

WEDC CEO Reed Hall Should Step Down

Written by Wisconsin Assembly Democrats
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Exposure of Financial and Ethical Improprieties Demonstrates Need for New Leadership

MADISON- On Wednesday, Assembly Democratic Leader **Peter Barca** (D-Kenosha) and Senator **Julie Lassa** (D-Stevens Point), both members of the Wisconsin Economic Development Corporation (WEDC) Board of Directors, called on WEDC CEO Reed Hall to step down.

Also on Wednesday, Rep. **Dana Wachs** (D-Eau Claire) echoed their call and shared their concerns about the long-troubled agency.



“The true measure of a leader is not how they perform under perfect conditions, but how they conduct themselves when dealing with a crisis,” **said Wachs**. “And as anyone who’s not paid to protect Governor Walker and Reed Hall will admit, WEDC is in a crisis. WEDC has stumbled through one misstep after another, and while I’m not confident new leadership will solve all the agency’s problems, nearly three years of continual violations of internal controls, policies and procedures show the need for a competent hand at the helm.”

WEDC is the state’s lead economic development organization. Its importance to Wisconsin’s economy, however, has not been matched by the quality of its work.

The state’s non-partisan, highly respected Legislative Audit Bureau (LAB), in two audits, has faulted the agency for its shoddy administration of its grant, loan, and tax credit programs. LAB documented numerous instances of contracts for grants and loans not containing statutorily-required provisions, agency staff not ensuring businesses that received tax credits were actually eligible for them, establishing tax credit policies and then allocating the credits without complying with state statute, and carrying out activities that didn’t comply with governing

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board policy and state statute.

WEDC's most recent lapses were brought to light when reporters uncovered a \$500,000 unsecured loan that was given to Building Committee Inc. (BCI), a private business whose executive was a major campaign contributor to Governor Walker. The loan was awarded as the result of pressure being brought by one of Governor Walker's top lieutenants, Department of Administration then-Secretary Mike Huebsch. The loan, issued without any underwriting, eventually went into default, and WEDC has had to sue to attempt to recover the funds. In addition, WEDC leadership admitted last week that they gave away \$124 million in loans to 24 companies without any review by underwriting staff.

"Wisconsin is 38th in the nation in job creation and lags our neighboring states, has had the largest middle class decline in the country, and is dead last in the nation in business start-ups," added Wachs. "The addition of these latest revelations of possible pay-to-play illegality involving a top contributor to Governor Walker and WEDC make it obvious that new leadership at WEDC is desperately needed."