

King Size Combo

What Burger King and Goldman Sachs
Are Costing Our Country





Summary

As America continues to lose manufacturing and construction jobs that pay living wages for a family, fast food jobs like those at Burger King — the second largest fast food hamburger restaurant in the world¹ — are taking their place as a key part of the American economy:

- Between 2006 and 2016, food service is expected to add one million new jobs, more than any other U.S. industry.²
- Fast food led the food service industry in employment demand as of October 2008.³
- The days of fast food as mainly a workplace for teens who need spending money are over — as of 2006, more than 85% of workers in the occupation “combined food preparation and serving workers, including fast food” are parents responsible for children in their household.⁴

Fast Food, Fast Growing: New Influence in the U.S. Economy

McDonalds and Burger King are two of the top ten U.S.-based companies in terms of global employment — larger than General Motors and Ford Motor Co.⁵

Yet while the fast food industry’s importance in the economy grows, Burger King’s business model remains the same — a model which barely allows employees to eat at the restaurants they work in, even though profits and CEO pay soar:

- Since a 2006 IPO by Burger King owners Texas Pacific Group (TPG), Goldman Sachs, and Bain Capital, revenues are up 23% and net income has increased 607%.⁶
- Burger King chief executive John Chidsey received total compensation of \$5.4 million in 2008.⁷ Lloyd Blankfein, the CEO of Burger King owner Goldman Sachs, netted over \$70.3 million in total compensation in 2007,⁸ the most ever for a Wall Street CEO.⁹
- Burger King fast food workers struggle to get by on a median wage of \$6.93 per hour. For full-time employees, this wage amounts to just over \$14,000 annually, well below the federal poverty line for a family of three.¹⁰

Rather than offering affordable health coverage, Burger King leaves its workers to rely on publicly-funded health programs instead — shifting the cost to taxpayers.¹¹

- The health and other public assistance programs that Burger King employees must rely on due to sub-poverty pay and lack of employer health coverage cost an estimated \$273.4 million in 2007.¹² In other words, taxpayers are picking up the tab for a lot more than their combo meal at Burger King — they’re paying over a quarter of a billion dollars a year to help make up for the company’s low pay and benefits.

Burger King's most prominent owner, Goldman Sachs, is taking taxpayer money, too — to cover bonuses rather than relief for working families:

- Goldman Sachs is one of Burger King's largest owners, along with TPG and Bain Capital,¹³ and these firms control the Burger King board through seats on its executive committee.¹⁴
- One of the top ten sellers of asset and mortgage-backed securities at the height of the real estate bubble,¹⁵ Goldman directly received \$10 billion in taxpayer bailout money¹⁶ and then paid out \$6.5 billion in bonuses.¹⁷ Goldman's average bonus of \$218,193 per employee¹⁸ was the highest average among former Wall Street investment banks¹⁹ and nearly double the average Wall St. bonus.²⁰ While Goldman's top seven executives announced they would forgo bonuses, they still paid out \$3 to \$4 million packages to 440 Goldman partners.²¹
- The Goldman bonuses alone could provide an \$18,000 pay increase for each of Burger King's 360,000 corporate and franchise employees²² — more than doubling an average fast food worker's \$14,000 annual salary and contributing to a meaningful economic stimulus by putting discretionary income in the hands of hundreds of thousands of American families.

King-Size Compensation at the Top, Poverty Pay for Employees

Goldman's CEO, Lloyd Blankfein, netted over \$70.3 million in total compensation in 2007,²³ the most ever for a Wall Street CEO.²⁴ Burger King's chief executive, John Chidsey, received total compensation of \$5.4 million in 2008.²⁵ That's 4,800 times and 370 times more, respectively, than the median hourly pay of \$6.93 for a full-time Burger King fast food worker.²⁶

While Burger King and its top owners like Goldman Sachs have taxpayers cover costs like worker health care, high CEO pay, and bonuses, both companies oppose measures that would improve conditions for workers:

- Burger King executives doled out \$180,000 to lobbyists to fight pro-worker legislation, including an increase in the minimum wage in 2006 and 2007.²⁷
- Between 2006 and 2008, Burger King spent \$319,648 in lobbying against several laws, including the Employee Free Choice Act,²⁸ a measure that would ensure workers the freedom to form a union for a voice for improved wages, benefits, and working conditions.
- Burger King's record also includes a history of inadequately protecting against sexual harassment at its restaurants, opposing measures to improve employee safety on the job, and child labor law violations.
- Goldman Sachs is involved in lobbying against workers' interests as a member of the Business Roundtable,²⁹ which spent \$15,849,000 on lobbying in 2008 according to the Center for Responsive Politics,³⁰ including lobbying against the Employee Free Choice Act in the third and fourth quarters last year.³¹

Recommendations

The taxpayer-funded bailout of Goldman Sachs was intended for economic recovery, not for \$6.5 billion in bonuses and practices that undermine our economy. In addition to assuring sound banking practices on Wall Street, Goldman Sachs must take responsibility for its important economic holdings on Main Street, such as Burger King.

Regulators should demand that bailout recipients stimulate the economy by increasing lending and by committing to the following for all direct employees and those in the companies they own:

1. Living wages
2. Affordable health benefits
3. Freedom for workers to choose to form unions and collectively bargain (Employee Free Choice)
4. Stronger health and safety protections for consumers and workers
5. Stronger protections against sexual harassment and other worker exploitation

Bailout Baron: Goldman Sachs

Goldman has received:

- ▶ Oct: \$10 billion in government capital infusions.³²
- ▶ Oct: along with other stakeholders in AIG, received up to \$37 billion in bailout funds to absorb AIG's failure.³³
- ▶ Nov, Jan: At least \$8.5 billion in notes backed by the Federal Deposit Insurance Co. through the government's Temporary Liquidity Guarantee Program.³⁴
- ▶ Dec: A contract of undisclosed value³⁵ to manage the Federal Reserve's \$500 billion purchase of mortgage-backed securities.³⁶

Where did the money go?

- ▶ \$6.5 billion in bonuses for financial staff at the end of 2008.³⁷
- ▶ Investor dividends, which Goldman Sachs has maintained at \$1.40/share annually,³⁸ the highest level since 2003.³⁹ Goldman announced the increase on December 16, 2008, well after the firm received federal bailout money.⁴⁰
- ▶ High-profile foreign acquisitions, including Constellation Energy Group, Inc.⁴¹ and Universal Studios Japan.⁴²
- ▶ Early stock awards: In January, Goldman changed the rules for how the firm doles out certain stock grants, including easing the rules related to restricted stock.⁴³ Shortly afterwards, CEO Lloyd Blankfein and 10 other Goldman executives acquired \$29.7 million in shares under restricted stock awards that were granted in prior years.⁴⁴



Big Financial Firms Grab the Burger Business

The owners of Burger King restaurants are not simply small business restaurateurs — they are the financiers at the center of the current financial crisis. Publicly traded Burger King Holdings Inc.'s (NYSE: BKC) largest owners are Texas Pacific Group (TPG), investment bank Goldman Sachs, and Bain Capital, with 11.2%, 10.3%, and 10.1% of outstanding shares, respectively.⁴⁵

In 2002, the three firms bought out Burger King and then relisted the company in 2006 in a \$425 million IPO.⁴⁶ In the process, the three firms bilked \$448 million out of Burger King through management fees and dividends.⁴⁷ While other investors now own shares of Burger King, the three firms still have representatives on the board who, along with Burger King's CEO, control the company's executive committee.⁴⁸

Outside the corporate headquarters, Burger King's restaurants are also far from "mom and pop" establishments. Burger King and its five largest franchisees may operate or control the property for as many as 39% of the chain's 7,512 restaurants,⁴⁹ and other corporate franchisees (outside the top five) control hundreds more restaurants.⁵⁰ Among these owners are private equity giant The Blackstone Group and Cerberus Capital Management, which, like Goldman Sachs, has received billions in bailouts from taxpayers.⁵¹

The King's Court

Burger King Holdings Inc.

Holdings: Owns and operates 984 Burger King restaurants and leases the land and often the building to franchisees at 917 other locations.⁵²

Owner(s): Listed on NYSE; Goldman Sachs, Bain Capital, and TPG control over 30% of the company.⁵³

The Top Five Franchisees

Carrols Restaurant Group, Inc.

Holdings: 318 Burger King restaurants and 231 restaurants under the Pollo Tropical and Taco Cabana brand names.⁵⁴

Owner(s): Listed on NASDAQ; largest owners are the Bahrain International Bank and private equity firm Madison Dearborn Partners, both of which own 17% of the company.⁵⁵

Strategic Restaurant Acquisition Corporation (SRAC)

Holdings: 264 Burger King restaurants⁵⁶ and 16 TGI Friday's restaurants.⁵⁷

Owner(s): Private equity giant Cerberus Capital Management⁵⁸

Heartland Food Corp.

Holdings: 221 Burger King restaurants.⁵⁹

Owner(s): GSO Capital Partners LP, an investment arm of the NYSE-listed private equity giant Blackstone Group.⁶⁰

Army Air Force Exchange Service (AAFES)

Holdings: 125 Burger King restaurants⁶¹ and 2,075 other fast food restaurants worldwide.⁶²

Owner(s): AAFES is a "non-appropriated fund instrumentality" controlled by the U.S. Army and Air Force⁶³

Bravokilo, Inc./BravoGrande, Inc.

Holdings: 120 Burger King restaurants⁶⁴

Owners: Quality Dining, Inc.,⁶⁵ a national restaurant company with restaurants under five brand names.⁶⁶

Multi-billion dollar food service companies Compass Group plc, Sodexo, HMSHost Corporation, and ARAMARK Corporation are also or have been top franchisees.⁶⁷



Goldman Sachs Cashes In on the Crisis

Although major financial firms like Goldman Sachs contributed to the economic crisis,⁶⁸ management of the bailout was handed over to Goldman Sachs alumni.

Treasury Secretary Hank Paulson, a former Goldman CEO, recruited Goldman staff to manage the Troubled Asset Relief Program (TARP),⁶⁹ and staff were especially solicitous of the finance industry in administering the bailout. Allegedly, “federal regulators”, most likely Treasury officials, notified “select banks” that the Treasury intended to distribute TARP funds through direct capital infusions even before telling key members of Congress⁷⁰ and negotiated a template for bank capital infusions with Goldman Sachs and other banks that is considered to be “egregious” by some experts. According to Nobel-Prize winning economist Joseph Stiglitz, “Paulson said he had to make it attractive to banks, which is code for ‘I’m going to give money away.’”⁷¹

As a result, **Goldman Sachs has received \$10 billion in direct capital infusions⁷² and up to \$45 billion in other forms of taxpayer backing with few strings attached.⁷³** Yet instead of using the funds to shore up its capital base or expand lending, Goldman has issued its highest dividends to shareholders since 2003,⁷⁴ shopped for acquisitions internationally,⁷⁵ and lavished bonuses on the same financial personnel who contributed to the crisis.⁷⁶

The bonuses, along with changes to the rules governing stock awards, have saved Goldman Sachs traders and executives from what the Wall Street Journal called “margin calls” on their lifestyle: “expensive homes, lavish getaways and other luxuries that were comfortably affordable when times were good.”⁷⁷



Executive Pay and Profits at a Whopper of a Cost To Taxpayers, Workers, Consumers

While readily accepting taxpayer dollars and protecting the lifestyles of its executives, Goldman Sachs, as members of Burger King’s board of directors and executive committee, has overseen the low road at Burger King — apparently looking the other way as Burger King has asked taxpayers to pick up the tab for its lack of employee health care and living wages. Goldman Sachs has also sat idly by as Burger King has spent hundreds of thousands of dollars opposing common-sense measures that would benefit workers, consumers, and ultimately the well-being of the American economy. Americans may begin to wonder: is this what we should expect from bailout recipients?

Taking from Taxpayers

Abusing Public Assistance Programs: Burger King provides limited or no health benefits to hourly workers, which not only jeopardizes workers’ health but also pushes costs onto government programs. Burger King employees are heavy users of publicly-funded health insurance programs such as Medicaid and SCHIP in several states including Alabama, Connecticut, Florida, Georgia, Massachusetts, Ohio, Oregon, and Utah.⁷⁸

The Tab for Taxpayers: Over a Quarter Billion

In Ohio alone, Burger King cost state and federal taxpayers \$13.3 million in 2007 in the form of Medicaid, food stamps, and cash assistance for its employees. If the per-location pattern in Ohio holds true across the nation, the total public cost of supporting the families of low-wage Burger King employees reaches a staggering **\$273.4 million** for 2007.⁷⁹

Gaming Tax Credits: Burger King has been a prominent user of the controversial Work Opportunity Tax Credit,⁸⁰ which enables companies to draw credits of up to \$9,000 per worker for hiring from long-term welfare recipients, disabled veterans, and other targeted groups.⁸¹ Yet despite an estimated cost to taxpayers of over \$2.5 billion for 2008 to 2012,⁸² the Urban-Brookings Tax Policy Center has concluded that “no meaningful increase in employment of the disadvantaged can be attributed to [the Work Opportunity Tax Credit].” In fact, a 2001 Department of Labor survey found that most individuals hired from the target groups would have been hired anyway, and that employers viewed the credit as a reward for hiring hard-to-employ workers – not an incentive.⁸³

More recently, the National Restaurant Association pressed for and won the expansion of the Work Opportunity Tax Credit as a way to offset the cost of the 2007 federal minimum wage increase,⁸⁴ in essence transferring the cost of the increase to taxpayers.

Exploiting Workers

Increasing Income Inequality: In his inauguration address, President Obama said that “the nation cannot prosper long when it favors only the prosperous.”⁸⁵ The employment practices at Burger King and Goldman Sachs have done just this. Goldman Sachs’ top executive, Lloyd Blankfein, netted over \$70.3 million in 2007,⁸⁶ the most ever for a Wall Street CEO.⁸⁷ Burger King’s chief executive, John Chidsey, received a \$5.4 million pay package in 2008, 29% more than the previous year.⁸⁸

By contrast, a Burger King fast food worker’s median hourly wage is \$6.93,⁸⁹ even lower than the fast food’s industry median of \$7.20.⁹⁰ Working full-time at this wage yields only \$14,414 per year⁹¹ – well below the federal poverty line of \$17,600 for a family of three⁹² and less than 0.02% and 0.27% the pay of the two executives, respectively.

Opposing a Minimum Wage Hike: Although Burger King’s revenue has grown 23% and its net income is up 707% since the 2006 IPO,⁹³ the company has still fought efforts to raise worker wages. When congressional leaders sought to increase the federal minimum wage, Burger King executives fought the initiative, doling out up to \$180,000 to lobbyists in 2006 and 2007 in an effort to kill the bill.⁹⁴ In the six years prior to the introduction of the bill, Burger King and its franchisees racked up 333 Fair Labor Standards Act violations, including 168 for failing to pay minimum wage and 121 for failing to pay proper overtime.⁹⁵

Fighting Workers’ Freedom To Form Unions: Burger King has fiercely opposed the Employee Free Choice Act, legislation which would make it easier for working Americans to join unions and improve their standard of living. Burger King

spent \$319,648 lobbying against the proposed legislation and other pro-worker laws between 2006 and 2008⁹⁶ and has lobbied against the bill through the association of its franchisees⁹⁷ and through its involvement in the National Retail Federation,⁹⁸ one of the organizations behind an anti-employee free choice group called the Coalition for a Democratic Workplace.⁹⁹

Fighting Sexual Harassment Suits: Burger King franchisees have been found to have inadequate mechanisms in place to address the problem of sexual harassment in Burger King restaurants.

In one case, the EEOC sued Burger King franchisee V&J Foods after a 16-year-old girl was harassed by a 35-year-old manager. The teen repeatedly complained to shift supervisors and the assistant manager, and asked for a number to call to report the harassment, but her efforts were ignored or blocked. After her mother came in to complain about the harassment, the girl was fired. An appellate court found that the franchisee had no reasonable mechanism for reporting sexual harassment.¹⁰⁰ The case was settled via consent decree shortly thereafter.¹⁰¹

Similar allegations were made concerning Burger King franchisee Midamerica Hotels Corporation. According to the EEOC lawsuit, seven female employees, six of whom were high school students, were subjected to repeated groping, demands for sex, and vulgar sexual comments by their manager. The employees reported the harassment to the assistant managers, who did nothing. It then took the employees weeks to discover the mechanism for reporting harassment.¹⁰² Midamerica paid \$400,000 to settle the case in what was the fourth largest EEOC bias settlement against a restaurant since 1999.¹⁰³

Finally, at Carrols Corp, which is owned by Carrols Restaurant Group, Inc., there were sexual harassment claims at 206 of its 350 Burger King restaurants. The EEOC compiled statements from 511 women who claimed they had been directly sexually harassed or subjected to a sexually hostile work environment. The judge accepted 333 of the statements as potentially meritorious¹⁰⁴ and individual lawsuits are still proceeding.¹⁰⁵

Opposing Tougher Child Labor Laws: In 1992, Burger King paid a record settlement of \$500,000 to settle a federal child labor suit that accused Burger King of requiring teenagers to work later and longer than allowed by law at nearly all of its then 800 company-owned restaurants.¹⁰⁶ This did not stop Burger King from paying \$40,000 to lobby against tougher child labor laws in 1999.¹⁰⁷

Failing to Protect Worker Safety: Fast food restaurants are notoriously unsafe. According to Eric Schlosser, “Hundreds of fast food restaurants are robbed every week... [and] roughly four or five fast food workers are now murdered on the job every month, usually during the course of a robbery.”¹⁰⁸

Nevertheless, Burger King has consistently resisted accountability for its safety record. Looking to make more money, Burger King required its franchisees to extend hours late into night. A group of franchisees balked, stating that late hours would compromise safety, but the company prevailed in court to enforce the extended hours.¹⁰⁹

Burger King is also an active member of the National Restaurant Association, which fought and successfully defeated the Occupational Safety and Health Administration's proposed *voluntary* guidelines to prevent violence at stores open late at night.¹¹⁰

Oppressing Labor in the Fields: Labor issues are not limited to Burger King's restaurants. After the Coalition for Immokalee Workers began to draw attention to the conditions for Florida farm workers in the mid-1990s, Yum Brands (the owner of KFC and Taco Bell), and McDonalds signed on to an agreement to pay an extra penny per pound for tomatoes in order to improve wages and working conditions.¹¹¹ Burger King did not, and instead launched an offensive against the worker coalition.

In a speech at Davidson College, Burger King CEO John Chidsey said he wanted to “debunk the myth” of farm worker poverty¹¹² and claimed that farm workers are paid better than many Burger King restaurant workers.¹¹³ Burger King also hired a security firm, Diplomatic Tactical Services, to spy on and infiltrate a student group which was supporting the effort to improve farm worker wages.¹¹⁴ Finally, two Burger King employees were fired for engaging in unauthorized action in violation of company policy after a local newspaper revealed that a senior executive secretly posted blogs denigrating the coalition.¹¹⁵ Only after Burger King's actions received widespread criticism did the company sign on to improve farmworker conditions in May of 2008, 15 years after the conditions were first exposed.¹¹⁶

Consumer Issues

Obesity: At a time when many restaurants are stepping up to help their customers control the growing obesity threat, Burger King is looking to profit from the low road. According to the *New York Times*, “Perhaps no restaurant chain has flaunted its portions more than Burger King.”¹¹⁷ Burger King's approach is to target “superfans,” customers who already eat fast food at the rate of 9 to 16 times per month.¹¹⁸ To lure these fast-food fanatics, the company has distinguished its menus with increasingly massive products, including the BK Stacker, which can amount up to 1,000 calories per serving,¹¹⁹ even before French fries and a drink.

The unhealthiness of their products has drawn government action abroad. The Spanish government sought to ban an advertisement for Burger King's XXL double cheeseburger in 2006, saying that the sandwich — the caloric equivalent of eating 10 fried eggs — violated the terms of an anti-obesity agreement with the Spanish Federation of Hoteliers and Restaurateurs, of which Burger King is a member. Defiantly, Burger King responded by stating it had no plans to abandon its XXL burger advertising campaign.¹²⁰

Burger King relies on advertising to children — the most at-risk for obesity — to bring in a share of their profit. When the United Kingdom banned junk food and fast food advertising during children's programs, Burger King executives in Europe estimated that the move would cost Burger King \$196 million in sales.¹²¹

Carcinogens: Burger King has proudly marketed sandwiches “as you like it,” but the company has been less enthusiastic about letting consumers know what is actually in their food. In New York City, Burger King has fought a new law requiring fast food restaurants to prominently display nutritional information for each of their products.¹²² After the New York State Restaurant Association lost a legal challenge to the law,¹²³ legislators in the state of California and several other cities nationwide passed similar requirements.¹²⁴

The company has also been sued in California by several public interest groups and the California Attorney General for not disclosing, as required by Proposition 65, warnings that its food contained the carcinogens acrylamide and PhIP.¹²⁵ In the most high-profile of the suits, Burger King, along with other defendants, settled with the California attorney general and agreed to post warnings about acrylamide in fries.¹²⁶ Burger King also settled a suit brought by the Physicians’ Committee for Responsible Medicine by agreeing to post warnings about PhIP contained in grilled chicken sandwiches.¹²⁷ Acrylamide and PhIP may cause cancer or nerve damage in high dosage.¹²⁸

Trans Fats: Burger King recently became the last major restaurant chain to replace trans fats, which U.S. health officials have advised Americans to consume as little of as possible. Though Burger King offered more products high in trans fats in 2007 than all but one other fast food chain,¹²⁹ it refused to replace trans fats well after McDonald’s Corp., Wendy’s International Inc., Yum Brands Inc. (the owner of KFC and Taco Bell), and Starbucks had already elected to make the change. In fact, Burger King only changed its position after it was sued by the Center for Science in the Public Interest in May 2007.¹³⁰ Because several reasonable alternatives were available to replace these health hazards in their products, this standoff underlines Burger King’s willingness to risk customer health to make a quick buck.



Conclusion

In the midst of the current economic crisis, Goldman Sachs has become a poster child for corporate excess by doling out \$6.5 billion in bonuses to its financial staff, even after receiving federal bailout money. Yet Goldman’s leadership of Burger King, the world’s second largest fast food hamburger restaurant and one of Main Street America’s largest employers, demonstrates that Goldman’s taxpayer-funded bonuses were not a one-time mistake. For years, Goldman has overseen Burger King’s low-road approach to the American economy — one in which huge profits enrich CEOs and owners while taxpayers, workers, and consumers bear the cost.

As the crisis intensifies and Americans face hard times, Goldman Sachs should be held responsible for its impact on Main Street as well as Wall Street. Regulators should demand that Goldman and other bailout recipients stimulate the economy through their lending practices *and* their employment practices. Goldman should commit to the following for all direct employees and those in the companies they own:

1. Living wages
2. Affordable health benefits

3. Freedom for workers to choose to form unions and collectively bargain (Employee Free Choice)
4. Stronger health and safety protections for consumers and workers
5. Stronger protections against sexual harassment and other worker exploitation

Goldman Sachs and Burger King can play an important role in economic recovery. The bonuses Goldman awarded in 2008 could alone could provide an \$18,000 pay increase for each of Burger King's 360,000 corporate and franchise employees and put discretionary income in the hands of hundreds of thousands of American families.

Endnotes

- ¹ Burger King Holdings Inc. 10-K for the fiscal year ending June 30, 2008, p. 3.
- ² <http://www.bls.gov/opub/mlr/2007/11/art4full.pdf>
- ³ http://www.peoplereport.com/wfi_pdfs/PeopleReport_WorkforceIndex_Results_Current.pdf
- ⁴ Analysis of American Community Survey data from IPUMS.org, accessed February 5, 2009.
- ⁵ Assumes franchisee employment is included, bringing the Burger King employment total to 360,000. Sources: <http://money.cnn.com/magazines/fortune/global500/2008/performers/companies/biggest/>; <http://www.bk.com/CompanyInfo/careers.aspx>.
- ⁶ Revenue and net income for the year ending June 30, 2006 – one month after the Burger King IPO – were \$2.048 billion and \$27 million, respectively. Revenue and net income for the twelve months prior to the most recent reporting date, September 30, 2008, were \$2.527 billion and \$191 million, respectively. Source: Burger King Holdings Inc. Income Statement Summary, Capital IQ, accessed January 26, 2009.
- ⁷ Burger King Holdings Inc. Def 14A for the November 20, 2008 annual meeting, p. 29.
- ⁸ Goldman Sachs Group Inc. Def 14A for the April 10, 2008 annual meeting, p. 24.
- ⁹ The New York Times says that Blankfein’s 2007 compensation was \$68.7 million, the most ever for a Wall Street CEO, but Goldman Sachs’ SEC filings show that Blankfein’s compensation was even higher: \$70.3 million. Sources: <http://www.nytimes.com/2008/09/28/business/28lloyd.html?em>; Goldman Sachs Group Inc. Def 14A for the April 10, 2008 annual meeting, p. 24.
- ¹⁰ Based on a median wage of \$6.93/hour and a work year of 2080 hours (wage figure as of January 21, 2009). The resulting annual pay of \$14,414 is more than \$3,000 less than the \$17,600 federal poverty line for a family of three. Sources: http://www.payscale.com/research/US/Employer=Burger_King/Hourly_Rate, accessed January 27, 2009; <http://aspe.hhs.gov/poverty/08Poverty.shtml>.
- ¹¹ Burger King employees are top users of state health insurance programs in at least eight states for which data is available: AL, CT, FL, GA, MA, OH, OR, and UT. The sources are listed below:
AL: <http://wakeupwalmart.com/news/20050417-mr.html>
CT: <http://www.cga.ct.gov/2005/rpt/2005-R-0017.htm>
FL: http://www.sptimes.com/2005/03/25/State/Lured_employers_now_t.shtml;
http://www.goodjobsfirst.org/corporate_subsidy/hidden_taxpayer_costs.cfm.
GA: <http://goodjobsfirst.org/pdf/peachcarememo.pdf>.
MA: http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/08/50_plus_employees_05-08.pdf
OH: http://www.policymattersohio.org/pdf/PublicBenefits2008_0731.pdf
UT: <http://wakeupwalmart.com/news/20060206-slt.html>
OR: Oregon Department of Health Services. “The Food Stamp and Medical Employer Tracking Report.” January 13, 2009.
- ¹² In Ohio in 2007, 3,522 Burger King employees and their dependents received Medicaid at an average annual cost per recipient of \$2,643 (estimated cost: 3,522 x \$2,643 = \$9,308,646); 2,915 Burger King employees received food assistance at an average annual cost per recipient of \$1,212 (estimated cost: 2,915 x \$1,212 = \$3,532,980); and 260 Burger King employees received cash assistance at an average annual cost per recipient of \$1,830 (estimated cost: 260 x \$1,830 = \$475,800). Total estimated cost: \$13,317,426. In Ohio, there are 40 restaurants owned by Burger King Holdings, Inc. and 311 owned by franchisees (total: 351). Given \$13,317,426 in costs to taxpayers related to Burger King’s Ohio restaurants in 2007, the per-restaurant cost in Ohio is \$37,941.38 (\$13,317,426 / 351 = \$37,941.38). If this pattern holds true for all of the 7,207 Burger King restaurants in the U.S., the total cost to U.S. taxpayers is \$273,443,558.92 (\$37,941.38 x 7,207 = \$273,443,558.92). Sources: http://www.policymattersohio.org/pdf/PublicBenefits2008_0731.pdf; Burger King Holdings Inc. 10-K for the fiscal year ending June 30, 2008, p. 8.
- ¹³ Burger King Holdings Inc. Public Ownership Summary. *Capital IQ*, accessed January 22, 2009.
- ¹⁴ Goldman Sachs Group Inc. Committee Summary, *Capital IQ*, accessed January 27, 2009.
- ¹⁵ http://www.abalert.com/Public/MarketPlace/Ranking/index.cfm?files=disp&article_id=1044674725
- ¹⁶ http://www.nytimes.com/2008/10/14/business/economy/14treasury.html?_r=1&scp=10&sq=treasury%20bailout%20recipients%20goldman%20sachs&st=cse
- ¹⁷ <http://www.bloomberg.com/apps/news?pid=20601087&sid=aQjVhGLMfIj8&refer=home>
- ¹⁸ <http://www.bloomberg.com/apps/news?pid=20601087&sid=aQjVhGLMfIj8&refer=home>
- ¹⁹ <http://www.vanityfair.com/online/politics/2009/02/bonus-babies-the-big-tarp-recipients-and-their-booty.html>. Calculating average using bonuses and number of employees for top investment banks.

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- ²⁰ <http://www.osc.state.ny.us/press/releases/jan09/012809.htm>
- ²¹ <http://www.vanityfair.com/politics/features/2009/03/wall-street-bonuses200903>
- ²² If the \$6.5 billion was divided evenly among 360,000 Burger King employees, each employee would receive \$18,055.56 (\$6,500,000,000/360,000). Source for Burger King employee figure: <http://www.bk.com/CompanyInfo/careers.aspx>.
- ²³ Goldman Sachs Group Inc. Def 14A for the April 10, 2008 annual meeting, p. 24.
- ²⁴ The New York Times says that Blankfein's 2007 compensation was \$68.7 million, the most ever for a Wall Street CEO, but Goldman Sachs' SEC filings show that Blankfein's compensation was even higher: \$70.3 million. Sources: <http://www.nytimes.com/2008/09/28/business/28lloyd.html?em>; Goldman Sachs Group Inc. Def 14A for the April 10, 2008 annual meeting, p. 24.
- ²⁵ Burger King Holdings Inc. Def 14A for the November 20, 2008 annual meeting, p. 29.
- ²⁶ Based on a median wage of \$6.93/hour and a work year of 2080 hours (wage figure as of January 21, 2009). The resulting annual pay is \$14,414. Source: http://www.payscale.com/research/US/Employer=Burger_King/Hourly_Rate, accessed January 27, 2009.
- ²⁷ This total reflects expenditures documented in Burger King lobbying disclosures from 2006-2007 which cite minimum wage as an issue; disclosures include lobbying on other issues. Source: <http://soprweb.senate.gov/index.cfm?event=selectfields>.
- ²⁸ This total reflects expenditures documented in Burger King lobbying disclosures from 2006-2008 which cite card or the Employee Free Choice Act check as an issue; disclosures include lobbying on other issues. Source: <http://soprweb.senate.gov/index.cfm?event=selectfields>.
- ²⁹ <http://www.businessroundtable.org/about/members>
- ³⁰ <http://www.opensecrets.org/lobby/clientsum.php?lname=Business+Roundtable&year=2008>
- ³¹ <http://soprweb.senate.gov/index.cfm?event=selectfields>.
- ³² http://www.nytimes.com/2008/10/14/business/economy/14treasury.html?_r=1&scp=10&sq=treasury%20bailout%20recipients%20goldman%20sachs&st=cse
- ³³ http://www.cjr.org/the_audit/goldmans_backdoor_bailout.php
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- ³⁸ On December, 16, 2008, Goldman announced that it would issue a dividend of \$0.4666666/share for the four month period from December 2008 to March 2008 due to a change in the firm's fiscal year end. This dividend translates to an annual dividend per share of \$1.40/share – identical to previous three-month dividends of \$0.35/share. Sources: <http://www2.goldmansachs.com/our-firm/press/press-releases/archived/2008/pdfs/2008-q4-earnings.pdf>; Goldman Sachs Income Statement Summary, Capital IQ, accessed January 26, 2009.
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⁴⁹ There are 7,512 Burger King restaurants in the U.S. and Canada. Burger King Holdings, Inc. owns and operates 984 of these restaurants and leases the land and often the building to franchisees at 917 of the other locations. Burger King's top five franchisees operate 1,048 restaurants in the U.S. and Canada. If there were no overlap between the restaurants which Burger King Holdings, Inc. leases to franchisees and the restaurants which the top five franchisees own, Burger King Holdings, Inc. and its top five franchisees would own 39.26% of all Burger King restaurants in the U.S. $((984 + 917 + 1,048) / 7,512) = 39.26\%$. Source: Burger King Holdings Inc. 10-K for the fiscal year ending June 30, 2008, p. 7, 9.

⁵⁰ <http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=104&STORY=/www/story/11-12-2002/0001839842&EDATE=>

⁵¹ Cerberus Capital Management, which owns more than 200 Burger King restaurants, cashed in as a recipient of \$4 billion in the auto rescue and \$5 billion in the bailout of GMAC, but refused to disclose its financials even after receiving assistance. Sources:

http://online.wsj.com/article/SB123094455147750605.html?mod=googlenews_wsj;

http://online.wsj.com/article/SB123068685660944413.html?mod=googlenews_wsj; and

http://www.huffingtonpost.com/dennis-obrien/snow-quayle-feinberg-and_b_156012.html.

⁵² Burger King Holdings Inc. 10-K for the fiscal year ending June 30, 2008, p. 9.

⁵³ Burger King Holdings Inc. Public Ownership Summary. *Capital IQ*, accessed January 22, 2009.

⁵⁴ The Carrols Restaurant Group, Inc. 10-K for fiscal year 2007 reports that the company owns 322 Burger King restaurants, but Burger King's 2008 10-K filing states that Carrols owns 318; the more recent figure from the Burger King 10-K is used here. The Pollo Tropical and Taco Cabana number is from the Carrols 2007 10-K. Sources: Carrols Restaurant Group, Inc. 10-K for fiscal year ending December 30, 2007, p. 4; Burger King Holdings Inc. 10-K for the fiscal year ending June 30, 2008, p. 9.

⁵⁵ Carrols Restaurant Group, Inc. Public Ownership Summary. *Capital IQ*, accessed January 22, 2009.

⁵⁶ Burger King Holdings Inc. 10-K for the fiscal year ending June 30, 2008, p. 9.

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⁵⁸ Through the Cerberus subsidiary Cerberus California Inc. Source: http://www.alacrastore.com/deal-snapshot/Strategic_Rest_Acquisition_Cor_acquires_Francisco_Foods_Burger_King_from_Francisco_Foods-518009.

⁵⁹ Burger King Holdings Inc. 10-K for the fiscal year ending June 30, 2008, p. 9.

⁶⁰ Through the Blackstone subsidiary GSO Capital Partners, LP. Source: GSO Capital Partners LP Summary. *Capital IQ*, accessed January 22, 2009.

⁶¹ Burger King Holdings Inc. 10-K for the fiscal year ending June 30, 2008, p. 9.

⁶² <http://www.aafes.com/pa/factsheet14.pdf>

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⁶⁵ http://www.manta.com/coms2/dnbcompany_djfwlz

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⁶⁸ Goldman Sachs' investment bank was the leader of a so-called "risk parade" of new, poorly-understood financial instruments, which a policy review group led by Goldman Sachs Chairman Gerald Corrigan concluded were one of the primary causes of the financial crisis. Also, private equity firms like Goldman's Merchant Banking Division, Bain Capital, TPG, the Blackstone Group, and Cerberus Capital Management loaded their portfolio companies with debt to disastrous effect; private equity firms had a hand in over 60% of 2008's corporate bankruptcies involving more than \$1 million in assets (as of December 2, 2008). Sources: http://www.forbes.com/logistics/2006/11/15/risk-wall-street-goldman-biz-logistics-cx_lm_115goldman.html; <http://www.crmpolicygroup.org/docs/CRMPG-III-Sec-III.pdf>; <http://www.vanityfair.com/politics/features/2009/02/wolff200902>; and <http://online.wsj.com/article/SB122816620702669991.html>.

⁶⁹ http://www.nytimes.com/2008/10/19/business/19gold.html?_r=1&pagewanted=all;
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⁷⁸ AL: <http://wakeupwalmart.com/news/20050417-mr.html>
CT: <http://www.cga.ct.gov/2005/rpt/2005-R-0017.htm>
FL: http://www.sptimes.com/2005/03/25/State/Lured_employers_now_t.shtml;
http://www.goodjobsfirst.org/corporate_subsidy/hidden_taxpayer_costs.cfm.
GA: <http://goodjobsfirst.org/pdf/peachcarememo.pdf>.
MA: http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/08/50_plus_employees_05-08.pdf
OH: http://www.policymattersohio.org/pdf/PublicBenefits2008_0731.pdf
UT: <http://wakeupwalmart.com/news/20060206-slt.html>
OR: Oregon Department of Health Services. "The Food Stamp and Medical Employer Tracking Report." January 13, 2009.

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http://www.policymattersohio.org/pdf/PublicBenefits2008_0731.pdf; Burger King Holdings Inc. 10-K for the fiscal year ending June 30, 2008, p. 8.
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⁹¹ Figure assumes 2080 hours in a full-time work year.
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