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SUNDAY, MAY 6, 2012

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DIPLOMATIC  
DEADBEATSProperty owners  
from foreign  
countries rack up  
big tax debts

## TAX WATCH

By Ernie Garcia  
[elgarcia@lohud.com](mailto:elgarcia@lohud.com)320 Trenor  
Drive,  
owned by  
Mozambique  
in New  
Rochelle, has  
a tax bill of  
\$13,073.87.  
PHOTOS BY  
CARUCHA L.  
MEUSE/ THE  
JOURNAL NEWSTen countries owe  
the city of New  
Rochelle a combined

\$2.2M

in unpaid property,  
sewer and refuse  
taxes. Guess who.

Westchester County homeowners may pay the highest property taxes in the country, but if the stately colonial next door is owned by a foreign government, don't expect that applies to them.

Take the Republic of Cameroon's mansion that is both a gem in New Rochelle's Beechmont neighborhood and a burden on taxpayers.

The city has unsuccessfully tried collecting more than \$2 million in delinquent property, school and sewer taxes dating to 1995, but officials can't foreclose on the property because Cameroon, a west African country, has diplomatic immunity.

"It makes me very unhappy to know we are not receiving the funds we so desperately need," said New Rochelle Councilman Barry R. Fertel, whose council district hosts most of the delinquent diplomatic homes. "It's really unfair for the average resident to have to subsidize these nations."

Chasing diplomatic debt is a quandary facing six Westchester County communities where 16 homes owned by foreign countries owe unpaid county sewer charges. State tax law specifically makes the otherwise-exempt diplomatic properties liable for sewer charges. Cameroon is on the hook for more substantial taxes because in the past New Rochelle determined that the Beechmont house for certain periods didn't meet the criteria for diplomatic tax exemptions.

In some cases, the charges owed by these so-called diplomatic deadbeats go back decades. Equatorial Guinea, a former Spanish colony slightly smaller in

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30 Overhill  
Road in  
Mount  
Vernon is  
owned by  
Tanzania.  
They owe  
\$5,360.58 in  
sewer fees  
as of March  
30.2 Skyview Lane, one of two  
parcels owned by Ghana in  
New Rochelle. Ghana owes  
\$75,013.38 on both.

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[taxes.lohudblogs.com](http://taxes.lohudblogs.com).



# TAXES: Diplomats carry big tax debts for local properties

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size than Maryland, owes Mount Vernon \$14,810.41 for debts dating to 1989.

"We write them letters constantly," said Mount Vernon Comptroller Maureen Walker, referring to that country and Tanzania. "It could be that we haven't received any response from them because they didn't think they had to pay so they just ignored it."

New Rochelle has the distinction of being Westchester's biggest tax creditor to overseas governments. Six African nations and the Marshall Islands collectively owe New Rochelle \$2.2 million in unpaid taxes.

Other communities with uncollected debts include Yonkers and Eastchester. Yonkers issued liens against Nigeria in 2006 and again in 2010 for \$13,318.71 in unpaid taxes on a house at 26 Eton Road, while Congo-Brazzaville, also known as Republic of the Congo, owes Eastchester \$6,419.30 for taxes not paid since 2008.

Foreign governments receive exemptions because of treaties signed by the federal government, including the Vienna Convention on Diplomatic Relations of 1961. That treaty, in addition to the U.S. Foreign Missions Act, exempts from real property taxes all homes owned by foreign governments to house staff of embassies, permanent missions to the United Nations or consular posts.

Despite these treaties and laws, local governments are allowed to collect taxes for sewer, which are not exempt under the state's Real Property Tax Law. Westchester County Tax Commission Executive Director David B. Jackson said each local municipality decides whether to collect the sewer taxes.

Some communities have decided to not even try. Scarsdale tax assessor Nnette Albanese said all nine properties owned by foreign countries in her village are fully exempt as of the date the homes were purchased.

Albanese said past assessors decided to give the diplomatic properties full tax-exempt status based on the Vienna Convention and the Convention on the Privileges and Immunities of the United Nations.

The Republic of Cameroon owes New Rochelle \$2,079,123.47 for two parcels at 50 Montgomery Circle, with some of Cameroon's unpaid debts dating to 1995. Other countries owing the Sound shore city large debts include Sierra Leone, Mozambique and Ghana, which has two houses, at 111 Overlook Road and 2 Skyview Lane. Personnel at the missions and embassies of the countries that are in arrears would not discuss the debt or did not return calls and emails.

An official at Cameroon's mission to the United Nations who declined to be identified said the dispute with New Rochelle had been resolved and that Cameroon had paid some of its garbage and sewer fees, though New Rochelle officials dispute that. A woman who answered the phone at Mozambique's mission to the United Nations laughed when told about the outstanding debt and said Mozambique is a poor country.

The Journal News knocked on the doors of all nine homes owned by foreign countries in New Rochelle that have delinquent debts, and none of the individuals who opened the doors would comment either, saying they weren't authorized to do so.

New Rochelle officials were reserved in their comments about the debts due to pending litigation. New Rochelle warned delinquent diplomats and other property owners about their debts in a Feb. 27 public notice stating that they would have until April 28 to pay up or the city will foreclose on the properties.

The city's tax collection office won't know until mid- or late May if any of the delinquent taxes were paid by the April 28 deadline, and finance Commissioner Howard Rattner said in an email that New Rochelle may end up writing off the debts as uncollectable.

John Sullivan, 70, lives on Skyview Lane and said he wasn't aware the Ghanaian home on his block owed a \$24,409.25 debt for charges dating to 1999.

"I think everybody should be paying



84 Pinebrook Road in New Rochelle is one of two parcels owned by Sierra Leone. Total tax bill: \$28,469.02



261 Overlook Road in New Rochelle is owned by Swaziland. Tax bill: \$5,709.66



20 Lyncroft Road in New Rochelle is owned by Liberia. Tax bill: \$6,134.87

their fair share," said Sullivan, adding that the residents of the Ghanaian house are good neighbors.

"I certainly find it offensive," he said of the foreign countries' nonpayment.

Walker said the diplomatic nonpayment would upset any taxpayer.

"It bothers me," said Walker, noting that there are many financially distressed homeowners in her city that do not enjoy immunity. "Once they owe more than two years, we have to foreclose on them."

According to a December 2011 report on the impact of local government exemptions by the New York state Board of Real Property Services, there are 71 ex-

emptions granted to properties owned by foreign governments in Westchester County. The total equalized value of the exemptions is \$99,293,907.

Most of the diplomatic homes in Westchester are used by foreign officials who work at their countries' missions to the United Nations or in consulates. In recent years, diplomats have been selling their Westchester mansions, said Leah Caro, president of Bronxville-Ley Real Estate in Bronxville.

Caro said the appeal of southern Westchester to many diplomats is the short drive to the United Nations, but a new global economy is forcing governments to opt for renting instead of ownership.

## DIPLOMATIC DEADBEATS

Seven countries with property in New Rochelle owe the city \$2.2 million in sewer tax, as well as some property and school taxes. Here are the countries appearing on the city's latest tax lien list and what they owed as of April 30.

**Cameroon:** \$2,079,123.47 for parcels at 50 Montgomery Circle

**Ghana:** \$75,013.38 for parcels at 111 Overlook Road and 2 Skyview Lane

**Liberia:** \$6,134.87 for 20 Lyncroft Road

**Marshall Islands:** \$3,828.79 for 64 Vaneck Drive

**Mozambique:** \$13,073.87 for 320 Trenor Drive

**Sierra Leone:** \$28,469.02 for 84 Pinebrook Road and 21 Lyncroft Road

**Swaziland:** \$5,709.66 for 261 Overlook Drive

Source: New Rochelle tax records

## GOOD NEIGHBORS

These four countries are current on their taxes:

**Bhutan** in Harrison

**Mali** in Eastchester

**Ethiopia and Zambia** in Yonkers

"They're not entertaining on the grand scales they were, and people prefer to stay local in a townhouse in Manhattan. The lavish, extravagant lifestyles are a bit passe," said Caro, a certified international property specialist who has helped diplomats buy and sell their mansions.

Not all of Westchester's foreign diplomats are tax deadbeats. Countries that don't owe delinquent sewer taxes in communities that collect them include Bhutan in Harrison, Mali in Eastchester and Ethiopia and Zambia in Yonkers.

Tax liens the local governments put on diplomatic homes to collect sewer taxes may never be paid because of a 2009 amendment to the Foreign Missions Act that rescinds tax liens against homes used by the staff of diplomatic missions.

"As the largest foreign-government property owner overseas, the United States benefits financially much more than other countries from an international practice exempting staff residences from real property taxes, and it stands to lose the most if the practice is undermined," Jacob J. Lew, deputy secretary of state for management and resources, wrote in the Federal Register about the government's decision to rescind tax liens against foreign governments' homes.

Suing to collect past-due debts has borne mixed results for New Rochelle. On Aug. 4, 2006, the city filed federal lawsuits against Liberia and Cameroon over tax liens. Court records show the Liberia case was closed in 2008 because of a settlement calling for Liberia to pay New Rochelle \$100,000, according to a City Council resolution dated July 30, 2008. The Cameroon case was dismissed last year after New York City lost a similar case against India's U.N. mission before the U.S. Supreme Court.

Other Westchester communities have also taken diplomats to court. In 2004, Harrison successfully sued St. Lucia to collect almost \$30,000 in back sewer and fire taxes on a house used by its United Nations representative.

Besides big tax debts, local governments have also contended with abandoned or run-down diplomatic homes.

For years, New Rochelle was blighted by a home at 250 Elk Ave. owned by Somalia. In 2010, the State Department approved the home's demolition after it deemed the Somali government incapable of managing the property because of its political instability.

In 2004, Yonkers fought with Liberia over a derelict home at 100 Rutland Road that the conflict-plagued country left unoccupied. Liberia sold the house in 2008, returning the property to the tax rolls after 18 years of exemptions.



## Schumer calls for action on diplomat taxes

By Ernie Garcia  
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Diplomats' tax debt in Westchester County has Sen. Charles Schumer calling on the State Department to pressure the foreigners to pay up.

Schumer, D-N.Y., sent a letter Tuesday to the United States' ambassador to the United Nations, Susan Rice, and Secretary of State Hillary Rodham Clinton, asking them to meet with ambassadors of countries who owe about \$2.2 million in taxes on 16 houses in six Westchester County municipalities.

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### MORE ON LOHUD.COM

- » Read Sunday's Tax Watch report Diplomatic Deadbeats.
- » Read Schumer's response.

## TAXES: Local municipalities seek to recoup debts

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Schumer wrote the letter in response to a Sunday report in The Journal News and on LoHud.com detailing the debts that—in some cases—date back decades, with New Rochelle taxpayers struck with the majority of the debt. Most of the homes are owned by foreign missions to the United Nations.

"At a time when local communities are struggling to collect revenue and implement measures to adequately deal with the effects of the U.S. housing crisis it is disturbing that foreign governments with residences

in our state feel compelled not to pay their due for the public services they utilize," wrote Schumer, who gave The Journal News an advance copy. "It is completely unacceptable that everyday New Yorkers have to subsidize these nations' local tax bills."

State tax law specifically makes the otherwise-exempt diplomatic properties liable for sewer charges. The Republic of Cameroon is Westchester County's and New Rochelle's biggest debtor, owing about \$2 million for a house at 50 Montgomery Circle for sewer charges, plus city and school taxes because New Rochelle de-

termined that for certain periods the house did not meet the criteria for diplomatic tax exemption.

State Department spokesman Kurtis Cooper said Tuesday that he could not respond to the letter because he had not received a copy of it from Schumer's office.

Local officials applauded the senator's intervention.

"New Rochelle appreciates Senator Schumer's efforts and we hope he is successful," wrote New Rochelle City Manager Chuck Strome in an email Tuesday. "If he is, it will provide a major benefit to New Rochelle."

The African nations of

Equatorial Guinea and Tanzania owe Mount Vernon \$20,270.99 in sewer taxes dating to 1989.

"We have tried for many, many years to see if we could recoup those funds and we're not getting anywhere at all with these governments," Mount Vernon Comptroller Maureen Walker said Tuesday. "It's time for a higher authority to step forward and assist us."

Nigeria owes Yonkers \$13,318.71 for a house at 26 Eton Road for sewer taxes dating to 2006. Former Yonkers Councilman John Murtagh, who until December represented the district where several nations own homes, said

that even with Schumer's help, it could take a long time to resolve the nonpayment, based on his recollection of the city's struggles with Liberia over a derelict house in the mid-2000s.

At 1 p.m. Thursday, he will discuss the diplomatic debts with a Journal News reporter on his WVOX 1460 AM radio show. He said overdue sewer charges won't be high on the State Department's list of priorities.

"Hillary Clinton is going to be more concerned about (dissident) Chen Guangcheng in China than about the back taxes in New Rochelle," he said.