporations in debt," said **Bart Naylor, financial policy advocate with Public Citizen**. "American law must no longer enable this transfer from working Americans to elite Wall Street players."

### **Service Employees International Union**

"The rules of finance determine who does and doesn't get money, so they need to be fair and transparent," said **Porter McConnell, Take On Wall Street campaign director**. "But private equity fund managers have legally sucked all the value out of company after company and walked away with millions, leaving white, Black, and Brown communities with fewer jobs, more expensive housing, crushing student debt, and overcrowded emergency rooms. Private equity's

business practices are neither fair nor transparent, and they have no place in our democracy. It's on us to fix the law to stop their looting. Now that this bill has been introduced, we will fight like hell to make it the law of the land."

"I put 30 years of my life into Toys 'R' Us and built my store into a beloved part of my community. Wall Street profiteers threw that love and value away when they bled Toys 'R' Us dry for profit," said **Madelyn Garcia, a United for Respect leader who spent her entire career with Toys 'R' Us and was a store manager in Boynton, Beach, Florida.** "If we hadn't spoken out, they would have left tens of thousands of us on the street without the severance and respect we had earned. This bill is about giving working people a better chance to stand up to billionaire predators and fight for our jobs, our livelihoods, and our dignity. This bill is what standing up for working people looks like."

Private equity has been a disaster for the gaming industry. We need policies like those proposed in the Stop Wall Street Looting Act to discourage companies from taking on excessive debt to complete deals, protect workers in bankruptcy, and hold private equity owners responsible when the companies they target end up in bankruptcy," said **D. Taylor, president of UNITE HERE.** "We need to make sure wealthy private equity managers pay their fair share of taxes by closing the loophole on carried interest."

"For too long, vulture capitalists have harvested companies and pension programs, extracting massive profits while crushing the working class," said **Maurice Mitchell, national director of the Working Families Party.** "This bill brings some much-needed accountability, transparency, and reform to the shadow economy of private equity. Members of Congress need to get on board."