

Wealthiest Angelenos: Giving Can Take a Lot of Work

By: Henry Meier

The role of money in politics has always been at issue, but never more than in the last decade, after the U.S. Supreme Court trimmed back – and in some cases eliminated completely – longstanding bans on many types of political contributions.

The 2012 campaign season, the first major election cycle in the wake of the landmark 2010 Citizens United decision, saw a record \$6.3 billion in political spending. Both presidential candidates, Barack Obama and Mitt Romney, each raised more than \$1 billion for their campaigns – a nearly 100 percent increase from Obama’s and John McCain’s 2008 war chests.

Early projections for this election cycle show that record is likely to fall.

But more money in politics doesn’t mean fewer regulations on how donations are made, how much can be donated, and who can donate to whom.

Longstanding federal laws concerning individual contributions to candidates (capped at \$2,700 an election) and political party donations (\$33,400 a year) are now only part of an increasingly nebulous maze of rules governing campaign donations.

“It’s a very different situation when someone is giving \$700 dollars to a city council candidate than when someone is attending a high-dollar fundraising event for a presidential candidate,” said attorney Stephen Kaufman, founder of soup-to-nuts campaign finance firm Kaufman Legal Group in downtown Los Angeles.

Regulations are especially complex for both campaigns and donors in Los Angeles, and navigating various local, state, and federal laws can be onerous, particularly for big donors.

Even Jessica Levinson, president of the city of L.A.’s Ethics Commission and a strong supporter of disclosure laws in campaign giving, said some rules could be streamlined, as long as transparency is not sacrificed.

“One thing I’m trying to do is to make it so the city’s donation and reporting laws aren’t horrendously redundant with state regulations,” she said. “Having said that, one of the goals of the commission is to make sure the public gets as much information about where money is coming from as possible.”

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To comply with the reporting requirements – both in Los Angeles and in the rest of the country – campaigns, political parties, and outside organizations employ small armies to direct the flow of money and ensure no laws are violated, according to Kaufman, who counts California Atty.

Gen. Kamala Harris' U.S. Senate campaign, Los Angeles Mayor Eric Garcetti, and the Los Angeles County Democratic Party as clients.

A presidential campaign, he explained, has “certainly dozens, maybe hundreds” of staff on multiple levels who vet each donation looking for redundant contributions, missing identifying information, and anything else that could make a candidate noncompliant with regulations.

The biggest donors, who are typically donating not just at a single level but to candidates and organizations across the political spectrum, also rely on support teams to direct their political contributions and ensure rules are followed.

“Most donors who operate at the highest level of politics have people to help them decide who to give money to,” Kaufman said. “They hire people like us to determine how much they can give, if there are any prohibitions on giving, and how to optimally structure donations.”

Take the star-studded lineup of donors at George Clooney's April fundraiser for Hillary Clinton and the Democratic National Party, which raised approximately \$15 million over two days. The Studio City event, attended by Haim and Cheryl Saban, Steven Spielberg, Ellen DeGeneres, and others, carried a minimum entry of \$33,400 – the max an individual can donate to a political party in a calendar year. Some attendees reportedly shelled out \$353,400 for two seats. While contributions of that size are more than five times the maximum allowed for a couple and more than 65 times what a couple could donate to a candidate per election, there are many ways to divvy that money up to make it a viable campaign contribution, according to multiple sources.

One possible way to make the larger donations legal is to create joint-fundraising committees where multiple candidates in different races join forces. In this setup, candidates will divvy up a pool of money from donors who can, because candidates are not operating individually, donate more than the allowable hard cap. One candidate might be given a preferential position in the pecking order when it's time to dole out the funds – a charge leveled by Bernie Sanders at Clinton after the Clooney fundraiser – and other times the pot will be split evenly.

Bundling is another frequent scenario, whereby one person pools donated money from a bunch of other individuals and gives the pot to either a candidate, party, or joint-fundraising committee. These so called “bundled” donations were a major source of candidates' cash in the days before the Citizens United and subsequent Supreme Court decisions.

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While bundled donations still represent a hefty piece of the money pie, particularly in Democratic circles, they have been eclipsed in volume by contributions funneled through so-called super PACs – political action committees that can accept unlimited donations and spend unlimited amounts of money as long as they don't coordinate with political campaigns.

While the Federal Election Commission ostensibly has the power to step in and investigate and demand disclosures, the six-person committee – made up of three Democratic and three Republican commissioners – has been deadlocked.

“It can be very difficult for the public to know who's behind (some super PAC contributions),” Levinson, L.A.'s ethics guru said. “The only safeguard is disclosure, and that's being lost.”