

**“Muckracking Monday” – Senator Michael Ranzenhofer and the LLC Loophole**

*Analysis by Common Cause/NY shows that the Real Estate Industry makes up 62% of all LLC contributions to his campaign committee*

Glenwood Management is now a household name for its role as “Developer-1” in both of the recent corruption indictments to roil Albany. But, why would a New York City real estate development company, with properties concentrated mostly on the island of Manhattan, be interested in financially contributing to an upstate senator?

Senator Michael Ranzenhofer represents part of Erie and Monroe County and all of Genesee County in the upstate 61<sup>st</sup> State Senate District. He is also the Chair of the Senate Committee on Corporations, Authorities and Commissions.

Through a “Muckracking Monday” analysis, Common Cause/NY found that even though Ranzenhofer’s district office is a six-hour drive from New York City, Glenwood funneled \$94,500 to Ranzenhofer’s senate campaign account through eleven different limited liability corporations (LLCs) over a five year timespan. Leonard Litwin himself, Glenwood’s owner, personally kicked in \$6,500 through a direct contribution.

<b>Glenwood Contributions to Michael Ranzenhofer Campaign Committees by Entity and Year</b>							
<b>Name</b>	<b>2008</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>TOTAL</b>
56TH REALTY LLC	\$0	\$5,000	\$0	\$0	\$10,000	\$0	\$15,000
79TH STREET REALTY LLC	\$3,000	\$0	\$0	\$0	\$0	\$0	\$3,000
80TH REALTY LLC	\$0	\$0	\$0	\$0	\$10,000	\$0	\$10,000
92ND REALTY LLC	\$0	\$0	\$10,000	\$0	\$0	\$0	\$10,000
ARWIN 74TH STREET LLC	\$9,500	\$0	\$0	\$0	\$0	\$0	\$9,500
ARWIN 88TH STREET LLC	\$0	\$0	\$0	\$0	\$10,000	\$0	\$10,000
EAST 46TH REALTY LLC	\$0	\$0	\$0	\$0	\$10,000	\$0	\$10,000
EAST 77TH REALTY LLC	\$9,500	\$0	\$0	\$0	\$0	\$0	\$9,500
EAST 85TH REALTY LC	\$0	\$0	\$0	\$0	\$5,000	\$0	\$5,000
LIBERTY STREET REALTY LLC	\$0	\$10,000	\$0	\$0	\$0	\$0	\$10,000
WEST 37TH STREET PARKING, LLC	\$0	\$0	\$0	\$2,500	\$0	\$0	\$2,500
Leonard Litwin	\$6,500	\$0	\$0	\$0	\$0	\$0	\$6,500
<b>TOTAL</b>	<b>\$28,500</b>	<b>\$15,000</b>	<b>\$10,000</b>	<b>\$2,500</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$101,000</b>

The legal limit that a corporation may contribute, in aggregate, to a New York State campaign committee per year is \$5,000. In 2014, Glenwood went 800% above that limit through five different contributions to Ranzenhofer’s campaign committee. This magic trick is made legally possible by the fact that the New York State Board of Elections treats LLCs as individuals with a \$150,000 contribution limit per year. As you will

see below, Glenwood is not the only corporate entity to make LLC pass-through contributions to Ranzenhofer’s campaign account, but it is certainly the most prolific.

**Senate Bill S.60 – Forever in Limbo?**

During the spring 2015 session, a bill to close the LLC “loophole” by clarifying that LLCs are regarded as corporations passed the Assembly with bipartisan support. The Senate counterpart, S.60, passed the election committee in April and then was referred to the Corporations Committee – chaired by Senator Ranzenhofer - where it languished without a hearing, even though one was requested by the bill’s sponsor.

**LLCs: Small percentage, big punch**

LLCs make up a relatively small percentage of campaign contributions to Senator Ranzenhofer. Independent expenditure committees, political action committees, and Republican party committees make up over 45% of Ranzenhofer’s campaign contributions with an average contribution of \$2,074. Of course, these committees are themselves substantial beneficiaries of anonymous LLC largesse.

<b>Contributions to Ranzenhofer Campaign Committees by Type: 2005 - 2015</b>		
<b>Contributor Type</b>	<b>Total Contributions</b>	<b>Average Size</b>
PAC / Political Committee	\$1,323,175	\$2,048
LLC	\$225,937	\$766
Limited Partnership	\$95,295	\$662
Individual Campaign Committee	\$56,853	\$625
Trade/Civic Association	\$43,236	\$491
Corporate	\$434,958	\$407
Individual	\$708,341	\$270
UNITEMIZED	\$2,474	\$177
<b>TOTAL</b>	<b>\$2,890,270</b>	

LLCs may fill up only 8% of his committees, but each LLC has an average contribution of \$766 – a higher average contribution than every other contributor type besides PACs and political committees.

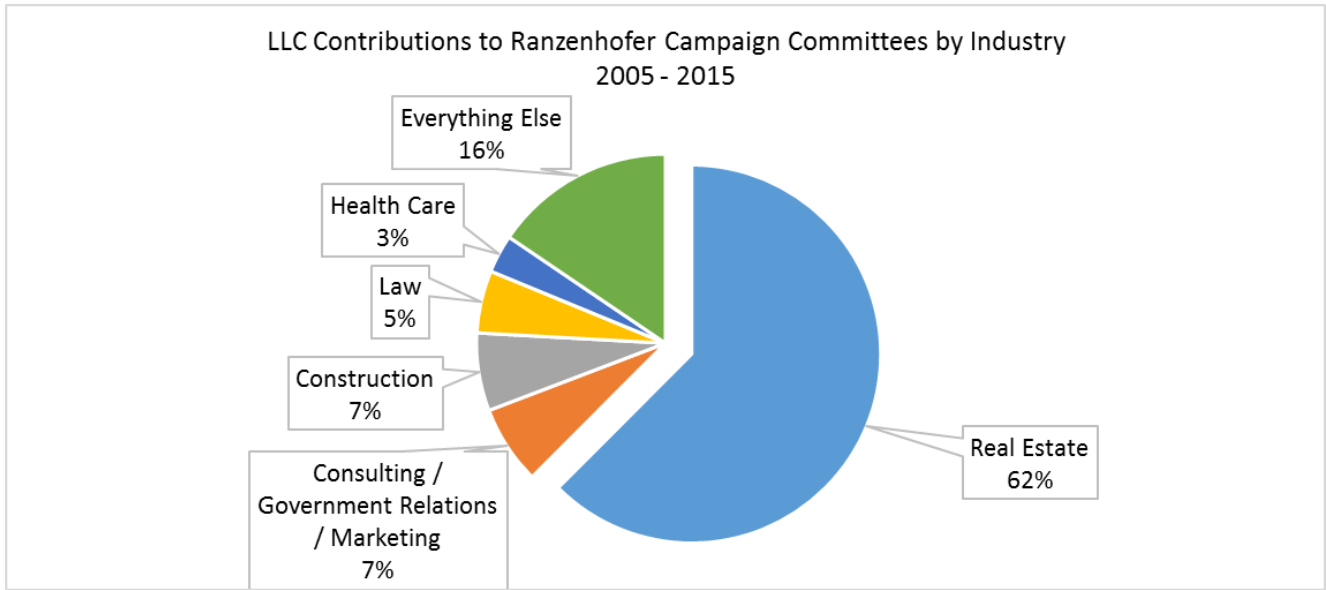
This higher average can be correlated to the predilection of the real

estate industry to use LLCs as hidden cash pass-throughs. Every contributions made by an LLC of \$2,500 or more was made by an entity who is firmly embedded in the real estate industry. This is easy enough to do as each building often has an associated LLC in which to handle rent, maintenance, etc. By using an anonymous LLC that can only be traced through careful sleuthing, a real estate entity can massively multiply its ability to give – and potentially influence – our New York state legislators.

<b>Top 3 Contributions to Ranzenhofer's Campaign Committee by Entity: 2005 - 2015</b>		
<b>Entity</b>	<b>Industry</b>	<b>Total Contribution</b>
NYS Senate Republican Campaign Committee	NYS Republican Party	\$758,490
Glenwood	Real Estate	\$101,000
Rent Stabilization Association	Real Estate PAC	\$61,100

Glenwood Management even makes it on the list of the top three Ranzenhofer contributors, closely followed by political action committee contributions by the Rent Stabilization Association, an organization in which Leonard Litwin is the Vice Chairman.

**Who gives through LLCs?**



LLC entities representing the industries of real estate and construction LLCs make up the top contributors to Ranzenhofer’s campaign committees. In fact, half of the \$282K contributed by the real estate industry into Ranzenhofer’s campaign committee came directly from LLCs.

Top 15 LLC Contributions by Industry as Percent of Total Contributions: 2005 - 2015			
Industry	LLC	LLC Percent of Total	Grand Total
Real Estate	\$141,177	50%	\$282,151
Consulting / Government Relations / Marketing	\$15,200	68%	\$22,300
Construction	\$15,050	6%	\$260,102
Law	\$12,060	17%	\$70,865
Health Care	\$7,375	12%	\$60,165
Insurance	\$7,250	33%	\$22,100
Architecture/Engineering	\$5,000	13%	\$38,598
Beverage Distribution	\$4,575	14%	\$31,750
Farming	\$3,400	100%	\$3,400
Waste Management	\$3,300	100%	\$3,300
Electronic Cigarettes	\$2,500	100%	\$2,500
Gambling	\$1,500	41%	\$3,650
Private Investigators	\$1,450	100%	\$1,450
Senior Citizen Care	\$1,250	79%	\$1,575
Unknown	\$1,200	33%	\$3,625

It is clear that the LLC loophole has been very good to Senator Ranzenhofer, and not just through Glenwood Management. After Glenwood, the Benderson Development Corporation has contributed the most amount of funds through various LLCs. From 2008 through 2015, Benderson gave \$15,127 to Ranzenhofer campaign committees – more than any other individual campaign committee has received outside of the \$38,000 towards Carl Paladino’s failed 2010 run for governor.

Self-described as “one of America’s largest privately held real estate companies,” Benderson is probably best known in Buffalo as one of the main developers for The Erie Canal Harbor Development Corporation’s

(ECHDC) multi-million dollar re-construction of Buffalo’s waterfront. But, the company has also received millions of dollars in sales and property tax breaks throughout New York State through its many projects.

### **A Crazy Quilt of Contribution Types**

Companies don’t give exclusively through LLCs – which leaves a confusing trail of different addresses and titles to try to piece together for one contributor. For example, Carl Palidino’s Ellicott Development real estate company has cumulatively contributed about \$21,000 to Ranzehofer’s campaign account through LLC, individual, and corporate contributions (see table below). This table is a snapshot of contributions made to Ranzehofer’s campaign committees and does not represent the full story. For more information, check out the associated spreadsheet of data.

### **Methodology**

All data was derived from the New York State Board of Election campaign disclosures. Corporate entities and their associated industries were then derived by matching addresses and other identifying information with their public facing websites, news articles, or press releases.

LLC Contributions, of \$1,250 or more, and their associated Entities: 2005 - 2015						
Entity	Industry	Corporate Contrib	Individual Contrib	LLP/LP Contrib	LLC Contrib	Grand Total
Glenwood	Real Estate	\$0	\$6,500	\$0	\$94,500	\$101,000
Benderson Development Company	Real Estate	\$0	\$0	\$0	\$15,127	\$15,127
Samson Management	Real Estate	\$0	\$0	\$0	\$6,500	\$6,500
First Choice Evaluations, LLC	Insurance	\$0	\$0	\$0	\$5,300	\$5,300
Transworld Equities	Real Estate	\$0	\$0	\$0	\$5,000	\$5,000
Hogan Willig	Law	\$0	\$0	\$0	\$4,860	\$4,860
Union Concrete and Construction Corp.	Construction	\$5,500	\$0	\$0	\$4,500	\$10,000
Wendel	Architecture / Engineering	\$1,550	\$3,000	\$0	\$4,250	\$8,800
Great Lakes Concrete Products, LLC	Construction	\$0	\$0	\$0	\$4,250	\$4,250
Universal Management Agency, LLC	Real Estate	\$0	\$0	\$0	\$4,000	\$4,000
Western New York Urology Associates, LLC	Health Care	\$0	\$0	\$0	\$3,800	\$3,800
Waste Management	Waste Management	\$0	\$0	\$0	\$3,300	\$3,300
NEILL & STRONG, PLLC	Law	\$0	\$0	\$0	\$3,175	\$3,175
LeChase Construction Services, LLC	Construction	\$0	\$0	\$0	\$3,150	\$3,150
Kreher's Farm Fresh Eggs	Farming	\$0	\$0	\$0	\$3,150	\$3,150
Try-It Distributin Co., Inc.	Beverage Distribution	\$0	\$14,000	\$0	\$3,000	\$17,000
Greener & Hook LLC	Consulting / Government Relations / Marketing	\$0	\$0	\$0	\$3,000	\$3,000
Masiello, Martucci, Calabrese & Associates	Consulting / Government Relations / Marketing	\$2,575	\$1,200	\$0	\$2,800	\$6,575
Jim Morabito	Real Estate	\$0	\$0	\$0	\$2,700	\$2,700
Perfection Vapes	Electronic Cigarettes	\$0	\$0	\$0	\$2,500	\$2,500
Ellicott Development	Real Estate	\$18,223	\$1,000	\$500	\$2,250	\$21,973
Bolton-St. Johns	Consulting / Government Relations / Marketing	\$0	\$0	\$0	\$2,200	\$2,200
Eastown Plaza Associates LLC	Real Estate	\$0	\$0	\$0	\$2,050	\$2,050
Tonio Burgos and Associates, Inc	Consulting / Government Relations / Marketing	\$0	\$0	\$0	\$2,000	\$2,000
BOND, SCHOENECK & KING	Law	\$0	\$0	\$0	\$1,750	\$1,750
The Regent Companies	Real Estate	\$250	\$0	\$0	\$1,500	\$1,750
Empire Merchants	Beverage Distribution	\$0	\$0	\$0	\$1,500	\$1,500
Probe Services, LLC	Private Investigators	\$0	\$0	\$0	\$1,450	\$1,450
Nidus Development	Real Estate	\$0	\$0	\$0	\$1,250	\$1,250
Alternative Medicine Associates	Health Care	\$0	\$0	\$0	\$1,250	\$1,250
Gotham Government Relations	Consulting / Government Relations / Marketing	\$0	\$0	\$0	\$1,250	\$1,250
LeRoy Manor	Senior Citizen Care	\$0	\$0	\$0	\$1,250	\$1,250