

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON STANDARDS AND ETHICS

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November 27, 2012
Start: 1:47 p.m.
Recess: 3:48 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E:
INEZ E. DICKENS
Chairperson

COUNCIL MEMBERS:
Robert Jackson
Annabel Palma
Joel Rivera
Karen Koslowitz
Vincent M. Ignizio
James S. Oddo

A P P E A R A N C E S

Julia Davis
Director of Financial Disclosure
Conflict of Interest Board

CHAIRPERSON DICKINS: Good

afternoon. The Committee on Standards and Ethics is hereby opened for November 27th, 2012. My name is Inez E. Dickens. I chair the Committee on Standards and Ethics. I am joined today by my colleagues, Council Member Joel Rivera from the Bronx, Council Member Robert Jackson from Manhattan, Council Member Annabel Palma from the Bronx, Council Member Karen Koslowitz Queens, Council Member Vinny Ignizio Staten Island. Today's sergeant at arms is Israel Rodriguez. The Committee on Standards and Ethics is meeting to consider as pre-considered Intro at the request of the mayor. This legislation concerns an amendment to the administrative code concerning the filing of annual disclosure. Specifically, the legislation before us today would require that members of uncompensated policymaking boards and commissions and members, officers and certain employees of public authorities file financial disclosure statements with the Conflicts of Interest Board. Additionally, the legislation would authorize the use of a short financial disclosure form for these filers to use rather

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2 than the current long form used by elected
3 officials amongst others. As some of my
4 colleagues may recall, the Council reviewed
5 previous versions of this bill. Unlike those
6 versions this legislation does not reduce any of
7 the disclosure requirements for current filers who
8 are required to use the long form. Also, the
9 Board has ruled that Community Boards are not
10 policymaking boards and as such are not subject to
11 this legislation or financial disclosure filing
12 requirements. We have before us, and we have been
13 joined by representatives from the Conflict of
14 Interest Board, who would like to make a
15 statement; Mark Davies the executive director and
16 Julia Davis, director of financial disclosure.
17 Before you speak, please we have been joined by
18 the minority leader, Jimmy Oddo. Please proceed.

19 JULIA DAVIS: Sorry. Good
20 afternoon. My name is Julia Davis. I am the
21 director of financial disclosure and special
22 counsel for the New York City Conflicts of
23 Interest Board. Accompanying me is our executive
24 director, Mark Davies. I first wish to thank the
25 Council for considering the Board's financial

1 disclosure bill and the mayor for requesting its
2 introduction. I also wish to thank Andrea Burger
3 [phonetic], senior counsel in the city's Law
4 Department, for her assistance in drafting the
5 bill, which was very challenging. This bill
6 represents the culmination of over seven years of
7 work by the Board to overhaul New York City's
8 financial disclosure law, a proposal that has been
9 contained in our annual report since 2005. First,
10 a little background on government ethics laws
11 generally and financial disclosure laws
12 specifically. The purpose of government ethic
13 laws start-lies in promoting both the reality and
14 the perception of integrity in government by
15 preventing conflicts of interest violations before
16 they occur; therefore, these laws are concerned
17 not only with the reality of integrity, but also
18 with the perception of integrity, and the focus of
19 these laws lies not on punishment, but on
20 prevention. Prevention is the primary purpose of
21 our city's conflicts of interest law. Promoting
22 the reality and perception of integrity in
23 government is equally important for financial
24 disclosure law. Proper annual disclosure focuses
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2 on preventing conflicts of interest violations, is
3 aimed at honest, not dishonest public officials
4 and seeks to reassure the public that we serve
5 them and not ourselves. Annual disclosure plays
6 an absolutely critical role in preventing ethics
7 violations by forcing those public servants who
8 because of their position and duties are most at
9 risk of conflicts of interest to identify at least
10 once a year for themselves, their agency, the
11 public and the media where their potential
12 conflicts of interest lie. For example, if a City
13 Planning Commissioner reports on her annual
14 disclosure report that she owns an office building
15 in NOHO, and a rezoning matter comes before the
16 Commission that includes that area everyone knows
17 that Planning Commissioner has a potential
18 conflict of interest—maybe it's a conflict or
19 maybe it's not, but we are all alerted to the
20 possibility and thus can avoid a violation. That
21 is what financial disclosure is supposed to do.
22 Before turning to the bill itself, I would like to
23 briefly outline the history of financial
24 disclosure in New York City. New York City first
25 enacted financial disclosure in 1975 as Local Law

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2 number 1 of that year. The form was fairly short
3 and simple. Four years later, the law was amended
4 to exempt from filing uncompensated members of
5 city boards and commissions. Then in 1987 as a
6 result of the corruption scandals that rocked New
7 York City in the mid-80s, the state legislature
8 enacted the 1987 Ethics in Government Act. That
9 act required that every county, city, town and
10 village in the state with a population of 50,000
11 or more, including New York City, adopt a
12 financial disclosure law; however, alone among all
13 the municipalities in the state, New York City was
14 mandated to adopt a financial disclosure law "at
15 least as stringent in scope and substance" as the
16 New York State law; therefore, in compliance with
17 the 1987 act on December 31st, 1990, the city
18 enacted Local Law number 84, which effectively
19 adopted the state financial disclosure form.
20 Until recently there was nothing we could do to
21 alter the form for any entity or body required to
22 file a financial disclosure report with the Board.
23 State law mandated it. In early 2006, New York
24 State enacted the Public Authorities
25 Accountability Act of 2005 or PAAA as we call it.

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2 PAAA mandated the filing of a financial disclosure
3 by so called local public authorities, a term that
4 includes city affiliated not for profit entities
5 and must require them to file with the Board of
6 Ethics for the county in which the PAAA entity had
7 its primary location. Because state law mandated
8 that the city's financial disclosure form be at
9 least as stringent as the state form, PAAA meant
10 at the time it was enacted that the members of
11 these entities would file the current financial
12 disclosure report absent of change in both state
13 and local law. In other words, city law present
14 requires the PAAA filers to file the equivalent of
15 a 32 page form. But imagine members of the boards
16 of the cities affiliated not for profits, whose
17 primary mission is to fundraise for public
18 programs filing that long and extensive financial
19 disclosure form. It would be inappropriate and
20 unfair to require such members to file such a form
21 and would likely not reveal any potential
22 conflicts of interest. Therefore, our board
23 sought and obtained the approval of the state
24 legislature to change the city's form. Chapter 41
25 of the laws of 2008 authorizes the city to adopt

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2 its own annual disclosure forms provided the forms
3 meet certain disclosure requirements and the
4 information disclosed on the forms could reveal
5 potential conflicts of interest under Chapter 68
6 of the City Charter. In other words, the city's
7 financial disclosure forms must be tied to Chapter
8 68. So as of this moment, unless the Council
9 takes action, city law requires the PAAA filers to
10 file the current form, so too as of this moment
11 state law requires uncompensated members of
12 policymaking city boards and commissions to file
13 the current form. This bill would enable PAAA
14 filers and uncompensated members of policymaking
15 city boards and commissions to file a new and
16 shorter form that would be tailored to the
17 potential conflicts of interest those groups might
18 face.

19 Turning then to the substance of
20 the bill, I would like to give you a brief
21 overview of the bill and then highlight the major
22 changes to the current financial disclosure law.
23 I have also provided a summary of my testimony
24 concerning these changes. With the exception of
25 requiring filing by uncompensated members of

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2 policymaking city boards and commissions as
3 required by state law, the bill does not address
4 who must file an annual disclosure report; rather
5 the focus of the bill is on what must be filed.
6 That is on the scope of the form reflecting the
7 new state law. Currently we have two financial
8 disclosure forms--the form that all city filers
9 including each of you fill out, and a form
10 specific for tax assessors that is mandated by the
11 state's real property tax law. This bill creates
12 a new and shorter city form for PAAA filers and
13 for uncompensated members of policymaking city
14 boards and commissions and makes limited editions
15 to the form current city public servants complete,
16 both of which are additions that are required by
17 state law and that fully comply with those state
18 law requirements. The proposed amendments would
19 require all uncompensated members of policymaking
20 city boards and commissions to file an annual
21 disclosure report. This change is required in
22 order to bring the city's annual disclosure law
23 into compliance with state law, which mandates
24 that all policymaking public servants file a
25 report without regard to their eligibility for

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2 compensation. Compensated members of boards and
3 commissions all of whom are policymakers currently
4 file the current form, and they would continue to
5 do so. Uncompensated members of boards and
6 commissions who are policymakers would now be
7 required to file the new and shorter form.

8 Uncompensated members of boards and commissions
9 who are not policymakers would continue to be
10 exempt from filing because state law does not
11 require them to file. This group includes members
12 of community boards, who would not be required to
13 file as result of this bill. Uncompensated
14 members of policymaking city boards and
15 commissions like the TLC and the Landmarks
16 Preservation Commission as well as members and
17 employees of city affiliated local public
18 authorities, it is the PAAA filers, would file the
19 new form consisting of only five questions. 1)

20 Any paid or unpaid positions with any city agency,
21 2) outside employers and businesses, but only if
22 the employer or business does business with the
23 filer's entity or affiliated city agency, 3)
24 investments of five percent or \$10,000, but only
25 if the company does business with the filer's

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2 entity or affiliated city agency, 4) gifts, but
3 only if the donor does business with the filer's
4 entity or affiliated city agency, and 5) real
5 property the filer owns or rents in the city
6 excluding property where a family member lives.
7 This new form, though relatively short and simple
8 will reveal 98 percent or more of potential
9 conflicts of interest. In contrast it is unclear
10 that even doubling the size of the form would
11 reveal any additional conflicts, yet requiring
12 additional disclosure and disclosure that is not
13 likely to be relevant to the filer's circumstances
14 would be extremely costly because it would impair
15 the city's ability to attract and retain highly
16 qualified volunteers on policymaking boards and
17 commissions and local public authorities. With
18 passage of the bill, PAAA filers and uncompensated
19 members of policymaking city boards and
20 commissions would file the new and shorter form.
21 All current filers would continue to file the
22 current form—the report that each of you files
23 every year. Let me highlight the substantive
24 changes to that current form under the law. 1)
25 For those questions requiring disclosure

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2 concerning relatives, the definition of relative
3 would be amended to add brothers, sisters and
4 grandparents of the filer, but would eliminate
5 aunts, uncles and cousins to reflect state law.

6 The definition would also add dependents and
7 spouses of the listed relatives of the filer. 2)

8 As to gifts, the filer would be required to
9 disclose gifts above \$50 and less than \$1,000, but
10 only if the donor had business dealings with the
11 city at sometime between the beginning of the
12 reporting period and the date of filing. The

13 filer would not be required to disclose any gifts
14 in the aggregate value or amount of less than \$50

15 no matter who the donor is to conform the annual
16 disclosure law to City Charter Chapter 68 as
17 mandated by state law. The filer would continue

18 to be required to report any gift in excess of
19 \$1,000. The bill would also make explicit

20 separate gifts from the same or affiliated donors
21 during the reporting period must be aggregated as

22 is the case under Chapter 68. 3) For those

23 questions requiring disclosure of non-city

24 businesses, securities and real property, the

25 filer would be required to report any such

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2 information for any un-emancipated child to
3 reflect the requirements of Chapter 68 as mandated
4 by state law. 4) The filer would need to disclose
5 the name, title and position of any relative
6 holding a position in city service as mandated by
7 state law.

8 In conclusion, this bill is a
9 culmination of many years of work by the Board
10 with the support of the Council and the
11 administration to make the city's financial
12 disclosure law more sensible, more useful and more
13 user friendly. The bill will also entirely meet
14 the state financial disclosure mandates for the
15 city of New York, including those for PAAA filers,
16 for uncompensated members of policymaking city
17 boards and commissions and for current filers.
18 This bill is critical to the Board, to PAAA
19 filers, and to the cause of ethics in city
20 government. The Board respectfully requests that
21 the Council enact it. Thank you, and we would be
22 happy to answer any questions.

23 CHAIRPERSON DICKENS: Thank you so
24 much, Ms. Davis, for your testimony, but before
25 we go to questions, I just for the record an

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2 internal file number was inadvertently listed as
3 the bill number, so all references to T2012-5518
4 refer to the pre-considered Intro, which will have
5 the bill number 968. I also want to apologize to
6 you and to members of the public and to my
7 colleagues for the lateness of holding this
8 hearing. I want to thank you for your patience,
9 thank you for staying and thank my colleagues for
10 their consideration. Also, I want to read into
11 the record that we have statements in support of
12 this legislation from Common Cause, Citizens
13 Union, New York Public Interest Research Group and
14 Trust for Cultural Resources. Their testimony
15 will be made a part of this record. Before I turn
16 it over for questions to my colleagues, I have one
17 question, which is budgetary. Will you have the
18 resources to manage all of the new disclosure
19 forms for the statements that you will receive
20 including the ability to answer questions for new
21 filers? Will it require additional staff? Do you
22 have the computer system—has it been amended?
23 'Cause you know, we had that trouble earlier, and
24 so will you have to again amend the computer
25 system in order to accommodation?

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2 JULIA DAVIS: We have the staff to
3 answer the questions that we anticipate might come
4 up as a result of enactment of the bill. At least
5 initially as to the PAAA filers we would do that
6 on paper, the shorter form. The electronic
7 application wouldn't need to be amended for the
8 form that you currently fill out to reflect these
9 changes. Hopefully, we would also be able to
10 eventually put the short form in an electronic
11 application. DUIT is the agency as you know - - ,
12 who manages our electronic application. While I
13 anticipate there might be some minor increased
14 resources needed—resources needed to build the
15 application, I would not anticipate given DUIT's
16 overall budget, it would be a significant cost
17 factor.

18 CHAIRPERSON DICKENS: Alright.
19 Thank you. Do any of my colleagues have any
20 questions or statements that they want to make?
21 No? Alright, then I am going to ask that Billy
22 Martin please do a roll call. I vote aye, and I
23 ask that my colleagues also join me in aye.

24 COMMITTEE CLERK: William Martin,
25 Committee Clerk. Roll call vote Committee on

Standards and Ethics. Council Member Dickens?

CHAIRPERSON DICKENS: Aye.

COMMITTEE CLERK: Rivera?

COUNCIL MEMBER RIVERA: Aye.

COMMITTEE CLERK: Jackson?

COUNCIL MEMBER JACKSON: Aye.

COMMITTEE CLERK: Palma?

COUNCIL MEMBER PALMA: Aye.

COMMITTEE CLERK: Ignizio?

COUNCIL MEMBER IGNIZIO: Aye.

COMMITTEE CLERK: By a vote of five
in the affirmative, zero in the negative and no
abstentions, item is adopted. Members, please
sign the Committee Report. The roll will be held
open by request of the Chair.

[pause]

COUNCIL MEMBER KOSLOWITZ: I vote
aye.

COMMITTEE CLERK: Council Member
Koslowitz?

COUNCIL MEMBER KOSLOWITZ: I vote
aye.

COMMITTEE CLERK: Council Member
Oddo?

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COUNCIL MEMBER ODDO: Yes.

COMMITTEE CLERK: Final vote in the
Committee on Standards and Ethics now stands at
seven in the affirmative, zero in the negative and
no abstentions.

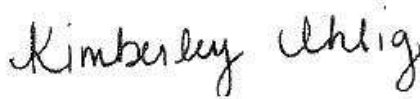
CHAIRPERSON DICKENS: I hereby
declare that the Committee on Standards and Ethics
of November 27th, 2012 is hereby closed.

[gavel]

C E R T I F I C A T E

I, Kimberley Uhlig certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

Handwritten signature of Kimberley Uhlig in cursive script, written over a horizontal line.

Date

12/9/12