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DioGuardi Responds

Republican Senate nominee Joe DioGuardi says he is not a "crony" of executives under investigation for fraud by the Securities and Exchange Commission, as the *Daily News* reported Tuesday. DioGuardi says that he was a director of two separate subsidiaries of Medical Capital Holdings that were never accused of any wrongdoing and that he hardly knew Joseph Lampariello, who is a defendant in the SEC's case. DioGuardi was brought on to help one of Medical Capital's subsidiaries make an initial public offering. DioGuardi, who left the company four months before the SEC filed charges, says he was never deposed by regulators and is not mentioned in their complaint.

Gilli Vanilli

Sen. Kirsten Gillibrand has been vocal in her support of gay marriage and her opposition to the military's "don't ask, don't tell" policy, but a Democratic consultant says she has avoided risk during her 19 months in office. "Gay marriage, 'don't ask, don't tell'—they're not controversial. Being against that is controversial these days," the source says. Gillibrand's strategy is working, however. "Everybody likes vanilla," the consultant says. "A few months ago, she was being painted by the left as a gun-loving, anti-gay, conservative doyenne of Al D'Amato."

Dinallo on Schneiderman Conflict

Former attorney general candidate Eric Dinallo supports the man who defeated him in the Democratic primary, state Sen. Eric Schneiderman, but agrees with GOP nominee Dan Donovan that Schneiderman would have to recuse himself from probes of former Senate colleagues. "You can't leave one institution and then turn around and investigate it," Dinallo points out, citing state common law about fiduciary duty. Instead, Schneiderman's deputies could run Senate investigations, Dinallo says.

Fun With Numbers

The Business Council of New York State is imploring candidates and reporters to focus on the economy this election season. "While politicians—and, yes, many journalists—have been focused on mosques and witchcraft and marital affairs and some minor indiscretion or tax error from decades ago, out in the real world, 95,000 more jobs disappeared from the American economy in September," a council blog post says. However, private-sector jobs increased during that period. The overall loss stemmed from a reduction in government jobs—exactly what the business council has demanded for years.

Fact check: DiNapoli's new ad

State Comptroller Tom DiNapoli's new commercial makes three claims about opponent Harry Wilson. The first two are true: Wilson favors keeping the Bush tax cuts for all income levels and continuing to tax carried interest as capital gains rather than income (a boon for anyone who's a hedge fund partner, which Wilson was until two years ago). The third charge is a "total fabrication," says Wilson's camp, which is demanding that stations pull the ad.

The ad says Wilson's "pension scheme would send New Yorkers' property taxes soaring," citing a *Global Pensions* article as its source. But the article merely quotes DiNapoli; the comptroller is using himself as a source.

The story concerns a study by DiNapoli's office about what the state pension fund would have returned over the past 20 years if entirely invested in fixed income. It does not mention future returns, property taxes or Wilson—whose plan is not what DiNapoli's study analyzed. "Harry never once said he'd do all fixed-income," says Wilson's spokesman. "He said we are taking on too much risk now and he would seek to increase the fixed-income percentage over time."

Lowering the assumed rate of return triggers an immediate increase in local governments' contributions to the pension fund, which can trigger property tax increases, says Frank Mauro, executive director of the Fiscal Policy Institute. But he concurs with more fiscally conservative groups that a return assumption is an assumption, not a return. Mauro says the assumption has a greater effect on what localities pay to the pension fund in the medium term, but ultimately, it is the returns themselves that determine taxpayers' tab.

Wilson argues that optimistic return assumptions demand risky investments that can leave taxpayers holding the bag. Bonds outperformed equities over the past 10 years for the first time in ages.

Last week, Wilson pulled an ad saying that DiNapoli was under investigation after the comptroller was cleared by Attorney General Andrew Cuomo. DiNapoli has no plans to reciprocate.

At A Glance

FREE FLOWERS: Manhattan Borough President Scott Stringer, City Councilwoman Margaret Chin and former city Comptroller Bill Thompson will hand out free geraniums this morning from 10 a.m. to noon at Bowling Green Park. The flowers were dug up to make way for tulips, which can survive the winter, as part of the Downtown Alliance's Going Green Downtown initiative.

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