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**Macklowe's Big Mistake:
Financial Guru Says Businesses Should Borrow in the Long Term for
Long Term Benefit, Especially as the Market Changes**

LOS ANGELES, September 27, 2007—Harry Macklowe and his son Billy Macklowe are finding themselves in hot water after financing seven Manhattan skyscrapers at a price of \$6.8 billion with little equity, short-term debt as high as the skyscrapers, and rental income that falls short of covering debt payments. Financial consultant Gene Siciliano, “Your CFO for Rent[®],” says there is a lesson in this for every growing business, large and small.

“The key is to borrow short term debt for short term benefit, and borrow long term debt for long term benefit,” says Siciliano, who has over 30 years of financial and general management experience and is the author of *Finance for Non-Financial Managers* (McGraw-Hill, 2003). “I always tell business owners that when making any investment, whether it’s in real estate or a new piece of machinery, to match their cash payouts to the cash returns from making the investment wherever possible, and ideally pay for the investment during the time that they are using it. That way you actually receive the benefit from the investment as you are paying for it. Even more importantly, you don’t risk today’s cash on tomorrow’s possibilities.”

“The reason this is a bad idea is because you can’t predict the future,” says Siciliano. “When the owner of a growing business uses short term cash for a long term asset purchase it takes working capital out of the business for an extended period of time, working capital that is needed *today*. That can cause a cash squeeze which in turn can slow down your ability to pay for the current needs of your business. Failure to make timely payments to your creditors puts your credit standing on the line. Postponing current needs, such as marketing or product development, to replace that working capital can put the reputation of your business in jeopardy, and it can end up ruining the business itself.”

Siciliano breaks it down in simple terms we can all understand. “If you buy a truck for your business and forecast you will be using it for five years,” he says, “get a loan that you will pay off in five years. The annual benefit pays the annual cost.”

For more information about “Your CFO for Rent” Gene Siciliano, please visit www.GeneSiciliano.com. To schedule an interview with Siciliano, please contact Carolyn McKibbin at 617-230-4886 or Carolyn@IctusInitiative.com.

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