



CITIZENS UNION OF THE CITY OF NEW YORK

The New York City Campaign Finance Board - 2025 Post Election Hearing Supplemental Testimony, April 28, 2025

Following our oral and written testimony delivered at the New York City Campaign Finance Board (CFB) December 2025 post-election hearing, Citizens Union has undertaken further research, including data analysis, legal review, and conversations with individuals involved in campaigns and independent spending operations, to examine what other improvements to the campaign finance system may be achieved through administrative and legislative action. We respectfully submit the following recommendations to be included in the CFB 2026 Post Election Report, in addition to our previous testimony.

DARK MONEY RISKS - INDEPENDENT EXPENDITURE DONOR DISCLOSURES

We believe the most urgent issue for the CFB to address in its post-election report is the current regulatory framework governing independent expenditures (IE). More than any other development in the 2025 election cycle, IE activity demonstrated new levels of scale, complexity, and intensity, and poses the greatest long-term risk to the City's campaign finance system.

A key development was the use of intermediary, pass-through entities – including political committees and LLCs – to channel millions of dollars into IE spending, significantly undermining the City's "dark money" disclosure regime. While we noted this issue at the December hearing, we provide additional details here.

The "dark money" problem in the 2025 election cycle had three primary components:

1. Pass-through entities made large contributions to IEs without having their "major funders" (donors above \$25,000) disclosed on time. Most notably, the political action committee *Put NYC First* contributed \$8.5 million to seven IEs, functioning as a conduit for large donations. Due to delayed reporting, several million-dollar contributions were not visible in the CFB's *Follow the Money* portal during the crucial weeks leading up to the election.
2. LLCs and limited partnerships were used extensively to conceal funding sources. A notable example of this was the IE *Vote Common Sense*, which was funded almost entirely by a single entity, *Molly LLC*, which contributed \$900,000. Although LLCs are required to file Statements of Identity with the State Board of Elections (SBOE), compliance is inconsistent,

filings are often delayed, and the content of those statements (LLC owners) is not publicly accessible. In some cases, LLC ownership structures change after submission. Entities are also required to disclose ownership and leadership information to the CFB (§ 1052(a)(15)(b)), but some fail to do so. The ownership disclosures of *Molly LLC*, for instance, have yet to be filed with the CFB or the SBOE¹, and the entity is currently identified only by a zip code. In total, the true source of approximately \$6.9 million in IE funding from LLCs and partnerships was obscured from the public in the 2025 cycle.

3. Top-three “paid for by” donor disclosures in advertisements frequently listed non-descriptive entities such as LLCs or PACs, providing little meaningful information to voters. We estimate that more than \$10 million in communications relied on such opaque disclosures.

These practices were particularly concentrated in the final weeks before the general election.

A last-minute emergence of a network of IEs with overlapping vendors, shared donors, and a common financial hub—*Put NYC First*—may suggest coordinated efforts to minimize disclosure. For example, four committees registered shortly after the 32-day pre-election deadline and collectively spent \$11.2 million on the mayoral race, according to SBOE filings.² Two—*For Our City* and *Stop the Socialists*—appear to have operated as one operation with two different names, sharing vendors, consultants, an accountant, and funding sources (they were wholly or mostly funded by *Put NYC First*).

We are concerned that use of these practices could expand in future elections. Creating a donor-nesting scheme is neither legally nor administratively complex, and the costs could easily be absorbed by large independent spenders. If widely adopted, such methods would significantly erode the City’s disclosure framework, which has historically been effective in limiting the flow of “dark money” into New York City elections.

To address these problems, we recommend that the CFB consider the following reforms:

- 1. Enact new donor traceback requirements**

Arizona’s Voters’ Right to Know Act (2022) provides a useful donor traceback model. The law, which was upheld by federal and state courts,³ requires certain campaign spenders to disclose the sources of “original monies” received during the election cycle,⁴ as well as any intermediaries that passed along large contributions, and the information is included in “paid for by” top-three donor disclaimers when applicable. The law establishes certain

¹ See <https://elections.ny.gov/llcpllc-statements-identity-received>

² Innovate NY (SBOE registration date 10/17/25), Stop the Socialists (10/15/25), For Our City (10/15/25), Good Growth NYC (10/09/25).

³ *Center for Arizona Policy, Inc. v. Arizona Secretary of State*, 560 P.3d 923 (Ariz. Ct. App. Div. 1 2024); *Montenegro v. Fontes*, 576 P.3d 692 (Ariz. 2025); *Americans for Prosperity v. Meyer*, No. CV-23-00470-PHX-ROS (D. Ariz. Mar. 20, 2024).

⁴ Arizona Revised Statutes § 16-971(12) defines “original monies” as “business income or an individual’s personal monies.”

thresholds, exceptions, and notices, which may or may not align with New York City’s needs and legal framework.

2. Require donor traceback for “paid for by” top donor identification

Current law does not define “donor” for purposes of top-three ad disclosures, allowing unidentifiable LLCs or PACs to appear instead of true funders. Where a top donor is itself such entity, disclosure should extend to its principal funders or owners.

3. Strengthen disclosure rules’ enforcement and compliance mechanisms

By delaying filings to the final stretch of the campaign, IEs exploit administrative grace periods, delayed enforcement, insignificant penalties, and different state/city rules. Their goal is to minimize information disclosure before election day. The CFB should ensure reporting is not skirted during the time when transparency to voters matters the most. It should consider the following:

- Publish IE disclosure compliance rate for the 2025 cycle, including how often and to what extent deadlines were missed by independent spenders.
- Set stricter deadlines for providing “major funders” disclosure and leadership information. Grace periods provided in the CFB penalty guidelines and per-week fines are purposely misused by late-filing IE schemes.
- Ensure material changes to IE leadership and governance structure are promptly disclosed after reporting.
- Increase enforcement activity during the 32-day pre-election period, when much of this activity occurs, including preliminary enforcement actions and notifying the public of noncompliance in real time.

4. Increase penalty limits for violations IE charter violations

The current \$10,000 cap on civil penalties for violating IE disclosures (§ 1052 (a)(15)(d)) is outdated and insufficient. This limit dates back to 2010, when a charter revision commission proposed ways to confront a then-recent Supreme Court decision called *Citizens United*. IE spending in municipal races has since ballooned.⁵ While aggregate penalties may exceed this amount – three of the 12 Final Board Determination fines imposed on IEs after the 2021 and 2023 cycles totaled between \$40,000 and \$50,000 – they remain a negligible cost of business for large IEs, which often reserve money for fines in advance. Penalties should be increased to create meaningful deterrence.

DISCLOSURE OF NON-COMMUNICATION INDEPENDENT EXPENDITURES

The City Charter currently requires disclosure only of IE spending related to communications. However, IEs support candidates in other ways – they spend money on polling, research, consulting, and more. Increasingly, IEs have taken on functions traditionally considered “campaign-

⁵ Citizens Union, Super PACs in the 2025 New York City General Election: Seven Takeaways <https://citizensunion.org/wp-content/uploads/2025/12/CU-Report-Super-PACs-in-the-2025-New-York-City-General-Election-Seven-Takeaways.pdf>

side” activities, including field work, canvassing, and campaign strategy, while candidate campaigns maintain relatively thin operations.⁶

While all expenses are reported to the SBOE, including non-communication spending, that data is difficult to access through the SBOE website and rarely used by the public. The go-to source for most New Yorkers, journalists, and civic organizations on money in New York City elections remains the CFB’s website, in particular *Follow the Money* portal. However, as stated, that portal excludes substantial portions of IE spending.

The gap between what the CFB presents as IE spending and the total actual IE spending is likely to widen, particularly in light of evolving federal guidance permitting greater coordination between outside groups and campaigns on on-the-ground campaign activity.⁷

We recommend one of the following approaches:

- **Shift away from communications-only disclosures:** Require IEs to report all expenditures directly to the CFB, eliminating duplicative state filings, as candidates’ committees do (requires state law changes).
- **Incorporate non-communication expenses in CFB’s data portal:** Embed IE spending data from the SBOE system into CFB’s platform, allowing users to see all spending activity when searching for a particular IE committee.
- **Provide notice of partial information:** Clearly inform users that CFB data reflects only partial IE spending and direct them to SBOE resources. This would be the easiest solution to incorporate but would not be comprehensive.

REGULATION OF THE PRE-ELECTION MAILER BLACKOUT PERIOD

The CFB is responsible for enforcing the Charter’s prohibition on the use of government resources for mass mailings during the 90-day pre-election blackout period. The Board has the power to investigate and determine whether the Charter was violated, and to assess civil penalties against candidates for offices (Charter § 1136.1(4)).

In our December testimony, we raised concerns about the City Council’s use of official communications to oppose ballot proposals during the 2025 cycle and asked the Board to

⁶ Hugo Lowell, *The Guardian*, 26 Sep 2024. Trump ground game operation now largely run by Elon Musk-backed group <https://www.theguardian.com/us-news/2024/sep/26/trump-voter-turnout-elon-musk-pac>; NBC News, Dasha Burns and Allan Smith, June 16, 2023. Inside the \$100 million door-knocking effort to boost Ron DeSantis <https://www.nbcnews.com/politics/2024-election/100-million-door-knocking-effort-boost-ron-desantis-rcna89517>; Edward-Isaac Dovere, CNN, June 29, 2025. The inside story of Andrew Cuomo’s campaign collapse <https://www.cnn.com/2025/06/29/politics/andrew-cuomo-new-york-mayor-zohran-mamdani>

⁷ Federal Election Commission AO 2024-01; *The New York Times*, Theodore Schleifer, August 14, 2024. Trump Gambles on Outside Groups to Finance Voter Outreach Efforts <https://www.nytimes.com/2024/08/14/us/politics/trump-voter-outreach-super-pacs.html>

investigate whether violations occurred and to issue rules, guidance, or advisory opinions that clarify whether candidates may "hide" behind City Council or other governmental letterheads.

We reiterate that request and further note that the CFB currently does not publish information to the public about complaints received, investigations opened, or enforcement actions taken in relation to its authority under § 1136.1(4)).

Given the increasing frequency of charter commissions and local ballot proposals, we believe it is imperative that the Board makes clear that the blackout period is being enforced, and provide information to the public on enforcement.

PROACTIVELY SEEK CAMPAIGN TREASURER FEEDBACK AND ADDRESS CONCERNS

In recent months, Citizens Union has met with treasurers who served dozens of campaign committees and IE committees across the 2025 cycle. While their perspectives reflect those of regulated entities, their feedback highlights operational challenges that warrant consideration.

It is essential that the CFB conduct proactive outreach to such treasurers and solicit their feedback on the program, beyond a software-focused survey. None of the treasurers we spoke with received such outreach.

While stakeholder concerns do not always align with broader public interests, maintaining trust in the system by its users is essential for the long-term sustainability of the program. Campaign staff serve candidates who become elected officials and ultimately make decisions about the program, including whether to support further reforms.

The treasurers we met with reported common concerns problems. We have not independently confirmed the accuracy of these issues but relay them here so the CFB has the opportunity to address them.

- **Response turnaround time:** Treasurers reported that turnaround times to respond to statement reviews, reports flagging invalid claims, and requests for information are too short, particularly when the reports at issue are highly detailed.
- **Suspected intermediary identification:** Treasurers report that current methods for identifying suspected intermediaries may generate false positives, particularly during peak fundraising days – such as campaign launches - when multiple donors share the same employer. Delays in resolving these flags can result in loss of matching funds until the next public funds payment.
- **Timeliness of spending limit relief:** Some treasurers believe that spending limit relief for participants facing a high-spending non-participant under § 3-706(3) is granted too late to be effective. Campaigns must set up fundraising events and infrastructure while already in late-stage campaigning and may not be able to make use of the relief in time.

- **Doing Business database maintenance:** The database, maintained by the Mayor’s Office of Contract Services, is reportedly not kept up to date, and individuals are not removed on time. Most critically, it must be kept current ahead of the 2029 election cycle.
- **C-Smart functionality:** The most common complaints we heard relate to the functionality and features of the C-Smart system, including the inability to import ActBlue data, the absence of an import feature for expenditure reporting, and other user experience issues.
- **Prolonged audits:** This concern is well known to the CFB, and every treasurer we spoke with identified it as a primary issue, with specific focus on the impact of multi-year reports on paying vendors, record keeping, and response time.

For further information please contact Ben Weinberg, Director of Public Policy, bweinberg@citizensunion.org.