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NEW YORK CITY DEPARTMENT OF PLANNING FOR
MAYOR'S OFFICE OF CONTRACT SERVICES

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PUBLIC HEARING

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22 Duane Street

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5:45 p.m.

B E F O R E :

HON. HERBERT BERMAN

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2 CHAIRMAN BERMAN: Good evening, Ladies and
3 Gentlemen. My name is Herbert Berman. I'm the
4 chairman of the New York City Lobbying
5 Commission. The Commission welcomes you to this
6 fifth public hearing. This evening will be open
7 mike night at the Lobbying Commission and I invite
8 anyone who wishes to discuss any issue related to
9 lobbying laws or the regulations of the lobbyists'
10 business of New York City to address the
11 Commission.

12 I want to take a moment to summarize where we
13 are at this point. About three months into our
14 six-month tenure, we had four public hearings to
15 date, and these hearings involved one exclusively
16 with the City Clerk's Office and the other
17 agencies involved in implementing the lobbying
18 laws. A hearing which we heard from the State
19 Commission on Public Integrity, a hearing of which
20 we discussed the issues relating to the lobbying
21 firms official and our last hearing was issues for
22 not-for-profits. A lot of issues had been raised
23 ranging from large issues, such as what the
24 threshold for lobbying should be and when lobbying
25 should be actually deemed to have begun for the

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2 purposes of law. Of course, the technicalist
3 issues, such as use of pre-populated screenings on
4 the E-Lobbyist system and whether income should be
5 reported on a cash or accrual basis. The
6 important issues relating to enforcement and
7 public access to information have been raised as
8 well. It is important for this Commission to
9 consider all of these issues. Whether or not we
10 end up making recommendations relating to all or
11 any of them is another story. The largest scope
12 issues will have an impact on who is covered by
13 our laws, but it is also important to acknowledge
14 that the technical issues can have an impact on
15 the ease or the difficulty of the compliance with
16 the law and enforcement and transparency continue
17 to be a key to achieving the objects of the law.
18 So, I'm asking our staff to work over the next
19 couple of weeks at going through all of the
20 testimony, conducting follow-up conversations with
21 advocates and commissioners on the various issues
22 that have been raised and complying and
23 prioritizing a list of issues. I urge each of my
24 fellow commissioners to reach out to the staff
25 with their list of issues as well. The Commission

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2 will then announce a public meeting at which we
3 will discuss these issues and direct the staff as
4 to which issues and recommendations to include in
5 our preliminary report. Once the preliminary
6 report is issued, we will have another public
7 hearing to hear the comments of all interested
8 parties, and then we will begin drafting our final
9 report. With that, I'd like to take the
10 opportunity to introduce my colleagues on the
11 Commission, and they are Jamila Ponton Bragg,
12 Margaret Morton and Elisa Velazquez, and Leslie
13 Horton is not here. She will be here soon.

14 Thank you, ladies and gentlemen.

15 Do any of my fellow commissioners have any
16 comments that they'd like to make?

17 (All committee says no.)

18 CHAIRMAN BERMAN: Is there anyone here who
19 would like to testify? Sir, identify yourself and
20 your affiliations.

21 MR. DADEY: My name is Dick Dadey. I'm the
22 Executive Director of Citizens Union joined by
23 Alex Camarda, our Public Policy and Advocacy for
24 Citizens Union Policy Director. As you know,
25 Citizens Union is an independent, non-partisan,

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2 civic organization of New Yorkers who promote good
3 government and promote political reform in our
4 city and state. For more than a century, Citizens
5 Union has served as a watchdog for the public
6 interest and an advocate for the common good.

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8 We thank you for holding yet again another
9 hearing this evening. Citizens Union has
10 previously testified before this Commission on
11 making administrative processes related to
12 lobbying, reporting and disclosure easier for all
13 lobbyists. Tonight our testimony focuses on
14 concerns we have over the nexus between lobbying
15 and campaign activity, specifically lobbyists who
16 also bundle contributions or provide strategic
17 consulting services for campaigns.

18

19 Before we discuss our recommendations in this
20 area, we'd like to provide background information
21 on lobbying activity and campaign fundraising and
22 consulting by lobbyists since the laws were last
23 changed in 2006.

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25 Earlier today Citizens Union released a
report to the media outlining our recommendations
and the underlying rationale why we believe, not
only changes are needed but significant reform in

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2 the way the lobbying law is enforced to proceed.

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4 Lobbying activity has risen across all

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sectors of government in recent years, as measured

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by the expenditures and revenues made by

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lobbyists. This increase reflects the growing

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sense that retention of the lobbyists can amplify

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one's voice before elected officials and other

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decision-makers much more so than simply

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petitioning government more so than without one.

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Lobbyists often provide a needed service, both for

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those they represent and those in government.

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Their knowledge of particular issues and

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understanding of how government works can be

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helpful in presenting useful information, offering

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new ideas and providing solutions. The problem of

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disproportionate influence arises, however, when

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their access crowds out the voices of others who

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may not have the same level of access or ability

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to be listened to by important government decision

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makers. While Citizens Union supports citizens

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retaining professional assistance to aid them in

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constitutional right to petition government, our

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organization remains particularly concerned with

the nexus between campaign involvement and

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2 lobbying activity and the disproportionate
3 influence that may arise from that connection.
4 The influence that lobbyists exist because of
5 their knowledge, expertise and strength of their
6 relationships with elected officials is enhanced
7 when coupled with campaign assistance either in
8 the form of providing strategic services or with
9 campaign contributions that are made directly to,
10 or bundled for candidates for elected office.

11 The 2006 lobbying reform laws brought needed
12 disclosure to the dual practice of campaign
13 consultants and who also provide lobbying services
14 and vice versa. It is also limited to the
15 perceived or actual influence of lobbyists by
16 limiting the size of their direct campaign
17 contributions and not matching them with public
18 funds. But in achieving this reform, it shifted
19 the sphere of influence from those who give to
20 those who solicit contributions, essentially
21 giving added power to those lobbyists who raise
22 money.

23 I'm going to now ask my colleague, Alex
24 Camarda to give other parts of the testimony.

25 MR. CAMARDA: I'm Alex Camarda. I just want

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2 to provide some background on lobbying activity
3 and also campaign contributions since the laws
4 were last revisited in 2006.

5 Regarding lobbying activity, a record \$3.49
6 billion was spent lobbying at the federal level in
7 2010 by lobbyists and special interests, more than
8 doubling the amount spent in 1998 of \$1.44
9 billion. A record \$213 million was spent on
10 lobbying in Albany in 2010 by registered special
11 interests. Spending on state lobbying is more
12 than double the amount spent just eight years
13 earlier in 2002 of \$92 million and nearly 12 times
14 the amount spent in 1987 of just \$18 million.
15 Lobbying activity has grown in the City as well.
16 In 2005, there was just 233 lobbyists and 1,297
17 clients registered with the City Clerk's Office.
18 As of February 28, 2011, 734 lobbyists and 2,494
19 clients were registered with the City Clerk's
20 Office, a dramatic increase of 315 percent in the
21 number of lobbyists and 192 percent in the number
22 of clients since 2005.

23 In 2010, \$49.3 million was earned by
24 lobbyists lobbying New York City government, more
25 than \$5 million or 12 percent more, than what was

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2 earned in revenues in 2006. The top 10 lobbyists
3 in 2010 made \$20.9 million in revenues, 42 percent
4 of the total amount earned from lobbying by all
5 lobbyists. In short, the number of lobbyists and
6 clients, and the revenues lobbyists have made in
7 New York City have all increased substantially
8 since the lobbying law was last revisited in 2006
9 and, in part, can be attributed to the 2006 law
10 that resulted in greater efforts to get previously
11 undocumented lobbying activity to be reported.

12 Moving onto Lobbyists and Campaign
13 Contributions, Lobbyists who make campaign
14 donations to elected officials may be thought to
15 have leveraged their influence on policy decisions
16 because of their campaign contributions rather
17 than solely on the merits of the policies for
18 which they advocate or the expertise they bring to
19 policy formation.

20 For that reason, the City put into place in
21 February 2008 restrictions lowering the amount of
22 money lobbyists can give campaigns to a maximum of
23 \$400 for citywide office and \$250 for City Council
24 as part of a larger effort to limit contributions
25 by those who do business with the City.

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2 Consequently, contributions from those doing
3 business with the City have dropped significantly,
4 according to the Campaign Finance Board's 2010
5 annual report, from 12.6 percent of all
6 contributions to candidates to 3.6 percent.
7 Lobbyists, however, still make a disproportionate
8 number of contributions among those doing business
9 with the City. According to the CFB's 2010 annual
10 report, 30 percent of all the contributions made
11 by doing business contributors for the 2009
12 election cycle were made by lobbyists. This is
13 only for a two-year period because they only went
14 in effect February 2, 2008. Each lobbyists made,
15 on average, 3.4 contributions, nearly twice as
16 many as non-lobbyists in the doing business
17 database. The top contributor in the doing
18 business database, for example, made 48 different
19 contributions to 38 different candidates.
20 Employees and immediate family of the 2010 top
21 five lobbying firms, even with the doing business
22 restrictions lowering the amount lobbyists can
23 give to campaigns, still made 188 contributions
24 totaling \$59,318 since the doing business
25 restrictions went into effect in 2008, according

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2 to queries made by Citizens Union on the CFB
3 searchable database. The CFB also estimates that
4 information they get on lobbyists actually
5 understates their influence, as the data from the
6 City Clerk's Office is of a lesser quality than
7 that of other entities that provide information to
8 the DBDB.

9 While lobbyists currently face a limit up to
10 \$400 on contributions per candidates with no
11 public match on the amount they donate, there are
12 no restrictions on contributions or the public
13 match when lobbyists act as intermediaries and
14 bundle contributions from others. Intermediaries
15 do have to disclose contributions they bundle,
16 meaning those that they deliver to or solicit for
17 candidates. While complete data on the number of
18 lobbyists who are intermediaries is not readily
19 available, Citizens Union has data from the
20 Campaign Finance Board that suggests lobbyists are
21 a significant proportion of intermediaries. For
22 the 2009 election, of the 138 intermediaries
23 bundling contributions over \$9,900 which is double
24 the individual limit for a contribution for mayor,
25 39 are lobbyists, a lobbying organization or a

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2 client. Together they bundled \$811,806 and
3 received \$310,788 in matching public money. A
4 separate analysis we did find that of the 41 of
5 the intermediaries bundling more than \$15,000 for
6 the 2009 election, nine intermediaries were
7 registered lobbyists during the same period.
8 Together they bundled \$211,600. These informal
9 surveys of intermediary data show that more than
10 20 percent of intermediaries bundling large sums
11 of contributions are lobbyists. I will turn the
12 proposal issue over to Dick Dadey.

13 MR. DADEY: To address this situation, we are
14 proposing that lobbyists be limited in leveraging
15 their political campaign involvement to greater
16 influence governmental decision. We believe that
17 matching funds should be prohibited from
18 contributions bundled by lobbying organizations or
19 clients. The existence of restrictions on direct
20 contributions by lobbyists now creates incentives
21 for lobbyists to bundle contributions,
22 undercutting the 2006 and 2008 reforms that
23 limited their ability to give individually to the
24 very individuals they were lobbying. This
25 incentive applies not only to lobbyists but to all

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2 those doing business with the City who have their
3 direct contributions limited but not the
4 contributions they raise. The Commission may want
5 to consider repealing the public match on all
6 contributions solicited by bundlers doing business
7 with the City. Because lobbyists also advocate on
8 policy before the same candidates they bundle
9 contributions for, Citizens Union believes
10 repealing the public match should first be applied
11 to lobbyists.

12 Lobbyists and Campaign consulting services
13 are a major part of the debate in 2006-2007 for
14 the lobbying and campaign finance laws were last
15 revised was how to address the influence of
16 rapidly growing firms that combined both lobbying
17 and campaign-related or political consulting
18 services. Citizens Union testified at that time,
19 noting the rapidly increasing number of these
20 firms, and the enormous perceived if not actual
21 influence the firms exercised as a result of
22 helping to elect the very officials that they then
23 later lobbied on behalf of their clients.
24 Citizens Union released data that showed the most
25 lucrative of these firms made millions of dollars

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2 per election cycle offering a combination of
3 campaign and political consulting, professional
4 fundraising, and lobbying services.

5 Proposals gained traction in 2006-2007 that
6 would curtail lobbying by firms that also offered
7 campaign-related and consulting services. The
8 city's Conflict of Interest Board initially issued
9 a memo indicating public officials would have to
10 recuse themselves from handling issues lobbied on
11 by firms which public officials received
12 campaign-related or consulting services from. The
13 COIB, however, backtracked when questions were
14 raised about the legality of the proposal,
15 although San Francisco's Ethic Board banned the
16 practice of multi-service firms lobbying officials
17 they had helped to elect. Ultimately, these
18 multi-service firms were required to disclose
19 information about their campaign and political
20 consulting fundraising services to the City
21 Clerk's Office in a report that details the
22 lobbyists for the firm, the candidates receiving
23 such services, the charges for the services, and
24 the amount of money raised for each candidate who
25 is a client if applicable.

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2 CHAIRMAN BERMAN: Excuse me. Are you
3 referring to under New York lobbying laws or San
4 Francisco?

5 MR. DADEY: New York lobbying laws.

6 The Disclosure was a necessary first step in
7 addressing the rise in multi-service firms that
8 help the numerous candidates for city office get
9 elected and then soon lobby them. The perception
10 persists, however, that candidates who get elected
11 through the campaign services of lobbying firms
12 may feel obligated to support policies advocated
13 by the lobbying firms after they are elected.
14 According to the data provided by the CFB, of the
15 80 companies earning over \$100,000 for
16 campaign-related services in the 2009 election
17 cycle, 9 or 11.5 percent, were registered
18 lobbyists that provided campaign
19 consulting-related services. Three of these firms
20 made upwards of \$1 million dollars for selling
21 such services.

22 Again, the situation and arguably, Citizens
23 Union recommends that candidates who participate
24 in the city's campaign finance program be
25 prohibited from using public matching funds to

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2 purchase campaign consulting services from firms
3 that also provide lobbying services. Citizens
4 Union does not believe that taxpayer dollars
5 should be used to foster a practice in which
6 public funds are being paid to campaign firms
7 which also lobby their previous clients should
8 they win elected office. There are already a
9 number of restrictions on the use of public money
10 by campaigns, including prohibitions against using
11 public funds for challenging ballot petitions and
12 contributions, and loans or transfers to other
13 candidates or committees. Campaigns not providing
14 receipts for qualified services purchased with
15 public money must currently refund that public
16 money to the Campaign Finance Board. The
17 participation in the campaign finance program is
18 voluntary and it is appropriate to place such
19 restrictions on how the public funds are spent.
20 Our proposal is a reasonable addition to these
21 prohibitions, and one we believe is legally
22 permitted since all candidates voluntarily opt
23 into the public campaign finance system with the
24 requirement that they will abide by certain rules
25 like spending limits in order to receive taxpayer

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2 dollars.

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There are two main recommendations to you tonight. There are a number of other proposals that go beyond those we previously testified about in front of you. I'm going to turn the rest of our testimony over to Alex Camarda who will focus on those.

MR. CAMARDA: The last two pages, pages 5 and 6, thank you for the amount of time spent reading this. I will reiterate some of the proposals we already made before this Commission and also discussed with the staff. I will just highlight a few that I don't think were mentioned here before the Commission. One of our ideas for improving the administration of the lobbying laws is to move the lobbying laws and enforcement of them from the City Clerk's Office to the Campaign Finance Board. That's something that we recommended as part of our charter revision recommendations in 2010. Just generally speaking, our position on this issue is that we feel that ethics campaign finance reporting and enforcement and also lobbying reporting and enforcement ought to be housed under one entity. With regard to public

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2 servants and the revolving door, those who then go
3 into the private sector and return to lobbying the
4 agency or the elected officials for which they
5 worked, we think there should be an extension from
6 one year to two years on that period where former
7 public servants can't return to their former
8 employer and then lobby on the various issues they
9 may have worked on. That is the case of the state
10 level and it's one of the rare instances which the
11 state has stronger laws than the city on issues
12 like this. And then lastly, just two other issues
13 that we've focused on but have not spoken about
14 the before the Commission, we'd like to see the
15 definition of lobbying expanded to include the
16 period before the introduction of bills so that
17 lobbying is not just reported on bills that have a
18 number and lobbied on but during the important
19 stage which they are drafted. We'd like to see
20 the City Clerk's Office to report to the mayor's
21 management report so there's transparency related
22 to the work they do. And then finally, campaigns
23 and candidates are allowed to send back any
24 contributions from lobbyists that are over the
25 limit, this is for direct contributions, within a

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2 20-day period without any penalty. They can do
3 this many times over for many contributions for
4 different campaigns for the same candidate for
5 different cycles. We think that, you know, it's
6 fine up to a 20-day period initially, but if they
7 are repeated offenses, there ought to be a penalty
8 and there shouldn't be a 20-day period where the
9 funds could be returned. That summarizes our
10 recommendations and we appreciate the time you've
11 given.

12 CHAIRMAN BERMAN: Your recommendation
13 transferred the function for the City Clerk to the
14 Conflicts of Interest Board, what is the reason
15 for that?

16 MR. DADEY: It's CFB.

17 CHAIRMAN BERMAN: Campaign Finance Board.

18 MR. DADEY: The rationale is not outlined in
19 detail within our testimony. It is outlined in
20 the report we issued today. Essentially the parts
21 of this are as follows: The City Clerk is
22 appointed by the City Council and charged with
23 oversight of lobbying that takes place before the
24 City Council. We believe that that provides or
25 presents an opportunity for conflict of interest.

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2 CHAIRMAN BERMAN: Who appoints it?

3 MR. CAMARDA: The Campaign Finance Board has
4 more of a -- both the mayor and council making
5 separate appointees and agreeing on their chair.

6 CHAIRMAN BERMAN: That's equally political.

7 MR. CAMARDA: It's balance between the
8 executor branch and the legislative branch. It's
9 a committee of five, not one. The Campaign
10 Finance Board has demonstrated its ability --
11 because it has the decision-making process of
12 appointees as opposed to -- and neither of those
13 five actually make -- are not employees of the
14 city.

15 CHAIRMAN BERMAN: Your complaint is the --

16 MR. CAMARDA: It's about the institutional
17 structure of the oversight.

18 CHAIRMAN BERMAN: And that members of the
19 City Clerk is less objective than is --

20 MR. CAMARDA: There's a potential conflict
21 given the fact that the City Clerk is a --

22 CHAIRMAN BERMAN: Do you have any evidence or
23 is it potential?

24 MR. CAMARDA: It's a potential. There have
25 been -- let's leave it at that.

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2 CHAIRMAN BERMAN: You also indicated that
3 there's been a significant number of lobbyists
4 over the last several years. Have you traced a
5 reason for that? Is there any particular reason
6 for that?

7 MR. CAMARDA: You know, it's happened on the
8 federal level and on the state level. I think
9 that people, you know, interest groups,
10 corporations, other entities feel like in order to
11 have their rights effectively heard and have the
12 kind of influence in a very competitive market,
13 you know, trying to get issues across to
14 governments with many interests that it's better
15 to have retained counsel just as you wouldn't want
16 to go in a court of law without having someone who
17 has the expertise on how to navigate the
18 government and present issues. Having registered
19 lobbyists, Citizens Union believes there is
20 nothing wrong with that.

21 CHAIRMAN BERMAN: I was a legislator for 26
22 and a half years, I dare say that most of us was
23 incapable of dealing with all the issues without
24 the help of the lobbyists and recommendations. I
25 agree.

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2 MR. CAMARDA: Because I think issues that are
3 represented by professional lobbyists seem to have
4 the upper hand because of this knowledge and
5 expertise. More and more individuals and entities
6 not-for-profits retained outside counsel to assist
7 them in getting their message across.

8 CHAIRMAN BERMAN: I'm personally troubled by
9 the concept or the automatic belief that because
10 of a lobbyist, a legislator or someone in
11 government is not necessarily going to do the
12 right thing. In my experience it's not that way.

13 MR. CAMARDA: We are not making that claim.

14 CHAIRMAN BERMAN: I didn't say you're making
15 the claim. That's the insinuation.

16 MR. CAMARDA: That's why I think we were very
17 clear on the testimony that the lobbyists provide
18 a useful service both for their clients and
19 government. It's when lobbyists also act in the
20 political campaign sphere that their influence is
21 questionable because of the services that they
22 provide for the campaign contributions that they
23 raise, and, you know, the increase at the city
24 level is attributable to the need to have
25 repetition, but also because of the new lobbying

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2 law of 2006 that prompted greater disclosure and
3 reporting of that activity and due to the efforts
4 of the City Clerk's Office as well as enforcing
5 that law and getting those who should be reporting
6 report.

7 CHAIRMAN BERMAN: Commissioner Velazquez?

8 MS. VELAZQUEZ: On the recommendation for the
9 matching fund prohibition, isn't that something
10 that would have to be reformed in the campaign
11 finance law? I mean, because it's not part of the
12 lobbying statute, right? So, what we're trying to
13 do here is address that, and I understand what
14 you're talking about, but in all fairness, what
15 you're asking is almost like unbundling of some of
16 our current campaign finance law and someone of
17 our DBDB, so I'm trying to, you know -- are you
18 looking for us to make a recommendation that there
19 needs to be campaign finance reform in addition to
20 what we want to do with the lobbying law? I'm
21 trying to understand, because really that's not
22 part of the lobbying law. We're looking at the
23 lobbying rules. We're looking at what the Clerk's
24 Office does. What we're going to do is try to
25 make recommendations in terms of I hear you, do we

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2 need to clean up the definition of lobbying? Are
3 there things that we need to do with the statute,
4 yes. Are there things that should actually be
5 done through a rule-making process and maybe with
6 the rules that have been implemented and need to
7 be cleaned up, yes. What you're asking for is
8 something a little different. I'm trying to
9 understand how you would want us to address that.

10 MR. CAMARDA: I think your question goes to
11 the heart of what's the of the Commission. I
12 guess as we interpreted it as to address the
13 lobbying that takes the form of the lobbying laws
14 and also campaign contributions related to
15 lobbyists. When these bills were last addressed,
16 they were address separately, but around the same
17 time period, within six months of each other.
18 We're dealing with the scope of the Commission
19 more broadly, you know, incorporating not only
20 lobbying activity that's written in the lobbying
21 but anything that's related to the lobbyists.

22 MS. VELAZQUEZ: So, it would be a
23 recommendation in the report that would touch upon
24 some campaign finance reform?

25 MR. DADEY: Yes, you're exactly right. I'm

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2 not sure of the specific charges the Commission
3 only looks at the lobbying law or looks at how
4 lobbyists influence government decision-making
5 process. If it's the latter, it would apply under
6 the campaign finance law, but when the lobbying
7 law was first revised, there was a -- part of the
8 lobbying law I believe lowered the size of the
9 campaign contributions. It was only the year
10 following that the contributions were not matched;
11 is that correct?

12 CHAIRMAN BERMAN: It was the other way
13 around.

14 MR. DADEY: The other way around. This
15 Commission has provided a wonderful platform for
16 some of the concerns around the nexus between
17 campaigns and lobbyists. It would be great if you
18 were to articulate a position, even if you felt it
19 was outside of the realm of your specific
20 responsibilities and look at that which is in the
21 lobbying law.

22 MS. VELAZQUEZ: That was kind of a general
23 question. I need you to -- I got a little -- I
24 lost you a little bit on the intermediaries, and I
25 guess how they -- you have your lobbyists, you

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2 have lobbyists that are acting as intermediaries,
3 so they are not acting as lobbyists. Now, at this
4 point, I need you to walk me through that one more
5 time.

6 MR. CAMARDA: With the intermediaries, their
7 bundling contributions for campaigns.

8 Intermediaries could be anybody. It could be a
9 lobbyist. It could be somebody who is not a
10 lobbyist. It could be somebody who is in the
11 doing business database who is not a lobbyist. I
12 think all three are intermediaries. We're
13 pointing out in our testimony that from the data
14 that we do have, which is comprehensive but it
15 seems as if 20 to 25 percent of those who are
16 intermediaries are lobbyists and Dick's point
17 about our concern is where you have lobbyists
18 bundling large sums of money and then
19 simultaneously could be lobbying candidates on
20 issues that they're also bundling money for, and
21 we think that is concerning because of the
22 connection that could be drawn between those.

23 MS. VELAZQUEZ: Well, when you guys were
24 doing this, was there -- does everyone that's in
25 the lobbyist -- that registers with the clerk as a

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2 lobbyist, we're calling them a lobbyist even if it
3 is the executive director for not-for-profit?

4 MR. DADEY: Employed and retained, correct.

5 MS. VELAZQUEZ: So, when you're talking about
6 the 30 percent of the intermediaries or lobbyists,
7 are we talking about lobbyists that have lobbying
8 firms or are we also putting in their actual --

9 MR. DADEY: All lobbyists. Both retained and
10 employed.

11 MS. VELAZQUEZ: Did you guys do a separate
12 analysis for paid lobbyists as opposed to
13 everybody else who just might be lobbying?

14 MR. DADEY: We haven't, no. You're talking
15 about a difference between retained lobbyists and
16 professional lobbyists and have their own firms.

17 MS. VELAZQUEZ: Or work at not-for-profit or
18 unions.

19 MR. CAMARDA: Our analysis and the data that
20 was provided by CFB were lobbyists and lobbying
21 organizations or clients. So, it was divided up
22 that way.

23 MR. DADEY: I've seen it happen in both
24 instances. When I was a lobbyist working for a
25 firm, I was shocked one day in 2000 -- let me see,

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2 it was 2000, after the City budget was done, and I
3 thanked a particular member of the City Council
4 who was instrumental in helping get my clients
5 addressed to the city budget. He said, "Do you
6 mind if we go for a walk?" I said, "Sure." We
7 walked off the property of City Hall. He said,
8 "Dick, I would like you to get this
9 not-for-profit board of directors together and
10 throw me a fundraiser." I couldn't believe it.
11 And I've seen not-for-profit executive directors
12 organize fundraisers for political candidates as
13 they are soliciting city government for a
14 particular project.

15 MS. VELAZQUEZ: The analysis for you wouldn't
16 change if it was not-for-profit?

17 MR. DADEY: I've seen it in both instances.

18 CHAIRMAN BERMAN: Any other questions?

19 MS. MORTON: Extending the ban from one to
20 two years, what is the -- what are you trying to
21 achieve or what isn't achieved now with the
22 one-year ban?

23 MR. CAMARDA: What we're trying to do is
24 provide a cooling off period for between those who
25 worked for elected officials or senior level

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2 employees.

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MS. MORTONG: My question is: Is there a difference between -- one year isn't enough time to cool off?

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MR. CAMARDA: The reason being is the state model I think better provides two years. The relationships are not as close as they are after one year. The people who work at a place, some of them will leave the issues that are worked on and hopefully some of them will be resolved. It's very possible after just passage of one year that you can turn around and actually lobbying an entity for which you just left and the same issues could be before an elected official or that agency that you worked on. I can tell you from personal experience. I used to work for the state senate and there are bills that I actually worked on and a year passed, the second year period where I can't lobby. Some of my good government colleagues actually were working on the same bills that I initially wrote. I think it's good that someone like myself does not then turn around and lobby the same elected official that I worked on the same bill for which I worked on at least after

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2 two years. I think that creates a situation where
3 the relationship is too close.

4 CHAIRMAN BERMAN: In most instances, if they
5 are not a lifetime ban on lobbying on an issue
6 that you worked on while doing your tenure in the
7 government?

8 MR. CAMARDA: For the city?

9 CHAIRMAN BERMAN: Yes.

10 MR. CAMARDA: I'm not sure of that. It may
11 apply in some instances. I know I heard of that
12 it pertains to agencies. I don't know if it also
13 pertains to bills.

14 CHAIRMAN BERMAN: It doesn't apply to
15 legislation, but it does apply to everything else.

16 MS. MORTON: I think we've had opinion
17 personally with my agency on that issue. I guess
18 I'm still not clear why the two years, which seems
19 to cut off information in substantive ability to
20 be constructive, which I think is totally valuable
21 as a matter of policy the difference between one
22 and two years, I guess I'm just not convinced.

23 MR. DADEY: As Alex said, it's bringing the
24 city law in compliance with state law as much as
25 you're looking at other aspects how to make sure

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2 that the city local lobbying law is consistent
3 with the state law so that there is equal
4 treatment and so that people are not treated
5 unfairly or differently by two branches of
6 government. And you raise a good question about
7 the challenge of not wanting to deny government
8 the opportunity of someone's expertise and
9 knowledge of an issue, but I think that going to
10 two years, that would not necessarily lessen.
11 What it does lessen is the familiarity of the
12 relationship between the individual and the person
13 that they are lobbying.

14 MS. BRAGG: With respect to your
15 recommendation about the public matching funds,
16 the testimony, again given, if we can get into the
17 campaign finance issues, can you go a little bit
18 further into why you want to restrict the public
19 matching. If you take that away, I feel like
20 you're opening another can of worms.

21 MR. DADEY: You're talking about for the
22 campaign services?

23 MS. BRAGG: Yes. Your second recommendations
24 indicates prohibits use of public matching funds.

25 MR. DADEY: The question becomes, that if the

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2 public is going to have confidence in continuing
3 to support taxpayer dollars going -- scarce
4 taxpayer dollars going to fund political campaigns
5 at a time when the mayor is proposing laying off
6 thousands of teachers, but we have great trust and
7 confidence in the integrity of our city's campaign
8 finance program. You have to maintain the
9 public's trust in that. It could possibly be
10 frayed when public dollars go into a candidate's
11 campaign account to pay for the services of a
12 campaign consultant who works to help a candidate
13 into elected office and then turns around and then
14 having helped elect that official with public
15 taxpayer dollars built on that relationship funded
16 by taxpayer dollars to then lobby that individual
17 on issues that have been retained to because of
18 the campaign relationship.

19 MS. BRAGG: So, reverse what you're saying
20 before about the relationship between
21 not-for-profit and elected officials, and my
22 concern would be that you're getting into a gray
23 area. I just worry that there's a lot of gray
24 area in that issue and how do you get around that
25 gray area?

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2 MR. DADEY: I think the campaign can still
3 retain that consultant and that consultant can
4 still lobby the elected official former candidate
5 provided that no public funds were used for that
6 consultant. They can use private funds that they
7 raise. It's a just a matter of apportioning it
8 the way the public taxpayer dollars are not going
9 to subsidize the lobbying activities of that same
10 firm.

11 MS. BRAGG: Is that something you've seen or
12 you wanted to address given the opportunity to
13 address it?

14 MR. DADEY: If you just look at the City
15 Clerk's database at the number of firms who
16 provide both services who got both sides of that
17 coin covered and, you know, human nature, being
18 what it is, you're going to talk to the guy who
19 just helped you get elected about an issue in a
20 way you may not talk to another person who you
21 didn't know who got elected on that very same
22 issue.

23 MS. BRAGG: Okay. Thank you.

24 MR. CAMARDA: Just to point out the data
25 again for the Campaign Finance Board. According

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2 to the data they provided, and this is only 80
3 companies earned over \$100,000 for
4 campaign-related services for the 2009 election
5 cycle. Nine of those were 11.5 percent who were
6 registered lobbyists that provided campaign
7 consulting-related service and three of them made
8 upwards of a million dollars. So, you're talking
9 about firms that provide services and charge a lot
10 of money, usually much of a candidate's expense.

11 MS. BRAGG: Okay. Thank you.

12 CHAIRMAN BERMAN: Commissioner Velazquez?

13 MS. VELAZQUEZ: My question has probably
14 nothing to do with what we're talking about here,
15 but this hasn't really been raised much in the
16 hearings that we've had and I'm a little curious
17 as to why, but no one has been screaming and
18 yelling about how many times a year they need to
19 file. Like, you know, we do have -- there are six
20 filings as opposed to four. Now, is this because
21 everyone just kind of accepted the set fact of the
22 paperwork they're doing it all the time or is -- I
23 mean, there's been consistency in terms of raising
24 the limits, but I'm kind of, you know, as you
25 know, again, in my day job, everybody hates having

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2 to fill out pieces of paper more than once.

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MR. DADEY: Prior to the change in 2006, there was a lot of complaints about the fact that the reporting cycle was different for the city than it was for the state. So, you know, Citizens Union, when we do our city and state filings, we do it in one sitting, because they are due on the same day and covered for the same periods. Prior to the 2006 reform, New York City government had this weird calendar where it was quarterly, but one quarter was two months long and another quarter was four months long. So, for an entity to have to file both for the city and state instead of filing six times a year, you were filing I think eight or ten times a year because of the different reporting cycle. What was great about the 2006 reform was the reporting schedule with the state so to reduce the burden on those who had to file the report so it could be done at the same time.

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MS. VELAZQUEZ: So, it's really not an issue?

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MR. DADEY: It's not an issue from our perspective. There are issues, and we've

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2 testified about this, you know, making the
3 reporting process more compatible between the two
4 systems, but the fact they are due at the same
5 time six times a year, no.

6 MR. CAMARDA: If I could just add to that,
7 we've heard from our organization and others that
8 the great population of the database would be very
9 helpful and I think in doing that will save people
10 time, because then if you're reporting four times
11 a year or six all the information there goes to
12 the previous times.

13 MS. VELAZQUEZ: Okay. Thank you.

14 CHAIRMAN BERMAN: I don't want to engage in
15 any debate. I'm a little hung up on the
16 distinction between the Campaign Finance Board and
17 the City Clerk. I guess one is not more political
18 or less political and none of them get their jobs
19 as a consequence of advertisement in newspapers or
20 anything and it's a political process. I just
21 have difficulty in dealing with that distinction.

22 MR. DADEY: In making this recommendation, I
23 just want to make it very clear, we're not doing
24 it on the basis of any judgment of the current
25 City Clerk who is doing a fine job.

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2 MR. BERMAN: I think they're doing --
3 considering the limitations, they're doing a fine
4 job.

5 MR. DADEY: We concur. But the City Clerk is
6 one person appointee responsible for this.

7 CHAIRMAN BERMAN: I understand your argument.

8 MR. DADEY: There is no one else involved in
9 the decision-making process. He has a staff, but
10 there's no one involved in the decision-making
11 process. When the Campaign Finance Board read
12 these fines and assesses the penalties and
13 determines whether someone violated the campaign
14 finance law, the staff makes recommendation to
15 aboard and five individuals appointed by the major
16 and city council. There is a much greater degree
17 of independence because of that structure.

18 CHAIRMAN BERMAN: I understand what you're
19 saying. I don't necessarily agree with that, but
20 it's something worth discussing.

21 Any other questions? Thank you very much.

22 MR. DADEY: I just want to say in closing, we
23 thank each and every one of you for the service
24 that you're providing the city and in looking at
25 this law and asking these great questions tonight

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2 and we look forward to continuing working for
3 you.

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CHAIRMAN BERMAN: Thank you.

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MS. BRAGG: Thank you for your time.

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CHAIRMAN BERMAN: Is there anyone else who

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wants to testify?

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MR. RUSSIANOFF: Good evening, Chairman

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Berman and members of the Commission. My name is

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Gene Russianoff. I'm with the New York City

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Public Interest Research Group. Thank you for the

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opportunity to speak today.

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I would like to begin by expressing my

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appreciation to the Commission. I think you've

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done a fairly thoughtful job and spent time on the

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challenging issue. I'd also like to express my

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appreciation to the City Clerk who has been very

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generous with his time and has been very helpful.

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I've gone to most of the Commission meetings and

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I've learned a lot that I didn't know about the

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lobbying process, and I'm appreciative of that.

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In my testimony is a list of suggestions that

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I have for the Commission to consider. The first

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one I discussed with staff, but I don't believe I

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discussed with the Commission members which is to

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2 amend the Lobbying Law to require certain City
3 agencies to keep records of their contacts with
4 paid lobbyists and submit them on a regular basis
5 to the Lobby Bureau. This is now required for a
6 number of State agencies under New York State
7 Executive Law 166. That law requires regulatory
8 State agencies to maintain and file with the New
9 York State Commission on Public Integrity a notice
10 of appearance form when they are lobbying
11 contacts. Such a provision on a city level would
12 greatly aid the Lobby Bureau doing comprehensive
13 audits by comparing notice of appearances to
14 lobbying reports. I became aware of this in
15 talking with the City Clerk and there seems to be
16 an independent source of notices and appearances
17 to have a really great track record.

18 CHAIRMAN BERMAN: Have you identified the
19 agencies that you believe should be --

20 MR. RUSSIANOFF: The state law applies to the
21 regulatory agencies, so I've listed some that I
22 think --

23 CHAIRMAN BERMAN: I see that.

24 MR. RUSSIANOFF: -- City Planning and
25 Consumer Affairs issues, DOITT, Fire Department,

1
2 the State does not require notice of appearance
3 for on the record proceedings or hearings, but
4 rather applies to contacts like phone calls.
5 Every regulatory agency of the state shall keep a
6 record of appearances before it or its appropriate
7 division. The text of the actual laws is my
8 testimony, and I've discussed with some of the
9 staff who raised concerns that it will be
10 burdensome to have this kind of requirement. My
11 suggestion is to see the experience on the state
12 level, but we are only talking about a section of
13 regulatory agencies.

14 The section suggestion on the next page is to
15 raise the threshold of \$2,000 to \$5,000. We think
16 that's a fair number and we would support that.

17 CHAIRMAN BERMAN: In your deliberations, did
18 you consider a \$10,000 threshold?

19 MS. BRAGG: Or \$25,000.

20 CHAIRMAN BERMAN: Or \$25,000.

21 MR. RUSSIANOFF: Again, you're giving up too
22 much information on smaller groups and
23 non-profits, and, you know, if you already have to
24 file with the state for \$5,000, what sense does it
25 make to have a \$10,000 limit for the city? They

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2 still have the file anyway. That's one thing we
3 all agree on.

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CHAIRMAN BERMAN: Excuse me one minute,
5 fellow Commissioner Bragg raised an issue.

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MS. BRAGG: The state is considering meeting
7 with the state public hearing, they are
8 considering raising it \$10,000 or \$25,000 as well.

9

CHAIRMAN BERMAN: Would you support
10 legislation that would automatically increase the
11 threshold if the state increased the threshold?

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MR. RUSSIANOFF: I think we would. I think
13 the argument is for conforming the two are strong
14 ones.

15

The next one is mandate the e-lobbyist
16 website to allow for searches by a variety of
17 factors, such as by legislation, land-use matter
18 lobbied, procurement, and elected official. Right
19 now it's better stagnant. It doesn't crash as
20 often as the state site does. This has been
21 raised before and it also shares a level of
22 consensus.

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Add to the definition of lobbying, attempting
24 to influence the introduction of a legislation,
25 local law or resolution. This would broaden the

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2 definition than is currently the case in line with
3 actual practice.

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5 I think requiring the Lobbying Bureau to
6 report in the Mayor's Management Report would be a
7 useful form. You already have non-mayor agencies
8 in that database, for example, Board of
9 Elections. So, you know, it would be helpful.

9

10 We would make contributions bundled by
11 lobbyists non-matchable, as they are now direct
12 contributions by lobbyists. In my testimony
13 numbers. It's a real issue of tens of thousands
14 of dollars matched by taxpayer funds for
15 contributions by lobbyists, and my memory, may be
16 it's incorrect, this was actually considered at
17 the time of the Lobbyists Laws Reform in 2006, and
18 I have a citation from the New York Times article
19 entitled Restrictions of City Lobbying -- it was
20 about this exact issue about money is like water.
21 It just sort of goes where it goes. The lobbyists
22 can't have their money matched now, why not go out
23 and get contributions and have them matched? It's
24 not a fictional thing. It happens. To me this is
25 a really key point, and I urge the Commission to
take a serious look it at. I think it has a lot

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2 of merit.

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4 Another one is to consider increasing the
5 filing fees, if the additional money can be used
6 to increase the Lobby Bureau's capacity to do
7 training and education. Whether it's possible
8 whether agencies retain some of the money from
9 their filings or lower the like, but it seems to
10 me some source of money to do something that is,
11 you know, would be a good thing.

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Use City advertising capacity to encourage
awareness of lobby requirements. These will
include WNYC materials to provide to public
servants with the policy-making discretion and
periodic prominence on nyc.gov website. The fact
that I think there was one complaint filed in a
given year, it shows the level of lack of
awareness among the public and may be among the
lobbyists themselves if they met the
requirements. So, using the city's informational
sources to promote both the awareness of the
requirement lobbying and specific rules of
lobbying on registration.

Lastly, putting something in the law that
mandates training for newly registered lobbyists.

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2 That just happened in the recent Charter Division
3 with the Conflict of Interest Board. They put the
4 mandatory training for the Board to hopefully
5 strengthen their ability to get funds. That's my
6 testimony. I will be happy to take questions.

7 CHAIRMAN BERMAN: My recollection is that
8 fees are not supposed to be revenue possible but
9 rather to pay for the service that the fee is
10 applying to so that if you raise the filing fee,
11 theoretically it would go back to the enforcement
12 agency charged with that responsibility. The
13 problem is that it goes in the general funds and
14 it still has to be appropriated to the agency and
15 I don't necessarily know that that happens. I'm
16 not in any way doing combat with you. The issue
17 --

18 MR. RUSSIANOFF: You are knowledgeable on the
19 budget rules. It seems to be the filing fees
20 inherently take into account expenses for
21 training. If you obey the law, they have to know
22 the rules of the law.

23 CHAIRMAN BERMAN: I agree.

24 MR. RUSSIANOFF: This may not, as a practical
25 matter, be possible.

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2 CHAIRMAN BERMAN: I'm certainly going to ask
3 staff to look at it. I don't know if that
4 necessarily works that way. It's a possibility to
5 look at.

6 MS. MORTON: You have to be a legislator to
7 create funds to go into an escrow account, I
8 think.

9 CHAIRMAN BERMAN: I don't know if you can do
10 it. We will look at it.

11 Any other questions?

12 MS. BRAGG: Thank you very much.

13 CHAIRMAN BERMAN: Any other people need to
14 testify?

15 Thank you very much, ladies and gentlemen. I
16 want to say that we're going to be -- I've asked
17 staff to sit down and bring forth to us the issues
18 that have been raised at these public hearings and
19 at the numerous meetings that were held between
20 staff and people who are interested in the
21 lobbying law and I urge the commissioners to also
22 share your ideas with the staff, and then we'll be
23 trying to make sense out of it and come forth with
24 a preliminary document. Having said that, I thank
25 you all for attending.

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(Whereupon, at 6:45 p.m., the above matter
concluded.)

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I, SUZANNE CATALANO, a Notary Public for and
within the State of New York, do hereby certify
that the above is a correct transcription of my
stenographic notes.

SUZANNE CATALANO

