

Brennan Center, Co-Plaintiffs File Lawsuit to Close New York’s “LLC Loophole”

New York, N.Y. — Today the Brennan Center and Emery Celli Brinckerhoff & Abady LLP, on behalf of several former and current State legislators and other plaintiffs, filed suit against the New York State Board of Elections (BOE) to close the state’s infamous “[LLC Loophole](#).” Since the Loophole was created by the BOE in 1996, contributors donating through LLCs have circumvented contribution limits and disclosure requirements that the Legislature created to protect the integrity of New York’s democratic process — and injected millions of secret dollars into state elections. In April the Brennan Center and Emery Celli asked the BOE to close the Loophole, but the board, in a 2-2 vote, refused to rescind its earlier decision and thereby defeated this attempt at reform. This lawsuit presents a promising opportunity to close the Loophole once and for all.

In addition to the Brennan Center, plaintiffs include:

- SUNY New Paltz Professor **Gerald Benjamin**, one of the foremost experts on New York government. Benjamin served on the state’s Constitution Revision Commission, and as the Republican Chairman of the Ulster County Legislature.
- Former New York State Sen. **John R. Dunne**, a Republican who served as Deputy Majority Leader of the New York State Senate and as Assistant U.S. Attorney General for the Civil Rights Division under President George H.W. Bush.
- New York State Assemblymember **Brian Kavanagh**, a veteran of New York City government who served as chief of staff to City Councilmember Gale Brewer.
- New York State Sen. **Liz Krueger**, former chair of New York’s Democratic Senate Campaign Committee.
- Former New York State Assembly candidate **Maureen Koetz**, the 2014 Republican challenger to incumbent Assembly speaker Sheldon Silver in New York’s 65th district.
- New York State Sen. **Daniel Squadron**, a longtime advocate for state government reform and former aide to U.S. Sen. Charles Schumer.

“By treating LLCs as individuals rather than artificial business entities like corporations or partnerships, the Board of Elections created a gaping hole at the heart of our state’s legislatively enacted campaign finance system,” said **Lawrence Norden**, deputy director of the Brennan Center’s Democracy Program. “It defies common sense and state law.”

“At a time when New York government is in crisis thanks to a series of high-profile corruption scandals, the Board has opted to perpetuate its deeply flawed rule that enables frequent and harmful circumvention of the law,” said **Elizabeth S. Saylor**, a partner at **Emery Celli Brinckerhoff & Abady LLP**. “The LLC Loophole undermines the New York State Legislature’s clear intent to control campaign contributions by limiting the donations permitted and mandating full disclosure of donors. It must be closed.

Other plaintiffs issued the following public statements:

Gerald Benjamin: “As a scholar, candidate, and elected official, I have seen how the need to raise large contributions can generate corruption and negatively affect the efficacy of government. The problem has only grown worse because of the increasingly large contributions made through the LLC Loophole.”

John R. Dunne: “The existence and abuse of the LLC Loophole causes me great concern over the condition of our government. It is important to take a stand against the excessive influence of political contributions and correct the Board of Elections’ clear misinterpretation of the law.”

Brian Kavanagh: “The individuals and businesses who give large contributions through LLCs have much more power than those who have not contributed or have contributed under the lower limits that apply to other entities and individuals. The result is that government does not adequately represent those New Yorkers who do not have the ability or desire to exploit the LLC Loophole.”

Liz Krueger: “The prominence of LLC contributions has a significant effect on the willingness and ability of people to run for office. I have seen many people who would have made excellent public servants lose or decline to even run because they were unable or unwilling to raise enough large campaign contributions.”

Maureen Koetz: “As a voter in New York, I agree with the assessment of many voters I met during the 2014 campaign: my confidence in our democracy is shaken because of the power of special interests whom the LLC Loophole allows to make virtually unlimited campaign contributions. Because of the power of those donors, my elected representatives are much less likely to work to protect my interests.”

Daniel Squadron: “Voters feel enormous cynicism about the political process, in part because of the proliferation of big money in politics. The fact that undisclosed entities like LLCs can give virtually unlimited contributions makes individuals feel disempowered. It is often difficult to convince voters to participate in the political process, whether by contributing, volunteering, or even voting, because they feel that big money controls the entire process.”

Read the full brief [here](#).

Read more about the Brennan Center’s work on [money in politics](#).

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