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2 PUBLIC HEARING OF THE NEW YORK CITY

3 CAMPAIGN FINANCE BOARD

4 December 1, 2009

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6 TIME: 9:00 a.m.

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8 B E F O R E: Joseph P. Parkes, S.J., Chair

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12 P R E S E N T: Board Members

13 AMY LOPREST, Executive Director
14 MARK S. PIAZZA
15 RICHARD J. DAVIS
16 ART CHANG
17 KATHERYN C. PATTERSON

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1 CFB POST-ELECTION HEARING 12/1/09

2 MR. PARKES: Good morning. Welcome to
3 the Campaign Finance Board's post-election
4 hearings.

5 I want to extend our thanks to all of
6 those who have joined us, and those who will
7 join us later on today and tomorrow to talk
8 about their experiences with the Campaign
9 Finance Program during the elections just
10 concluded.

11 One important reason this Program has
12 flourished over the years is the requirement
13 for rigorous self-evaluation every four
14 years. The lawmakers who wrote the Campaign
15 Finance Act of 1988 had the foresight to
16 include a provision that requires the Board
17 to evaluate the effectiveness of the Program
18 after each citywide election and recommend
19 changes to the law.

20 Since that time, this important reform
21 has grown into a basic piece of the City's
22 political culture. The Charter literally
23 requires that we continue to strive to
24 perfect the Program by learning from the
25 elections just concluded.

1 CFB POST-ELECTION HEARING 12/1/09

2 The hearings we've convened today and
3 tomorrow provide a way for us to begin to
4 learn lessons from this past election. We
5 have reached out to candidates and campaigns,
6 to members of the public, elected officials,
7 civic organizations, and other interested
8 parties to provide us with their thoughts,
9 and we are very gratified by the responses we
10 have received.

11 We have a full schedule of individuals
12 joining us to testify here today and we have
13 another group tomorrow. Thank you all for
14 your time.

15 The reason you have joined us is to
16 answer one simple question, to borrow a
17 phrase, "How are we doing?"

18 The goals of the CFB are very basic, but
19 sometimes it is difficult is to measure of
20 how close we come to meeting these goals.

21 The program aspires to enhance the voice
22 of the average New Yorker in the political
23 system, and help maintain New Yorkers'
24 confidence in our elected officials by
25 limiting the role of big money in the

1 CFB POST-ELECTION HEARING 12/1/09

2 electoral process.

3 We work very hard to provide voters with
4 important information about candidates
5 through disclosure of candidate finances and
6 through the Voter Guide and Debates. We aim
7 to provide campaigns with clear and
8 consistent guidance, and to enforce the
9 City's Campaign Finance Act evenly and
10 without bias for all candidates.

11 Our hope is that those of you who have
12 joined us will bring your perspective to bear
13 on these broad goals as well as how we have
14 met them and the specific issues raised
15 during the 2009 elections.

16 The 2009 elections raised unique
17 issues. Almost three years into the four-
18 year election cycle, the extension of term
19 limits forced us to respond to protect the
20 Program. We implemented a solution to
21 encouraged incumbents to join the Program to
22 participate in these elections on a more
23 level playing field, and we encouraged them
24 to re-enter the Program for the next
25 election.

1 CFB POST-ELECTION HEARING 12/1/09

2 As we have in past elections, the Board
3 spent time monitoring instances of potential
4 coordination between candidates and outside
5 parties. In a system of voluntary public
6 financing like ours that requires
7 participating candidates to accept spending
8 limits, independent spending by outside
9 groups can represent avenues for candidates
10 to gain a significant advantage over their
11 opponents. When this outside spending is
12 done with a wink and a nod between the
13 candidate and the outside actor, it may well
14 constitute a violation of the Act. The Board
15 will continue to look at ways to more
16 effectively enforce the law in this area, and
17 we hope to hear thoughts on this issue during
18 these proceedings.

19 In each of the last three elections, a
20 self-funded candidate with seemingly
21 unlimited resources has challenged the
22 ability of the Program to create a level
23 playing field for all candidates.

24 The issue of high-spending candidates
25 who he decline to join the Program is not a

1 CFB POST-ELECTION HEARING 12/1/09

2 new one. While the results in this year's
3 mayoral election were closer than the
4 previous one, this election requires that we
5 again address the question of whether the
6 Program's ability to help participating
7 candidates compete with high-spending
8 opponents is sufficient, or whether new
9 policies are needed.

10 The staff here worked very hard to
11 implement the reforms adopted after the last
12 citywide elections. The matching rate was
13 increased to further incentivize small
14 contributions. Limits on contributions from
15 individuals doing business with the City were
16 enacted to assure New Yorkers that decision-
17 makers are not distracted from the City's
18 best interests by large campaign
19 contributions. We hope to hear how campaigns
20 adapted to these new limits. Legislation
21 attempted to further limit the ability of
22 so-called "sure winners" to access public
23 matching funds in elections where they face
24 only nominal opposition, an issue that has
25 generated heated commentary in this and past

1 CFB POST-ELECTION HEARING 12/1/09

2 elections, and continues to present a
3 challenge for the future.

4 Some of the results of these changes and
5 the staff's hard work are clear. These were
6 perhaps the most competitive set of elections
7 held under the Campaign Finance Program since
8 its inception. In the primary and general
9 elections, fewer candidates ran without
10 opposition on the ballot than in 2005.

11 Incumbents usually hold a perennial
12 advantage; in no election previous had more
13 than two been defeated. This fall an
14 unprecedented five incumbents on the Council
15 failed to win re-election. While the Program
16 has not yet been and may not ever be able to
17 completely counteract the advantages
18 incumbents enjoy, it is clear that
19 challengers are finding the ability to
20 connect with voters and communicate their
21 message with the help of public funds.

22 Another impact was the increased
23 presence of small donors in City politics.
24 This is exciting because it is exactly what
25 the program intends to do, to get more New

1 CFB POST-ELECTION HEARING 12/1/09

2 Yorkers involved and interested in the
3 process by which we choose our leaders.
4 Average citizens who can afford to give \$25,
5 \$50, or \$100 have become an important part of
6 campaigns' fundraising efforts, and these
7 grassroots efforts can help focus candidates
8 on the concerns of the communities in which
9 they serve.

10 I've had the opportunity to observe the
11 staff performing the day-to-day work of
12 administering this Program which can be very
13 complex. So much of their time and effort is
14 focused on striving to ease the complexity of
15 Program for candidates so that everyone can
16 focus on achieving the goals I have just
17 spoken about. I hope those of you who have
18 joined us with choose to address this or any
19 of the other issues that we faced during this
20 past election cycle.

21 Now, to begin, I would like to introduce
22 our Executive Director, Amy Loprest, who will
23 provide some substance to the outline I have
24 drawn here and introduce some data that will
25 help explain what took place during this past

1 CFB POST-ELECTION HEARING 12/1/09
2 election, and talk more specifically about
3 the focus of the Campaign Finance Board going
4 forward.

5 Amy?

6 MS. LOPREST: Thank you, Chairman
7 Parkes, and thanks to all of those who have
8 joined us to speak today. The post-election
9 hearings conducted after each election since
10 1989 have been a valuable resource for the
11 Board as we begin our post-election review of
12 the Campaign Finance Program.

13 In addition to these hearings, we'll be
14 will be soliciting comment through a
15 comprehensive survey of candidates,
16 treasurers, campaign staff, and other
17 interested parties. This online survey will
18 give respondents the opportunity to provide
19 anonymous feedback on their experience with
20 the CFB during the 2009 election cycle.
21 Campaigns will receive notifications about
22 the survey in the coming weeks.

23 The Board will also undertake a
24 comprehensive analysis of the data collected
25 about the campaigns during the election

1 CFB POST-ELECTION HEARING 12/1/09

2 cycle. You will find a packet of numbers and
3 charts at the back of the room, actually it
4 is outside on the table out in the hall,
5 containing some early analyses of the 2009
6 elections.

7 Until we have received the final
8 disclosure statements in January, any
9 analysis of data we have received to date
10 will be considered preliminary. More
11 detailed analyses will be conducted upon the
12 Board's post-election report and will be
13 delivered to the Mayor and his Speaker in
14 September of next year.

15 There are some interesting conclusions
16 we can already draw from the 2009 elections.
17 This is the first election with strict, low
18 limits on contributions from people who do
19 business with the City.

20 Local Law No. 34 of 2007 instituted one
21 of the broadest restrictions on "pay to play"
22 anywhere in the country.

23 The same legislation also increased the
24 Program's matching rate to \$6-to-\$1 for the
25 first \$175 of contributions from New York

1 CFB POST-ELECTION HEARING 12/1/09

2 City residents. These changes were made with
3 the hope of increasing the value of small
4 contributions would encourage campaigns to
5 further increase their outreach to small
6 donors. Initial analyses show that the
7 number of small donors had indeed increased
8 from 2005, and the average contribution size
9 decreased. We hope to hear from campaigns on
10 their own experiences with these issues.

11 The participation in the Campaign
12 Finance Program increased as well. In all,
13 141 participants on the ballot with the
14 primary elections, representing 93 percent of
15 all candidates on the ballot, matching the
16 Program's highest previous participation
17 rate. For the general elections, 96
18 participants were on the ballot, representing
19 66 percent of all candidates on the ballot.
20 The Board disbursed \$27.3 million of public
21 funds for the 2009 election as of October
22 29th, the last scheduled payment date, an
23 increase from 2005 when the Board paid \$24.9
24 million to candidates.

25 The Program played a larger role in this

1 CFB POST-ELECTION HEARING 12/1/09

2 year's citywide election. In the race for
3 mayor, a high-spending non-participant
4 triggered a Tier Two bonus for his challenger
5 who is a participant. The two-tiered bonus
6 matching rate can substantially increase the
7 availability of public matching funds to
8 candidates facing high-spending
9 non-participants.

10 As Father Parkes mentioned, one of the
11 questions we must answer through our
12 analysis, was whether this bonus is adequate
13 to provide participating candidates with the
14 ability to compete.

15 Competitive races for both public
16 advocate and comptroller saw four candidates
17 in each race qualify for public funds, and in
18 each race, public funds were paid to
19 candidates for runoff election.

20 At the City Council level, more than
21 \$11.2 million was paid to 124 candidates
22 during the 2009 elections, both of which
23 represent significant increases from the
24 previous election. Father Parkes spoke
25 briefly about the results: Fewer candidates

1 CFB POST-ELECTION HEARING 12/1/09

2 were elected without opposition, more
3 challengers defeated incumbents, and more
4 campaigns were competitive. At the same
5 time, the size of average contributions to a
6 Council candidate dropped 25 percent, to
7 \$181, and close to 90 percent of all
8 contributors to Council candidates gave \$250
9 or less.

10 Another important function of the
11 Campaign Finance Board is voter education.
12 The main pieces of this effort are the
13 nonpartisan Voter Guide, and the Debate
14 Program for citywide office.

15 More than three million Guides were
16 delivered to homes with a registered voter
17 before the primary elections, and more than
18 4.3 million Guides were mailed before the
19 general election. In addition this year, the
20 CFB also helped the Voter Assistance
21 Commission prepare the Video Voter Guide.

22 The 2009 Debate Program comprised eleven
23 debates, all were broadcast on television on
24 WABC and NY1 News, on the radio on WNYC and
25 1010 WINS, and online via streaming video.

1 CFB POST-ELECTION HEARING 12/1/09

2 The debates were also broadcast in a variety
3 of foreign languages.

4 While the 2009 election was successful
5 in many ways, several concerns remain. As
6 Father Parkes mentioned, independent
7 expenditures continue to pose a threat to the
8 Program's ability to establish a more level
9 playing field in New York City elections.

10 When outside activity is coordinated with
11 campaigns, there are additional concerns:

12 The activity of a potentially major campaign
13 contributor may go undisclosed; over-the-
14 limit in-kind contributions can go
15 undetected; and non-independent activity that
16 is unaccounted for may constitute violations
17 of the expenditure limit. We hope to discuss
18 ways the Board can better monitor spending by
19 outside parties in elections covered by the
20 program.

21 Though this year's elections were more
22 competitive, so-called "sure winners" who
23 face minimal opposition continue to receive
24 substantial payments of public funds.
25 Several participating incumbents did decline

1 CFB POST-ELECTION HEARING 12/1/09

2 to receive funds. Yet almost \$2 million in
3 public matching funds were paid to candidates
4 who won election with 60 percent of the vote.
5 Of those payments, almost \$500,000 went to
6 candidates who received 80 percent of the
7 vote.

8 Several new initiatives are improving
9 the Board's operations and increasing the
10 flow of information between the Board and
11 campaigns for City office. Earlier this
12 year, the Board introduced a web-based
13 gateway called C-Access, which offers
14 campaigns an instant and secure link to an
15 array of useful information and services
16 online. We also provide the campaigns with
17 an updated version of our disclosure software
18 C-SMART, which provided campaigns with new
19 functionality designed to make it easier for
20 campaigns to organize their finances and
21 comply with the law.

22 This is also the first election for
23 which participating campaigns were required
24 to attend training conducted by our Candidate
25 Services Unit. In all, 319 campaigns

1 CFB POST-ELECTION HEARING 12/1/09

2 completed the two-part training course.

3 As always, the Board is eager to receive
4 constructive suggestions for ways in which
5 services and programs we offer can be
6 expanded or improved, and we hope that every
7 campaign will continue to communicate with us
8 both formally and informally. Thank you.

9 MR. PARKES: Thank you very much, Amy.

10 Now, I would like to call our first
11 witness, Dan Jacoby from Democracy for New
12 York City.

13 MR. JACOBY: Good morning. Thank you
14 for inviting me to testify today about the
15 New York City campaign finance system.

16 I'll cut right to the chase. The
17 campaign finance system we've had for twenty
18 years featuring matching funds as an
19 incentive to limit fundraising and spending
20 has been a colossal failure, like Humpty
21 Dumpty, it is broken and all the King's
22 horses --

23 The system was implemented with one
24 overarching goal and three main purposes
25 under that goal. The goal is to reduce as

1 CFB POST-ELECTION HEARING 12/1/09

2 far as possible the influence of big-money
3 donors, fundraisers, and special interest
4 groups on our city's government. To that
5 end, the system has created and is
6 continuously being tweaked for the following
7 flee purposes: One, limit the growth in
8 campaign fundraising and spending.

9 Two, level of the playing field between
10 candidates who can raise large sums and
11 candidates who can't.

12 And three, keep special interests away
13 from the election.

14 In meeting this goal and these purposes,
15 we are necessarily bound by the 1976 U.S.
16 Supreme Court decision Buckley v. Valeo.
17 Because of that decision, we cannot merely
18 limit cane spending, nor can we limit beyond
19 a reasonable point, campaign donations. As a
20 result, the matching funds system was
21 instituted where public money is offered as
22 an inducement to limit spending voluntarily.

23 In theory, people who eschew this system
24 will be pilloried as a product of wealthy
25 special interests. While those who did not

1 CFB POST-ELECTION HEARING 12/1/09

2 have access to large donors and or
3 fundraisers will be able to get the money
4 they need to run and win.

5 Unfortunately, the system has failed in
6 all aspects. I will be putting a full
7 analysis online on my website soon. Go to
8 danjacoby.com/campaignfinance.

9 Meanwhile, campaign fundraising and
10 spending has ballooned under this system,
11 more than doubling in twelve years. In your
12 own report on the 2005 election, you state,
13 "In constant 2005 dollars, the average
14 spending on a Council campaign in 1993 was
15 \$55,000. In 2005, the average spending was
16 \$117,000."

17 I don't know if you finished compiling
18 numbers for this election cycle, Kathy, you
19 have done a great job of that, but one
20 interesting fact is clear: The fundraising
21 season has gotten longer. For the 2001
22 cycle, by the January 2001 filing, only one
23 candidate raised a million dollars, two
24 others had raised half a million. For this
25 cycle, by the middle of 2007, six different

1 CFB POST-ELECTION HEARING 12/1/09

2 candidates raised over a million dollars,
3 three more joined them by January '08.
4 People are starting earlier, they are raising
5 more money. So, they are, spending more,
6 they are raising more, they are raising it
7 early. We have failed to limit that kind
8 have growth, much less, turn it around.

9 As for leveling the playing field, while
10 I haven't finished my analysis, it is clear
11 that of the 59 people who will be taking an
12 oath of office one month from, and are
13 covered -- you know, have to deal with the
14 campaign finance system, almost all of
15 them -- almost all of them won their office
16 either both originally and again this year if
17 they are running for reelection, for reasons
18 having nothing to do with matching funds. So
19 as far as I can tell, the current people
20 taking the oath of office, there may be one
21 who can claim that matching funds made the
22 difference. Maybe. I haven't finished the
23 work on that one yet. But the others, either
24 through direct fundraising, they were the
25 largest fundraiser, or through outside groups

1 CFB POST-ELECTION HEARING 12/1/09

2 helping them out. And that raises a lot of
3 loopholes. You mentioned, did the wink and
4 the nod by which outside parties will not
5 officially coordinate their campaigns, and it
6 is extremely difficult to tell whether they
7 are coordinating it all or not. There is
8 ways to set up firewalls and gain the system
9 that just can't be detected.

10 In addition, when people the get the
11 backing of one of the major parties, they get
12 a lot of benefits from that, including the
13 use of clubhouse at cut rates, the use of
14 lawyers who are volunteer, the use of access
15 to valuable databases, petitioning help, all
16 kinds of things that normally would cost
17 their opponents a lot of money, but don't
18 cost them anything or hardly anything. So,
19 they are getting huge benefits from that, and
20 if you'll look, you'll see that that has made
21 the difference.

22 Until loopholes are closed, they will be
23 widened until they completely overwhelm the
24 official campaigns, and they cannot be closed
25 with the current system. In short, campaign

1 CFB POST-ELECTION HEARING 12/1/09

2 finance system fails to achieve its goals,
3 fails to make a difference. The same people
4 get elected who would get elected anyway.
5 They get elected by the same means, and since
6 it is the same people getting elected by the
7 same means, it stands to reason that they are
8 going to govern this way.

9 So, what we're doing is, we are taking
10 tens of millions of dollars each election
11 cycle between direct payments to campaigns
12 and the cost of administering the system, and
13 we're throwing it down the drain, because we
14 not really getting anything for it. We have
15 the veneer of looking like it's different,
16 but it really isn't. We need something
17 else.

18 There is a bill currently in the City
19 Council, it is called the Clean Elections
20 Act, it is intro 803. It was introduced last
21 year. Obviously it's not going to go
22 anywhere in the next month, so, it will die,
23 but a new version is being written and it
24 will be reintroduced next year, early next
25 year. Under the Clean Elections system, a

1 CFB POST-ELECTION HEARING 12/1/09

2 participating candidate -- and again it has
3 to be voluntary, but a participating
4 candidate qualifies for almost full public
5 funding by getting donations of as little as
6 five dollars and only from constituents.
7 That's the only fundraising a participating
8 candidate can do, really, really small-dollar
9 fundraising, and only from constituents, no
10 outside groups.

11 In addition, there are ways of
12 equalizing, leveling the playing field when
13 an outside group does spend money, it would
14 require outside groups to show how much money
15 they are spending on a particular campaign,
16 to an extent we don't see right now, and it
17 would provide extra public funding for
18 candidates who are opposed by outside
19 groups. The system works, because it is
20 working in Maine, Arizona, it has just
21 started in Connecticut. It is working in
22 several cities around the country. It's
23 working for some elections in other states,
24 like judicial elections in North Carolina.
25 It works in a way that has negative net cost,

1 CFB POST-ELECTION HEARING 12/1/09

2 because the savings to tax payers in other
3 areas more than makes up for the cost of
4 running this system.

5 I urge this Board to take a good look at
6 this, and to get behind the Clean Elections
7 system.

8 Thank you. I'll be happy to answer any
9 question you might have.

10 MR. PARKES: Thank you very much, Dan.
11 Any questions from members of the Board?

12 MR. DAVIS: Recognizing that full public
13 funding is a movement, there's a lot of gain
14 about it whether it is in Albany or in other
15 places or other states, do you have any
16 specific suggestions, accepting the fact that
17 that may be the ideal, do you have any
18 specific suggestions about what the current
19 program could do, or do you put all your eggs
20 in the basket of going 100 percent to full
21 funding?

22 MR. JACOBY: There is some things you
23 can do to make thing better. Obviously
24 requiring any outside group to list what
25 spending they do, to specify what campaigns

1 CFB POST-ELECTION HEARING 12/1/09

2 that spending is going for. Requiring party
3 machines and other groups to list when they
4 provide cut-rate costs on services or
5 materials or information, and to have that be
6 listed as an in-kind contribution so that
7 candidates who have those advantages don't
8 get those extra advantages.

9 You could try providing extra public
10 funding to candidates who are oppose by
11 outside groups much as the Clean Election
12 system does.

13 I'm not where, but it's one of the big
14 problems with the current system, and now
15 that we have had it for twenty years, we can
16 kind of look at the answers in the back of
17 the book, is that candidates still have to
18 spend an enormous amount of the time
19 fundraising, even more than they used to, and
20 they do and they start earlier.

21 There was at least one or maybe two
22 candidates, who by the middle of 2006, the
23 first report, had already raised half a
24 million dollars for the '09 election in new
25 funding. I don't mean transfers. I mean

1 CFB POST-ELECTION HEARING 12/1/09

2 actual donations for the '09 election. That
3 is going to continue, and you are going to
4 see outside money pouring into various
5 outside groups in bigger and bigger numbers
6 as long as we have the current system.

7 Sometimes the only way -- I'm a great
8 believer in the fact that there is no such
9 thing as a permanent solution to anything.
10 If we implement the Clean Election system
11 January 1st, I guarantee you, twenty years
12 from now, somebody will be saying, "You know,
13 this system doesn't work. It's got this,
14 it's got that. We need something else," and
15 we have got it down the road here.

16 And I'll be fine with that, but that is
17 really the problem. Once you have a system
18 in place for long enough, people learn how to
19 game it, and as much tightening you try and
20 do, it's not going to help.

21 The bill that was passed a couple years
22 ago that limited donations from people doing
23 business with the City, how does that limit
24 people who do business with the City from
25 funneling their money through subordinates,

1 CFB POST-ELECTION HEARING 12/1/09
2 through neighbors and friends, from bundling
3 and not reporting the bundling? There is
4 really no way to do that, to control that.
5 It's just not a possible thing unless we're
6 going to have the police state, and I don't
7 think anybody wants a police state.

8 So, yeah, there are things you can do to
9 tweak, but you're not really going to make
10 this system work.

11 MR. PARKES: Okay. Dan, thank you very
12 much.

13 MR. JACOBY: Thank you.

14 MR. PARKES: Much appreciated.

15 And now I would like to call forth Henry
16 Stern from New York Civic.

17 MR. STERN: Good morning.

18 MR. PARKES: Thank you for joining us.

19 MR. STERN: Thank you for having me
20 here, it is a pleasure to appear before your
21 distinguished panel of members.

22 MR. PARKES: Thank you.

23 MR. STERN: You have a very difficult
24 job, because you are trying to basically
25 stand the tide of money going between people

1 CFB POST-ELECTION HEARING 12/1/09

2 who want to pay it and people who want to
3 receive it.

4 You are not trying to prevent robbery or
5 something like, that is a forcible taking.
6 You need to prevent people from doing what
7 they want to do on both sides, and you also
8 have the spectre of Buckley v. Valeo. When a
9 person spends, it is legal and proper. For a
10 person to spend \$100 million out of his own
11 pocket, it seems difficult to, using
12 scribblige (ph,) when someone who has
13 \$100,000 from the friends of people in his
14 life, it just puts difficulty to run.

15 It is logical that once you have your
16 system, and the people will try to gain the
17 system. When people try to gain, much less
18 complicated, is they game the welfare system,
19 for example, they game the home care. In
20 every place with were the government gives
21 out money to individuals, there are
22 individuals who are going to use tricks to
23 have technical compliance with the law, but
24 in fact violate the spirit of the law.

25 Now, the people who have done a good job

1 CFB POST-ELECTION HEARING 12/1/09

2 on this are the City's newspaper which
3 produced five reports. This is Report 1,
4 which came out yesterday. Report 2 is
5 supposed to come out today, It will go all
6 through the week. Now, this is interestingly
7 not being published. This is only appearing
8 on their blog at this time. So, you would
9 have to go to blog, which is in
10 cityhallnews.com, and then I think you should
11 obviously read it and analyze it. I have
12 read it.

13 To tell you the truth, it is hard to
14 understand because of the complicated
15 mechanisms that are involved here. I found
16 one thing which is perhaps the most
17 interesting, that the financing for this, the
18 basic financing for this, \$150,000 gift --
19 So, it is part of the international program
20 on his part to further the causes that he
21 happens to belief in. That is a fact.

22 So, I just commend this to you to study,
23 the structure, data and field services, and
24 the other instrumentality in the working down
25 this party, that's all.

1 CFB POST-ELECTION HEARING 12/1/09

2 The last thing, I'm talking about the
3 funding of candidates in the primary and
4 general elections who are in either two
5 categories, the people of runaway elections
6 and the people who are hopeless losers, and I
7 think that is legitimate to fund candidates
8 who are in the middle, whether they are
9 winners or losers, but it is not reasonable
10 to fund people who are certain to win 80 and
11 90 percent of the vote.

12 I have been given a chance to look over
13 the funding for the primary elections. And
14 the general elections. In the primary
15 elections, the record is pretty good. Almost
16 all the candidates were legitimate contenders
17 and whether they won or lost, they got
18 respectful percentages of the vote, so, the
19 system worked in the primaries.

20 MR. PARKES: Thank you.

21 MR. STERN: It in the general election,
22 it was very different. There was a candidate
23 running on the democratic line, and in
24 general those candidates won by overwhelming
25 majorities. Here in the general level, a

1 CFB POST-ELECTION HEARING 12/1/09

2 number of candidates declined funds if they
3 were sure winners, and it is to their
4 credit. Now, some did not, and that is a bit
5 of a problem.

6 In the leading case, I found those who
7 took funds on their way to a landslide --
8 well, Ruben Wills in the 28th District got
9 \$64,200 for 11 percent of the vote.

10 There were others, winners got 90
11 percent of the vote. David Pechefsky, who
12 had 54,000 for 77 percent of the vote. I
13 would try to set up a standard which has to
14 be different in the primary election than the
15 general election.

16 The worse case, Lewis Fidler got
17 \$88,550, and he received 79.2 percent of the
18 vote. His two opponents received no money in
19 the general election. It is not right.
20 Mr. Fidler -- in fact, it was read at the
21 last meeting here, the minutes; how
22 threatened he was by a Republican in his
23 district in the heart of Brooklyn, and how he
24 needed the money, well, then he was quoted in
25 the newspaper that he would give the money

1 CFB POST-ELECTION HEARING 12/1/09

2 back. I think now is the time to call on him
3 to keep his word and to give the money back,
4 because it is obvious that he didn't need the
5 money. He got more than four times the vote
6 of his opponents.

7 I would like to see standards whereby
8 either a candidate must receive a five
9 percent of the vote to qualify, or a ceiling
10 that if he receives more than 80 percent of
11 the vote that he should not be able to
12 receive funds. That is really all I want to
13 say.

14 MR. PARKES: That is it very helpful,
15 Henry. Thank you very much for sharing that
16 with us.

17 Next, we have Lawrence Laufer of Genova,
18 Burns & Vernoia. Good morning, Larry.

19 MR. LAUFER: Good morning.

20 MR. PARKES: Welcome back.

21 MR. LAUFER: Thank you. It is good to
22 be back. Good morning, again and thank you
23 for the opportunity to testify, because this
24 is the first occasion I had to sit in this
25 seat after twenty years of dealings with this

1 CFB POST-ELECTION HEARING 12/1/09

2 program, and it is a pleasure to be here.

3 As you know, my firm, Genova, Burns &
4 Vernioia represents many candidates from New
5 York City office in campaign finance
6 compliance including this year's Comptroller
7 Bill Thompson who ran for mayor. While my
8 views are certainly informed by this
9 experience, I wish to emphasize that today I
10 speak only for myself and not on behalf of
11 anyone else.

12 Before proceeding, I want to emphasize
13 that ins nothing wrong with being an
14 incumbent seeking re-election. In a
15 democracy, it is right and necessary that
16 incumbents must seek approval of their
17 electorate in order to remain in office. As
18 the New York City Campaign Finance Act aims
19 to promotes fair competition, the incumbent
20 should not be unduly advantaged or
21 disadvantaged under the law. But one fact is
22 inescapable, as CFB reports have repeatedly
23 shown, incumbency is generally advantageous
24 for candidates seeking re-election and it has
25 been the factor with the highest correlation

1 CFB POST-ELECTION HEARING 12/1/09

2 to winning an election. Of course, that
3 advantage is certainly not invariable.

4 One more caveat, I think we can point to
5 significant success, on many significant
6 successes with the Campaign Finance Program
7 in the 2009 election, especially the role
8 that matching funds played in City Council
9 races. I have, however, chosen to limit my
10 testimony to a very different dynamic that
11 took hold in the Mayor's race. That was no
12 accident. The power and allure of the office
13 of the Mayor of the City of New York is
14 beyond unique. By itself, that fact should
15 put into serious question the continuing
16 viability of the general "one-size-fit-all"
17 approach of the City's campaign finance law.

18 So, I'm here to urge the Board to focus
19 its next post-election report primarily
20 tyrannosaurus that in the room: An
21 officeholder disclosing over \$100 million in
22 campaign spending from personal funds, and at
23 the same time, not disclosing other
24 expenditures from personal funds that may
25 have served the re-election purpose.

1 CFB POST-ELECTION HEARING 12/1/09

2 This I believe is the single biggest
3 flaw in the City's campaign finance law, and
4 that's a flaw regardless of the election
5 result. Had the Mayor lost re-election, it
6 would nonetheless be the biggest problem. In
7 comparison, I believe all other campaign
8 finance issues in this past election are
9 trivial both in dollar terms and in terms of
10 the threat they pose to reform.

11 I would like to illustrate this threat,
12 and then I have several proposals to make for
13 legislative changes, which concern public
14 disclosure and spending limits.

15 In the 19th Century, New York State
16 repealed property qualifications for voting
17 and holding office. In the 20th Century, New
18 York City passed the Campaign Finance Reform
19 with the stated aim of insuring and I quote,
20 "that citizens, regardless of their personal
21 wealth, access to large contributions or
22 other financial connections, are enabled and
23 encouraged to compete effectively for public
24 office."

25 In theory, then, we have it all, right?

1 CFB POST-ELECTION HEARING 12/1/09

2 Private wealth is not a qualification for
3 holding public office, and laws exist to
4 enable non-wealthy candidates to compete
5 effectively. But there is a glaring gap:
6 The law does not prevent an officeholder for
7 making unlimited use for his personal funds
8 in order to perpetuate his hold on public
9 office, nor does it require public disclosure
10 of all such expenditures from personal
11 funds.

12 I think this gap give rise to
13 corruption, or the appearance of corruption
14 if in New York City elections. To illustrate
15 what I mean, let's go back over 100 years. In
16 Plunkitt of Tammany Hall, William Riordan
17 described, in the words of political boss
18 George Washington Plunkitt, how nominations
19 should not be sold, and I'm going to quote
20 from the book, and I can't do this with an
21 appropriate period accent, so, forgive me.

22 "Now, I ain't sayin' that we sell
23 nominations. That's a different thing
24 altogether. There's no auction and no
25 regular biddin'. The man is picked out gets

1 CFB POST-ELECTION HEARING 12/1/09

2 to understand what's expected of him in the
3 way of a contribution, and he ponies up --
4 all from gratitude to the organization that
5 honored him, see?"

6 "Let me tell you an instance that
7 describes the difference between sellin'
8 nominations and arrangin' them in the way I
9 described."

10 He then proceeds to describe a a back
11 auction in a saloon conducted by a Republican
12 district leader for a Congressional
13 nomination.

14 "The highest bidder got the nomination
15 for \$5000. Now, that wasn't right at all.
16 These things ought to always be fixed up nice
17 and quiet."

18 Change the dollar amount on the account
19 of inflation and it seems like only
20 yesterday. "Fixed up nice and quiet" -- that
21 pretty much describes why we have public
22 disclosure laws, so, that corruption of the
23 election process, or its appearance won't be
24 fixed up nice and quite.

25 But when a public disclosure law falls

1 CFB POST-ELECTION HEARING 12/1/09

2 short, or worse, is not enforced, the public
3 doesn't get to assess for itself whether the
4 democratic process has been corrupted.

5 Perhaps the public doesn't "need to know,"
6 but I think most would agree that notion is
7 almost as archaic and paternalistic as a
8 property qualification.

9 Let me be clear: When a candidate
10 reaches into his own pocket to buy political
11 support or influence, or to silence potential
12 opposition, or to do "good works" in return
13 for future political "considerations," or to
14 say, "Thanks" for a party nomination, or to
15 crush competition, there is, at the very
16 least, a risk that personal wealth is being
17 employed in a corrupt manner. Each
18 particular use potentially influences
19 political decisions by its beneficiary, and
20 the overall magnitude of the spending may
21 undermine any reasonable sense of the
22 competition.

23 Such practices degrade our
24 constitutional rejection of property
25 qualifications for officeholders and diminish

1 CFB POST-ELECTION HEARING 12/1/09

2 the benefits of Campaign Finance Reform.
3 When private wealth is employed on a massive
4 and secretive scale, a personal fortune can
5 make a mockery the law's promise of enabling
6 and encouraging citizens to compete
7 effectively for public office regardless of
8 their personal wealth.

9 Now, the opportunity is now I believe to
10 fashion remedies. We must not simply chalk
11 this phenomenon up to an inerrant limitation
12 in our reforms, for that would be to admit
13 their failure. It cannot be that New York
14 City in 2009 lacked the means for curbing
15 corrupt practices described in Plunkitt of
16 Tammany Hall in 1905. Were that the case, we
17 might as well throw up our hands and
18 seriously question the wisdom of paying over
19 100 million in tax payer dollars to City
20 candidates since 1989. In my view, we can
21 and must take additional steps, and I want to
22 describe what I think are some premises for
23 taking the steps.

24 We know that because money buys
25 influence or at least appears to do so,

1 CFB POST-ELECTION HEARING 12/1/09

2 contribution limits and public disclosure
3 requirements are constitutional. That is
4 what the Supreme Court told us in Buckley v.
5 Valeo. Campaign Finance regulations tend to
6 focus on the influence wielded by large
7 contributors. The common notion is that
8 self-financed candidates are unbought and
9 unbossed, and so the question of influence-
10 peddling or influence-purchasing receives
11 less scrutiny in that context.

12 But candidates are no different from
13 contributors. Both are human and so just as
14 likely to use personal wealth to try to gain
15 influence over others. Our disclosure laws
16 tell us much about what contributors are
17 doing. We also need to hold candidates
18 accountable.

19 Not all candidates are alike. Some
20 candidates hold public office, meaning they
21 are public servants accountable to the public
22 before the election. Public service is a
23 public trust. The public, through its
24 representatives request gets to the set the
25 ground rules for holding public office.

1 CFB POST-ELECTION HEARING 12/1/09

2 Officeholders may be required to abide by
3 these ground rules as a condition of holding
4 on public office.

5 A conflict of interest necessarily
6 arises between public duty and personal
7 ambition, when an officeholder uses personal
8 funds to perpetuate his hold on public
9 office. This problem has a constitutional
10 dimension. With the constitution of
11 abolition of property qualifications for
12 holding public office, a public servant's
13 private wealth should not instrument of their
14 tenure and retention of office. That
15 aspiration must be more than mere fantasy
16 because lies at the core of what it means to
17 be a democracy.

18 The constitutional issue worth exploring
19 is the extent to which public servants, while
20 in office, may be held accountable to the
21 public for using their personal funds to
22 influence public policy in the outcome of
23 elections.

24 On to disclosure. When a public servant
25 uses personal wealth in the course of seeking

1 CFB POST-ELECTION HEARING 12/1/09

2 or exercising their responsibilities of
3 public office, those private funds have the
4 potential to unduly and if unfairly affect
5 the outcome of an election or public policy
6 debate. Fairness in discourse is D.O.A. when
7 private funds are deployed to boss, buy and
8 bully support for a candidate or a policy
9 position. We have a right to require
10 openness and fair play from those whose first
11 duties are to serve the public.

12 The duty of a public servant is always
13 to put the public interest above any personal
14 or special interest he or she harbors. The
15 following reforms would shed light and curb
16 the potential for secretive influence-
17 purchasing by public servants, four
18 proposals:

19 First; require public servants to
20 disclose on their annual financial disclosure
21 reports payments and gifts they make in the
22 aggregate amount or value of \$1000 or more
23 with exceptions such as payments or gifts
24 made which are made to a relative, living
25 expenses and home improvements. This

1 CFB POST-ELECTION HEARING 12/1/09

2 amendment would parallel current requirements
3 for the disclosure of gifts to and loans by
4 public servants.

5 Second, if the public servant is a
6 candidate for an office covered by the
7 Campaign Finance Act, require the Conflicts
8 of Interest Board to provide copies of that
9 candidate's annual filings for the first
10 three years of the election cycle to the CFB,
11 to require that candidate to report directly
12 to the CFB such payments and gifts made
13 during the year of an election on a more
14 frequent basis.

15 Third, authorize the CFB to publish
16 these disclosures in its online searchable
17 database, and to conduct a review to
18 determine whether such payments or gifts or
19 campaign contributions or expenditures under
20 the Act, and this is comparable to the
21 Board's authority in examining the use of the
22 government resources under the Charter.

23 Fourth, require public servants to
24 disclose their making, soliciting or
25 collecting of political contributions for a

1 CFB POST-ELECTION HEARING 12/1/09

2 different candidate or political committee
3 which parallels City law requirements for
4 lobbyists.

5 Turning to spending limits: Under New
6 York City's campaign finance law, levels of
7 public funding are set in relation to the
8 spending limits that apply to each covered
9 office. This no accident for two reasons.

10 First, public matching funds and
11 spending limits were designed in tandem for
12 the common purpose of enabling and
13 encouraging citizens to compete effectively
14 for public office.

15 The second reason is Buckley v. Valeo.
16 In Buckley, U.S. Supreme Court did more than
17 just hobble the Federal legislation's
18 campaign finance system. Buckley also upheld
19 public campaign financing including
20 permission to, "condition acceptance of
21 public funds on an agreement by the candidate
22 to abide by specified expenditure
23 limitations."

24 The Buckley decision upheld public
25 campaign financing because, and I will just

1 CFB POST-ELECTION HEARING 12/1/09

2 enumerate the reasons given in the decision:

3 Public funds are provided to candidates
4 to facilitate and enlarge discussion and
5 participation in the electoral process, goals
6 vital to a self-governing people.

7 Public campaign financing furthers, not
8 abridges first Amendment values.

9 And because limits on contributions
10 necessarily increase the burdens of
11 fundraising, Congress properly regarded
12 public financing as an appropriate means of
13 relieving candidates from the rigors of
14 soliciting private contributions.

15 The Buckley court also rejected the
16 argument that a matching formula favors
17 wealthy voters and candidates because the
18 eligibility requirement of their acceptance
19 of an expenditure ceiling helps candidates
20 with little fundraising ability increase
21 their spending relative to candidates capable
22 of raising large amounts in private funds.

23 Thus, under Buckley, mandatory spending
24 limits are unconstitutional under the First
25 Amendment as restrictions on speech, whereas

1 CFB POST-ELECTION HEARING 12/1/09

2 eligibility for public funding may be
3 conditioned on the acceptance of campaign
4 spending limits. How may these
5 constitutional distinctions be applied in the
6 case of public servants seeking re-election
7 in the City of New York?

8 First, laws of the City of New York
9 currently prohibit certain political speech
10 by public servants, and these are provisions
11 of the New York City Charter.

12 A public servant may not request any
13 subordinate public servant to participate in
14 a political campaign or to pay any
15 contribution?

16 A public servant may not promise any
17 money or contribution in consideration of
18 being nominated, elected, or employed as a
19 public servant.

20 High level pointed public servants may
21 not request any person to make any political
22 contribution for any candidate for City
23 elected office for any City elected official
24 who is a candidate for any elected office.

25 These laws recognize did public servants

1 CFB POST-ELECTION HEARING 12/1/09

2 may be held to a different standard than
3 private citizens. These provisions are are
4 constitutional under the First Amendment
5 precisely because they are voluntarily
6 accepted as conditions of public servants.

7 Second, all City candidates are
8 recipients and custodians of public funds
9 their salaries, stipends, pensions, security,
10 and staff. Elected officials exercise
11 authority over collection and distribution of
12 public tax dollars, adoption of a budget for
13 the City, and control various kinds of
14 discretionary accounts. All City elected
15 officials in some form or another, therefore,
16 accept the benefits of public funding as an
17 attribute of holding a public office. This,
18 Buckley's condition for subjecting
19 candidate's to spending limits, i.e.,
20 acceptance of public funding is met upon
21 taking public office.

22 The law if the City of New York today is
23 that public matching funds are made available
24 to candidates who qualify and agree to abide
25 by the spending limits. Whether or not this

1 CFB POST-ELECTION HEARING 12/1/09

2 is a wise investment, it is the public policy
3 City of New York, which we as tax payers have
4 a right to demand will be implemented in a
5 fiscally responsible manner.

6 When a private citizen seeks office and
7 rejects spending limits, he or she is merely
8 exercising a constitutional right, elected
9 officials do not necessarily have the same
10 latitude, because they, as incumbents seeking
11 re-election, owe their first duty to the
12 public. From their first day in office,
13 these elected officials are recipients and
14 beneficiaries of public funding and are
15 accountable to the public for the use of
16 those funds. Given this and other
17 obligations to public service, the question
18 becomes whether compliance with Campaign
19 Finance Act spending limits should be made an
20 additional condition of holding office while
21 seeking re-election? And my answer to that
22 is, yes.

23 I have another page of testimony that
24 details it, but I'll be happy to take any
25 questions.

1 CFB POST-ELECTION HEARING 12/1/09

2 MR. PARKES: Thank you very much, Larry,
3 for that very thoughtful and careful
4 presentation.

5 Any questions from members of the
6 Board?

7 MS. PATTERSON: I have a quick question,
8 and I think you answered it in your
9 statement, but, what you are in essence
10 saying is, first-time people in office should
11 not be held the same standard as currently
12 elected officials, correct? So, for example,
13 in the first mayoral election in 2001, the
14 candidate who spent a great deal of money,
15 would not have been subject to your
16 proposals?

17 MR. LAUFER: I am saying that and more
18 actually. I am saying not only are first-
19 time seekers not subject to this condition,
20 but an incumbent elected official who is
21 looking to move into an different office
22 would also not be subject to it.

23 MS. PATTERSON: So, if you were looking
24 at, for example, the state across the Hudson
25 from us, you have again at this point, what

1 CFB POST-ELECTION HEARING 12/1/09

2 is a no longer elected official who switched
3 from being a senator to campaigning for
4 governor and winning that particular election
5 as governor. Would he have been subject?

6 MR. LAUFER: In which election?

7 MS. PATTERSON: For example Senator
8 Corzine ran for election to become Governor
9 Corzine, used his independent wealth, he was
10 a public servant at the time he ran for
11 election. He used his personal wealth to
12 help finance his campaign for governor. If
13 you had a similar situation here, let's say
14 you had a City Councilman who --

15 MR. LAUFER: The answer to that,
16 regarding the Corzine illustration is really
17 yes and no, because if Corzine can run under
18 the way the New York City law is structured,
19 the answer would be yes, if it's re-election
20 campaign. However, and I deal with this in a
21 foot note which I haven't read, because New
22 Jersey's law for distributing public funds
23 does not provide for additional matching
24 funds in the case of a non-participant who
25 triggers certain levels of spending. My

1 CFB POST-ELECTION HEARING 12/1/09

2 theory wouldn't be applicable to his
3 circumstance because essentially what I'm
4 suggesting is, in New York City, the way the
5 law is currently structured, the
6 non-participation triggers both waste and
7 diminished benefit of public funding, and
8 that's the last part of the testimony that I
9 did read.

10 MS. PATTERSON: And the other question
11 you mentioned was gifts and payments. That
12 includes charitable gifts as well as
13 payments, for example, to political parties?

14 MR. LAUFER: That would be my
15 recommendation, yes.

16 MR. PARKES: Any other questions?

17 MS. LOPREST: I just want to be clear.
18 The Corzine is kind of different. If
19 somebody was a current City Council member,
20 who had significant personal wealth and
21 decided to run for mayor, your idea that
22 spending limits wouldn't apply to that?

23 MR. LAUFER: I have not suggested that
24 it would extend that far. It is a question
25 of employing wealth to perpetuate tenure in

1 CFB POST-ELECTION HEARING 12/1/09

2 office, which I think has a different
3 constitutional dimension than other
4 situations.

5 MR. PARKES: Thank you very much, Larry.

6 Next we have Diane Kolack and Marc Leavitt
7 from Leavitt For Our Communities. Would you
8 both like to come up at the same time?

9 (No response)

10 MR. PARKES: Diane, welcome.

11 MS. KOLACK: Good Morning. My name is
12 Diane Kolack. I am the treasure and
13 compliance officer for the Leavitt For Our
14 Communities Campaign. My background includes
15 over ten years working in the financial and
16 legal sectors as a corporate accountant and
17 financial analyst and currently as a
18 paralegal. This was my first campaign
19 experience, and overall, it was very
20 positive.

21 To begin today, I would like to
22 compliment and call attention to all of the
23 very excellent people at the CFB who I worked
24 with, including Leahruth Jemillo, Roxanne
25 Baldeo, John Ross Barikdar, Matt Salber,

1 CFB POST-ELECTION HEARING 12/1/09
2 Daniel Cho, Tashaun Ross, Adam Schafenberg,
3 and Jihee Suh.

4 I was asked to speak about my experience
5 on the administrative end of working with the
6 Campaign Finance Board, and I have organized
7 my comments into six areas.

8 No. 1, paper waste. From both the
9 practical and environmental standpoint, it is
10 my feeling that redundant photocopies are a
11 big problem in the current system. For
12 instance, at our July compliance visit, I was
13 required to make copies of all of our records
14 to date. The copy piles were the size of
15 several reams of paper.

16 Then, in our audit document request,
17 just submitted yesterday, I was required to
18 recopy most of the that material, in some
19 cases more than once for various categories
20 of documents.

21 To offset this waste, perhaps the CFB
22 could plant trees or sponsor environmental
23 programs in New York City for every political
24 committee that participates in the program.

25 Alternatively, I would like to suggest

1 CFB POST-ELECTION HEARING 12/1/09

2 that there be an option for campaigns to scan
3 receipts and other pieces of backup
4 documentation, and electronically associate
5 the file contents with a C-SMART file, then
6 it would be possible to submit everything
7 electronically.

8 I know that every campaign may not have
9 the resources of knowledge to be able to
10 handle this. But everyone has made the
11 transition to using C-SMART, and this added
12 functionality would if not be any more
13 burdensome than spending hours in front of a
14 copy machine. In fact, campaign committee
15 scanning would alleviate for the CFB to do
16 so, as it does now. Scanning needs to be an
17 option for the more resourceful and tech-
18 savvy campaigns, or a least a pilot project
19 for those who want to run more
20 environmentally responsible campaigns.

21 No. 2, clear instructions. I had
22 applauded the CFB for writing the handbook and
23 other sources of information in clear English
24 rather than legal jargon, and again my
25 overall experience has been a positive one.

1 CFB POST-ELECTION HEARING 12/1/09

2 However, the instructions for the audit
3 document request were clearly not proofread
4 before being sent out which could potentially
5 have had significant negative financial
6 consequences for anyone who received these
7 reports and failed to seek clarification from
8 their liaison.

9 For example, on the expenditure request
10 the instructions read, "For items with no
11 code, consult the code sheet," for
12 information on what to provide. Since there
13 was no instructions on the code sheet for
14 items with no code, I concluded that no
15 documentation was required for expenditures
16 with no code. Despite this apparent logic
17 and because I had no provided documentation
18 otherwise, I thought it wise to consult my
19 audit liaison because it was vague and
20 unclear, and of course the CFB wanted
21 documentation for all expenses, even the ones
22 without codes. Considering the penalties for
23 noncompliance with these unclear
24 instructions, this must be overhauled for
25 next time.

1 CFB POST-ELECTION HEARING 12/1/09

2 Another example was on the request for
3 contribution refunds and adjustments. The
4 instruction page says to provide
5 documentation for all transactions on the
6 report, while the report says to provide
7 documentation for highlighted transactions
8 only. And of course, failure to comply with
9 these contradictory directions may result in
10 the finding of a violation.

11 No. 3, C-SMART training. C-SMART
12 training needs to include more about how to
13 use reports and how to customize them. I
14 took both the regular and advanced C-SMART
15 trainings and do not remember this being
16 covered much in depth. As recently as this
17 past week, I was discovering timesaving
18 elements such as the "Go To Transaction"
19 feature hidden away under the "Select" menu
20 when a report is open. This training would
21 be much more useful than the ten minutes
22 spent learning how to track demographic
23 information of contributors which I doubt
24 many campaigns really use in practice.

25 C-SMART training classes should also

1 CFB POST-ELECTION HEARING 12/1/09

2 include more election procedure information,
3 including for example, a bit about the
4 Certified Statement of Need. My candidate
5 almost literally had a heart attack trying to
6 get this in on time because we weren't as
7 familiar with it as we needed to be.

8 No. 4, unnecessary refunds by certified
9 check. This is another example of a lack of
10 familiarity and training with election
11 procedures. Up until our compliance visit, I
12 had been getting certified bank checks as
13 instructed in my training to return
14 contributions that were made payable to the
15 candidate instead of the committee. I was
16 frustrated when the auditor said that I could
17 have just had the contributors sign letters
18 confirming the intention of their
19 contribution, and that certified checks were
20 unnecessary. Each check cost our committee
21 ten dollars in bank fees and about thirty of
22 my time dealing with the bank and processing
23 the checks.

24 No. 5, suggestions for the handbook.
25 The CFB Handbook needs to include language,

1 CFB POST-ELECTION HEARING 12/1/09

2 if not samples of, letters for "problem"
3 contributions to be resolved. I was told
4 that the very clear letter I had a
5 contributor sign had to be replaced because
6 it does not specific language. So, the donor
7 had to sign and return a second letter. It
8 is unfair to expect committees to harass
9 contributors over and over again like that.
10 A clear example of the required language in
11 the handbook to begin with would take care it
12 of that problem.

13 It would also be helpful if the CFB
14 Handbook included a sample form for tracking
15 the required details at fundraisers and house
16 parties. It is cumbersome to reconstruct
17 this information after the event from the
18 busy candidate or a party host's memory. If
19 the Board would like, I can provide a copy of
20 the form I developed during our campaign.

21 The CFB Handbook might also provide
22 guidance about how to organize campaign
23 materials such as expenses, cards,
24 contributions letters, backup, etcetera, for
25 maximum efficiency during filings. Beginning

1 CFB POST-ELECTION HEARING 12/1/09

2 with the end in mind might could help save a
3 lot of time and money during filing.

4 No. 6, communications. Email and
5 C-Access made communication with the CFB very
6 easy. Also, it helps that all the CFP
7 employees that I worked with were helpful and
8 always willing to research my questions. I
9 really appreciated quick responses in the
10 face of deadlines, from liaisons, auditors
11 and the legal team. I also appreciated that
12 any liaison was able to help me even if my
13 assigned liaison was unavailable.

14 Finally, though not related to my work
15 as treasurer, as a voter, I would like to see
16 the CFB prohibit contributions from unions
17 political action committees. Individuals
18 vote. Organizations do not. They have no
19 business funding campaigns either.

20 I thank the Board for the opportunity to
21 address you this morning, and will supply you
22 with a written copy of my remarks. T.

23 MR. PARKES: Diane, thank you very much
24 for that eloquent and very concrete
25 suggestions that you gave us.

1 CFB POST-ELECTION HEARING 12/1/09

2 Any questions of Diane?

3 (No response)

4 MR. PARKES: Is Marc Leavitt here yet?

5 MS. KOLACK: I think he thought he was
6 at 10:15. He will be here.

7 MR. PARKES: We will invite Gene
8 Russianoff of the Public Interest Research
9 Group. Thank you, Gene, welcome.

10 MR. RUSSIANOFF: Good to be here. I
11 have written a statement.

12 Good morning, Chairman Parkes and Board
13 members and staff. My name is Gene
14 Russianoff, and I'm with the New York Public
15 Interest Research Group. Unfortunately. My
16 colleague Neil Rosenstein has family business
17 to attend to, so, he's not here.

18 NYPIRG congratulates the Campaign
19 Finance Board. I think this year you in most
20 cases contributed to a level playing field,
21 you educated the public, you increased real-
22 time disclosure, and you made sure that
23 public funds were properly spent.

24 As a public interest lobbyist, one of
25 the things I am most proud of is that in 1988

1 CFB POST-ELECTION HEARING 12/1/09

2 when the law creating this Board was debated
3 by the City Council, we pushed very strongly
4 for the law and we applied work and held an
5 annual hearing on the election and put out
6 analysis, and I think it has really served
7 the public well. There have been a lot of
8 changes.

9 This is a very dynamic program. It has
10 is states, like the Federal Program for
11 example, and over the years, you required
12 candidates to debate. You have lowered the
13 campaign contribution limit. You restricted
14 contributions from people doing business with
15 the City. All of these I consider to be
16 major improvements. I look forward to what
17 the Board concludes at this time, and the
18 process of reviewing the law with the City
19 Council and the City Administration.

20 I have a couple of suggestions, they are
21 largely in the spirit of raising some
22 questions, I think we are at an early period
23 where the data is just coming in, so, it is
24 hard to make some judgments about the
25 Program, but I'll go through a couple of our

1 CFB POST-ELECTION HEARING 12/1/09

2 points.

3 One of the testifiers said that the law
4 had no impact. I don't agree, and if you ask
5 the sort of roll call people who had the shot
6 and were successful of getting into City
7 politics because of the Program includes,
8 Republicans Daniel Hollerman and Peter Koo,
9 Debi Rose from Staten Island, Margarat Chin,
10 ask any of these people if the law made a
11 difference in their election, and they will
12 say yes.

13 Daniel Throm, James Van Bramer, Giovanni
14 Williams, if you look at the information that
15 is there, they were able to raise a
16 substantial sum of money. So, I think the
17 Program has been successful.

18 As I said, I have a couple of points.
19 One is on the challenging issue of Mayor
20 Bloomberg spending a ton of dough, and really
21 wrecking the opportunity for a level playing
22 field. What can be done about it? Well,
23 currently the rate of the match when facing
24 high spending opponent who is nonparticipant
25 goes to eight and a half to one, that is

1 CFB POST-ELECTION HEARING 12/1/09

2 generous, you can't argue about that, but it
3 still requires the candidate to spend lots of
4 time fundraising. I would suggest the Board
5 seriously look at what you do in primaries a
6 flat grant that's based on what was raised
7 during the primary, and I think that would be
8 appropriate here to see the opponent to be
9 able to get paid without having to be worried
10 about as much by the fundraising.

11 Doing business, we really just have a
12 lot of questions at this point, and I know
13 that it is going to be a challenge to make
14 analysis here, because the law has phased in
15 over a period of time, so, the restrictions
16 were not for the whole election cycle but for
17 parts of it. You'll see the kinds of
18 questions which I'm sure you are already
19 thinking of about. I think it has he
20 potential to be one of the best parts of the
21 Program, and I am very interested to see both
22 how effectively it worked and how the Board
23 will audit the doing business contributions
24 to candidates.

25 I'm going to read this next part

1 CFB POST-ELECTION HEARING 12/1/09

2 because, you know, I think it is one of the
3 most challenging things before you, which is
4 the issue of coordination. During the 2009
5 election, the Working Families Party was
6 criticized for setting up a nonprofit arm,
7 Data and Field Services. It has been charged
8 with providing lower-than-market rates to
9 WFB-backed candidates with the aim of
10 skirting the City's contribution of spending
11 limits. There is a related issue of possible
12 coordination in which candidates work with
13 entities, mainly labor unions, at the same
14 time, those entities contributed to Data
15 Field Services.

16 Here this morning, I have a really good
17 track record of being fearless in making
18 documents about what is Kosher and what is
19 not Kosher, to apply the expression. I
20 really have confidence in the Board taking a
21 look at it. The WFP has hired a former Chief
22 Judge Judith Kaye to also do the review, and
23 think that has credibility.

24 Now, you raised earlier the very type of
25 issue about what do you do about independent

1 CFB POST-ELECTION HEARING 12/1/09

2 expenditures to increase the disclosure by
3 them. Traditionally, your main jurisdiction
4 is because you have jurisdiction over the
5 public servant, and so, you register packs
6 because the public servant wants to be able
7 to pay contributions from those packs. I'm a
8 not sure, maybe it is a failure of
9 imagination, but most of what Larry offered
10 just recommended was in the form of
11 disclosure on the public servant, and that
12 limits what you can do. I believe we need
13 more imaginative people to come up with a
14 solution because it is a real problem.

15 You know, this is sort of a beating a
16 horse that the Board may be familiar with,
17 but it seems to me that the data you have
18 justifies lowering campaign contribution
19 limits we are really getting through the
20 public funds we provide the candidates for. I
21 know the City Council, the average
22 contribution as I heard was \$450. In
23 reality, what are they at, 2500? So, having
24 a lower limit in those areas would be good.

25 On to other points, on intermediaries.

1 CFB POST-ELECTION HEARING 12/1/09

2 In this election cycle for the first time you
3 applied intermediaries, not just for people
4 who physically delivered the contribution,
5 but where the solicitation was known to the
6 campaign, and I'll be very interested to see
7 how it's worked to see whether it's had an
8 impact on solicitations.

9 Finally, mass mailings. City Charter
10 prohibits mass mailings on behalf of City
11 candidates less than 90 days before an
12 election. But they are poking loopholes in
13 that law. You know emergency swine flu, you
14 must receive a letter from your City Council
15 person or you could possibly die if it
16 doesn't occur. It just strikes me that the
17 law should be tougher, and there is very
18 little reason for a mass mailing on the eve
19 of elections. They will always send out mass
20 mailings through third class mail to arrive
21 in and about the season. So, it is an area
22 where I think a lot could be tightened up.

23 Those are some thoughts, and I will look
24 forward to the ongoing process of the Board
25 evaluating the law and the Council and the

1 CFB POST-ELECTION HEARING 12/1/09

2 Mayor taking appropriate action. The law has
3 largely been improved over the years, and I'm
4 hoping that will be the case this time as
5 well. I'll be happy to take questions.

6 MR. PARKES: Thank you very much Gene.
7 any questions?

8 (No response)

9 MR. PARKES: Thank you for your kind
10 words and support.

11 Now, we welcome forward Marc Leavitt of
12 Leavitt for our Communities.

13 MR. LEAVITT: Thank you. My name is
14 Marc Crawford Leavitt. I am a homeowner in
15 Sunnyside, Queens, a civic activist, and a
16 partner in the law firm of Leavitt, Kerson &
17 Duane.

18 I was a candidate for Queens Borough
19 President in the September 15th democratic
20 primary, and I received over 12,000 votes. I
21 was the only candidate in the entire city in
22 a jurisdiction bigger than a City Council
23 district, who ran in the primary election
24 against an incumbent. The point of my
25 testimony is to highlight why so few

1 CFB POST-ELECTION HEARING 12/1/09

2 qualified citizens are willing to run for
3 major office. Also, I will propose a
4 solution that will encourage civic
5 involvement both by the voting, or perhaps in
6 this year's case, I should say the non-voting
7 public, and by potential candidates who not
8 career politicians.

9 Queens has a population greater than
10 sixteen states. Despite the fact that I was
11 a bona fide candidate who raised over
12 \$100,000 from over five hundred contributors
13 and that I was the first in my race to
14 qualify for matching funds and actually
15 received about 300,000, my candidacy was
16 totally ignored. I'm going to repeat that,
17 totally ignored by all the citywide
18 newspapers, NY1 TV, and WNYC radio. Even the
19 Citizens Union, somewhat hypocritically,
20 because that organization is supposed to
21 stand for good government, did not review the
22 candidates for Borough President of Queens in
23 the democratic primary. On primary night,
24 the vote totals were not even visible on any
25 TV station.

1 CFB POST-ELECTION HEARING 12/1/09

2 There is a reason. I had no chance of
3 winning.

4 You can smile, and perhaps, in
5 retrospect, I'll smile with you, but it is
6 travesty.

7 It's a sad reality of our current
8 political process that a candidate cannot be
9 taken seriously for major office -- and I put
10 the nominal leader of a county with over two
11 million people in that category -- unless he
12 or she is either a multimillionaire, a
13 celebrity, or a hereditary politician.
14 Governor Schwarzenegger of California is all
15 three.

16 Although the purpose of New York City
17 Campaign Finance Board is to encourage
18 citizens to become involved in the electoral
19 process. The way the CFB currently
20 functions, there is no possibility for an
21 insurgent to beat an incumbent in a borough
22 or citywide primary, and everybody knows
23 that.

24 There are two reasons or two
25 categories. One, timing; two, structural

1 CFB POST-ELECTION HEARING 12/1/09

2 bias in favor of incumbents.

3 Timing is the more significant reason,
4 because a candidate doesn't know for sure
5 that he or she will get matching funds until
6 five or assist weeks before the primary
7 election. The media, the unions, the civic
8 groups, prospective contributors, and the
9 public don't have an opportunity to seriously
10 consider an insurgent candidate until it's
11 too late. Overwhelmingly, they create a
12 self-fulfilling prophecy that the insurgent
13 doesn't have a chance. They're right.

14 So, the suggestion is, the proposal is,
15 prime-time TV slots should be purchased by
16 the City and made available at no charge to
17 bona fide candidates before the petition
18 process for borough-wide and citywide
19 positions. Without this, an insurgent is
20 simply not taken seriously at a sufficiently
21 early point in process to build popular
22 support and recognition. I would point out
23 that even Mayor Bloomberg with his megabucks
24 ran in 2001 in the November general election,
25 not a September primary.

1 CFB POST-ELECTION HEARING 12/1/09

2 On June 21, 2007, this proposal for free
3 prime-time TV was part of my remarks
4 presented to the City Council's Governmental
5 Operations Committee, and I have attached a
6 copy of those remarks to what I'm going to
7 give you. I know that there is tremendous
8 concern that funds should not be distributed
9 to candidates before they have qualified to
10 be on the ballot. Fine, no problem. Free
11 prime-time TV slots paid for by the City is
12 not mutually exclusive with that concern. At
13 worst, public funds will be spent to educate
14 the public about potential candidates who
15 might not achieve ballot status. Some
16 smaller portion of the current contribution
17 thresholds could apply to determine the bona
18 fides of potential candidates for purposes of
19 giving them this free prime-time TV.

20 Currently are, the CFB spends funds to
21 allow candidates to create video voter
22 statements. Unfortunately, they are rarely
23 seen because they are only aired on public
24 access channels and only during the two weeks
25 before the September primary. These

1 CFB POST-ELECTION HEARING 12/1/09

2 statements should be made and aired during
3 the month of May, and the City should pay to
4 broadcast them. the cost would be relatively
5 small.

6 Also, there should be mandatory
7 publicized debates for borough-wide
8 candidates, not just citywide ones, as is
9 currently the case.

10 Two, the second problem is that current
11 CFB rules allow incumbents tremendous
12 advantages. These advantages include getting
13 on the ballot and staying on the ballot. The
14 CFB does not accurately recognize the three
15 petitioned and legal resources that
16 incumbents get from county organizations. To
17 say that these resources are based on
18 voluntary effort is indeed bogus. Not only
19 must insurgents pay substantial legal fees
20 in order to deal with New York's arcane
21 petitioning process, they must spend
22 substantial effort and funds to collect more
23 than double, and in my case triple, the
24 officially required number of signatures in
25 order to withstand a potential challenge.

1 CFB POST-ELECTION HEARING 12/1/09

2 The full value of the legal services received
3 by incumbents in this process is virtually
4 ignored by the CFB. This is structurally
5 unfair.

6 As an insurgent, not only did I have to
7 spend substantial funds to obtain sufficient
8 petition signatures, I had to spend
9 substantial legal fees to try to remove
10 another insurgent candidate from the ballot
11 who I deemed not to be bona fide. I never
12 met him. He never campaigned anywhere to my
13 knowledge, and his petitions among other
14 improprieties included at least four dead
15 people whose petitions were witnessed by
16 three different petition gatherers, seventeen
17 of whom we subpoenaed to come to court. The
18 worthy judge in Queens hearing our petition
19 challenge, not only refused to make a
20 negative inference about the fact that not
21 one of these seventeen showed up in court, he
22 made numerous rulings of marginal validity so
23 as to maintain this candidate. Essentially,
24 the judge ruled that although this other
25 candidate's petitions contained considerable

1 CFB POST-ELECTION HEARING 12/1/09

2 fraud, there was not enough fraud to remove
3 him from the ballot, thereby diluting my
4 chances of competing one-on-one against an
5 incumbent.

6 Back to the CFB. In the spring, the
7 Queens's Courier published a multi-page
8 "tribute" in color to my opponent, the
9 incumbent. We challenged this. For the CFB
10 to allow this as it did, and not consider it
11 and impermissible corporate contribution was
12 way travesty. Instead, in a weird irony, my
13 campaign almost did not receive full matching
14 funds, because on August 3rd, I did not
15 realize my campaign was required to file a
16 Statement of Necessity because my incumbent
17 opponent had not yet raised a sufficient
18 amount of funds. Absurdly this triggered a
19 CFB rule where I, as an insurgent, might not
20 have truly needed full matching funds in
21 challenging an incumbent. At 4:00 p.m. that
22 afternoon, I literally almost had a heart
23 attack because of the need to meet this
24 ridiculous deadline which my diligent
25 campaign treasurer Diane Kolack became aware

1 CFB POST-ELECTION HEARING 12/1/09

2 of at the last minute. I mean, can you just
3 imagine, there I am, four o'clock in the
4 afternoon an August 3rd, five months of
5 effort qualifying for public campaign finance
6 funds might have been slashed to bits because
7 of one of your rules.

8 But the greater problem of the CFB
9 timetable currently ignores -- the greatest
10 problem that the CFB timetable currently
11 ignores is the skepticism factor. The media
12 and potential contributors don't perceive a
13 candidates as real until they visible on TV.
14 And they don't pay serious attention when
15 they have to worry about whether or not a
16 candidate will survive a ballot challenge.
17 My proposal for prime-time TV slots early in
18 the process would go a long way toward
19 addressing this pervasive and antidemocratic
20 realpolitik reality, and it would do so
21 without giving a nickel to a candidate before
22 he or she is qualified to be on the ballot.

23 I do not expect to run again for public
24 office. The only time I ran before was
25 twenty-nine years ago when I served as an

1 CFB POST-ELECTION HEARING 12/1/09

2 unpaid community school board member, and I'm
3 going to vary from my remarks here today to
4 just share with you that prior to the term
5 limits being essentially thrown out the
6 window, the concept of running for office for
7 me was a pipe dream never to be really
8 realized, but suddenly all of the candidates
9 who are considering running to succeed an
10 incumbent dropped back when the incumbent
11 decided to run for re-election. So, I said
12 it myself, "Something is wrong with the
13 picture," so, instead of the pipe dream, I
14 smoked the pipe, and I think that anlage has
15 happened.

16 Thirty-five years ago, I became a member
17 of the City Club of New York, a now dormant,
18 nonpartisan government organization.
19 Distinguished City Club members from decades
20 ago like Sydney Dean (ph) and Saul Hoberman
21 (ph,) were among those who first recommended
22 the ballot information brochure and the
23 concept of public campaign finance matching
24 funds. As with many City Club initiatives,
25 such as Mitchell-Lama financing and any

1 CFB POST-ELECTION HEARING 12/1/09

2 number of other great ideas that came of the
3 City Club, it took many years before these
4 campaign-related ideas became a reality as
5 now administered by the CFB.

6 Everyone knows there is too much money
7 involved in the campaign process and in
8 government. The current political cynicism
9 with giveaways to banks and corporations is a
10 result, in addition to the skepticism about
11 whether somebody like me could actually win.

12 New York City via the Campaign Finance
13 Board has made great strides to improve the
14 process. Other states like Arizona, Maine,
15 and Connecticut have gone further by creating
16 what I consider to be a better system, better
17 systems that fully fund campaigns.

18 While we must respect the First
19 Amendment of the super rich to spend what
20 they want to, and while money will always be
21 the mother's milk of politics, we can
22 encourage more well-intentioned citizens to
23 run for office, and we can nurture a more
24 informed public by adding three prime-time TV
25 access to the electoral process before the

1 CFB POST-ELECTION HEARING 12/1/09

2 petitioning period. Thank you.

3 MR. PARKES: Thank you very much Marc.

4 Any questions?

5 (No response)

6 MR. PARKES: It is always very helpful

7 for us to hear from candidates, and we are

8 very grateful for your presentation and

9 suggestions?

10 MR. LEAVITT: May I have another

11 moment?

12 MR. PARKES: Okay, one minute.

13 MR. LEAVITT: Less than one minute.

14 The remarks from my City Council testimony

15 include reference to the fact that I'm also a

16 political satirist, and you'll see my

17 website on it, and I was sworn by my campaign

18 director Lois Marbach to not sing during the

19 campaign, because people wouldn't take me

20 seriously. I'm not going to sing now, but I

21 want to let you all know that I'm doing a

22 show on January 23rd, and it's visible, you

23 can find out about it on the website, and on

24 the website, you can listen to one of my

25 songs which is to the tune of the opening

1 CFB POST-ELECTION HEARING 12/1/09
2 number for Music Man. Remember "Cash for the
3 influence. Cash for the heart. Cash for the
4 perkins and the pickins --" right?

5 And that's all about why we need public
6 campaign financing, and you can click it on
7 my website.

8 MF. DAVIS: There are a number of Queens
9 singing politicians in the history of
10 Queens. Tom Mackell, who often sang at
11 political events including, I remember one
12 vividly, during a presidential campaign where
13 he was speaking, and he wrote on behalf of
14 John Kennedy and his role as a Queens
15 politician who sang.

16 MR. LEAVITT: This was presumably after
17 he was elected.

18 MR. PARKES: Thanks very much, Marc.
19 Joe Kopitz on behalf of Ken Diamondstone for
20 Brooklyn. Welcome, Joe, and thank you for
21 joining us.

22 MR. KOPITZ: Good morning. I don't have
23 a long speech or a lot of prepared remarks.
24 I came as the treasurer of a campaign just to
25 give a couple of incites as to what the

1 CFB POST-ELECTION HEARING 12/1/09
2 workings were like through C-SMART, liaisons,
3 handbook, things like that.

4 As I said, I don't have a lot of input,
5 but I just wanted to give a working person's
6 view of what we went through.

7 MR. PARKES: Very helpful, Joe.
8 Thanks.

9 MR. KOPITZ: A couple of things, the
10 handbook was very helpful and fairly
11 complete. The wording was very good. The
12 only comment I would have is on C-SMART, the
13 help section, for those of us who are very
14 uncomfortable using an online help directory,
15 if there was a paper copy available, not that
16 you would have to make tons of them and give
17 them to everybody, but if there was one
18 available, it would be very useful. In
19 reviewing the help section, only recently I
20 discovered a lot of things that C-SMART could
21 do that was very helpful that I did not know
22 about, specifically some of the reports, some
23 of the fundraising functions, the favorite
24 sections, things that would have made
25 fundraising much easier. There was a lot of

1 CFB POST-ELECTION HEARING 12/1/09

2 duplicated efforts on our campaign's part in
3 doing things like tracking pledges and
4 fundraising parties that C-SMART could have
5 done for us that I was not aware of, and
6 certainly it was right there in front of me,
7 did not know where to look or how to look.

8 Again, I don't believe I am the only
9 unique person who finds online help, I guess
10 I'll just say uncomfortable. I like being
11 able to see a piece of paper in front of me
12 and then the screen in front of me so I can
13 back and forth without having to toggle
14 screens and get confused.

15 The only comment about the final audit
16 that I'll make is that some of the requested
17 documentation, if we had know about some
18 parts of that early on -- I try if to be
19 extremely diligent in keeping my
20 documentation in order, making two sets of
21 copies of everything as I go along so that
22 I'll have a copy for you whenever I need it
23 and keep a copy for myself already. The one
24 that comes to mind for documentation on
25 campaign literature where you wanted the date

1 CFB POST-ELECTION HEARING 12/1/09

2 audit, the date prepared, the date produced,
3 the dates used, well, if we had known that
4 you needed that information as we were
5 producing it, I could have kept little notes
6 of that on the documentation, but to recreate
7 that now several months later has proved to
8 be interesting.

9 The only comments I'll make about the
10 liaisons is that they were extremely helpful.
11 They really were very proactive, very
12 probing, very helpful in every aspect. They
13 couldn't read minds, so, as an example, the
14 help screen, I'm sure if she would have know
15 I was having difficulty with online help, she
16 would come up with, you know, either alerting
17 me to it or something like that.

18 The communications as far as going more
19 towards email and C-Access, again, for
20 possibly those that are much more easy to
21 find working with the computer and online
22 kinds of things easy, that probably will
23 helpful, but for me, I was very grateful to
24 get the follow-up emails and the follow-up
25 phone calls to tell me to look at C-Access,

1 CFB POST-ELECTION HEARING 12/1/09

2 because that's not first or second nature to
3 me. So, I still needed and I'm sure others
4 still need that kind of reminder. Having the
5 information there was helpful, certainly cut
6 down a day or two waiting for the mail, and
7 that day or two was helpful in responding.
8 So, yes, that is helpful, but I still
9 appreciated the email communications and the
10 phone call communications.

11 That is all I wanted to say. That is
12 all I came up with. Couple of concrete
13 things.

14 MR. PARKES: Thank you very much for
15 those concrete suggestions. Any questions or
16 comments from the staff?

17 (No response)

18 MR. PARKES: Again, thank you very much.
19 We'll now take a break until 11:00 a.m. And
20 Joseph Dobrian will be with us.

21 (Whereupon, there was a pause in the
22 proceeding. From 10:38 a.m. until 10:57 a.m.)

23 MR. PARKES: Okay. Marc has asked for
24 90 seconds.

25 MR. LEAVITT: I'm still Marc Leavitt.

1 CFB POST-ELECTION HEARING 12/1/09

2 One point I forgot to say. There were at
3 least a dozen people who specifically said to
4 me that they could contribute to my campaign
5 because my opponent, the incumbent would know
6 about it and they feared some kind of
7 retribution. And so, I would like you to
8 consider that only contributions above a
9 certain amount of money, whatever you
10 decide -- 100, 150, 175 -- published on the
11 net, on the web. Smaller contributions, I
12 don't see that there is any reason why they
13 need to be public. Perhaps just the quantity
14 of them should be made public, but when you
15 are dealing with an incumbent, an insurgent
16 has to face that reality, that contributors
17 are afraid to contribute because their
18 contribution is public.

19 And I just spoke with Sue Ann, who was
20 worried about freedom of information, but you
21 can have that special protection where, if
22 someone really wants to find out, they have
23 to show a really important reason. And
24 frankly, I can't imagine one for a
25 contribution that is very small. Thank you.

1 CFB POST-ELECTION HEARING 12/1/09

2 MR. PARKES: Thank you Marc.

3 Is Joseph Dobrian here?

4 MR. DOBRIAN: Right here.

5 MR. PARKES: Joseph, could you come
6 forward please. He was candidate for mayor.
7 Welcome and thank you for being with us.

8 MR. DOBRIAN: Thank you. First of all,
9 I would like to say that on the whole, the
10 conduct of the Campaign Finance Board towards
11 my campaign was completely correct and
12 professional and helpful. I would especially
13 like to commend my regular contact, her name
14 is Leahruth Jemilo. She was particularly
15 gracious and helpful at all times, and I hope
16 that she's informed that she has at least one
17 fan.

18 The one big problem that I had with the
19 whole system was the Video Voter Guide. I
20 was not informed at any point of when I was
21 to show up or how I was to make an
22 appointment for the Video Voter Guide. I
23 managed to get a video on that guide just by
24 sheer happy accident. On the next to last
25 day of the tapings, I happened to be on these

1 CFB POST-ELECTION HEARING 12/1/09

2 premises delivering some paperwork, and I
3 happened, just by lucky chance to overhear
4 that the following day would be the last day
5 of the tapings. I immediately said, "why was
6 I not informed? You have got to make an
7 appointment for me to do a taping tomorrow."

8 I was told, "Sorry, we are all booked
9 up. You should have been informed. Sorry
10 you weren't."

11 I said, that's not good enough. You
12 make an appointment for me. I'm not leaving
13 here until you make an appointment for me."

14 And they said, "Well, I'm sorry we're
15 booked, but call tomorrow and maybe there
16 will be a no-show and we can fit you in."

17 And I said, "Just how stupid do you
18 think I am?" You are going to make an
19 appointment for me now."

20 Well, after a little more back-and-
21 forth, I was told, "if you can show up first
22 thing at Rockefeller Center tomorrow morning,
23 then we can tape you."

24 It was at this point at 4:30 in the
25 afternoon I was told, "We need to have your

1 CFB POST-ELECTION HEARING 12/1/09

2 speech though in advance."

3 This was the first I had heard of the
4 taping. I thought it was going to take place
5 in late September as it usually does. I
6 thought I would have a month to work on my
7 pitch. I was told now, "You've got to get
8 that speech to us by five o'clock so we can
9 put it on the Teleprompter."

10 It was 4:30 in the afternoon. I bolted
11 out that door as fast as I could. By very
12 good fortune, I got myself back to my
13 apartment at 4:45. I wrote the fastest
14 speech I have ever written in my life and
15 emailed to the proper authorities at 4:59.
16 Well, there's a saying, "leap, and the net
17 will appear." I had to leap. I really
18 should not have had to leap which he
19 precipitously. I should have been informed.
20 None of my fellow candidates, none of my
21 ticket mates on the tickets were informed of
22 the Video Voter Guide, and therefore, I was
23 the only one who was able to make a video
24 presentation, and that was only by sheer
25 accident. This I consider an unforgivable

1 CFB POST-ELECTION HEARING 12/1/09
2 breach, I cannot say that it was meant to be
3 intentional but it sure looked intentional.

4 MR. PARKES: Thank you very much,
5 Joseph. Any questions of Joseph on his
6 testimony?

7 (No response)

8 MR. PARKES: Thank you. Is Brenda
9 Maynard here yet?

10 (No response)

11 MR. PARKES: Andy King?

12 (No response)

13 MR. PARKES: David Casavis?

14 (no response)

15 MR. DOBRIAN: I forgot to mention that
16 on election day, there were at least two
17 instances where voters contacted me and said
18 that they had tried to pull the lever in for
19 Joseph Dobrian for Mayor, and the lever
20 jammed and wouldn't work. They complained to
21 a poll workers who in one case said, that
22 Mr. Dobrian is not really qualified to be on
23 the ballot, that's why his lever doesn't
24 work. Another one said something to the
25 effect of "he's not a valid candidate. You

1 CFB POST-ELECTION HEARING 12/1/09

2 will have to go for somebody else."

3 Those were two instances that were
4 reported directly to me, and a couple of
5 other instances and that sort of thing was
6 reported to my ticket links.

7 MR. PARKES: I would now like to welcome
8 Brenda Maynard from the Committee to Elect
9 Sam Taitt 2009.

10 MS. MAYNARD: Good morning.

11 MR. PARKES: Good morning, Brenda.
12 Thank you for coming to speak with us.

13 MS. MAYNARD: I just wanted to say thank
14 you to the staff. They were very helpful to
15 the C-SMART process. C-SMART is not a very
16 simple software, so, that was very helpful.
17 And also, our committee thought that if the
18 funds were released earlier that would be
19 really, really helpful, because we were
20 running a very small campaign, and this was
21 the third time running, so, I guess that was
22 a disadvantage.

23 The last thing was that we were unclear
24 in reference to the doing business with the
25 City section, it was our understanding that

1 CFB POST-ELECTION HEARING 12/1/09

2 we would screen the contributions after the
3 contributions were made, they would check the
4 database, and if that contributor's name was
5 listed within that database, then the funds
6 would be returned to the person and not
7 deposit them in the campaign's account. But
8 then when I received the paperwork from the
9 other section, it appears that the campaign
10 was supposed to ask every single contributor
11 whether they were doing business with the
12 City. So, that is pretty much all I have to
13 say.

14 MR. PARKES: Okay. Any questions for
15 Brenda?

16 (No response)

17 MR. PARKES: Thank you very much for
18 sharing that with us, Brenda. It is very
19 important that we hear from the officials of
20 campaigns and get feedback. We appreciate
21 your presence with us.

22 MS. LOPREST: One question, because you
23 worked as an administrator. I know you
24 weren't involved in Mr. Taitt's previous
25 elections, but maybe you are familiar, but

1 CFB POST-ELECTION HEARING 12/1/09

2 even this election cycle we tried to increase
3 the electronic communications between
4 candidates, and I want to know how you
5 throughout the a the email in C-Access worked
6 for your particular campaign?

7 MS. MAYNARD: I found it very great. I
8 really thought that feature was very helpful.
9 It was helpful in that I could access
10 Mr. Taitt's and the committee's, all the
11 business in references to C-SMART compared to
12 on the mails, so that was really helpful.

13 MS. LOPREST: Thank you.

14 MR. PARKES: Brenda, thank you.

15 Thanks again Brenda.

16 MS. MAYNARD: You are welcome.

17 (Whereupon, there was a pause in the
18 proceeding from 11:17 a.m. until 11:46 a.m.)

19 MR. PARKES: We're ready to come back
20 into session. David Casavis, a candidate,
21 Casavis for 2009 will now speak to us.
22 Welcome David and thank you for being with
23 us.

24 MR. CASAVIS: Thank you very much. Can
25 you hear me?

1 CFB POST-ELECTION HEARING 12/1/09

2 MR. PARKES: Yes.

3 MR. CASAVIS: What is the format here?

4 MR. PARKES: You have fifteen minutes.

5 The idea is, you would tell us and the
6 staffers back here about your experiences as
7 a candidate and what you think the Campaign
8 Finance Board could do better to make things
9 better for candidates.

10 MR. CASAVIS. I'll be as brief as
11 possible. There is one very important point
12 that I will start and end with. It has to do
13 with the way things are set up in terms of
14 matching funds for the borough presidencies.
15 Things are done by population now, so, in
16 order for me to reach a rather candidate form
17 on how the borough presidents to reach
18 matching funds, it is \$30,744, which is
19 really \$31,000, and it is more if you are
20 running in Queens because Queens is a more
21 populous borough. One thing I discovered, it
22 is a lot more difficult. More than that, the
23 Office of the Mayor is useless to be
24 perfectly honest. There is a lock on the
25 office, with one exceptions, if you have the

1 CFB POST-ELECTION HEARING 12/1/09

2 democratic line, you got it. That's all
3 there is to it.

4 So, it is more important to democracy in
5 out city, that we allow people to see that
6 there is a choice out there. I have run into
7 people when I was campaigning who came up to
8 me on the last day saying, "I voted in the
9 morning. I didn't know what you were about.
10 I found out this afternoons and coming back
11 this evening to say I'm so sorry, I would
12 have voted for you if I had known."

13 Now, we'll start with a positive.
14 Possibly the best thing I think the Campaign
15 Finance Board or anybody has done when it
16 comes to the borough presidencies is to have
17 the Video Voter Guide. More people were able
18 to see that. I was able to reach more people
19 than through anything else. And the problem
20 is this vestigial office. The office is a
21 leftover. I was running in a borough with
22 two million people. At one point, one
23 million voters, that was registered voters,
24 because not that many people vote. But in
25 the end, if you try to reach 1.1 million

1 CFB POST-ELECTION HEARING 12/1/09

2 people, to costs too much. That is a common
3 complaint for pretty much every office, and I
4 must repeat here, and that's that people who
5 are elected are allowed mailings, and those
6 mailings become political. Those mailings
7 are just to get people re-elected,
8 particularly for the borough presidency.
9 Because the borough presidency is just the
10 leftover office, you could campaign in
11 between elections if you wanted to be, it is
12 a place to sleep if you like to sleep during
13 the day, of course.

14 Actually I also want to mention that I
15 sent a request into the Mayor's counsel that
16 if that there was charter revision
17 commission, I would like to go on it, I'll
18 take a dollar a year. I would like to do
19 something in terms of the get rid of the
20 public advocate's office, the borough
21 presidencies and go onto something like this,
22 because we can do far more productive work
23 here than borough presidents who spend a lot
24 of time at dinners.

25 There is a very important request I have

1 CFB POST-ELECTION HEARING 12/1/09

2 to make. I would like to see a two-tiered
3 system when it comes to finances. That would
4 be matching funds. It would a very
5 progressive thing to allow the borough
6 presidents a partial, let's say, release of
7 funds. So, the councilmanic candidates have
8 to reach \$5,000, that's the threshold in
9 order to get something, in order to get
10 matching funds, It would be very good of the
11 borough candidates had a ten-to-one system,
12 that once the \$5,000 is made, then some funds
13 are released, but only funds to match those
14 \$5,000 and \$175 donations or less for New
15 York City residents. Then, the level or
16 whatever the level is, would have to be
17 reached in order for further funds to come
18 in. That would allow a borough president a
19 chance to actually get up and say something
20 ridiculous like -- Think about it. One of
21 the reasons this plum is here is that it
22 keeps people in office who need not do
23 anything, and it keeps the opposition down.

24 Now, we have to be fair, which means,
25 the money would also go to the City borough

1 CFB POST-ELECTION HEARING 12/1/09

2 president who probably doesn't need money
3 anyway, but the idea was to allow at least a
4 squeak of opposition. I want you to consider
5 that. Again it's a two-tiered system where
6 there would be a release of City monies at
7 the threshold of 5000. And the release would
8 only be for the 5000 earned, not for a dollar
9 more.

10 Then say you have a second threshold, in
11 my case, whatever it is, then you can go in
12 for the larger fund. Why? At least you get
13 a campaign.

14 It was very hard for me to ask for
15 money, because I didn't think I would make
16 \$31,000. For some of my colleagues, it was
17 interesting. They were able to ask for all
18 sorts of monies, but I had a bigger impact
19 because at least I stayed clean. \$5,000, if
20 you get matching funds, then you have enough
21 that you can actually do something. You need
22 a staff. It cost \$2,000 a month, you want to
23 hire a campaign manager, it cost 2000 a month
24 if you want a fundraiser. So, in looking at
25 what we call a burn rate. Whatever it is,

1 CFB POST-ELECTION HEARING 12/1/09

2 you just want a skeletal campaign. At least
3 with a skeletal campaign, you can pretend
4 there is a democracy. That was probably the
5 most important thing I would have to go for.

6 I do think that the Campaign Finance
7 Board works reasonably well, scares the
8 dickens the out of me. My only suggestion is
9 to computers. Again, I was a poor campaign,
10 and the one computer I bought, the laptop,
11 had to be bought, because I needed to put a
12 CD in order to work with the Campaign Finance
13 Board, and my treasurer lived in Queens, but
14 she wouldn't return it to me. She says, "I
15 need it," which means I had to operate
16 without a computer. Remember I'm not a City
17 candidate, I'm not raking in all the money is
18 that the City has to throw at you. So, I had
19 to run from place to place, and that put my
20 campaign back about six weeks. Why? Because
21 the Internet has become rather big, and I had
22 to be able to have a telephone and the
23 Internet together so I could talk, so, I
24 could build my own webpage. I learned to
25 build my own webpage. At least I learned

1 CFB POST-ELECTION HEARING 12/1/09

2 something out of this, and it was very, very
3 difficult because I had to go to university
4 libraries, because it is a university, you
5 have to keep quiet in universities. So, one
6 of the requests I have is that you lift the
7 requirements of one computer and allow people
8 two. I was told I was only going to have one
9 computer, it has to go to my treasurer. The
10 second computer would have helped.

11 The borough president itself is an
12 excess and should be eliminated. In this
13 case, the second thing I would ask is,
14 consider two computers. Allowing someone a
15 second computer, I wound up borrowing
16 whatever I could. I wound up running
17 wherever I could for this.

18 Also I would say -- yeah, those are the
19 two main things. There are other things to
20 say, but I do believe that Campaign Finance
21 Board did a good job. But for challengers,
22 particularly in a case where we want a
23 democracy, pretend that somebody cares about
24 the City, it's necessary.

25 I'm sorry, this was too little time. I

1 CFB POST-ELECTION HEARING 12/1/09

2 could sing a song for you, but I won't.

3 MR. PARKES. Thank you very much, David.

4 It's always good to hear from candidates.

5 Anyone have any questions of David?

6 (No response)

7 MR. CASAVIS: I promised to end with
8 this as I started. I really want you to
9 consider a two-tiered system for release of
10 funds; 5000, same as the City Council
11 candidates, but more limited to the 5000 that
12 is raised, and then for the second level to
13 be the same as it is now. Thank you very
14 much.

15 MR. PARKES: Thank you very much, David.

16 Okay, we'll now break until 1:45. Thank
17 you.

18 (Whereupon, there was a pause in the
19 proceeding from 11:57 a.m. until 1:43 p.m.)

20 MR. PARKES: Okay. We're ready to
21 resume. Our next witness will be Mr. Andy
22 King, a candidate. Andy, thank you for
23 coming by, much appreciated.

24 Thank you very much. We are the fact
25 that you are here to describe your experience

1 CFB POST-ELECTION HEARING 12/1/09

2 as a candidate. You know what either we're
3 trying to do here. At the end of each
4 election cycle, we are mandated to review
5 what happened over the last four years, and
6 try to improve the Campaign Finance Program.
7 So, we're here to get your input.

8 MR. KING: First of all, I want to thank
9 you all for having this hearing and give
10 candidates like myself, you know rookies, an
11 opportunity to share our experiences, how
12 good or how negative they might have been.
13 For me, I believe that our campaign was ran
14 very successfully with their sisters of the
15 Campaign Finance Board. I don't think we
16 would have been able to accomplish some of
17 the goals that we set out if it wasn't for
18 the sisters of the CFB.

19 I know that there are many complaints
20 that we can talk about, but for me and for
21 our campaign, I would like to say thank you
22 to you all, and I would like to say thank you
23 to Elona Kramer (ph) who was the person
24 assigned to our campaign. She did a
25 fantastic job of keeping us informed. She

1 CFB POST-ELECTION HEARING 12/1/09

2 did a fantastic job of educating us. She did
3 a fantastic job in keeping lines of
4 communication open with the CFB, and if there
5 was any time that we were tripping over our
6 own feet, she was there to help us navigate
7 through the CFB.

8 I am extremely happy about my dealings
9 with the CFB. Of course I had some
10 discomfort from time to time when it came to
11 reporting some of the information. There
12 were a number of things such as, I would like
13 to see a better way, I don't know how this
14 information is held onto or gathered to or
15 collected and stored, because on a number of
16 issues, we were requested some of the same
17 information two, three, four times.
18 Sometimes, it got frustrating. It did get
19 frustrating, but we navigate ourselves
20 through it. We were learning. We are new at
21 this, so we just we wanted to understand your
22 process, so, the next time out, we have a
23 better understanding, so it moves a lot of
24 easier for all of us and all parties
25 involved. I would suggest if there is a way,

1 CFB POST-ELECTION HEARING 12/1/09

2 like I said, I don't know how it is stored,
3 that the campaign is not asked for the same
4 information, not different information, but
5 the same information when it comes to stuff
6 we have submitted from packets and packets,
7 and then when -- I don't know if there was an
8 audit or something needed to get done on
9 CFB's end, sometimes we were asked for the
10 same information. So, that was one of the
11 frustrating things that we dealt with.

12 The second thing which I know is a
13 strict rule of the Campaign Finance Board is,
14 that family members' expenditures, that
15 family members don't get compensated on your
16 campaign. I would like the Campaign Finance
17 Board to reevaluate, because I was put in a
18 position that the best qualified person to
19 handle my treasury work was my brother, and
20 he did not help out early on, but at the
21 request, because he is a professional, he's
22 an accountant, to come on and help us help us
23 out.

24 We all know there are certain positions
25 in the campaign that are equally as important

1 CFB POST-ELECTION HEARING 12/1/09

2 as the candidate itself, and the treasurer is
3 definitely one. I think we should look at,
4 regardless who is in that position, certain
5 positions of campaigns should be able to pay
6 for whether it is a family member or not. I
7 think the treasurer should be a position that
8 is considered, if you have to pay that
9 person, whether it's a family member or not.
10 I'm in a position that any money that I had
11 to give for the services that he rendered to
12 the campaign, cannot applied to campaign
13 finance which I don't think is fair, because
14 you know, the Campaign Finance Board, that
15 the work that's done is between the
16 treasurers, not between the candidate and
17 not the campaign, the treasurer and the
18 Campaign Finance Board. So, that is work
19 that needs to get done. That has to get
20 done, otherwise, there is no campaign.

21 Secondly, I ran into another situation
22 where my campaign office, I was renting out
23 part of a house of a family member also.
24 Maybe we might be able look at, if there is a
25 separate entrance or something like that to

1 CFB POST-ELECTION HEARING 12/1/09

2 the place that that person still can get
3 compensated also. Something for suggestion,
4 because, if you are renting out a space,
5 whether you got a storefront, you still got
6 to pay rent, and I was a paying rent, but I
7 can't account that rent either because it was
8 a family member, and the CFB came out, made
9 an assessment, so, it was a different space
10 location and rent, because it was family
11 member owned, I couldn't account that also.

12 Those were just some of the things.
13 Those were the two main things that when it
14 comes to expenditures, because CFB basically
15 was about funding for me. I appreciate the
16 six to one, four to one, twelve to one, just
17 a matter of having enough money to run a
18 campaign, and with your assistance, I was
19 able to run an effective campaign and get my
20 message out, touch some people, and let
21 people know that change is on the horizon.

22 With that being said, I think I got
23 seven minutes left, but I want to say thank
24 you.

25 MR. PARKES: Thank you very much, Andy.

1 CFB POST-ELECTION HEARING 12/1/09

2 Thank you especially for your very kind
3 comments about the staff and the way the
4 program ran, and we'll take into series
5 consideration your suggestions.

6 Does anyone have any questions of Andy?

7 (no response)

8 MR. KING: Thank you. Have a great
9 holiday season.

10 MR. PARKES: Good afternoon, Bob, and
11 welcome. Our next witness is Bob Hardt from
12 NY1.

13 MR. HARDT: Hello, everyone.

14 MR. PARKES: So, you have been through
15 this format before, right?

16 MR. HARDT: I have not. I think we have
17 submitted written testimony before, but I
18 wanted to come out of the office and thank
19 and testify to you guys, and also if you guys
20 had any questions obviously.

21 MR. PARKES: Thanks for coming by.

22 MR. HARDT: Thank you. First, I want to
23 thank Father Parkes, Amy, and the rest of the
24 Board for giving NY1 the opportunity to share
25 our thoughts about our experiences this

1 CFB POST-ELECTION HEARING 12/1/09

2 year.

3 While NY1 has had a long and productive
4 relationship with the Board and its Debate
5 Program, we feel that this year's debates
6 were especially informative and helpful at a
7 time in which local politics was often
8 overlooked by the electric and much of the
9 media at large. It wasn't easy breaking
10 through the double-helix of baseball and
11 campaign advertising, but we feel that the
12 debates briefly made the Mayor's race front-
13 page news and provided a forum for a lively
14 discussion between the candidates, something
15 that was otherwise lacking throughout much of
16 the campaign. We support the guidelines and
17 goals of the Debate Program and applaud the
18 Board for mandating debates among its
19 participants.

20 Turning to specifics, I think most of us
21 would agree, put a live audience, in a
22 theater setting, adds excitement and energy
23 to a debate and should be something sought
24 after whenever possibly in the future.

25 We also believe that the three

1 CFB POST-ELECTION HEARING 12/1/09

2 frightening (ph) rounds, in which candidates
3 can only answer questions with a yes or no
4 provided for reveling and entertaining
5 moments in that reform.

6 Finally, we think that our partnerships
7 this year with the Daily News, WNYC, NY1
8 Noticias, and Citizens Union brought a higher
9 level of public interests during the debates
10 and enabled us to reach a wider audience.
11 Our partnerships also extended to an array of
12 non-English speaking outlets from Mandarin to
13 Russian.

14 Moving ahead, our main concern is
15 ensuring that the candidates participating in
16 the debates have real grassroots support
17 before they are awarded a place on the stage.
18 In every election cycle, the Board has been
19 fine-tuning its criteria in conjunction with
20 the Debate's media sponsors. We agree with
21 the Board that setting a combination of
22 pooling and fundraising hurdles provides the
23 best system of determining being candidates
24 should qualify for debates.

25 We also applaud the Board for

1 CFB POST-ELECTION HEARING 12/1/09

2 determining the candidates who loan large
3 amounts of money to themselves should not
4 have that money count toward the fundraising
5 threshold for debating. We continue to raise
6 a flag of caution about whether any personal
7 loans should count toward the debate
8 fundraising threshold.

9 We also hope the Board continues its
10 hard work in trying to eliminate any
11 loopholes that could be taken advantage of by
12 a person who has no real support within his
13 or her community but still wants a chance to
14 debate the other candidates.

15 In closing, we want to thank the Board
16 again for allowing NY1 and its cosponsors to
17 produce six debates in this election cycle,
18 and we hope that you were as happy with them
19 as we were after the lights dimmed on stage.

20 I will be happy to take any of your
21 questions at this point.

22 MR. PARKES: Thank you very much, Bob,
23 and thank you for your kind words and your
24 very fine suggestions. Any questions for
25 Bob?

1 CFB POST-ELECTION HEARING 12/1/09

2 Art?

3 MR. CHANG: Thank you very much for
4 coming. I have a couple questions for you.
5 You use a term "wider audience," and I'm very
6 interested in the numbers behind that. Do we
7 have any sense generally of what size the
8 audience was; wider than the last cycle? How
9 do you count the Neilson ratings, the number
10 of households we reached, web views,
11 etcetera?

12 MR. HARDT: We could get you those
13 numbers, the Neilson numbers, but some of
14 those numbers aren't fungible, especially
15 with some of our smaller partners,
16 non-English speaking partners. Would can get
17 you problem a a rough count from NY1 and the
18 Daily News websites, how many hits those
19 were, because there was a lot viewing of the
20 Debate on the web, I don't know the exact
21 number.

22 Again I would have to contact WNYC to
23 find out what their listenership figures
24 were. But we can obtain those numbers for
25 you in some sort of rough but imperfect final

1 CFB POST-ELECTION HEARING 12/1/09

2 number at the end.

3 MR. CHANG: If you would, it would be
4 very helpful.

5 MS. LOPREST: Was this the first year
6 that you guys streamed the debates on your
7 website?

8 MR. HARDT: No. I believe we did it
9 four years ago, but the difference was that
10 the Daily News was also on board doing that,
11 which I think they had a significant
12 numbers. They were surprised I think on how
13 many people were actually viewing it on their
14 website.

15 So, no, we did it four years ago, but
16 the Daily News definitely added to it.

17 MR. PARKES: Anything else?

18 (No response)

19 MR. PARKES: Thank you again, Bob.

20 MR. HARDT: Mr. Chang, I'm work at
21 getting those numbers for you, and I will
22 reach out to WNYC and the Daily News.

23 MR. PARKES: Great job. Thank you very
24 much.

25 Our next witness will be Jake Itzkowitz,

1 CFB POST-ELECTION HEARING 12/1/09

2 the campaign manager for Margaret Chin
3 2009. Jake, please take a seat. Thank you
4 very much for coming. You know why you're
5 here, to give some feedback to the Campaign
6 Finance Board about your experience. Every
7 four years we try to improve the Program.
8 Thank you.

9 MR. ITZKOWITZ: Your welcome. Thanks
10 for having us here. I have a fairly short
11 statement that we put together for the
12 campaign. A little background, Margaret was
13 a successful candidate for City Council in
14 District 1 which is Lower Manhattan in a
15 five-way primary and the democrat candidate
16 in a fairly non-contested general.

17 So, matching funds from the Campaign
18 Finance Board made up a large component of
19 our financial support, and in effect, the
20 single largest contributor for our campaign,
21 obviously by the rules. Matching funds
22 helped control the cost of the mail program
23 and supplemented our expenses in volunteer
24 field operations, and also helped us to be
25 one of the top five highest raising and

1 CFB POST-ELECTION HEARING 12/1/09

2 highest spending City Council campaigns.

3 Matching funds allowed fundraising early
4 on. It also allowed her to work towards the
5 threshold in order to qualify which we did
6 during the first filing in July 2007.

7 The Public Matching Fund Program also
8 increased small contributions and
9 incentivized our small donors. Over 86
10 percent of our donations were donors that
11 gave less than \$100, and we had many
12 one-dollar and five-dollar contributions,
13 which we don't believe we would have had
14 without the matching program.

15 The Public Matching Program was also a
16 large factor in our ability to raise money
17 from over 1300 unique donors, the most of any
18 City Council campaign and more than many
19 citywide candidates. Again, that would have
20 not have been the case necessarily without
21 the Public Matching Funds Program.

22 In terms of working with the CFB, we
23 also received a great support from front-line
24 liaison staff. They were always prompt, and
25 always willing to track down answers for our

1 CFB POST-ELECTION HEARING 12/1/09

2 questions, often questions that were
3 difficult things to look up myself.

4 In addition, I certainly appreciated
5 reminders about filing dates and
6 notifications to check things like C-Access
7 for pending items that I probably would have
8 missed without the reminder.

9 Overall, the experience was very
10 positive and I wanted to thank the CFB for
11 that and for the realities in the program.
12 In terms of modifications relevant to the
13 questions you proposed in the document, one
14 change that we would suggest to the CFB
15 Program is the third split-threshold for
16 candidates receiving matching funds be
17 raised. Currently, the \$74 requirement we
18 feel is too low. We understand that the
19 contention be as inclusive as possible and to
20 allow as many candidates to run for office
21 and level the playing field as much as
22 possible for as many individuals, the limit
23 should be increased to a level which fully
24 demonstrates the seriousness a candidate's
25 campaign. The current level of threshold

1 CFB POST-ELECTION HEARING 12/1/09

2 greatly increases the number of participants
3 in the Program, and thereby the cost that it
4 brings to the CFB and tax payers, but at the
5 same time, candidates act on viable campaigns
6 must raise thousands of dollars above the
7 current threshold, especially in competitive
8 races against incumbents, or in costly media
9 markets such as races in Manhattan, parts of
10 Brooklyn, etcetera. The higher threshold
11 will limit the number of frivolous or less
12 viable candidates seeking public funds, while
13 truly having a level playing field for more
14 viable candidates, and I'll go into that in a
15 minute.

16 The other point is I guess, is that the
17 threshold shall also include explicit
18 recognition from the CFB when candidates meet
19 the threshold, or it be more explicit than it
20 currently is. So, I'll come back to that.

21 One minor complaint that we had about
22 the CFB system that we had was the amount of
23 paperwork involved. Obviously the filing
24 process is supposed to be, it requires a lot
25 of supportive documentation, and C-SMART was

1 CFB POST-ELECTION HEARING 12/1/09

2 introduces to make that process a little bit
3 easier. However, it seems like certain parts
4 of the process require excessive paperwork
5 and red tape, whereas, others which might be
6 more appropriate don't. These include
7 justification of exempt expenses, candidate
8 personal donation advance issues, and
9 donations in the form of cash. Especially in
10 terms of cash contributions which are
11 prevalent in minority and low-income
12 communities, for example, the largely or
13 predominantly Chinese support that Margaret
14 Chin received. There should be more
15 flexibility that adheres to policy, which
16 would help us reduce bureaucracy and red tape
17 and waste of time both for CFB and the
18 campaigns. If there was a little bit more
19 recognition that -- sometimes the
20 documentation can be a little bit excessive
21 when you are dealing with contributions for
22 example of that nature. But again, we
23 recognize that the process has to be heavily
24 documented because that is the nature of the
25 CFB.

1 CFB POST-ELECTION HEARING 12/1/09

2 The biggest issue in the CFB Program or
3 the matching funds program in our opinion is
4 the issue of incumbents, and I apologize, I
5 wrote my thesis on campaign finance and the
6 problem with incumbency, matching funds are
7 very generous, but if you are a really
8 serious candidate especially facing an
9 incumbent or an insurgent candidate, you
10 remain at a disadvantage. If you intend to
11 spend the maximum of \$161,000 dollars, under
12 the cap, as well as for example, the 47,000
13 advance of your election year, you still have
14 to raise almost \$80,000 to be competitive
15 after receiving the full match. This large
16 sum was not taken into account, the over
17 \$40,000, with candidates including incumbents
18 can spend the year before the election, an
19 amount which is not matched. So, while
20 matching funds can provide an insurgent
21 candidate with a strong foundation to run a
22 campaign, they remain too low and too
23 restricted to be fully sufficient against
24 incumbents.

25 This concern with limited funding does

1 CFB POST-ELECTION HEARING 12/1/09

2 not take into account other advantages of
3 incumbency such as institutional support,
4 local political organizations, government
5 spending, and the benefits of elected office
6 specifically. Incumbents often receive the
7 lion's share of political endorsements of
8 elected officials, unions, and political
9 clubs along with the accruing benefits such
10 as ground troops, office space and legal
11 assistance. This often includes in-kind
12 donations of printing and materials which can
13 help candidates with the winner resources.

14 Similarly, incumbent candidates receive
15 the benefit of government mailings,
16 notwithstanding, existing blackout periods.

17 Lastly, incumbent candidates can often
18 attend and or speak at events in which other
19 candidates are either not invited for
20 specifically disinvited from attending.
21 Obviously incumbent advantages are well
22 known, understood, and are in fact the reason
23 the CFB exists, so, I'll try not to go any
24 further into it, but, for these reasons, we
25 would suggest that the current spending cap

1 CFB POST-ELECTION HEARING 12/1/09

2 may be too low for competitive campaigns
3 against incumbents. The mailing program in a
4 City Council district can cost nearly
5 \$100,000 in addition to the basic cost of any
6 campaign infrastructure, comes very close to
7 the cap, and additional cost of the field
8 program against an incumbent with
9 institutional support, elected officials,
10 political clubs, and unions, candidates can
11 quickly approach the spending cap.

12 We were lucky in that we had an
13 overwhelming number of volunteers to the
14 field program and allowed us to spend more,
15 for example, in mail or other campaign
16 expenses. But a candidate running against an
17 incumbent who didn't have some of those
18 advantages or lacked some of the larger
19 inclement can come very close to the cap
20 without presenting a viable candidacy.

21 At the same time, the campaigns can
22 incur other costs not set by incumbents; the
23 largest of these are obviously compliance
24 costs which can be larger for candidates
25 unfamiliar with the system, so, while

1 CFB POST-ELECTION HEARING 12/1/09

2 incumbent candidates may have the support of
3 experienced attorneys or others who
4 understand compliance, smaller campaigns may
5 have to spend more on their compliance costs
6 to ensure that they stay under the cap or
7 meet the CFB paperwork requirements, while
8 also not having enough money for a viable
9 challenge.

10 Overall, exempt costs should be taken
11 more into account, especially hidden costs of
12 compliance with less experienced candidates
13 like I mentioned, and also the time cost of
14 documenting exempt costs should be
15 reexamined.

16 Overall, I think we were very happy to
17 participate in the Public Matching Funds
18 Program, it certainly enabled our campaign to
19 function, and like I said, to get an early
20 start which was very helpful.

21 One thing I wanted to come back to is
22 the threshold. Obviously in terms of
23 incumbents and insurgents, it is important to
24 have viable candidates to encourage a real
25 level playing field. And I think one thing

1 CFB POST-ELECTION HEARING 12/1/09

2 that Margaret and I had discussed that was
3 important was that the Board make a more
4 explicit recognition during filing periods,
5 or when filing numbers are released of
6 whether or not a candidate has crossed, has
7 met the threshold for matching funds.

8 Often candidates can raise a lot of
9 money which fails to meet the threshold
10 exist. For example, in our case, all the
11 money comes from out of state or out of
12 district, and therefore, it is impressive but
13 it may signify actual political or electoral
14 support.

15 So, those are the majority of our
16 complaints, and thanks.

17 MR. PARKES: Thank you very much, Jake.

18 Any questions from anyone?

19 MS. LOPREST: When you were talking
20 about explicit recognition, was it to you or
21 to the public?

22 MR. ITZKOWITZ: To the public. I mean,
23 at the moment, a candidate or campaign
24 manager has to communicate to the press,
25 "Well, if you look at this sheet, and then

1 CFB POST-ELECTION HEARING 12/1/09

2 this column in this spreadsheet," you know
3 that this donor is from the City, and then
4 you can count them all up. Whereas, the CFB
5 says, "X Candidate has met the matching
6 threshold," therefore they have some support,
7 or they don't.

8 MR. PARKES: Is this your first
9 campaign?

10 MR. ITZKOWITZ: No.

11 MR. PARKES: Thank you very much.
12 Appreciate it.

13 Gwen Goodwin, with the Committee to
14 Elect Gwen Goodwin.

15 MS. GOODWIN: We go through this all the
16 time.

17 MR. PARKES: Thank you very much.

18 MS. GOODWIN: Thank you for asking me to
19 come today. I first just want to say that
20 our experience was wonderful because we had a
21 wonderful liaison, and her name was Leahruth,
22 and she's fabulously wonderful. She did
23 gives our little calls every week to make
24 sour we would get here on time, and I think
25 it she was pleased with us too because we

1 CFB POST-ELECTION HEARING 12/1/09

2 really stayed on top of it. So, from that
3 point of view, there were a lot of good
4 things that came out of that.

5 But, from the actual system itself, I
6 think we found ourselves very frustrated, and
7 I think that the system has good intentions,
8 but I'm not sure that for candidates like
9 myself, it works out very well. As a matter
10 of fact, my feeling is that the reason why we
11 put together something like the Campaign
12 Finance Board is to make sure that smaller
13 candidates can get into the race, and I take
14 issue with viability. I am a small
15 candidate, but I am very viable candidate. I
16 am not a millionaire, and unfortunately, I
17 went up against a woman who has a personal
18 wealth of \$1.8 million which is documented.
19 It was also alleged that she has another
20 income of net worth of \$165 million. Now,
21 this was really tough to go up against.

22 The other fellow that I came in behind
23 was basically bankrolled by developers. So,
24 I'm really, really proud that out of five
25 candidates, we came in third place with

1 CFB POST-ELECTION HEARING 12/1/09

2 absolutely the dead last amount of money. We
3 only raised \$4,000. So, I feel pretty good
4 about that, because it says something about
5 the public. And I can only think of what
6 would happen had we had the dollars available
7 to really make this thing happen for us. We
8 didn't have big signs. We ran a campaign
9 right out of the 1930s which is a very
10 exciting period of time.

11 I live in a poor district. I live in
12 East Harlem, and I think that is right where
13 the problem starts. I think that you need to
14 be more sensitive to areas is like mine where
15 people do not have that kind of money, even
16 when asking somebody who, you know, for ten
17 dollars is an issue. A lot people are
18 unemployed, a lot of people are on food
19 stamps, and if it has to come out of the
20 district, just asking for small amounts of
21 money like that can be very difficult for
22 people to come up with.

23 The other thing that I came into contact
24 with, was that some of the other candidates
25 were literally buying off my health. I would

1 CFB POST-ELECTION HEARING 12/1/09

2 get volunteers, and then the other candidate
3 would find out, they would offer them \$500
4 and there goes my fabulous person that was
5 going to go out and help me with signatures.
6 So, it really came to that costing for us.
7 And the other thing was that, it just seems
8 to be a lot of ways of shamming the system.
9 When I went to the place where I was having
10 my fundraiser, I found out another
11 candidate had done it this way, he had paid
12 for everything first, handed out the papers
13 to write up your name, address and telephone
14 number, and then the people left, and then he
15 turned them in, and he turned in his ten
16 dollar -- it was alleged that he was the one
17 that actually put the money in for the
18 customers that were coming to the restaurant.
19 And that will happen in places like East
20 Harlem. You know what, everybody wants to
21 have something for free to eat, something
22 free to drink, and if all they have to do is
23 show up and sign some papers, why not? What
24 do they have to lose? So, that was very,
25 very hard to go against that kind of thing.

1 CFB POST-ELECTION HEARING 12/1/09

2 I didn't have \$500 at the beginning to sit
3 down and bankroll, you know, food and
4 beverages for people. So, we did the best we
5 could with our fundraisers. We made most of
6 the food ourselves. We bought it at the
7 grocery store. We had a couple of donations
8 from local store owners that said, you know,
9 we could use their facility. But these were
10 some of the things that we came in to and
11 found them difficult.

12 So, I was thinking that maybe one of the
13 things that could solve this issue for small
14 campaigns like mine, is to perhaps do
15 something like seeding money at the very
16 beginning of the campaign. If we put, say
17 \$1000 out there, and even if you said to the
18 candidate, "Okay look, we are going to seed
19 you this money at they beginning, and you
20 have to give it to us at the end. You have
21 to pay it back."

22 It could help somebody like me get
23 started, because, if I'm going up against
24 somebody whose paying their people ten
25 dollars and hour to get signatures, or if,

1 CFB POST-ELECTION HEARING 12/1/09

2 you know, I need to have some kind of a
3 function where I'm going to need cash in
4 front, then I don't have to go into my own
5 personal account and take that out, because
6 that is what happened a lot times where I had
7 to go in just to get the ball rolling with my
8 own money, and I can sell you I certainly am
9 not a millionaire. So, I thought that that
10 is one way it will be able to help
11 candidates, and I really enjoyed listening to
12 the fellow who was before me, but I will say
13 to this that, I don't thing raising the
14 threshold is a good idea. I think it is a
15 terrible idea. I mean, what are you trying
16 to do, kill me? I'm forty-eight years old.
17 I can't do it. It is hard to get seventy-
18 five people from your community to line up to
19 give you the money, I found that to be a very
20 high number, and I found \$5,000 very, very
21 hard to match.

22 I came up against the same thing he came
23 up with, is that, there were people than were
24 outside of my district, I happen to be a
25 member of the 92nd Street Y, and all the

1 CFB POST-ELECTION HEARING 12/1/09

2 ladies in my classes love me, you know, and
3 wanted to give me their little \$25 which was
4 great, but when we get into my actual
5 district, and I am banging on people's doors
6 who are living in projects, I really -- you
7 know, it is very hard for me to go up there
8 and ask for money, but you sure can't press
9 people that are not living in great
10 circumstances to give you more money. So, I
11 don't think -- and I think the thing that
12 makes the system cynical to start with for a
13 lot of people is that, everybody feels like
14 you can't participate unless you come to the
15 table as a millionaire. And guess what,
16 that's what the race for the mayor looked
17 like, didn't it?

18 I think it's really incredibly important
19 that people like me believe who believe in
20 democracy and believe that you can do it here
21 America have that opportunity to get out
22 there and run for these offices. I am a
23 viable candidate. Please don't think I am
24 not viable because I am not rich. And I am
25 very proud of the fact that even with the

1 CFB POST-ELECTION HEARING 12/1/09

2 small amount of money raised, that we really
3 think socked it to them, so, we will be here
4 next time as your City Council person.

5 There are some of my suggestions, some
6 of my complaints, and again, for the staff
7 that was here all summer, I found everybody
8 pleasant and helpful and really upbeat and
9 supportive. So, I just think that you have a
10 good recipe here that can be improved with a
11 few more, you know, little spices. Okay?

12 MR. PARKES: Thank you very much, Gwen.
13 any questions?

14 MR. DAVIS: What would you drop the
15 threshold to?

16 MS. GOODWIN: The threshold, do you mean
17 from 5000, or the fortify how or the
18 signatures threshold?

19 MR. DAVIS: You said the seventy-five
20 contributors. What would you drop the
21 threshold to?

22 MS. GOODWIN: Well, I'll tell you
23 something, where my parents live in Cape May,
24 New Jersey, you only have to have twelve
25 people sign off and you can go ahead and you

1 CFB POST-ELECTION HEARING 12/1/09

2 can run for the Mayor's Office down there.
3 That's a really small area. I think seventy-
4 five was hard. I think maybe somewhere
5 around forty-five.

6 MS. LOPREST: Do you think in keeping
7 the seventy-five, but instead of seventy-five
8 having to give at least \$10, if that the \$10
9 number was lowered? So, if it was seventy-
10 five who had to give five dollars, would that have
11 made a difference?

12 MS. GOODWIN: Yes. I think reaching
13 \$5000 -- I'm just asking you to be more
14 sensitive to neighborhoods like mine. I mean
15 really, really bad things happen in poorer
16 neighborhoods. We get the grunt of every bad
17 policy there practically is, and basically it
18 shuts out people like myself that, I feel
19 that I have done very, very good work in this
20 community, and one of the things that I'm
21 very proud of actually is that I am not doing
22 this for money. Everything I have done is
23 free. I mean, hopefully, pretty soon, you're
24 going to see that P.S. 1 and I will be on the
25 news, and it's going to be the sort of public

1 CFB POST-ELECTION HEARING 12/1/09

2 school, I started ten years ago. I started
3 this project ten years ago. I stopped the
4 ideas of demolition. Today, I see that the
5 SCAs over in our building are looking to
6 reopen this public school. It's a ten-year
7 battle, I didn't take a penny for it, because
8 the point is, you have to fight for your
9 democracy, but not because you are getting a
10 paycheck, but because you believe in it. And
11 I believe in it, I and just would like to be
12 given the chance to really go full-out
13 without having to shake down the people in my
14 neighborhood, or get involved with people who
15 are very, very corrupt, because this is what
16 I kept finding, what was coming to me.
17 People were coming to me and the first words
18 out of their mouth were, "How much are you
19 going to pay me?"

20 And I couldn't get people to understand,
21 and I know the system is broken, and I know
22 you get ripped off every single day, but I'm
23 asking you to come to me and understand that
24 this process, if it has a shred of integrity,
25 just come to it as a volunteer that you

1 CFB POST-ELECTION HEARING 12/1/09

2 really will get it back in the end if you
3 just be patient, but I think that because
4 this is such a poor area, that people have
5 really become so cynical. It is hard for
6 them to envision that, so they took the fast
7 money. They took the \$500 that, you know,
8 the incumbent offered the, to go ahead and do
9 the signatures, and you know, we had to keep
10 fighting our ways around it. We made it
11 through. We got those signatures, and I'm
12 really proud of it.

13 But it was a lot harder, because once
14 they were told that the incumbent was going
15 to pay them, there was no reason to come over
16 to me. I mean these people have families to
17 feed, they got kids. You know, \$10 an hour
18 is a lot of money for people. So, you know,
19 I understood them walking away, but it really
20 makes it hard, and to me, what you are doing
21 when you do that kind of a system is you are
22 fortifying the wealth that is already there,
23 so, nothing changes, and then people get even
24 more cynical about the system, because they
25 realize, "You know what, it's true. You

1 CFB POST-ELECTION HEARING 12/1/09

2 can't compete."

3 I can tell you, so many people have said
4 to me over this campaign, "We just can't
5 compete," "you don't have the money." "Who
6 is backing you?" What developer is backing
7 you?"

8 I don't want the developers' money. I
9 really want those small campaign
10 contributions. I am not interested in
11 sticking my hands in their dirty water. I
12 fight developers all the time. I love this
13 city. I don't want to get involved in
14 anything like that. I want to get the small
15 campaign contributions. I would like to see
16 it matched. I would like to see it made user
17 friendly and easy so people like myself can
18 come to the table, and maybe we can actually
19 change this government for something that is
20 good.

21 MR. PARKES: Thank you very much, Gwen
22 appreciated it.

23 MS. GOODWIN: Thank you.

24 MR. PARKES: And now Laura Altschuler or
25 the League of Women Voters.

1 CFB POST-ELECTION HEARING 12/1/09

2 MS. ALTSCHULER: It seems like
3 yesterday but it was months ago, or half a
4 year ago, an election ago. My name is Laura
5 Altschuler, I'm chair of the League of Women
6 Voters of the City of New York. As an early
7 and consistent supporter of public campaign
8 financing, I'm pleased to speak on behalf of
9 the League of Women Voters of the City of New
10 York at today's hearing. To comment on the
11 effectiveness of this year's Campaign Finance
12 Program, our organization is celebrating it's
13 90th year of encouraging citizen
14 participation in the electoral process, and
15 we are particularly appreciative of your
16 efforts to produce an informative voter guide
17 offices, and televise debates of the citywide
18 offices.

19 The league was chosen by the Campaign
20 Finance Board as well as the Debate's
21 sponsors, and much of what we say today came
22 from the surveys which were filled out, they
23 were submitted online and handed out at our
24 public meetings. And these responses came
25 from people who actually voted in this low

1 CFB POST-ELECTION HEARING 12/1/09

2 turnout election, because that was one of the
3 first questions. 98 percent of the
4 respondents were enrolled in a party that had
5 a primary election. They watched the
6 debates, even remembered many of the
7 sponsors, and 50 percent of them changed
8 their mind as to who to vote for as a result
9 of the Debates. I checked those numbers
10 twice because I couldn't believe it.

11 Many favored additional town hall
12 formats where candidates would speak to each
13 other. A significant number expressed
14 annoyance at what they considered to be
15 frivolous questions asked of citywide
16 candidates.

17 There was also interests in having
18 community forums for City Council races, and
19 we tried to accommodate this, and had some
20 success with the Manhattan neighborhood
21 network, but we do recommend that City
22 Council candidates running in contested
23 races, and receiving public financing be
24 required to participate in such forums which
25 could be aired on Public Access and New York

1 CFB POST-ELECTION HEARING 12/1/09

2 City cable stations, and publicized through
3 the Campaign Finance Board's media outlets.
4 I realize that you can't do this on your own,
5 that it would require City Council passing
6 such a law, but it's still something which I
7 think we can put forward as we're going on
8 into the next four years.

9 While the Campaign Finance Board's
10 website is clearly more user-friendly and
11 easier to navigate, we did receive complaints
12 that the public section was as easy to use if
13 one wanted to track the contributions of all
14 the candidates in a particular race. Public
15 access and the use of the website would be
16 facilitated if at least of the alphabetical
17 listing included a district or an office
18 designation, or preferably if candidate
19 contribution records could be accessed and
20 grouped by the office as well as the
21 alphabet. You literally had to know
22 everybody that was running before you could
23 figure out what you were talking about.

24 The final financial disclosure forms had
25 not been completed when we were preparing

1 CFB POST-ELECTION HEARING 12/1/09

2 this testimony, so, we don't know the totals
3 raised and spent.

4 However, we remain concerned that
5 candidates are still receiving full public
6 funding when they have little or no
7 opposition. We still need to find a way
8 limit reimbursements or require a return of
9 all or a portion of the match when there's no
10 real contest.

11 At present, there is no incentive for a
12 candidate to limit spending short of the cap
13 provided by the law. While we have never met
14 a candidate who wasn't convinced that he or
15 she would win without spending everything
16 that could be raised in fear that the public
17 is becoming disenchanted with excessive
18 amounts of campaign literature and phone
19 calls partially paid for with their money.

20 Most felt a six-to-one match was too
21 high. The League is not prepared at this
22 time to recommend a change for the next
23 election cycle because we anticipate the
24 total dollar amount of the matching funds may
25 stay the same or lowered now that the matched

1 CFB POST-ELECTION HEARING 12/1/09

2 amount has been reduced to 175, and this is
3 one the areas that should be reviewed after
4 the final 2009 accounting.

5 We are encouraged by your reports that
6 in fact the number of small contributions
7 have increased as a result of this change.
8 Expanding the base of campaign contributions
9 is a very positive outcome of our public
10 financing system, and we applaud your efforts
11 to achieve this.

12 We give high marks to the Voter Guide
13 and it's appreciated the difficulty in
14 gathering and distributing all of the
15 information in a timely manner. In
16 prehistoric times, the League did that, so,
17 we know how hard it is.

18 In previous years, we recommended that
19 you at least list other in-city offices which
20 are on the ballot. While you didn't do it
21 this year, even with a highly competitive
22 democratic primary for District Attorney in
23 Manhattan, we urge you to reconsider this for
24 future guides. We are appreciative that at
25 the League's request and consequently others,

1 CFB POST-ELECTION HEARING 12/1/09

2 you made corrections between the primary and
3 general election editions. You have listed a
4 website for judges and added the two State
5 ballot issues in the General Election Guide.

6 We did receive complaints by phone and
7 survey about receiving multiple voter guides
8 in different languages and not receiving one
9 in English. Callers through out telephone
10 information service were given the
11 information as to how to access the voter
12 guide online, we also had a list on our
13 website, and perhaps you need a new title,
14 call it the "Official New York City Voter
15 Guide" in very big letters so it doesn't get
16 mixed up with tabloids, campaign literature,
17 and all the rest.

18 The League was pleased to be one of the
19 Debate sponsors, and will study the effects
20 of this year's debates as we come up with
21 ideas for 2013. We know that many viewers
22 tuned in online during and after the debate,
23 and we need to improve voters' access to the
24 sponsors so they can submit their topics and
25 questions.

1 CFB POST-ELECTION HEARING 12/1/09

2 Despite the concern that a self-financed
3 candidate might not participate, these
4 debates are part of our political fabric, and
5 it is unlikely that any candidate would turn
6 down the opportunity to debate days before an
7 election. Our leading contender mayoral
8 debate sponsored and aired on WABCTV, WXTV
9 41, WINS 1010, and picked up by Channel 13 an
10 hour later and WNYC, and repeated on foreign
11 language radio TV networks, quoted in the
12 press, and actually remained online through
13 Election Day.

14 The publicity given to the Debates on
15 the Voter Guide by the Campaign Finance Board
16 was a positive feature of the 2009 Campaign.
17 What we need to do next is to make it more
18 compelling for the voter to go to the polls.
19 The League works with the Board of
20 Elections, the Campaign Finance Board, and
21 other civic organizations to make that
22 happen. Whatever changes are made in the
23 Program going forward, we commend you for
24 reaching out for recommendations and
25 implementing them.

1 CFB POST-ELECTION HEARING 12/1/09

2 Despite all your best efforts, and those
3 of organizations like the League, we did not
4 do well in increasing voter turnout. We all
5 need to do more so that the public goes to
6 the polls and hold their elected officials
7 accountable.

8 In addition, for the usual reasons
9 given, such as "my vote doesn't make a
10 difference," and we know that is not true
11 this year if ever, it was mentioned in the
12 past, many surveys were dismayed by the
13 change in term limits, and we know that some
14 candidates withdrew, and others ran for
15 re-election because of the ability to run for
16 a third term. The Campaign Finance Board
17 needs to take these unexpected events into
18 account and make sure that the financial
19 playing field remains fair and that monies
20 collected cannot be used as a war chest for
21 future races or distributed to other
22 candidates.

23 We continue to support the strong public
24 financing system. Its value is in no way
25 undermined by the presence of a

1 CFB POST-ELECTION HEARING 12/1/09

2 constitutionally protected self-financed
3 campaigns. While it is highly unlikely that
4 we'll ever again see a campaign finance so
5 disproportionately to its opponent, public
6 financing help that opponent and hundreds of
7 candidates in other city races have a fair
8 and more level playing field. For some,
9 public campaign financing was the only they
10 could run for office. I believe the previous
11 speaker made that comment.

12 We believe broadening the field of
13 potential candidates improves our democracy
14 and we commend you all that you are doing to
15 pursue this worthy endeavor. Thank you.

16 MR. PARKES: Thank you very much,
17 Laura. We very much appreciate your detailed
18 and very fine analysis. Does anyone have any
19 questions of Laura?

20 (No response)

21 MR. PARKES: One question I would have
22 is, given the voter turnout, do you think if
23 we used more electronic means, we might get
24 more younger people to vote?

25 MS. ALTSCHULER: Put them on Twitter.

1 CFB POST-ELECTION HEARING 12/1/09

2 I think so many things are going to be
3 changing in the next few years, that I would
4 hate to look in the crystal ball to see what
5 is really happening. I was amazed at how
6 many people did not watch some of the
7 debates, but told us, "I watched it in the
8 office the next day. I just put 'seven
9 online' or I linked it through your
10 website."

11 That whole concept that people are going
12 to sit around a television set and all watch
13 it together or go to some large university
14 site and see it, I would like to have it
15 back. I think it was more exciting and more
16 stimulating, but I don't believe it is going
17 to happen.

18 I think that people are going to be
19 alone watching things on their computers or
20 cell phone or Blackberries. I'm not quite
21 sure how you are going to get the questions
22 in.

23 I wasn't happy with the YouTube
24 questions for the Presidential Debate. They
25 were such poor quality. They were so hard to

1 CFB POST-ELECTION HEARING 12/1/09

2 see on the screen. The sound was so bad. I
3 don't know how anybody could stand it.

4 Yes, in answer to your question, do we
5 have to do more electronically? Obviously,
6 yes. What it will be like on that day, I
7 don't know. The airlines now tell you on
8 your cell phone that you plane is half an
9 hour late. Maybe we need to tell them that
10 the polls are open tomorrow to go vote. I
11 don't know what we should be doing next, but
12 I think in four years we are going to have a
13 new mayoral campaign and City Council and
14 public advocate and comptroller and we're
15 just going to figure out how we are going to
16 be able to reach them.

17 And if my crystal ball tells me,
18 anything else, I'll share it with you.

19 MR. PARKES: Thank you very much,
20 Laura. Much appreciated.

21 And now, we have Judy Poretsky and Maria
22 Passannante-Derr.

23 We'll stake a fifteen-minute break right
24 now and come back at 3:15 and hopefully be
25 able to run right through it.

1 CFB POST-ELECTION HEARING 12/1/09

2 (Whereupon, there was a pause in the
3 proceeding from 2:48 p.m. until 3:06 p.m.)

4 MR. PARKES: Okay, we are ready to
5 resume, and we would like to invite Judy
6 Poretsky and Maria Passannante-Derr forward.
7 Thank you very much for joining us today.

8 MS. PASSANNANTE-DERR: Thank you.

9 MR. PARKES: I believe you know why you
10 are here, to give us some feedback and let us
11 know how we're doing.

12 MS. PASSANNANTE-DERR: I'm Maria
13 Passannante-Derr candidate in the 3rd
14 District for City Council, and Judy Poretsky
15 is my current treasurer. I have to say, I
16 went through two other treasurers before and
17 that was a somewhat frustrating experience,
18 but Judy is fantastic in she is getting me
19 through the preparation of our final audit.

20 MR. PARKES: Excellent.

21 MS. PASSANNANTE-DERR: First, I want to
22 thank you for having me here today. Thank
23 you for this entire program. I mean, without
24 this program, candidates such as myself could
25 not run for City Council and for government

1 CFB POST-ELECTION HEARING 12/1/09

2 positions. It certainly has improved in the
3 sense that now we have six-to-one matching
4 funds over three-to-one matching funds a
5 couple years ago, and the philosophy behind
6 it just you know, the democracy at work in
7 New York City at least, again thank you very
8 much for that.

9 MR. PARKES: Appreciate that.

10 MS. PASSANNANTE-DERR: I do want to say
11 that I do have an thirty-year background as
12 an attorney during which time I have
13 practiced as a court appointed fiduciary in
14 the state, and I have been through a number
15 of audits. I've been through forensic audits
16 with IRS over the years, even with that
17 background in mind, as I approached my
18 recordkeeping, I still found, you know, a lot
19 of things frustrating, not a lot of things,
20 but several.

21 I think what is most frustrating for
22 people is the repetition of providing
23 documentation, having to go back several
24 times to a bank statement for a variety of
25 different reasons. If there was some kind of

1 CFB POST-ELECTION HEARING 12/1/09

2 master document list that could be programmed
3 into the system, where once a document is
4 entered or a response, for example, on your
5 matching -- on your invalid claims report, I
6 think it would very helpful. Because today
7 Judy and I spent about five or six hours
8 preparing for our final audit, and there were
9 a number of things. For example, if you
10 previously submit a copy of your literature
11 together with the accompanying billing that
12 is the charge for that literature, the
13 campaign literature, now we're being asked
14 all over again to submit every one of them,
15 every piece of literature with every bill;
16 same information in different form that you
17 are asking for, and I just think at this
18 point, it is challenging and frustrating
19 sometimes to go back to things, not
20 necessarily this literature request in and of
21 itself, but there are times -- right now I'm
22 dealing with some refunds that I gave and a
23 couple of donations that where a check
24 bounced, and having gone through a number of
25 audits as a fiduciary, I knew to keep this

1 CFB POST-ELECTION HEARING 12/1/09

2 documentation and make copies of it when it
3 happened. But perhaps a a person might not
4 be aware of doing this kind of approach to
5 their recordkeeping. Maybe in those
6 trainings, I did a few of the trainings even
7 though I was not the treasurer and I did not
8 operate C-SMART, but perhaps in the training,
9 you could give a bullet point list of things
10 to look out for as you approach your
11 recordkeeping as a candidate. For example,
12 you can never have too many copies of
13 anything for one thing, but maybe guide
14 people, candidates particularly, people who
15 may not have a professional background in
16 accounting or laws or some other
17 recordkeeping position, to give them some
18 guidance in what to look for ahead of time.
19 The fact that you may need this document or a
20 copy of it in a variety of situations. When
21 you write up a report, your invalid claims
22 report, you might need it for a summary at
23 the end of the campaign.

24 For example, in these envelopes that
25 we're being asked to provide right now,

1 CFB POST-ELECTION HEARING 12/1/09

2 summary of literature, summary of refunds,
3 loans, it is imperative to keep these things
4 in a variety of forms because you do ask for
5 them in a number of different ways.

6 That's about all. Again, I want to
7 thank you so much for allowing me to
8 participate in this program, it was great.
9 You know, I think your auditors are great.
10 Elona Kramer a was terrific. Everyone I
11 dealt with here was accessible, receptive,
12 got back to me promptly about questions, and
13 it was a very positive experience with the
14 Campaign Finance Board. Thank you very much.

15 MR. PARKES: Thank you very much, Maria.

16 Any questions of Maria or Judy?

17 MS. PASSANNANTE-DERR: Judy has her own
18 comments as the treasurer.

19 MS. PORETSKY: I have my own comments.
20 I came into this a little bit later, and a
21 lot of the things that were picked up for
22 audit were, the previous treasurer rounded
23 everything to the nearest dollar which is not
24 done when you are dealing with a bank
25 statement, because that is the only thing

1 CFB POST-ELECTION HEARING 12/1/09

2 that has to come to the penny, so, that's a
3 lot of what I have been working on.

4 Also, No. 1, the program has been
5 changed since I did this two years ago. Two
6 years ago, I worked with Elizabeth, and the
7 Program has changed and it has changed for
8 the better. I found it easier to go around
9 it. It was very nice, because I took the
10 training two years ago, I did not take it
11 again because I came into it in the middle.

12 Working with Elona, she's also very
13 helpful -- I like your envelopes by the way.
14 I really do. You have to see. When we
15 submit -- this is my position, I have marked
16 it off with separate sections, that is the
17 way I work. The envelopes are very good,
18 because now, you gave me five envelopes and
19 there are four that are fully complete. The
20 other one I just -- today, the bank finally
21 gave us -- it is very hard going back over
22 three months to get checks. The fourth
23 person that we contacted at the bank finally
24 if got us copies of the check, and believe it
25 or not, we ask this morning and I had them

1 CFB POST-ELECTION HEARING 12/1/09

2 just before I left here, that is going to
3 finish up one of my ten requirements here. I
4 have five completely completed. As I said, I
5 checked everything off.

6 Just the checks going back three months,
7 the publicity business also, I have all these
8 pieces of publicity now we have to go back
9 and find the bills and find the checks. So,
10 it was all submitted, and the ones that I
11 submitted had the transaction number on it.

12 The only other thing that I have a
13 comment on, is you are asking me to make a
14 record of deposits other than contributions,
15 and they are -- two of the three are your
16 checks to me, and I just wondered why I have
17 to make a copy of the bank statement showing
18 your matching funds I deposited. I mean,
19 they were wired by you into the account.

20 MS. LOPREST: That shouldn't have been
21 done. You can write that you don't need to
22 do that.

23 MS. PORETSKY: And the other, Elona
24 called me up on the day before elections,
25 "Did we pay it back?"

1 CFB POST-ELECTION HEARING 12/1/09

2 I said, "Yes, we did."

3 "Well, then you better make sure it is
4 off," and we took care of that.

5 Other than that, I am very happy with
6 the help that I received in doing it. As I
7 said, I came in closer to Election Day, so,
8 that is that. Thank you.

9 MR. PARKES: Thank you both very much.
10 Any questions

11 (No Response)

12 MR. PARKES: Okay. Much appreciated.

13 Good afternoon, Richard, welcome.

14 MR. REALMUTO: Thank you so much.

15 Pleasure to be here.

16 MR. PARKES: Richard Realmuto from
17 Friends of Richard Realmuto, a candidate.

18 MR. REALMUTO: Yes.

19 MR. PARKES: So, the idea, Richard, is
20 every four years the Campaign Finance Board
21 evaluates how it has been doing, and we would
22 like to get feedback from a whole variety of
23 people and especially from the candidates.
24 So, thank you for being with us.

25 MR. REALMUTO: Oh, it's my pleasure.

1 CFB POST-ELECTION HEARING 12/1/09

2 Thank you.

3 Where do I begin? I would like to begin
4 by saying that this is such a vital
5 organization. It is more important than ever
6 for the Campaign Finance Board to continue
7 and to flourish. After what I just saw
8 happen in the Mayoral race, the amount of
9 money that wealthy people have, in my
10 opinion, they are buying and controlling
11 elections. It is so vital that we keep the
12 Campaign Finance Board flourishing so that
13 average people can get out there and run.

14 I have never done anything like this
15 before in my life. This is the first time I
16 ever tried anything like this. I have a
17 fifteen-year-old son who said, "Dad, stop
18 complaining about it. Get out there and do
19 something about it. You need to go out there
20 and try to make a difference."

21 So, a lot of it was to try to teach my
22 son civic responsibility, which I think he
23 learned. But I realized how important it is
24 to get average people out there, and the
25 first thing they feel is, "I can't do it. I

1 CFB POST-ELECTION HEARING 12/1/09

2 can't run, it is impossible. I don't have
3 the kind of money that it takes," and that is
4 really bad for democracy.

5 I don't mean to go on and on, but
6 democracy requires that we get average
7 everyday people involved civically, and when
8 they feel that it's a waste of time, like
9 what happened in the mayoral race where a lot
10 of good people who might have run didn't run
11 because they thought, "Well, I can't run
12 against \$100 million," that is so bad for
13 every one of us, for democracy. We cannot
14 allow that to happen.

15 So, keep the work going. That's the
16 main basic thing I want to tell you. This
17 organization has to flourish.

18 Now, some of the things that annoyed me
19 as I went along, how in the world can this
20 organization allow anyone who had run and
21 amassed fines and penalties for not complying
22 with you guys to come back and get more money
23 and run again? I'm talking about
24 incumbents. I ran against a guy, Miguel
25 Martinez, we all know what happened there,

1 CFB POST-ELECTION HEARING 12/1/09

2 but beyond that, the guy had penalties and
3 fines, tons of penalties and fines, and tax
4 payers are paying for this. So, the tax
5 payers give him the money, he runs a
6 campaign, and then he doesn't come back, and
7 he doesn't tell you guys what he does with
8 the money, so you incur fines. Fine. That's
9 what the rule is. The rule needs to be
10 changed. The rule needs to be, "How dare you
11 come back and ask us for the right to run
12 again when you amassed 20 to \$30,000 in
13 fines."

14 And then these incumbents walk back in
15 and say, "Now, give me more -- even though I
16 owe this, and I haven't even complied."

17 That just makes people feel incumbents
18 can't be beat, the system is rigged. So,
19 right off the bat, that's a rule. If you
20 want to come back in here, you better not
21 have any penalties or fines. You better be
22 clean. You are using our money. But
23 everybody uses our money these days, and it
24 seems like accountability doesn't exist
25 anymore, so, pardon me for that, but that

1 CFB POST-ELECTION HEARING 12/1/09

2 annoys me.

3 So, then, I think, just lean on these
4 people, "How dare you come back and ask us
5 for money," when you have fines and penalties
6 for not even -- "after we have given you
7 money."

8 Secondly, if there is any way that you
9 can balance between people who aren't
10 incumbents -- the incumbents have such a
11 great advantage over somebody who wants to
12 run that, again, if you want this thing to be
13 really successful, I don't know how you do
14 that, I know it's difficult, but there's got
15 to be a way to say -- incumbents-have such an
16 advantage, somehow you have to make that
17 playing field a little more equal for those
18 young people, or old people like me, who
19 decide they want to run, you got to make it a
20 little more balanced. I don't know how you
21 do that. Higher than a six-to-one match
22 might not be fair, might not be equitable,
23 maybe time to collect, I don't know. But I
24 just know that a lot of people feel that they
25 can't run against the incumbents. The

1 CFB POST-ELECTION HEARING 12/1/09

2 incumbents have the machine all set up. So,
3 it's like, "How do I run against this
4 machine?" On day one, they've got their 800
5 petitions signed, and they've got their 75
6 contributors all set up -- and I know IS it's
7 very difficult, but I hear all these stories,
8 I can't mention any names or anything, but
9 people have come over and said, "Here's a
10 hundred bucks. Now you give me a hundred
11 dollars," and then he or she's getting a six-
12 to-one six match. This is going on all the
13 time. These people are spreading money
14 around the neighborhood, "Now, here, here's a
15 hundred bucks. Now, give it back to me," and
16 I get six-to-one.

17 "Just fill out the form and give me back
18 the hundred bucks."

19 And when you have you have an incumbency
20 set up, you can do that all day long.

21 So, I don't know how you get around
22 that, but the more you can make it fair and
23 equitable for people who have never run
24 before, I would really appreciate it.

25 What else did I write down -- I'm almost

1 CFB POST-ELECTION HEARING 12/1/09

2 done. I wrote, "Work with the Board of
3 Elections." I know it's not your purview,
4 but you work so closely with them to make
5 this a wonderful opportunity. The petition
6 period is so short. And once again,
7 incumbents have such -- you know, they can
8 get out there and get those petitions like
9 that. They've got big crews. I had myself,
10 my wife, and two people, and we managed to
11 get -- I think we got 1,065 signatures, and
12 about a third of the way through, my wife
13 looked at me and she said, "We're never going
14 to make it. We need help."

15 Anyway, I know it's our responsibility
16 to build an organization to do that. But
17 again, these are the ways -- because I know
18 your desire is to make sure that average
19 people can run. So, any way that you can
20 make it a little fairer to go against these
21 incumbents, because most people don't want to
22 go against an incumbent because they feel
23 they can't win, which distorts what you guys
24 are trying do; get average people to run.

25 I had one person say he ran in Brooklyn

1 CFB POST-ELECTION HEARING 12/1/09

2 but he's not coming down to talk, and I asked
3 him if there was anything I can mention. He
4 thought it was real difficult for him to get
5 the 75 \$10-contributions. He thought that if
6 that number could be lowered -- I found it
7 daunting, but we got it done, so, I don't
8 know if I feel as strongly about it as him,
9 but I'm passing on the thoughts of someone
10 else who ran. He was able to raise the money
11 very easily, and I know that's always an
12 issue; he raised enough money but he had
13 a difficult time in getting the 75
14 contributions.

15 And internally, your liaisons, they are
16 angels. They are wonderful. I can't say
17 enough about all of the liaisons. They were
18 so great to work with, so patient. I'm not a
19 great computer person, and I say, "Stay with
20 me."

21 And they say, "Relax, take your time."

22 And they helped me with C-SMART, and you
23 have a great crew of liaisons that are
24 dedicated, first of all, committed,
25 dedicated, always act professional, and are a

1 CFB POST-ELECTION HEARING 12/1/09

2 joy to work with. So, I can't say enough
3 about them, or the whole organization. I
4 think it's great. I just think we need to
5 somehow make it a little more equitable, and
6 that is about it.

7 MR. PARKES: Thank you very much,
8 Richard. Any questions?

9 (No response)

10 MR. PARKES: I have one. Are you ever
11 going to listen to your son again?

12 (Laughter)

13 MR. REALMUTO: I don't know.

14 MR. PARKES: Keep listening to him.
15 Congratulations. Thank you.

16 Good afternoon.

17 MR. DADEY: Good afternoon.

18 MR. PARKES: Welcome, Dick Dadey, the
19 executive director of Citizens Union, and he
20 is joined by --

21 MS. GETACHEW: Denora Getachew, the
22 director of Policy and Legislative Counsel
23 for Citizens Union.

24 MR. PARKES: Welcome to both of you.
25 Thanks very much for being with us. Do you

1 CFB POST-ELECTION HEARING 12/1/09

2 know why you are here, and why we are here?

3 MR. DADEY: Yes, and we appreciate your
4 patience in waiting for us. We are very
5 pleasantly surprised by the fact that this is
6 probably one of the few City agencies that
7 conducts its hearings on time. You can show
8 up and be seated right away -- so, thank
9 you -- as opposed to waiting for an hour or
10 two at the City Council even though your
11 scheduled time was two o'clock.

12 Again, thank you. As you know, Citizens
13 Union is a good government organization
14 committed to ensuring fair and competitive
15 elections, and has been a strong and vocal
16 supporter of the City's campaign finance
17 program since its inception in 1988.
18 Citizens Union has consistently advocated for
19 a system that ensures a level playing field
20 for candidates competing for office and
21 limits the role of special interests in
22 elections and politics. The organization
23 actively supported the enactment of the
24 campaign finance reforms contained in Local
25 Law 34 of 2007 aimed at reducing the

1 CFB POST-ELECTION HEARING 12/1/09

2 appearance and impropriety of contributions
3 from those doing business with the City and
4 other reforms to create fairer elections.

5 We commend the CFB for its work tackling
6 critical campaign finance issues, as well as
7 the City Council, the Administration, and the
8 larger civic community for working together
9 to make this system a model for the country.

10 In advance of receiving full analysis from
11 the Board regarding the effect of Local Law
12 34, Citizens Union shares the following
13 preliminary observations and concerns
14 regarding the current system. Denora and I
15 will be splitting up the sections here and I
16 will read Section 1 first, which is Limits on
17 Contributions and Expenditures.

18 CU urged for the expansion of the
19 existing ban on corporate contributions to
20 include LLCs and LLPs and other forms of non-
21 incorporated business. CU analyzed the
22 effect of the organizational contribution ban
23 and doing business contribution restrictions
24 on several incumbent council members, both
25 white and non-white, and believes that except

1 CFB POST-ELECTION HEARING 12/1/09

2 in a few cases, this restriction has not
3 largely effected fundraising capability of
4 candidates. More specifically, in the eight
5 cases that we have examined, while the
6 candidates were able to raise less money from
7 certain sources, it did not affect the amount
8 of money that they were able to raise in
9 total, with most candidates raising
10 approximately \$10,000 less than they did in
11 2005, except for a couple of marginal
12 examples where candidates did not face a
13 challenger or raise significant sums, likely
14 for a future run.

15 CU at the time the law was being
16 negotiated recommended that the drafters
17 study union contributions when considering
18 which organizational contributions to ban.
19 The organization still believes that this is
20 an issue that should be evaluated to ensure
21 equity in the treatment of organizational
22 contributors, and that union contributions
23 should not be left untouched. We believe it
24 is incumbent on the Council, the Mayor, and
25 the Board to ensure that an even hand is

1 CFB POST-ELECTION HEARING 12/1/09

2 being applied and review other institutional
3 contributions like those from unions. While
4 there may be compelling and supportable
5 reasons for union contributions to be handled
6 differently from other contributions, the
7 City should engage in a public discussion on
8 the pros and cons on this issue, especially
9 in light of the increasing role of unions and
10 political parties in the City's electoral
11 process.

12 While we have not done a thorough
13 analysis of the effectiveness of the current
14 contribution limits, we do support keeping
15 the current limits in place, especially since
16 the federal contribution limit is \$2,400,
17 which is only \$100 less than the council
18 contribution limit, and New York is a very
19 expensive market for campaigning.

20 We also support the clarification of the
21 definition of permissible and impermissible
22 campaign expenses to ensure that candidates
23 do not use campaign funds for impermissible
24 expenses. With respect to this issue of
25 removing exemptions to the spending limits,

1 CFB POST-ELECTION HEARING 12/1/09

2 CU supported reasonable exemptions to the law
3 to clarify the definition of permissible and
4 impermissible campaign expenses and would be
5 interested in analysis from the Board
6 regarding the fact of these new
7 restrictions.

8 I'll turn it over to my colleague
9 Denora.

10 MS. GETACHEW: Thank you. I'm only
11 speaking to the public matching funds program
12 and the new restrictions relating to doing
13 business contributions.

14 Citizens Union in Local Law 34 in being
15 enacted supported the efforts to provide six-
16 to-one matching for contributions up to \$175
17 as an effort to level the playing field for
18 candidates who might not be able to raise
19 large sums of monies to \$150. Our analysis
20 shows that in 2005, out of 74 participating
21 candidates in the primary election, 33 of
22 those candidates received the maximum amount
23 of matching funds, totaling approximately 45
24 percent of those participating candidates.
25 In 2009, on the other hand, out of the 131

1 CFB POST-ELECTION HEARING 12/1/09

2 participating candidates, 50 received the
3 maximum funds which is about 38 percent of
4 the candidates. While it seems that fewer
5 candidates received the maximum public funds
6 in 2009, we think it's noteworthy that in
7 2009 there was almost double the number of
8 participating candidates, and that this
9 percentage is also pretty high given the
10 current fiscal climate that we're in and that
11 it might have been hard for candidates to
12 raise money. So, overall, we would believe
13 that it has been successful in changing the
14 matching structure.

15 Also relevant at this point is the
16 effort on the Local Law 34 to strengthen the
17 outlay of public funds to those with minimal
18 opposition. Citizens Union continues to
19 support the two-tiered approach for
20 distributing public funds, and we believe
21 that bolstering the requirements that
22 candidates must satisfy in order to get
23 beyond the signature 25 percent is an
24 important way to protect the public -- and
25 make sure there is no abuse in the amount of

1 CFB POST-ELECTION HEARING 12/1/09

2 public money that is distributed. In
3 particular, requiring candidates to submit a
4 certified Statement of Need to demonstrate
5 the need for additional funds on a case-by-
6 case basis is a very strong improvement over
7 the prior system where the Statement of Need
8 was just a one-page document, and now it
9 requires additional support to substantiate
10 why the candidate thinks they need the
11 additional public funds.

12 Citizens Union noticed that this year,
13 eleven candidates submitted Statements of
14 Need in the primary election compared to six
15 during the 2005 election. We are encouraged
16 to see that the comprehensive Statements of
17 Need are available online at the site instead
18 of just again the one-page submission, but it
19 wasn't very easy for us to determine whether
20 or not the Board ruled on the Statements
21 of Need submitted beyond just looking at how
22 much of the candidate received in the end.

23 I will now speak a little bit about the
24 doing business restrictions. As we testified
25 in 2007, we believe the influence the

1 CFB POST-ELECTION HEARING 12/1/09

2 contractors, developers and lobbyist have
3 with elected officials, not only here but
4 throughout the country, is enhanced by the
5 ability of these persons and entities to
6 contribute directly to a candidate's campaign
7 for office. The ability to do so leads to a
8 less independent body of elected officials
9 and can erode the integrity of government in
10 the course of its policy deliberations and
11 awarding of contracts. Citizens Union is
12 encouraged by the City's efforts to create a
13 comprehensive database to identify those
14 doing business with the City and applauds the
15 efforts for completing certification on a
16 timely basis. Citizens Union supports these
17 reasonable restrictions on the contribution
18 limits and making them non-matchable as a way
19 to again eliminate the appearance of the
20 actual impropriety of receiving such
21 contributions.

22 We are especially pleased to see that
23 out of all the money raised in 2009, there
24 were only 3,552 total doing business
25 contributions to approximately 200

1 CFB POST-ELECTION HEARING 12/1/09

2 candidates, with a little less than a third
3 of those being refunded for exceeding
4 permissible limit. While Citizens Union did
5 not have specific data for 2005, based on
6 anecdotal information, the 2005 contributions
7 noted from doing business with far exceeded
8 these totals. We did limited analysis just
9 to compare incumbent members in their ability
10 to raise contributions just because there was
11 concern when the bill was being negotiated
12 and drafted that people of color would be
13 able to raise money that non-people of color
14 would be able to raise if you took out
15 certain sources of money. So, we compared
16 some of the, kind of, incumbent candidates of
17 color versus non-color just to understand
18 whether or not that did change the effect in
19 any way, and our analysis showed that, for
20 the most part, that is not the case, that
21 people were still able to raise significant
22 sums of money and that taking out the doing
23 business contributions didn't necessarily
24 change the candidate's ability to be
25 competitive. We were also encouraged to see

1 CFB POST-ELECTION HEARING 12/1/09

2 that database implementation and management
3 seemed to occur rather seamlessly, especially
4 the prominent display of the database on the
5 Mayor's Office of Contracts' website. We
6 look forward to the Board's study of the
7 database implementation and how it can be
8 improved.

9 MR. DADEY: With regards to independent
10 expenditures, CU is cognizant of the law's
11 limited authority over third-party or
12 independent expenditures, except to the
13 extent such expenditures were authorized,
14 requested, suggested, fostered or cooperated
15 in by the campaign. During 2009 cycle, as in
16 cycles past, the Board was asked to evaluate
17 the role in effect of the these expenditures
18 using the Retail, Wholesale and Department
19 Store Union and the Data Field Services
20 examples, Citizens Union hopes that the Board
21 will further study this issue and propose any
22 necessary improvements to the law or to the
23 Board's rules to increase transparency
24 relating to such transactions.
25 Independently, Citizens Union also will be

1 CFB POST-ELECTION HEARING 12/1/09

2 taking a look at the role of Data Field
3 Services and looks forward to working with
4 the Campaign Finance Board in its
5 evaluation. At this point, we are not able
6 to provide any particular analysis or
7 evaluation.

8 Regarding the Educating Voters Through
9 Publications, the Video Voters Guide, the
10 Debate Program and Website, the Board's
11 website remains an invaluable tool for the
12 public and organizations like Citizens Union
13 to track campaign contributions, access key
14 election information and program requirements
15 as well as keep track of the advisory
16 opinions and rulings that this Board issues.
17 Likewise, the online vote guide is an
18 invaluable resource and is in deserving of a
19 greater public awareness campaign to drive
20 voters to the site. You also advocate a
21 greater public awareness campaign in relation
22 to the Video Voter Guide, while the efforts
23 this year to partner with NBC appear to be
24 successful, the videos were hard to find on
25 government sites, so we would continue to

1 CFB POST-ELECTION HEARING 12/1/09

2 advocate for greater publicity regarding this
3 information. We need greater cooperation
4 from the City government as well to see that
5 the sites are easily found.

6 We also would like to speak to CU's role
7 as a cosponsor of several of the Board
8 debates, and appreciate the confidence that
9 the CFB placed in us to be a partner,
10 including specifically, the second primary
11 election debates for mayor, comptroller and
12 public advocate as well the first general
13 election debate for mayor. As you know,
14 Citizens Union played a role in ticketing and
15 outreach, inviting civic, business and local
16 community groups throughout the city to
17 participate in the live debates, as we all
18 handling all general public requests for
19 tickets. Given this role and our experience,
20 we would encourage the Board to continue to
21 look to civic groups like Citizens Union to
22 play a role in ensuring public participation
23 and the attendance of these debates,
24 particularly with regard to inviting and
25 ensuring a diverse audience that represents

1 CFB POST-ELECTION HEARING 12/1/09

2 the various communities and interests
3 throughout the City.

4 Though Citizens Union did not play a
5 major role in the developing of the format
6 and the editorial content of the debates, we
7 would like to suggest that the Board work
8 with cosponsors to ensure that the format of
9 the debates facilitates discussion of
10 significant policy issues as well as
11 candidates' solutions and proposals in
12 particular areas. While many important
13 questions were asked of the candidates during
14 the course the debates, Citizens Union
15 largely felt that discussion of many
16 important issues and candidates proposals was
17 limited.

18 Citizens Union would also like to
19 comment on the Board's outreach. We were
20 pleased to see the Board's subway
21 advertisements for the debates, and believe
22 that other cosponsors of the debates also
23 successfully promoted the debates through
24 their own media outlets and memberships. We
25 would like to suggest that the Board use its

1 CFB POST-ELECTION HEARING 12/1/09

2 website to more clearly provide information
3 regarding the debates by perhaps providing a
4 clear link and graphic on its homepage to
5 view information about the debates, and
6 perhaps providing a link to specific debates
7 in the days before they occur. The debates
8 information page was difficult to locate, and
9 the schedule regarding several general
10 election debates was still posted even after
11 it was clear that they would not be held due
12 to candidates no longer meeting the required
13 thresholds to participate.

14 We would like to thank the CFB again for
15 considering CU as a cosponsoring organization
16 of the debate program. We will provide more
17 comprehensive input regarding the debates in
18 your sponsor survey.

19 MS. GETACHEW: I would like to talk a
20 little bit now about high spending
21 non-participants and recommendations about
22 how we can continue to evaluate this issue.
23 I guess to just it simply, I think we can
24 recognize that there has been a considerable
25 trend towards higher spending especially at

1 CFB POST-ELECTION HEARING 12/1/09

2 the citywide level on races. It makes it
3 harder for candidates who are opting into the
4 system to participate at the same level. So,
5 while we do not have a silver bullet with
6 respect to how to remedy this issue, we hope
7 that the Board will continue to build on its
8 previous track record to hold hearings on
9 this topic and figure out how to address this
10 concern moving forward.

11 To help ensure a more level playing
12 field and give program participants the
13 opportunity to adhere to the principles of
14 fair and clean elections and still compete
15 with those candidates who do not follow the
16 guidelines set forth by the Board is
17 something that should be studied by the
18 Board, the City Council and the Mayor. Below
19 are a couple of proposed solutions about
20 how to maybe encourage a more level playing
21 field without necessarily increasing the
22 bonus match and throwing more money into the
23 system.

24 I think as we mentioned, the efforts to
25 publicize the Video Voter Guide and make that

1 CFB POST-ELECTION HEARING 12/1/09

2 more accessible is one way to make sure the
3 candidates voices are heard in their own
4 words in a way that gives the voters the
5 ability to understand who candidates are.
6 And we encourage the Board to continue
7 programs like that and partnerships like
8 that, along with NBC, that that information
9 is available to the public, again, using
10 newspaper and train and bus ads as well as
11 online outreach and other creative outlets
12 are important ways to level the playing
13 field. We also would encourage more better
14 advertisement about the paper guide and its
15 purpose and where it's available, creating
16 greater incentives for those to opt into the
17 program and bonuses for those that are facing
18 high-spending non-participants, again, not
19 necessarily financially, just you know,
20 something such as ad space on buses,
21 additional airtime Channel 74, and a bigger
22 candidate profile in New York publications
23 like the New York Times or others that can
24 help give the voters a sense of who the
25 candidates are.

1 CFB POST-ELECTION HEARING 12/1/09

2 Then again, ensuring earlier and more
3 debates and attendance by all candidates.

4 Again, we have learned from this
5 experience that people are interested when
6 the debate sponsors incumbents, especially at
7 the first general election mayoral debate.

8 Just to summarize, I hope that the Board
9 will continue to explore these to figure out
10 how to make the playing field more level in
11 case where a participating candidate faces a
12 high-spending non-participant including
13 looking at whether or not in cases
14 where clearly the primary election is not
15 necessarily competitive, but the spending
16 limits can be exceeded in the primary
17 election and into the general when they are
18 facing a high-spending non-participant.

19 Again, we look forward to working with
20 the Board on this issue and figuring out ways
21 to make this a little bit more fair.

22 MR. DADEY: Regarding a war chest and
23 establishing more stringent restrictions to
24 limit the transfer of funds raised for one
25 race for use in another, we believe that war

1 CFB POST-ELECTION HEARING 12/1/09

2 chests have been shown to be a significant
3 deterrent to challengers seeking elected
4 office. They decrease the competitiveness of
5 elections by decreasing both the quality and
6 quantity of challengers to those who have
7 large war chests entering an election
8 season. The law has been strengthened to
9 limit the ability of candidates to transfer
10 funds raised for one office to that of a
11 committee for another office. Now candidates
12 must show documentation that the donor has
13 approved of the transfer. Previously,
14 Citizens Union took the position that
15 candidates should only be allowed to transfer
16 funds raised within the relevant election
17 cycle. We stand by that position and hope
18 that the Board and the Council act to
19 implement it.

20 MS. GETACHEW: With respect to the issue
21 of use of government resources, Citizens
22 Union retains its stated position that the
23 importance to avoid the misuse of public
24 funds campaign related activities. We
25 supported the extension of the blackout

1 CFB POST-ELECTION HEARING 12/1/09

2 period on mailings from elected officials to
3 90 days, and we believe there should be
4 stricter requirements on citywide mailings
5 within these 90 days as well.

6 We thank you for allowing us to provide
7 testimony today and for all the work that has
8 been put in to date to making this program a
9 model for the nation. We look forward to
10 working with the Board, the Council and the
11 Mayor to make the Program even stronger.
12 Thank you.

13 MR. PARKES: Thank you very much, Denora
14 and Dick. Does anyone have any questions?

15 MR. DAVIS: This is on the issue that
16 you didn't actually address but it came up
17 earlier in the hearing, it's proper threshold
18 for City Council candidates accepting
19 contributions. We had one -- two insurgents
20 essentially; one with a campaign manager who
21 was a successful insurgent to get the
22 threshold to be raised presumably so that if
23 you try and challenge an incumbent, you have
24 fewer candidates challenging the incumbent
25 thereby increasing the chance to win.

1 CFB POST-ELECTION HEARING 12/1/09

2 The other person who was an unsuccessful
3 insurgent favored lowering the threshold
4 essentially because it was making the
5 threshold to keep open the opportunity for
6 more candidates to run which is one of the
7 purposes. Do you have a reaction or feeling
8 about that?

9 MR. DADEY: As I mentioned, as I
10 understood -- I mean it is an issue that
11 we're aware of and I think finding to start
12 contrast with in the key election contest
13 during the point in the election cycle when
14 few incumbents, one in particular that comes
15 to mind, won re-election with 30 percent of
16 the vote in the primary, and when voters, you
17 know, the voters spoke 70 percent against the
18 candidate. I think that speaks maybe for the
19 need to have instant minimal voting, or some
20 measure of ranking system that allows people
21 to rank their choices as opposed to trying to
22 fix it with the public campaign finance
23 system.

24 Although I think that I wouldn't
25 necessarily lower it, because if you look at

1 CFB POST-ELECTION HEARING 12/1/09

2 some of those races where there were very
3 competitive elections, you had four or five
4 serious strong candidates. I think you would
5 just dilute more in the opposition if you
6 lowered the threshold, you would have more
7 opponents and would just kind of dilute the
8 opposition in allowing someone among five or
9 six as opposed to three or four and still
10 probably end up with the same result where 30
11 or 35 percent of the voter favored the
12 incumbent.

13 Raising it I think is an interesting
14 question, I don't know if you want to be seen
15 as discouraging participation by raising it.
16 There is a problem where some of the
17 incumbents will return to office with as
18 little as 30 percent of the vote. I'm not
19 sure if the campaign finance system is the
20 place where you fix that.

21 MR. PARKES: Thank you both very much.

22 MR. DADEY: This is what comes when you
23 come at the end of the day, engaging
24 conversation, but thank you very much. We
25 were pleased to present and pleased to have

1 CFB POST-ELECTION HEARING 12/1/09

2 worked with you.

3 MR. PARKES: Now, we would like to call
4 forward Alex Zablocki from Alex Zablocki for
5 New York, a candidate. Alex, welcome and
6 thank you very much for being with us. Do
7 you know the procedure?

8 MR. ZABLOCKI: No.

9 MR. PARKES: Okay, so, the idea is,
10 every four years the Campaign Finance Board
11 has to reevaluate itself based on what's
12 happened over the past four years, and has a
13 preliminary way of doing that, we invite lots
14 of people to give them the opportunity to
15 come and speak to us, especially candidates.
16 So, we give you fifteen minutes.

17 MR. ZABLOCKI: Thank you very much. My
18 name is Alex Zablocki, and this past election
19 cycle, I had the honor of running for New
20 York City Public Advocate on the Republican
21 line.

22 Before I begin, I would to thank the
23 Campaign Finance Board including the Chair,
24 Board members and the staff for holding this
25 hearing today. I truly believe we have one

1 CFB POST-ELECTION HEARING 12/1/09

2 of the greatest and best campaign finance
3 programs in the country. I am today to
4 discuss what I experienced over my sixteen-
5 front run for New York City Public Advocate
6 and suggest ways to make our New York City
7 campaign finance program even better.

8 This past election cycle, my campaign
9 spent up to \$19,000 raised in small
10 contributions from a little over two hundred
11 individuals, and I did not receive matching
12 funds. I consider this a great
13 accomplishment for myself and my team
14 especially since I was running a citywide
15 race with registration of six-to-one
16 Democrats to Republican. Compared to the
17 winner of the Democratic runoff, Bill
18 Deblasio, I spent \$215-to-1. Certainly this
19 is inequitable. In the race for public
20 advocate, \$11 million was spent in total, \$6
21 million of which was public matching funds,
22 and I received roughly 156,000 votes or 17
23 percent in the general election.

24 While I tried to raise enough money to
25 meet the matching threshold, I chose to focus

1 CFB POST-ELECTION HEARING 12/1/09

2 on meeting voters instead. The monumental
3 task of raising \$125,000 in small
4 contributions as a first-time candidate,
5 seemed nearly impossible, especially as a
6 Republican in a Democratic city, I felt that
7 if I focused all my time on fundraising, I
8 wouldn't be focusing on the voters and the
9 issues. What further led me to this choice
10 is the fact that small contributions, and
11 even my own contribution would be
12 continuously flayed by the auditors at CFB.
13 For instance, a contribution I gave in my own
14 name, when I forwarded the check, was bounced
15 back to the Campaign because the photocopy
16 said to not be dark enough, but we contested
17 it to be clearly legible.

18 In another instance, myself and my
19 treasurer were told that a contribution card
20 that was filled for \$40 appeared to be filled
21 out in two different pens. Though we
22 disagreed, we had this corrected twice, and
23 continuously it was bounced back for months
24 on end until we finally made the contribution
25 unmatched and we weren't questioned again.

1 CFB POST-ELECTION HEARING 12/1/09

2 Oftentimes we felt that pen strokes and
3 differences in handwriting caused
4 contribution cards to get questioned.
5 Running a citywide campaign is hard enough,
6 but to keep going back to contributors to
7 have cards resigned for small \$20
8 contributions didn't make sense, and we
9 quickly found it was easier to focus our are
10 efforts elsewhere.

11 Furthermore, the common codes given by
12 CFB and oftentimes we found ourselves on the
13 phone Lee with our auditor or liaison to get
14 further explanation as to why a contribution
15 was being questioned. This was discouraging
16 to our fundraising operation.

17 While the auditors of the CFB are just
18 doing their job, and I understand that, the
19 first suggestion I would make is that the
20 auditors be required to give a detailed
21 explanation as to why a contribution is being
22 questioned so the campaign doesn't have to
23 call the CFB about each questioned
24 contribution.

25 Secondly, in order to qualify for

1 CFB POST-ELECTION HEARING 12/1/09

2 matching funds for public advocate, a minimum
3 of 500 contributions are required at \$175
4 each from donors within New York City, and a
5 total of \$125,000 must be raised. While I do
6 believe the requirement of 500 individual
7 contributions of \$175 is fair, the total
8 amount raised at \$125,000 should have been
9 lowered to reflect the new maximum
10 contribution set by the City Council a few
11 years ago. 500 contributions \$250 each would
12 equal \$125,000, that was the old threshold.
13 But it would take a maximum number of 715
14 individual contribution at the maximum of
15 \$175 to reach 1250,000. This \$125,000 limit
16 is also used to determine eligibility for a
17 debate which I will discuss later. I believe
18 that the office of public advocate is unique,
19 It attracts more candidates than more
20 established politicians and could be first-
21 time candidates. \$125,000 is as a limit is
22 set too high for can indicates like myself
23 when the law was changed to increase matching
24 funds and lower the maximum match for
25 contribution, the threshold in total

1 CFB POST-ELECTION HEARING 12/1/09

2 fundraising should have been lowered as well.

3 The Campaign Finance Law should be
4 amended to lower minimum threshold to receive
5 matching funds to the amount of \$87,500 for
6 public advocate. This would be 500
7 contributors multiplied by \$175. Arriving at
8 this number will allow more candidates like
9 myself to receive matching funds and compete
10 against well-financed established elected
11 officials than we would at the higher
12 threshold in the past. Making elections
13 competitive should be the goal of all reforms
14 of the Campaign Finance Board.

15 Thirdly, I have great concern over a law
16 which was Intro 564, it was passed in the
17 City Council in 2005. This law exempts
18 unions from the same information standards as
19 corporate contributions. As you are aware, a
20 corporate, partnership, or LLC contribution
21 are prohibited under Campaign Finance Law,
22 but unions and PACs are not held to the same
23 standard. This law should have never
24 passed. Therefore, in order to level the
25 playing field among all candidates and reduce

1 CFB POST-ELECTION HEARING 12/1/09

2 the amount of special interest levels in city
3 elections, I suggest the campaign law be
4 amended to prohibit all contributions from
5 organizations including union and PAC money
6 from the Campaign Finance Program.

7 Fourthly, in 2004, the City Council
8 passed Intro 124(a,) then Mayor Michael
9 amended the legislation, which dramatically
10 changed the structure of the Campaign Finance
11 Law. Though a number of these reforms are
12 warranted, I do believe the action of the
13 City Council helped lead to low turnout at
14 the polls and less debate over this past
15 election cycle.

16 While it didn't affect me directly,
17 Intro 124(a) eliminated one of the two
18 required citywide runoff debates. Since the
19 inception of the campaign finance program,
20 the CFB had required two debates for citywide
21 office if there was a runoff. I firmly
22 believe that one debate is not enough,
23 especially when millions of dollars in public
24 money is used to fund the runoffs both
25 through the Campaign Finance Board Program

1 CFB POST-ELECTION HEARING 12/1/09

2 through matching and also through the Board
3 elections. Further proof that more debate
4 was needed was in fact only 6 to 7 percent of
5 eligible voter exercise their right to vote
6 in the runoff.

7 Former candidate for public advocate
8 dropped the comment to the Daily News that
9 with such low-level turnout, the election was
10 more of a private selection than a popular
11 election, and he was right. Debate was
12 stifled in during runoff, and Campaign
13 Finance Board should push to require two
14 mandatory debates in any runoff scenario.

15 Secondly, Intro 124(a) placed a
16 financial deferment on debates. Elections
17 are all debate. Debate equals democracy.
18 Placing a financial requirement on debates
19 goes against everything the Campaign Finance
20 Program is about. Since the inception, the
21 campaign finance program in New York City did
22 not require a certain amount of money to be
23 raised or spent in order to participate in
24 the first mandatory citywide debate.
25 However, in 2004 the City Council changed

1 CFB POST-ELECTION HEARING 12/1/09

2 that, placing a requirement of \$25,000. To
3 be raised or spent which is 20 percent of the
4 limited threshold funds required to get
5 matching funds under the Program. For a
6 candidate in order to participate in the
7 first debate for public advocate. At the
8 time, it was only to basically strengthen the
9 Debate Program by including only the most
10 qualified candidates, but in this past
11 election cycle, they eliminated the debate
12 entirely.

13 If the threshold limits or decrees
14 \$87,5000 as I suggested above, the new
15 requirement to debate would be \$17,500 raised
16 and spent, I would have qualified. While
17 this would open the debate program to more
18 candidates, I don't believe it is the right
19 approach. The real test to qualify a
20 legitimate candidate was the fact that they
21 made it on the ballot and stayed on the
22 ballot. For instance, my campaign filed
23 over 30,000 petitions in interest qualifying
24 my candidacy, more than 10,000 more than
25 Mayor Bloomberg did to the Republican line.

1 CFB POST-ELECTION HEARING 12/1/09

2 Doesn't that qualify me as a legitimate
3 candidate? While favored last year, appeared
4 in three televised debates and used public
5 money to run television commercials, I was
6 denied the same right.

7 The law, which appears in Section 3-709
8 71 through 5 must be amended. Money should
9 not dictate whether someone is a qualified
10 candidate, that the Campaign Finance Board
11 does believe the first required debate should
12 have a requirement to participate. New
13 regulations should look at candidates' party
14 support, petition signatures as well
15 fundraising. I will state for the record
16 however that current law should be repealed.
17 Candidates should be allowed to participate
18 in debate with no requirement other than
19 being a candidate. We must end the entrance
20 fee required to debate.

21 Finally, I would like the Board to
22 consider an amendment to the Campaign Finance
23 Law that would prohibit a campaign from using
24 public funds to pay for violations issued by
25 any government entity. One specific

1 CFB POST-ELECTION HEARING 12/1/09

2 advantage of the actions by the committee,
3 Friends of Bill Deblasio 2009, which was
4 September 12, 2009 to September 25, 2009
5 received eight parking violations. On
6 October 8, 2009, the committee used campaign
7 funds, possibly tax payer money, to pay \$380
8 for parking violations to the New York City
9 Department of Finance as the table shows that
10 you have in front of you. While this may be
11 legal under current Campaign Finance Law, it
12 is wrong and should be stopped immediately.
13 We have all heard the term, "Peter to pay for
14 Paul," this is what is going on here. If the
15 campaign is issued a violation, segregated
16 money should be used to pay these violations,
17 or they should be paid personally. Tax payer
18 money should not be used to pay one's illegal
19 activity.

20 Finally, I would like the Campaign
21 Finance Board to review the following
22 suggestions as possible amendments to the
23 Campaign Finance Law in an effort to end the
24 pay to play politics that is still going on
25 in our city: No. 1, make it illegal for a

1 CFB POST-ELECTION HEARING 12/1/09

2 campaign of any kind of elected official to
3 accept contributions from directors, board
4 members, officers, or members of any
5 organization that has received \$2,500 or more
6 in City funds as a result of the efforts of
7 that elected, for example, City Council
8 discretionary money.

9 NO. 2, make it illegal for directors,
10 board members, offers, and managers of any
11 organization who has a receipt for over
12 \$2,500 in City funds as a result of the
13 efforts of the current elected official to
14 act as an intermediary as defined by the New
15 York City Campaign Finance Board on behalf of
16 the City elected official's campaign.

17 No. 3, make it illegal for a campaign of
18 any current elected official to accept
19 contributions in excess of \$400 per election
20 cycle from a lobbyist hired by an
21 organization that has received over \$25,000
22 in City funds as a result of the efforts of
23 that elected official.

24 Over the next four years, the Campaign
25 Finance Board should consider working closely

1 CFB POST-ELECTION HEARING 12/1/09

2 the Voter Assistance Commission's created
3 guide for running for office, under nonprofit
4 nonpartisan access center. As we say,
5 through these elections, voter turnout and
6 participation was the lowest in the
7 generation. Both entities should work to
8 make the Video Vote Guide more equitable
9 showing footage of all candidates at all
10 times regardless of party affiliation, and
11 the Voter Guides should be printed in
12 alphabetical order and after the run off to
13 avoid confusion by voters as we saw in the
14 latest guide that was put out.

15 As I stated when I started my testimony,
16 I truly believe we have one of the best
17 campaign finance programs in the country and
18 I really believe that. This past election
19 cycle has been one of the most experiences of
20 my life. I know I spoke about making the
21 Campaign Finance Program work better, but
22 oftentimes we don't talk about the ways of
23 how it works and why it works so well.

24 The campaign finance program is a
25 wonderful. program I would like to personally

1 CFB POST-ELECTION HEARING 12/1/09

2 thank my liaison Selena Mendoza for her
3 guidance to my treasurer and myself over the
4 past sixteen months. I will take any
5 questions.

6 MR. PARKES: Thank you very much, Alex.

7 Any questions?

8 MR. PIAZZA: By eliminating the
9 threshold to enter into the debates, how do
10 you stop fringe candidates from taking time
11 away from the serious issues that are being
12 debated, such as in 1997 when Eric Milano
13 Melendez (ph) decided to sing the Star
14 Spangled Banner during the debate?

15 MR. ZABLOCKI: You know, I think that
16 when people run for elections and they file
17 at the Board of Elections, they are
18 candidates regardless of what they want to
19 talk about, what issues they want to press
20 on. I think we should be able to listen to
21 them. If someone want to sing a song, maybe
22 we should say, "There will be no songs sung
23 at this debate."

24 I think that they can go to Board of
25 Elections and look at something like how many

1 CFB POST-ELECTION HEARING 12/1/09

2 petitions were filed. If 30,000 in New York
3 City say, "We want this person to be our
4 candidate," then that person deserves to
5 debate publicly the other person, especially
6 a major party line, on television especially
7 if it's a citywide sponsor debate. Money
8 shouldn't determine who is a serious
9 candidate. If I raise any money, because I
10 felt I could win that way, then that's my
11 choice, and I think that this program was
12 created to allow candidates like myself to
13 run against candidates that are well-
14 financed, and the Debate Program should be
15 open to everybody. There's problems with
16 fringe candidates, but those are the
17 candidates. We think they're fringe because
18 they think they are normal, when I say so,
19 that is their choice, and I think that we
20 need to look beyond that, that is why there
21 two debates, and the second has much
22 stringent requirements as it should. But the
23 first debate should be open to everybody.
24 There can be more requirements when the
25 debate is held.

1 CFB POST-ELECTION HEARING 12/1/09

2 MR. PARKES: Anything else?

3 (No response)

4 MR. PARKES: Okay. Thank you very much,
5 Alex.

6 (Whereupon, there was a pause in the
7 proceeding.)

8 MR. PARKES: Alright. I declare the
9 meeting closed. See you all tomorrow.

10 (Whereupon, the hearing was adjourned at
11 4:32 p.m.)

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1 C E R T I F I C A T I O N

2

3 STATE OF NEW YORK)
: SS.:
4 COUNTY OF NEW YORK)

5

6

7 I, CASEY MARTIN, a Stenotype Reporter and
8 Notary Public for the State of New York, do hereby
9 certify:

10 THAT this is a true and accurate
11 transcription of the New York City Campaign and
12 Finance Post-election Hearing held on December 1,
13 2009.

14 I further certify that I am not related
15 either by blood or marriage to any of the parties
16 in this matter; and

17 I am not in any way interested in the
18 outcome of this matter.

19 IN WITNESS WHEREOF, I have hereunto set my
20 hand this 1st day of December 2009.

21

22

CASEY MARTIN

23

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25

