

NEW JERSEY ELECTION LAW ENFORCEMENT COMMISSION

PUBLIC SESSION MINUTES

OCTOBER 17, 1984

PRESENT:

Andrew C. Axtell, Chairman
Alexander P. Waugh, Jr., Vice Chairman
Haydn Proctor, Member
Frederick M. Herrmann, Executive Director
William R. Schmidt, Asst. Executive Director
Gregory E. Nagy, Staff Counsel
Juana M. Schultz, Director of Compliance and Review
Edward J. Farrell, General Legal Counsel

Chairman Axtell called the meeting to order and announced that pursuant to the "Open Public Meetings Act," P.L. 1975, c.231, C. 10:4-6 et seq., annual notice of the meetings of the Commission, as amended, has been filed with the Secretary of State's office and distributed to the entire State House press corps.

The meeting convened at the Commission's office, 28 West State Street, Trenton, New Jersey.

1. Approval of Minutes of Public Session of October 3, 1984

On a motion by Commissioner Waugh, seconded by Commissioner Proctor and a vote of 3-0, the Commission approved the public session minutes of October 3, 1984.

2. Progress Report on Computer

Juana Schultz, Director of Compliance and Review, reported on the progress of the installation of the Commission's new computer system. She said that the system involved three parts. The first is the hardware. The Commission has purchased Prime Computer No. 2550, along with two printers and seven terminals. She said the equipment has been delivered but installation has been delayed while new electrical lines and a circuit breaker are installed. The second part of the new computer system is the software. She said the Commission has retained the firm of Cogent to develop the programming. She noted that the firm has had an employee stationed here in the Commission's office for the last six weeks. He has met regularly with Ms. Schultz, Assistant Executive Director Schmidt, and David Rousseau, Assistant Director of Compliance and Review. The purpose of the meetings is to reach agreement on the specifications for the data to be entered and the format of reports to be prepared by the computer. The highest priority has been given to the public financing program. Mr. Schmidt noted that he had signed off on all but three of the reports to be prepared by the computer. The next priority is the development of the report design for campaign finance and continuing political committee reporting, to be followed by the lobbyist disclosure and, last, the public financing expenditure system. Mr. Schmidt

noted that the certification of public funds reports that were submitted to the Commission during the 1981 primary and general elections had been prepared manually and by typewriter. He said that the specifications now call for the computer to do this basic accounting work and the certifications submitted to the Commission for its consideration in 1985 will be prepared by the computer.

The third portion of the new computer system is training. Ms. Schultz noted that she has gone to two separate one-week training sessions and that Mr. Schmidt and Mr. Rousseau had attended one. The training is to enable the staff to administer the computer (for example, design the security system and prepare backup tapes) and to enable the staff to use the system's "user-friendly" programming called "Information."

3. Pending Legislation: S-1523 (Orechio)

Executive Director Herrmann reported on the status of S-1523. He said that Staff Counsel Nagy and he had worked with Wayne Bockleman, an employee of the Office of Legislative Services, on technical changes which would be introduced on the floor of the Senate. Mr. Herrmann reported that Robert Noonan, Executive Director of the Senate, anticipated that the bill would get an emergency so it could be passed on Monday, October 22. Mr. Herrmann reported that Jim Carroll, Republican staff aide, said that some of the Republican senators may have some questions about the bill. Mr. Herrmann has also spoken to Frank Robinson, Democratic aide to the Assembly State Government Committee, who said that the Speaker has no problem with the bill. However, Assemblyman Charles, Chairman of the State Government Committee in the Assembly, may want to review the bill. If the bill is referred to Committee in the Assembly, it could be held up for another month. Mr. Herrmann mentioned that he had also spoken with Steven Carnes, an assistant counsel in the Governor's Office.

The Commission reviewed the draft of a memorandum dated October 18, 1984, and addressed to the members of the Senate from Mr. Herrmann. The memorandum concerned Senate Bill No. 1523. After review, the Commission on a motion by Commissioner Proctor, seconded by Commissioner Waugh and a vote of 3-0, authorized the Executive Director to send the memorandum.

4. Pending Legislation: S-1444 (Jackman)

Mr. Herrmann noted that this is the bill that would permit regulated corporations to establish PAC's. He said the bill had been considered in the Assembly State Government Committee and he had attended the Committee's meeting. He noted that a lobbyist testified that the Commission had provided some technical help on the bill in the Senate and that the Commission was "on board" on the bill. Mr. Herrmann said that he asked to testify to emphasize that the Commission took no position on the bill, but rather had simply provided technical help in clarifying language. The Assembly State Government Committee reported the bill out on a vote of 4-1.

Mr. Herrmann advised the Commission that Ed McCool, the Executive Director of New Jersey Common Cause, wanted to testify before the Commission to urge it

to change its position on the bill. Commissioner Waugh noted that the issue is a question of policy which is not up to the Commission and that the Commission should not be taking a position on the bill. Chairman Axtell noted that he saw no point in Mr. McCool's coming before the Commission to testify on the basis that the Commission has no jurisdiction on the issue.

5. Report on Filing Nights

Mr. Herrmann reported that a number of problems had arisen in processing the reports filed for the 29-day preelection report. These problems arose because, among other factors, David Rousseau, Director of Compliance and Review, was on his honeymoon; there were a number of new staff members still being trained; the third quarterly reports, due October 15, were being filed generally at the same time as the 29-day preelection reports; and the computer was down for six hours. Mr. Herrmann said that despite these problems the staff worked exceptionally hard and diligently. Chairman Axtell urged that the entire staff be commended and asked that Mr. Herrmann so convey the Commission's commendation.

6. Commission Meeting Date

Mr. Herrmann reminded the Commission that the December 19, 1984 meeting date would coincide with the staff holiday party. This will enable the Commission members to meet members of the staff.

7. Fourth Commissioner

Mr. Herrmann reported that a fourth Commissioner has been selected by the Governor and that the Governor would be submitting the name of the individual to the Senate on Thursday, October 18. Mr. Herrmann said that it is expected that the Judiciary Committee will act on the nomination on Monday, October 22, and that the fourth Commissioner would be approved by the Senate on Monday, assuming that the nomination would receive an emergency vote.

8. Security for Entire Agency

Mr. Herrmann reported that he is arranging for all staff to receive identification cards to improve office security. He noted that late one evening, an individual had signed in on the elevator for coming to the 12th floor, which aroused concern that someone might attempt to enter the Commission's offices late in the evening. Part of the security system will involve the building being advised that no one without an identification card should be allowed to exit on the 12th floor after certain specified hours.

9. Personal Financial Disclosure Legislation

Mr. Herrmann reported that Albert Porroni, Executive Director of the Office of Legislative Services and secretary to the Joint Legislative Ethics Committee, said that he would speak with members of the Committee to see if they wish a bill to be developed or if they wish to issue a joint report with the Commission.

10. "Soft Money" Conference

Mr. Herrmann reported that Mr. Nagy and he attended an October 10, 1984 conference in Washington on the issue of "soft money," which is money raised by the national political party committees from unions and individuals who have exceeded their contribution limit and corporations that are not permitted to contribute directly to candidates and committees. Purportedly, "soft money" is being spent by both national political party committees in various states throughout the country for "party building" activities. Mr. Herrmann said that Dr. Herbert Alexander attended the conference. Supposedly, the Republican National Committee is only using "hard money," i.e. funds reported to the Federal Election Commission, but that the Democrats are using "soft money" in this fall's election. Furthermore, there is a difficult issue concerning allocation of expenditures by state and local political party committees between "hard money" and "soft money." Mr. Nagy said that the problem arises from the amendments to the federal law enacted in 1979, that were aimed at increasing the participation of state and local political parties in federal elections. What has resulted is alternative fund raising by both national political party committees and state political party committees. He said that the FEC appears to be passive on this issue and has no basis for requiring reporting of "soft money" to the FEC.

Ms. Schultz noted that the Republican State Committee, in its reports filed with this office, is specifying the percentage basis on which it is allocating funds under "hard money" and "soft money."

11. Conference on Governmental Ethics Laws (COGEL)

Mr. Herrmann said that Carolyn Neiman will be contacting the Commissioners to find out if they wish to attend the COGEL conference to be held in Seattle, Washington during the first full week of December. He said that the air fare via Continental Airlines is approximately \$450 round trip and that the total cost of the trip, including hotel and related costs, will be approximately \$850.

12. Meeting Schedule

Commissioner Waugh said that he had a problem with the scheduled meeting for November 7, 1984. The Commissioners agreed to reschedule the meeting for Thursday, November 8. It was also noted that November 20 is both a scheduled Commission meeting and a scheduled public hearing for the public financing regulations. The Commissioners agreed to start the November 20 commission meeting at 9:00 a.m. to be followed by a 10:00 a.m. public hearing on public financing regulations.

The Commission decided to go ahead with the hearing on the public financing regulations. If S-1523 is passed and signed by the Governor before that time, the changes proposed could be incorporated in the new changes required by S-1523.

13. Resolution to Enter Executive Session

On a motion by Commissioner Proctor, seconded by Commissioner Waugh and a vote of 3-0, the Commission decided to go into executive session to review the executive session minutes of October 3, 1984, and to discuss investigative and enforcement matters, the results of which will be made public at their conclusion.

14. Adjournment

On a motion by Commissioner Waugh, seconded by Commissioner Proctor and a vote 3-0, the Commission voted to adjourn.

Respectfully submitted,



FREDERICK M. HERRMANN
Executive Director