

Commentary

Past was Spitzer's prologue

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Former New York Gov. Eliot Spitzer's blindingly fast fall from grace was portrayed by many of his media sympathizers as a temporary slip in judgment, an unfortunate exception to the high ethical standards he exemplified himself and demanded of others.

In fact, nobody who closely watched Spitzer's monumental displays of arrogance, recurring abuses of office and flagrant hypocrisy during his near-meteoric rise to power beginning in 1994 could have been surprised when Spitzer confessed to his February tryst with a high-priced whore in Washington's stately old Mayflower Hotel.

Not coincidentally, a few days before the Mayflower dalliance broke, The New York Times reported Spitzer was routinely skirting the \$10,000 campaign contribution limit he set while boisterously promising to clean up New York politics shortly after winning the governorship in 2006. The new limit was far below New York's \$55,900 ceiling.

He praised himself profusely while unveiling his proposed reforms, saying, "I've even said it myself in the past: You cannot expect me to unilaterally disarm. We are doing that today. We are doing that because we believe it is important to set a tone, send a message and to lead by example."

But a March 5, 2008, Times story quoted Spitzer aides admitting that contributors were regularly encouraged to give Spitzer's 2010 re-election campaign \$10,000 and then write separate checks to the state Democratic Party coffers, which he controlled.

The episode fit a long-standing Spitzer pattern — things were never quite as he claimed.

In 2004, for example, as New York attorney general, Spitzer kept silent after an old, established Wall Street player was severely criticized by a federal judge for apparently colluding with plaintiffs in a class-action lawsuit alleging securities violations by executives of Terayon Communications Systems Inc.

The judge's criticism was prompted by the fact that two years earlier, Justice Department investigators had publicly confirmed they were investigating the player — the high-flying Milberg Weiss class-action law firm. There were serious and widely publicized allegations of criminal racketeering and kickbacks to plaintiffs.

Later in 2004 when the conservative [Washington Legal Foundation](#) public interest law firm filed an official complaint requesting an investigation, Spitzer — by then Time magazine's "Sheriff of Wall Street" — did nothing.

A review of New York campaign finance records reveals that Spitzer received \$80,700 in contributions from Milberg Weiss and its lawyers prior to WLF's request and another \$97,450 afterward, a total since 1998 in excess of \$178,000. Cynics might now say it paid well for Spitzer to look the other way.

Two years later when the Justice Department indicted the firm's top four partners and the firm itself on multiple criminal racketeering charges during Spitzer's 2006 gubernatorial campaign, he promised to return \$124,455 in Milberg Weiss contributions. Nothing was said about the contributions to his prior campaigns. After moving into the governor's mansion in Albany, his official spokesman declined to discuss whether the promised returns had actually been made.

In retrospect, the 2004 Terayon case helps explain the odd way Spitzer settled his famous case against Merrill Lynch in 2002. Spitzer had accused Merrill Lynch executives of misconduct by giving misleading investment advice to investors. After Spitzer found damaging internal company e-mails, Merrill Lynch settled and agreed to pay a \$100 million fine. No criminal charges were ever filed. But at least 150 securities class-action lawsuits were filed, many by Milberg Weiss.

When quizzed by reporters on why he agreed to settle the case without filing charges against individual executives, Spitzer said he had established the "template" for subsequent legal action. In other words, he'd set up his class-action buddies for a big payday, and he got to mount a big-name trophy on his wall.

Spitzer was also willing to use his official powers to help his class-action lawyer friends in other ways. His predecessor had hired three local and three national law firms to represent New York in tobacco litigation, but it was settled after he became attorney general.

A state panel voted 2-1 to approve \$625 million in legal fees to the six firms, or \$13,000 per hour of alleged work. The panel's lone dissenter, a former federal judge, argued the lawyers couldn't have done much work because their filings mimicked those filed by other states.

Spitzer defended paying the \$13,000-per-hour fees to the lawyers but later never missed an opportunity to criticize corporate executives for excessive compensation. Law for thee, headlines for me.

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