

NEW YORK POST

OUT OF BOUNDS

By KAJA WHITEHOUSE

February 25, 2009 --

Call it Northern Distrust.

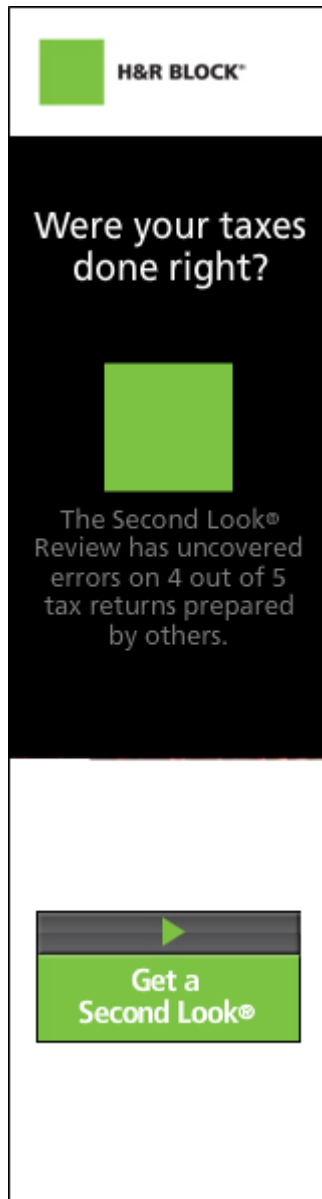
That's the sentiment of several lawmakers who are blasting Chicago-based financial firm Northern Trust for throwing several lavish parties last week in Los Angeles just months after accepting \$1.6 billion in government-rescue money - and now they want some of their money back.

Northern Trust, which is predominantly a custodial bank and has been widely regarded as one of the country's healthier financial institutions, threw the parties as part of the Northern Trust Open, a PGA Tour event it sponsors under a five-year contract signed in late 2007.

The tournament won by Phil Mickelson and held at the Riviera Country Club in Pacific Palisades, Calif., concluded Sunday, and as host Northern Trust gave lavish dinner and cocktail parties topped off by performances by musical acts like Sheryl Crow, Chicago and Earth, Wind & Fire.

The news, first reported on Web site TMZ.com, sparked furor among those who say it represents another example of Wall Street spending taxpayers' dollars without consequence.

The bank flew in hundreds of clients and employees to the event, and put



H&R BLOCK®

Were your taxes done right?

The Second Look® Review has uncovered errors on 4 out of 5 tax returns prepared by others.

Get a Second Look®

many of them up at some of LA's priciest hotels, including the Beverly Wilshire in Beverly Hills and the Ritz Carlton in Marina Del Rey.

It also spent money on luxurious spaces to hold its parties, including a hangar it rented from the Santa Monica Airport, and the House of Blues in West Hollywood for its private party.

The entire affair drew howls from House Financial Services Committee Chairman Barney Frank, who with 17 Democrats on the committee, sent a letter to Northern Trust CEO Frederick Waddell yesterday

demanding the bank return to Uncle Sam "the equivalent of what Northern Trust frittered away on these lavish events."

"This behavior demonstrates extraordinary levels of irresponsibility and arrogance," Frank's letter read.

John O'Connell, a Northern Trust spokesman, declined to say on how much the company spent on the events, but said in a statement that taxpayer money is not used for operating expenses, including corporate sponsorships.

"These are funded through our normal cash flow," the statement said.

Northern Trust's justification seems to be in part tied to the fact that it's a "healthy bank," and didn't ask for rescue money, unlike Citigroup or AIG.

"Northern Trust did not seek the government's investment, but agreed to the government's goal of gaining the participation of all major banks in the United States," the bank said.

To that, economic pundits are saying there's a simple solution: Give it back.

"Some of these institutions really didn't have much of a choice in the first round," said Campbell Harvey, a finance professor with Duke University. "But I guess they could also just give it back."

[Home](#)

NEW YORK POST is a registered trademark of NYP Holdings, Inc. NYPOST.COM, NYPOSTONLINE.COM, and NEWYORKPOST.COM are trademarks of NYP Holdings, Inc. Copyright 2009 NYP Holdings, Inc. All rights reserved.