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ELEC-Tronic

AN ELECTION LAW ENFORCEMENT COMMISSION NEWSLETTER

"Furthering the Interests of an Informed Citizenry"

Election Law Enforcement Commission, P.O. Box 185, Trenton, NJ 08625
www.elec.state.nj.us (609) 292-8700 - Toll Free Within NJ 1-888-313-ELEC (3532)

Directors:

Jeffrey M. Brindle
 Joseph W. Donohue
 Carol L. Hoekje
 Amy F. Davis
 Carol Neiman
 Linda White
 Todd J. Wojcik
 Steven M. Dodson
 Shreve Marshall

Comments from the Chairman Ronald DeFilippis

When a loan is made to a campaign how is it reported?

In this month's column, I'll address this question, which is little asked but is dealt with in the Commission's regulations.

First, candidates are permitted to apply for, and receive, loans from banks and lending institutions.

If the loan is not secured, however, it is considered to be a contribution from the bank or lending institution itself.

Therefore, loans from banking institutions must be secured by the candidate using personal assets, or by a third person who co-signs the loan.

To do otherwise would be to violate the law—not the "Campaign Contributions and Expenditures Report Act" but the "Prohibited Contributors" law.

Under N.J.S.A. 19:34-32 banks are prohibited from making contributions.

The statute reads in part:

No corporation carrying on the business of a bank . . . shall pay or contribute money or thing of value in order to aid or promote the nomination or election of any person, or in order to aid or promote the interests, success or defeat of any political party.

In a word, any loan received by a candidate is reported as a contribution by the candidate, or third party making the loan.

Moreover, in co-signing a loan to the candidate committee, the co-signer of the loan may only secure an amount up to the contribution limit applicable to the co-signer.

In other words, an individual, other than the candidate, may guarantee a loan amount up to \$2,600. The candidate is unlimited in the amount of a loan he or she can secure.

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Comments from the Chairman Ronald DeFilippis

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Not that banks would permit PACs or parties to co-sign a loan, but if they did, these entities could secure loans up to their contribution limit. PACs are limited to \$8,200 per election whereas political parties are unlimited in what can be contributed to their candidates.

In addition to candidates applying and securing loans from commercial banks they sometimes loan themselves money from their personal accounts or are loaned money by supporters.

It is important that funds received in this manner clearly be reported as loans. Otherwise, the funds will be considered contributions and will not be eligible to be reimbursed.

Candidates can lend themselves as much money as they desire. On the other hand, third party loaners must adhere to contribution limits in making their loans.

While this issue is not discussed too frequently, it is not uncommon for candidates to underwrite their campaigns partly through loans, either from banks or from third parties.

As with everything else involving the field of campaign financing, it is important that detailed records of loans be kept and disclosed properly and accurately.

Loans, as do contributions, enable candidates to undertake effective and aggressive campaigns. The public has a right to know the sources of loans as well as of contributions.

Executive Director's Thoughts Jeff Brindle

Following the legislative primaries, all eyes will be fixed on the November elections.

The New Jersey Election Law Enforcement Commission has clearly documented that legislative fundraising is harder these days due to tight restrictions on state contractors, a weak economy and the departure of wealthy candidates who were major donors in the last decade.

Which raises a key question: As candidates resort to new fundraising techniques to try to overcome these difficulties, will they still comply with campaign finance disclosure rules?

The initial answer is that both candidates and regulators are entering a grey area that could make compliance trickier.

Even in good times, elected officials of all stripes—federal, state, and local—face relentless pressure to attract donors.

Many candidates bemoan the aggravation and distraction that comes with raising enough campaign dollars to make campaigns competitive. Fundraising takes weeks of effort and endless rounds of phone calls. Yet, most accept this necessity. They realize it goes with the territory.

So how, in these difficult times, will lawmakers go about this task?

It's likely that multiple approaches will be employed, including traditional events like rubber chicken dinners, picnics, and cocktail parties. There will be phone calls to contributors, appeals to lobbyists, and appearances before special interest organizations. And there will be the usual direct mail solicitations.

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Executive Director's Thoughts Jeff Brindle

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But just as many Congressional and gubernatorial candidates have adapted to the times, some State Senate and Assembly candidates are likely to seek innovative ways of using new media to raise funds. While certainly understandable given real-world fundraising demands, it could lead to new questions about compliance with campaign finance regulations.

Will candidates develop substantial email lists to mine for funds? This is certainly being done aggressively at the federal level and in gubernatorial campaigns.

Will the candidates effectively use websites to attract potential donors or employ Facebook applications for this purpose? And how about utilizing widgets to connect with twitter and Facebook accounts? These online sources open up new avenues for raising money while posing new challenges.

For instance, what about vendors who service online fundraising efforts? These vendors collect campaign contributions, subtract a fee, and then provide the remaining funds to the candidate. The middleman is little more than a conduit between candidate and donor.

Say, for instance, that contributor John Doe uses a credit card to send a \$500 contribution to Assemblywoman Smith. A firm named Online Contribution Transfer Service processes the transaction, pockets a \$25 fee, and sends \$475 to the candidate. Will the candidate report the \$25 as an expense? Or will she just say she received a \$500 contribution?

By discarding the traditional direct contribution arrangement between the donor and the candidate, accurate disclosure may be impaired. Especially in the final days of a campaign, when candidates are supposed to promptly report contributions and expenses in so-called 48-hour notices, incomplete or erroneous reporting may occur.

On the one hand, online fundraising may help campaigns raise adequate funds, and in small amounts. On the other hand, it could thwart full disclosure. With transparency being of paramount importance to the integrity of the electoral process, any impediment to full disclosure does a disservice to the public.

While the new media presents golden opportunities for obtaining new sources of campaign dollars, which enable candidates to effectively communicate their message to the public, it also carries with it significant pitfalls.

Thus, it will be a challenge for candidates, and for the New Jersey Election Law Enforcement Commission, to recognize potential problems with new media fundraising, to handle those problems effectively, and to provide accurate and complete public disclosure.

Certainly, the Commission will be monitoring the election closely to spot any potential shortcomings involving the reporting of new media fundraising. In this way, the Commission hopes to assure that the voters are fully informed about the sources of campaign money. An informed public is the clearest path to responsive government.

Legislative Primary 11-Day Reporting

Legislative candidates from both parties have raised \$2.1 million and spent \$1.5 million in recent weeks, according to the latest reports filed with the New Jersey Election Law Enforcement Commission.

"Candidates by law are required to file disclosure reports 29 days and 11 days before the primary election. The latest reports show the amounts raised and spent in the 18 days between those cutoff dates," said Jeff Brindle, ELEC's Executive Director.

Democrats, who currently control two-thirds of the seats in the Legislature, showed a two-to-one fundraising advantage during the period. They raised \$1.4 million compared to the nearly \$700,000 raised by Republican candidates. They also spent about twice as much- nearly \$1 million versus about \$500,000 for Republicans.

Table 1
Amount Raised and Spent
Between May 6 and May 24

PARTY	RAISED	SPENT
Democrats	\$ 1,389,506	\$ 972,395
Republicans	\$ 690,076	\$ 501,456
Both Parties	\$ 2,079,582	\$ 1,473,851

The Democratic advantage also is reflected in totals that date back to the beginning of each campaign, which for some incumbents began as long as four years ago.

Table 2
Amount Raised and Spent Since
Inception of Legislative Campaigns

PARTY	RAISED	SPENT
Democrats	\$ 20,627,825	\$ 12,028,377
Republicans	\$ 10,542,917	\$ 6,229,180
Both Parties	\$ 31,170,741	\$ 18,257,557

Several of the top fundraisers during the 18-day period between disclosure reports are in contested primaries or so-called "swing" districts that either party could capture this fall.

Table 3
Top Ten Fundraisers
Between May 6 and May 24

CANDIDATE OR COMMITTEE	RAISED
Lesniak, Cryan & Quijano	\$ 174,000
Senator Brian P. Stack	\$ 136,983
Dunn, Cedeno & Monteiro	\$ 122,711
Senator Anthony Bucco	\$ 88,465
Senator Raymond J. Lesniak	\$ 77,775
Assemblyman Joseph Cryan	\$ 74,388
Senator James Whelan	\$ 65,495
Ravi S. Bhalla	\$ 62,266
Assemblyman Vincent J. Polistina	\$ 57,490
Assemblyman Wayne P. DeAngelo	\$ 43,287

Brindle said since few incumbents face serious primary challenges, both parties increased their cash reserves, or cash-on-hand, with an eye toward the fall campaigns.

"Traditionally, incumbents save a significant portion of the funds raised during primary campaigns for the general election," he said.

Table 4
Cash-on-hand Totals
May 6 and May 24

PARTY	CASH-ON HAND MAY 6	CASH-ON HAND MAY 24	CHANGE
Democrats	\$ 8,247,345	\$ 8,623,706	5%
Republicans	\$ 3,965,403	\$ 4,288,418	8%
Both Parties	\$12,212,748	\$12,912,124	6%

Numbers contained in this analysis should be considered preliminary because some candidates still had not filed their reports by 5 p.m. on June 1, which was used as a cutoff point.

A downloadable summary of data from those reports is available in both spreadsheet and PDF formats at <http://www.elec.state.nj.us/public-information/statistics.htm>.

Aydan Altan "Profile"

Assistant Software Engineer

Aydan Altan, an Assistant Software Engineer at the New Jersey Election Law Enforcement Commission, likes a good challenge.

Growing up in her native country of Turkey, she became a civil engineer at a time when few women mastered that training. She later moved to America, had two daughters, and then returned to school to obtain a degree in computer programming. While she never had time for sports earlier in life due to her academic studies, she now runs and swims regularly.

Altan also faces challenges every day as one of the software experts who oversees and maintains the programs that make it possible for ELEC to function as an agency.

When a member of the public downloads electronic copies of campaign finance reports from ELEC's website, or searches the names of contributors, chances are Altan has written or modified the computer instructions that enable those services.

Currently, she is working with other members of ELEC's Information Technology Section to enable lobbyists to file their annual reports electronically. Another recent project—modernizing the software used by the agency to provide public funds to candidates for governor every four years.

As a former civil engineer, she once designed roads and bridges. Yet, she finds the job of maintaining and upgrading ELEC's digital infrastructure even more rewarding.

"I like to learn and I like the challenge," said Altan. "When you create something, it's a great feeling."

Altan joined ELEC's staff seven years ago. She acknowledges her job sometimes can be tedious. "I'm not a patient person, but I have to be with this job," she said.

It is one reason she began running during her lunch break. After concentrating for several straight hours, the noon-time exercise reinvigorates her before she returns to her meticulous job. "It's becoming a habit," she said, noting that her youngest daughter also runs for her track team.

Traveling is one of Altan's favorite pastimes.

She ventures to Turkey each year to see her parents. Living several years in America, which is a relatively young nation, makes her even more appreciative of the thousands of historic treasures that adorn the landscape in her homeland.

Turkey is one of the oldest inhabited regions in the world. Driving through the country is a trip into the distant past as one encounters antiquities like Troy, the Acropolis of Pergamum and the Ancient City of Perge. "Everywhere you go, you find ruins from ancient times," Altan said.

She also has traveled to Spain, England, France and Italy. She particularly likes Venice, Italy due to its beautiful art and historical importance.

When she is home, Altan likes to watch movies and television shows. "American Idol" and "Glee" are favorite TV shows because the whole family watches them together.

Her large backyard demands time and effort, though she admits she is no big fan of yard work.

She also admits that, once home, she rarely turns on her computer, particularly after a long day of programming. "I sometimes don't even want to look at it. I usually just check my email."

ELEC Staff Member Testifies in Corruption Trial

Long-time ELEC staff member Kim Key recently made her fourth appearance as a government witness in a federal corruption trial.

Key, a Senior Compliance Officer, testified for more than an hour on June 23 in the trial of former Secaucus Mayor Dennis Elwell. She testified that Elwell never reported as a campaign contribution a \$10,000 cash payment he received from federal informant Solomon Dwek.

She pointed out that cash contributions are limited to \$200, and contributions made by a check or money order are limited to \$2,600.

She previously testified in trials involving former Newark Mayor Sharpe James, Ridgefield Mayor Anthony Suarez and former Assemblyman L. Harvey Smith. She also has often served as a contact point within the agency for state and federal prosecutors seeking information about candidates.

Business Entity Pay-to-Play Training Seminars

The New Jersey Election Law Enforcement Commission will be holding training seminars as detailed below to assist business entities with the filing of annual disclosure reports pursuant to the State "pay-to-play" disclosure law (P.L.2005, c.271). Each seminar is expected to last for approximately 1-2 hours.

The seminars listed below will be held at the Offices of the Commission, located at 28 West State Street, Trenton, New Jersey.

August 5, 2011 at 10:00 a.m. – Full
September 16, 2011 at 10:00 a.m. – Full

Treasurer Training for Candidates and Committees

[Treasurer Training Reservation Form](#) - RSVP by mailing the form back to ELEC, PO Box 185, Trenton, NJ 08625-0185. Or, you may fax the form to ELEC at (609) 633-9854.

Seminars are conducted at 10:00 a.m. at the Commission's offices at 28 West State Street, 8th floor, in Trenton, New Jersey.

[Treasurer Training Seminars for Candidates and Joint Candidates Committees](#)

September 12, 2011
September 27, 2011
October 3, 2011

[Treasurer Training Seminars for Political Party Committees and PACs](#)

September 21, 2011
December 14, 2011

R-1 Electronic Filing Software (REFS) Training

[REFS Training Reservation Form](#) - RSVP by mailing the form back to ELEC, PO Box 185, Trenton, NJ 08625-0185. Or, you may fax the form to ELEC at (609) 633-9854.

The seminars listed below will be held at the Election Law Enforcement Commission, 28 West State Street, 8th Floor, Trenton, New Jersey at 10:00 a.m.

July 27, 2011
September 14, 2011
September 26, 2011
October 4, 2011

DATES TO REMEMBER

Reporting Dates

	PERIOD COVERED	REPORT DUE DATE
RUNOFF ELECTION** - JUNE 14, 2011		
29-day pre-election	No Report Required for this Period	
11-day pre-election	4/27/11 - 5/31/11	6/3/2011
20-day post-election	6/1/11-7/1/11	7/5/2011
48 Hour Notice Reports Start on 6/1/11 through 6/14/11		
PRIMARY ELECTION*** - JUNE 7, 2011		
29-day pre-election	Inception of campaign* - 5/6/11	5/9/2011
11-day pre-election	5/7/11 - 5/24/11	5/27/2011
20-day post-election	5/25/11 - 6/24/11	6/27/2011
48 Hour Notice Reports Start on 5/25/11 through 6/7/11		
GENERAL ELECTION*** - NOVEMBER 8, 2011		
29-day pre-election	6/25/11 - 10/7/11	10/11/2011
11-day pre-election	10/8/11 - 10/25/11	10/28/2011
20-day post-election	10/26/11 - 11/25/11	11/28/2011
48 Hour Notice Reports Start on 10/26/11 through 11/8/11		
PACS & CAMPAIGN QUARTERLY FILERS		
2 nd Quarter	4/1/11 - 6/30/11	7/15/2011
3 rd Quarter	7/1/11 - 9/30/11	10/17/2011
4 th Quarter	10/1/11 - 12/31/11	1/17/2012

* Inception Date of Campaign (first time filers) or from January 1, 2011 (Quarterly filers).

** A candidate committee or joint candidates committee that is filing in the 2011 Runoff election is not required to file a 20-day postelection report for the 2011 Municipal election.

*** Form PFD-1 is due on April 21, 2011 for Primary Election Candidates and June 17, 2011 for Independent General Election Candidates.

[Late and non-filing of reports are subject to civil penalties determined by the Commissioners](#)