



NEW YORK STATE SENATOR
Terrence Murphy

Conflicts of interest at forefront of 'political crime wave'

TERRENCE MURPHY May 12, 2016

| ISSUE: **ETHICS REFORM, ELECTION LAW, CAMPAIGN FINANCE, BILL DE BLASIO, CORRUPTION**

NEW YORK, NY - The state senator who first sounded the alarm over the first of five ongoing criminal investigations into New York City Mayor Bill de Blasio is calling for clarity on lobbyists who engage in political consulting amid new reports of what the city's Conflict of Interest Board said may be a potential revolving door. State Senator Terrence Murphy today referenced reports by DNAInfo that City Hall employees were granted waivers to work for a political consulting firm engaged in lobbying for the Mayor's non-profits.

"The people of New York State deserve better from their elected officials," Senator Murphy said. "We need clarity more now than ever, and while you cannot legislate morality, you can define what a conflict of interest is, and put better firewalls in place to prevent the pay-to-play that is allegedly going on in City Hall. With two legislative leaders now sentenced, it is a sad time for New York, but as someone who is new to the job it is an opportunity for us to do better and do right by the people in state and local government."

According to a report by DNAInfo on Friday, two special advisers for the De Blasio administration left jobs to work City Hall to work for the Mayor's nonprofit "focused on promoting his political agenda, before the city's one-year prohibition [on lobbying] expired."

Since both were prohibited by the City Charter from engaging in lobbying on behalf of the non-profit, they left the non-profit for a political consulting firm which retained the non-profit as a client, after being granted a waiver by the City's Conflict of Interest Board to do so. Reports suggest that by being employed as political consultants, they were able to engage in lobbying.

While that firm was not one of the five subpoenaed by the U.S. Attorney and the Manhattan District Attorney as part of their investigation into the Mayor's fundraising, the other firms, identified as "preferred vendors" in the scheme where Mayor deliberately evade contribution limits by steering single transactions disguised as transfers through straw donor pass-thrus like the Putnam County Democratic Committee to benefit specific Senate candidates, were hired by those same Senate candidates.

Like the firm in the DNAInfo report, several of the "preferred vendor" political consulting firms, which worked for the Mayor's non-profits as well, also lobbying arms.

The unlawful contributions came from individuals and groups with business and pending business before the city. The City's Conflict of Interest Board sent a letter to Mayor de Blasio warning him not to solicit donations from individuals with pending business before the City, yet these individuals and groups donated unlawful amounts to both the Senate candidates as well as the non-profits, which also employed the "preferred vendor" political consultant-lobbyist firms such as Red Horse LLC.

A report by City & State indicated the Mayor failed to comply with the COIB letter:

"The COIB memo, which was posted online by a Daily News employee, only raises additional questions. While it stipulates that the mayor must submit periodic disclosures listing nonprofits he fundraised for, there were no submissions in the first nine months of de Blasio's term, a gap the mayor's office did not directly address. The administration did not explain how the mayor complied with a clause saying he could not seek support from anyone with a matter before or about to be pending before his administration, nor did it say whether the COIB guidance was based on the federal Internal Revenue Service and the New York Attorney General's Office recognizing the groups as certain classes of nonprofits."

The political consulting firms, the non-profit and two other top aides to the Mayor have been subpoenaed as part of the ongoing criminal inquiries. Senator Murphy said action is needed to restore the public's trust in how decisions are made by placing a firewall between political consultants, lobbyists and government officials. Red Horse LLC, which has been retained by one of the Democratic candidates running against Murphy in 2016, has lobbied against the bill.

"When you have the conflict of interest board warning you of the appearance of pay to play, a reasonable, ethical person would say 'this is wrong'," Senator Murphy said. "Let's put the people back in charge in Albany. Our bizarre system puts the special interests ahead. Our

election laws should be reformed by allowing for initiative, referendum and recall so average citizens can have their voices heard. Ballot access should also be simplified and we need to be able to recall elected officials who have abused their office for personal gain. This is about public service, not self-service."

New reports alleging pay-to-play and conflict of interest at City Hall seem to materialize by the day. Yesterday, the Daily News reported that a company with a history of unfair labor practices was able to score a meeting with a Deputy Mayor after bundling \$68,000 to de Blasio's campaign and another scored a lucrative contract for garbage bags after making a donation to his non-profit. The Daily News observed in an editorial today, "There should be a sign outside City Hall listing a price of admission - because it's steep. Whatever the outcome of investigations by Manhattan U.S. Attorney Preet Bharara and Manhattan District Attorney Cy Vance, however close to the line of a quid pro quo that would amount to bribery, cash and access have gone hand in hand in de Blasio's City Hall."

Mayor de Blasio has claimed the myriad criminal investigations alleging pay to play in his fundraising and non-profits are politically motivated, but the executive Director of the State Democratic Party indicated to the New York Times that the Mayor "and others were 'clearly advised' by legal counsel 'that fund-raising earmarking was a circumvention of the state's campaign finance limits.'"

"To the extent that the mayor is asserting that the current investigation is politically motivated, that would imply that actions of the Manhattan D.A. and the U.S. attorney are politically motivated," he said. "It would also imply that the newspapers, editorial boards and good government groups that raised these very issues prior to any investigations are all politically motivated. The Manhattan D.A. had no obligation to investigate the matter."