

OFFICE OF THE CITY CLERK

REPORT PURSUANT TO SECTION 3-212(c) OF THE NEW YORK CITY ADMINISTRATIVE CODE

The City's Lobbying Law, codified in the NYC Administrative Code as § 3-211-223 (the "Lobbying Law"), requires lobbyists to register with the Office of the City Clerk (the "City Clerk") and to file periodic reports on their lobbying activities. Clients of lobbyists are also required to file reports with the City Clerk.

In 2006, the City enacted Local Laws 15, 16 and 17 to strengthen the regulation of lobbyists and their clients. Local Law 15 of 2006 increased public disclosure of the activities of lobbyists, created the framework for more active and effective enforcement of Lobbying Law violators, required lobbyists who also serve as political consultants or fundraisers to disclose those activities, increased the maximum penalties for violations and added penalties for statements and reports filed late. Local Law 16 of 2006 banned gifts from lobbyists to lawmakers. Local Law 17 of 2006 made lobbyists' campaign contributions ineligible for taxpayer-financed public matching funds.

In 2005, Mayor Michael R. Bloomberg and the Department of Information Technology and Telecommunications ("DoITT") announced the creation of an online database of registered lobbyists and their clients, *NYC Lobbyist Search*, www.nyc.gov/bizsearch, also accessible from the City Clerk's website www.nycmarriagebureau.com. The online database provided public accessibility to the information registered lobbyists are required by law to disclose. A simple search function allows users to search by entering either a lobbyist's or client's name. Previously, the information was only available on paper filings stored with the City Clerk and made public in the annual report published by the City Clerk.

Protecting the constitutional right of the people to petition government and seek redress of grievances, the Lobbying Law does not prohibit lobbying. However, it does regulate lobbying by requiring public disclosure of the identities, activities and expenditures of those who seek to lobby the City of New York. The function of the City Clerk's Lobbying Bureau ("Lobbying Bureau") is to monitor the activities of lobbyists and their clients, and in so doing, to keep the public fully informed of their activities. The Lobbying Law provides the City Clerk with the broad enforcement powers needed to ensure proper oversight and compel necessary disclosure.

Local Law 15 of 2006 mandates posting on the internet, no later than March first of each year, an annual report relating to the administration and enforcement of the Lobbying Law. Such report must contain information regarding (i) the number of complaints received from the public and the disposition of such complaints; (ii) the number and amount of civil penalties imposed pursuant to NYC Administrative Code §3-223(a), (b), (c) and (d); (iii) the number and duration of orders issued pursuant to NYC Administrative Code §3-223(a); (iv) the number of random audits conducted by the City Clerk and outcomes thereof; (v) compliance programs developed and

implemented for lobbyists and clients; and (vi) such other information and analysis as the City Clerk deems appropriate. Such report must contain information relating to the preceding calendar year.

1. Number of complaints received from the public and the disposition of such complaints

None

2. Number and amount of civil penalties imposed

The Lobbying Bureau conducts investigations regarding violations of the Lobbying Law pursuant to NYC Administrative Code Section 3-212. Beginning in 2007, the Lobbying Bureau identified and notified several filers of their failure to file their fourth periodic report for 2006, due on January 16, 2007.

In addition to the fines imposed by the Rules of the City of New York, Section 1-03(b)(1)(iv), all non-filers face the institution of administrative proceedings pursuant to NYC Administrative Code Section 3-223 (See Rules of the City of New York, Section 1-03 (a)(2) for examples of violations).

The Lobbying Bureau identified and notified several lobbyists that their filings were late and consequently, they were being assessed fines for their failure to file such reports in a timely manner.

On the January 16, 2007 filing deadline, there were 246 lobbyists registered with the Lobbying Bureau. Of the registered lobbyists, 210 filed their periodic/annual report timely and 36 failed to file. The Lobbying Bureau's compliance efforts succeeded in reducing the number of non-filing lobbyists to one as of February 28, 2007. Thirty five lobbyists filed their periodic/annual reports late.

Additionally, the Lobbying Bureau identified and notified numerous clients of their failure to file their 2006 annual reports, due on January 16, 2007. Such non-filers are subject to the administrative procedures described above in the second paragraph of this section.

There may be a number of clients who did not file their annual reports because they believed they did not meet the reporting threshold. The Lobbying Bureau reserves the right to review such non-filers to confirm such conclusions.

Finally, the Lobbying Bureau identified and notified numerous clients that their annual reports were late and that they were being assessed fines for their failure to file their reports in a timely manner.

There were 1,433 clients represented by lobbyists in 2006. On the January 16, 2007 filing deadline, 1005 clients had timely filed their annual report and 428 clients failed to file; more than

one-third of the clients failed to file their reports as required by the Lobbying Law. The Lobbying Bureau's compliance efforts cut the number of non-filing clients by more than 60%, reducing the number of non-filers from 428 to 155 as of February 28, 2007.

3. Number and duration of orders issued

None

4. Random audits

Beginning in 2007, pursuant to Local Law 15 of 2006, the Lobbying Bureau is instituting its random audit program ("RAP"). Random audits are conducted to provide an independent and objective evaluation of the reports and registration statements filed by lobbyists and their clients. As part of the implementation of RAP, the Lobbying Bureau is preparing audit protocols to guide its staff and to ensure that all audit work meets or exceeds the standards laid out in such audit protocols. The preparation of audit protocols is intended to ensure that high quality audits and audit reports are consistently produced and to furnish reports, analyses, recommendations and information on compliance with the Lobbying Law.

It is anticipated that RAP will result in both informal findings (i.e., minor errors, discrepancies, and recommendations) and referrals to the Office of Administrative Trial and Hearings ("OATH") culminating in civil penalties. Pursuant to Local Law 15 of 2006, the Lobbying Bureau is preparing to implement a selection process to ensure that firms chosen for audit represents a balance between large and small lobbying firms, while maintaining a random selection process.

As of March 1, 2007, the Lobbying Bureau has not carried out any random audits.

5. Compliance programs developed and implemented for lobbyists and clients.

Beginning in 2007, the City Clerk, in cooperation with DoITT, implemented the e-Lobbyist system, an electronic filing system designed to ease filing and aid in access to data, to replace the paper filing system that had previously been used. e-Lobbyist enables lobbyists and their clients to enroll and submit filings via the internet and allows staff from the Lobbying Bureau to manage enrollments and filings.

As part of its efforts to ensure a smooth transition to the e-Lobbyist system for lobbyists, clients and the public, the City Clerk made available an e-Lobbyist user guide prepared by DoITT to explain, step-by-step, how to use the e-Lobbyist application. The Lobbying Bureau established a kiosk in its office to assist filers and offered a computer terminal for public access. The Lobbying Bureau's policy is to work with lobbyists and clients, to the fullest possible extent, to obtain compliance. This is done through outreach, education and compliance programs as described below.

Outreach, Education And Compliance Activity The Lobbying Bureau conducted training sessions to familiarize lobbyists and their clients with recent changes to the Lobbying Law and to familiarize them with the e-Lobbyist system. Attendees were asked to sign in to monitor attendance and to collect contact information. The Lobbying Bureau has undertaken to compile an e-mail directory of all filers to facilitate prompt communication of announcements, training sessions, and modifications to the e-Lobbyist system.

On December 12, 2006, the Lobbying Bureau held its first lobbying training session at the office of the City Clerk. One hundred and twenty-six individuals attended the three-hour session. City Clerk, Victor L. Robles, made opening remarks. A booklet outlining recent changes to the Lobbying Law and an e-Lobbyist user guide were distributed. Attendees were introduced to the electronic filing system by DoITT representatives who were present to provide information concerning the status of the e-Lobbyist system. Counsel to the City Clerk, Patrick L. Synmoie, provided a synopsis of the changes in the law. A post-presentation question and answer session was held to clarify issues regarding lobbying rules and regulations as well as enrollment and registration procedures. The Lobbying Bureau announced the scheduling of an additional training seminar for December 28, 2006. Attendees were asked to check the City Clerk website for additional information and announcements.

Additional training sessions followed on December 28, 2006 and January 26, 2007.

On December 28, 2006, the one hour and forty-five minute session held at Spector Hall, 22 Reade Street, was attended by 75 people. Introductory remarks were made by First Deputy City Clerk, Michael McSweeney. Counsel to the City Clerk, Patrick L. Synmoie, and Deputy Counsel, Arnie Wolsky, presented a synopsis of the changes in law. In contrast to the previous seminar on December 12, 2006, attendees were able to view a working version of the e-Lobbyist registration process online. The Lobbying Bureau conducted a mock-enrollment using a large on-screen display. As in the earlier training sessions, the Lobbying Bureau provided attendees with a booklet containing an e-Lobbyist user guide as well as recent changes to the Lobbying Laws. A question and answer session was held following the demonstration of the e-Lobbyist system. Attendees were given the opportunity to comment on the e-Lobbyist system and the benefit of the training session.

On January 26, 2007, the third lobbying training session, also held at Spector Hall, 22 Reade Street, was attended by 50 people. As in the earlier training sessions, lobbyists were informed of the recent changes to the Lobbying Law and the electronic system. Equipment was made available to attendees to enable them to address technical issues with DoITT personnel at the session and get immediate responses to any enrollment or registration difficulties. A question and answer session was held for participants. Attendees were given the opportunity to comment on the e-Lobbyist system.

Future training sessions include a joint presentation with the New York Temporary State Commission on Lobbying which will focus on the difference between the New York State and New York City lobbying regulations and is tentatively scheduled for early spring.

Support for Lobbyists The e-Lobbyist system requires filers to enroll in the e-Lobbyist system before they are able to register and file their reports electronically. The Lobbying Bureau established a Help Desk to provide information, answer questions and assess technical issues. The Lobbying Bureau fielded numerous telephone inquiries and compiled several DoITT “help tickets” for the purposes of aiding filers with any e-Lobbyist technical difficulties.

The City Clerk’s Office maintains a policy of ongoing communication and open discussion of issues with the lobbying community in further support of obtaining compliance. Lobbying activity occurring in the City Council and city agencies is tracked to detect non-registered special interest groups. In the City Council, budget bills and “hot” issues are monitored to determine if any unregistered party has attempted to influence legislative action.

Advisory Opinions Pursuant to the Rules of the City of New York Section 1-01, advisory opinions may be issued upon request from persons subject to the jurisdiction of the City Clerk. The Lobbying Bureau remains dedicated to publishing and distributing opinions on its website. The Lobbying Bureau has prepared a comprehensive index to the advisory opinions previously issued to enable filers to access them and make them more “user friendly.” All advisory opinions are now indexed by subject matter and number.

Members of the public may search through the advisory opinions simply by consulting the index. The index is categorized by key words, which are hyper-linked to the actual opinions. In this way, a lobbyist may search the advisory opinions to determine if the Lobbying Bureau has provided guidance on an issue in the past or to obtain clarification on provisions of the Lobbying Law. In either case, any interested party has a complete, updated and easy to use method of locating any opinion issued by the Lobbying Bureau. We anticipate that with the recent changes to the Lobbying Law, there will be an increased demand for advisory opinions in 2007. The first advisory opinion issued since the recent changes to the Lobbying Law has been published and posted on the website.

Data In 2006, 246 registrations were filed for lobbyists active on local issues, representing 1,433 clients. In 2005, there were 233 lobbyists registered with the Lobbying Bureau, representing 1,297 clients. There has been a 6% increase in the number of registered lobbyists and an 11% increase in the number of clients between 2005 and 2006.

6. General

The electronic filing system was launched in 2007 to replace a paper filing system that required an enormous amount of data entry by Lobbying Bureau staff. However, the Lobbying Bureau is still receiving paper reports for lobbyists and clients reporting on their 2006 lobbying activities.

With the expansion of its powers and duties with the recent changes to the Lobbying Law, the City Clerk undertook several actions to ensure compliance, notifying all filers of the need for timely filings of all 2006 paper reports and of the new penalties for non-compliance.

To ameliorate the pressure on filers due to the introduction of the e-Lobbyist system and the changes in the Lobbying Law, the City Clerk continued its practice of granting a grace period for filing statements of registration and extended the filing deadline from January 2, 2007 to January 16, 2007 for 2007 statements of registration. It recommended all filers take advantage of the availability of an extension by making a request in writing to the City Clerk at least two days before the filing deadline. Such announcements were made at the training sessions described above and posted on the City Clerk website. As a result, the Lobbying Bureau received and processed 66 extension requests.

This backlog and increase in filings did not prevent the Lobbying Bureau from fulfilling its mandate to provide quick, accurate public disclosure of the information it collected on lobbying activity in New York City. The e-Lobbyist application allows lobbyists and clients to register and report 24 hours a day via the internet. Filers can view the status of their filings on-line. Filings of the lobbyist's fourth periodic report/annual report of 2006 and client annual reports are the final reports that can still be made by paper with the City Clerk's office.

The on-line application has also improved public disclosure. The public is able to view all registrations and filings via *NYC Lobbyist Search*, 24 hours a day. No longer does the public have to

submit a request to view paper filings in our office or pay copy fees of 25¢ per page. An interactive query screen offers an extensive number of search criteria to locate different groupings of lobbyist and client records. Different reports on lobbyists and clients are available on-line, to be selected, reviewed, printed or imported with up-to-date lobbying data, again at no cost.

The success of this application can be measured by looking at several different areas:

All lobbyists and clients now file their registrations and reports directly on-line.

Since its introduction in January 2007, 249 on-line filings have been processed by the Lobbying Bureau. There is no data entry backlog at this time within the Lobbying Bureau's data entry department. The time spent opening and processing mailed-in filings has been reduced from several weeks to several days. Since the on-line application automatically monitors electronic filings for completion, the number of incomplete filings being returned has been reduced to zero. The on-line application automatically notifies filers of minor filing errors and prompts the filer for corrections prior to submission. This has reduced report approval time and the number of manual filing inquiries by staff.

Finally, further improvements to the application will be phased in that will reduce data entry time and improve report-processing time. These include electronic check and remittance processing, broadcasting e-mail notices to on-line filers and auto application merges and notifications to late filers and non-filers, electronic credit card payments for filing and registration fees, the ability to work on a filing over an extended period of time and the ability of filers to easily repopulate data as well as copy and paste information on lobbying activities, thus greatly increasing data entry speed and an expansion of the e-Lobbyist search function.

Additionally, the Lobbying Bureau has compiled the e-mail addresses for lobbyists and clients to enable us to communicate with all filers to provide them with the latest announcements. The Lobbying Bureau is constantly looking for ways to simplify and reduce the burdens of filing placed on lobbyists and clients, to improve processing time within its organization and improve the quality and timeliness of disclosure of lobbying activity to New York City residents.