



NEW YORK STATE SENATOR

Daniel L. Squadron

Senator Squadron, Assebmembers Kavanagh & Simon, Citizen Action, Citizens Union, Common Cause, Reinvent Albany, Release Squadron Report On LLC Loophole

DANIEL L. SQUADRON December 2, 2015

| ISSUE: **LLC LOOPHOLE**, **CAMPAIGN FINANCE REFORM**, **OPEN GOVERNMENT**, **GOOD GOVERNMENT**, **ALBANY REFORM**

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Squadron: The LLC Loophole Is Big Enough To Drive A Brink's Truck Through

Squadron Report Puts Numbers (and Names) Behind LLC Loophole

NEW YORK – Today, State Senator Daniel Squadron, Assemblymembers Brian Kavanagh & Jo Anne Simon, Citizen Action of New York, Citizens Union, Common Cause, Reinvent Albany, and advocates announced results from Squadron's report (attached) on the use of

the Limited Liability Company (LLC) Loophole by campaign contributors. The report found significant LLC Loophole exploitation in state elections contributions.

Squadron's report found:

- The top 5 LLC contributors: (1) Tishman Speyer Development LLC; (2) Harris Beach LLC; (3) SL Green Management LLC; (4) Related Sales LLC; (5) Hinman Straub Advisors LLC.
- When linking the LLCs by addresses, Glenwood Management and Cablevision associated addresses were the highest contributors in 2014.
- Median contributions from LLCs were six times higher than median individual contributions.
- Numerous corporations used multiple LLCs to skirt \$5,000 campaign contribution limits.
- Multiple LLCs could be traced to single addresses, with actual LLC ownership information often effectively obscured.
- In one instance, a contributor's address was listed as "123 – IDK."

Squadron's report recommended:

- Reversing the 1996 Board of Elections decision that classified LLCs as individuals, contravening the letter and purpose of the state's campaign finance law to limit contributions and ensure transparency of the state's campaign finance law. A lawsuit has been filed by the Brennan Center and others, in which Squadron/Kavanagh are plaintiffs, to do just that.
- In addition to asking the courts to apply the law as written, the LLC Loophole could also be closed legislatively, including through passage of Squadron/Kavanagh/Simon legislation, such as S60/A6975 & S2052/A2614.

"You shouldn't have to be Sherlock Holmes to follow the money in state elections," said **State Senator Daniel Squadron**. "As we've seen time and time again, when unlimited, anonymous corporate dollars enter government and politics, everyday New Yorkers get muscled out. It's time to close the LLC Loophole, once and for all. Thank you to Assemblymembers Kavanagh & Simon, Senator Krueger and my colleagues, the Brennan Center, Citizen Action of New York, Citizens Union, Common Cause, Reinvent Albany, NYPIRG, LWVNYS and other advocates for their continued partnership."

Senator Brad Hoylman said: "The LLC loophole was 'Exhibit A' in the recent federal trial and conviction of former Speaker Sheldon Silver. Unless we act now to close it, Albany will have lost a prime opportunity to regain the public trust. I'm grateful to my colleague Senator Squadron for this important report and look forward to working with him and Assembly Members Kavanagh and Simon to close this loophole and roll back the influence of dark money in New York politics."

"Sen. Squadron's report emphasizes yet again what is by now a glaringly obvious fact – the LLC loophole is undermining the integrity of our democracy. As the trials of former legislative leaders have shown, companies taking advantage of this loophole are hurting everyday New Yorkers and contributing to a crisis of corruption in Albany. I thank Senator Squadron, Assemblymembers Kavanagh and Simon, and the tireless advocates for their continued efforts to close the LLC loophole," said **State Senator Liz Krueger**.

"Senator Squadron's report shows again in gory detail how the LLC loophole has been abused, rendering our state's contribution limits meaningless and essentially allowing for legalized bribery," said **Dick Dadey, Executive Director of Citizens Union**. "We need immediate action by the legislature to close this loophole, which has been front and center of the corruption trials of former leaders Sheldon Silver and Dean Skelos."

"Secretly buying influence in Albany isn't just easy, it's legal," said **Jessica Wisneski, Legislative and Campaigns Director for Citizen Action of New York**. "Everyday New Yorkers will continue to be drowned out by CEO campaign contributors until we have comprehensive campaign finance reform including closing the LLC loophole and passing publicly funded elections."

"The findings in this report directly correlate to Albany's closed door culture of quid-pro-quo," said **Prudence Katze, Research and Policy Manager at Common Cause NY**. "Jurors in the Silver trial did not buy the "business as usual" excuse and Common Cause NY now urges our state Senate to heed their constituents by passing S60 – treating LLCs as the corporations that they are."

"The LLC loophole makes New York's campaign finance rules a complete joke. The LLC loophole is an invitation for legalized bribery. It is no coincidence that Glenwood Management, the biggest abuser of the LLC loophole, is featured in both the Silver and Skelos trials," said **Dominic Mauro, staff attorney for Reinvent Albany**.

"This report illustrates once-again the critical importance of closing the long-standing LLC loophole and stemming the flow of big money in politics. Now, more than ever, is the time to step up the fight against corruption in Albany," said **Barbara Bartoletti, LWVNYS Legislative Director**.

Russ Haven, NYPIRG Legislative Counsel said: "The LLC loophole epitomizes all that's wrong with business-as-usual in Albany: It was created by a feckless watchdog agency, the Board of Elections; it's exploited by fat cat special interests; and it's defended by status quo political leadership. It is no accident LLCs are at the heart of corruption scandals. But the handwriting is on the wall and the LLC loophole's days are numbered."

Squadron's report analyzed the 11,000 LLC contributions made in the 2014 filing year.

Squadron and Kavanagh have long carried legislation to close the LLC loophole, and better

enforce contribution limits. They are also litigants in a Brennan Center suit to close the LLC loophole, along with Senator Krueger and others.

RELATED LEGISLATION

2015-S60A

- Introduced

- - In Committee Assembly
 - In Committee Senate

- - On Floor Calendar Assembly
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December 17, 2014

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- - On Floor Calendar Assembly
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