



NEW YORK STATE SENATOR

Joseph P. Addabbo Jr.

Addabbo Testifies Before NYS Attorney General Regarding Need for Stronger Regulation of 501(c) (4) Not-for-Profit Groups in Political Campaigns

JOSEPH P. ADDABBO JR January 29, 2013

Points to Shady Election Mailers Sent into His Senate District During General Election by Mysterious “Common Sense Principles” Organization

Queens, NY, January 29, 2013 -- NYS Senator **Joseph P. Addabbo, Jr.** (D-Queens), today was invited to testify before a panel representing the New York State Attorney General Eric Schneiderman regarding new regulations being proposed by the Attorney General to crack down on shadowy political activities engaged in by certain not-for-profit social welfare organizations. His statement and testimony follow:

During my recent election campaign, many negative mailings were sent into my district by an out of state group called ‘Common Sense Principles’ attacking my ethics and integrity,” said Addabbo. “But it was unclear who these people were, where they were based, who supported them and why they had such a particular interest in my specific campaign. New regulations being proposed by the Attorney General would require more disclosure by these groups and ensure some needed transparency and information in our election system.”

These groups, registered under the law as 501(c)(4) social welfare organizations, have come under growing scrutiny in recent election cycles for mailings, television advertising and other activities they have funded that tend to disparage certain candidates for public office. Their origins are often difficult to trace, their contributors are not a matter of public record, and it is unclear whether contributors to these groups are aware of how their donations may be used. They have been a fixture of the national political scene for some years and are now becoming more active in state-level elections.

Senator Addabbo’s Testimony Before NYS Attorney General Schneiderman

Thank you for holding these hearings. I am here to support the Attorney General's proposal to require 501(c)(4) organizations to disclose their donors who give money that can be used for campaign advocacy.

501(c)(4)s are increasingly raising money in the name of so-called "social welfare" but are actually spending that

money on defeating or supporting candidates. Our state's laws governing non-profits were not meant to subvert campaign finance rules, and were not meant to trick constituents and donors into funding political campaigns. Yet, without these regulations, that is just what they do – trick and mislead. Much has been said about the role of shadowy 501(c)(4) groups at the national level in our last federal election cycle. I can say first-hand that this problem has come home to New York State.

In my election, an out of state 501(c)(4) named "Common Sense Principles" sent mailers attacking me and my integrity. To this day, neither I nor my constituents know how they raised money or who funded them. The organization was traced by journalists to a post office box belonging to a Virginia-based political consultancy with ties to national Republicans.

In short, this was misleading -- and it sure wasn't the promotion of "social welfare." Why a group of people from Virginia were so interested in my election is beyond me.

Common Sense Principles further tried to hide the fact that they were electioneering by engaging in election-targeted issue advocacy. We all know the trick. Their flyers -- sent shortly before the election -- listed bullet point after bullet point of false ethical charges against me and then, at the end of this long and false list, urged voters, in small print, to call my office regarding a purported ethics bill that was not even introduced in the State Senate. The kinds of ads ran against me are neither "social welfare" nor "issue advocacy." I am glad your proposed regulation sees through this trick with your narrow and appropriate definition of election-targeted issue advocacy.

Common Sense's fundraising activity is also unknown and confusing. An average donor who receives a solicitation from Common Sense Principles may not know they were funding direct political activity. This would be especially so if they read the group's statement of principles, which includes generalizations regarding its intention to "advocate on behalf of the principles and policies envisioned by our Founding Fathers" and the need to "restore the fundamentalism that our government was built on.

Moreover, the evidence strongly suggests that the secret nature of 501(c)(4) funding is used to hide tax fraud. 501(c)(4)s, under Internal Revenue Service rules, are not allowed by federal law to predominately engage in electioneering. Yet, I see no evidence that groups like Common Sense Principles do anything else but engage in thinly-veiled electioneering.

In short, the Attorney General's regulation is needed in this state to address a real - and not hypothetical -- problem. It is to address real - and not hypothetical -- corruption.

I respectfully urge the Attorney General to adopt these regulations to fight donor fraud, the corruption of state and local elections in New York, and to ensure that citizens who do want to fund elections can do so by being provided with necessary information.

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