

For Immediate Release	Contact:
August 19, 2013	Susan Lerner: 212-691-6421

**"Moreland Monday" analysis of soft money housekeeping accounts is ripe for review by Commission**

**Since 2006, parties have taken in nearly \$98 million in soft money contributions, nearly half of it from just 59 top donors**

NEW YORK, NY (08/19/13): Today Common Cause/NY released the latest in the "Moreland Monday" series: an analysis of soft money giving to so called "housekeeping" accounts. Although such accounts are designed for party building, they are routinely used by political parties to obtain contributions from corporations, unions, and wealthy individuals that circumvent the contribution limits on political giving. In so doing, these entities are able to give unlimited sums of cash, which are then used by the parties to directly influence the outcome of elections. In May 2013, Common Cause/NY released an in depth report of soft money giving over the last decade plus: "The Life of the Party" ([www.commoncause.org/ny/softmoney](http://www.commoncause.org/ny/softmoney)). The following analysis has been updated to include data from the July 2013 filing.

"It's obvious to Common Cause/NY that housekeeping accounts are a back door for big dollar special interests to give unlimited sums of cash for campaign purposes: a direct violation of the campaign finance law. Armed with only their constitutional right to vote and a change purse by comparison, New Yorkers deserve to know what \$98 million buys for Bloomberg, Verizon, SEIU 1199, Wal-Mart and others. The Moreland Commission should take a hard look at the expenditures from housekeeping accounts at both the state and county levels," said Susan Lerner, Executive Director of Common Cause/NY.

"New York State's campaign finance laws are full of holes, and this report shows the incredible amount of money pouring through," said Jesse Laymon of Citizen Action of New York, speaking on behalf of the Fair Elections campaign. "The Moreland Commission can only address these failures with a complete overhaul of the system, and a shift to publicly financed elections."

**Analysis**

According to New York State law, party housekeeping accounts are supposed to be reserved for party-building administrative expenses and *"not for the express purpose of promoting the candidacy of specific candidates"* (NYS Election Law §12-124). However, Common Cause/NY's analysis reveals that housekeeping expenditures spike each election season as monies go to hire high-priced political consultants and pay for campaign-related advertising.

There are no contribution limits on housekeeping accounts, nor does the Board of Elections conduct any meaningful auditing or enforcement of how soft money funds are spent, making them an ideal outlet for New York’s most powerful and entrenched special interests to influence New York State government. More than two thirds of all soft money is raised from checks of \$10,000 or more, and more than half of all soft money is raised from just 59 top donors who have given in excess of \$200,000 since 2006.

During this period the parties have taken in nearly \$98 million in soft money contributions. Unsurprisingly, the vast majority of soft money flows to the handful of committees that are best positioned to influence policy and the outcome of elections –the majorities in the State Legislature, the statewide parties, and the key county-level political machines.

Similarly, in 2013 Governor Cuomo began using the New York State Democratic Committee (NYSDC) soft money account to pay for advertising campaigns to promote his policy agenda. The NYSDC soft money account raised \$5.9 million in the first half of 2013, already the largest sum ever raised by a soft money account in a single year, and spent \$5.3 million on advertising.

The list of top donors to soft money accounts is dominated by special interests that are highly regulated and/or subsidized by state government – real estate firms, healthcare and pharmaceutical interests, labor unions, telecom companies, the beverage industry, big tobacco, and gambling interests. Most of these interests give multiple annual soft money contributions to the parties in power, regardless of ideology.

## Highlights

### “The \$200K Club” – Top Soft Money Power Donors

The following 59 donors that have given in excess of \$200,000 since 2006 are responsible for nearly half of the total soft money raised during this period.

<b>NYS 200K+ Soft Money Power Donors</b> <small>(excluding political committees as donors to other political committees)</small>	<b>Soft Money Contributions 2006 – Jul 2013</b>	<b>Industry Category</b>
<b>1. MICHAEL R. BLOOMBERG</b>	<b>\$7,170,000.00</b>	<b>GOVERNMENT ; FINANCE ; MEDIA</b>
<b>2. GNYHA MANAGEMENT CORPORATION</b>	<b>\$3,572,188.58</b>	<b>HEALTHCARE -- HOSPITALS</b>
<b>3. NEW YORK STATE UNITED TEACHERS (NYSUT) VOTE/COPE</b>	<b>\$3,250,194.28</b>	<b>LABOR -- EDUCATION</b>
<b>4. 1199 SEIU</b>	<b>\$2,219,975.00</b>	<b>LABOR -- HEALTHCARE</b>
<b>5. CABLEVISION</b>	<b>\$1,688,041.52</b>	<b>TELECOM</b>
<b>6. VERIZON</b>	<b>\$1,563,234.96</b>	<b>TELECOM</b>
<b>7. PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA (PhRMA)</b>	<b>\$1,553,750.00</b>	<b>PHARMACEUTICALS</b>
<b>8. TIME WARNER CABLE</b>	<b>\$1,552,273.24</b>	<b>TELECOM</b>

9. PHILIP MORRIS / ALTRIA	\$1,230,750.00	TOBACCO
10. HEALTHCARE ASSOCIATION OF NY (HANYS)	\$1,168,500.00	HEALTHCARE
11. JAMES SIMONS	\$1,101,000.00	FINANCE – HEDGE FUND (RENAISSANCE TECHNOLOGES)
12. ROBERT MERCER	\$1,010,000.00	FINANCE – HEDGE FUND (RENAISSANCE TECHNOLOGES)
13. RENT STABILIZATION ASSOCIATION	\$955,550.00	REAL ESTATE
14. WAL-MART	\$928,500.00	RETAIL
15. RED APPLE GROUP / UNITED REFINING CO. / JOHN CATSIMATIDIS	\$829,100.00	CONGLOMERATE : RETAIL-- SUPERMARKET ; REAL ESTATE ; ENERGY
16. ESTATE OF HENRY SANDERS	\$812,710.10	ESTATE BEQUEST
17. GLENWOOD MANAGEMENT / LEONARD LITWIN	\$765,400.00	REAL ESTATE
18. GEORGE SOROS	\$750,000.00	FINANCE – HEDGE FUND (SOROS FUND MANAGEMENT)
19. COCA-COLA COMPANY / COCA-COLA BOTTLING COMPANY	\$713,500.00	BEVERAGES
20. HOSPITAL INSURANCE COMPANY	\$703,500.00	INSURANCE – HEALTHCARE
21. LAW PAC OF NEW YORK	\$651,300.00	LAW
22. AT&T	\$648,800.00	TELECOM
23. DIAGEO NORTH AMERICA / DIAGEO-GUINNESS	\$595,000.00	BEVERAGES -- BEER ; WINE ; LIQUOR
24. BROOKFIELD FINANCIAL PARTNERS	\$575,000.00	REAL ESTATE
25. LAWRENCE AND SUSAN KADISH	\$559,500.00	REAL ESTATE (FIRST FISCAL FUND CORP)
26. VORNADO REALTY TRUST/ STEVEN ROTH	\$515,600.00	REAL ESTATE
27. NEW YORK STATE BOTTLERS ASSOCIATION	\$508,000.00	BEVERAGES
28. HOWARD COX	\$482,000.00	FINANCE – VENTURE CAPITAL (GREYLOCK PARTNERS)
29. EMPIRE DENTAL PAC	\$479,250.00	HEALTHCARE -- DENTAL
30. UNITED FEDERATION OF TEACHERS	\$474,483.33	LABOR -- EDUCATION
31. CABLE TELECOMMUNICATION ASSOCIATION OF NEW YORK	\$471,618.84	TELECOM
32. BRUCE & SUZANNE KOVNER	\$455,000.00	FINANCE – HEDGE FUND (CAXTON ASSOCIATES)
33. REAL ESTATE BOARD OF NEW YORK (REBNY)	\$449,500.00	REAL ESTATE
34. GENERAL ELECTRIC	\$400,000.00	CONGLOMERATE -- ENERGY ; MANUFACTURING ; MEDIA ; FINANCE
35. DAVID KOCH	\$400,000.00	CONGLOMERATE – CONSUMER GOODS; INDUSTRIAL ; ENERGY (KOCH INDUSTRIES)
36. THE PIKE COMPANY, INC.	\$398,600.00	REAL ESTATE ; CONSTRUCTION

37. H.J. KALIKOW & CO.	\$382,000.00	REAL ESTATE
38. CONSTELLATION WINES	\$339,000.00	BEVERAGES – WINE & LIQUOR
39. FIRST CITY DEVELOPERS / INNER CITY STRATEGIES	\$325,000.00	SHELL DONOR UNDER INVESTIGATION BY FBI
40. ASTRA ZENECA	\$320,950.00	PHARMACEUTICALS
41. ENTERTAINMENT SOFTWARE ASSOCIATION	\$302,100.00	ENTERTAINMENT – VIDEO GAMES
42. GREENBERG TRAUERIG / ED WALLACE	\$293,550.00	LAW ; LOBBYIST
43. CITIGROUP	\$279,077.17	FINANCE
44. LABELLA ASSOCIATES	\$275,721.00	ENGINEERING
45. US CHAMBER OF COMMERCE	\$275,000.00	BUSINESS ASSOCIATION
46. ELI LILLY & COMPANY	\$257,150.00	PHARMACEUTICALS
47. SEIU INTERNATIONAL	\$255,500.00	LABOR
48. PAUL SINGER	\$250,000.00	FINANCE – HEDGE FUND (ELLIOT MANAGEMENT)
49. TISHMAN SPEYER	\$245,000.00	REAL ESTATE
50. HENRY & MARSHA LAUFER	\$244,257.50	FINANCE – HEDGE FUND (RENAISSANCE TECHNOLOGIES)
51. MERCK & CO. INC.	\$243,075.00	PHARMACEUTICALS
52. THE SENECA NATION OF INDIANS	\$235,000.00	TRIBE – GAMBLING ; TOBACCO
53. BERNARD SCHWARTZ	\$231,992.57	RETIRED
54. GLAXOSMITHKLINE	\$225,935.78	PHARMACEUTICALS
55. YANKEE GLOBAL ENTERPRISES	\$218,100.00	SPORTS
56. PFIZER INC.	\$218,000.00	PHARMACEUTICALS
57. THE DONALD ZUCKER COMPANY	\$216,900.00	REAL ESTATE
58. SARATOGA HARNESS RACING/SARATOGA GAMING	\$205,850.00	GAMBLING ; HORSE RACING
59. PATRICIA LYNCH & ASSOCIATES	\$205,001.11	LOBBYIST

## Top 20 Soft Money Recipients

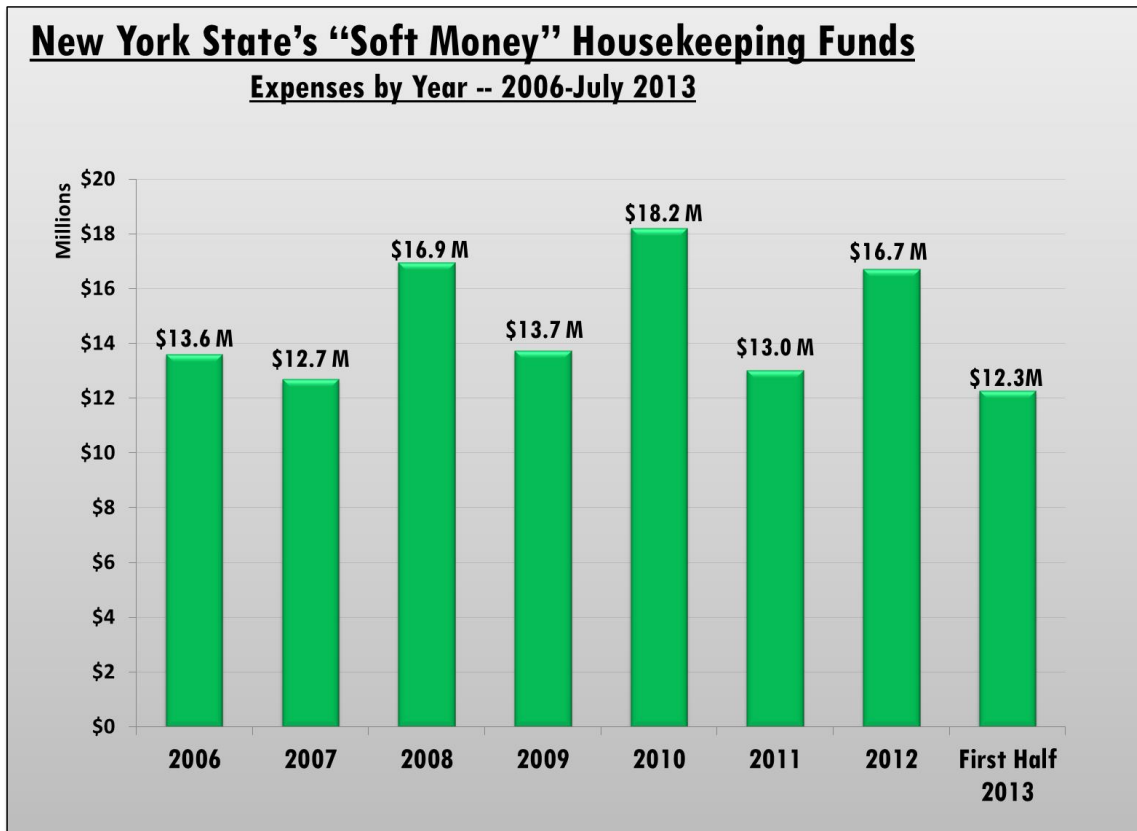
The following top 20 soft money recipients account for over 90% of the \$98 million in soft money raised statewide since 2006.

<b>Top 20 NYS Soft Money Recipients</b>	<b>Soft Money Contributions (2006-Jul 2013)</b>	<b>Committee Name(s)</b>
<b>1. State Senate Republicans</b>	<b>\$20,561,930.36</b>	Two accounts: "NYS Senate Republican Campaign Committee – Housekeeping, and "NYS Senate Republican Conference Committee (Housekeeping)"
<b>2. New York State Democratic Committee</b>	<b>\$12,931,646.87</b>	"New York State Democratic Committee (Housekeeping)"
<b>3. State Assembly Democrats</b>	<b>\$7,349,542.23</b>	Two accounts: "NYS Democratic Assembly Campaign Committee (DACC)" and "NYS Democratic Assembly Campaign Comm. Housekeeping Conference Acct. (DACC)"
<b>4. New York State Conservative Party</b>	<b>\$6,070,086.49</b>	Five accounts: "Conservative Party NYS (Headquarters Account)," "Conservative Party Dinner Committee Housekeeping Account," "State Conservative Campaign Committee," "Conservative Party of NYS (Albany Account)," "New York State Conservative Party (Conference Accounts) (NYSCP)"
<b>5. State Senate Democrats</b>	<b>\$5,578,896.75</b>	"Democratic Senate Campaign Committee – Housekeeping (DSCC Housekeeping)"
<b>6. New York State Republican Committee</b>	<b>\$5,351,088.64</b>	"New York Republican State Committee – Housekeeping"
<b>7. Monroe County Republican Party</b>	<b>\$4,716,184.65</b>	"Monroe County Republican Housekeeping Committee"
<b>8. New York State Independence Party</b>	<b>\$4,593,837.90</b>	Four accounts: "Independence Party of New York State – Housekeeping Account," "NYS Independence Party Housekeeping Account (NYS – New York State)," "NYS Independence Party Chairman's Club," "Independence Party Chairman's Club."
<b>9. Queens County Democratic Party</b>	<b>\$3,838,215.69</b>	"Democratic Organization of Queens County"
<b>10. Working Families Party</b>	<b>\$2,441,779.89</b>	"Working Families Party, Inc."
<b>11. Kings County Democratic Party</b>	<b>\$2,415,583.94</b>	"Kings County Democratic County Committee"

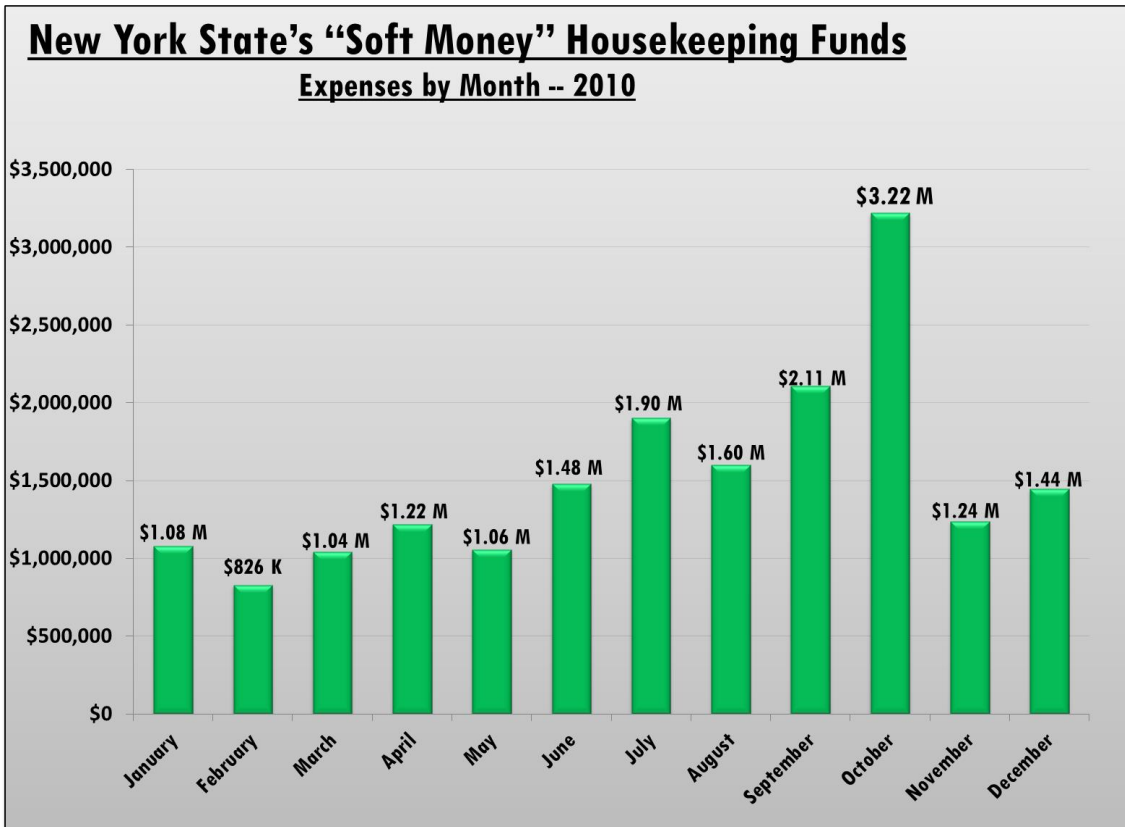
<b>12. Nassau County Democratic Party</b>	<b>\$2,181,414.82</b>	Two accounts: "Nassau County Democratic Committee Housekeeping Account" ; "Nassau County Democratic Committee Operating Account"
<b>13. State Assembly Republicans</b>	<b>\$1,799,795.55</b>	"Republican Assembly Campaign Committee – Housekeeping Account"
<b>14. Bronx County Democratic Party</b>	<b>\$1,790,204.47</b>	"Bronx Democratic County Committee – Housekeeping"
<b>15. New York County Democratic Party</b>	<b>\$1,599,529.05</b>	"New York County Democratic Committee"
<b>16. Monroe County Democratic Party</b>	<b>\$1,412,156.05</b>	"Monroe County Democratic Committee"
<b>17. New York County Independence Party</b>	<b>\$1,339,587.47</b>	"New York County Independence Committee"
<b>18. New York County Republican Party</b>	<b>\$1,057,907.41</b>	Two committees: "New York Republican County Committee," "New York Republican County Committee Housekeeping Account."
<b>19. Erie County Republican Party</b>	<b>\$1,020,390.9</b>	"Erie County Republican Committee-Housekeeping"
<b>20. Onondaga County Republican Committee</b>	<b>\$954,926.96</b>	"Onondaga County Republican Committee Housekeeping"

## Use of Soft Money Accounts for Election Related Spending

The campaign-related nature of many “non-campaign” housekeeping expenses is illustrated by the way in which the expense activity spikes during election years. From 2006-2012, overall housekeeping expenditures are 24% higher on average during election years than during non-election years. The high spending in 2013 reflects the new use of the NYSDC for advertising in support of Governor Cuomo’s policy agenda



Moreover, looking at the distribution of expenses by month on election years and non-election years, it is clear that the spike in spending on election years is due to a higher level of spending during that occurs during the run up to the election from July to October.



The election season spikes in housekeeping expenses are related to hiring high-priced political consultants and spending on advertising and mass-mailings. Common Cause/NY analysis also shows that during the height of the election season, money is often expended out of soft money accounts on or near the same day that hard money committees expend money to the same vendor. From the current state of the campaign finance records, it is impossible to know if the political consultants receiving housekeeping funds are working on campaigns for individual candidates or not.

In recent years it has become disturbingly commonplace for the parties to use housekeeping funds to pay for political advertising during election season. The Senate Republicans, Senate Democrats, New York State Republicans, New York State Conservatives, and New York State Independence Party have all at times used housekeeping money for political advertising, as have many county-level parties on a smaller scale.

#### Examples of Election Season Advertising

1. In August and September 2010, the Conservative Party soft money account doled out \$662,542 to "Multi Media Services" to fund a television advertising campaign in support of Republican gubernatorial candidate Rick Lazio's stance against the location of the Park 51 Islamic community center, aka the "Ground Zero Mosque," in downtown Manhattan<sup>i</sup>. The ads are clearly supportive of Rick Lazio, and Conservative Party Chair Mike Long admitted to the Wall Street Journal that Mercer's donation was "meant to help" Rick Lazio's gubernatorial bid<sup>ii</sup>. Yet it was paid for by non-campaign housekeeping money with the purpose code "OTHER."



2. On October 16, 2012, the Senate Republicans' housekeeping account gave \$211,000 to the NYS Independence Party Housekeeping Account in the form of a schedule p "non-campaign housekeeping" donation. In the Republicans' expense report, the payment is described with the purpose code "OTHER." On the very same day, the Independence Party gave \$210,417.85 to "Strategic Media Placement" [sic] and also itemized the expense as "OTHER." On October 22, 2012, the same exchange from the Senate Republicans' housekeeping account to the Independence Party to "Strategic Media Placement" [sic] occurred once again, this time in the amount of \$100,000.00. These funds were used by the Independence Party to run attack ads against Democratic Senate candidates George Latimer and Terry Gipson<sup>iii</sup>.
3. Other election-related uses of the New York State Independence Party's soft money account include the party's activities in the 2008 and 2009 election funded by Mayor Bloomberg as detailed in Common Cause/NY's full report on soft money "The Life of the Party" ([www.commoncause.org/ny/softmoney](http://www.commoncause.org/ny/softmoney))

## **Issues for Further Investigation by the Moreland Commission**

1. Investigate the timing of contributions by top special-interest soft money donors in relation to relevant legislation and investigate the extent to which special consideration is given to these interests in legislation and policy.
2. Investigate the use of soft money accounts for election-related spending
  - a. Is the use of housekeeping funds to fund election season attack ads a violation of the New York State election law?
  - b. Are the high-priced political consultants paid during election season by soft-money funds being used for prohibited election-related purposes?
3. Examine the parties' sources of funding for election-season soft money expenditures, particularly any instances of transfers from other parties and contributions from special interests which enable apparent electioneering activities.

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<sup>i</sup> John Del Signore. "Meet the Man Who Manufacture the Masses' Mosque Madness." *Gothamist*. January 19, 2011. [http://gothamist.com/2011/01/19/meet\\_the\\_man\\_who\\_manufactured\\_the\\_m.php](http://gothamist.com/2011/01/19/meet_the_man_who_manufactured_the_m.php)

<sup>ii</sup> Andrew Grossman. "Hedge Fund Use Donations to Boost Clout." *The Wall Street Journal*. April 17, 2012. <http://online.wsj.com/article/SB10001424052702304432704577350314102280568.html>

<sup>iii</sup> Kenneth Lovett. "Independence Party goes along with GOP scheme to dodge campaign finance laws, insiders allege." *The Daily News*. March 4, 2013. <http://www.nydailynews.com/news/politics/lovett-independence-party-gop-annex-article-1.1278583>