



BRENNAN CENTER
FOR JUSTICE

at New York University School of Law



Reinvent
Albany.



April 13, 2015

The Honorable Andrew Cuomo
Governor of New York State
New York State Capitol
Albany, NY 12224

Dear Governor Cuomo,

We write to ask for your support in our effort to close the legal loophole that allows individual large donors and businesses to give millions of dollars of campaign contributions through limited liability companies (LLCs). On Thursday, April 9, the Brennan Center and Emery Celli Brinkerhoff & Abady LLP sent a [letter](#) to the New York Board of Elections asking it to reverse its misguided 1996 ruling that created the LLC Loophole.

We have appreciated your longstanding support of efforts to close the Loophole. While the Legislature refuses to act, the letter provides an opportunity for the Board to reverse its decision. Your leadership, as Governor and as the leader of the Democratic Party in the state, will be vital in helping reverse this decades-old rule that has debilitated New York's campaign finance regulations. Specifically, we ask that you write the Board of Elections Commissioners directly and ask that they act to close the LLC loophole prior to their next meeting on April 16, 2015.

In 1996, the Board of Elections decided to treat LLCs as human beings, rather than as corporations or partnerships, despite the fact that there was no indication the Legislature ever intended such treatment. The Board justified its decision by citing a single phrase in state law and stating that it sought to follow federal practice. But the short-lived federal rule it emulated was quickly changed, and the relevant state law in fact provides the Board with leeway to make a more common-sense decision. Federal rules now treat LLCs as corporations or partnerships, and in most contexts New York state law treats LLCs like other business entities, rather than as humans. There is no legal reason the Board should refuse to correct its error.

Since the Board's decision, individual large donors and corporations from New York and other states have taken full advantage of the LLC Loophole. As the Moreland Commission [discovered](#) in 2013, one entity "utilized 25 separate LLCs and subsidiary entities to make 147 separate

political contributions totaling more than \$3.1 million since 2008.” And the *The New York Times* [has pointed to](#) the LLC Loophole as one reason we have “some of the most porous campaign fund-raising laws in the nation.” Further, because it is often unclear who controls an LLC, the Loophole allows large contributors to conceal their identities.

As civic groups, we are devoted to ensuring state officials are more responsive to the needs of all citizens across New York. As we have seen time and again, elected officials that receive huge cash donations from a few large donors do not respond to the majority, but let the interests of a tiny minority dominate the government agenda.

We were encouraged by your pledge to close the LLC Loophole in this year’s budget. While the effort to change the law failed, your leadership will be essential as our organizations and people across the state ask the Board to reverse their mistaken 1996 decision.

Sincerely,

Lawrence Norden, Deputy Director
Democracy Program
Brennan Center for Justice

Susan Lerner, Executive Director
Common Cause New York

Sally Robinson, President
League of Women Voters of New York State

Dick Dadey, Executive Director
Citizens Union

Blair Horner, Legislative Director
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John Kaehny, Executive Director
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