

COMMITTEE ON GOVERNMENTAL OPERATIONS, STATE &
FEDERAL LEGISLATION 1
CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON GOVERNMENTAL
OPERATIONS, STATE &
FEDERAL LEGISLATION

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Friday, June 14, 2024
Start: 10:26 a.m.
Recess: 12:38 p.m.

HELD AT: Committee Room - City Hall

B E F O R E: Hon. Lincoln Restler, Chair

COUNCIL MEMBERS:

Gale A. Brewer
David M. Carr
James F. Gennaro
Jennifer Gutiérrez
Shahana K. Hanif
Vickie Paladino
Lynn C. Schulman
Inna Vernikov

COMMITTEE ON GOVERNMENTAL OPERATIONS, STATE &
FEDERAL LEGISLATION

A P P E A R A N C E S

Paul S. Ryan,
Executive Director of the NYC Campaign Finance
Board

Susan Lerner,
Executive Director at Common Cause New York

Joanna Zdanys,
Senior Counsel, Manager, Elections and Government
Program, Brennan Center

Ben Weinberg,
Director of Public Policy, Citizens Union

Tom Speaker,
Legislative Director, Reinvent Albany

Sharon Rose Brown,
Rose of Sharon Enterprises, Representing Self

COMMITTEE ON GOVERNMENTAL OPERATIONS, STATE &
FEDERAL LEGISLATION

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1 COMMITTEE ON GOVERNMENTAL OPERATIONS, STATE &
2 FEDERAL LEGISLATION 4

3 SERGEANT LUGO: Good morning, this is a microphone
4 check for the Committee on Governmental Operations,
5 State and Federal Legislation being recorded in the
6 Committee Room, recording done by Pedro Lugo on June
7 14, 2024.

8 SERGEANT AT ARMS: Good morning and welcome to the
9 New York City Council hearing of the Committee on
10 Governmental Operations, State and Federal
11 Legislation.

12 At this time please place all electronic devices
13 to vibrate or silent mode.

14 If you wish to testify, please come up to the
15 Sergeant at Arms desk to fill out a testimony slip.
16 Written testimony can be emailed to
17 testimony@council.nyc.gov, once again, that is
18 testimony@council.nyc.gov.

19 At this time and going forward, no one is to
20 approach the dais, I repeat, no one is to approach
21 the dais.

22 Chair, we are ready to begin.

23 CHAIRPERSON RESTLER: Thank you so much, (GAVEL
24 SOUND) Thank you, Sergeant.

25 Good morning, my name is Lincoln Restler, and I
26 have the privilege of chairing the City Council

1
2 Committee on Governmental Operations, State And
3 Federal Legislation. I'd like to welcome my
4 colleagues this morning who have joined us - actually
5 my colleague who has joined us, Council Member David
6 Carr, uh, Brooklyn's own, uh, it's always good to see
7 you. And I would also like to welcome Paul Ryan, the
8 new Executive Director of the Campaign Finance Board.

9 UNKNOWN: (INAUDIBLE) give (INAUDIBLE) one second
10 (INAUDIBLE) issues with the stream.

11 CHAIRPERSON RESTLER: Sure. Jokes didn't land
12 well?

13 ALL: (LAUGHTER)

14 UNKNOWN: Sorry about that (INAUDIBLE).

15 SERGEANT AT ARMS: Good morning, can everybody
16 settle down? We're getting ready to begin... to
17 continue.

18 SERGEANT AT ARMS: Good morning, and welcome to
19 the New York City Council Hearing of the Committee on
20 Committee on Governmental Operations, State & Federal
21 Legislation.

22 At this time please place all electronic devices
23 to vibrate or silent mode.

24

25

1
2 At this time and going forward, no one is to
3 approach the dais, I repeat, no one is to approach
4 the dais.

5 Chair we are ready to begin.

6 CHAIRPERSON RESTLER: (GAVEL SOUND) Thank you so
7 much Sergeant. Good morning again, or still. My name
8 is Lincoln Restler, I am the Chair of the Committee
9 on Governmental Operations, State & Federal
10 Legislation, and I would like to welcome my
11 colleagues this morning who have joined us, Council
12 Inna Member Vernikov and Council Member David Carr. I
13 greatly appreciate your presence. I would also like
14 to welcome Paul Ryan, the new Executive Director of
15 the Campaign Finance Board. After some bumps in
16 recent years at the CFB, I really do think that the
17 board made an inspired choice in Mr. Ryan, and we
18 really appreciate you being with us here today.

19 At today's hearing, the Committee will be
20 conducting oversight of the New York City Campaign
21 Finance Board. We'll be hearing Introductions 952,
22 953, and 954, bills I introduced with the goal of
23 improving our City's campaign finance laws, as well
24 as Intro 951, which will streamline the comptroller's
25 auditing requirements. My hope in introducing these

1 bills is to start a conversation and seek smart
2 feedback and input from the CFB, and good government
3 groups, and others, and colleagues about how we can
4 strengthen our campaign finance system.
5

6 New York City has indeed been a leader in
7 campaign finance reform for decades. And we can
8 proudly boast the biggest public matching funds
9 program in the nation, which creates a more equitable
10 landscape and gives candidates from all backgrounds
11 the chance to viably run for office.

12 In 2021, the city of New York distributed \$127
13 million in matching funds to a record 389 candidates.
14 Existing regulations have reduced the influence of
15 large well-healed donors, but it's clear that more
16 rigorous accountability and modernized rules are
17 needed to close loopholes in our campaign finance
18 system. With great public investment comes a serious
19 and urgent obligation to ensure that funds are not
20 used improperly. While our current campaign finance
21 program has succeeded in ensuring our elections are
22 open and equitable, there are still campaigns seeking
23 to take advantage of loopholes and evade the spirit
24 of the law. Over the past several years, there have
25 been numerous reports of irregular and illegal

1 campaign activity. Most notably, Eric Adams' 2021
2 campaign for mayor -- most notably, uh, Eric Adams'
3 2021 campaign for mayor.
4

5 To date, there have been multiple law enforcement
6 investigations into Mayor Adams' 2021 campaign
7 irregularities, and there have been five convictions
8 of individuals who have engaged in straw donor
9 schemes, designed to increase the to increase their
10 access to the Mayor. The CFB reportedly flagged over
11 600 donations linked to suspected intermediaries
12 involved in Mayor Adams' 2021 campaign.

13 It is clear that we need to continue to refine
14 our campaign finance laws to keep up with the
15 changing nature of campaigns, and better prevent
16 candidates from undermining our nationally renowned
17 campaign finance law.

18 The three bills we're hearing today will help
19 address some of the issues we've identified.

20 Introduction 952 would require the Campaign
21 Finance Board to verify contributions over \$50 made
22 via cash, check, money order, or via intermediary...
23 direct or... via an intermediary directly with the
24 contributor. Eighty-four percent of campaign
25 donations in 2021 were made online, but when there

1 are larger cash and money order donations, we must do
2 more to ensure the donation is really coming from the
3 name listed on the contribution card. In the case of
4 the Adams' campaign, reporters have identified
5 individuals who claim they did not make the donations
6 that were reported under their names. This bill would
7 ensure we're not releasing public matching funds
8 until the donor's identities are verified.

10 Introduction 952 would also require the CFB halt
11 distribution of matching funds when a candidate fails
12 to respond within 30 days to request for information
13 from the board for more information relating to
14 specific contributions or possible intermediaries.
15 It's been reported that the Adams' campaign never
16 responded to requests or partially responded to
17 requests for more information that the CFB started
18 sending to them as early as 2019. That lack of
19 responsiveness is unacceptable; if a campaign isn't
20 cooperating with the CFB during the election cycle,
21 they shouldn't have access to taxpayer funded
22 matching contributions.

23 Introduction 953 would prohibit campaigns for
24 city office and their principal committees from
25 accepting large bundled contributions by persons who

1 have business dealings with the City. This
2
3 legislation would cap the amount these individuals
4 can bundle to \$400 for mayoral candidates or \$250 for
5 city council candidates. It would also clarify that
6 the use of personalized referral links constitutes
7 bundling. While lobbyists and anyone doing business
8 with the City already faced strict restrictions on
9 the size of the contributions they're permitted to
10 make themselves, there is nothing to stop them from
11 calling through their Rolodex and raising unlimited
12 gobs of money for candidates. Introduction 953 aims
13 to close this loophole in our contribution laws so
14 that lobbyists and others doing business with the
15 city of New York can no longer raise tens upon tens
16 of thousands of dollars for elected officials that
17 can determine the fate of their financial interests.

18 And Introduction 954 would require the Campaign
19 Finance Board to send campaign donors an
20 acknowledgement of their contributions. This is an
21 easy step to take to help voters stay informed of the
22 matching funds their donations generate and alert
23 unwitting donors to any issues. This emulates a best
24 practice from Portland, Oregon where they both
25 celebrate the donors that power their campaigns

1 their campaign finance system and identify unassuming
2 straw donors of potential improprieties. Taken
3 together, all of these bills should serve to
4 strengthen New York City's campaign finance laws by
5 helping to ensure that donors are legitimate, and
6 giving the Campaign Finance Board more tools to hold
7 campaigns accountable.
8

9 New York City can and should, as a national
10 leader, uh, insure that our municipal elections are
11 accessible and equitable. But that requires action to
12 protect taxpayer dollars and ensure the integrity of
13 our campaign finance system.

14 We will also be hearing Introduction 951 today,
15 which will modify the comptroller's auditing
16 requirements. Currently the Comptroller's Office is
17 required to audit every single City agency every four
18 years -- important but research intensive
19 requirement. This legislation would allow the
20 comptroller to more effectively streamline audits to
21 better identify patterns and issues across agencies.
22 The law clarifies that the comptroller can conduct an
23 audit across all community boards to better address
24 systemic issues, rather than having an audit for each
25 of the 59 community boards individually. The law

1 makes a similar accommodation for public
2 administrators. This flexibility would still preserve
3 the comptroller's full discretion to conduct an in
4 depth audit of any individual community board or
5 public administrator as needed.
6

7 And with that, I would like to thank Jayasri
8 Ganapathy and Erica Cohen from the Central staff for
9 their terrific work in putting the hearing together,
10 and Ricardo Lazala (phonetic) for assistance in
11 drafting this legislation.

12 I'd also like to thank my Director of
13 Communications Nieve Mooney, and my Chief of Staff
14 Molly Haley -- and special counsel Molly Haley, who
15 just did phenomenal work as always in preparing for
16 this hearing.

17 With that, I would like to welcome Paul Ryan,
18 Executive Director of the Campaign Finance Board to
19 come before us to testify.

20 I will now ask the committee counsel to
21 administer the affirmation, thank you, so much, Paul.

22 COMMITTEE COUNSEL: Good morning. Please raise
23 your right hand. Do you affirm to tell the truth, the
24 whole truth, and nothing but the truth, before this
25

1 committee, and to respond honestly to council member
2 questions?
3

4 EXECUTIVE DIRECTOR RYAN: Yes.

5 COMMITTEE COUNSEL: Thank you, you may begin.

6 EXECUTIVE DIRECTOR RYAN: Thank you, Chair Restler
7 and members of the Committee on Governmental
8 Operations, State & Federal Legislation, for the
9 invitation to appear before you today. My name is
10 Paul Seamus Ryan, and I am the new Executive Director
11 of the New York City Campaign Finance Board (CFB).
12 This is my first time officially testifying before
13 the City Council and I am hopeful that we will
14 continue to have a productive partnership during my
15 tenure.

16 The Campaign Finance Board is a nonpartisan,
17 independent City agency that administers the City's
18 matching funds program and directly reaches voters
19 through our NYC Votes initiative. The CFB's mission
20 is to make our local democracy more open,
21 transparent, and equitable. We eliminate barriers to
22 participation by providing access to the information
23 and resources New Yorkers need to vote or run for
24 office. We also reduce the corrupting influence of
25

1 money in politics by enhancing the impact of New
2 Yorkers' small-dollar contributions.

3
4 To execute this very important mission, the law
5 that serves as a backbone for our agency can be
6 improved to better account for modern-day fundraising
7 practices, while also furthering transparency to the
8 public and simplifying compliance for campaigns. It
9 is our view that this hearing provides an opportunity
10 to improve parts of the law to the benefit of all
11 campaigns and all New Yorkers.

12 As for the legislation before us today, the first
13 bill I will discuss is Introduction 953, which amends
14 the legal definition of "intermediary" and limits
15 people with business dealings with the city from
16 engaging in certain intermediary activity.

17 Intermediaries, often referred to as "bundlers," are
18 individuals or entities that serve as a conduit
19 between contributors and a campaign by delivering
20 contributions to, or soliciting contributions for,
21 candidates. Bundling contributions is a legal and
22 constitutionally protected way to fundraise. However,
23 some individuals engage in this behavior seeking
24 political power through access and influence with
25 candidates and officeholders. In short, they try to

1 leverage the funds they raised to receive special
2 treatment from public officials. Of course, the real
3 problem for democracy is when public officials
4 respond with such special treatment.
5

6 Intermediary disclosure increases transparency
7 and accountability, providing public information that
8 may highlight potential instances of pay-to-play
9 corruption. New York City is far ahead of the rest of
10 the country in regulating disclosure of
11 intermediaries. In a 1996 report aptly named "Bundles
12 of Trouble?," yes, there is a question mark in the
13 title -- the CFB recommended requiring intermediary
14 reporting for non-participants and expanding the
15 definition of intermediaries to include solicitation;
16 both recommendations were passed into law soon
17 thereafter. Since the Board's creation in 1988, it
18 has been ahead of the national curve with respect to
19 regulating bundling activity. Indeed, New York City
20 has the most far-reaching bundling disclosure laws of
21 any jurisdiction I am aware of. Federal law, for
22 example, only requires disclosure of bundling by
23 registered lobbyists and their PACs, and only under
24 narrowly specified circumstances.
25

1 Here in New York City, a vast majority of
2 campaigns do not report any intermediaries, and the
3 number of campaigns reporting zero intermediaries has
4 remained consistent over time; in 2021, 70 percent of
5 campaigns reported zero intermediaries, including
6 many of the council members on this committee. We
7 also know that City Council campaigns are less likely
8 to report intermediaries than their borough and city-
9 wide counterparts.
10

11 However, for 30 percent of campaigns that do
12 report intermediaries, the number and dollar amount
13 reported have decreased over time. While there are
14 multiple possible causes of the decrease, we suspect
15 that the largest factor is a shift in how campaigns
16 fundraise. Campaigns now predominantly fundraise
17 online, and contributors give by credit card,
18 compared to in-person fundraising methods where
19 contributors gave by check. For example, in 2021, 86
20 percent of all contributions were made by credit
21 card, compared to only 20 percent in 2009. That year
22 75 percent of all contributions were made by check.

23 Bundling was easier for campaigns to identify
24 when intermediaries hand-delivered checks, but it is
25 not as visible when contributors give by clicking an

1 email hyperlink. This is one reason we firmly support
2 the provision in Introduction 953 that would
3 introduce the concept of "referral" hyperlinks to
4 track intermediated contributions. Internally, we
5 have already discussed adding this function to the
6 NYC Votes Contribute platform, and a legal
7 requirement would ensure this feature also captures
8 campaigns that use 3rd party fundraising systems like
9 ActBlue and WinRed.
10

11 The CFB would like to work with the Council on
12 our shared policy goal of improving transparency
13 around intermediaries, and we believe that revising
14 the legal definition of "intermediary" is a critical
15 place to start. One way to increase transparency
16 would be to eliminate exemptions around campaign-
17 sponsored events and multiple hosts. Current
18 exemptions carved out by past Councils are not
19 intuitive and should be streamlined. The law could
20 also be amended to place a straightforward monetary
21 threshold on reporting intermediaries. As a bonus,
22 these changes would also increase reporting of
23 intermediaries on the Doing Business Database, who
24 might otherwise not be reported as such under the
25 current definition.

1
2 Another section of Introduction 953 would amend
3 the law to apply the current doing business
4 contribution limits to the aggregate total of
5 contributions intermediated by persons on the doing
6 business database. This provision would address a
7 concern that people doing business with city
8 government may be circumventing New York City's
9 strict limits on so-called "pay-to-play"
10 contributions by bundling contributions from other
11 donors. For anyone in the doing business database,
12 the bill would extend these limits to cover bundled
13 contributions, so that no lobbyist, contractor, or
14 other person "doing business" with city government
15 could deliver contributions to any candidate in
16 excess of those limits.

17 While we share the Council's goal of limiting the
18 potential for private campaign contributions to
19 impact government decision-making, we are concerned
20 that this provision would undermine transparency and
21 fail to effectively deter pay-to-play activity.

22 The Council has made a previous effort at
23 limiting the impact of contributions bundled by
24 people in the doing business database. Local Law 167
25 of 2016 prohibited any such contributions from being

1 matched with public funds. We believe this provision
2 may have had the unintended impact of reducing
3 transparency, rather than restricting influence. For
4 the 2017 election cycle, 24.4 percent of all
5 intermediaries were listed in the doing business
6 database. For the next citywide election in 2021,
7 conducted after the passage of Local Law 167, only
8 6.3 percent of intermediaries appeared in the
9 database—the lowest amount since the creation of the
10 database. With numerous current exceptions to
11 intermediary reporting in the law, potential doing
12 business bundlers could legally avoid disclosure—and
13 ensure their bundled contributions were eligible for
14 matching—by raising funds for a campaign-sponsored
15 event, for instance.

17 Administratively, applying the proposed aggregate
18 limit to doing business intermediaries would create
19 an additional burden for campaigns. We believe this
20 added administrative burden would fail to provide
21 additional protection against influence-seeking
22 behavior, and potentially hide more bundling activity
23 away from public view.

24 Another step to increase disclosure would be
25 requiring campaigns to submit documentation

1 associated with fundraising events-lists of hosts and
2 attendees-with each disclosure statement, instead of
3 in the post-election audit process. Overall, there
4 are a few ways to legislate on this topic, and we
5 look forward to discussing these options further with
6 the Council.
7

8 The next bill under discussion today is
9 Introduction 952. The Campaign Finance Board broadly
10 supports the section of this bill that would provide
11 a 30-day deadline to respond to our existing right to
12 request information from campaigns. However, many
13 requests for information are delivered as part of the
14 disclosure statement review process. We have concerns
15 that this provision, if enacted, would conflict with
16 Local Law 187 of 2016, which prevents the Campaign
17 Finance Board from setting a disclosure statement
18 review deadline any earlier than the subsequent
19 disclosure statement deadline. We are more than happy
20 to discuss this issue with the Council to identify a
21 solution.

22 Relatedly, under this bill, a candidate who fails
23 to respond to a Campaign Finance Board request for
24 information pertaining to specific contributions,
25 intermediaries, or suspected possible intermediaries

1 within 30 days of our request would become ineligible
2 to receive any public funds at all. That is, the
3 disqualification from public funding does not relate
4 only to the contributions at issue in The Campaign
5 Finance Board's request for information. Under this
6 provision, a candidate could respond to a Campaign
7 Finance Board request in the heat of an election only
8 a few days late, with information confirming that all
9 related contributions are lawful and were correctly
10 reported, yet still be completely disqualified from
11 the public matching funds program.
12

13 This legislation also adds additional steps to
14 the auditing process that would require the Campaign
15 Finance Board to affirmatively verify certain
16 contributions directly with a contributor before they
17 can be matched with public funds. Candidates are
18 rightly concerned with expediting the audit process.
19 In fact, every time we appear before the Council, we
20 get asked about how we can perform audits faster, and
21 perhaps you will ask me about audits today. This
22 legislation would slow down the audit process
23 significantly by adding additional steps to the
24 process of qualifying to receive matching funds.
25

1 This legislation applies additional scrutiny to
2 contributions exceeding \$50 made via intermediary or
3 by cash or money order. Cash and money order
4 contributions already require a contribution card and
5 are limited to \$100. The Campaign Finance Board would
6 be prohibited from matching such contributions with
7 public funds unless the Board is able to
8 affirmatively verify that the purported contributor
9 did in fact make the contribution and was not
10 reimbursed for that contribution. Numerous serious
11 logistical challenges to obtaining such verification
12 make it likely that a very high percentage of such
13 contributions would be ineligible for matching funds.

14 We are concerned the additional scrutiny of cash
15 and money order contributions will have an unintended
16 disproportionate impact on unbanked contributors, who
17 are the predominant users of cash and money orders.
18 According to the federal Department of Consumer and
19 Worker Protection, 9.4 percent of New York City
20 households are unbanked. This is significantly higher
21 than the national average of 5.4 percent. Federal
22 Deposit Insurance Corporation survey data reports
23 that most households were unbanked because they
24

1 lacked the funds necessary to meet minimum balance
2 requirements.
3

4 Campaign Finance Board analysis of contributions
5 made in 2021, show that cash and money order
6 contributions over \$50 are more likely to come from
7 the Bronx and Queens Council Districts 20 and 31,
8 places with lower voter turnout compared to the rest
9 of the City. This is exactly the group of people we
10 want to engage more in the democratic process by
11 incentivizing and matching their small contributions,
12 instead of erecting additional barriers to their
13 participation. In fact, many of the districts whose
14 candidates and contributors would be most impacted by
15 this bill are NYC Votes priority neighborhoods—places
16 we've identified for extra outreach as part of our
17 mandate to reach underrepresented communities.

18 The most diverse City Council was recently
19 elected in 2021; this is the time to build on
20 progress making the Council a more inclusive body. We
21 believe this bill would make it more difficult for
22 people from diverse backgrounds to have their
23 contributions matched with public funds and, by
24 extension, make it more difficult for candidates
25

1
2 relying on such supporters to receive public funding,
3 discouraging them from running for office.

4 We do not deny that there have been, and will be,
5 instances of a small number of individuals attempting
6 to take advantage of the public matching funds
7 program. On the other hand, a vast majority of
8 campaigns are just trying to do the right thing and
9 comply with the law. The proposed verification
10 process seemingly assumes that all covered
11 contributions, including, under the proposed
12 expansion of the definition of intermediary, those
13 made by credit card through a personalized hyperlink,
14 are fraudulent and invalid unless and until proven
15 otherwise by Campaign Finance Board staff in
16 collaboration with the donor. In our effort to
17 uncover straw donors, we may throw a lot of babies
18 out with the bathwater.

19 We look forward to finding a solution that
20 doesn't adversely impact unbanked contributors, other
21 legitimate donors, and the candidates who rely on
22 their support.

23 Some jurisdictions, for example, verify the
24 identity of individual contributors by comparing the
25 names and addresses of contributors against voter

1 file records, a technique that is useful but limited
2 because lawful contributors are not required to be
3 registered voters. We are also looking into
4 technology solutions—like anomaly detection or
5 signature comparison software—that might enhance our
6 auditing processes.
7

8 The last bill under discussion today is
9 Introduction 954, which would require the Campaign
10 Finance Board to communicate an acknowledgment of a
11 contribution to each contributor; we are largely
12 supportive of the aims of this bill. We believe it
13 furthers the Campaign Finance Board's broad mandate
14 to make democracy more inclusive and accessible to
15 everyone in this city and provides an additional
16 method of oversight to carry out that mandate.

17 Campaigns don't always mention the matching funds
18 program when fundraising, so this is a great tool to
19 spread awareness of the program and further our
20 mission to engage underrepresented communities. It
21 also doubles as a useful enforcement tool that
22 happens after a contribution is made, but before a
23 campaign's full audit begins, and may expose one type
24 of straw donor scheme, wherein the reported
25 contributor is unaware of the scheme. In a straw

1
2 donor scheme involving reimbursement, however, the
3 straw donor would be unlikely to contact the Board to
4 report their crime.

5 We would like the legislation to allow us to
6 contact contributors by email and phone, instead of,
7 or in addition to, by mail. Currently, campaigns are
8 not required to disclose contributor emails or phone
9 numbers to the Campaign Finance Board—a section of
10 Introduction 952 requires campaigns to collect phone
11 numbers and email addresses, but not to disclose that
12 information to the Campaign Finance Board. Our
13 friends in Portland, Oregon send similar
14 acknowledgments to their contributors and report
15 higher response rates over email and phone for
16 certain contributors.

17 The Campaign Finance Board is grateful for the
18 opportunity to provide testimony on three bills being
19 considered by this committee today. We are committed
20 to working with the Council to arrive at thoughtful,
21 comprehensive solutions to improving the law, while
22 maintaining the integrity and accessibility of the
23 matching funds program, which doesn't work unless
24 campaigns can use it.

1 As you can surely tell, the Campaign Finance
2 Board shares this Committee's goals of strengthening
3 oversight and enforcement of campaign finance rules.

4 As I close, I want to underscore that we believe this
5 needs to happen on our end, by finding efficient and
6 effective processes to identify any issues that may
7 arise. It is entirely possible to strengthen the
8 integrity of our system while maintaining its
9 accessibility and inclusivity.

10 We're not going to out-regulate a bad actor.
11 Someone intent on carrying out a straw donor scheme
12 is going to find a way to do that, even if we make it
13 harder for all donors and all campaigns to use the
14 program. But we can make it a lot harder for those
15 bad actors to get away with it, which we agree is of
16 the utmost importance in this moment.

17 Thank you again for the opportunity to testify. I
18 am happy to answer any questions you might have.

19 CHAIRPERSON RESTLER: Thank you so much, Mr. Ryan,
20 for your thoughtful and constructive feedback and
21 testimony.

22 We've been joined by Council Member Paladino.
23 I'm relieved that we don't have any votes today
24 because, I'm not sure how things would play out.
25

1 (LAUGHTER) Uh, but it's good to see each of you,
2 truly.

3
4 I'll start, kick it over to colleagues for
5 questions, and we can go from there.

6 I'd like to start on the topic that you closed,
7 Mr. Ryan, relating to straw donors. I was struck by
8 the report in the New York Times this week that found
9 glaring issues with a state level campaign. Uh, 55
10 donations to one campaign where only seven appeared
11 to be legitimate donors Dozens of New Yorkers, uh,
12 Queen's residents. told reporters they had never
13 heard of the candidate and that their signatures had
14 been forged. These funds resulted in thousands of
15 dollars in matching funds being issued to the
16 campaign erroneously. We recognize this is squarely
17 outside the purview of the CFB, but it is concerning
18 that this activity is happening in our city. And
19 similar issues have been reported in local races;
20 there have been multiple investigations into straw
21 donor schemes tied to the Adams' campaign resulting
22 in five convictions so far. And reporters have
23 identified dozens of other individuals who claimed
24 that they didn't make the donations or were
25 altogether coerced. Reports have already started,

1
2 unfortunately, we've already started to see reports
3 of straw donor associated with Mayor Adams' re-
4 election campaign for the 2025 cycle.

5 What is the process currently for the CFB to
6 verify the validity of a cash or money order
7 donation? Do you mine contribution data for
8 suspicious contributions and reach out to donors to
9 ask about their donations? Could you give us some
10 more insight into this process?

11 EXECUTIVE DIRECTOR RYAN: Yes, we assign a risk
12 score to every campaign's disclosure report when it
13 comes in. It's based on a variety of factors. I don't
14 want to give all of the details here, because we
15 might be giving a road map to people to evade those
16 factors, but I will assure you that we do take into
17 consideration the percent of cash contributions, as
18 well as other factors that you've alluded to in your
19 comments moments ago.

20 Those campaigns with a higher risk score get a
21 next level of scrutiny that is examination of the
22 specific contribution records for those transactions.
23 And when we continue to see concerning details, we
24 look even closer examining, for example, the
25 contribution cards or the actual money orders that

1
2 come in the door to detect any anomalies. The last
3 stage in this process is that when we see anomalies
4 or red flags in our examination of the actual
5 documentations, the contribution cards that could be
6 something like mismatch or matching signatures, same
7 hand signature, same hands filling out the
8 contribution cards, we make phone calls if we can
9 find phone numbers for these individuals. But, I will
10 tell you this is a... first of all this process
11 presently has to typically take place within four
12 days, because that's the turnaround time for a
13 submission of a request for matching funds to the
14 certification of eligibility and those funds going
15 out the door. And when we do make these phone calls,
16 it's a process, as you can gather, that's sort of
17 similar to what is in the Verification Bill, the
18 process that's outlined in the Verification bill
19 before this Committee. We get a lot of hang-ups, and
20 that is not necessarily an indication that the person
21 answering the phone did not make the contribution.
22 Sometimes it is because when the government calls, an
23 instinctual response is to either say no and hang up
24 or just hang up. We sometimes have trouble verifying
25 that the individual we're speaking to in that moment

1 is the contributor themselves if the phone number we
2 have found, for example, as a landline into a
3 household, there are often language barriers, and
4 this is a serious obstacle to conducting this type of
5 investigatory work quickly. And all of these things
6 ,you know, hang-ups and unreliable no responses
7 followed by hang-ups, strike me as a rather weak
8 basis upon which to conclude the contribution
9 involves a straw donor or other illegal activity,
10 especially when there's a language barrier present.
11 But the impact of the legislation you're considering
12 today is that unless we get affirmative verification
13 that that contribution was made by this donor, who we
14 are somehow able to contact, that contribution isn't
15 eligible for a match. So, yeah that's our main
16 concern with this bill. We are trying a process, we
17 do and use a process similar to what you're drawing
18 out in this verification bill, and we have serious
19 challenges with getting the types of responses or
20 verifications that you would mandate and that the new
21 consequence would be ineligibility for matching
22 funds.
23

24 CHAIRPERSON RESTLER: It's an impressive
25 undertaking in a very short time frame to try to

1
2 verify the identity of people in just four days. What
3 more could or should we do to verify the identity of
4 questionable donations... of the donors of
5 questionable donations? Should the four day timeline
6 be extended for questionable donations to give the
7 CFB more ability to try to determine the veracity of
8 the donation?

9 EXECUTIVE DIRECTOR RYAN: I think we would
10 certainly be open to considering that. I think the
11 question is whether campaigns would like that longer
12 turnaround time. Campaigns are typically quite eager
13 to get their public funds in response to their
14 submission of eligible contributions for the match.
15 I've mentioned in my opening remarks, one thing that
16 we will be exploring, which is signature-match
17 software, employing more sophisticated technology on
18 our end. We have a few challenges there, one of which
19 is we are not the Board of Elections, and the Board
20 of Elections maintains the voter file with signatures
21 on record for registered voters. So, gaining access
22 to that information in the first instance would
23 likely require legislative action, perhaps at the
24 City Council level, perhaps even at the State
25 Legislature level. But, that is one method that is

1 used in other jurisdictions. Comparing signatures and
2 other handwriting that we do receive connected to one
3 subset of the contributions that we're discussing
4 here, those that are cash or money order, I think
5 it's also worth underscoring that this verification
6 process applies to all contributions via
7 intermediary. And that's a universe of contributions
8 that is, uh, your proposing to expand quite
9 dramatically through this hyperlink. We like the
10 hyperlink addition to the intermediary definition,
11 but to subject those contributions, which
12 contributions made by credit card don't seem to pose
13 nearly as high of a risk of fraud as some other types
14 of contributions -- but, they would nevertheless be
15 ineligible for match as well unless we're able to get
16 a hold of the contributor and then get verification
17 from them. One last more technical concern we have
18 with the legislation as drafted is that all we have
19 right now, all we receive from campaigns, are mailing
20 addresses for these contributors. So, we don't have
21 phone numbers or emails, and I mentioned a few
22 minutes ago, in our effort, under our current
23 processes, we can only run through this process, run
24 through these steps for those donors who we can even
25

1 find, uh, phone numbers for is how we do it
2 presently. But, you might consider amending the bills
3 that you're considering today to not only require
4 campaigns to keep records of emails and phone
5 numbers, but to require them to report that
6 information to the Campaign Finance Board.
7

8 CHAIRPERSON RESTLER: We certainly think that
9 would be a helpful step and a positive thing for
10 campaigns to report that information... the donor
11 contact information to the board, so that you could
12 more readily verify identities.

13 How widespread a problem do you think straw
14 donors or inappropriate... or how, just on straw
15 donors broadly, how widespread an issue do you think
16 this is? And is it an area of major concern for you,
17 minor concern, how would you assess it?

18 EXECUTIVE DIRECTOR RYAN: In my 25 years of watch
19 dogging experience, focused at federal level
20 politics, as well as state and municipal politics
21 across the United States, I've always considered
22 straw donor schemes to be a problem that exists
23 everywhere. It is not a problem that's unique to
24 jurisdictions with matching funds or other types of
25 public financing programs, and I have always

1 considered it to be a problem that is rare. I will
2 admit; however, that it's kind of a guess about - we
3 don't know what we don't know, so it's difficult
4 to... I won't state with confidence that this is a
5 small problem, big problem, but my sense over 25
6 years of doing this work is that it's a very tiny
7 percentage of total funds raised in elections, and it
8 is a process, it's a problem that exists in
9 jurisdictions regardless of whether they offer public
10 funds across the United States.
11

12 CHAIRPERSON RESTLER: On the postcards, and the
13 proposal for the CFB to issue postcards or
14 potentially ,you know, we could explore other means
15 of the CFB reaching out to voters via text message or
16 phone call or email to verify their identity, inform
17 them of their ,you know, to inform them of their
18 contribution, and ,you know, give them an opportunity
19 to flag if there was any issues with the donation. Do
20 you think this would help capture or identify cases
21 where individuals were unaware of a donation made in
22 their name or weren't familiar with the campaign
23 finance rules? Are you familiar at all with the model
24 from Portland, Oregon, and is this something that you
25 think merits kind of replication?

1 EXECUTIVE DIRECTOR RYAN: Yes, in a word. We do
2 support this approach with the caveat that we would
3 really like to see the Council expand the ways in
4 which we can contact these contributors or purported
5 contributors, because, as written, we would have to
6 it by postal mail. My understanding is that... my
7 personal life experience is that, I don't pay close
8 attention to postal mail. I know there's evidence
9 that people pay closer attention to mail from the
10 government, but, all of this aside, what we've
11 learned from our friends in Portland is that for some
12 ,you know, for some subsets of contributors they're
13 much more responsive to email and phone contact. So,
14 with the expansion of this legislation to allow us to
15 use phone and email, either instead of, or in
16 addition to postal mail, I think this is a really
17 valuable expansion of Campaign Finance Board
18 programming. I don't want to overstate the likelihood
19 that it will uncover a lot of straw donors. You've
20 specifically identified one type of straw donor, and
21 I think it would help uncover those straw donors.
22 Those straw donors, who aren't in on it, they don't
23 know their name has been reported as a contributor. I
24 think it could be a useful way to uncover some of
25

1 those, and we would certainly be willing to try it
2 out, test it out and see what happens. The other type
3 of straw donor that you sometimes read about in the
4 news here in New York City and elsewhere, are those
5 straw donors who are reimbursed for their
6 contributions. They're in on it. They're not going
7 to... if they get a phone call or a postcard from us,
8 they are very unlikely to call us and to report to us
9 that they've done that -- unless perhaps they were
10 coerced by an employer. There are some circumstances
11 even within that universe where maybe we would
12 uncover some straw donation schemes. But, by and
13 large, I don't want to overstate the likely
14 effectiveness of this, but it's certainly worth
15 trying especially through email or phone call in
16 addition to postal mail.

18 CHAIRPERSON RESTLER: I do appreciate your
19 perspective that this is a hopefully rare occurrence
20 in... and your kind of national expertise, and
21 perspective, and in and kind of insight here. We've
22 been reading about straw donor issues a lot in the
23 press in recent years in New York City, because of
24 the number of instances that have apparently occurred
25 in Mayor Adams' campaign. As you noted, we're seeing

1 few... it seems like these issues are less likely to
2 occur via credit card donations. Overwhelmingly,
3 that's how people are making contributions today or
4 online -- 84 percent of the contributions, I believe
5 in the 21 cycle, were made online which is great.
6 These irregularities seem to be concentrated
7 particularly with cash and money order donations.
8

9 When we did a review of the data from the 2021
10 campaign, we found that the Adams' campaign had 547
11 cash donors and 331 money order donations. The next
12 leading four mayoral candidates combined had five
13 times as many total donations as Mayor Adams, but
14 they had only one-twentieth- *one-twentieth* as many
15 cash donations or money donations. So five times as
16 many total donations, one-twentieth as many cash and
17 money order donations.

18 Are the high rates of cash donations and money
19 order donations, is that a potentially concerning
20 pattern when you see that concentrated on a in a
21 campaign?

22 EXECUTIVE DIRECTOR RYAN: I am not at liberty to
23 discuss the Adams' campaign or any other campaign...

24 (CROSS-TALK)

CHAIRPERSON RESTLER: No, no, just in general...

(CROSS-TALK)

EXECUTIVE DIRECTOR RYAN: or any other campaign with an open audit -- standard Campaign Finance Board practice. And I do want to underscore, we are concerned about maintaining the integrity. We take very seriously the responsibility of maintaining the integrity of the programs we administer, including the matching funds program. We have a responsibility to New York City taxpayers... (CROSS-TALK)

CHAIRPERSON RESTLER: Absolutely...

EXECUTIVE DIRECTOR RYAN: to safeguard the public fisc, and we are... we do presently look for anomalies in patterns of contributions. I've described to you the process we use to scrutinize cash and money order contributions, and we welcome the opportunity to work with the Council to identify ways to refine those processes to be more effective as applied to all candidates in New York City. And... however, the verification bill as written would apply this same scrutiny, likely resulting in unmatchability for credit card contributions made via personalized hyperlink if you successfully pass that piece of legislation.

1 CHAIRPERSON RESTLER: But, can I just... in
2
3 general, a very high... I mean the data we saw from
4 the Adams' campaign versus any other campaign was
5 much higher rates of cash and money order donations
6 than anywhere else -- and much larger average cash
7 donations than anywhere else.

8 Is the concentration of cash donations on a
9 campaign, any campaign, is that a concern or a
10 potential irregular pattern, or is that not a concern
11 to the CFB?

12 EXECUTIVE DIRECTOR RYAN: The percentage of cash
13 campaigns is part of the risk score analysis that
14 determines whether or not a campaign gets heightened
15 scrutiny. The more ,you know, high percentage of cash
16 contributions is more heavily scrutinized under
17 current processes in effect at the Campaign Finance
18 Board.

19 CHAIRPERSON RESTLER: And ,you know, I think it's
20 just worth noting on the record some of these stats,
21 because I thought they were quite notable.

22 And we have been joined by the former chair of
23 this Committee, my colleague, Gale Brewer.

24 On average, the other leading contenders for
25 mayor had 95 percent of their donations via credit,

1 card Eric Adams had only 61 percent of his donations
2 via credit card. The average cash donation to Eric
3 Adams' campaign was \$69, the average cash donation
4 for everyone else was \$39. So almost two to one. We
5 saw 57 percent of his cash donations were above \$50,
6 citywide, only 21 percent of cash donations were
7 above \$50; 84 percent of his money order donations
8 were above \$50, citywide only 57 percent of money
9 order donations were above \$50. So, there were just
10 major differences in the ways that he... that money
11 came into his campaign that I think are prone to
12 potential... that are much harder to verify the
13 identity of the donor, and much more prone to
14 potential irregularities.
15

16 In your testimony, you noted that you were
17 concerned about not wanting to negatively impact
18 unbanked New Yorkers. And I very much share that
19 concern. I formerly worked at the Department of
20 Consumer and Worker Protection; I was a program
21 officer for asset building, and I negotiated with
22 banks in New York City the creation of basic banking
23 accounts to help connect more New Yorkers to the
24 mainstream financial services away from check
25 cashers. This is an issue I care deeply about.

1 universe that would be captured by this
2
3 legislation... (CROSS-TALK)

4 CHAIRPERSON RESTLER: Totally. There are
5 definitely some ,you know, I think if your pre-tax
6 income is about \$2,000 a month, trying to get by in
7 New York City, finding \$50 to give to a campaign is
8 not an easy feat. You know, we found that only 24
9 percent of cash and money order donations were above
10 \$50, meaning that the policy that we've proposed in
11 this legislation would impact, from the 2021 cycle,
12 about 6,500 donations, that were cash and money order
13 donations, that would require an extra degree of
14 scrutiny and review to try and affirm the veracity of
15 the donor.

16 I have more questions, as always, but I would
17 love to kick it over to my colleagues. We'll start
18 with Council Member Carr, then Council Member
19 Vernikov, then Brewer, and then I'll come back, thank
20 you very much.

21 COUNCIL MEMBER CARR: Thank you, Chair, and
22 Director, good to see you, congratulations, as you're
23 in the early days of your new role, and I wish you
24 nothing but success..

25 EXECUTIVE DIRECTOR RYAN: Thank you...

1 COUNCIL MEMBER CARR: with your new mandate. I
2 want to talk a little bit about, and you touched on
3 it in your testimony, the post-election audits. Can
4 you give us a sense of how many postelection audits
5 are complete from the 2021 cycle, and then, you know,
6 how many may still be outstanding from the prior year
7 cycles?
8

9 EXECUTIVE DIRECTOR RYAN: Ninety-three percent of
10 2021 postelection audits have gotten to the
11 completion of the draft audit stage, which is where
12 the overwhelming majority of the auditing work takes
13 place up until that point. So, we are at 93 percent -
14 - 323 out of 347 campaigns have received their draft
15 audit reports. So, from this point forward it's a
16 matter of us getting response to get that over the
17 finish line. But, typically the bulk of the work is
18 already done for 93 percent of these campaigns.

19 COUNCIL MEMBER CARR: So, how would you say that
20 reflects compared to prior cycles, 17,13, in terms of
21 your rate of progress?

22 EXECUTIVE DIRECTOR RYAN: I have the data in front
23 of me on... actually I may have another, back to
24 2017, but it only gives me raw numbers and some
25 percentages at various stages of completion, it's not

1 a comparison rate of progress of the sort you've just
2 asked me about, so I want to be clear about that.

3
4 But I also say that our staff, our auditing staff,
5 I'm very proud of our auditing staff. I've only been
6 here four months, but I've learned a lot about New
7 York City Campaign Finance Board audits in the past
8 four months, and proud of the audit staff getting
9 through really unprecedented circumstances for the
10 2021 election -- a global pandemic, hiring freezes,
11 record number of candidates in 2021, record amount of
12 public funds distributed in 2021, and, importantly,
13 a bonus 2023 election that was required by the
14 redistricting process. All of these and that
15 administering the matching funds program in the
16 context of the 2023 election, necessarily pulled
17 auditors away from 2021 audits. So, we certainly have
18 room for improvement in audits. Improving our audit
19 processes is going to be a major priority under a
20 strategic plan that we expect to have Board approval
21 of by the end of this summer, by the end of August.
22 We're focused on it. Auditors care about this. And
23 ,you know, I think 2021 was an anomaly in many
24 important ways, and we know we need to do better, do

1 audits more quickly without compromising the
2 integrity of those audits... (CROSS-TALK)

3
4 COUNCIL MEMBER CARR: Yeah, I think to some degree
5 that's true, but I also to some degree it's a new
6 normal, right? Because, it was the first cycle with
7 rank choice voting, uh, in combination with a much
8 more generous matching funds rate, the lifting of the
9 of the of the cap on matching funds that are infused
10 into a campaign as a percentage of the entire
11 expending cap. So, if anything, right, the purpose of
12 those things was to incentivize additional
13 candidacies, right, remove barriers to public office
14 for folks. So, you're going to see more and more
15 people running, particularly when we get to 2029,
16 when most of our city elected officials are term
17 limited out from their current roles. So, I guess I'm
18 just... I'm just concerned that even if you take away
19 the COVID dynamic from this, that you're still going
20 to be dealing with a lot of campaigns, a lot of
21 qualifying Matching Fund Committees, and that's going
22 to reduce the rate at which you complete audits. I
23 believe in the past the Board used to make guarantees
24 on timeline excluding tolling from the January
25 periodic following an election cycle until the

1 conclusion of the draft audit process.. or excuse
2 me, the issuance of the draft audit report, and even
3 provided bonuses for those who attended postelection
4 audit classes. Is that something that the Board still
5 does, and you're looking to put forward?
6

7 EXECUTIVE DIRECTOR RYAN: The Board was not
8 directly responsible for the policy you're alluding
9 to. It was a requirement under law, and law was
10 changed for the 2021 election, specifically the
11 ongoing reporting requirements for a candidate
12 campaign committee. So, there used to be a final
13 report filed in January after the election by every
14 committee, and that started an auditing clock for
15 specific deliverables, if you will, on specific time
16 frames. And the state legislature changed that law,
17 reporting law, so there is no final audit... or no
18 final disclosure report by committees. So, there has
19 been a sort of a change in practice, but it was
20 resulting from a change in state law at least that's
21 my understanding of it... (CROSS-TALK)

22 COUNCIL MEMBER CARR: Yeah, but even if the
23 reporting requirements go on, that doesn't mean the
24 audit process should... should have an indefinite
25 cycle. I mean there should be some commitment to

1 getting these things done, even if committees are
2 going to have to continue to report after the audit
3 is concluded.

4
5 Another question I'd like to ask you is, you
6 know, you do the auditing, because you're protecting
7 taxpayer dollars, right? And I've always been
8 confused about why the Board... and I'm sure it's a
9 matter of law, but I'm interested to know your (TIMER
10 CHIMES) opinion, is whether campaigns who are program
11 participants, but receive no public funds should
12 still have to go through the postelection audit?
13 Because it just seems like an unnecessary thing for
14 the Board to take on in terms of workload,
15 particularly as the number of candidacies and other
16 qualifying campaigns emerge under, uh, under the
17 changes in the law I was talking about earlier.

18 EXECUTIVE DIRECTOR RYAN: We have made a specific
19 change to our audit processes. The auditors have --
20 not long, but I think going back more than a decade
21 have used a risk-based approach to the degree of
22 scrutiny that campaigns get. They've been refining
23 that risk-based approach over the years, and recently
24 added a fourth category of risk. And if you're in the
25 lowest category, and it depends on a variety of

1 factors, if you didn't get public funds, if you were
2 a small dollar campaign, you get the lowest level of
3 scrutiny, those audits are completed quite quickly --
4 up to the full audit scale on the other end of the
5 spectrum where there's much more rigorous scrutiny.
6 These are campaigns that raised and spent a lot of
7 money and got a lot of public funds. Our auditors
8 have been refining this process, they understand that
9 it's an important part of the process, and that we
10 don't need to be investing significant auditor
11 resources in small campaigns of the sort you've
12 described. And we are no longer doing that; we used
13 to do that to a much greater extent, but our auditing
14 processes are evolving.

16 COUNCIL MEMBER CARR: If I could just ask a couple
17 more questions, Chair? Thank you.

18 So, but on that score. you're still engaging in
19 some level of review for a campaign that received no
20 public funds whatsoever. So, I understand that such a
21 participant would not have to justify qualified
22 expenditures. because there are none, and that was
23 always a significant portion of the audit.

24 EXECUTIVE DIRECTOR RYAN: Mm-hmm

1 COUNCIL MEMBER CARR: But, there's really no
2 reason to review these campaigns at all ,you know,
3 unless there's some evidence that they exceeded the
4 spending cap, which I think is highly unlikely for a
5 campaign that didn't receive public funds. So, to me
6 it's just, like, why not just clear these campaigns
7 off your plate and then focus on the ones who
8 actually did receive public funds, which is the core
9 of your mission to make sure that those tax dollars
10 are being spent according to the terms of the
11 Campaign Finance Act?
12

13 EXECUTIVE DIRECTOR RYAN: Our risk-based audit
14 approach is designed and intended to have that
15 effect, and the scrutiny that we do give to those
16 campaigns that you've just described as really
17 minimal for exactly the reasons you've identified.
18 So, I agree with you, where we need to be investing
19 our resources, and we're doing so, and we'll continue
20 to improve these processes for sure. It is a very
21 high priority for me in this role as executive
22 director.

23 COUNCIL MEMBER CARR: So, my last question, and
24 I'll turn it back to the Chair, is about
25 intermediaries. The Chair spent a lot of time talking

1 about it, you spent a lot of time talking about it in
2 your testimony, and I think that ,you know, what I've
3 kind of seen is the Board has not been consistent at
4 what it regards as an intermediary and what it
5 regards as a host of a campaign fundraising event.
6 And frequently there are instances where an
7 intermediary is... intermediary statements are sought
8 when individuals in question were hosts. And the
9 rules and the Campaign Finance Handbook seem to
10 suggest intermediaries and hosts are not the same
11 thing. So, I guess I'd love to hear kind of more from
12 your perspective about at what point in your you a
13 host ceases to be a host and is now an intermediary,
14 particularly as you say ,like, campaigns are much
15 more reliant on campaign contributions coming online,
16 there's less deliverability of checks or bundling in
17 the way that there was, and when that... where that
18 line is, because to me it seems rather blurred.

20 EXECUTIVE DIRECTOR RYAN: I share your belief or
21 your understanding, your opinion, that the line is
22 blurry. This is the result of work done by the
23 Council, not by the Campaign Finance Board. The
24 definition in the Campaign Finance Act of
25 intermediary uses the word "host" multiple times. It

1 is not a term that is defined elsewhere in the law. I
2 agree that it's confusing, because the core
3 definition of intermediary includes only those
4 individuals who either deliver contributions or
5 solicit contributions known to the campaign. Uh,
6 "host" isn't defined, but it's mentioned as an
7 exception in two ways -- the host of a fundraising
8 event that the campaign pays for in whole or part,
9 that means the campaign can pick up the catering bill
10 or some small bill, all of a sudden, voilà, no
11 intermediaries are a result of that event, and an
12 event with multiple hosts, even if it's not sponsored
13 by a campaign, only one of those hosts needs to be
14 picked. This is under the statutory definition of
15 intermediary. We would love to work with the Council
16 to clean up some of the exemptions in the law to make
17 it more clear. In my opening remarks, I mentioned one
18 approach, which would be to set a monetary threshold
19 below which you are not required to be reported as an
20 intermediary, and above which you are, without all of
21 these exemptions. Another exemption in the law that
22 troubles me, and seems to be a very large one, is the
23 inclusion within the definition of fundraising agent
24 of volunteers because, fundraising agents are
25

1
2 exempted from the definition of intermediary. There
3 is no standard definition or requirement for how or
4 who a campaign can identify as a volunteer. So,
5 hypothetically we send out one of these reports from
6 suspected intermediaries requiring candidates to
7 report back to us whether or not any of these
8 contributions on this report came to the campaign
9 through an intermediary, and it's quite easy for a
10 campaign to look at their operation and determine
11 that the person that might otherwise be considered an
12 intermediary under the law, you can call them a
13 campaign volunteer, they were involved in that event,
14 they support the campaign, it's undefined term
15 there's a lot of wiggle room there. So, I think the
16 most important next step for the Council that would
17 help the Campaign Finance Board in its administration
18 and enforcement of these laws is to tighten up the
19 definition of intermediary before we impose what I
20 consider to be fairly drastic consequences, for
21 example, being a day late on responding to a
22 suspected intermediary notice and being thrown out of
23 the public financing program. That strikes me as an
24 extreme consequence for a what is essentially a
25 reporting deadline violation and could entail

1 contributions that are completely lawful, no
2 intermediaries, for example. We need to tighten up
3 the definition of intermediary - "host" is one piece
4 of it, not the only piece of it.

5
6 COUNCIL MEMBER CARR: Thank you. Thank you, Chair.

7 CHAIRPERSON RESTLER: I do very much agree that we
8 need to tighten up the definition of intermediary,
9 and ,you know, I'm very much committed to working
10 collaboratively with you to make that happen.

11 Council Member Vernikov?

12 COUNCIL MEMBER VERNIKOV: Thank you, Chair.

13 And congratulations on your new role. We wish you
14 A lot of luck. I know the Chair touched on this a
15 little bit, and I just want to focus a little more on
16 the small dollar donations and what the CFB does to
17 prevent the fraud in that. And I want to bring up an
18 example of my own campaign where we found numerous
19 instances of \$10 donations, and when we went back to
20 the alleged donors, they all testified in a in sworn
21 affidavit that they never gave those donations. And
22 it's also particularly concerning that pretty much
23 all of those donations were, well not made, but
24 allegedly made by seniors who don't speak English.
25 So, when we approach them, they said they never gave

1 those donations. So, I just want to know a little
2 more about what ,you know, what you do to prevent
3 those. I think it's very concerning that we have
4 candidates who take advantage of seniors and also
5 defraud the system and taxpayers, thank you.

7 EXECUTIVE DIRECTOR RYAN: So, I'll tell you about
8 the process I described a little bit earlier, which
9 is process. Assignment of a risk score begins ,you
10 know, as soon as the report comes in the door at the
11 Campaign Finance Board requesting matching funds, and
12 that risk score is dependent upon, for example, the
13 percentage of cash contributions or money order
14 contributions. Other factors that are considered are
15 odd amounts, we look at the reported occupation or
16 employer and give more scrutiny to some types of
17 occupation and employer listings. And then we proceed
18 to drill down, but we run into challenges when we are
19 working within the community of the sort you just
20 described, which are I think you had just mentioned
21 that these were folks that perhaps do not speak
22 English as their first language. We run into language
23 challenges; we run into challenges even contacting
24 these individuals, because campaigns aren't required
25 to report to us a phone number or an email address.

1 All we have to work with is postal mailing address
2 and our own ability to research and try to find a
3 phone number for the person. So, we take the concern
4 seriously, we have a process to try to identify
5 fraudulent contributions, uh, including those of the
6 sort you've described, and we welcome the opportunity
7 to work with the Council to make that process more
8 effective through tools that I've already mentioned -
9 -things like perhaps employment of signature
10 comparison software if we could get... actually get
11 access to a government file signature of some sort
12 for these individuals.

14 COUNCIL MEMBER VERNIKOV: But if you receive sworn
15 affidavits saying they never gave the donation
16 somehow the candidate matching funds after you
17 receive ,like, 10 or 12 affidavits. It just doesn't
18 make sense.

19 EXECUTIVE DIRECTOR RYAN: I'm happy to... I would
20 need to confer with my staff about this particular
21 fact pattern, because this is the first time I'm
22 hearing of a fact pattern in which we received
23 documentation, if I'm understanding you correctly, we
24 received documentation that it contribution was

1 fraudulent, and we nevertheless matched it. Is that
2 what you're describing?
3

4 COUNCIL MEMBER VERNIKOV: Yeah, but I'm definitely
5 not trying to focus on my campaign. I am just giving
6 an example of things that happen, and I am sure they
7 happen in other campaigns as well.

8 EXECUTIVE DIRECTOR RYAN: Yeah, because the... you
9 know affidavits are a type of document that we would
10 certainly, I would imagine, I would hope, I will
11 insist as executive director that we would take into
12 consideration when investigating the validity of
13 contributions, particularly when those affidavits
14 contradict explicitly the originally stated identity
15 of the donor. But, I'll have to confer with my staff
16 and figure out exactly how we handle that type of
17 situation.

18 COUNCIL MEMBER VERNIKOV: Okay, thank you. So,
19 what do you think can be done... what more can be
20 done to prevent this type of fraud, and do you think
21 that the legislative proposals are in enough, or is
22 there any other... are there any other things that we
23 could do to prevent this?

24 EXECUTIVE DIRECTOR RYAN: My concern with the
25 legislative... the verification provisions within the

1 legislative proposal are that we are already engaged
2 in a process that is quite similar, and we frequently
3 get to a dead end. We need to solve for that dead end
4 through ,you know, get creative through employment of
5 other forms of technology, or figuring out a way to
6 get signatures to compare, handwriting to compare.
7 But what we know today is we engage in this process
8 very similar to what's required by the law; we get to
9 dead ends, and under the proposal, uh, these
10 contributions, even if we are not... we don't
11 determine, and when we hit a dead end, that is not a
12 determination that these are fraudulent contributions
13 or straw donor contributions. This means we try to
14 contact someone, either we can't get to them, or we
15 get to them, and they don't talk to us. Under the
16 proposal, those contributions become automatically
17 unmatchable.

18
19 COUNCIL MEMBER VERNIKOV: Thank you.

20 CHAIRPERSON RESTLER: Thank you very much, Council
21 Member Vernikov. And I and... I do think it... the
22 statements from my colleague illustrate, Mr. Ryan,
23 kind of your early your point of we don't know what
24 we don't know. And while we hope this issue is rare,
25 there are lots of allegations that we're hearing

1 about and reading about that are really concerning.

2 And we do need to identify more tools and more
3 effective ways to crack down on any potential fraud
4 and abuse, because it undermines the Integrity of the
5 system that we believe in so much so. I will add more
6 questions to that effect after my colleague, Council
7 Member Brewer.

8
9 COUNCIL MEMBER BREWER: That thank you, very much,
10 excellent testimony, and I know you'll be excellent
11 at your job.

12 I want to thank David Duhalde-White (sp?),
13 because he's fabulous, one of your staff members, and
14 I just want to single him out.

15 One of the questions I have is, uhm, if we
16 collect or mandate the phone numbers and the emails,
17 this is what I'm concerned about, people may not want
18 to donate, because they're already crazed on the
19 topic of too much information. Do you think that
20 would be an issue? I know it's hard, you only have
21 the mailing address. But I'm worried that if we were
22 require that on the form, I assume it would not show
23 up on the database, but people are very concerned
24 about their privacy. Do you think that will be an
25 issue?

1 EXECUTIVE DIRECTOR RYAN: I think you have a
2 better perspective than I do perhaps on that specific
3 point, because you engage with your supporters as
4 donors, as contributors routinely. I will say that
5 some of the processes that are laid out in these
6 bills that you're considering, and some of the...
7 including some that we like, like, the postcard
8 bill, they are... will be ineffective or much less
9 effective if we are required to do it entirely by
10 postal mail. So, verifying contributions, the
11 validity of contributions by postal mail, I think
12 that will just mean any contribution subject to that
13 process, and that under... as the bills are drafted,
14 that would be cash, money order, and anything through
15 an intermediary. We... you would just be making the
16 decision that those contributions are by and large no
17 longer matchable. I think adding email and phone
18 numbers, particularly to the postcard bill that gives
19 us a way to publicize the existence of our program,
20 as well as communicate with contributors to give them
21 an opportunity to reach out to us if they didn't make
22 the contribution. I think that process will be much,
23 much, much more effective if we're able to do it
24 through phone number and email. And I think perhaps
25

1 creatively exploring, and I don't want the following
2 to be interpreted as a policy proposal from me,
3 because I haven't vetted it with my team, but perhaps
4 there's some information that could be reported to
5 the Campaign Finance Board but redacted from public
6 records. But, that's serious...

8 COUNCIL MEMBER BREWER: Yeah, and phone numbers
9 and emails should not be in the public record. That
10 would be... people wouldn't donate. I'm just... I
11 do know my constituents well enough for that. So,
12 we'll have to figure out something. I didn't sign on
13 that bill, because I was concerned when you mail
14 stuff, half of it comes back even if it is the
15 address that was listed. I do a lot of mailings; I'm
16 ,you know, stamps and envelopes are my thing, and
17 they're constantly coming back, even when I have the
18 address. You didn't put the ,you know, apartment
19 number, so it got returned. So, I'm just saying mail
20 is a problem, and then you have privacy from others.
21 So, I don't know something to think about. I think it
22 needs more discussion first...

23 EXECUTIVE DIRECTOR RYAN: Yeah, we would love to
24 continue this discussion... (CROSS-TALK)

1
2 COUNCIL MEMBER BREWER: Number two, I know you
3 have hearings at the end of every cycle, "how did it
4 go?" I want to know if they're well-attended. I must
5 admit, I think I haven't testified, so I want to know
6 if they're well attended, or if there's some other
7 mechanism to get feedback. To me, the people, unlike
8 the Chair, the I don't pay much attention. I run for
9 office, I win every time, (LAUGHTER), and I have tons
10 of... And I have tons of information that I do in
11 terms of government. But, I don't know anything about
12 what I'm supposed to do in terms of campaign finance.
13 I hope I do it right. So far everything has been
14 cleared. My question... my question is, because I do
15 government, and then you get elected, that's how it
16 works. (LAUGHTER) But the question is, uhm,
17 feedback. So, the treasurers, I think perhaps are the
18 most knowledgeable. I don't know in other words, you
19 gather them, do they testify? I'm just wondering how
20 you get feedback that's my question.

21 EXECUTIVE DIRECTOR RYAN: I actually participated
22 in a post-election hearing in 2022... I'm sorry 2002,
23 22 years ago. (INAUDIBLE)... (CROSS-TALK)

24 COUNCIL MEMBER BREWER: I remember. I was around,
25 Yeah. (LAUGHTER)

EXECUTIVE DIRECTOR RYAN: Early... (CROSS-TALK)

COUNCIL MEMBER BREWER: I won that election, too,
yeah.

ALL: (LAUGHTER)

EXECUTIVE DIRECTOR RYAN: Congratulations. I've personally experienced the requirement that the Campaign Finance Board hold those post-election hearings. It's a great part of the law. It is not enough, and I will say to you, I have not yet had an opportunity to comment on future vision for the agency, what my plans are. So, I'll say in very brief terms, we understand that we need to do a better job of getting feedback from all... (CROSS-TALK)

COUNCIL MEMBER BREWER: That's what I'm saying, yeah...

EXECUTIVE DIRECTOR RYAN: stakeholders, contributors, voters generally, candidates, and their treasurers, and our own staff about how all of our processes and procedures work or don't work. This is all going to be done under a new division that I'm creating at the Campaign Finance Board, a Strategies Product and Innovation Division, it will be under the leadership and direction of a new First Deputy Executive Director. That job has been posted, we're

1 welcoming applicants to it right now. And a key piece
2 of that new division of Strategy Products and
3 Innovation is going to be a new unit on product
4 design and management. And product design... product
5 management by product, I mean, (TIMER CHIMES)
6 everything we do from sort of the tangible things
7 like our voter guide, but also our C-SMART that
8 candidates and your treasures you engage with to file
9 your reports. Our internal systems, like our auditing
10 computer system, we need to do a better job of
11 evolving those systems. And one of the ways we are
12 going to do it is through talking to our stakeholders
13 and observing our stakeholders and how they use these
14 products.
15

16 COUNCIL MEMBER BREWER: Right. I mean, I just...
17 suggestion would be the... my suggestion would be
18 treasurer, but there may be other titles that would
19 have like a round table back and forth as a opposed
20 to a hearing ,you know, to get some feedback. Because
21 I think it is it is challenging, but they have the
22 most... the other thing is, I don't know how to warn
23 people, but a lot of people hire their next door
24 neighbor to be the treasurer. I would say don't do
25 that, and I don't know how to tell people not to do

1 that. But that would be something in terms of
2 education, and I don't think you can make a list of
3 ,you know, a Good Housekeeping Seal of Approval
4 treasures, but that whole treasurer world needs to be
5 cleared up. Because, people get in so much trouble,
6 and it makes your... the life of your staff
7 miserable, because the people at the other end are
8 not briefed well enough -- even though they are
9 supposed to go to trainings and so on and so forth.
10 A, they don't go, and B they're not ready for that
11 job. So, I don't know something to think about,
12 because it's makes it hard on your staff.

14 EXECUTIVE DIRECTOR RYAN: My understanding is
15 that, in the pre-COVID era, our Candidate Services
16 staff would routinely do focus groups with treasurers
17 post-election, maybe even during election, I'm not
18 sure of the details, and, then, I believe we've sort
19 of fell out of that routine during COVID for obvious
20 reasons. We will be systematizing, under my
21 leadership, uh, better processes, routine processes
22 for getting feedback from all of the stakeholders in
23 our programs.

24 COUNCIL MEMBER BREWER: Great. Then, just finally,
25 uh, Jesse (phonetic) does a great job on the Doing

1 Business list, but, I hate to say this, but when
2 people die, do you look... some of them are dead.
3 So, I'm just... I don't know if he looks at the
4 Department of Health list or some way of getting the
5 dead people off that list. Because, what happens...
6 I'm old, and then my contributors die, right? So,
7 then what happens is they're still on as Doing
8 Business, even though they're dead. So, I'm just...
9 that list needs to look at the dead people.

11 EXECUTIVE DIRECTOR RYAN: We use the Doing
12 Business List, but we do not maintain the Doing
13 Business List.

14 COUNCIL MEMBER BREWER: Okay, all right. I don't
15 know whoever does. I thought Jesse put that list
16 together (INAUDIBLE)... (CROSS-TALK)

17 CHAIRPERSON RESTLER: (INAUDIBLE) the clerk. We
18 can talk to your favorite clerk about that prior to
19 his reappointment.

20 COUNCIL MEMBER BREWER: Perfect, thank you very
21 much.

22 CHAIRPERSON RESTLER: Yeah, Mr. McSweeney is up
23 for reappointment. Thank you very much, Council
24 Member Brewer, for your bravado and your smart
25 questions. We appreciate it.

1
2 If we're shouting out great staff members of the
3 CFB, I do want to just wish happy belated birthday to
4 Allie Swatek, your Director of Policy and Research,
5 who does a great job.

6 A few more topics I would like to... Oh, please,
7 Council Member Paladino?

8 COUNCIL MEMBER PALADINO: I want to commend CFB.
9 I have to tell you, patience of a saint is an
10 understatement. The relationship that you build
11 through your associates, with treasurers, because I
12 know in my first campaign in 2021 ,you know, my
13 treasurer had a lot of questions, and the girl that
14 she was assigned to was... I think her name was
15 Alexandra, she was absolutely amazing in getting back
16 to Maria and answering questions. I also think that
17 the forms that need to be filled out for cash
18 donations, or if someone wants to make a check out up
19 to \$100, I think whatever we put on there, and what's
20 required to be put on those forms, are quite
21 explicit. And to Gale's point, you're 100 percent
22 right. People are very hesitant these days about a
23 phone numbers and emails. I don't know how we're
24 going to work around that, but it's getting harder
25 and harder. And we, being older, we have people who

1 don't have emails ,you know, they might just have a
2 hardline in their house, they might not even have a
3 cellphone. So, that's something that we have to
4 explore. But, I know in doing now two campaigns, that
5 we are extremely careful as far as to Inna's point
6 about when an elderly... when someone's making a
7 donation for someone, we ask to see ID before that is
8 taken. And lots of times an elderly person... a
9 younger person making a donation for an elderly
10 person will not be equipped with that ID. People
11 often do say, "I'd like to make a donation for my
12 sister." "Well, no that's not allowed, your sister
13 must come in." Is that correct? And make the donation
14 herself. So, that's how we do it, but, uhm, I do want
15 to say with the bundling, and the hosting, and all of
16 that, I mean, if somebody wants to host a fundraiser,
17 and then, uh, we have people set up at the front to
18 take the donations -- a lot of that is being done
19 online now. So, I think things have being made a lot
20 more simpler as far as donation goes, and for City
21 Council, we're only allowed to take up to \$1,000 for
22 the entire start of your opening of your bank
23 account, right through to, let's just say for us,
24 November of 25. So, I think all in all, I think it's
25

1 pretty simple. I don't really see it as confusing or
2 convoluted.

3 EXECUTIVE DIRECTOR RYAN: I appreciate that...
4 your kind words... (CROSS-TALK)

5 COUNCIL MEMBER PALADINO: Thank you, very much.
6 No, no, you guys are great.

7 EXECUTIVE DIRECTOR RYAN: I appreciate your kind
8 words about the staff. The excellence of the staff is
9 the reason I moved from Washington, D.C. to
10 Brooklyn... (CROSS-TALK)

11 COUNCIL MEMBER PALADINO: Well, congratulations
12 (INAUDIBLE)...

13 EXECUTIVE DIRECTOR RYAN: for this job, and I'm
14 thrilled to work here and the staff is why... (CROSS-
15 TALK)

16 COUNCIL MEMBER PALADINO: Well, Brooklyn is
17 definitely a step up from Washington D.C. (LAUGHTER)
18 Good choice, all right, thank you... (CROSS-TALK)

19 EXECUTIVE DIRECTOR RYAN: We can't get any... You
20 can't get any better than Brooklyn, it doesn't get
21 better... (CROSS-TALK)

22 COUNCIL MEMBER PALADINO: Can't get better than
23 Brooklyn... (CROSS-TALK)

COUNCIL MEMBER BREWER: Wait, wait, wait...

(CROSS-TALK)

COUNCIL MEMBER PALADINO Unless you're in
Queens... (LAUGHTER)

CHAIRPERSON RESTLER: I appreciate that. We've got
three Brooklyn people over here.

COUNCIL MEMBER BREWER: And one Manhattan.

(LAUGHTER)

CHAIRPERSON RESTLER: David... David's a lot
Brooklyn now. David's a lot Brooklyn now.

COUNCIL MEMBER BREWER: Manhattan...

CHAIRPERSON RESTLER: And we know, we know.

COUNCIL MEMBER PALADINO: (INAUDIBLE)

CHAIRPERSON RESTLER: OY. All right, back to the
task at hand. We've got a few more topics I'd like to
cover, and we really appreciate your time and your
insight.

I'd like to continue on the topic of
intermediaries and bundling. I also read that 1996
report that you referenced in your testimony on
bundling that the CFB did that... and I'll quote
from it, "Bundled contributions can be a means for
buying access, influence, and political power." In
1993 Mayor Giuliani received contributions from 205

1 intermediaries, Bill de Blasio in 2017 received
2 contributions from 98 intermediaries, in 2021 Eric
3 Adams received contributions from four -- four
4 intermediaries, raised \$9 million from over 20,700
5 donors, yet only reported four intermediaries. So, I
6 agree with you we, desperately need to modernize and
7 update our definition of intermediaries and how this
8 information is being reported. Because, it's...
9 we're just not receiving this information at all. How
10 does the CFB identify suspected intermediaries?
11

12 EXECUTIVE DIRECTOR RYAN: Our auditing software
13 system, (INAUDIBLE) produces a report. It's based on
14 three criteria and three criteria only. A minimum of
15 five contributions, same employer, same date. It is
16 at best a rough proxy for actual intermediaries,
17 largely because of all of the exemptions built into
18 the definition of intermediary that are not reflected
19 in our process for screening for suspected
20 intermediaries. That's perhaps my biggest source of
21 concern for imposing serious, what I would say, are
22 drastic consequences of disqualification from the
23 public funding system, for responding to... failing
24 to respond timely, uh, to a suspected intermediary
25 report. A suspected intermediary report ,you know,

1 there's a big... potentially a big gap between
2 suspected intermediary reports and actual
3 intermediaries, because of factors I've already
4 alluded to earlier this morning. Things like campaign
5 could legitimately and lawfully, say truthfully say,
6 "This person was a volunteer, no intermediary," so I
7 think, again, the problem comes back to the
8 definition. But our process for identifying possible
9 intermediaries is this pretty rough proxy, five
10 contributions, minimum of five contributions, same
11 employer, same day.

13 CHAIRPERSON RESTLER: The... as we've noted, 84
14 percent of donations in the 2021 cycle came in via
15 credit card or ,you know, online contributions. You
16 know, could you just elaborate? Do you think that the
17 kind of personalized hyperlink or referral link that
18 we've proposed in this legislative package would help
19 capture more intermediaries and better disclose who's
20 responsible for fundraising and bundling on behalf of
21 campaigns?

22 EXECUTIVE DIRECTOR RYAN: Yes, in a word, I think
23 it... that type of expansion of the definition of
24 intermediary would necessarily capture more
25 intermediaries. I think when it comes to credit card

1 contributions, they're in in some ways a really
2 wonderful thing for democracy, because they are less
3 prone to fraud, they are also much easier to audit.
4 One of the improvements that have been made by our
5 audit team in recent years to our processes, is when
6 it comes to credit card contributions, we can examine
7 quickly and easily, data from the merchant company
8 that transmits the money to ,you know, that's
9 involved with handling the funds when those
10 contributions are made on our contribution platform,
11 instead of having to examine the details,
12 documentation for each specific contribution. It's
13 just more reliable, less prone to fraud. However, I
14 think this committee needs to think long and hard
15 about imposing serious consequences on intermediary
16 contributions disqualification from the matching
17 funds program period. For example, when it comes to
18 these... all of the contributions that would be
19 covered by the bill, but for the purposes of your
20 question to me moments ago, contributions made
21 through the internet using a hyper ,you know,
22 personalized hyperlink by credit card, they become
23 under these bills automatically disqualified for
24
25

1
2 match unless we can also after the fact contact these
3 folks and verify they actually made the contribution.

4 CHAIRPERSON RESTLER: I might disagree with your
5 characterization as automatically disqualifying. I
6 think it pauses the disbursement of funds and
7 incentivizes the donors and the campaigns to gather
8 the necessary information, so that they can continue
9 to receive taxpayer funding when there are
10 questionable donations... (CROSS-TALK)

11 EXECUTIVE DIRECTOR RYAN: Now, with respect, I'm
12 referring to the requirement that we affirmatively
13 verify that the maker of any contribution, via
14 intermediary cash or money order, that we get
15 affirmative verification from that contributor --
16 Campaign Finance Board staff to the contributor--
17 before we can match the contribution. So, I'm not
18 talking about the other failure to report on time,
19 respond to report, I'm referring to the verification
20 process itself and its application to all
21 contributions via intermediary, including as expanded
22 or proposed to be expanded to credit card
23 contributions via personalized hyperlink.

24 CHAIRPERSON RESTLER: It's been reported in the
25 press that, starting as early as 2019 and continuing

1 through the November 2021 election, the CFB asked the
2 Adams' campaign about 600 donations that it suspected
3 may have been raised by intermediaries. According to
4 news reports, and I believe WNYC's intrepid Brigid
5 Bergin reported this morning that CFB sent 13
6 requests to the Adams' campaign; the campaign
7 partially responded to nine of them, never addressed
8 questions relating to intermediaries, and stopped
9 responding to all CFB questions after the June 2021
10 primary.
11

12 I imagine you're not going to comment on a
13 specific campaign where there is an outstanding
14 audit, but would you affirm the accuracy of the
15 reporting that they were... as it relates to the lack
16 of responsiveness by the Adams' 2021 campaign to the
17 CFB?

18 EXECUTIVE DIRECTOR RYAN: I think that would...
19 commenting in any way on the reporting would be a
20 comment on the Adams' campaign. But, I'll share some
21 general thoughts in this universe. I think it's
22 important to make clear that the mere fact that a
23 contribution is made through an intermediary does not
24 make it unlawful, and is not even evidence of a
25 likelihood that it is unlawful. Contributions made

1 through an intermediary are matchable, unless the
2 intermediary is the doing business with the City
3 database. And the Council's decision in 2016 to make
4 contributions through intermediaries, in the Doing
5 Business Database, unmatchable seemingly led to fewer
6 intermediaries being disclosed. I think these are
7 all important facts to consider when thinking about
8 how to further legislate on intermediaries beyond
9 simply tightening up the definition to promote or
10 prompt more disclosure.
11

12 CHAIRPERSON RESTLER: I mean, we've gone, as I
13 mentioned at the beginning, you know, just a couple
14 minutes ago, we've gone from over 200 intermediaries
15 being reported to down to 100 in 2017 for m, Mayor de
16 Blasio's re-election campaign, down to four.
17 Essentially the winning mayoral candidate in 2021 did
18 not report intermediary activity despite receiving
19 over 20,000 donations. I appreciate that there are
20 legal ways that the campaign can avoid reporting on
21 intermediaries that need to be addressed, but it
22 seems like ,I mean, it's clear we're not getting any
23 information about who is responsible for bundling
24 enormous sums of money and currying favor and
25 interest with an incoming mayor. And that's a major,

1 major problem. We have no insight whatsoever into who
2 is raising hundreds of thousands of dollars to
3 influence a mayoral administration.
4

5 EXECUTIVE DIRECTOR RYAN: I agree completely. We
6 need transparency of people serving as
7 intermediaries. Step one is tightening up the
8 definition of intermediary so it accurately reflects
9 the type of people who are engaging in this sort of
10 behavior and not being held out of disclosure reports
11 simply because there can be fairly characterized as
12 campaign volunteer or other criteria that makes you
13 eligible for an exemption.

14 CHAIRPERSON RESTLER: If a campaign fails to
15 respond or responds in insufficiently to see CFB
16 requests for more information about potential
17 intermediaries, what action is the CFB permitted to
18 take under current law to hold that campaign
19 accountable?

20 EXECUTIVE DIRECTOR RYAN: The Campaign Finance
21 Board, within the list of eligibility for matching
22 funds is a requirement that... or gives the Board
23 the latitude to not match contributions if a campaign
24 has failed to respond to request for more information
25

1
2 necessary to establish the eligibility of those
3 contributions for a match.

4 CHAIRPERSON RESTLER: So, the CFB does currently
5 already have the authority to stop dispersing
6 matching funds when a campaign does not provide
7 requested information?

8 EXECUTIVE DIRECTOR RYAN: Yes, I believe that is
9 true under current law. It's one of the reasons we
10 actually like and support your proposal to put a 30-
11 day timeline into the law for our already existing
12 ability or authority to request information from
13 campaigns.

14 CHAIRPERSON RESTLER: And, again, I imagine that
15 you're not going to comment on the specifics here,
16 but I just want to ask in case there's some
17 information you can share.... maybe, how about this,
18 I'll try to ask the question more generally, it's
19 been widely reported mayoral campaign was sent
20 multiple requests for information by the CFB,
21 received... the CFB received inadequate responses, if
22 any response at all. Any... what is the kind of
23 penalty structure that you're working within, if we
24 know we can go all the way to the discontinuation of
25 disbursement of matching funds, is there any... can

1
2 you elaborate on the kind of escalating penalty
3 structure that you can impose on a campaign for
4 failing to respond and provide information about who
5 is raising money on behalf of the campaign?

6 EXECUTIVE DIRECTOR RYAN: Not commenting on any
7 particular candidate or campaign, my understanding of
8 the penalties, specifically for failure to disclose
9 an intermediary, when there is actually an
10 intermediary and we're able to establish that --
11 which usually takes some in-depth auditing to reach
12 that point -- I believe the penalties are quite light
13 if I'm not mistaken. I would want to double check
14 this for the record, but \$100 I think is the penalty
15 for failure to report a specific intermediary.

16 CHAIRPERSON RESTLER: The gist of your testimony
17 as I internalized it, feel free to change ,you know,
18 share a different characterization, was that you
19 thought cutting off matching funds was an extreme
20 penalty for a campaign to fail to provide the
21 required information... the requested information
22 from the CFB -- the required information.

23 Wouldn't it be possible simply for the CFB to
24 pause disbursement of matching funds as a way to
25 incentivize and encourage campaigns to be forthcoming

1
2 in sharing information and provide the necessary
3 information that we all want campaigns to provide?

4 EXECUTIVE DIRECTOR RYAN: Yes, I believe that is
5 as possible.

6 CHAIRPERSON RESTLER: Okay.

7 I'd like to ask just a couple questions about the
8 Doing Business Data kind of lobbying list relating to
9 bundling, and then we'll go to Council Member Brewer,
10 and let you have a pleasant weekend.

11 Uh, individuals who do business with the City,
12 lobbyists, already have restrictions on their
13 donations that that they make due to the high
14 potential for pedaling improper influence and even
15 corruption. They are limited to \$400 contribution to
16 mayoral campaigns, \$250 contribution to council
17 campaigns, and their bundled donations are not
18 matched. If they're reported as such. But, as we've
19 seen, they weren't on the Adams campaign.

20 These individuals are free to bundle an unlimited
21 number of donations, though, under current law
22 essentially eliminating any limits on their
23 fundraising. So, a person on the Doing Business data
24 list, lobbyists in New York City can raise hundreds
25 of thousands of dollars for a campaign, and it is

1 perfectly legal. We know that only a subset of
2 bundlers were actually identified and reported in the
3 2021 cycle, but of those who were reported,
4 individuals who do business with the City bundled an
5 average of over \$5,500 in 2021. And I think it's
6 worth noting that the CFB identified suspected
7 intermediaries on the Adams' campaign, at least seven
8 of which were on the Doing Business data list, raised
9 over \$30,000 for the Adam's campaign. And that money
10 was matched, because they weren't... they did not
11 actually report themselves as intermediaries.

12 Do you think allowing lobbyists to bundle
13 unlimited sums of money evades the intent of the law
14 to restrict their activities?

15 EXECUTIVE DIRECTOR RYAN: You know, the lawyer in
16 me, whenever I hear intent of the law or the spirit
17 of the law, I pause, because a very skilled lawyer
18 told me early in my career, once you start talking
19 about the spirit of the law, it probably means the
20 actual law is not on your side. I am here to...

21 ALL: (LAUGHTER)

22 UNKNOWN: That's very well said...

23 EXECUTIVE DIRECTOR RYAN: I welcome collaboration
24 with the Council with respect to ways we can
25

1 strengthen the law, but the Campaign Finance Board as
2 an agency is a rule of law agency. We are required to
3 administer the law as it exists in the Charter, in
4 the act, in the Board's rules, not to make it up as
5 we go, and not to try to discern what the spirit of
6 the law might be. I hear your concerns, we're here to
7 work with you with respect to your concerns, with
8 respect to the specific proposal you're speaking
9 about right now. We have concerns about both
10 administrability as well as whether it could have an
11 unintended consequence of leading to fewer folks to
12 be ,you know, be reported as intermediaries. That's
13 the consequence that the data shows us occurred when
14 the Council made contributions through people... or
15 contributions by people in Doing Business Database
16 unmatchable. So, we have a few concerns, but I also
17 want to underscore... I hear you. I share your
18 concern. My colleagues at the Board share your
19 concern about the optics of this. And we're open to
20 working with you on creative solutions to address
21 this concern.

23 CHAIRPERSON RESTLER: I appreciate that very much.
24 I found it notable that the 20121 Adams' campaign
25 raised \$440,000 from individuals listed on the Doing

1 Business Data list. Almost 900 individual donations.

2 The campaign had to issue ,you know, a significant
3 amount of refunds on those donations, because they
4 were well above the legal limits.
5

6 But, doesn't this fact set demonstrate that this
7 subset of people are highly invested in seeking to
8 influence elections, curry favor with incoming
9 elected officials or elected officials up for re-
10 election, and the importance of adding more
11 restrictions to their kind of monetary participation
12 in our electoral process?

13 EXECUTIVE DIRECTOR RYAN: Not commenting on any
14 particular candidate, I'll reiterate something I said
15 in my opening remarks. The real problem for democracy
16 is when public officials respond to any of these
17 sorts of efforts to curry access and influence to
18 gain special treatment typically for their own
19 personal monetary gain, but sometimes incentivized by
20 something more broader than. That's the real problem
21 for democracy. It's public, official response to
22 these efforts.

23 The efforts take a variety of shapes and forms
24 from straight up illegal bribes, which are not within
25 the jurisdiction of the Campaign Finance Board --

1
2 It's a problem that's much bigger than the Campaign
3 Finance Board. I feel like we have a small part in
4 it, we are here to help solve, uh, find solutions to
5 that part of it, but I also feel compelled to make
6 clear that the problem is public official response to
7 these efforts by corrupt actors to get access and
8 influence in government action, and that's a problem
9 bigger than we can solve at the Campaign Finance
10 Board.

11 CHAIRPERSON RESTLER: I think my final question,
12 before I pass it to Council Member Brewer, the CFB is
13 kind of uniquely empowered to determine its own
14 budget, or to suggest its own budget for the Council
15 to approve, do you believe the CFB currently has
16 adequate resources to do its job, to audit and
17 investigate campaigns thoroughly and efficiently?
18 You know, we saw an unprecedented unprecedented number
19 of candidates in 2021, we're likely to see something
20 similar in 2029; although, we ,you know -- and maybe
21 it we'll be lucky and have a very active year in 2025
22 as well -- Do you feel like you have the resources
23 necessary to audit and keep track of kind of the
24 growing number of campaigns that are running for
25 office in New York City?

1 EXECUTIVE DIRECTOR RYAN: In a word, yes. We feel
2 very fortunate and very grateful to the New York City
3 taxpayers to support this agency as it has throughout
4 the agency's history. We have the resources we need.
5 We need to deploy those resources effectively. We
6 have a strategic plan forthcoming, it's a seven-year
7 strategic plan that will take us through the 2029
8 election into the year of 2030 where we'll be
9 reassessing how the strategic plan worked. All eyes
10 are on 2029 within the Campaign Finance Board, with
11 an understanding of necessary improvements across
12 every facet of our operations, so that we can
13 administer our programs effectively for maximum
14 impact, while maintaining the integrity of those
15 programs in the 2029 elections. It will be record-
16 breaking in many dimensions.

17 CHAIRPERSON RESTLER: Thank you very.

18 Council Member Brewer?

19 COUNCIL MEMBER BREWER: I think that your board
20 picked a good person, congratulations, Mr. Ryan.

21 CHAIRPERSON RESTLER: Thank you.

22 COUNCIL MEMBER BREWER: Uh...

23 CHAIRPERSON RESTLER: That was the first thing I
24 said in my opening remarks... (CROSS-TALK)
25

1
2 COUNCIL MEMBER BREWER: Oh, I'm sorry I missed
3 you... (CROSS-TALK)

4 CHAIRPERSON RESTLER: I just want... I know you
5 did, that's why I wanted you to hear it. (LAUGHS)

6 COUNCIL MEMBER BREWER: From him? Oh, my God.

7 ALL: (LAUGHTER)

8 COUNCIL MEMBER BREWER: (LAUGHS) So, this is my
9 ignorance, but what now is the definition of
10 intermediary, and what would you like to see? This
11 is... I know you've been talking about it, and I did
12 listen to your... on the cell phone, from my
13 graduation that I was at earlier, but help me to
14 understand, because I don't know what it is now
15 compared to what it should be. I'm sorry to be so
16 stupid about it, but that that seems to be the core
17 of this discussion.

18 EXECUTIVE DIRECTOR RYAN: I'm going to use a
19 visual aid, and I don't expect you to be able to see
20 it from here, but... (CROSS-TALK)

21 COUNCIL MEMBER BREWER: Oh, I can't see it...

22 EXECUTIVE DIRECTOR RYAN: This is the definition
23 of intermediary. It's a long one, it's found in the
24 Campaign Finance Act at §3-702 sub-12, and the core
25 of the definition is quite reasonable, and simple,

1 and straightforward. To paraphrase it, it's a
2 contribution that is made... or an individual who
3 either delivers a contribution, and it exempts out
4 reasonably mail carriers and others, who delivers a
5 contribution or solicits a contribution for a
6 campaign, and that solicitation is known to the
7 campaign.
8

9 That's all well and good. One of these bills
10 before you today proposes to expand that definition a
11 little bit to add any contributions made through a
12 personalized hyperlink, credit card contributions...

13 (CROSS-TALK)

14 COUNCIL MEMBER BREWER: Right... (CROSS-TALK)

15 EXECUTIVE DIRECTOR RYAN: (INAUDIBLE) like that.

16 Then you get into the problematic aspects of the
17 statutory definition, because there are, as printed
18 on the page in front of me, probably 10 or so lines
19 of exemptions. Carve out for this, carve out for
20 that, a carve out for example for.... (CROSS-TALK)

21 COUNCIL MEMBER BREWER: So, 10 exemptions now is
22 what you're saying... (CROSS-TALK)

23 EXECUTIVE DIRECTOR RYAN: About 10 lines of text,
24 not 10 exemptions... (CROSS-TALK)

25 COUNCIL MEMBER BREWER: Okay...

1 EXECUTIVE DIRECTOR RYAN: (INAUDIBLE)... (CROSS-
2 TALK)

3
4 COUNCIL MEMBER BREWER: But, 10 lines of text that
5 are exemptions? Okay... (CROSS-TALK)

6 EXECUTIVE DIRECTOR RYAN: (INAUDIBLE) one, two,
7 three, four... (CROSS-TALK)

8 COUNCIL MEMBER BREWER: I get it, whatever...
9 (CROSS-TALK)

10 EXECUTIVE DIRECTOR RYAN: Five, six, seven, maybe
11 nine lines, eight lines.

12 COUNCIL MEMBER BREWER: Okay

13 EXECUTIVE DIRECTOR RYAN: A bunch of lines of
14 exemptions. And they include things like, you are not
15 considered an intermediary under the definition if
16 you are a fundraising agent. A different section of
17 the law defines fundraising agent to include not only
18 people paid by campaigns to raise money, but
19 volunteers who engage in fundraising. So easy to
20 point to someone and say, no they're not an
21 intermediary, they're a campaign volunteer... (CROSS-
22 TALK)

23 COUNCIL MEMBER BREWER: Got it.

24 EXECUTIVE DIRECTOR RYAN: Another problematic
25 piece of the exemption is that any host of an

1 fundraising event that is paid for in whole or in
2 part by the campaign, campaign can pick up the tab
3 for the invite, you know, the printing for the
4 invites or the catering. All of a sudden, magic wand,
5 no intermediaries... (CROSS-TALK)
6

7 COUNCIL MEMBER BREWER: Gone...

8 EXECUTIVE DIRECTOR RYAN: come out of that event.
9 You know, there... if there are multiple hosts of a
10 fundraising event, even if the campaign has no
11 involvement, the organizers of that event are only
12 required to pick one person among multiple hosts to
13 identify as an intermediary. There is also an
14 exemption for family, which may be less controversial
15 than problematic than some of the others, but there a
16 bunch of exemptions that this Committee, the Council
17 in collaboration with the Campaign Finance Board,
18 should be taking a really close look at
19 (INAUDIBLE)... Extended

20 COUNCIL MEMBER BREWER: That is extremely helpful,
21 thank you very much. Now I completely understand it,
22 and it obviously needs to be addressed. Thank you so
23 much.

24 EXECUTIVE DIRECTOR RYAN: You're welcome.

25 COUNCIL MEMBER BREWER: Thank you, Mr. Chair.

CHAIRPERSON RESTLER: And Council Member Brewer,

I really would love to work with you and of course with Mr. Ryan on that effort. It's urgently needed.

I did have one final question. I think many voters would be concerned about irregularities, improprieties, lack of responsiveness to the CFB during a campaign cycle. But... and I think especially in district like Council Member Brewer's, or my own, or others. And I just wondered, barring you taking the ,you know, you've described as a drastic step of discontinuing disbursement of matching funds, is there any other way in which a voter might be informed that a campaign has been acting questionably, dubiously, improperly as it relates to their engagement with the CFB -- prior to making their critical decision of ,you know, pulling the lever -- well, I guess, filling in the bubble, when they vote?

EXECUTIVE DIRECTOR RYAN: One way I think that happens today is a very skilled press corps in New York City that is pouring through campaign finance records that are maintained by the Campaign Finance Board and reporting that out to the public. The truth is, that's where most voters get their information,

1 through the media, through the press. I'll say as an
2
3 aside, one of the things we are committing to is
4 making our own website, and the ability to access
5 important information on our website, more highly
6 functional, more easily navigable, for example, in
7 the coming years that'll happen under this strategic
8 plan. But, the truth is, the average voter doesn't
9 come to the Campaign Finance Board typically looking
10 for this information. So, I think it's important that
11 voters are educated. I think the very skilled press
12 corps in New York City is doing a pretty good job
13 with that... (CROSS-TALK)

14 CHAIRPERSON RESTLER: I really do agree with your
15 assessment of our press corps and their coverage of
16 these issues. But, generally the coverage happens
17 after the conclusion of the campaign. So, I think
18 that voters just need more access and understanding,
19 when a campaign is not acting properly, when it's not
20 being responsive to requests for information from the
21 CFB, when they have many, many hundreds of
22 questionable donations, they're raising money in
23 patterns that are highly unusual. And as you
24 testified today, you know, much more prone to fraud
25 and harder to audit than the credit card

1 contributions. We should have insight into this. And
2 ,you know, that is part of what we're trying to get
3 at in the spirit of this package, is how do we do a
4 better job of informing New Yorkers that there's
5 something funky that might be going on, and trying to
6 make sure that you all have the tools to hold those
7 folks accountable.

9 But, I do just want to conclude in saying this,
10 echoing my colleague, I really think that the Board
11 at the CFB made it an inspired choice in selecting
12 you. You bring a really helpful national perspective
13 to campaign finance is issues, and I think offer
14 operational expertise that is beneficial to the
15 Board, and that I hope will create an opportunity for
16 us to all work together collaboratively to make some
17 necessary improvements to modernize and reform some
18 outdated areas of the law, uh, so that we can
19 continue to have the best campaign finance system in
20 the country. And I know that you're deeply committed
21 to that. I know that's what... I think that's what
22 inspired you to come to New York. And I think we're
23 going to be better off as a city to having your
24 leadership in this role. So, I really appreciate you

1 coming today. The constructive feedback, uhm, and
2 ,you know, look forward to working together.
3

4 EXECUTIVE DIRECTOR RYAN: Thank you so much.

5 CHAIRPERSON RESTLER: Thank you.

6 And we'll pause for a second and then go to our
7 next panel.

8 Our next panel, we have a group of good
9 government experts, Susan Lerner from Common Cause
10 New York, Ben Weinberg from citizens Union; and
11 Joanna Zdanys from the Brennan Center for Justice at
12 the NYU Law.

13 In whatever order... So, Susan, you want to go
14 first?

15 EXECUTIVE DIRECTOR LERNER: (LAUGHS) Fine, thank
16 you.

17 ALL: (LAUGHTER)

18 EXECUTIVE DIRECTOR LERNER: I am Susan Lerner; I
19 am the Executive Director of Common Cause New York.
20 Thank you, Council Member Restler, for this hearing
21 and for inviting us to testify.

22 We are generally in support of the impetus
23 behind these three measures, but I think as the
24 extensive and very productive discussion with the
25 Campaign Finance Board indicates, that we need fine-

1 tuning to get this right. The balance between the
2 need for more enforcement, more information without
3 a punitive approach that puts campaigns at risk. So,
4 rather than reading my testimony, which you've got,
5 what I'd like to summarize is that, unlike other
6 situations, I think technology really does have a
7 solution here. And when we're talking about the
8 unbanked population, when we're talking about cash
9 contributions, we are talking about people who, close
10 to 100 percent, have cell phones, who are familiar
11 with the technology. And having an online form, which
12 a campaign solicitor can use to fill out the
13 information, if you're at the door, if you're at a
14 party that is then verified by the cash contributor,
15 uh, is a process that every everybody is familiar
16 with, whether they are banked or not, and whether
17 it's on a phone, or it's on an iPad, or a tablet...
18 sorry let's not go into brands... and a tablet of
19 some form, this is the technology the campaigns are
20 using when they canvas, when they track things. So,
21 being sure that the CFB has the resources that it
22 needs and the permission to develop a really fully
23 digitized process, not relying upon paper to the
24 maximum extent possible, is something that I think we
25

1 as a city should be exploring. And the onus should be
2 on the campaigns to collect the accurate information
3 at the door, at the party, online, and have it be
4 immediately verified by the contributor -- and
5 immediately available to the campaign and to the
6 Campaign Finance Board. That's the great thing about
7 databases. It doesn't have to live in the campaign,
8 and then the CFB has to keep asking for the
9 information. If a system is set up, that is
10 available, it's available to the Campaign Finance
11 Board and to the campaigns, everything is
12 systematized, and we are chasing less information.
13 Which, as other council members have pointed out, and
14 certainly our organization experiences in our
15 grassroots communications, it is so much harder to
16 get people to answer an email, to track them down by
17 phone, to get them to answer a text, than it is to
18 get the information at the front end . (TIMER CHIMES)
19 It's an extra five minutes at most.

20 So, thank you.

21 CHAIRPERSON RESTLER: Thank you so much.

22 MS. JOANNA ZDANYS: Great, good morning, Chair
23 Restler, my name is Joanna Zdanys, I serve a senior
24 counsel in the Elections and Government Program at
25

1 the Brennan Center for Justice. The Brennan Center is
2 a nonpartisan law and policy institute that works to
3 strengthen our systems of democracy nationwide,
4 including through the development, implementation,
5 and improvement of public campaign financing systems.
6 Thank you for the opportunity to testify today.
7

8 Allegations of abuse of the City's matching funds
9 program are deeply serious. We commend you for
10 assessing this concern and whether changes to the
11 City's law might be warranted. But, as you do so, we
12 urge you to study both their utility in safeguarding
13 public funds and their potential unintended impacts
14 on participation for lesser resource candidates in
15 communities. As you've noted, for more than three
16 decades, New York City's small donor match system has
17 provided an important counterweight to the outsize
18 influence of the wealthiest donors over our
19 government. The program has given everyday small
20 donors a real voice in city elections, And small
21 donors are the most important source, culturally, and
22 by the numbers of campaign funding in New York City.
23 Research shows that the City's program has enabled
24 stronger connections between candidates and their
25 communities compared to privately financed

1 candidates. And this is a remarkable contrast to an
2 (INAUDIBLE) context where typically a tiny handful of
3 ultra wealthy donors drown out everyone else. The
4 program has also helped elect the most diverse and
5 demographically representative City Council in
6 history, and it has paved the way for new state and
7 local reforms across the country, increasing access
8 to the political process.
9

10 In the interest of time, I'll focus my feedback
11 on Introduction 952, though I address all three
12 proposals in my written testimony, so I refer you to
13 that for additional comments.

14 I'll note that this bill stems from reasonable
15 concerns, but it also raises questions about
16 potential unintended impacts that could
17 disproportionately hamper participation. In our years
18 of speaking with candidates and community groups
19 across the political spectrum, a consistent theme has
20 been the difficulty that people with fewer resources
21 face in affording the expertise and administrative
22 support needed to comply -- and to be sure compliance
23 is a necessary cost of being able to access the
24 benefit of the program. It's crucial to preserve the
25 public trust, but the details matter. As part of

1 responding to the concerns motivating this bill, it's
2 important for the Council to ascertain whether the
3 proposed changes might disproportionately burden the
4 participation of lesser resourced candidates and
5 their community donors. And that requires data
6 inquiry and feedback from those who might be the most
7 heavily impacted by these changes. Experience shows
8 that this program can grow and evolve in response to
9 changing external circumstances, and we are here to
10 help as you continue your important work in assessing
11 these issues. (TIMER CHIMES)

13 DIRECTOR WEINBERG: Good morning or afternoon,
14 thank you, Council Member Restler, for calling a
15 second very important hearing on pay-to-play issues
16 and anti-corruption measures. My name is Ben
17 Weinberg, and I'm the Director of Public Policy at
18 Citizens Union.

19 I'll focus here on Intro 953, which is the bill
20 that limits the amount of money individuals on Doing
21 Business Database can raise as intermediaries.

22 We at Citizens Union strongly supports this bill,
23 and we have noted in previous testimonies, and
24 this was mentioned here, that allowing people with
25 business ties to city government to bundle donations

1 above the limit that they themselves have, doesn't
2 make much sense, and conflicts with other sections
3 of the law that do limit those specific individuals
4 and the amount of money they can raise.
5

6 Now, our colleagues at the CFB mentioned here,
7 and have warned us, that reporting of intermediaries
8 has decreased over time, likely because bundlers now
9 fund raise online, or they use their campaign
10 sponsored events, or certain fundraisers that are
11 exempted. We support the proposal to update the
12 definition of intermediary to improve transparency of
13 this fundraising practice. And this also includes the
14 proposal to add a personalized hyperlinks in this
15 bill.

16 But, I just want to push back on the suggestion
17 that 2016 law that made bundling by lobbyists and
18 doing business individuals, not matchable, reduced
19 the reporting of those bundlers. This was a very
20 important reform passed in 2016 that was meant to
21 reduce incentives of law based and (INAUDIBLE) Doing
22 Business intermediaries to fundraise through
23 intermediaries.

24 So, I think we want to make sure we have all the
25 data to draw such a definite conclusion. A drop

1 between 2017 and 2021 was mentioned here. And 2017
2 was a quite an unusual year in terms of bundling,
3 there was just one mayoral candidate that raised
4 through bundling, half of all the \$4 million dollar
5 that were bundled in that cycle. And many of those
6 were in the Doing Business Database, which could be
7 the reason why there was a high percentage of Doing
8 Business Data, Doing Business individuals bundling.
9 The law went to effect mid cycle in 2017. Uhm, and
10 I'm sorry to go into the weeds here, but you asked
11 for a bundling discussion, so we're all here.

12
13 So, the point is that we need more information on
14 whether this law has led to that result. And, in any
15 case, I don't think the practice of lobbyist and
16 Doing Business individuals bundling has ceased
17 whether it's unreported or reported.

18 So, when we last look at the 2023 cycle, which
19 was indeed much smaller than 2021, (TIMER CHIMES) we
20 did see that nine of the top 10 bundlers of that
21 cycle were either lobbyist, or they lobbying firms or
22 their employees or officials in companies doing
23 business with the City.

24 In fact, I recommend everyone here to look at
25 who's bundling now for 2025. You'll find lobbyist and

1
2 people on the Doing Business Database on that list as
3 well.

4 All of this is to say that, as we slowly move
5 into the 2025 election, I think we can do both
6 things. We can tighten up the definition of bundling,
7 and we can make sure that people don't misuse
8 lobbyist, and people on the Doing Business Database
9 don't misuse that ability. Thank you

10 CHAIRPERSON RESTLER: I really appreciate each of
11 your testimonies, and taking the time to meet with us
12 in advance of this hearing. And ,you know, really
13 welcome an ongoing dialogue on these bills. I think
14 that's what the legislative process should be. We're
15 putting ideas forward; we seek really expert input
16 and feedback, and we refine the ideas through a
17 process together. So, I appreciate the constructive
18 helpful feedback in each of your testimonies today.

19 I'll just ask each of you a question or two if
20 that's all right?

21 Ms. Lerner, you mentioned in your testimony the
22 kind of administrative burden and possibility of
23 exploring sampling techniques instead as a kind of
24 streamlined and, I think, similarly effective way to
25 identify potential issues of straw donors. What types

1 of data points or factors do you think we should look
2 at to, in kind of sampling methodology, would a
3 campaign that received a higher proportion of cash
4 donations or higher average dollar cash donations or
5 money owner donations? Are those the kinds of things
6 that you think would be sensible for the CFB to look
7 at to determine whether a deeper analysis is
8 necessary of their fundraising?
9

10 EXECUTIVE DIRECTOR LERNER: Well, I think
11 certainly ,you know, again we have to hit the right
12 balance. If you have a truly community based campaign
13 that is doing a really great job on the doors, you
14 may get a higher percentage of cash contributions.
15 And that as ,you know, as Joanna pointed out, is
16 what we want to see in our campaign Finance system.
17 So, I think in that situation where you see a lot of
18 cash donations, then you want to have a more... not
19 an enforcement discussion, but a process discussion
20 with the campaign to be sure that they are gathering
21 the information as efficiently as possible. And
22 that's where, again, I think mobile technology really
23 can be helpful. If a campaign is set up, as so many
24 of us now are, to sign up for things on our phones,
25 to capture the information at the door as efficiently

1 as possible. Then that will facilitate gathering more
2 small dollar cash donations -- which is a direction
3 that we should be encouraging in ,you know, the
4 obvious places in our city where we know there are
5 such a large number of unbanked individuals.

6 Certainly in other places when we had full public
7 financing, we got a lot of cash in those situations.

8 Because a good grassroots campaign reaches out to the
9 people and convinces them that an investment of \$5,
10 \$50, \$60 is going to be an investment that they want
11 to make in changing the... in addressing the problems
12 of the community.

13
14 So, first, I would say, check to be sure that the
15 campaign is comfortable with the necessary followup
16 before any kind of audit.

17 CHAIRPERSON RESTLER: (INAUDIBLE) is sensible.

18 Joanna, in your written testimony you mentioned
19 ,you know, potential impacts on unbanked community.
20 And that was part of why, and I think this is also to
21 Susan's point, the legislation that we proposed
22 seeks additional verification information for
23 donations north of \$50 -- trying to kind of calibrate
24 that right amount, uh, so that we're not discouraging
25 those small dollar cash donations that ,you know, may

1
2 be more likely... that may ,you know, be an important
3 part of a campaign strategy or a way to engage their
4 constituents.

5 Based on our review of 2021 campaign donations,
6 we found that 24 percent of cash and money order
7 donations were above \$50 -- meaning the policy would
8 apply to about 6,500 donations from that cycle. Is
9 that a reasonable balance from your perspective of
10 kind of ensuring legitimate donations, protecting
11 against straw donors? Do you think there's a
12 different calibration that we should be considering?
13 As I mentioned in in my back and forth with Mr. Ryan,
14 we found that the significant majority of unbanked
15 New Yorkers have an income over under \$25,000 a year.
16 These are folks who were unfortunately dealing with
17 the high cost of being poor, and then the high cost
18 of being unbanked is a problematic reality. But as a
19 result, it's challenging to make a \$50 north
20 donation when you're living at the poverty line or
21 below.

22 I am just interested, with all of that additional
23 background information from our standpoint, what do
24 you think is the right calibration? Do you think that
25 we kind of should adjust our thinking?

1 MS. JOANNA ZDANYS: Yeah, and I appreciate both
2 your question and the explanations that you provided
3 here. I just want to reiterate that I look forward to
4 a continued conversation and more in-depth process on
5 these bills. I do appreciate ,you know, the thinking
6 that went into the \$50 threshold that you provide
7 here. I guess I'll raise two points. Is, one,
8 certainly the impact on unbanked New Yorkers is an
9 important consideration that we also raise in our
10 written submission from the Brennan Center, but I
11 think a question that is worth looking into more
12 beyond where you draw the line in terms of dollars,
13 is looking to where cash donations are tending to
14 come from, perhaps which populations, which
15 neighborhoods, and sort of looking to also the
16 greater sort of culture around fundraising as Susan
17 was just mentioning. I would also note as a second
18 point, that the Brennan Center does favor the
19 approach that you take in Introduction 954, I'll call
20 it the postcard bill for shorthand, but I think that
21 puts both ,you know, more of an opportunity, as the
22 CFB, as Mr. Ryan, rightly noted. And it gives them
23 more of an opportunity to reach out to communities
24 and provide education on the program. And I think it
25

1
2 is also a less intrusive way of getting at what we
3 think the very ,you know, laudable and reasonable
4 goals of this legislation are.

5 CHAIRPERSON RESTLER: Great.

6 And can I just ask ,you know, I was really
7 surprised by the significant discrepancy between the
8 Adams' campaign and the other mayoral campaigns from
9 the 20121 cycle in how they raised funds, and that
10 you saw the other four leading candidates had five
11 times as many total contributions, but, in aggregate,
12 those four campaigns had one-twentieth as many cash
13 and money order donations. When you're seeing those
14 kinds of trends, are there... is this something that
15 you think is particularly concerning and that
16 requires some kind of in addition... you know, I
17 appreciate the support on the postcard legislation,
18 but ,like, are there additional things that we should
19 be considering as a Council or the CFB to better
20 monitor major discrepancies and how an individual
21 campaign is fundraising -- especially in areas in the
22 types of ways that they're fundraising, seem to be
23 more prone to fraud. Like, what do you think we could
24 or should be doing when we see those kinds of
25 discrepancies.

1 MS. JOANNA ZDANYS: Well, I will start just by
2 noting that I'm in no way making a commentary on
3 anyone's campaign or any particular office holder.
4 I would echo what Mr. Ryan previously raised in
5 thinking about what certain activities are that might
6 raise notions of additional risk for campaigns -- uh,
7 manners of fundraising that may look anomalous. You
8 know, these are things that we've heard that the
9 Campaign Finance Board is looking into. But, I would
10 be happy to ,you know, continue thinking about this
11 question and continue the conversation on it.
12

13 CHAIRPERSON RESTLER: I appreciate it, thank you
14 very much. And thank you for the thoughtful
15 testimony, we really do appreciate it.

16 And, Ben, I would... or Mr. Weinberg, I would
17 like to ask, just on the... I really appreciated your
18 insights on kind of the Doing Business Data list, and
19 just interested, do you think there's more data or
20 analysis that we should be gathering or that we need
21 to determine whether Doing Business Data... folks on
22 the Doing Business Data list are reporting this
23 information accurately? Like, are there updates or
24 modifications that that we should be entertaining?
25

1
2 DIRECTOR WEINBERG: Thank you for... that's a
3 great question, and thank you for that question.

4 First of all, the database itself is in need of
5 probably tightening it up. I know it's not under the
6 authority of the CFB, but one way to do that is to
7 look for ,you know, a lot of this is done by
8 professionals -- lobbying firms or folks at work
9 doing this. If those people are indeed actively
10 avoiding reporting, but are still doing the same
11 thing, uh, their names, or the people who are somehow
12 related to them , and maybe have donated in the past,
13 will be there in the databases -- just their
14 donations will not be reported as bundling.

15 Now ,you know, the CFB here has the expertise on
16 how to flag certain donations that might be bundling,
17 and this was discussed at length. But, I think, at
18 the very least, we need to look at more Cycles. We
19 need to look back in history and see how the share of
20 bundling and the share of money being bundled by
21 lobbyist and people on the Doing Business Database
22 change through the years back in time.

23 CHAIRPERSON RESTLER: And this is... and we did
24 cover some of this in our hearing with the Clerk on
25 lobbying reform. I don't know, not that long ago.

1
2 But, you and Ms. Lerner have both been very gracious
3 in being regular attendees of the Governmental
4 Operations Committee, so we always do appreciate your
5 expertise.

6 Council Member Brewer?

7 COUNCIL MEMBER BREWER: Thank you very much. Yes
8 thank you, also. I feel the same way.

9 My question is, I'm still focused on the phone
10 numbers and the emails, because I have... I am sure
11 because, even when people call as a constituent, I
12 mean, I don't know how I'm supposed to help them if I
13 don't have that information, but they're very nervous
14 about sharing it. So, this would be a massive
15 database of emails and phone numbers. I know mailing
16 is a challenge, because... and actually I didn't put
17 my name on that final bill for the Postcard Bill so-
18 called, because when you mail at a postcard, I don't
19 know... I can't tell you how many times, and I'm a
20 letter writer, it comes back if I don't have the
21 apartment number on it for God sake. So, they will
22 get a huge number back from the post office. So,
23 then they have to get new information. I'd rather see
24 a system that works, so they don't have to contact
25 everybody. That's just my feeling. But, I do wonder

1 about this, how you feel about the emails and the
2 phone numbers being collected? Also, some of my
3 constituents don't have email, same issue. I don't
4 know how that would all work. And half the time the
5 phone number ,you know, they give you a number that
6 may or may not be legitimate. It's a lot of... I'm a
7 database nut, so I have databases; it's hundreds of
8 hours. So, I didn't know if this makes sense. I want
9 to know what you think.

11 EXECUTIVE DIRECTOR LERNER: Well, I am a
12 proponent of gathering that information. And, again,
13 that's why I would like to see a shift to a more
14 efficient frontend gather, because I think if it is
15 within the transaction ,you know, I don't know how
16 many times I have had to put that information down
17 for an online purchase. So, it... (CROSS-TALK)

18 COUNCIL MEMBER BREWER: That's not government,
19 there's difference there. I'm just saying, uh,
20 people are nervous about government I think.

21 EXECUTIVE DIRECTOR LERNER: But, I think in the
22 transaction, people are used to providing that
23 information in relation to transactions. So, it is
24 easier to gather, as part of this is ,you know, the
25 necessary information, whether it's cash, whether

1 it's credit card. And, you know, there needs to be,
2 I think, some privacy disclosure for sure. But, given
3 how it is the most common way to communicate with
4 people, and frankly to urge people to put in cell
5 phones if they have them, is something we've been
6 advocating for the Board of Elections on the voter
7 rolls, because the fastest way to get information is
8 either going to be by phone or by text message. And I
9 know it's difficult, listen I have those recordings
10 on my... I still have an answering machine
11 occasionally on my home phone, which is not a
12 landline, telling me that the IRS is calling about my
13 tax liability. And I know that that's fraudulent. So
14 it is a difficult information context, but I think
15 it's essential that we gather phone and email
16 information when it is available, at the front end,
17 rather than trying to chase after later.

19 DIRECTOR WEINBERG: I'll just add that I think
20 from the voters perspective, it's helpful if the
21 voter provides the same information that they provide
22 to other state agencies or federal agencies that
23 interact with them in similar manners. So, the New
24 York City BOE, and not only the New York City... the
25 Board of Elections now can and does reach out to

1 voters to cure their absentee ballots right. And
2 voters do donate to federal races, obviously. So, I
3 think as we think of the best way to contact them and
4 the best information to collect, we should also look
5 at what other agencies that are in the democracy
6 space are doing with voters. So, for the voter it
7 would make sense that they're being asked the same
8 information.
9

10 COUNCIL MEMBER BREWER: All right, thank you.

11 I don't know... go ahead...

12 MS. JOANNA ZDANYS: I'll just add, Council Member
13 Brewer, I think you are hitting on the same questions
14 that we've been thinking through on this particular
15 issue at the Brennan Center and their considerations
16 to weigh on both sides here as to whether additional
17 means of communication opened up more of an
18 opportunity for actually reaching a voter and
19 securing the information that would be helpful to the
20 agency. But, that needs to be counterbalanced I think
21 with a deeper consideration of what some of the
22 unintended consequences, privacy concerns, and also
23 just ,you know, perhaps unwelcome burdens on voters
24 might be. So, I think those are the right questions.
25 I would say we're still thinking through those.

1
2 COUNCIL MEMBER BREWER: I mean I just think that
3 you have to be so careful. I assume this information
4 would not be on a database -- I don't know? -- for
5 the public, and also I do think that people... One
6 thing for the credit card, another thing for absentee
7 ballot, somehow politicians has a ring of, "they're
8 going to use my name," they're going to ,you know,
9 (TIMER CHIMES) "they're going to ask me for more than
10 what I want to give." That's what I get. So. I'm just
11 saying I'm trying to make sure that people donate,
12 they still want to participate and not feel that
13 there's something nefarious about giving out this
14 information.

15 EXECUTIVE DIRECTOR LERNER: You mean three or four
16 fundraising emails, every single day, from the same
17 candidate? Yeah.

18 COUNCIL MEMBER BREWER: So, I worry about that,
19 I'm just saying that's a concern that I know people
20 are expressing. And they already hate the electoral
21 process; they hate ,you know, look at the low voting
22 participation, it's really low. So, what we have
23 to... I just don't want to make it lower. I don't
24 want people to feel like it's good to participate,
25

1 and we're not taking their information. So, I think
2 it just needs more discussion, thank you.

3
4 CHAIRPERSON RESTLER: I ,you know, I think that
5 what we're entertaining here is... or considering
6 here is information that's already been collected by
7 campaigns being shared with the CFB, so that the CFB
8 can appropriately verify the identity of donors, as
9 necessary, to make sure that we are limiting and
10 deterring fraud as much as possible. You know, I
11 think that the Board of Elections, it's voluntary to
12 choose to submit this information. But, the Board of
13 Elections has voter rolls that include phone numbers
14 and email addresses for a very high concentration of
15 voters, and I for one think it would be appropriate
16 for the CFB to have more of this information and be
17 able to engage people as needed to verify appropriate
18 identity, or for other purposes that could be
19 beneficial in in increasing participation in our
20 campaign finance ,you know, matching system.

21 And I think that it's a natural thing for the CFB
22 to do considering it already has responsibility for
23 engaging voters, to encourage turnout, for sharing
24 the voter guide, and doing so much more that's
25 already relatedly within their purview.

1
2 Anything you want to add on that?

3 EXECUTIVE DIRECTOR LERNER: I did want to say that
4 you know I was struck by the comment from Mr. Ryan
5 about the need for access to the voter rolls. As we
6 have been working on improving the accuracy and
7 uniformity of the voter rolls, and our very concerned
8 about appropriate use. I do think that this is an
9 area that certainly we at Common Cause New York would
10 like to collaborate with the CFB. And as we're
11 working to tighten up the accuracy of the voter
12 rolls, make it available within the appropriate use
13 for exactly the kind of verification that the CFB
14 needs. And that's an area that I think should be
15 explored. It's the kind of thing which the Council
16 can include in its priorities for the legislature -
17 and send up resolutions, and that we can explore
18 having that change in state law to facilitate more
19 accuracy without further information burden to
20 individuals.

21 CHAIRPERSON RESTLER: You good?

22 I just want to thank this panel again for joining
23 us today, for your thoughtful feedback and testimony.
24 We're very much looking forward to continuing the
25 conversation on this legislative package, and other

1 issues that we discussed today with Mr. Ryan for the
2 need for kind of updates at the CFB. So, thank you so
3 much, and have a good weekend.
4

5 And our next and final panel of the day is Tom
6 Speaker from Reinvent Albany and Sharon Brown from
7 Sharon Enterprises.

8 Thank you both.

9 We're ready. Okay good feel free to begin.

10 DIRECTOR SPEAKER: Good morning, Chair Restler,
11 and Committee on Governmental Operations, State &
12 Federal Legislation. I am Tom Speaker, Legislative
13 Director for Reinvent Albany. Thank you for holding
14 this hearing today, and a special thank you to Chair
15 Restler and his staff for reaching out to Reinvent
16 Albany and our colleagues, uh, with expertise in
17 campaign finance administration. We really appreciate
18 Chair Restler's energy and willingness to work on
19 some thorny problems.

20 We want to start by saying that we think that the
21 New York City campaign finance system is not in
22 crisis. We think that public matching funds are well
23 protected, and that the CFB does a very good job
24 guarding public dollars while helping campaigns
25

1 navigate complicated rules and get their matching
2 funds.
3

4 That said, we do see three major problems for the
5 campaign finance system, not all of which can be
6 fixed by the City, or the Council, and the CFB.

7 One is independent expenditures; a second is that
8 audits take too long; and a third issue is that there
9 are many loopholes into doing business and
10 intermediary laws and rules.

11 Generally Reinvent Albany believes that the
12 broadest possible disclosure of campaign fundraising
13 activities is preferable to continuously increasing
14 restrictions on a fairly small segment of the public.
15 In other words, we would strongly support expanding
16 the definition of Doing Business over further
17 restricting what those already classified as Doing
18 Business can do.

19 Since my time is limited, I'll comment on the
20 bills being proposed today really quickly.

21 Intro 952, the verification bill, we oppose this
22 bill as written. We agree with its intent, but we
23 think that in its current form it would create lot of
24 undue work for the CFB, and probably slow down audits
25 by consuming a large amount of staff time.

1
2 With Intro 953, which would place limits on how
3 much those in the Doing Business Database can bundle,
4 we do support this bill, but we also are sensitive to
5 the CFB's concerns that it could lead to less
6 disclosure from candidates. So, we ask the Council to
7 closely examine campaign finance data to determine
8 what effect new laws may have had on bundling
9 disclosure.

10 With Intro 954, we don't support this bill or
11 have any position currently, because we don't know
12 its cost. So, we, again, there, we also asked the
13 council to work with the CFB to determine that.

14 Beyond those bills, we encourage the Council to
15 also consider the following:

16 One, require campaigns to quickly report all
17 event intermediaries to the CFB once a certain amount
18 is raised.

19 Two, close doing-business loophole that requires
20 lobbyists, but not their clients to be included in
21 the Doing Business Database.

22 Third, close the doing-business loophole that
23 exempts board members and officers of organizations
24 with City contracts from being in the database.

1
2 And, four, ask CFB to assess how it can use
3 online credit card donation forms and other
4 technology to increase compliance with the law.

5 Thank you for allowing me to testify. I welcome
6 any questions you may have.

7 CHAIRPERSON RESTLER: Thank you very much.

8 Miss Brown?

9 MS. SHARON ROSE BROWN: Hello, my name is Sharon
10 Brown. Okay, I had a sign up, it says "Release the
11 hostages, let Yahweh's people go. Defend Israel,
12 thank you.

13 Okay, for the Governmental Operations. I'm
14 speaking about... I want to make a home voting system
15 installed in people's homes, so that people who are
16 not able to vote, and are infirmed or something, will
17 be able to do something in their homes. We need to
18 make sure that people aren't being bribed when
19 they're getting campaign contributions from people --
20 you can't find out who -- the people that are that
21 making the contributions, because there they can talk
22 to a candidate and let them know, I'll just donate
23 something to your campaign, and it'll be below
24 board, no one will know who it is. And they can ask
25 for special favors if they're giving, and no one

1 knows exactly who is doing it. Even in the
2 presidential election, they're trying to find out who
3 gave millions and millions of dollars to Joe Biden,
4 they just can't seem to find out who gave these
5 contributions to campaigns. This is something that's
6 very serious, because it could be something that's
7 bribery. There may be rules about whether people can
8 give from different countries, different places and,
9 things like that. Uh, it could be innocuous that
10 someone is just giving a big donation, but it could
11 be something that's nefarious. So, we need to know
12 who is giving to the campaigns. They should have
13 something set up systematically to know, uh, some
14 kind of computer system that can go back to who is
15 giving the campaign that.. giving to a campaign that
16 can verify who the person is that is actually giving
17 to the campaign -- especially when it exceeds a
18 certain amount of money. Maybe they can find a way to
19 verify who it is. I know they have some kind of
20 limits on what can be given. Sometimes there aren't
21 limits, depending on if it's a corporation giving, if
22 it's a corporation giving all together, they have, I
23 believe, like a higher amount that they can give.
24 There are some individuals may be limited, but we can
25

1
2 find out who it is by doing something, some kind of
3 system. I do technology and things like that, I want
4 to do the voting system. They can run something
5 through a machine at home or they can do the voting
6 at home, however in-depth we get in the system, we
7 can upgrade it and things like that. But, I want to
8 make sure that the elections are fair and that they
9 are not compromised. And when people are giving to
10 campaigns, and you can't verify who they are, and
11 they're giving exorbitant (TIMER CHIMES) amounts of
12 money, uh, we don't want it to be compromised.

13 Release the hostages, let Yahweh's people go,
14 defend Israel, thank you.

15 CHAIRPERSON RESTLER: I want to thank you both
16 very much for your testimony.

17 I just will comment briefly on the testimony of
18 Mr. Speaker. I agree that the city's campaign finance
19 system is not in crisis, but we appreciate the
20 feedback, and appreciate you both taking the time to
21 join us today. I want to thank everyone for joining
22 us for the hearing today, and hope everyone has a
23 great weekend. Thank you so much. (GAVEL SOUND)

24

25

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date July 15, 2024