



ICYMI: Hochul Leads Pack of Candidates Who Fail to Disclose Sources of Corporate Cash

Earlier this week, New York Focus [published the following article](#) in partnership with THE CITY regarding Governor Kathy Hochul's failure to disclose her sources of campaign donations.

Hochul Leads Pack of Candidates Who Fail to Disclose Sources of Corporate Cash

A 2019 reform following corruption scandals was supposed to cap political donations and unveil the people behind companies giving cash. Records show it hasn't.

By Sam Mellins

This article was published in partnership with [THE CITY](#).

The state Board of Elections has failed to enforce a 2019 law requiring campaigns to disclose the identities of the individuals behind certain corporate donations, while campaigns across the state have flouted the law with impunity, an analysis by New York Focus found.

The disclosure requirements have been breached by both Republican and Democratic candidates, including New York's [most prolific fundraiser](#) in 2021 – Gov. Kathy Hochul.

This Thursday, Hochul will host a private fundraiser in New York City with attendance costing as much as [\\$42,500 a head](#).

The [2019 law mandates](#) that candidates for office record the owners of all limited liability companies, or LLCs, that contribute to their campaigns, and attribute the contributions to those owners in proportion to how much of the LLC each one owns.

The donations count towards an individual's [legal contribution limit](#) for the year, a rule meant to prevent individuals from using LLCs as an end run around per person contribution caps.

Widespread past funneling of massive anonymous donations through multiple companies helped build momentum for reform.

The reform law also requires that LLCs that make political contributions submit a form to the Board of Elections detailing the same information – the names of their owners and each one's ownership stake in the LLC.

In nine out of 10 cases in 2021, that didn't happen either, according to records obtained through a public records request by the nonprofit government watchdog Public Accountability Initiative and provided to New York Focus.

Both of these changes were intended to peel back the curtain on the role of corporate money in New York politics, says an author of the reforms.

"We wanted to know who's behind these LLCs," said Assemblymember Jo Anne Simon (D-Brooklyn), a lead sponsor of the 2019 law.

Simon said she was dismayed to learn the law hasn't been enforced by the Board of Elections. "I don't think it would have dawned on either one of us that we should have told them that people were required to file these statements of identity in order to make contributions, and that the BOE would somehow think they didn't have to enforce it."

Cutting Corners

Hochul has received more dark money from LLCs than any other politician in the state. In 2021, her campaign received roughly 170 donations from LLCs, ranging from \$50 to \$5,000, according to her public campaign finance report filed last month.

In over 130 cases as of Monday evening, Hochul's campaign did not record the LLCs' owners or attribute the contributions to those owners, New York Focus found. Over 140 donations came from LLCs that did not disclose their owners to the Board of Elections.

In over 110 cases representing nearly \$400,000 worth of donations, neither the LLC nor Hochul's campaign submitted information on the LLCs owners. The filings show, for example, that LLCs "DUMBO Lofts Rental," KAS Production Center" and "Maxwell Murphy" have each donated \$5,000 to the governor — but the individuals behind them remain anonymous.

"We don't know who is funding Governor Hochul, despite her pledges of transparency," said Robert Galbraith, a senior research analyst at the Public

Accountability Initiative, referring to Hochul's commitment upon her inauguration last year to usher in a "[new era of transparency](#)."

The Hochul campaign declined to comment.

Limited compliance with disclosure laws isn't unique to Hochul's campaign.

Also as of Monday evening, other candidates who did not disclose the owners of LLCs that contributed to their campaigns in 2021 included state Senate Majority Leader Andrea Stewart-Cousins (D-Westchester), Senate Minority Leader Robert Ort (R-Niagara), Assembly Speaker Carl Heastie (D-The Bronx) and Assembly Minority Leader William Barclay (R-Oswego). None, however, accepted nearly as many donations from LLCs, or overall, as Hochul's campaign.

Other major gubernatorial candidates, from both parties, were also missing information regarding LLC donors to their campaigns.

Democrat Jumaane Williams, who received \$5,000 in LLC contributions, and Republican Andrew Giuliani, who received \$1,300, did not disclose the individuals behind the donations.

[The filing from Rep. Tom Suozzi \(D-L.I.\) included information on the owners of most of the LLCs that contributed towards a total of nearly \\$50,000 to his campaign in 2021. For some donations, the filing contained a note that the campaign had requested that information.](#)

Rep. Lee Zeldin's (R-L.I.) included individual information for the one LLC contribution he received in 2021, a \$5,000 donation. Republican Rob Astorino disclosed individual donor information for the large majority of the over \$50,000 in LLC contributions he received.

Asked for comment, a Suozzi spokesperson criticized the missing disclosures in Hochul's campaign filing.

["Governor Hochul says she would usher in "a new era of transparency," yet when it comes to campaign finance disclosures of LLCs, using taxpayer](#)

funded state aircraft for political purposes, or disclosing her calendar and meetings with lobbyists, she refuses to follow the rules. She has the staff, she has \$20 million in campaign funds, yet she refuses to use that staff or those funds to make sure she complied with the rules. What is she hiding?" said campaign spokesperson Jason Elan in a statement.

The other campaigns did not respond to requests for comment from New York Focus.

Matthew Koos, a veteran of several New York political campaigns, said the missing information on candidates' disclosure reports was not surprising.

"Some of the more 'professional' treasurers and compliance firms definitely cut some corners," said Koos. "I don't know that there's a great amount of fear of this law being enforced."

The 2019 law was passed to fix a quirk of New York campaign finance law known as the "[LLC loophole](#)," which treated LLCs as individuals for campaign finance purposes. That allowed the firms to contribute [as much as \\$60,000](#) each to candidates every year, all while their owners remained anonymous — [sometimes contributing through multiple LLCs at once](#) to give even more than \$60,000 to a candidate.

This amount was far higher than the \$5,000 donation limit for other types of corporations, and an individual who owned multiple LLCs could also use them to contribute many more times than the individual limit.

The LLC loophole played a role in corruption cases brought by federal prosecutors against the late former Assembly Speaker Sheldon Silver, who died in prison last month, and former Senate Majority Leader Dean Skelos, who recently finished serving a federal sentence.

The 2019 law, sponsored by Simon and state Sen. Brian Kavanagh (D-Brooklyn/Manhattan) aimed to end the loophole and rein in the influence of big money in New York politics.

By reducing the maximum contribution by more than ten times, the law has indeed [limited the amount](#) of LLC money in New York's elections. At nearly \$4.2 million in 2021, LLC contributions still represent a significant amount of money in New York politics, but far smaller than before the loophole was closed: LLCs contributed [\\$54 million](#) between 2011 and 2014.

The vast majority of LLCs that donated to political campaigns in 2021 did not comply with the legal mandate to disclose their owners and each one's ownership stake.

Of the over 2,600 LLCs that made political contributions in 2021, fewer than 280 filed forms with the Board of Elections disclosing their individual owners and ownership stakes by the end of the year, the data shows — a compliance rate barely above 10%.

None of the ten largest LLC donors, which donated amounts ranging from \$20,000 to \$200,000, filed disclosure forms. Donations to independent expenditure committees are exempt from the \$5,000 limit, but are still subject to the disclosure requirement.

The low compliance rate “defeats the supposed function of disclosure, which is to let you know who is pouring thousands and thousands of dollars into New York politics,” Galbraith said.

Ad Hoc Enforcement

The state Board of Elections has several tools at its disposal to compel disclosures from recalcitrant donors or campaigns, including fines and lawsuits, according to Ian Vandewalker, senior counsel at the Brennan Center for Justice.

But it has not used them. In 2020, the Board of Elections did not take any enforcement actions against LLCs that failed to disclose the identities of their owners, the records obtained by Public Accountability Initiative show.

A spokesperson for the BOE told New York Focus that was a deliberate choice. He attributed the decision to Risa Sugarman, who in 2014 was appointed by

former Gov. Andrew Cuomo to serve as the Board's chief enforcement lawyer, a role she held until January 2021.

"She thought suing and fining people for failing to make filings was a waste of time and only did so selectively," said John Conklin, the Board of Elections' director of public information.

Sugarman could not be reached for comment.

Michael Johnson, the board's current chief enforcement lawyer, did not respond to an inquiry on whether he had taken any enforcement actions in 2021, or other questions from New York Focus.

In retrospect, Simon said, the Board of Elections' lack of enforcement is of a piece with its historical approach to much campaign finance law. "They enforce in a kind of ad-hoc manner. They'll enforce certain things but leave all of these glaring violations and failures to file without any follow up," she said.

Ignorance of the Law

Even supporters of the law acknowledged that campaigns may have good reasons for failing to comply with it.

Simon said that it can be difficult for candidates to comply with disclosure requirements, since it's not always apparent who is behind the LLCs they are accepting money from, and LLCs don't always respond to requests for that information.

"In the reality department, it's incredibly cumbersome. We make these laws, and we expect people to comply, but it's not easy to, sometimes. If people don't get back to you, you might not have that information right away," she said.

Some LLC owners may be knowingly skirting the law to hide their identities, said Tom Speaker, policy analyst at the good-government group Reinvent Albany, but most are likely simply ignorant of the new disclosure requirements.

Reinvent Albany supported the 2019 law as a “step forward,” Speaker said, but argued at the time that a better policy would be to entirely ban direct corporate contributions to candidates, as 22 states and the federal government [already do](#).

A weakness of the current law is that nothing prevents companies or individuals from owning and contributing through multiple LLCs and therefore violating the spirit of the \$5,000 limit, if not its letter. “Real estate companies can really have hundreds of LLCs, because usually each property has its own LLC,” Speaker said.

Even when the disclosure requirements are followed, the 2019 law rarely results in the public getting individual donor information before the relevant election, Galbraith noted. The law allows LLCs to file their disclosure papers at any point up to December 31 of the year their contribution was made. That’s over a month after general elections in early November, and long after the mid-year party primaries which decide many races in deep-blue parts of the state.

“It’s pointless to delay the disclosure of who’s funding elections until well after the election has happened,” Galbraith said.

This timetable for LLCs differs from the [disclosure requirements](#) imposed on candidates, who must file disclosures of donations roughly a month and a week before primaries and general elections, in addition to two disclosure deadlines in January and July.

Simon said the December 31 date was chosen since that’s when many LLCs are processing their accounts for tax purposes, and questioned whether requiring disclosure before elections would have an impact.

“If it’s a week in advance, I’m not sure it’s going to make a real difference to changing the outcome of an election. You could make a different date, but somebody could always give money the day before the election,” she said.

Low levels of compliance aren't necessarily surprising given the additional labor required, Koos said.

"It's definitely hours of work added upon the reporting process from where it used to be. But if it's the law, it's the law," he said.