



STATE OF NEW YORK
Authorities Budget Office

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March 5, 2012

Mr. Bruce Bonafiglia
President
Seneca Knit Development Corporation
P.O. Box 813
Seneca Falls, New York 13148

Dear Mr. Bonafiglia:

In an August 8, 2011 email to Mr. Shawn Griffin, the Authorities Budget Office reasserted its position that the Seneca Knit Development Corporation is a covered authority under Public Authorities Law and denied a request to waive reporting requirements. In January 2012, Seneca Knit Development Corporation received a warning that it has failed to meet the reporting requirements of sections 2800, 2801, and 2802 of Public Authorities Law.

While Mr. Griffin indicated that the board hoped to dissolve the Corporation upon divestiture of its remaining property, we are unaware that any such action has commenced. As of March 5, 2012, the Seneca Knit Development Corporation remains out of compliance. Seneca Knit Development Corporation has not filed the following reports with this Office:

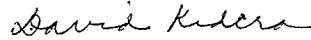
- Budget Report for fiscal years ending 12/31/2010, 12/31/2011, and 12/31/2012
- Annual Report for fiscal years ending 12/31/2009 and 12/31/2010
- Audit Report for fiscal years ending 12/31/2009 and 12/31/2010

Accordingly, pursuant to its powers under Section 6(2)(f) of Public Authorities Law and Policy Guidance 11-02: "Enforcement Powers of the Authorities Budget Office", issued February 10, 2011, the Authorities Budget Office is sending this official letter of censure to the board of directors of the Seneca Knit Development Corporation.

As a public authority, the Seneca Knit Development Corporation is expected to be timely and transparent with its financial reporting and to be accountable to the public. This letter of censure is the result of your collective failure to take appropriate corrective action when the authority was previously warned that it was out of compliance with state law. Those warnings constitute reasonable evidence that the board and the authority's management were made aware of this situation. The fact you continue to ignore your obligations under state law is unacceptable. This continued inaction demonstrates a fundamental misunderstanding of your fiduciary responsibilities and is a serious violation of your duty as a director or officer of this authority.

This letter is being made part of the public record. Disclosure of this delinquency and letter of censure may be required by federal securities law, should the authority finance debt in the future. Furthermore, should the board of directors and the chief executive officer fail to bring the Seneca Knit Development Corporation into compliance, the Authorities Budget Office may take additional steps, including initiating legal action, to access the records, books, and financial documents of the Authority, and/or recommending the removal of the board of directors.

Sincerely,



David Kidera
Director

cc: New York State Senator Michael F. Nozzolio
Assemblyman Brian M. Kolb
Mr. Don Earle, Supervisor, Town of Seneca Falls