

Senator Andrew Lanza and the LLC Loophole

Common Cause/NY analysis finds that the Senator charged with closing the LLC loophole receives donations from Glenwood and other LLCs

Last week, Governor Cuomo proposed several pieces of legislation, each taking a different approach to closing a loophole that allows limited liability companies (LLCs) to contribute money to New York State campaigns at the same level as an individual person, rather than treating them like other business entities subject to much lower contribution limits. Efforts to close the loophole, which currently allows anonymous wealthy donors to make virtually unlimited contributions to political campaigns, are long-awaited and widely sought after by at least 62 percent of New York voters.ⁱ

The Governor's bill introductions offer one important approach, but it is not too late for our New York State Senate to seize this urgent moment to pass the existing bill, S60B, which has already passed the Assembly with bipartisan support twice and is prepared to move through the Senate. With the state session scheduled to end on June 16th, it is imperative that not only the governor, but lawmakers themselves, address the 97 percent of New Yorkers who favor passing reforms to curb corruption in state government."ⁱⁱ

The bill approved by the Assembly now sits in the Senate Codes Committee, where many fear it will stagnate -- as it did in the Corporations Committee last year -- if it is not soon brought to the Senate floor for a vote. Committee Chair Michael Nozzolio is currently recovering from open-heart surgery, leaving the responsibility with Co-Chair Andrew Lanza to take up the bill before the legislative session draws to a close.

Will Senator Lanza answer New Yorkers' calls for reform? Despite popular support for eliminating the LLC loophole, Lanza has not yet commented or indicated his intention to move forward with the legislation. An examination of Lanza's campaign contributions offers insights into the calculations made by elected officials across New York State: without public pressure, he may have little interest in closing a loophole that has long offered him substantial benefits.

Benefits from a loophole Lanza is tasked with closing

Since his first run for State Senate in 2006, Lanza has received at least \$133,000 from LLCs. This sum includes significant contributions from real estate corporations, lobbying firms, and other powerful interests. For instance, Lanza has received over \$30,000 from affiliates of a Staten Island-based real estate developer, Blue Star Group, which funneled contributions through at least three other LLCs (all bearing the same address) in addition to its own, circumventing the contribution limits that typically apply to corporations.

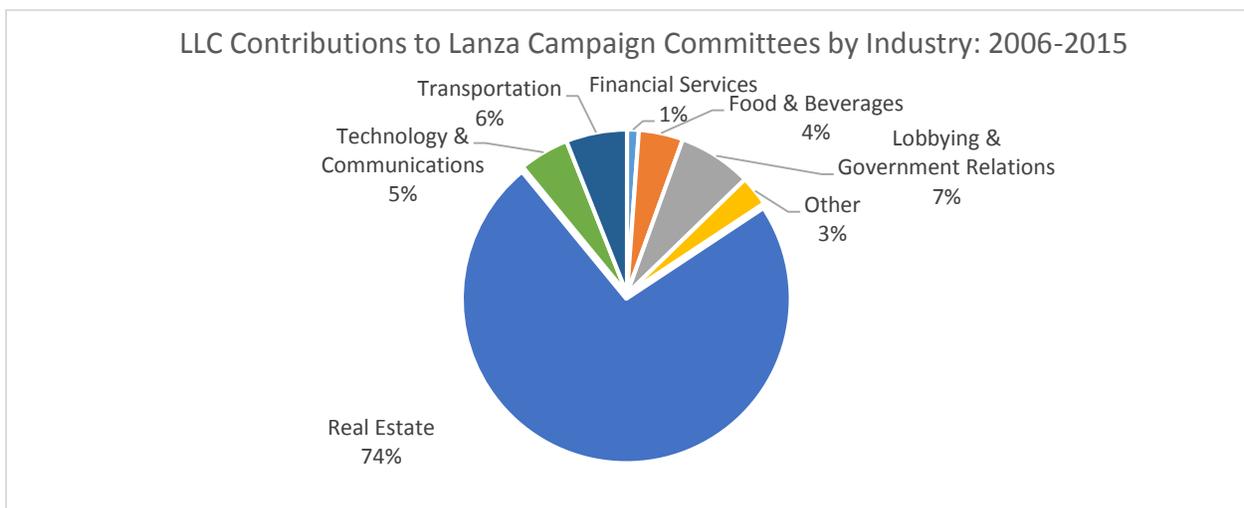
The total also includes \$12,600 from lobbying firms’ LLCs and \$34,000 from six LLCs of real estate giant Glenwood Management Corporation – the company referred to as “Developer-1” in the complaint that led to the convictions for public corruption of former Assembly Speaker Silver and the company implicated in the recent federal public corruption conviction of Senator Majority Leader Skelos.

The role of real estate

Lanza has consistently expressed strong support for a fair approach to real estate development in New York. In a candidate statement during his 2001 run for City Council, Lanza criticized “unbridled development” that “threaten[s] our community way of life.” Over a decade later, Lanza’s website asserts that he has “led the fight against overdevelopment.”

Election Cycle	Contributions by LLCs	Total Contributions	Percent Contributed by LLCs
2006	\$45,125	\$799,350	6%
2007-2008	\$24,540	\$332,897	7%
2009-2010	\$10,950	\$247,370	4%
2011-2012	\$10,800	\$316,179	3%
2013-2014	\$35,150	\$326,315	11%
2015	\$6,435	\$152,492	4%

However, the disproportionate influence of the real estate industry in campaign finance calls into question the credibility of elected officials across the state who claim to confront powerful economic interests -- often the very same interests that provide the bulk of those officials’ campaign contributions. Lanza is no exception: between 2006 and 2014 (the election cycles for which data are fully available), the portion of Lanza’s campaign contributions that came from LLCs increased from 6 to 11 percent. Of these LLC contributions, 74 percent were made by real estate developers.



A bill that would curb the corrupting influence of money in politics now rests in Senator Lanza’s hands. Why hasn’t Lanza taken action? The Senator himself points toward the pervasiveness of powerful interests like Glenwood for lawmakers throughout New York State: as Lanza phrased it in February, “Wherever you have power, there’s always going to be the potential for the abuse of power, always. So as long as anyone has a vote here, hypothetically, they could sell their vote.”ⁱⁱⁱ

Methodology

All data for this analysis were 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. For a more detailed record of Lanza’s largest campaign contributions, see table below.

ⁱ “Poll: 89 Percent Say Corruption in NYS Government a Serious Problem.”

http://www.syracuse.com/state/index.ssf/2016/02/poll_new_yorkers_say_corruption_in_state_government_very_serious_problem.html

ⁱⁱ “Poll: 97 Percent of NY Voters Want New Laws to Combat State Government Corruption.”

http://www.syracuse.com/politics/index.ssf/2016/05/poll_97_percent_of_ny_voters_want_new_laws_to_combat_state_government_corruption.html

ⁱⁱⁱ “Lanza, Savino on Albany Ethics: Work Together, Be Fair.”

http://www.silive.com/news/index.ssf/2016/02/sens_lanza_savino_on_ethics_wo.html

Research assistance by Noah Wagner, Common Cause/NY Research Intern

Top LLC Contributors to Andrew Lanza's Campaign Committee, 2006-2015

Real Estate	\$134,725
Glenwood	\$34,000
Blue Star Group	\$30,050
Jimmy Silber	\$6,000
PC Group	\$5,000
Solon Realty & Development Company LLC	\$5,000
Andrew Gonchar	\$3,000
Athineos Enterprises	\$3,000
Richard Nicotra	\$2,750
Aldo Puletti	\$2,500
Savo Brothers	\$1,850
Craig Watkins	\$1,500
Frank Naso	\$1,025
Unknown	\$1,000
Lobbying and Government Relations	\$10,800
Constantinople & Vallone Consulting LLC	\$3,175
Cynthia Dames	\$2,550
David Schwartz	\$1,175
Bolton-St. Johns	\$1,000
Capitol Group	\$1,000
Transportation	\$7,150
NY Container Terminal	\$6,150
Corporation Service Company	\$1,000
Technology and Communications	\$6,000
Rivada Networks	\$5,000
ParksByNature Network	\$1,000
Food and Beverages	\$5,425
Anheuser Busch	\$2,000
Rich Ippolito	\$1,925
John Magliocco	\$1,500
Other	\$3,260
A Toys LLC	\$1,910
Waste Management of NY	\$1,350