



ELEC-TRONIC

An Election Law Enforcement Commission Newsletter

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"Furthering the Interest of an Informed Citizenry"

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Website:

www.elec.state.nj.us

Comments from the Chairman Ronald DeFilippis

The Commission will again issue its yearly analysis of lobbying financial activity in New Jersey.

The report will be published in early March.

Every February 15, Governmental Affairs Agents and/or Represented Entities, normally referred to as lobbyists and special interests, file reports with the Commission summarizing their financial activity during the previous year.

Reports involving a lobbyist's activity are due on a quarterly basis. The next quarterly report is due in April, when due to the Commission's computer upgrade, lobbyists will be filing their activity reports electronically.

But getting back to the annual financial report, any Governmental Affairs Agent or Represented Entity that received or expends more than \$2,500 in the previous calendar year is required to disclose financial activity to the Commission.

Information that is subject to disclosure includes financial activity which is undertaken for the purpose of communication with or providing benefits to any member of the Legislature, legislative staff, the Governor, the Governor's staff, or an officer or staff member of the executive branch.

Communications and benefits are reportable when done for the purpose of influencing legislation, regulations, or governmental processes.

Governmental processes include contracts, grants, permits, rate setting, executive orders, fines and penalties, and procedures for purchasing.

Besides reporting direct communications and benefits, grassroots lobbying is also required to be disclosed. Any individual or group spending in excess of \$2,500 to communicate with the public in an attempt to influence legislation or regulation must disclose this activity to the Commission.

The requirement not only covers registered lobbyists but non-registered individuals who engage in issue advocacy with the public.

As in past years, it is anticipated that a significant amount of money will have been spent on lobbying in 2015.

In addition to providing summary information about overall lobbying activity, the analysis will provide financial information involving five general categories.

The categories are in-house salaries, compensation to contract lobbying firms, communication, support personnel, and travel and lodging.

The analysis will set forth the top ten lobbyists in terms of communication spending, the top ten special interest groups in terms of total spending, and the top ten contract lobbying firms in terms of total receipts.

This very comprehensive report will provide the public with a comprehensive view of lobbying at the state level.

LOBBYIST TRAINING

The New Jersey Election Law Enforcement Commission is pleased to announce that it will be holding training seminars on the new electronic lobbying forms. The seminars will provide instruction on how to complete and submit the forms in accordance with the new mandatory electronic filing requirements.

The seminars will be held at the Offices of the Commission, located at 28 West State St., Trenton, NJ:

- March 8, 2016 at 10 a.m.
- March 16, 2016 at 10 a.m.
- April 5, 2016 at 10 a.m.

Please register for the seminar you would like to attend by going [here](#)».

If you register and are unable to attend, need directions or immediate assistance concerning filing lobbying reports, please call (609) 292-8700 or toll free in New Jersey at 1-888-313-ELEC and ask to speak with a Compliance Officer.

Executive Director's Thoughts Jeff Brindle

NEW LOOPHOLE MEANS MORE ANONYMOUS CAMPAIGN CASH

Reprinted from politickernj.com

Limited Liability Companies (LLC's) are becoming the new vehicle for independent groups to hide their donors.

LLC's are structured in such a way as to limit the liability for damages against particular individuals or groups. Unfortunately, they also can be an easy way to make anonymous political contributions.

Until recently, LLCs were not a major issue in New Jersey campaigns.

New Jersey's campaign finance law requires members, or managers, of limited liability companies to disclose the contributions they make to candidates, political parties, and political action committees (PACs).

Unlike corporations, an LLC is not treated as a single entity. Instead, contributions made from company's funds must be allocated wholly, or in part, against individual members of the LLC.

Contributions derived from limited liability companies to candidates, parties, and PACs are therefore reported under New Jersey's Campaign Contributions and Expenditures Reporting Act.

A new threat is arising, however, because a growing number of federal Super PACs and other independent groups are becoming active in New Jersey elections. And when it comes to contributions by LLCs, current federal laws do not require the same level of transparency as those in New Jersey.

Even though independent groups like Super PACs, 501(c)4's and 527's have filing requirements at the federal level, either with the Federal Elections Commission (FEC) or the Internal Revenue Service (IRS), the increasing emergence of LLC's constitutes a major loophole in disclosure law.

All that has to be done is for an LLC to be hastily established and it becomes a vehicle for legal laundering

of campaign cash from anonymous individuals to independent groups.

This new trend was first widely reported in 2011, when Restore Our Future, a super PAC promoting presidential candidate Mitt Romney, accepted \$1 million each from three LLCs. Federal complaints were filed by pro-disclosure advocates, Campaign Legal Center and Democracy 21. To this point, neither the Federal Election Commission nor US Justice Department has taken action.

In 2013, the same groups filed a similar complaint against FreedomWorks for American, a Super PAC that received \$12 million from two LLCs shortly before the presidential election.

Use of LLCs continue to be an issue in this year's presidential campaign.

Just last week, the Wall Street Journal reported in a February 4, 2016 story by Rebecca Ballhaus that, "wealthy donors in the 2016 presidential election are increasingly using private companies to mask their donations to Super PACs, circumventing disclosure rules as they pour millions in difficult-to-trace cash into the campaign."

The article further states: "in 2015, more than 200 limited liability companies- whose disclosure requirements vary from state to state- donated almost \$11 million to super PACs backing six presidential candidates." While some states require LLCs to disclose their owners, "In many cases, it is impossible to determine owners based on their disclosures," adds the article.

While this type of activity has started in earnest at the national level, it now is becoming an issue at the state level.

According to a story by Brian Lyman in the Montgomery Advertiser on June 2, 2014, Alabama Foundation for Limited Government, an LLC, gave \$700,000 to a political action committee that then made contributions to legislative candidates.

A February 1, 2016 story by Politico reporter Matt Friedman indicated nearly half of \$3.2 million raised by a Super PAC named Coalition for Progress came from LLCs and other shell corporations.

Contributions by mystery LLCs also have become a major issue in neighboring New York State, where fundraising committees for Governor Andrew Cuomo, Attorney General Eric Schneiderman and other elected officials have been criticized for accepting contributions from LLCs.

Cuomo acknowledged the issue in his January 13, 2016 State of the State Message when he called for more disclosure by such donors. "The 'LLC Loophole' in campaign finance law has allowed special interests to circumvent both contribution limits and disclosure requirements," said a policy paper issued by the governor. Meanwhile, a bipartisan lawsuit has been filed in New York courts to try to close the loophole.

Disclosure of spending by independent groups in New Jersey elections already is weak. The emergence of limited liability companies as another player in the dark world of independent group campaign activity only makes the situation worse.

That's why it is important for the New Jersey Legislature to enact legislation that would require independent groups to follow the same rules as candidates and parties.

The Commission has proposed that independent groups disclose their contributions and expenditures and register with the Commission.

In light of the emergence of LLC's as participants in the political game, the law regulating independent groups should require LLC's that contribute to them to allocate contributions against members as is the case regarding their contributions to candidates, parties, and PACs.

The legislature also should consider strengthening the political parties by increasing the limits on contributions made to them, by allowing state parties to participate in gubernatorial elections, by exempting parties from pay-to-play contribution limits (though regular limits still would apply), and by loosening up federal account party building rules.

These changes, along with expanded disclosure for LLC contributions to independent groups, would both enhance transparency and offset the influence of independent groups over New Jersey's electoral process.

Training Seminars

The seminars listed below will be held at the Offices of the Commission, located at 28 West State St., Trenton, NJ. Since space is limited, you must reserve a seat in order to attend. Please visit ELEC's website at <http://www.elec.state.nj.us> for more information on training seminar registration.

LOBBYST TRAINING ELECTRONIC FILING	
March 8, 2016	10:00 a.m.
March 16, 2016	10:00 a.m.
April 5, 2016	10:00 a.m.
BUSINESS ENTITY PAY-TO-PLAY TRAINING	
March 18, 2016	10:00 a.m.
March 28, 2016	10:00 a.m.
March 28, 2016	2:00 p.m.
TREASURER TRAINING FOR CANDIDATES AND COMMITTEES	
Tuesday, March 29, 2016	10:00 a.m.
Wednesday, April 6, 2016	10:00 a.m.
Tuesday, April 26, 2016	10:00 a.m.
Wednesday, September 14, 2016	10:00 a.m.
Tuesday, September 27, 2016	10:00 a.m.
TREASURER TRAINING FOR POLITICAL COMMITTEES AND PACS	
Wednesday, March 30, 2016	10:00 a.m.
Wednesday, June 22, 2016	10:00 a.m.
Thursday, September 22, 2016	10:00 a.m.
Wednesday, December 14, 2016	10:00 a.m.
R-1 ELECTRONIC FILING SOFTWARE (REFS) TRAINING	
Tuesday, March 22, 2016	10:00 a.m.
Thursday, April 7, 2016	10:00 a.m.
Thursday, April 21, 2016	10:00 a.m.
Wednesday, July 27, 2016	10:00 a.m.
Thursday, September 15, 2016	10:00 a.m.
Thursday, September 29, 2016	10:00 a.m.

Lobbying Reporting Dates

	INCLUSION DATES	ELEC DUE DATE
Lobbying Quarterly Filing		
1 st Quarter	1/1/2016 to 3/31/2016	4/11/2016
2 nd Quarter	4/1/2016 to 6/30/2016	7/11/2016
3 rd Quarter	7/1/2016 to 9/30/2016	10/11/2016
4 th Quarter	10/1/2016 to 12/31/2016	1/10/2017
Lobbying Annual Report*	1/1/2015 - 12/31/2015	2/16/2016

*A certified benefit notice shall be transmitted to all benefit recipients itemized on Schedule G-1 no later than February 1st of the year in which the report is due to be filed (the year following the year in which the benefit was received).

Reporting Dates

Inclusion Dates		Report Due Date
Fire Commissioner - 2/20/2016		
29-day Preelection Reporting Date	Inception of campaign* - 1/19/16	1/22/2016
11-day Preelection Reporting Date	1/20/16 - 2/6/16	2/9/2016
20-day Postelection Reporting Date	2/7/16 - 3/8/16	3/11/2016
48 Hour Notice Reports Start on 2/7/2016 through 2/20/2016		
April School Board - 4/19/2016		
29-day Preelection Reporting Date	Inception of campaign* - 3/18/16	3/21/2016
11-day Preelection Reporting Date	3/19/16 - 4/5/16	4/8/2016
20-day Postelection Reporting Date	4/6/16 - 5/6/16	5/9/2016
48 Hour Notice Reports Start on 4/6/2016 through 4/19/2016		
May Municipal - 5/10/2016		
29-day Preelection Reporting Date	Inception of campaign* - 4/8/16	4/11/2016
11-day Preelection Reporting Date	4/9/16 - 4/26/16	4/29/2016
20-day Postelection Reporting Date	4/27/16 - 5/27/16	5/31/2016
48 Hour Notice Reports Start on 4/27/2016 through 5/10/2016		
Runoff (June)** - 6/14/2016		
29-day Preelection Reporting Date	No Report Required for this Period	
11-day Preelection Reporting Date	4/27/16 - 5/31/16	6/3/2016
20-day Postelection Reporting Date	6/1/16 - 7/1/16	7/5/2016
48 Hour Notice Reports Start on 6/1/2016 through 6/14/2016		
Primary (90 day start date: 3/9/2016)*** - 6/7/2016		
29-day Preelection Reporting Date	Inception of campaign* - 5/6/16	5/9/2016
11-day Preelection Reporting Date	5/7/16 - 5/24/16	5/27/2016
20-day Postelection Reporting Date	5/25/16 - 6/24/16	6/27/2016
48 Hour Notice Reports Start on 5/25/2016 through 6/7/2016		
General (90 day start date: 8/10/2016)*** - 11/8/2016		
29-day Preelection Reporting Date	6/25/16 - 10/7/16	10/11/2016
11-day Preelection Reporting Date	10/8/16 - 10/25/16	10/28/2016
20-day Postelection Reporting Date	10/26/16 - 11/25/16	11/28/2016
48 Hour Notice Reports Start on 10/26/2016 through 11/08/2016		
Runoff (December)** - 12/6/2016		
29-day Preelection Reporting Date	No Report Required for this Period	
11-day Preelection Reporting Date	10/26/16 - 11/22/16	11/25/2016
20-day Postelection Reporting Date	11/23/16 - 12/23/16	12/27/2016
48 Hour Notice Reports Start on 11/23/2016 through 12/6/2016		
PACs, PCFRs & Campaign Quarterly Filers		
1st Quarter	1/1/16 - 3/31/16	4/15/2016
2nd Quarter	4/1/16 - 6/30/16	7/15/2016
3rd Quarter	7/1/16 - 9/30/16	10/17/2016
4th Quarter	10/1/16 - 12/31/16	1/17/2017

* Inception Date of Campaign (first time filers) or from January 1, 2016 (Quarterly filers).

** A candidate committee or joint candidates committee that is filing in a 2016 Runoff election is not required to file a 20-day postelection report for the corresponding prior election (May Municipal or General).

*** Form PFD-1 is due on April 14, 2016 for Primary Election Candidates and June 17, 2016 for Independent General Election Candidates.

Note: A fourth quarter 2015 filing is needed for Primary 2016 candidates if they started their campaign prior to 12/9/15.

A second quarter 2016 filing is needed by Independent/Non-Partisan General Election candidates if they started their campaign prior to 5/11/2016.