

NEW JERSEY ELECTION LAW ENFORCEMENT COMMISSION

PUBLIC SESSION MINUTES

NOVEMBER 30, 1981

PRESENT

Sidney Goldmann, Chairman
Josephine S. Margetts, Member
Andrew C. Axtell, Member
M. Robert DeCotiis, Member
Scott A. Weiner, Executive Director
William R. Schmidt, Assistant Executive Director
Gregory E. Nagy, Staff Counsel
Edward J. Farrell, General Legal Counsel
Alexander S. Parks, Election Law Finance Analyst

The Chairman called the meeting to order and announced that pursuant to the Open Public Meetings Law, P.L. 1975, c.231, annual notice of the meetings of the Commission, as amended, has been filed with the Secretary of State's office, and that copies have been filed in the State House Annex, and mailed to the Newark Star Ledger, the Philadelphia Bulletin and the entire State House press corps.

The meeting convened at 10:07 a.m. at the offices of the General Counsel, 43 Maple Avenue, Morristown, N. J.

1. Approval of Minutes of Public Session of Commission Meeting of November 9, 1981

The Commission reviewed the minutes and on a motion by Commissioner Margetts, seconded by Commissioner Axtell and a vote of 4-0, the Commission approved the minutes of the public session of the above-cited meeting.

2. Approval of Minutes of Public and Executive Session of Commission Meeting of November 12, 1981

The Commission reviewed the minutes and decided that they should be amended for greater clarity on page 2, paragraph 2, lines 6 and 7 so that the phrase reads ". . . \$150,000 in fees required by statute and in legal fees." On a motion by Chairman Goldmann, seconded by Commissioner Axtell and a vote of 4-0, the Commission approved the minutes, as amended, of the public and executive session of the above-cited meeting.

3. Certification of Public Matching Funds

The Commission reviewed a November 23, 1981 staff memorandum recommending the certification of public matching funds to primary gubernatorial candidate Wallwork whose treasurer had recorded the receipt of an outstanding obligation of \$650 not previously reported. This additional outstanding obligation placed the Wallwork campaign in a deficit position and the treasurer asked that the remainder of the public funds to which the Wallwork campaign is entitled be certified.

On a motion by Commissioner DeCotiis, seconded by Commissioner Axtell and a vote of 4-0, the Commission voted to certify public matching funds to primary candidate James Wallwork in the amount of \$416.70.

4. Corporate Contributions to Gubernatorial Candidates

The Commission reviewed a November 24, 1981 memorandum from the Executive Director supplemented by a November 27, 1981 memorandum from the Assistant Executive Director on the issue of corporate contributions to gubernatorial candidates. The memoranda presented four sets of corporate contributions. One set was received by Donald Lan; two sets were received by James J. Florio, and one set was received by John Rafferty. The issue before the Commission was what factual circumstances and documentation from the gubernatorial campaigns would enable the Commission to decide whether contributions from corporations that appear to be related are "independent", thereby permitting the campaigns to keep all but the funds in excess of \$800 and to have the contributions matched with public funds. The pertinent regulation is N.J.A.C. 19:25-16.10(c). The Commission discussed the issue before it. The General Legal Counsel noted that New Jersey corporate law provides a great deal of freedom to structure an enterprise for tax purposes or for other purposes. He noted that even if the boards of directors and the corporate officers of corporations are the same, presumably the members of the board and the officers exercise sound business judgment for each of the corporations. Furthermore, in none of the cases before the Commission was there evidence that the corporations were set up for political purposes, i.e. they were not set up with no ostensible business purpose.

Based upon the facts presented and for the reasons set forth in the staff report, the Commission concluded that the contributions should not be rejected.

On a motion by Chairman Goldman, seconded by Commissioner Axtell and a vote of 4-0, the Commission authorized the Lan, Florio and Rafferty campaigns to keep the contributions in question with the provision that the Florio campaign send the Commission the contributors' statements corroborating the facts presented by the finance director of James J. Florio for Governor, Inc.

5. Status Report on Audits of Gubernatorial Primary Candidates' Public Funds Expenditures

The Executive Director reported on a meeting he and the Assistant Executive Director held with representatives of Alexander Grant & Co., the firm retained to conduct the audit of public funds expenditures by 16 gubernatorial candidates. He reported that work on all but two of the audits has progressed to the point where the auditors can prepare a draft audit to be sent to the primary candidates' campaign treasurers who, in turn, will be

asked to respond within a week to ten days. The auditors will send a confidential copy of the draft audits to ELEC. Furthermore, the auditors will send the final audits to the campaigns and to ELEC after the response period has elapsed. The Executive Director reported that the most serious problem for the auditors has been securing satisfactory media affidavits to verify the expenditure of public funds for the airing of advertisements.

6. Status Report on Refunds from Gubernatorial Primary Campaigns

The Executive Director distributed a November 27, 1981 staff memorandum on refunds to New Jersey Gubernatorial Election Fund. He reported that we expect to receive most, if not all, of the refunds on or around December 2; he reported that a press release would be prepared summarizing the refunds received and any outstanding issues with campaigns that did not refund all of their remaining moneys.

7. Report on the 1981 League of Municipalities Conference

The Executive Director reported on his attendance at the November 17 and 18 League of Municipalities Conference in Atlantic City. He reported that he met with Senator Perskie who expressed interest in the Election Law Enforcement Commission and in public financing issues. The Executive Director reported that he had advised Senator Perskie that the Commission and its staff were preparing a report on the public financing program and were developing "issues" papers which may be helpful to the Senator in considering amendments to the public financing law. The Executive Director also reported on the Senator's interest in clarifying the disposition of campaign funds after the end of an election and in disclosure issues associated with legislative office accounts.

The Chairman complimented the Executive Director for reaching out to interested legislators.

The Executive Director also reported that he spoke before the municipal clerks and that Juana Schultz and Linda Piljar manned a consultation table at the Conference. He reported that 18 people met with Ms. Schultz and Ms. Piljar and asked substantive questions about campaign reporting.

8. Inaugural events

The Executive Director reported on a meeting he, the Staff Counsel and the Assistant Executive Director attended with a representative of the Kean campaign concerning contribution limits to inaugural events. He reported that it was expected that the Kean campaign would submit an advisory opinion request for the November 30 Commission meeting. However, that did not occur and

the Executive Director stated that the staff would develop proposals for the Commission's consideration at its next meeting on December 14, 1981.

9. Status Report on Lobbyist Regulations

The Executive Director reported that the Commission has met all filing requirements with respect to its lobbyist regulations. Copies of the regulations have been sent to all those who testified or submitted testimony to the Commission and to lobbyists registered with the Attorney General's office. In addition, he reported that copies of the regulations will be sent to not only the State House press but to the editorial boards of newspapers in the State.

10. Executive Session

On a motion by Commissioner Axtell, seconded by Commissioner Margetts and a vote of 4-0, the Commission voted to resolve to go into executive session to discuss the executive session minutes of the meeting of November 9, 1981 and to discuss investigations and enforcement actions, the results of which will be made public at their conclusion.

Respectfully submitted,



SCOTT A. WEINER
Executive Director