



Written by [Thomas R. Eddlem](#) on July 15, 2009

Obama's Car Czar Linked to Bribery Scandal

Rattner's capital firm Quadrangle Capital Partners reportedly gave \$1.1 million in kickbacks to a middleman in a New York State pension bribery scandal now under active investigation by both the U.S. Securities and Exchange Commission and the New York State Attorney General's office. "A source familiar with the matter," Reuters wire service [reported](#) on July 14, "said that Cuomo's investigation of Rattner has 'intensified' in recent weeks."



"Mr. Rattner, according to people close to the investigation," the *New York Times* [reported](#) the same day, "arranged for his investment firm to pay \$1.1 million to an agent who helped Quadrangle obtain New York pension business. The agent who received most of that money has been indicted and accused of selling access to the pension fund, but neither Mr. Rattner nor Quadrangle is expected to face criminal charges, according to people close to the matter. The Securities and Exchange Commission is also investigating pension fund abuses."

Indeed, the SEC has already issued [indictments](#) against New York State Deputy Comptroller David Loglisci for "extracting kickbacks from investment management firms seeking to manage the assets of New York's largest pension fund." Loglisci and political consultant Hank Morris reportedly acted as the investment gatekeeper for New York pension funds, netting as much as \$30 million in "fees" from Quadrangle and other major Wall Street investment firms such as the Carlyle Group (a politically connected firm that paid out \$10 million in kickbacks and has already paid a \$20 million fine for its involvement in the scandal).

Back in Washington, Treasury Secretary Timothy Geithner was all smiles about how Rattner completed the nationalization of America's auto industry. In a public statement on July 13, the [most ethical administration in American history](#) seemed blissfully unaware of the burgeoning scandal. "With GM's restructuring complete," Geithner said in a [press release](#), "Steven Rattner, whose leadership and vision were invaluable to the Auto Task Force's efforts, has decided to transition back to private life and his family in New York City. We are extremely grateful to Steve for his efforts in helping to strengthen GM and Chrysler, recapitalize GMAC, and support the American auto industry. I hope that he takes another opportunity to bring his unique skills to government service in the future."

Rattner had been appointed back in February — just one month before the bribery scandal broke — in a



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move by President Obama designed to avoid Senate scrutiny of Rattner's record, as Britain's *Financial Times* [observed](#): "Mr. Rattner's brief tenure was not without controversy. The White House was accused of side-stepping the Senate's scrutiny of administration nominees by naming him a mere member of a taskforce — rather than the touted "car czar" — even though he assumed charge of one of the biggest state interventions in US industry."

Four counts in the New York Attorney General's [indictment](#) against Morris and Loglischi involve kickbacks from Quadrangle. Press reports indicate that Rattner does not intend to rejoin Quadrangle after leaving the Auto Task Force, even though he co-founded the company in 2000. Maybe Geithner really does expect Rattner to "bring his unique skills to government service in the future."

Photo of Steven Rattner: AP Images



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