



# ELEC-TRONIC

An Election Law Enforcement Commission Newsletter

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**"Furthering the Interest of an Informed Citizenry"**

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## Website:

[www.elec.state.nj.us](http://www.elec.state.nj.us)

## Comments from the Chairman Ronald DeFilippis

In July the 2016 Gubernatorial Cost Index Report will be issued in preparation for the upcoming gubernatorial election in 2017.

The Cost Index Report is issued in fulfillment of the Commission's statutory responsibility to adjust for inflation the thresholds and limits pertaining to the Gubernatorial Public Financing Program.

The report also fulfills the requirement that the thresholds applicable to non-gubernatorial candidates be automatically adjusted for inflation.

Moreover, the report contains proposed adjustments to non-gubernatorial contribution limits as required by statute. While the gubernatorial contribution limits are adjusted automatically, it takes an act of the Legislature to adjust the non-gubernatorial limits.

Following the 1985 gubernatorial election, the Commission recommended that the various thresholds and limits be adjusted every four years by the Consumer Price Index (CPI). ELEC commissioners and staff were concerned that the thresholds and limits were being outdistanced by inflation, a situation that would eventually undermine the effectiveness of the program.

Two years later, in 1988, the Commission refined this proposal and developed a sophisticated formula for calculating campaign inflation. This proposal, contained in its first ever Gubernatorial Cost Analysis Report, combined the CPI index with a special inflation index for advertising costs.

This formula would be enacted into law when the Campaign Act was amended in 1989. Accepting the Commission's recommendations, the Legislature called for a quadrennial adjustment of thresholds and limits pertaining to the gubernatorial primary and general elections.

Beginning with the 1993 primary and general elections, ELEC, every four years, would adjust the thresholds and limits using its very unique formula which takes into account general inflation in the New York/Philadelphia areas as well as inflation involving broadcast and print advertising.

The Gubernatorial Public Financing Program has been an integral part of gubernatorial elections in New Jersey since 1977. It has allowed candidates of limited means to run for governor and it has helped to eliminate undue influence from the process.

The report to be issued in July represents the beginning of the gubernatorial election cycle involving the Public Financing Program.

Inflationary adjustments will be in place by January by virtue of the Cost Analysis Report which forms the basis of the regulations that will be proposed to officially adopt the changes.

## **Executive Director's Thoughts**

### **Jeff Brindle**

## **State Legislation Needed to Close Loopholes in Pay-to-Play Laws**

[Reprinted from politickernj.com](http://politickernj.com)

Government purchasing agents from throughout the State gathered in Atlantic City last week for a conference sponsored by the Rutgers Center for Government Services.

At the invitation of the Center, which holds seminars for State and local government professionals and produces useful studies on New Jersey government, I spoke about the need to reform the state's pay-to-play law.

As would be expected, the focus of my remarks involved the easiness by which the law is circumvented.

One of the ways mentioned was for party operatives or friends of public officials to set up a political action committee (PAC) that would, supposedly, operate independently of candidates or parties.

Under these circumstances, public contractors, their families, associates, and employees could legally contribute up to \$7,200 each to the PAC, which would then go on to attempt to influence the outcome of the election.

All of this, of course, is perfectly legal under the existing pay-to-play law. Nevertheless, it is difficult to see how

the officeholder or candidate in question can possibly be oblivious to the support given his or her candidacy by such a PAC, which to a significant extent is backed by contractor donations.

Ironically, a recent article by Matt Friedman of Politico NJ provides an example of how this tactic is used to effectively, but legally, get around the pay-to-play law.

A PAC termed "American Future Leaders," was recently established by the former campaign manager of the current Mayor of Orange. Associated with the PAC are a couple of Orange employees.

The Mayor maintains that the PAC is independent of him and his campaign for re-election. However, the Mayor was recently honored at a fundraiser run by the PAC and the PAC shares a post office box with the Mayor's campaign account.

According to Friedman, "most of the PAC's fundraising has come from city employees and contractors."

The State's pay-to-play law is inordinately complicated. The State and local governments are subject to it.

However, under the law, municipalities and counties can opt out of the law by writing their own ordinances or invoking the "Fair and Open" bid advertising loophole.

Whether or not the City of Orange is under State law, its own ordinance, or invokes the "Fair and Open" loophole, it is clear that establishing this PAC is a legal way around a very porous pay-to-play scheme in New Jersey.

It also represents a way around the contribution limits under New Jersey's campaign finance law.

To be sure, this situation in the City of Orange isn't unique. It is just the latest example of similar activity throughout the state. It represents a prime example of how the law can be legally skirted and why it is so necessary to reform the law if anyone is to take it seriously.

The New Jersey Election Law Enforcement Commission has set forth a commonsense proposal for improving the

pay-to-play law, which, at the same time, would contribute to a stronger political party system.

Moreover, in simplifying the law, these proposals would enhance transparency and make it easier for citizens to connect the dots between a contribution and a contract.

The proposal contains the following:

- One State law to apply across the board;
- The elimination of the “Fair and Open” loophole;
- The inclusion of PAC’s under pay-to-play;
- The exclusion of parties from pay-to-play;
- An increase in the contribution limits applicable to contractors from \$300 to \$1,000;
- Enhanced disclosure; and,
- Disclosure of contractor donations to independent groups.

A recent Pew research study taken last November shows that only 19 percent of Americans trust government. This figure compares with 73 percent of Americans who trusted government in 1958.

Though no data exists for New Jerseyans per sé, in all likelihood a similar pattern exists in the Garden State.

Commonsense and enlightened reform of the state’s complicated pay-to-play law would contribute to enhancing trust in government in New Jersey as well as to greater transparency regarding contributions and public contracting.

## **Ben Kachuriner “Profile”**

### [Assistant Legal Director](#)

**By Joe Donohue, Deputy Director**

Assistant Legal Director Benjamin Kachuriner admits some candidates and treasurers are miffed when they receive one of his ELEC complaints alleging campaign finance violations.

But he said most people calm down after a little venting. Most simply want to comply with the law, he said, adding that he endured far worse outbursts when he was a law clerk in Mercer County’s family courts.

“People are generally not happy having a complaint issued against them. But most of the time, people are interested in working with us and resolving the matter in an amicable manner,” he said. “Most people so far are pretty reasonable.”

Kachuriner, 26, began working at ELEC in September, 2015. He is a part of an ELEC legal team whose primary mission is to take investigative reports and transform them into complaints against candidates and/or treasurers.

The job has helped him hone both his writing and legal skills. Campaign finance is a special area of the law and learning it has been a rewarding challenge, he said. “I’ve enjoyed it this far,” he said.

A lifelong New Jersey resident, Kachuriner grew up in Middlesex County but has lived in Hunterdon County for the past 11 years. He soon will be moving back to Middlesex County as a first-time homeowner.

In 2011, he obtained a bachelor of arts and sciences degree from Boston University in philosophy and political science. He received his law degree from Seton Hall Law School in 2014. He has been admitted to practice before the New Jersey and New York bars.

Before arriving at ELEC, he was a law clerk under Superior Court Judge Lawrence Debello in Mercer County.

One of Kachuriner’s favorite pursuits is to travel. He recently returned from a trip to Aruba, and has also visited Mexico and Israel. He would like to visit Europe soon.

Kachuriner also is a self-professed beach bum. His family often spent time at Sandy Hook or Cape May when he was growing up. He now often lingers oceanside in Avon-By-The-Sea and Wildwood.

He is a big ice hockey fan who often travels to Madison Square Garden to see New York Rangers games. He also roots for the New York Yankees, Giants and Knicks.

A more recent pastime is learning how to cook. His specialty so far- he makes a mean Caesar’s salad.

Kachuriner's father is a respiratory therapist and his mother is an office manager. They both moved here from Russia in 1970s. He has one sister.

Since employees at ELEC must be non-partisan, Kachuriner eventually may have to change jobs. "I'm definitely going to consider getting into politics one day," he said.

## Pre-Election Fundraising by Potential Gubernatorial Candidates or their Allies Tops \$9 Million

By Joe Donohue, Deputy Director

With the official starting date for the 2017 gubernatorial election still eight months away, committees with ties to potential candidates already have raised \$9.3 million and spent \$4.6 million, according to an ELEC analysis.

So far, eight committees have been formed that are either directly or indirectly tied to four possible Democratic candidates and one possible Republican candidate.

A 527 political fund-raising committee, named New Way for New Jersey, files disclosure reports with the IRS. It has spent the most- about \$3.2 million. The group was started in 2015 by Phil Murphy, a former Goldman Sachs executive and Ambassador to Germany.

His group so far has raised \$3.4 million. Unlike the other committees, New Way for New Jersey is largely self-financed by the potential candidate. So far, Murphy and his wife Tammy have contributed \$3.2 million from their personal funds.

Murphy in 2014 also formed a 501(c)4 non-profit group known as New Start NJ that files reports with the IRS and does not reveal its donors. However, in February, reports filed with ELEC showed it spent \$46,744 on grassroots lobbying activities.

Murphy held a press conference on May 16, 2016 to become the first to announce a gubernatorial candidacy. He also pledged to contribute \$10 million to his primary campaign.

Supporters of Senate President Steve Sweeney (D- 3<sup>rd</sup>)

**Campaign Finance Activity of Committees Formed by or Supporting Potential Gubernatorial Candidates**

CANDIDATE	POSITION	COMMITTEE	RAISED	SPENT
Steve Fulop	Jersey City Mayor	Coalition For Progress	\$3,529,205	\$ 247,822
Phil Murphy	Former Goldman Sachs executive and ambassador to Germany	New Way For New Jersey	\$3,396,632	\$3,210,753
Steve Sweeney	State Senate President	New Jersey For A Better Tomorrow	\$1,532,900	\$ 329,897
Raymond Lesniak	State Senator	Committee For Economic Growth And Social Justice	\$ 683,661	\$ 683,581
Kim Guadagno	Lieutenant Governor	We Care About NJ PAC	\$ 133,509	\$ 64,756
Phil Murphy	(see above)	New Start NJ	NA	\$ 46,744
Raymond Lesniak	(see above)	Run Ray Run	\$ 39,500	\$ 20,188
Kim Guadagno	Lieutenant Governor	Building a Better New Jersey Together	NA	NA
		<b>TOTALS</b>	<b>\$9,315,407</b>	<b>\$4,603,741</b>

So far, Coalition for Progress, a Super PAC formed by supporters of Jersey City Mayor Steve Fulop, has reported the most fund-raising- \$3.5 million, according to reports submitted to the Federal Election Commission. The group was formed in 2015.

are behind New Jersey for a Better Tomorrow, which has raised \$1.5 million and spent \$329,897, according to reports voluntarily filed with ELEC. It began operating in 2015.

The oldest group, the Committee for Economic Growth and Social Justice, was formed in 2013 by allies of state Senator Raymond Lesniak (D-20<sup>th</sup>) and has spent less than \$700,000. Another pro-Lesniak group called Run Ray Run was begun last year and has spent \$20,188.

Supporters of a gubernatorial run by Kim Guadagno, Governor Chris Christie's lieutenant governor, formed We Care About NJ PAC in 2015. It raised \$133,509 and spent \$64,756 since then.

More recently, in April 2016, her supporters formed Building a Better New Jersey Together. It is a 501(c)4 non-profit group, which files reports with the IRS and does not disclose its contributions.

Fulop, Murphy, Sweeney and Lesniak all would be vying for the Democratic gubernatorial nomination. Guadagno is a Republican.

New Jersey does not elect a new governor until November 2017. It is not unusual nor illegal for possible contenders or their allies to try to expand public awareness of the would-be contestants by raising and spending money before the election year. Some also use the expenditures to help gauge the level of support for a gubernatorial bid.

For instance, before the 2001 gubernatorial election year, one Democrat and three Republicans spent a total of \$4.9 million (\$6.8 million adjusted for inflation) to help build "name recognition" and perhaps lay the groundwork for formal runs. They used two 527 committees, three 501(c) non-profits and a federal political action committee.

Under state law, a candidate must file a form with ELEC designating a treasurer and bank account within 10 days of receiving a contribution or making an expenditure related to an official gubernatorial campaign. Candidates in New Jersey are eligible for public funding if they agree to limit their campaign expenditures.

## Training Seminars

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

<b>TREASURER TRAINING FOR CANDIDATES AND COMMITTEES</b>	
September 14, 2016	10:00 a.m.
September 27, 2016	10:00 a.m.
<b>TREASURER TRAINING FOR POLITICAL COMMITTEES AND PACS</b>	
June 22, 2016	10:00 a.m.
September 22, 2016	10:00 a.m.
December 14, 2016	10:00 a.m.
<b>R-1 ELECTRONIC FILING SOFTWARE (REFS) TRAINING</b>	
July 27, 2016	10:00 a.m.
September 15, 2016	10:00 a.m.
September 29, 2016	10:00 a.m.

## Lobbying Reporting Dates

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

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

## Reporting Dates

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

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

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

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

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

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