

**ANNUAL REPORT
OF THE
NEW JERSEY
ELECTION LAW ENFORCEMENT
COMMISSION**

1981

THE 1981 COMMISSION

Sidney Goldmann, Chairman
Josephine S. Margetts, Vice-Chairman
Andrew C. Axtell, Member
M. Robert DeCotiis, Member

Executive Director - Scott A. Weiner
Counsel - Edward J. Farrell

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The New Jersey Election Law Enforcement Commission was created in 1973 to administer and enforce the N. J. Campaign Contributions and Expenditures Reporting Act (N.J.S.A. 19:44A-1 et seq.). This statute requires candidates and certain other entities participating in state, county, municipal and school board elections to disclose information concerning the campaign contributions they receive and the campaign expenditures they make. That law was supplemented by chapter 26 of the Laws of 1974, which provides for partial public financing and limits on the amount of political contributions for candidates for Governor in general elections. The law was further amended and supplemented by chapter 74, Laws of 1980 which extended partial public financing to gubernatorial primary election candidates. The Commission is responsible for administering chapter 129 of the Laws of 1981 which requires candidates for the office of Governor, State Senate and General Assembly to file financial disclosure statements. The Commission is also responsible for administering the Legislative Activities Disclosure Act (N.J.S.A. 52:13C-18 et seq.) which requires the reporting of financial activity by lobbyists and legislative agents.

The four members of the Commission, no more than two of whom may belong to the same political party, are appointed to three-year terms by the Governor, with the advice and consent of the Senate. Commission members do not participate in partisan political activity. The Commission may accept and institute complaints, issue subpoenas, conduct investigations, render advisory opinions, find violations of the Act, levy civil penalties and forward to prosecuting officials evidence of certain willful and knowing violations.

The Commission office and staff of 21 is located one block from the State Capitol in Trenton, New Jersey.

OVERVIEW OF MAJOR ACTIVITIES OF 1981

1981 was one of the most active years in the Commission's history. In addition to its ongoing program of administering campaign financial disclosure reporting by county, municipal and some school board candidates, the Commission did the following:

- Administered the \$8.8 million public financing program for the gubernatorial primary and general elections. The Commission provided \$6,373,659 in public funds, to match private contributions, to 16 of the 22 primary election candidates. In the general election the Commission provided the maximum in public funds, \$1,199,952, to each of the two major party candidates, Governor Kean and Congressman Florio.
- Decided whether funds remaining in gubernatorial campaign accounts could be used to help finance gubernatorial recount activities and monitored the reports filed by the recount committees for Governor Kean and Congressman Florio. The 1981 gubernatorial general election was unprecedented in New Jersey with the outcome decided by fewer than 2000 votes after a month's recount.
- Implemented the financial disclosure program in accordance with L.1981, c.150, whereby lobbyists and legislative agents are required to file financial activity disclosure reports annually; the first reports, for calendar year 1981, were filed in February 1982.
- Implemented the newly enacted personal financial disclosure program for all legislative and gubernatorial candidates.
- Administered the campaign finance disclosure program of candidates for all 120 seats in the Legislature.
- Hired a new Executive Director, Scott A. Weiner, to replace Lewis B. Thurston, III, who resigned, after serving

for over five years, to become Director of the Senate Minority and subsequently Governor Kean's Chief of Staff.

- Met 39 times, more than in any previous year. The Commission held meetings at least weekly in the two months immediately preceding the June 2 and November 3 elections.

In addition, the Commission: (a) initiated 151 investigations of reports filed by candidates and political committees; (b) undertook 18 investigations of expenditures made by individuals, unions and political committees on behalf of gubernatorial candidates to determine if the expenditures were made independently of the candidates' committees; (c) issued 48 advisory opinions; and (d) filed 278 complaints of violations of the Campaign Contributions and Expenditures Reporting Act against candidates and their treasurers and political committees.

The end of the year saw the pending departure of two Commissioners, Sidney Goldmann and Josephine Margetts. Judge Goldmann was one of Governor Cahill's original appointees to the Commission in 1973 and was reappointed by Governor Byrne. He first served as Vice Chairman and, upon former Chairman Frank Reiche's appointment to the Federal Election Commission by President Carter, Judge Goldmann became Chairman in 1978. Mrs. Margetts, a former member of the New Jersey Assembly, was appointed by Governor Cahill in 1974 to fill an unexpired term and was reappointed by Governor Byrne. She served as Vice Chairman of the Commission from 1978 until her retirement. Judge Goldmann and Mrs. Margetts were succeeded by Governor Byrne's appointees, Alexander P. Waugh, Jr. and former Supreme Court Justice Haydn Proctor, respectively, both of whom joined the Commission in January 1982.

Candidates and political committees in 1981 spent more than in any previous year. In the gubernatorial primary and general elections nearly \$19.5 million in public and private funds was spent compared to \$8.2 million in 1977. Thomas H. Kean, the Republican nominee, won the election over Representative James J. Florio, the Democratic nominee, by 1797 votes out of nearly 2.4 million votes cast. Approximately \$5.4 million was spent by the 94 Senate and the 192 Assembly primary and general election candidates, and the two state political party committees spent \$3.7 million in the general election, chiefly for legislative candidates. This total of \$9.1 million is an increase of \$5.8 million over the \$3.3 million spent in 1977.

In by far the most expensive municipal election in 1981, Councilman Gerald McCann defeated State Senator Walter Sheil and three other challengers to become mayor of Jersey City, the State's second

largest municipality. Mayor McCann spent \$248,293 and Senator Sheil spent \$282,070.

A federal three-judge District Court rendered a significant decision in the case of American Civil Liberties Union of N. J. v. Election Law Enforcement Commission. 509 F. Supp. 1123 (D.N.J. 1981) The panel held that the provisions of the Campaign Contributions and Expenditures Reporting Act, N.J.S.A. 19:44A-1 et seq., on reporting by political information organizations (i.e. lobbyists) were constitutional as long as the reporting requirements were not extended to providing political information that did not expressly advocate passage or defeat of legislation or a public question. The District Court found that the substantive requirements for reporting of lobbying contributions and expenditures were not violative of the First Amendment.

This decision complemented the State Supreme Court's 1980 decision in N. J. State Chamber of Commerce v. Election Law Enforcement Commission. That opinion upheld the constitutionality of the reporting requirements on lobbyists and provided that the Commission established a reasonable threshold below which lobbying activity would not have to be reported. Subsequently, the Legislature amended the lobbyist disclosure laws, enacting chapters 150 and 151 of the Laws of 1981, substantially changing the statutory provisions governing lobbyists' reporting. As a result, the Commission was required to adopt new regulations in 1981 to enable the filing of the first reports by lobbyists on February 1, 1982.

Thus, 1981 was an unusual year in the Commission's nine year history. The pioneering program of public financing of the gubernatorial primary election dominated Commission activity during the first six months. The gubernatorial general election public financing program, the legislative and Jersey City mayoralty elections, the implementation of the lobbyist disclosure and the candidate personal financial disclosure programs, litigation and general enforcement activities were also very significant.

GUBERNATORIAL PUBLIC FINANCING

The public financing law, enacted in 1974, was applied for the first time in 1977 for the gubernatorial general election. In 1980 the Legislature amended the law to provide for public financing of the gubernatorial primary election as well. As amended, the law

prohibits gubernatorial candidates from accepting contributions in excess of \$800 from any contributor, whether or not the candidate takes public funds. After raising \$50,000 in contributions of \$800 or less, and spending a like amount, a candidate qualifies to receive two dollars in public matching funds for every dollar in contributions raised from private sources. Based on a cents per vote in the preceding presidential election formula, the law limits public funds for any one candidate to just under \$600,000 in the primary and just under \$1.2 million in the general election. According to another cents per vote formula, candidates who receive public funds have to limit campaign expenditures to approximately \$1,050,000 in the primary and approximately \$2.1 million in the general election.

The public financing statute also provides for: a \$50,000 limit on bank loans; an \$800 limit on other loans; limits on the uses of public funds; certain free candidate use of public television broadcast time; limits on expenditures by county and municipal political party committees in behalf of gubernatorial general election candidates; and the mailing, at State expense, of a statement by each candidate in the general election to all registered voters.

The Commission adopted regulations for the primary election in November 1980 and for the general election in February 1981. It answered eight advisory opinion requests concerning the implementation of the public financing portions of the Act, addressing issues including the following:

- what were primary election exploratory expenditures that did not have to be included in calculating expenditures for the expenditure limit;
- what were allowable expenditures of public funds;
- what fund-raising expenses were within or outside the expenditure limits;
- how the value of donated art work was to be calculated under the terms of the \$800 contribution limit;
- how, and the extent to which, state political party expenditures were to be allocated, if at all, to the gubernatorial candidates;
- what funds remaining in gubernatorial campaign accounts must be returned to the New Jersey Gubernatorial Election Fund; and

- whether any funds remaining in gubernatorial campaign accounts may be used to help finance activities related to the gubernatorial recount.

Four additional staff were hired on a full-time temporary basis and part-time clerical staff was hired to administer the program at a cost of \$49,415.50. In addition, data processing, printing and other direct expenses totaled \$40,426.65, and the cost of printing and mailing the gubernatorial 500 word statements was \$131,070.09. These costs do not include the time of the Executive Director, Assistant Executive Director and other regular Commission staff, who spent considerable time administering the public financing program, or the costs of supplies and materials absorbed in the Commission's regular operating budget.

The Commission's regulations required the candidates' campaign organizations to submit a copy of the check, or a contributor's signature card for a cash contribution, for each contribution submitted for matching funds. The staff examined the documents and checked the eligibility of the contribution to be matched. The staff reviewed nearly 33,000 contributions to primary candidates and over 10,000 contributions to general election candidates. The staff prepared a summary of contributions accepted and rejected for matching, sent this summary to each campaign and presented it to the Commission for its consideration. The Commission, after its review, voted to certify the appropriate amount of public funds for each candidate. The State Treasurer, based on the Commission's certification, issued the checks within one or two days. The Commission staff then deposited the checks in the public financing account of each candidate. The first checks were issued for the primary on March 9, 1981 and the last check was issued on September 1, 1981. For the general election, the first check was issued on August 17, 1981 and the last check on October 5, 1981.

The Commission retained the accounting firm of Alexander Grant & Company to audit the expenditure of public funds. The Commission's staff also conducted a desk audit of receipts and expenditures of the gubernatorial candidates.

The Commission's report, New Jersey Public Financing - 1981 Gubernatorial Elections, Conclusions and Recommendations, released in June 1982, provides details and analyses of the public financing issues based on the 1981 experience and sets forth the Commission's recommendations for amending the gubernatorial public financing program.

GUBERNATORIAL PRIMARY ELECTION

A field of 13 Democrats and 8 Republicans, plus one Democrat candidate who withdrew his name from the ballot, contested for their respective party's nominations in the most expensive gubernatorial primary election in the State's history and the first gubernatorial primary partially financed with public funds. Congressman James J. Florio, Democrat, and former Assembly Speaker, Thomas H. Kean, Republican, emerged as the nominees.

Of the 22 candidates, 16 were eligible for and received public matching funds totaling \$6,373,659, as shown on Table I. Five candidates -- Democrats John Degnan, James Florio and Joseph Merlino, and Republicans Thomas Kean and Lawrence Kramer -- received the maximum, \$599,975.80, in public funds, and one candidate, Democrat Thomas F. X. Smith, received just \$25.90 short of the maximum.

TABLE I
PUBLIC FUNDS (Gross) RECEIVED BY
1981 GUBERNATORIAL PRIMARY ELECTION CANDIDATES

<u>Candidates</u>	<u>Public Funds (Gross) Received</u>
<u>DEMOCRATS</u>	
Degnan	\$ 599,975.80
Dodd	327,543.77
Florio	599,975.80
Gibson	393,879.00
Hamilton	309,678.76
Klein	52,763.74
Lan	249,919.69
McConnell	95,916.72
Merlino	599,975.80
Smith	599,949.90
Democrat Subtotal	<u>\$3,829,578.98</u>
<u>REPUBLICANS</u>	
Kean	\$ 599,975.80
Kramer	599,975.80
McGlynn	233,916.74
Parker	306,042.00
Rafferty	246,575.22
Wallwork	557,594.74
Republican Subtotal	<u>\$2,544,080.30</u>
TOTAL	<u>\$6,373,659.28</u>

Total campaign spending in the 1981 gubernatorial primary was over \$14.7 million, with public funds representing 43 percent or \$6.3 million, of that amount. This compares with 1977 when eight Democrats, including incumbent Governor Byrne, and four Republicans vied for their party's nomination and spent approximately \$5.2 million. Table II shows the total expenditures of the 1981 Democratic and Republican candidates. Republican Joseph Sullivan conducted the most expensive campaign, \$2.1 million, including over \$1.8 million of his own funds, with the rest raised privately in amounts of \$800 or less. Congressman Robert Roe spent nearly \$1 million, all of it raised privately in amounts of \$800 or less; although Congressman Roe did not apply for public matching funds, the law limited him, Mr. Sullivan and all gubernatorial candidates to the contribution limit of \$800. Six other candidates, including the two winners, Congressman Florio and Governor Kean, received the maximum in public funds, nearly \$600,000, and spent more than a million dollars.

TABLE II
NET EXPENDITURES BY
1981 GUBERNATORIAL PRIMARY ELECTION CANDIDATES

<u>Candidates</u>	<u>Net Expenditures</u>
<u>DEMOCRATS *</u>	
Buehler	\$ 9,137
Degnan	1,104,063
Dodd	536,593
Florio	1,113,925
Gibson	782,393
Hamilton	556,001
Klein	167,340
Lan	447,197
McConnell	208,740
Merlino	997,744
Roe	990,187
Smith	1,085,105
Democrat Subtotal	<u>\$ 7,998,432*</u>
<u>REPUBLICANS</u>	
Imperiale	\$ 17,587
Kean	1,131,310
Kramer	1,150,256
McGlynn	388,230
Parker	415,657
Rafferty	430,935
Sullivan	2,163,274
Wallwork	1,025,775
Republican Subtotal	<u>\$ 6,723,024</u>
TOTAL	<u>\$14,721,456</u>

* In addition, Democrat candidates Stella Mann and Rose Monyek filed Sworn Statements (Form A-1) that they did not spend more than \$1,000.

GUBERNATORIAL GENERAL ELECTION

The 1981 gubernatorial general election was the closest major election in the State's history, with less than 2000 votes, or .02 percentage point, separating the two candidates. After a month's recount effort, former Assembly Speaker Thomas H. Kean emerged victorious over his Democratic challenger, Congressman James J. Florio.

This was the second partially publicly financed gubernatorial general election in New Jersey. In comparison with the primary election public financing effort, which entailed an extraordinary administrative effort to process weekly submissions of contributions by 16 candidates, the general election public financing was administratively easier. Both general election gubernatorial campaigns raised their contributions quickly and with little difficulty and made only three submissions each before reaching the maximum in public funds, \$1,199,952 each. Furthermore, both campaigns had participated in the public financing program for the primary, and the Commission and its staff were thoroughly seasoned from the 1977 general election and the 1981 primary election experience.

As can be seen in Table III, both campaigns spent nearly the same amount within the \$2.1 million expenditure limit and outside the expenditure limit. The purposes and amounts spent by both campaigns are strikingly similar. The 1981 general election shows the culmination of the trend toward the use of broadcast media and direct mail and away from print media and campaign staff. Congressman Florio spent nearly \$1.8 million and Governor Kean spent the same on broadcast media and direct mail, while spending only \$3,500 and \$9,300, respectively, on print media.

TABLE III
NET EXPENDITURES BY
1981 GUBERNATORIAL GENERAL ELECTION CANDIDATES

<u>Candidate</u>	<u>Amount Outside The Limit</u>	<u>Amount Within The Limit</u>	<u>Total Net Expenditures</u>
Florio (D)	\$ 294,657	\$2,076,152	\$2,370,809
Kean (R)	294,408	2,076,480	2,370,888
TOTAL	\$ 589,065	\$4,152,632	\$4,741,697

GUBERNATORIAL RECOUNT

After the November 3 election the outcome of the gubernatorial race was in doubt because of the closeness of the vote between Mr. Kean and Congressman Florio. Both camps filed for a recount and the Commission was faced with the unique case of establishing policy on the use of unspent campaign funds and on contribution limits, if any, in connection with the recount effort, absent any explicit direction in the statute.

The Commission decided that the \$800 contribution limit should not be applied to the recount effort. It also decided to permit a gubernatorial candidate to transfer remaining unused campaign funds to a recount bank account to be used for recount activity. The Commission reasoned that although the recount was campaign-related and election-connected, it was a unique situation, and the closeness of the vote called for a recount by either side because of the great public concern and interest in the outcome.

The Florio campaign and the Democratic State Committee each set up recount accounts, and the Florio campaign transferred \$50,000 of unused campaign funds into its recount account. The Republican nominee set up one account through the State Committee. Table IV summarizes the expenditures of the three committees on the recount effort.

TABLE IV

DEMOCRAT AND REPUBLICAN RECOUNT EXPENDITURES

1981 GUBERNATORIAL GENERAL ELECTION

DEMOCRAT:

Florio Recount	\$94,715
State Committee	<u>12,525</u>

Democrat Subtotal	\$107,240
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<u>REPUBLICAN:</u>	<u>165,532</u>
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TOTAL	<u>\$272,772</u>
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GUBERNATORIAL INAUGURAL AFFAIRS

The 1980 amendment to the public financing law established a contribution limit of \$250 to gubernatorial inaugural affairs. This change was made in response to the 1977 experience when contributors were able to contribute an unrestricted amount to Governor Byrne's inaugural affairs following his partially publicly-financed election for which contributions were limited to \$600.

The Kean Inaugural Committee filed an initial post-inaugural report 20 days after the January 19, 1982 inauguration and two 60 day reports thereafter. In total, the Kean Inaugural Committee reported net receipts of \$309,072. After paying for expenses related to the inaugural affairs, the Committee turned over net proceeds of \$31,764 to the Republican State Committee. As it did during the gubernatorial primary and general elections, the Commission monitored the \$250 contribution limit.

LEGISLATIVE PRIMARY ELECTION

All 120 seats in both houses of the Legislature were contested in 1981. The 94 Senate candidates and 192 Assembly candidates spent nearly \$1.1 million in the primary election, an increase of \$300,000 over the \$800,000 spent in 1977, the last time all seats in the Legislature were contested.

LEGISLATIVE GENERAL ELECTION

In the general election the 87 Senate candidates and 175 Assembly candidates spent over \$4.3 million; in addition, the two state party committees spent \$3.7 million, chiefly for legislative candidates. This total of \$8.0 million represents an increase of \$4.3 million over the \$3.7 million spent in 1977. The spending by or on behalf of individual candidates and not including state committee expenditures ranged from under \$1,000 to a high of \$243,599. In 1977 the largest amount spent was \$96,945.

The Commission has prepared a detailed analysis of the financing of the 1981 Legislative general election. The report provides information on each candidate's sources of contributions, by type of contributor and contribution amount, and each candidate's total expenditures. In that report the Commission also compares spending by party affiliation, by incumbency status, and by whether the candidates won or lost. The report will be published by the Commission in December 1982.

STATE PUBLIC QUESTIONS

There were eight statewide referenda on the November ballot and all were approved. Three were bond issues: Water Supply (#1), Hazardous Discharge (#2), and Farmland Preservation (#3). One dealt with removing the 6 percent interest rate on water conservation bonds (#4). Three were constitutional amendments: use of state gambling revenues (#5), revision of provisions on Governor's veto (#6) and riparian lands (#7). The eighth was a proposed amendment to the Amusement Games Licensing Law.

Nearly \$161,000 was spent on behalf of the public questions as follows:

TABLE V

EXPENDITURES FOR STATE PUBLIC QUESTIONS

<u>Committee</u>	<u>Ballot Issue</u>	<u>Expenditures</u>
N. J. Save the School Fund	#7	\$ 33,726
N. J. Committee for Water Resource Bonds	#1	47,625
First Jersey National Corp.	#7	13,021
State Home Owners for Riparian Education	#7	37,703
Coordinating Committee to Save Open Space in N. J.	#3	28,703
		\$160,778

MAY MUNICIPAL ELECTION

In the May 1981 municipal election, 324 candidates in 29 communities spent \$1,043,159. Of this amount, \$289,485, or 28 percent, was spent on behalf of the candidates for mayor in Jersey City which held, by far, the most expensive municipal election.

JUNE MUNICIPAL RUNOFF ELECTION

Runoff elections were held in four municipalities. A runoff is required when no candidate in the May election receives more than 50 percent of the vote. The 32 candidates in the runoff elections spent \$340,292. Of this amount, \$240,878, or 71 percent, was spent in the runoff in the Jersey City mayoralty election runoff between Councilman Gerald McCann and State Senator Walter Sheil.

1981 TOTAL CAMPAIGN SPENDING

In 1981 more than \$35.1 million was spent on election campaigns in New Jersey, more than double the \$17.2 million spent in 1977, the last year when there was both a gubernatorial election and a contest for all 120 legislative seats. Candidates for governor spent over half of the money. The remaining amount was spent on behalf of the legislative candidates, candidates for county and municipal offices, and referenda.

The following table shows the approximate spending in each election:

TABLE IV

SUMMARY OF EXPENDITURES BY ELECTION - 1981

<u>Election</u>		<u>Amount Spent</u>
May Municipal		\$ 1,043,159
June Runoff		340,292
Primary:		
Governor	\$14,721,456	
Legislature	1,077,926	
Other	<u>567,480</u>	16,366,862
General:		
Public Questions	\$ 160,778	
Governor	4,741,697	
Legislature	4,318,451	
State Committees	3,660,558	
Other	<u>3,964,807</u>	16,846,291
Gubernatorial Recount		270,772
Gubernatorial Inaugural		<u>277,308</u>
	TOTAL	\$35,144,684 *

*Of this amount, \$8,773,563 was public funds for gubernatorial primary and general election candidates.

LITIGATION

There were three significant cases decided during 1981. In American Civil Liberties Union of N. J. v. Election Law Enforcement Commission, a federal three-judge panel held that the provisions of the Campaign Contributions and Expenditures Reporting Act, N.J.S.A. 19:44A-1 et seq., concerning reporting by political information organizations (i.e., lobbyists) were constitutional as long as the reporting requirements were not extended to providing political information that did not expressly advocate passage or defeat of legislation or a public question. 509 F. Supp. 1123 (D.N.J. 1981).

The District Court found that the substantive requirements for the reporting of lobbying contributions and expenditures were not violative of the First Amendment in light of the interpretation placed upon the Reporting Act by the State Supreme Court in N. J. State Chamber of Commerce v. Election Law Enforcement Commission, a 1980 decision. That opinion upheld the constitutionality of the reporting requirements on lobbyists and provided that a reasonable threshold was established by the Commission below which lobbying activity would not have to be reported. Regulations promulgated by the Commission established a threshold of contributions or expenditures exceeding \$2,500 a year for the purposes of lobbying before reporting requirements would be imposed. The District Court, in the A.C.L.U. case, upheld that threshold as contained in the Commission Regulations.

In Election Law Enforcement Commission v. Hunterdon County Democratic Committee, the Appellate Division of the Superior Court considered an appeal from a civil penalty that had been imposed upon the treasurer of a county political party committee. 178 N.J. Super. 233 (App. Div. 1981) certif. den. 87 N.J. 37 (1981). In reversing the Commission action the court found that a treasurer could not be held liable under N.J.S.A. 19:44A-22 for the late filing of an annual report filed on behalf of a political party committee pursuant to N.J.S.A. 19:44A-8. The court construed the pertinent statutory provisions as creating a filing obligation solely upon the political party committee organization itself, and not upon its treasurer.

In an unreported case, Roe v. Election Law Enforcement Commission, a candidate in the publicly-financed primary election for the office of Governor brought a civil action against the Commission seeking to compel it to require all candidates receiving such funds to indicate on their campaign advertising that it was paid for by the taxpayers of the State of New Jersey. L-49393-80 Superior Court of New Jersey. Candidate Roe chose not to receive any public matching funds to assist his primary election candidacy. The motion to dismiss the complaint was granted in the Law Division of the Superior Court, and no appeal was taken.

LEGISLATION AND REGULATIONS

During 1981 a new statutory program requiring the reporting of financial activity by lobbyists and legislative agents was enacted. Chapter 150 of the Laws of 1981 amended existing legislation requiring registration and subject-matter reporting by lobbyists with the Office of the Attorney General. Regulations on

the disclosure by lobbyists of contributions and expenditures were proposed and adopted by the Commission in 1981. The new regulations superceded regulations that had been in place under the prior legislation. The Commission was required to adopt the new regulations because chapters 150 and 151 of the Laws of 1981 substantially changed the statutory provisions governing reporting by lobbyists.

The Legislature also enacted a new statute, chapter 129 of the Laws of 1981, requiring candidates for the office of Governor, State Senate and General Assembly to file financial disclosure statements with the Commission within 10 days after filing their nominating petitions. The first reports under the act were filed with the Commission in May 1981; the number of reports submitted was 307.

Regulations concerning the conduct of public financing for candidates seeking the office of Governor in the 1981 general election were adopted on February 9, 1981. These regulations amended prior regulations which had become outdated by the enactment of new legislation, chapter 74 of the Laws of 1980. The new legislation established a new contribution limit of \$800 and also a contribution limit of \$250 for gubernatorial inaugural fund-raising events. The Commission's regulations adopted these changes and also changed the procedures for providing matching funds to contributions received by gubernatorial candidates.

ENFORCEMENT

In 1981 the Commission continued its extensive efforts both to encourage and to enforce timely and accurate disclosure. The Commission sent an estimated 10,000 notices to candidates and committees notifying them to correct reports or notifying them of their apparent failure to file timely campaign reports. These notices were in addition to the regular candidate reminder mailings which are sent to candidates and committees before the 25 day pre-election report due date and upon receipt of their 25 day report. Additionally, the Commission's staff made and received several hundred requests by telephone for clarification of certain information. The staff also continued the automatic follow-up of correction notices in those cases where the Commission did not receive a response to the first notice.

There were three hearing proceedings held in 1981; these hearings related to complaints initiated for alleged violations of the Act in the 1980 as well as the 1981 elections. The Commission found 247 candidates or committees guilty of violation of the Act and imposed fines totaling \$15,515 in 159 of these cases. Furthermore, the Commission reprimanded 101 violators and dismissed 31 of the complaints filed. The fines collected in 1981 totaled \$5,176.39.

About two weeks before the November 3 election, the Republican State Committee filed a formal complaint with the Commission alleging that expenditures were being made on behalf of the Democratic gubernatorial candidate, Congressman Florio, and that those expenditures did not appear in his 25 day pre-election expenditure report. The complaint contained five counts and was accompanied by a motion for emergent relief seeking an immediate pre-election hearing. The Commission dismissed the motion, concluding that the issues presented did not warrant the extraordinary relief requested because they were the type of matters which would and could be addressed by the Commission in its administration of the Campaign Contributions and Expenditures Reporting Act.

The Commission's staff conducted 151 investigations during 1981 along with 18 investigations of expenditures made on behalf, but purportedly independent, of the two general election gubernatorial candidates.

THE COMMISSION BUDGET

The Commission's operating budget was \$607,159 for fiscal year 1981-82, an increase of \$15,557 over the previous year. In addition, the Legislature appropriated \$9 million for public financing of the gubernatorial elections -- \$6.5 million for the primary and \$2.5 million for the general election.

PERSONNEL - COMMISSION AND STAFF

In 1981 there were no changes in the Commission membership. Commissioner Andrew Axtell, appointed by Governor Byrne in 1978 to fill the expired term of former Commission Chairman

Frank Reiche, was reappointed for a full three-year term by Governor Byrne on June 30, 1981.

In December Governor Byrne announced two new appointments, Alexander P. Waugh, Jr., Esq. and former Supreme Court Justice Haydn Proctor, to replace Chairman Sidney Goldmann and Vice-Chairman Josephine Margetts, respectively, who were serving hold-over terms. Commissioners Waugh and Proctor joined the Commission in January 1982.

In May, Lewis B. Thurston, III, resigned as Executive Director after serving five years as the Commission's second Director. Mr. Thurston left to become Director of the Senate Minority and subsequently Governor Kean's Chief of Staff. After an extensive search, the Commission appointed Scott A. Weiner of Fort Lee as Executive Director. He assumed his responsibilities in July.

Major staff additions in 1981 were the four additional members of the public financing staff hired as full-time temporary employees to administer the public financing program.

In April, Commissioner DeCotiis, Executive Director Thurston, and Assistant Executive Schmidt attended a three-day conference in Washington on election laws and public financing. In December, the Executive Director, the Assistant Executive Director and the General Legal Counsel participated in the national Conference on Governmental Ethics Laws held in Charleston, South Carolina. The Executive Director and other senior staff have attended numerous meetings with local and state officials, the press and interested organizations to discuss the Commission's programs and activities.