

1999 Annual Report

The N.J. Election Law Enforcement Commission



May, 2000



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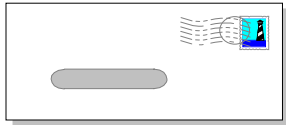


HOW TO CONTACT ELEC



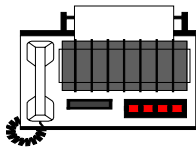
ELEC's Location
28 West State Street, 13th Fl.
Trenton, New Jersey

You may contact the Election Law Enforcement Commission by visiting our offices located at 28 West State Street, 13th Floor, Trenton, New Jersey.



ELEC
P.O. Box 185
Trenton, NJ 08625-0185

When using the United States Postal Service (regular mail), please use the following address: New Jersey Election Law Enforcement Commission, P.O. Box 185, Trenton, NJ 08625-0185



ELEC's Telephone
(609) 292-8700

If you would like to speak with a representative of the Commission, you may telephone the Commission between the hours of 9:00 a.m. till 5:00 p.m. eastern time at (609) 292-8700.



ELEC's Web Site
<http://www.elec.state.nj.us/>

The Commission offers via the Internet general information about itself; a general overview of filing requirements for candidates, parties, PACs, legislative agents, and lobbyists; campaign finance and political action reports; statistics about campaign finance and lobbying information; compliance manuals; filing forms; and reporting dates. For more information visit the Commission's web site at: <http://www.elec.state.nj.us>.



THE COMMISSION

Ralph V. Martin, Chair

Ralph V. Martin, retired Superior Court Judge serving Passaic County, and now a practicing attorney in Wayne, New Jersey, was appointed to fill an unexpired term on the Commission in December, 1995, and was appointed Chair in February, 1996.



From left to right: Vice Chair Linett, Commissioner Franzese, Chair Martin, and Commissioner Ware

While a Superior Court Judge, the Chair was involved in all divisions of the Court, with most of his service occurring in the Civil Division.

A graduate of Rutgers University with a B.S. and M.S., Judge Martin earned his J.D. from Rutgers University. He was subsequently admitted to the New Jersey and U.S. District Court and the U.S. Supreme Court.

The Chair is a member of the Passaic County and State of New Jersey Bar Associations. He has a legal interest in complex litigation and media delivery issues. Judge Martin chaired the Supreme Court Media Committee for an extensive period of time.

A veteran of the U.S. Army, he served as a Nuclear Guided Missile Officer from 1951-1955 (14th Ordnance Battalion). The Chair is married to the former Ida K. Kuiphoff. They have four sons.

David Linett, Vice Chair

David Linett has served on the Commission since 1987. He is the longest serving Commissioner in ELEC history. The Vice Chair is an attorney, who is President of the Bridgewater law firm of Gindin and Linett, PC.

Vice Chair Linett is a former Prosecutor of Somerset County and a former Treasurer of the National District Attorneys Association. A past Chair of the Supreme Court's District XIII Ethics Committee, he also served as the Treasurer of the Supreme Court's Ethics Financial Committee. He is a member of the American, New Jersey State, and Somerset County Bar Associations.

Very active in charitable and volunteer endeavors, Vice Chair Linett was named "Citizen of the Year" in 1989 by the Somerset County Chamber of Commerce. Further, he served three terms as Chair of the Board of Trustees of Alternatives, Inc.

(formerly AAMH), and two terms as a Director of the Somerset County Chamber of Commerce. Vice Chair Linett was a District Governor of Rotary International in 1991-92 and a past-president of the Somerville Rotary Club. He was twice elected to the Democratic State Committee from Somerset County.

Vice Chair Linett is a graduate of Yale University and Harvard Law School. He resides in Summit with his wife, Penny. They have five children and six grandchildren.

Paula A. Franzese, Commissioner

Paula A. Franzese has served one term on the Commission. Appointed in 1996, Commissioner Franzese is a Professor of Law at the Seton Hall University School of Law.

Commissioner Franzese is the Founder and Director of the New Jersey Mentor Program, which pairs inner-city high schools with law



THE COMMISSION continued

firms, public sector law offices, and Seton Hall Law School. Existing since 1987, Mentor provides inner-city youth with the opportunity to participate in the legal system and with access to role models within the profession.

A lecturer, as well as a commentator on *Caucus: New Jersey and Court T.V.*, Commissioner Franzese serves as President of the Justice Resource Center Board of Directors in New York City.

A graduate of the Columbia University School of Law, Commissioner Franzese is a member of the New Jersey and New York bars and is admitted to practice in the U.S. District Courts for the Southern and Eastern Districts of New York and the District of New Jersey.

A recipient of numerous awards and honors, including being named Woman of the Year by the Essex County Board of Freeholders in 1997, and the author of several publications and papers, she is married to Michael R. Rosella. The couple has two children.

Lynnan B. Ware, Commissioner

Lynnan B. Ware, appointed in 1997 to the Commission, is a principal of Ware Associates, a commercial real estate firm formed in 1975 to provide financing, sales, and consulting services for private and institutional clients. Formerly vice president of the advisor to a realty trust, Commissioner Ware was responsible for investor relations, human resources, and administrative management.

Active in civic and professional service for more than 25 years, Mrs. Ware represented Burlington County on the New Jersey State Republican Committee, was president of the Burlington County Republican Women, and held numerous campaign posts including work as a coordinator of volunteers for a state legislative race and as a treasurer for municipal and continuing political committees.

The Commissioner is also active in Rotary, and formerly was Assistant District Governor for Areas 4 & 5. She was awarded the "Archie" for outstanding leadership in the 43-Club district. She was treasurer and a director of the Rotary Club of Moorestown from 1993-2000, and has chaired numerous committees. Her extensive community service includes five years on the township Zoning Board (chairperson in 1989) and alternate member of the Planning Board from 1991-94.

Mrs. Ware is a founding trustee and president of Community Link of Moorestown, a 501(c)(3) corporation that helps provide drug-and-alcohol-free activities for local teens, and works with other nonprofits to encourage and aid public-service project.

Commissioner Ware is licensed as a New Jersey real estate salesperson, and previously held a Series 7-General Securities license. She chaired a NAREIT committee that published the *Sourcebook for Shareholder Relations*.

Commissioner Ware is married to Ridgeley P. Ware. They have lived in Moorestown since 1971, and have three sons and six grandchildren.

Frederick M. Herrmann, Ph.D., Executive Director

Frederick M. Herrmann has been the executive director of the New Jersey Election Law Enforcement Commission for sixteen years. He received an A.B. (1969) from the University of Pennsylvania and an M.A. (1970) and a Ph.D. (1976) from Rutgers, The State University of New Jersey. Dr. Herrmann is also an honor graduate of the United States Army Quartermaster School at Fort Lee, Virginia.

The author of many publications about history and government, he is a frequent speaker at various forums inside and outside of New Jersey. Dr. Herrmann has also appeared as a campaign financing and lobbying law expert on radio and television. Currently, he is the book



THE COMMISSION continued

review editor of The Guardian and on the editorial board of Public Integrity. He is also on the Board of Trustees for the Friends of the State House.

Once a teacher at Rutgers and Kean Universities as well as a staff member of the New Jersey Legislature, he has also served on the Organizational Planning and Coordinating Committee of the Council of State Governments and has been the President of the Council on Governmental Ethics Laws, an international organization, and the Chairperson of the Northeastern Regional Conference on Lobbying.

In 1993, he was the recipient of the Annual Award of the Council on Governmental Ethics Laws for his continued efforts to promote the highest level of ethical conduct among governmental officials and candidates for public office in the international arena. He has met often with dignitaries from various jurisdictions in Africa, Asia, Australia, and Europe to assist in the developing and drafting of statutes and regulations.

James P. Wyse, Counsel

James P. Wyse was selected to be the Commission's Counsel in 1994 and began serving in that capacity in January, 1995.

Mr. Wyse is an attorney based in Morristown who specializes in the areas of corporate and commercial law, real estate, environmental law, and estate planning.

Mr. Wyse, admitted to practice in New Jersey and before the United States Court of Appeals for the Third Circuit, has argued cases in that Court and before the New Jersey Supreme Court.

As Counsel for a number of national, State, and local land trust organizations, Mr. Wyse has developed special expertise regarding conservation and agricultural easements and innovative land preservation techniques.

Mr. Wyse received a B.A. degree from Bucknell University and J.D. degree with honors from the Rutgers University School of Law.

Appointed General Counsel to the New Jersey Conservation Foundation, he also advises the Junior League of Morristown, the Morris Shelter, Inc., and the Dierdre O'Brien Child Advocacy Center. Married to Pamela Paxton, he serves on the Board of Trustees of the Morris Land Conservancy.



MESSAGE FROM THE CHAIR

A decade-long goal of upgrading its automation system and procedures was fulfilled by the Commission last year. As the result of Governor



Ralph V. Martin
Chair

Whitman's \$1 million computer initiative in FY '99 and the continuing budgetary support of the Administration and both parties in the Legislature, the Commission completed on-time and on-budget the initial phase of its ambitious recomputerization project.

At the dawn of the new century, the Commission has truly entered the electronic age, not with halting steps, but with bold strides. All candidates, political parties, and PAC reports can now be viewed online. Further, via the Internet, the public and the press have access to a searchable database that includes detailed information on contributions to legislative and gubernatorial candidates. This information is made available within two to three weeks rather than 12 to 18 months. This database is downloadable, allowing users to formulate information in a variety of ways.

As the result of ELEC's successful upgrade of its computer operation, all reports are scanned into a system that makes information instantly available to citizens from the comfort of their homes, local libraries, and offices. Moreover, the successful completion of an electronic filing pilot project last year established the foundation for making the electronic filing option available to all filers in the future.

These accomplishments have dramatically enhanced the Commission's ability to fulfill its primary mission, which is the timely disclosure of campaign financial information. As I stated in the

1998 annual report "it is expected that by the legislative general election of 1999, Governor Whitman's goal of making campaign reports available on the Internet will be fulfilled with the help of both parties in the Legislature." This promise has been kept.

To be sure, as the result of the computer upgrade, disclosure has been enhanced and operating procedures changed. However, one aspect of the Commission that has not changed and will not change, is its dedication to serving the public in an efficient and highly personal way. While the Commission's achievements are large, it takes a highly personalized approach toward serving the public. The Commission's procedures may have been modernized, but its approach to service is old fashioned.

Proof of this approach can be seen in the 1999 accomplishments of the Commission.

Consistent with its paramount mission of disclosure, the Commission, through its highly trained and dedicated Compliance staff, provided assistance to the public and press in its expanded and beautified public room. As part of the Commission's aggressive public education program, the staff provided on-going assistance to treasurers, candidates, and lobbyists through workshops and individualized instruction.

During 1999 an entirely new set of operating procedures was instituted within the Compliance section due to the introduction of scanning and imaging technology. Despite this disruption in normal procedures and the consequent retraining of Compliance staff, the section nevertheless responded to requests for information in its customarily prompt way. In addition to processing approximately 24,000 reports, the section photocopied over 142,000 pages of reports. As the public becomes accustomed to ELEC's reports on the Internet, this staff function will steadily decline. As of now, however, photocopying reports is still very much a part of ELEC's workload. Without question, these efforts are important to disclosure. Telephone and



MESSAGE FROM THE CHAIR *continued*

in-person assistance as well as educational training forums yielded a compliance rate of over 90 percent last year.

As is customary with the Commission, it continued to analyze trends in campaign financing and lobbying activity during 1999. The Commission produced numerous analytical data sheets on campaign financing and lobbying activity that were made available to the public and press. Further, White Paper Number 13, Trends in Legislative Campaign Financing: 1987-1997, 2nd Volume, written by Deputy Director Jeffrey M. Brindle, was published last year.

The Commission aggressively enforced campaign financing laws again during the previous year, litigating several major cases and issuing 128 complaints. Moreover, the Legal section wrote four Advisory Opinions and conducted public hearings on proposed regulatory guidelines.

In the same vein, the Review and Investigation section closed 38 investigations that eventually resulted in penalty actions. These penalty actions involved several significant fines.

Once again, the Commission's veteran Executive Director, Frederick M. Herrmann, displayed the vision and skill that have continually placed him at the top of the class of leaders in the field of governmental ethics. Due to his dedication and drive, the Commission has taken a leading role among national ethics agencies in terms of utilizing technology to foster disclosure. As in the past, Executive Director Herrmann spoke to numerous groups across New Jersey, served on the Editorial Board of Public Integrity, worked as the book review editor of the COGEL Guardian, and produced a second edition of the NORCOL Lobbying Guidebook. Through his untiring efforts, the Executive Director has demonstrated again why he is such a highly regarded figure in the field of governmental ethics.

The Commission, sadly, would like to

acknowledge the passing of its beloved former chair, Stanley Bedford. Judge Bedford had been on the benches of the Essex County Court and the State Superior Court. As a Commissioner, he made many valuable contributions to the Commission and toward maintaining the integrity of the electoral process in New Jersey.

The Commission is once again exceedingly proud of its excellent record. On behalf of the Commission, I am happy to submit this report to the Legislature and to highlight ELEC's significant achievements in 1999.

Cordially,

Ralph Martin
Chair



COMMISSION STAFF

Executive

Frederick M. Herrmann, Ph.D., *Executive Director*
Jeffrey M. Brindle, M.A., *Deputy Director*
Gregory E. Nagy, Esq., *Legal Director*
Elbia L. Zeppetelli, *Administrative Assistant*
Steven Kimmelman, M.A., *Research Assistant*

Administration

Barbra A. Fasanella, *Director*
Donna D. Margetts, M.A., *Personnel Officer*
Elaine J. Salit, *Fiscal Officer*
Debra A. Kostival, *Principal Receptionist*
Irene Comiso, *Senior Receptionist*

Compliance and Information

Evelyn Ford, Esq., *Director*
Linda White, *Associate Director*
Kimberly Key, *Associate Compliance Officer*
Christopher Guear, M.A., *Assistant Compliance Officer*
Robyn Rich, *Assistant Compliance Officer*
Desiree DeVito, *Public Room Assistant*
Monica Triplin-Nelson, *Clerk*
Elizabeth A. Michael, *Clerk*
Maria Concepcion, *Clerk*
Erin Kasa, *Clerk*
Samira Wood, *Clerk*

Computer

Carolyn Neiman, *Director of Systems Administration*
Kim Vandegrift, *Assistant Systems Administrator*
Anthony Giancarli, *Assistant Systems Administrator*
Brenda A. Brickhouse, *Systems Operator*
Shirley R. Bryant, *Senior Data Entry Operator*
Nelly R. Rosario, *Associate Data Entry Operator*
Barbara Counts, *Associate Data Entry Operator*
Pamela Kinsey, *Assistant Data Entry Operator*
Darlene Kozlowski, *Assistant Data Entry Operator*
Helen Kelly, *Assistant Data Entry Operator*

Legal

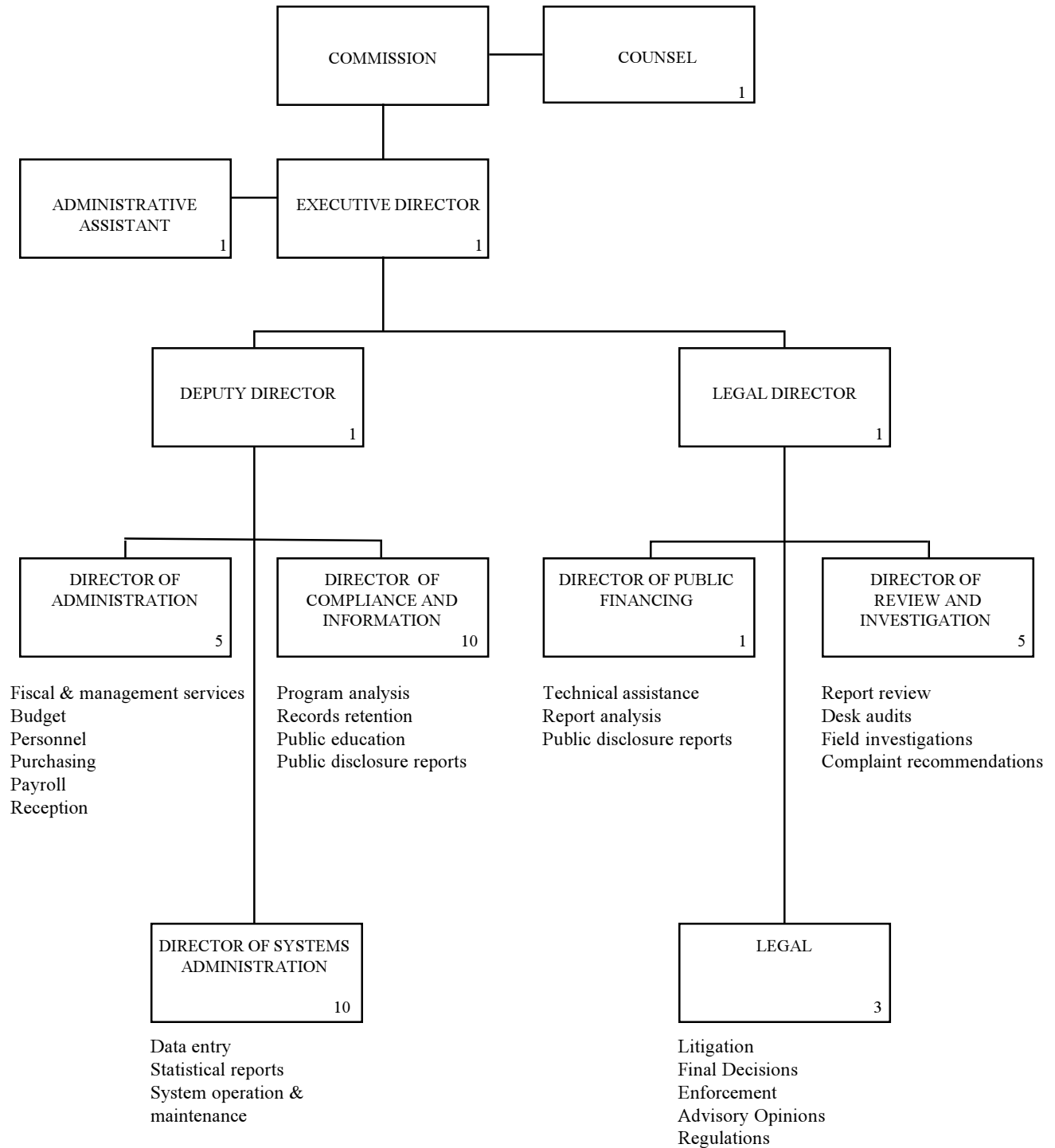
Nedda Gold Massar, Esq., *Deputy Legal Director*
Gail Shanker, Esq., *Assistant Legal Director*
J. Scott Johnkins, *Legal Assistant*
Ruth Ford, *Legal Secretary*

Review and Investigation

Carol Hoekje, Esq., *Director*
Shreve E. Marshall, Jr., *Associate Director*
Brett Mead, *Associate Review Officer*
Amy Davis, *Assistant Review Officer*



TABLE OF ORGANIZATION





EXECUTIVE DIRECTOR'S REMARKS

In her 1998 budget message, Governor Christine Todd Whitman made an extraordinary announcement. She stated that her administration would be committing \$1 million to the Election Law Enforcement Commission (ELEC) to make campaign contribution reports available on ELEC's Internet web site. The Governor's initiative reflected her understanding that one of the most important

budget message to improve government through the use of technology and to make government more accountable to the public, the Commission has successfully implemented with the vital support of the administration and both parties in the Legislature the Governor's proposal to bring campaign financial disclosure to the Internet. Moreover, ELEC finished the Governor's project on budget and on time.

Consequently, the Governor, the Legislature, and the Commission have responded to the testimony of Bobbie Horowitz before ELEC in 1995 when she stated that "the first expense of . . . government should be to maintain the integrity of our democratic process."

Electronic disclosure on the Commission's web site (www.elec.state.nj.us/) activated in October, 1999, includes four elements:

- Viewable campaign financing disclosure reports from May, 1999, forward for gubernatorial, legislative, county, local, and school district elections;
- A search mechanism for finding contributors to gubernatorial and legislative candidates as well as political party committees and legislative leadership committees;
- A downloadable database so that citizens may arrange contributor data in a variety of formats; and,
- Electronically-filed reports (a voluntary pilot project for the fall 1999 General Assembly election included five percent of the legislative candidates running).

The response from the media and good



Frederick M. Herrmann, Ph.D., Executive Director

expenditures for an ethics agency handling massive amounts of data is computerization. No longer would New Jersey citizens have to travel to the Commission's office in Trenton or to their county clerks' offices to view campaign financial data. ELEC would at last be truly able to live up to its democratic mission of disclosing the funding of candidates to promote open and honest government.

The Commission has helped the Governor to keep her promise to the people of New Jersey with the creation of a revolutionary tool for electronic disclosure of campaign financing information. Responding to Governor Whitman's call in her



EXECUTIVE DIRECTOR'S REMARKS continued

government groups has been highly encouraging. The Jersey Journal applauded ELEC "for making it easier for the public to learn who's giving how much to which political campaigns" and for shining "a brighter light on . . . campaign records." Jennifer Potash of the Princeton Packet wrote "for citizens who want to follow the money in state political races, the State Election Law Enforcement Commission has made it as simple as a few clicks of a computer's mouse." Politifax's Nick Acocella referred to the web site as "state-of-the-art and user friendly," while the New Jersey Law Journal praised it for making campaign reports "available to the public without search or copying fees."

Herb Jackson of the Record (Bergen) in an e-mail to me probably summarized the feelings of many of his colleagues:

You can imagine how pleased I was to see a printout in the public room [of the Commission] with all that information, especially when I was able to get the data on disk and plug it into my database program. What I thought would take me from 10:30 a.m. until about 3:00 p.m. ended up taking less than a half hour.

Meanwhile, Harry Pozyski, Chairman of New Jersey Common Cause, commented to Joe Donohue of the Star-Ledger (Newark) that the web site "is a significant incremental gain because it will enable citizens to 'follow the money.'" Additionally, a Press (Atlantic City) editorial called it "the most significant 'campaign-finance reform' New Jersey has ever undertaken . . . a boon to democracy."

In the future, ELEC plans to expand its efforts to provide increasingly more data to the public and expand the number of candidates filing electronically. The Commission views the Governor's computer initiative as an ongoing project that will continue to be improved, upgraded, and enhanced. ELEC believes that the health of our democracy depends on a fully-informed citizenry. The use of modern, computer

technology will be an essential element in the preservation of the integrity of the political system as New Jersey enters the next millennium. As the Press (Asbury Park) so succinctly put it, "now everybody can follow the money."



ELEC OVERVIEW

COMMISSIONERS

1973

Frank P. Reiche, *Chair*
Judge Sidney Goldmann, *Vice Chair*
Judge Bartholomew Sheehan, *Commissioner*
Florence P. Dwyer, *Commissioner*

1974-1979

Frank P. Reiche, *Chair*
Judge Sidney Goldmann, *Vice Chair*
Josephine Margetts, *Commissioner*
Archibald S. Alexander, *Commissioner*

1980-1981

Judge Sidney Goldmann, *Chair*
Josephine Margetts, *Vice Chair*
Andrew C. Axtell, *Commissioner*
M. Robert DeCotiis, *Commissioner*

1982-1983

Andrew C. Axtell, *Chair*
M. Robert DeCotiis, *Vice Chair*
Justice Haydn Proctor, *Commissioner*
Alexander P. Waugh, Jr., *Commissioner*

1984-1986

Andrew C. Axtell, *Chair*
Alexander P. Waugh, Jr., *Vice Chair*
Justice Haydn Proctor, *Commissioner*
Owen V. McNanny III, *Commissioner*

1987-1988

Judge Stanley G. Bedford, *Chair*
Owen V. McNanny, III, *Vice Chair*
Andrew C. Axtell, *Commissioner*
David Linett, *Commissioner*

1989-1990

Judge Stanley G. Bedford, *Chair*
Owen V. McNanny, III, *Vice Chair*
David Linett, *Commissioner*
S. Elliott Mayo, *Commissioner*

1991-1992

Owen V. McNanny, III, *Chair*
Judge Stanley G. Bedford, *Commissioner*
David Linett, *Commissioner*

1993-1994

Owen V. McNanny, III, *Chair*
William H. Eldridge, *Vice Chair*
David Linett, *Commissioner*

1995

William H. Eldridge, *Chair*
Owen V. McNanny, III, *Vice Chair*
David Linett, *Commissioner*
Michael Chertoff, *Commissioner*

1996

Judge Ralph V. Martin, *Chair*
David Linett, *Vice Chair*
Paula A. Franzese, *Commissioner*

1997-1999

Judge Ralph V. Martin, *Chair*
David Linett, *Vice Chair*
Paula A. Franzese, *Commissioner*
Lynnan B. Ware, *Commissioner*

EXECUTIVE DIRECTORS

1973-1976	David F. Norcross
1976-1981	Lewis B. Thurston, III
1981-1984	Scott A. Weiner
1984-present	Frederick M. Herrmann

COUNSELS

1973-1994	Edward J. Farrell
1994-present	James P. Wyse

CONSULTANT

1973-1978, 1982, 1986-1988	Herbert E. Alexander
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STATUTORY HISTORY OF ELEC

- **Commission** created by P.L. 1973, c.83 (N.J.S.A. 19:44A-1 et seq.) - "The New Jersey Campaign Contributions and Expenditures Reporting Act" - effective date: April 24, 1973.
- **Gubernatorial Public Financing Program** established by P.L. 1974, c.26 (N.J.S.A. 19:44A-27 et seq.) - effective date: May 6, 1974.
- **Personal Financial Disclosure Program** established by P.L. 1981, c.129 (N.J.S.A. 19:44B-1 et seq.) - effective date: May 1, 1981.
- **Lobbying Program** established by P.L. 1981, c.150 (N.J.S.A. 52:13C-18 et seq.) - effective date: May 22, 1981.
- **Continuing Political Committee (PACs) Quarterly Reporting** established by P.L. 1983, c.579 (amendments to N.J.S.A. 19:44A-1 et seq.) - effective date: January 17, 1984.
- **Lobbying Reform** established by P.L. 1991, c.243 (amendments to N.J.S.A. 52:13C-18 et seq.) - effective date: January 1, 1992.
- **Campaign Finance Reform** established by P.L. 1993, c.65 (amendments to N.J.S.A. 19:44A-1 et seq.) - effective date: April 7, 1993.
- **Street Money Reform Law** established by P.L. 1993, c.370, (codified as N.J.S.A. 19:44A-11.7) - effective date: January 7, 1994.
- **Uniform Recall Election Law** established by P.L. 1995, c. 105, (codified as N.J.S.A. 19:27A-1 et seq.) - effective date: May 17, 1995.
- **Political Identification Law** established by P.L. 1995, c. 391, (codified as N.J.S.A. 19:44A-22.2 and 22.3) - effective date: February 1, 1996.



LEGISLATIVE REVIEW AND RECOMMENDATIONS

Legislative Review

In each legislative session, the Legal Section monitors bills that, if enacted, would potentially impact the work of the Commission. During 1999, the second year of the 209th Legislature, 47 bills were monitored because they would directly affect the laws administered by the Commission.

- 26 bills would amend the Campaign Reporting Act;
- 12 bills would amend the gubernatorial public financing program or propose legislative public financing;
- 2 bills would amend the Personal Financial Disclosure Act; and,
- 7 bills would amend the Lobbying Disclosure Act.

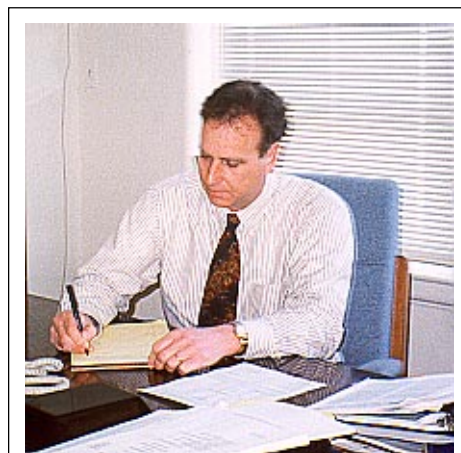
Several bills monitored in 1999 concerned the gubernatorial public financing program, including two to increase the number of debates required of a publicly-financed candidate from two to three. Two other bills would increase the gubernatorial income tax checkoff from \$1 to \$3 and require that the checkoff amount be adjusted for inflation every four years. No adjustment has been made since New Jersey taxpayers could first checkoff a dollar on their 1976 income tax returns.

An important bill would extend lobbying disclosure requirements to entities engaged in “grassroots” lobbying, otherwise referred to as astroturf lobbying. The bill would require quarterly reporting of lobbying financial activity including expenditures made by lobbyists to communicate with the public about legislation or regulations.

Still another bill would change the deadline for gubernatorial and legislative candidates to file personal financial disclosure statements. The change would give the

Commission additional time needed to distribute forms and instructions to candidates and would give candidates more time to complete the forms.

Another bill would double maximum penalties for violations of the Campaign Reporting Act and the Personal Financial Disclosure Act.



Jeffrey M. Brindle, Deputy Director

The maximum penalty of \$1,000 under the Personal Financial Disclosure Act has remained unchanged since its inception in 1981.

Legislative Recommendations

The Commission offers the following recommendations for legislative change:

Campaign Reporting Act

- **Reduce the annual contribution limit to State political party committees, legislative leadership committees, and county political party committees from \$30,000 to \$15,000.**
- **Lengthen Commissioner terms to six years from three years; require that upon the expiration of a Commissioner's term, a replacement be nominated within 90 days or the Commissioner serving in holdover status automatically retain the position for**



LEGISLATIVE REVIEW AND RECOMMENDATIONS continued

another term; and select the Commission Chair for a fixed term.

- **Include an appointee to fill a vacancy for**
- **Raise the penalties applicable to gubernatorial public financing statutes to equal those applicable to campaign**



Clockwise from the top: Chair Ralph V. Martin, Commissioner Paula A. Franzese, Executive Director Frederick M. Herrmann, Deputy Director Jeffrey M. Brindle, Legal Director Gregory E. Nagy, Deputy Legal Director Nedda Gold Massar, Counsel James P. Wyse, Commissioner Lynnann B. Ware, and Vice Chair David Linett

an elected office in the definition of “candidate” so that the appointee is subject to campaign and officeholding reporting requirements.

- **Prohibit a political committee or continuing political committee from containing in its name of a candidate or officeholder.**
- **Amend penalty provisions in the Campaign Reporting Act, the Lobbying Disclosure Act, and the Personal Financial Disclosure Act to double the amounts that may be collected.**

reporting violations.

- **Create a public financing program for legislative elections.**

Lobbying Disclosure Act

- **Require reporting of “grassroots” or “astroturf lobbying” that urges the public to contact legislators or State officials for the purpose of influencing legislative or executive action.**



LEGISLATIVE REVIEW AND RECOMMENDATIONS continued

- Cap the aggregate value of benefits in a calendar year that a legislative agent may pass to a legislator or State official for lobbying purposes.
- Require that lobbyists file quarterly rather than annual financial reports.
- Change the terminology of the lobbying law so that an organization or business that employs an individual to conduct lobbying activity on its behalf is referred to as a “represented group,” and the individual conducting the lobbying activity as a “lobbyist.”
- Study the effectiveness of the gubernatorial candidates’ ballot statement program to determine if these are more effective and less costly ways of allowing candidates to communicate their views to the public.
- Prohibit contributions made directly from corporations and labor unions.

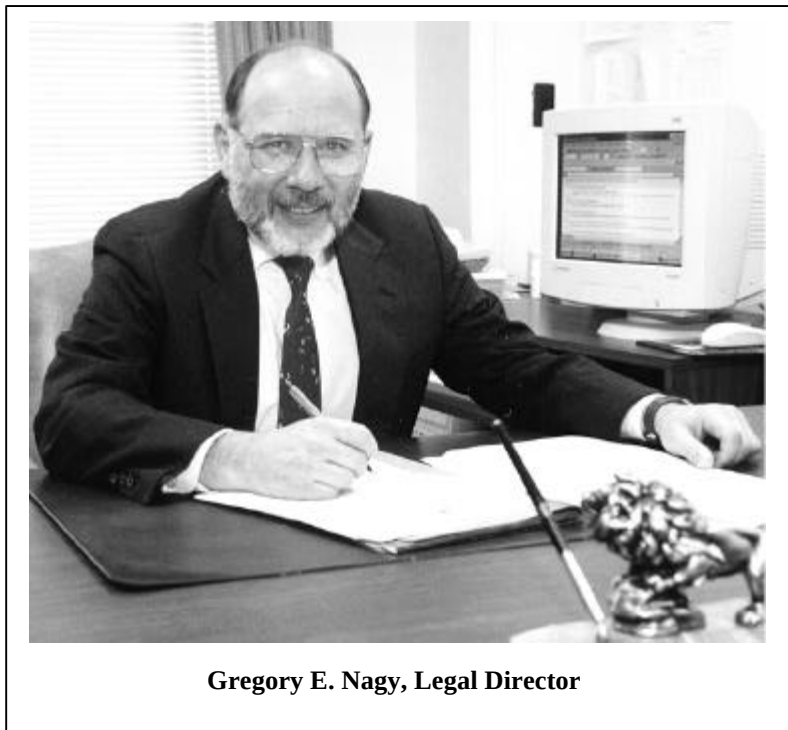
Gubernatorial Public Financing Act

- Eliminate the gubernatorial spending qualification threshold (\$210,000 for the 1997 primary and general elections) to remove a burdensome requirement on candidates and to reduce governmental interference in campaign spending decisions.
- Require that publicly-financed gubernatorial candidates participate in three debates.
- Change the earliest dates for gubernatorial primary and general election debates to provide more time to resolve qualification issues.
- Require disclosure of occupation and employer information for contributions from individuals in excess of the disclosure threshold (\$300 for 1997) on reports filed by an Inaugural event committee.
- Modify the rounding provisions of the quadrennial cost adjustment process as it applies to the disclosure of contributors.



LEGAL SECTION

The Legal Section had a typically busy year in 1999. The Section is responsible for prosecution of all civil complaints alleging violations of the



Gregory E. Nagy, Legal Director

Campaign Contributions and Expenditures Reporting Act, Lobbying Disclosure Act, Gubernatorial/Legislative Personal Financial Disclosure Act, and Uniform Recall Election Law. Also, the Section is responsible for preparing Advisory Opinions in response to requests from candidates, committees, treasurers, and others and is responsible for proposing and promulgating new rules for the guidance of the regulated political and lobbying community. The work accomplished in these areas is described below.

Civil Complaints

The Commission is empowered by law to bring complaints proposing civil penalties against candidates, committees, treasurers, persons making excessive contributions, lobbyists, and other individuals or entities for violations of the Campaign Reporting Act, Gubernatorial/ Legislative Personal Financial Disclosure Act, or Lobbying Disclosure Act. Beginning with an inventory of 106 pending litigation cases open at the end of 1998, 108

additional complaints were issued during 1999, and 128 cases were closed. Eighty-six pending litigation cases remained open at the close of the year.

Monetary penalties collected during 1999 totaled \$94,339.

The Commission's goal in undertaking civil prosecutions is to obtain compliance with reporting and contribution limit requirements. In each case, the respondent to a Commission complaint can either request a hearing before the Office of Administrative Law (OAL) or waive that right to a hearing. In 1999, seven cases were referred to the OAL for plenary hearings at the request of the respondents. The great majority of respondents, however, voluntarily waived their right to a hearing and admitted to a violation. The Commission imposes monetary penalties based on the violation.

The majority of Commission complaints are issued against candidates who do not file reports. There were 82 complaints in this category brought in 1999. They included: thirty 1998 general-election candidates, one 1999 municipal- election candidate, and fifty-one 1999 primary- election candidates. Of these complaints, 13 resulted in Final Decisions. All 13 filed reports after the complaints were undertaken.

In addition to nonfiler complaints, 20 complaints issued in 1999 were the result of in-depth investigations conducted by the Review and Investigation Section. They involved more complex violations. These complaints often involved inadequate reporting of contributor information including the disclosure of occupation and employer name and address for any individual contributing more than \$300.

Among the more significant of the complex complaints brought by the Commission were ten complaints against the two State political party committees, the four legislative leadership committees, and four county political party committees. These cases were finalized through the issuance of a Final Decision.

The two cases brought against the State



LEGAL SECTION continued

political party committees were resolved without the need for a hearing through issuance of a Consent Order and Final Decision agreed to by the parties and adopted by the Commission. The Commission found that during 1995 and 1996 the State committees failed to report required occupation and employer information and filed other occupation and employer information late.

The Commission also brought cases against the four legislative leadership committees. These cases also involved non-filing, incomplete filing and late filing of occupation and employer information. Following the issuance of the complaints, all four committees provided the requisite information. Fines levied against the state political parties and the legislative leadership committees ranged from \$550 to \$12,015.

Finally, in 1999, the Commission issued complaints against four county political party committees and their treasurers for missing occupation and employer information on 1996 quarterly reports and for other violations of the Act. In all four complaints, the committees submitted waivers of hearing and filed almost all of the outstanding information. Penalties were imposed. These cases are good examples of the Commission's use of enforcement action to meet the goal of achieving full election disclosure. Significant staff effort was expended in assisting these committees in complying with the law and providing the necessary information.

There were numerous other important cases finalized in 1999. These involve excessive contribution cases, failure to file 48-hour notice cases, and missing contribution and loan information cases. The cases adjudicated by the Commission involved PACs, local and state candidate committees, and political party committees. They involved primary, general, and May municipal elections as well as quarterly reporting. Final Decisions issued in 1999 included cases involving candidates and committees in elections from 1994 through 1999 and quarterly report filings by PAC's from 1993 through 1997.

At the conclusion of each case, the Commission issues a public Final Decision. All Final Decisions are available for public inspection at the Commission's offices. As the result of these efforts the Legal Section collected a record \$94,095 in penalties in 1999.

Computerization

The Commission's agency-wide computer initiative extended to the Legal Section in 1999. Working with the Commission's computer consultants, the Legal Section devoted considerable time to designing specialized computer applications and systems that will improve workflow and reduce reliance on storage of paper files. Legal Section documents may now be placed into topical electronic "filing cabinets" created for complaint cases, regulations, and advisory opinions. Using a desktop computer and computer search functions, staff can more easily share documents in open files and may view documents from closed files that are no longer easily accessible.

The Commission's jurisdiction has expanded significantly to include enforcement of four complex statutory areas: the Campaign Reporting Act, the Lobbying Disclosure Act, the Personal Financial Disclosure Act, and reporting provisions of the Uniform Recall Election Law. The addition of the electronic capacity to store and retrieve complaints, advisory opinions, and rules dealing with the variety of topics and possible violations in these laws will add to the efficiency of the Legal Section.

Special software was also designed and tested during 1999 to assist the Legal Section in issuing non-filing complaints. The program permits candidate information in the Commission's database such as the candidate's name, address, election, and office sought to be merged into a complaint "shell" document. The new software therefore makes it possible to issue multiple non-filing complaints without having to individually type each complaint.



Enhanced Disclosure

To advance disclosure, it has been the Commission's practice to make copies of recently-issued complaints and final decisions available for public inspection and copying in the Commission's public room on the second and fourth Wednesday of each month. In pursuit of the Commission's goal to enhance public access to information, beginning in June, 1999, the Legal Section placed lists of the recently-issued complaints and final decisions on its web site. Members of the public are able to access the lists at their convenience and contact the Commission to request copies of complaints or final decisions. Beginning in January, 2000, copies of the recently-issued complaints and final decisions will also be available on the web site.

The Legal Section expects to continue in 2000 to use advances in technology to make internal section operations more efficient and to make information more readily available to the public.

Advisory Opinions

Any person or entity subject to the Commission's jurisdiction may ask the Commission to provide advice in the form of an advisory opinion on whether or not contemplated future activities might violate the provisions of the statutes administered by the Commission or might trigger reporting obligations. The Commission encourages parties requesting an advisory opinion to use the form developed for such requests, which is available on the Commission's web site or may be obtained by phoning the Commission offices. Four advisory opinions were issued during 1999.

These advisory opinions dealt with the following issues:

1. *A possible Prohibited Contribution,*
2. *Investment of Campaign Funds,*
3. *A contribution from an Estate, and*
4. *Candidate Funds to Attend a Conference.*

Advisory Opinion 01-1999, involving a credit union trade association's question as to whether or not it could make campaign contributions was referred to the Attorney General who has jurisdiction in prohibited contributor matters. The Commission advised the treasurer of a candidate committee that it was inclined to be against investment of campaign funds in speculative stocks but that investment pursuant to regulatory guidelines was permissible (Advisory Opinion 02-1999). In Advisory Opinion 03-1999, the Commission determined that a candidate committee could accept a contribution from an estate provided that the deceased has bequeathed such a contribution in his or her will. Finally, Advisory Opinion 04-1999 indicated that the cost of an officeholder attending a conference could be paid for with campaign funds.

In addition to formal advisory opinions, the Legal Section provides advice and interpretations of legal requirements to the Compliance and Information Section in its handling of inquiries from filing entities and the public and reviews reports prepared by the Review and Investigation Section for legal sufficiency.

Regulations

The Commission actively uses its rulemaking authority to clarify statutory requirements and to provide guidance to filing entities and the public. Rulemaking in 1999 focused on the gubernatorial public financing program and readoption of the Commission's regulations.

Gubernatorial Rules

During 1998, the Commission conducted three hearings concerning the 1997 publicly-financed gubernatorial primary and general elections. Comments obtained at those hearings from gubernatorial candidates, their treasurers, gubernatorial debate sponsors, and other interested individuals formed an essential component of the Commission's review during 1999 of the complex gubernatorial public financing regulations.



LEGAL SECTION continued

At its February and March, 1999 meetings, the Commission considered complex and extensive amendments to the gubernatorial rules. Among the amendments were proposed rules to permit receipt of contributions by electronic transfer of funds, to prohibit specifically investment of public matching funds paid to a

including interactive exchanges among candidates, accessibility of the debate site for persons with physical disabilities, accessibility of the debate to hearing-impaired persons, and plans to disseminate information to the public on the date, time, location, and media outlets airing the debate.



From left to right: Gail Shanker, Ruth Ford, Nedda Massar, Gregory Nagy, and J. Scott Johnkins

These and other amendments and new rules were proposed in the June 7, 1999 New Jersey Register, and a public hearing on the proposal was conducted at the June 24, 1999 Commission meeting. Subsequently, the Commission adopted the new rules and amendments effective on September 7, 1999.

candidate, and to ban independent expenditures by State political party committees in a primary election in which the committee members have voted to endorse a primary election candidate. The amendments also sought to provide specific criteria for determining whether or not an expenditure by a non-gubernatorial candidate or committee is coordinated with a gubernatorial candidate and must count against the candidate's expenditure limit. An amendment was also proposed to clarify the definition of the term "expended" which is applied to determine whether or not a gubernatorial candidate has spent the statutorily expenditure threshold amount before qualifying to receive public matching funds. The proposed changes also require applicants to sponsor the primary and general election gubernatorial debates to provide disclosure of more detailed information concerning debate time and location, distribution of tickets, debate format

Sunset Review of Commission Regulations

Pursuant to Executive Order No. 66 (1978), at least once every five years, each State administrative agency must review all of its existing regulations, determine which rules are obsolete or may need revision, and readopt those rules that remain necessary and reasonable. The Commission must complete this "Sunset" review process by August 16, 2000, the date on which the regulations will expire.

During 1999, staff members therefore began a detailed section-by-section review of the rules to identify where amendments or new rules are needed or where sections should be repealed. The Commission expects to propose changes to the rules in 2000, conduct a public hearing, and complete the "Sunset" review process well in advance of the August, 2000 expiration date.



COMPLIANCE AND INFORMATION SECTION

The mission of the New Jersey Election Law Enforcement Commission is the disclosure of financial activity by candidates, parties, PACS, and lobbyists. Calendar year 1999 was a benchmark year in the Commission's history, because it was in 1999 that this disclosure process was brought to the Internet. The Compliance and Information Section

played a critical role in implementing this revolutionary change.

Compliance

Last year, the General Assembly was up for election, which generated 486 filing entities for the primary and general elections. In addition, there were

numerous elections at the local level generating 5,678 filing entities. A total of 1,479 political parties and PACs were on file with the Commission. Over 550 registered agents filed quarterly activity reports and annual financial reports. In all, approximately 24,000 reports were filed with the Commission, a six percent increase over the number of reports filed during calendar year 1998.

Commencing with the campaign reports filed in May of 1999, all of the processing and preliminary review procedures became automated. As part of the Governor's initiative to make campaign reports available on the Internet, reports filed with the Commission underwent a scanning and imaging process, which entailed a complex indexing or "coding" process. Staff was therefore able to design efficient ways to review reports and to transmit immediate notice of errors to the candidates or treasurers. This aspect of the new technology greatly enhanced compliance since candidates and treasurers had the opportunity to amend their reports in a pre-election setting.

Scanning and imaging was also a great tool for the Compliance and Information officers as they assisted candidates and treasurers with their reporting questions. Having the scanned images of reports readily available on their personal computers, compliance officers were able to access the image of the report from their desktops and provide immediate assistance. In all, the Compliance officers handled in excess of 9,000 telephone assistance calls during 1999.

The Commission's new web site was the centerpiece of its technology revolution and was a rich source of compliance support for the candidates, treasurers, and registered agents it regulates. The Commission has the responsibility to provide filing materials to those who must file reports with the agency. The web site contained virtually all the filing materials needed by candidates and PACS, including the full text of the two major compliance manuals. Registration materials for new agents, as well as reporting forms and information for those already registered, were placed on the web site for greater convenience and accessibility. In addition, press releases, advisory opinions, and other summary data were published on the web site. For the first time ever, filers could obtain blank forms or access vital filing information from their homes or offices, at any time, day or night.

The staff of the Compliance and Information Section continued its direct mail outreach efforts during calendar year 1999. Staff sent the "Compliance Manual for Campaign Reporting," a comprehensive guide for complying with the Campaign Act, to each candidate before the major elections. Each manual had an "Update Sheet" containing summaries of new statutory or regulatory provisions as well as current reporting dates. Accordingly, every candidate was well equipped to understand and comply with the law. Also, non-filer and delinquent letters were promptly transmitted to any candidate failing to file a report. As a direct result of these efforts, the number of candidates filing reports before each



COMPLIANCE AND INFORMATION SECTION continued

election day remained in the 95th percentile.

Treasurers of political party committees, legislative leadership committees, and continuing political committees were also targeted for direct

seminars. During 1999, staff held four seminars in downtown Trenton and five seminars in various locations throughout the State to help filers understand the reporting process. The seminars continue to be very popular and are well attended by



From left to right: Evelyn Ford, Linda White, Kim Key, Amy Davis, and Christopher Guear

candidates and their campaign staff. One of the seminars was videotaped so that the Commission's cassette tape library could be updated. For those busy campaign staffers who were not able to attend the seminar, copies of the videotape were available for a nominal fee of \$6.

During the summer of 1999, the Compliance and Information staff initiated electronic filing. In a pilot program, the electronic filing of campaign reports for the upcoming general election was available to candidates for the General Assembly. Applications were mailed out to these candidates, and 50 percent of those responding were accepted into the pilot

mail outreach efforts. These entities have quarterly filing requirements. Reminder materials were mailed to the PACS at least four times each year, and non-filer and delinquent letters were sent soon after each quarterly reporting date. Treasurer compliance rates remained high for these entities as a result of these outreach efforts.

program. Each of the participating campaigns received a one-on-one review of the electronic filing software and program requirements. The program essentially allowed the selected campaigns to file their pre- and post-election reports via computer disk. To encourage electronic filing, the Commission offered the filing software and disks free of charge.

Lobbying activity is an area of keen interest to the press and public. Accordingly, the staff of the Compliance and Information Section continued to provide information packets and assistance to the 550 registered agents it regulated during 1999.

Moreover, the staff of the Compliance and Information Section continued to promote compliance with the laws through its informational

The use of electronic filing software to file reports served as a tremendous compliance tool. First, the software automatically executed the computations involved with campaign reporting, avoiding mathematical error. Second, the electronic filer had less chance of omitting information, since instant messages would automatically alert the electronic filer of omissions.



COMPLIANCE AND INFORMATION SECTION continued

Third, an extensive "Help" file accompanied the electronic filing process. This "Help" file provided assistance with navigating through the electronic reporting schedules. Moreover, substantive information usually found in the Compliance Manual was incorporated throughout the "Help" file to remind the filers of the requirements of the law. Finally, electronic filing greatly improved the ability of the campaigns to enhance their record-keeping capabilities and to manipulate data as the need arose. The electronic filing pilot program was a huge success and was very well received by the program participants.

Overall, the Compliance and Information Section is very proud of its compliance efforts during the 1999 calendar year. By using state-of-the-art technology to publish its compliance materials over the Internet and by making electronic filing available, campaigns were brought to a new level of capability and convenience. By integrating these new technologies with the successful compliance tools from the past, candidates are in the best position ever to comply with the Campaign Act. The citizens of New Jersey are the ultimate beneficiaries of this increased level of compliance.

Information

Due to the high priority placed on public disclosure, the Commission has maintained its enviable position as one of the finest disclosure agencies in the country. New Jersey citizens are becoming more involved in the Statewide political process and in their local elections; and, therefore, have an increasing need for timely information. This need makes Internet access to campaign and lobbying records an imperative. With this in mind, the staff of the Compliance and Information Section spent most of 1999 immersed in the process of adding Internet disclosure to its "paper" environment.

For the first time in its history, the Commission was able to offer, on the Internet, a scanned image of a report. After logging on to the Commission's web site, a user was able to select

and view campaign reports filed either in the 1999 primary or general elections not only at the Statewide level but also at the local level.

Moreover, if the user were interested only in the contributor information found on a report, a search of the Commission's extensive database could be performed "with the click of a mouse." Contributor information dates back to 1981.

Finally, as traditionally done for legislative races, summary statistical data was developed for General Assembly candidates and committees. This data was not only available in paper printout format but was also available on the Commission's web site. The data posted on the web site could be imported into a spreadsheet format, creating numerous sorting possibilities for the user.

Mindful that some citizens may not have access to the Internet, the Compliance and Information Section dedicated an entire public records room area to accommodate two Internet stations complete with a printer. Each Internet station was equipped with a large monitor and was logged on to the Commission's web page. A full-time staff member was assigned to work in the Internet area, providing immediate assistance to the public room visitors using the online system.

Those persons still preferring to view campaign records on paper were permitted to do so. Large worktables were available, much like a local library. And, the Commission provided a self-serve photocopy machine to allow visitors to make copies of reports at a greatly reduced cost.

Requests for staff-prepared photocopies of reports remained high throughout 1999. In excess of 1,400 requests were processed by the Compliance and Information Section, some of which were thousands of pages in length. However, the actual number of photocopies provided by staff dropped from prior years to approximately 142,000. This number is expected to continue to decrease each year as Internet usage builds.



COMPLIANCE AND INFORMATION SECTION continued

Since 1999 was a legislative election year, summary data obtained from the reports of all candidates participating in the General Assembly races was published on the Internet and distributed in paper format by the Compliance and Information staff, working in coordination with the Computer Section. Interest in the legislative and gubernatorial elections is always high; therefore, the receipts and expenditures of the candidates for the General Assembly were compiled in a format that could be downloaded from the Internet and sorted. Staff also produced lists of data, sorted and ranked in numerous ways, in paper format.

The Annual Reports of financial activity of lobbyist organizations and legislative agents continued to be of great interest to the press and public during 1999. The Compliance and Information staff, again coordinating with the Computer Section, engaged in a joint effort to analyze and compile the data filed on the reports. This year, as in 1998, information was entered and released on disk or on paper. A copy of every report of financial activity was available in the public records room. This high volume project was accomplished within days of the filing due date and was the source of numerous newspaper articles and other media coverage.

Lobbying activity reports, filed quarterly by all registered agents, were summarized and published four times during 1999. This summary contains a current list of every agent registered in New Jersey, a list of represented organizations, and other vital information concerning lobbying activity in the State. The staff of the Compliance and Information Section continues to receive frequent requests for copies of this valuable summary and has made plans to add this publication to its searchable web site in the near future.

Numerous press releases were published throughout 1999 announcing Commission meetings, filing dates, and upcoming events. Visitors to the public records room were able to obtain free copies of reporting forms and

instructions, "question and answer" sheets, copies of analytical research papers, and other valuable information to assist them with interpreting the campaign finance and lobbying records they reviewed. The Compliance and Information staff welcomed "walk-in" visitors and was very proud to be able to deliver such a high level of immediate service to the citizens of New Jersey.

Conclusion

In 1999, the Commission achieved its goal of providing state-of-the-art electronic disclosure, a move that has revolutionized citizen access to campaign records. By providing Internet access to scanned images of campaign reports, as well as Internet access to the Commission's database, the Commission is now able to bring disclosure into homes and offices around the State, and around the world. The staff of the Compliance and Information section is very proud to be an integral part of this electronic disclosure movement and is looking forward to staying on the "cutting edge" of this technology in the future.



REVIEW AND INVESTIGATION SECTION

The Review and Investigation Section is responsible for investigating potential violations of the various acts under ELEC's jurisdiction. The Section takes matters under review as the result of requests for investigations from the public, newspaper accounts, and internal audits of reports. In 1999, the Commission received 93 requests for investigation. The Commission did not have jurisdiction over



Carol Hoekje, Director of
Review and Investigation

10 of these requests and four additional requests were either premature, resolved with the complainant, or otherwise administratively handled. Five requests related to the same matter and were consolidated into one request for investigation. A net total of 84 requests for investigation from calendar year 1999 were presented to the Commission for a determination whether or not to open an investigation. Considerable time and effort is devoted by the staff to gathering sufficient background information to prepare these requests for presentation to the Commission for its review.

As the result of these requests as well as internally generated investigations, the workload of the Review and Investigation Section in 1999 involved a number of complex cases. In all, the staff closed 38 investigations, with complaint recommendations resulting in 15 of those cases. Moreover, 45 new investigations were opened, 32 as a result of requests from the public, and 13 as a result of staff review.

Finally, in 1999, the Review and Investigation staff completed its audit of the 42 county political party committees, which included a review of the quarterly reports of each committee for

compliance with the requirements of the Reporting Act. The audit resulted in recommendations to open a total of 33 investigations. Nine of these investigations were still ongoing as of January 1, 2000, but the others have resulted in 15 complaint recommendations and six letters of correction.

Types of Investigations

The Review and Investigation Section undertook investigations in 1999 that involved the following general areas:

- The late or non-reporting of complete contribution and expenditure information,
- Non-filing of campaign or quarterly reports,
- Contribution limit violations,
- Continuing political committee and political committee reporting violations,
- Occupation and employer reporting violations,
- Misreporting of partnership contributions, and
- Personal use violations.

In addition, investigations also involved incomplete or incorrect political identification on campaign literature or other political communications. With regard to the above general violation areas, specific violations of the Act involved:

1. ***48-hour notice violations,***
2. ***Late designations or organizational treasurer and depository violations,***
3. ***Section 9h violations (direct or indirect management or control by a candidate of a political committee or a continuing political***



REVIEW AND INVESTIGATION SECTION continued

committee),

4. *Late filing violations, and*

5. *Political identification.*

Many of the 48-hour notice violations concerned county political party committees' failure to report contributions in a timely fashion. These efforts by the Review and Investigation staff resulted in sizeable fines being imposed on these committees. Some of these committees were also found to be in violation of the Campaign Act by filing late organizational forms. One other complaint that was noteworthy involved a mayoral candidate who violated Section 9h. Fines were also exacted against candidate committees, political party committees, political committees, and PACs for late filing and non-filing of a variety of reports.

Several cases in Calendar Year-1999 involved expenditures made by one reporting entity for political communications advocating the election of other candidates or reporting entities. In these cases, the committee reported timely the total amount of the expenditure but did not report a pro rata amount allocated to the other candidate. Finally, there were numerous cases involving the failure to identify properly the source behind expenditures for political communications advocating the election of local candidates. In sum, numerous complaints were issued against filing entities in 1999, that resulted in penalties being exacted and/or corrective action being taken. The staff of the Review and Investigation Section worked very diligently last year to contribute through enforcement to the high compliance rate by filing entities.

Administrative Hearing Support

The Review and Investigation Section also assists in the preparation of cases for hearings before the Office of Administrative Law in those

cases in which respondents do not waive such hearings and in the review of amended reports filed by respondents in response to Commission complaints. In 1999, considerable time was spent by staff in assisting the Legal Section in its review



From left to right: Carol Hoekje, Shreve Marshal
Brett Mead, and Amy Davis

of responses generated from the complaints issued against the two state political party committees and all four legislative leadership committees for the late, partial, and non-filing of occupation and employer information. Staff also assisted the Legal Section in litigation support for a 32-count complaint issued to a mayoral candidate and his campaign treasurer in the 1997 primary election for the failure to file or late filing of preelection campaign quarterly reports, the late filing of the two preelection campaign reports, failing to report additional contribution and expenditure information, and the receipt of 13 excessive contributions. This complaint arose from an extensive and complex investigation in which an in-depth analysis of bank records of the campaign depository from a three-year period established the receipt of the excessive contributions as well as the failure to file certain contribution and expenditure information.

Other Activities

The staff of the Review and Investigation Section provided assistance to investigative



REVIEW AND INVESTIGATION SECTION continued

counterparts in other state, local, and federal agencies in 1999. Informational seminars were conducted in conjunction with the Compliance and Information Section in June, 1999, for 22 representatives of the FBI, U.S. Attorney's Office, IRS, and Division of Criminal Justice. Staff also met with visitors from the Federal Election Commission to discuss the use of the EXCEL program in investigations. Staff also conducted report review training as requested for new and other interested staff members. An Investigative Topics Index for use as a reference by the Review and Investigation and Legal Sections that links a list of allegations in past investigations directly to the investigative report text in the Word shared file was also established in 1999. Moreover, the staff participated in a number of meetings relevant to the new scanning and imaging technology which was implemented during the year. As the year ended, Review and Investigation staff members were completing a detailed review of the entire text of the Commission regulations in connection with the rulemaking "Sunset" process.

Personnel

For the last part of the year, the section was short-staffed. However, as the year closed, the section was staffed with three review officers.



GUBERNATORIAL PUBLIC FINANCING SECTION

During 1999, the Commission began preparations for the 2001 gubernatorial primary and general elections.

Computer Developments

At the conclusion of the 1997 public financing program, the Commission determined that the gubernatorial matching fund submission and reporting requirements must be accelerated by application of electronic filing technology. By receiving gubernatorial contributor information in an electronic format and uploading it to the Commission's



Nedda Gold Massar
Director of Public Financing

database without the delay associated with data entry of each contribution transaction, less time will be needed to process matching fund submission documents, gubernatorial candidates will receive matching funds more promptly, and contributor information will be released on the Internet earlier. Therefore, as part of the Commission's agency-wide recomputerization project, during 1999 work was begun to reengineer public financing section operations.

Design of complex software to permit a gubernatorial candidate to file applications electronically for public matching funds and file campaign reports electronically should be completed in 2000. The Commission anticipates providing software without charge to all gubernatorial candidates in time for a 2001 primary election pilot program. For any candidate wishing to file gubernatorial campaign reports in the traditional

paper format, new forms will be designed in 2000 that can be scanned into the Commission's computer system and made available to the public on the Internet. The result will be a system accommodating both electronic and paper filing.

Audits

Using the State's competitive bidding process in 1998, the Commission selected an independent auditing firm to review the bank accounts maintained by the 1997 publicly-financed gubernatorial primary and general election candidates. The Commission views the audit process as an important compliance tool because each gubernatorial campaign knows in advance of the election that it will be subjected to an in-depth examination of its expenditure activity. The auditors reviewed the public funds bank account of each campaign to verify that matching funds were spent only for the specific purposes permitted in the Campaign Reporting Act. The auditors confirmed that the 1997 primary and general election campaigns spent the public matching funds, totaling \$6.6 million in the primary election and \$9.8 million in the general election, in accord with statutory requirements.

The audits also verified that each 1997 campaign observed the \$3.1 million primary election expenditure limit, and the \$6.9 million general election spending limit. Unlike candidates for other elected offices, publicly-financed gubernatorial candidates are not permitted to retain funds or to transfer those funds to a future election. The Campaign Reporting Act and Commission regulations require that a publicly-financed campaign return to the State any funds remaining, up to the total of public funds which the campaign received, after all obligations are satisfied. As a result of the gubernatorial audits, unspent funds totaling \$19,437.89 were returned to the State.

The Commission believes that the independent audit process is essential to maintain public confidence in the public financing program.



Public Information

In October, 1999, the Commission's web site was greatly enhanced to include all gubernatorial contribution information for publicly-financed candidates going back 20 years to 1981. With Internet access, any person can now immediately generate and view reports of gubernatorial contributors, sort the contributor data using several options, and download the data to the user's computer. All of this information is available at no cost. The Commission expects that as the public becomes familiar with the accessibility of this information on the Internet, the number of requests from the public for paper copies of gubernatorial contributor information will decline. However, during 1999, over 50 telephone inquiries were received from the public, press, and academic community concerning the gubernatorial public financing program and gubernatorial candidates, and staff provided almost 3,400 pages of information to interested individuals.

Gubernatorial Regulations

The Commission's in-depth review of the comprehensive gubernatorial public financing regulations, conducted during 1999, is discussed in the Legal Section of this report.

Preparations for 2001

In 2000, the Commission will calculate and publish the statutorily-mandated quadrennial campaign cost index by examining inflationary changes in the costs of campaigns. The cost index changes have since 1989 been applied to the gubernatorial public financing limits and thresholds and will be applied for the second time to the contribution limits and reporting thresholds for non-gubernatorial candidates.

In the summer of 2000, the Commission will begin the process to hire and train temporary public financing staff in the complex statutory and regulatory requirements of the program and its

computer operations. Staff will review and update forms, materials, and manuals, especially those related to the electronic filing pilot project for use by gubernatorial primary and general election candidates in 2001. Informational seminars will be conducted in the fall for gubernatorial candidates and treasurers intending to participate in public financing.

By continually improving the public financing program, including implementation of electronic filing technology, the Commission strives to ensure that New Jersey citizens and candidates are well served by New Jersey's gubernatorial public financing program.



COMPUTER SECTION

The computer section has the responsibility for managing disclosure report data received by the Commission and for systems support of internal as well as external users.

During 1999, the Commission undertook a complete technology overhaul, re-engineering the



From left to right: Anthony Giancarli, Kim Vandegrift, Brenda Brickhouse, and Carol Neiman

way it conducts business. Scanning and imaging was initiated, as well as internal e-mail, interactive web pages, and electronic diskette filing. Everything from viewing a report to tracking a telephone conversation is now done online. Hence, the project name "ELEC Online."

ELEC's network infrastructure was redesigned in order to allow all servers and major system components to be supported on "fast Ethernet/100 mhz" hubs. The workstations that are disbursed throughout the agency are on "standard Ethernet/10 mhz." Moreover, it is equipped with two tape library backup systems.

The Unix operating system on the DEC Alpha Server was converted to Windows NT. The Server Room grew from the DEC Alpha Server to 11 Windows NT servers, two management stations, and three robot stations. The Commission also has an Internet server maintained at the State's Hub in West Trenton. In a word, there are separate systems to meet the varying computer needs of the Commission.

The Commission's Home Page has been enhanced to provide interactive web pages to view campaign finance and political action reports online as well as to search and download from ELEC's extensive contributor database which dates back to 1981. The user can view as well as download both of the Commission's extensive Compliance Manuals. Also available are blank filing forms for campaign and lobbyist reporting. There is also extensive statistical data available for various elections and years as well as financial summary data from legislative agent annual reports.

Besides all of the Internet enhancements, for the first time, the Commission offered electronic filing to the General Assembly candidates in the 1999 general election. The electronic filing pilot program was well received. Filing entities found the software to be extremely user friendly and easy to manage.

Systems Administration

Systems Administration manages the network, servers, and maintenance issues concerning hardware and software. This area also administers the Oracle and FileNet databases in the legacy, imaging, and Internet applications. In addition to maintaining the servers used to conduct everyday business, this area also maintains the e-mail, electronic filing, and Internet servers. Support services are provided to both staff and the public through a Help Desk. Three public room PC stations and one printer for members of the



COMPUTER SECTION continued

public are also maintained.

Programming

The programming staff was kept very busy between systems development and responding to in-house and out-of-house requests. ELEC programmers have assumed the responsibility for documentation, development of installation procedures, and maintenance of the new applications developed by the outside vendor.

The programming staff was instrumental in assuring a successful electronic filing program. As part of this program, filers were given free software to file their campaign reports on disk. Information that is normally handwritten or typed onto a paper form was entered into a computer that generated the R-1 form saving the required information on disk. The disk was returned to the Commission and then processed by the data entry staff. From this report, an image is created that is coded by the compliance officers. The program then imports the detailed contributor information into the database in which the information is then reviewed, verified, and made available to the public.

Other programming events occurring in 1999, included a complete make-over of the Home Page. ELEC's in-house webmaster redesigned the Home Page and made it easier for users to navigate. Computer programs to capture financial information from campaign reports and lobbyist reports were created. The programming staff was also kept busy generating statistical information for the Deputy Director relative to the completion of the White Paper on legislative financial activity. Additionally, a large number of electronic requests for information from the public were completed. Finally, the programming staff tested every server and application for Y2K readiness.

Data Entry

In addition to keying all legislative candidate contributor detail, the data entry staff assumed responsibility for overseeing the electronically filed diskettes. Further, this detailed contributor information was made available to the



Darlene Kozlowski (left) and Pam Kinsey (right)

public within a month after the primary and general elections.

During 1999, the data entry staff also keyed detailed contributor information from the last quarter of 1998 and the first three quarters of 1999 for the two State party and four legislative leadership committees. Detailed 1998 and 1999 contributor information was also keyed for the 42 county political party committees. The quarterly report detail filed in 1999 for the 2001 primary election officeholders and future candidates had also been keyed and is available to the public. Moreover, the data entry staff keyed names and addresses of candidates and committees from the various elections and on-going committees throughout the year. These lists are then used by the Compliance Section to send out notices electronically to all candidates and committees of their filing requirements.



COMPUTER SECTION continued

Finally, the data entry staff keys in lobbyist and legislative agent quarterly activity information from which a summary report is prepared. The annual lobbyist financial information was also keyed. This information details the amount of money spent on salaries and benefit passing as well as other forms of receipts and expenditures. This information was made available on computer disk as well as on the Internet.

The Future of the Commission's Computer Section

The Computer Section is looking forward to expanding its information technology function by including additional programming, technical, help desk, and network staff in the coming year. Immediate goals include scanning and imaging for future gubernatorial candidates; electronic filing for the State and county party committees, legislative leadership committees, and gubernatorial public financing candidates; and enhancements to candidate software for electronically filed campaign reports. The staff is also planning enhancements to the network and legacy database application.

Long range computer initiatives include the following:

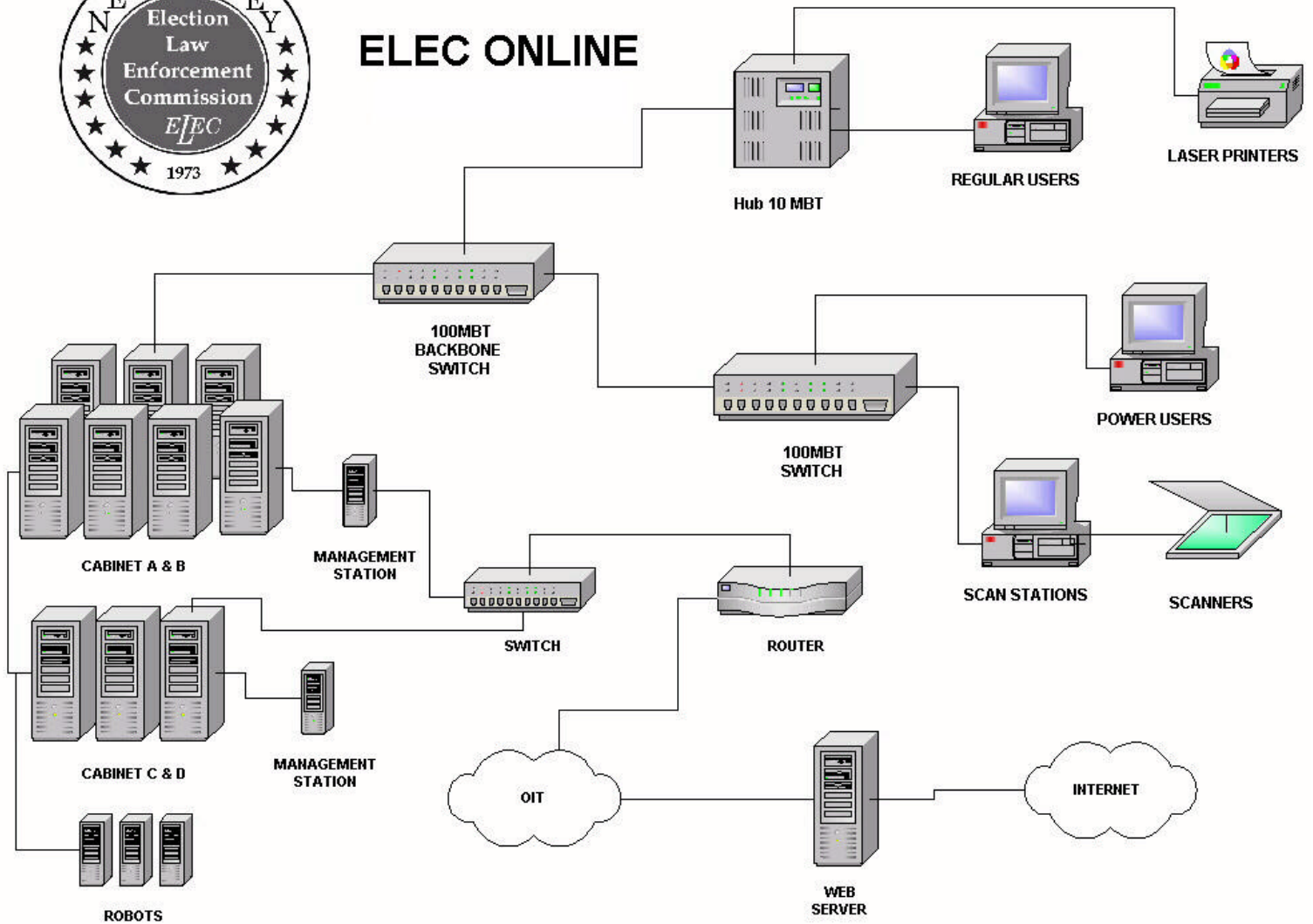
- Creating a lobbyist module to scan and image quarterly and annual filings for the Internet.
- Upgrading the Oracle database to keep up with industry standards as well as upgrading the operating systems from NT 4.0 to Windows 2000.
- ICR (intelligent character recognition) and bar coding forms so that scanned documents will automatically be read into the computer system.
- Replacing PCs and printers as they become outdated.

Summary of New Applications Developed And Put Into Production

- * scanning, imaging and coding system,
- * data entry enhancements to ELEC's legacy application,
- * reports viewable on the Internet,
- * applications to release information timely on the Internet,
- * contributor detail data available on the Internet to view or download,
- * letter merging for reminder and other letters,
- * telephone tracking,
- * legal complaint and final decision case tracking,
- * advisory opinion document management,
- * investigation document management, and
- * electronic filing.



ELEC ONLINE



ELEC's HOME PAGE



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| • Contributor Limits Chart | • Publications & News Releases | |

The Election Law Enforcement Commission is dedicated to administering "The New Jersey Campaign Contributions and Expenditures Reporting Act," "The Gubernatorial, Legislative Disclosure Statement Act," various portions of the "Legislative Activities Disclosure Act," and various portions of the "Uniform Recall Election Law."



This Internet site is maintained by the Election Law Enforcement Commission and is updated daily. Please make sure your browser is set to check for newer versions of stored pages to be assured of accessing the Commission's most current information.

For Information, call (609) 292-8700
Web Address: <http://www.elec.state.nj.us>

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ADMINISTRATION SECTION

During 1999, the Administration Section effectively met the ever-increasing fiscal and personnel demands of the Commission. An essential part of the agency, Administration provides all management services for the Commission.

Since ELEC is “in but not of” the Department of Law and Public Safety, the Department has no administrative responsibility or control over the Commission.

Managing the Budget

In FY-2000 (beginning July 1, 1999), ELEC received an annual appropriation of \$2,537,000. The additional increase of \$555,000 over FY 1999, was used to fund ongoing computer projects related to the Governor’s computer initiative. ELEC is proud to

report that this initiative is a success. The Administration section prepared all the paperwork involved in acquiring the hardware and software needed to make this initiative a reality. Hours of time were spent in the preparation of contracts with vendors and meeting with various State offices regarding the purchasing process and guidelines for filing documents to be submitted for approval. Because of the diligence of the staff, delays caused by vendors were quickly rectified. Staff worked closely with the Office of Information Technology (OIT) to assure continuity of the work through maintaining the same vendor throughout this process. Without this action, the project would not have been done on schedule and within budget.

Other Activities

As part of the workflow reconfiguration of the Commission, the Administrative staff has utilized its new PC capabilities to improve efficiencies in the section. All fines and fees are now recorded into an electronic ledger ending the use of old fashioned ledger books and eliminating fire hazard concerns. All personnel history records are now kept in a database reducing file space and providing quicker access. The e-mail system allows for most routine reminders and memorandum to be sent electronically reducing paper use.

ELEC is also taking part in a pilot program for electronic submission of Fiscal Notes to OMB and OLS. This process eliminates the use of a carbon paper format. This process has proven to be a much more efficient method of exchanging information from agency to agency.

The personnel area of Administration has also seen many changes throughout the past year.



Donna D. Margetts (left), Barbra A. Fasanella (center), and Elaine J. Salit (right). Irene Comiso and Debra Kostival not shown



ADMINISTRATION SECTION continued

Staff designed new time-off forms to streamline the process for staff and supervisors. All records are keyed into the State's Time and Leave Record System (TALRS) every two weeks. Staff is provided with monthly calendars of their time off so that any errors are rectified in a timely manner. Personnel is now able to process requests from staff to take classes at the Human Resource Development Institute (HRDI). Prior to getting PC's, ELEC had to go through staff at the Department of Law and Public Safety because it did not have access to the State's scheduling system. Once ELEC Administrative staff was given PC's, staff went to training to learn how to access the State system which allows ELEC to schedule its own classes. This improvement has made a significant difference in ELEC's ability to schedule classes quickly and efficiently for staff. About half of ELEC's staff have gone to computer-related classes (WORD, EXCEL, ACCESS) over the past year, which training has benefited the work product greatly in all sections.

Looking Forward

The Commission's Administrative staff will face new challenges in the coming year as the staff at ELEC may be permanently increased by nine additional staff and temporarily increased by an additional eleven (9 FT and 2 PT) for the Public Financing Program for the next two fiscal years. Purchasing and personnel activities will be increased. Additional equipment and furniture will be necessary as well as the processing of health benefits for new staff.

It is ELEC's mission to promote public dissemination of information concerning campaign financing. During this past year, the Commission has greatly expanded its outreach to the general public through the use of the Internet. The Governor's initiative of 1999 has proven to be a major accomplishment for this Administration and the Election Law Enforcement Commission. The Commission looks forward to continuing to improve and enhance its services to the public with this new technology.



ELEC AT A GLANCE



Frederick M. Herrmann, Ph.D.
Executive Director

Disclosure Reports (Total)	23,684
<i>Campaign & Quarterly</i>	20,061
<i>Lobbyist</i>	3,400
<i>Personal Finance</i>	223
Photocopies.....	142,898
Investigations.....	38
Civil Prosecutions.....	108
Public Assistance Requests	11,145