



NEW YORK STATE SENATOR

Terrence Murphy

Senator: I Told You So! NYC Campaign Cash \$candal

TERRENCE MURPHY April 21, 2016

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

CONSTRUCTION GROUP 46 RICHMOND ST. 18TH FLOOR NEW YORK, NY 10008		14	DEMOCRATIC COMMITTEE	General			
HUDSON VALLEY PAC P.O. BOX 270 NEWBURGH, NY 12551	1,000.00	23-SEP-14	PUTNAM COUNTY DEMOCRATIC COMMITTEE	2014 32 Pre General	C	N/A	N/A
KENSINGTON VANGUARD HOLDINGS, LLC 39 WEST 54TH ST. 7TH FLOOR NEW YORK, NY 10019	1,000.00	23-NOV-14	PUTNAM COUNTY DEMOCRATIC COMMITTEE	2014 27 Post General	C	N/A	N/A
KINGSLAND 355, LLC 201 MESEROLE AVENUE BROOKLYN, NY 11222	10,000.00	14-OCT-14	PUTNAM COUNTY DEMOCRATIC COMMITTEE	2014 11 Pre General	C	N/A	N/A
MARSAM REALTY CORP 65 PINE TERRACE ORMAHAY ST, NJ 07827	5,000.00	14-OCT-14	PUTNAM COUNTY DEMOCRATIC COMMITTEE	2014 11 Pre General	B	N/A	N/A
METROPOLIS RISK MANAGEMENT, LLC 205 WEST 54TH ST. APT. 60 NEW YORK, NY 10019	10,000.00	23-OCT-14	PUTNAM COUNTY DEMOCRATIC COMMITTEE	2014 27 Post General	C	N/A	N/A
NYENA PAC 65 WEST 54TH ST. APT. 60 NEW YORK, NY 10019	50,000.00	14-OCT-14	PUTNAM COUNTY DEMOCRATIC COMMITTEE	2014 11 Pre General	C	N/A	N/A

NEW YORK, NY – The New York Times printed a blockbuster article yesterday that confirms federal prosecutors are investigating a situation Senator Terrence Murphy first uncovered in 2014 in a story by reporter Bryan Fumagalli. Today Murphy continued his call for ethics and campaign finance reform, encouraged by news of United States Attorney Preet Bharara launching the criminal investigation into the unsolicited campaign donations to the Putnam County Democratic Committee orchestrated by New York City Mayor Bill de Blasio.

“We called this two years ago, and said to follow the money down the Saw Mill Parkway right to Gracie Mansion,” Senator Murphy said. “We knew this was a problem. To the U.S. Attorney, we appreciate all your efforts, we were the target of this and it was disgusting what happened.”

Murphy is the state senator who first drew attention to the matter of the straw donors, some of whom were seeking government contracts, who funneled money to his campaign opponent far in excess of legal contribution limits through the use of a ghost committee.

While the local Journal News ignored the story at the time and has yet to report it, in October 2014, in a series of front page articles, the Daily News revealed that Mayor de Blasio had pressured his own campaign contributors, several of whom had contracts pending before the city, to make donations to upstate Democratic State Senate candidates.

The articles revealed how the contributions were funneled through political parties in order to evade campaign contribution limits and made at least one donor feel “uncomfortable.”

One donor “was not known to contribute to New York political campaigns, but shortly after his school-bus company’s workers got a chunk of \$42 million from the de Blasio administration, he sent \$100,000 to aid one of the mayor’s pet causes: state Senate Democrats,” wrote Crain’s New York Business. A New York Times expose from March 2016 further uncovered that the bus company later received public funds to raise its workers’ wages from a grant program created by de Blasio.

The follow-up in the Times reveals the federal corruption investigation has now expanded to include the 2014 Senate campaigns. The recipients of the cash as well as the intermediaries who facilitated the structuring of the cash have been subpoenaed, according to accounts published today.

After having raised less than \$10,000 in ten years, in one instance, the Putnam County Democratic Committee, took in over \$671,000 in donations in October 2014, including \$100,000 from the bus contractor, and contributions of \$10,000 to \$100,000 from groups that received millions in city contracts and also gave to the de Blasio campaign's charities that are currently under federal investigation.

That same month, Jonathan Viguers, an aide from the Mayor's Office of Community Affairs, took a leave of absence from the de Blasio Administration to run the campaign of Murphy's opponent, according to the New York Observer. Viguers was later employed in efforts to recruit endorsers for one of the three nonprofits now at the center of the scandal, according to emails obtained by the New York Times.

Another Daily News article in 2014 highlighted local officials' calls for an investigation into the matter, but the State Board of Elections and its enforcement counsel are still yet to take action or even respond to the complaint.

Meanwhile, the same State Board has been deadlocked on unilaterally closing the so-called LLC loophole, even as it has failed to investigate the original complaints about de Blasio's fundraising, which could have been seen as red flags in light of the current federal investigation. The massive straw donor contributions arranged by de Blasio would not be affected by closing the loophole, either.

"The LLC loophole is a straw man argument for straw donors, the real problem is that the self-dealing has to end," Senator Murphy said. "No one should be misusing their office for personal gain. We have an obligation to do the right thing and as a member of the ethics committee, this isn't about political posturing, it is about improving behavior to put the public interest ahead of self-interest, which is where it should be."