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## *Who Owns Times Square?*

# **Times Square Buyout Boom Highlights Private Equity Role in Growing U.S. Income Inequality**

**New SEIU report shows private equity-owned companies are everywhere you turn at “Crossroads of the World”**

NEW YORK -- In Times Square the buyout industry is, literally, everywhere you turn. A new report by one of the nation’s largest unions, SEIU, shows a staggering concentration of private equity-owned companies at the “Crossroads of the World,” highlighting the increasing influence of the buyout industry and its role in the nation’s growing income inequality. The report, and an original, interactive map of the Times Square buyout boom is available at [www.BehindtheBuyouts.org](http://www.BehindtheBuyouts.org).

“Times Square isn’t all glitz and glamour. It’s filled with people making \$8 an hour, without health care, working for the some of the wealthiest companies in the world,” said Stephen Lerner, Director of the SEIU (Service Employees International Union) Private Equity Project. “In Times Square and across the country, the wealthy buyout industry is an engine of economic inequality at a time when it’s harder and harder for working people to get ahead.”

In the 50 square blocks that make up Times Square and its surrounding area, there are 53 stores or offices of 28 different companies that have been, are, or are about to be controlled by private equity firms. The buyouts of companies with locations in Times Square have together totaled more than \$106 billion. Combined, those companies employ more than 530,000 workers across the United States. SEIU interviews with more than 50 employees of private equity-owned companies in Times Square found many to be working without health insurance for wages between \$7.15 and \$11 an hour.

In conjunction with the report, SEIU, ACORN, and the Working Families Party of New York Wednesday held a guided tour by double decker bus of the Times Square buyout boom. The organizations have created a new New York-based coalition, the Private Equity Accountability Coalition, to raise awareness about buyouts in New York and call on private equity firms to ensure that workers and communities have a voice and benefit from the blockbuster deals that are creating incredible wealth for the small number of individuals at the top of the industry.

As leveraged buyouts worth billions become more and more commonplace, private equity firms are extracting fees of hundreds of millions of dollars from the companies they buy and often generating profits of 20 percent or more on the deals. The people who work at the companies being bought often see no improvement in their salaries or benefits in the wake of a deal, and in a number of cases, large numbers of workers have been laid off.

**Example: The Bain/KKR/Vornado Buyout of Toys “R” Us**

Toys “R” Us, the national toy store chain, was bought out in 2005 by Bain Capital, Kohlberg Kravis Roberts & Co. and Vornado Realty Trust for \$6.6 billion. The chain has its “international flagship store” at the corner of Broadway and West 44<sup>th</sup> Street in Times Square. The buyout firms were paid \$75 million in transaction fees for the deal and an additional \$15 million a year in management fees. In the wake of the deal, 3,000 Toy “R” Us employees were laid off nationwide. Times Square employees interviewed by SEIU reported being paid wages of just \$7.15 and \$8 an hour. Toys “R” Us has 63,000 employees.

“A hand full of private equity executives are personally making millions of dollars in buyout deals but workers are being left behind,” said Lerner. “Buyout firms have a responsibility to make sure workers benefit from the wealth being created.”

Income inequality between the super-rich and everyone is at historic levels in America. The wealthiest 1% of Americans makes a larger share of the national income today than at any time since 1928. Over the past 25 years, the wealthiest 1% of Americans saw their incomes rise by 175%, while middle-class incomes have increased by only 20%. Today, American CEOs make more than 400 times as much as the average worker, while in 1980 CEOs made 42 times as much as the average worker.

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