

1 **UNITED STATES COURT OF APPEALS**
2 **FOR THE SECOND CIRCUIT**

3 October Term 2010

4 Argued: October 18, 2010 Decided: December 21, 2011
5 Amended: January 12, 2012

6 Docket Nos. 09-0994-cv (Lead) 09-1432-cv (Con)

7
8 **TOM OGNIBENE, YVETTE VELAZQUEZ BENNET, VIVIANA VAZQUEZ-**
9 **HERNANDEZ, MARTIN DILAN, MARLENE TAPPER, ROBERT PEREZ,**
10 **FRAN REITER, SHEILA ANDERSEN-RICCI, MARTINA FRANCA**
11 **ASSOCIATES, LLC, REITER/BEGUN ASSOCIATES, LLC, DENIS**
12 **GITTENS, OSCAR PEREZ, KINGS COUNTY COMMITTEE OF THE NEW**
13 **YORK STATE CONSERVATIVE PARTY, and NEW YORK STATE**
14 **CONSERVATIVE PARTY,**
15 *Plaintiffs-Appellants,*

16 **MICHELE RUSSO and LEROY COMRIE, *Plaintiffs,***

17 **-v.-**

18 **JOSEPH P. PARKES, S.J., in his official capacity as Chairman of the New**
19 **York City Campaign Finance Board, DALE C. CHRISTENSEN, JR., in his**
20 **official capacity as Member of the New York City Campaign Finance Board,**
21 **KATHERYN C. PATTERSON, in her official capacity as Member of the New**
22 **York City Campaign Finance Board, MARK S. PIAZZA, in his official**
23 **capacity as Member of the New York City Campaign Finance Board, MARK**
24 **DAVIES, in his official capacity as Executive Director of the New York City**
25 **Conflicts of Interests Board, MONICA BLUM, in her official capacity as**
26 **Member of the New York City Conflicts of Interests Board, STEVEN**
27 **ROSENFELD, in his official capacity as Member of the New York City**
28 **Conflicts of Interests Board, ANDREW IRVING, in his official capacity as**

1 Member of the New York City Conflicts of Interests Board, ANGELA M.
2 FREYRE, in her official capacity as Member of the New York City Conflicts of
3 Interests Board, and MICHAEL McSWEENY, in his official capacity as
4 Acting City Clerk of New York City,
5 *Defendants-Appellees.**

6

7 Before: LIVINGSTON, CALABRESI, *Circuit Judges*, and CROTTY,
8 *District Judge.***
9

10 Plaintiffs-Appellants¹ brought this action in February 2008 against the
11 Defendants-Appellees,² challenging the constitutionality of certain provisions of
12 New York City’s political campaign finance and lobby laws that (1) limit
13 campaign contributions by individuals and entities that have business dealings
14 with the City; (2) exclude such contributions from matching with public funds
15 under the public financing scheme; and (3) expand the prohibition on corporate
16 contributions to include partnerships, LLCs, and LLPs. Plaintiffs appeal from
17 a February 6, 2009 decision of the United States District Court for the Southern

* The Clerk of Court is directed to amend the caption as shown above.

** The Honorable Paul A. Crotty, District Judge of the United States District Court for the Southern District of New York, sitting by designation.

¹ Plaintiffs include New York City voters, aspiring candidates for local office, a business owner, lobbyists and individuals associated with lobbyists, limited liability companies, and political parties.

² Defendants are members of New York City’s Campaign Finance Board and other City representatives.

1 District of New York (Swain, J.) granting the Defendants’ motion for summary
2 judgment. We affirm the district court’s dismissal of Plaintiffs’ challenges as to
3 all three provisions.

4 Affirmed.

5 JAMES BOPP, JR., Joe LaRue, *of counsel*,
6 Bopp, Coleson & Bostrom, Terre Haute, IN, and
7 Charles Capetanakis, Davidoff Malito &
8 Hatcher LLP, New York, NY, *for Plaintiffs-*
9 *Appellants.*

10
11 JANE L. GORDON, Senior Counsel (Edward
12 F.X. Hart, Jonathan Pines, Lisa F. Grumet,
13 Andrew J. Rauchberg, *on the brief*), for Michael
14 A. Cardozo, Corporation Counsel of the City of
15 New York, New York, NY, *for Defendants-*
16 *Appellees.*

17 Paul M. Smith, Luke P. McLoughlin, David
18 Newman, Jenner & Block, LLP, New York, NY,
19 *for Amicus Curiae* 2009 City Council
20 Candidates Brad Lander and Mark Winston
21 Griffith.

22 John H. Snyder, Proskauer Rose LLP, New
23 York, NY, *for Amicus Curiae* Citizens Union.

24 PAUL A. CROTTY, *District Judge:*

25
26 Appellants seek declaratory and injunctive relief, alleging that recently-
27 enacted amendments to the New York City Administrative Code, commonly
28 known as the “pay-to-play” rules, violate the First Amendment to the U.S.
29 Constitution by unduly burdening protected political speech and association, the

1 Fourteenth Amendment by denying equal protection of the laws, and the Voting
2 Rights Act, 42 U.S.C. § 1973.³ The challenged provisions (1) reduce below the
3 generally-applicable campaign contribution limits the amounts that people who
4 have business dealings with the City, including lobbyists, can contribute to
5 political campaigns, N.Y.C. Admin. Code § 3-703(1-a) (for candidates who
6 participate in the City’s optional public financing program, set forth in N.Y.C.
7 Admin. Code § 3-703 (“participating candidates”), 3-719(2)(b) (for candidates
8 who do not participate in this program (“non-participating candidates”)); (2) deny
9 matching funds for contributions by people who have business dealings with the
10 City and certain people associated with lobbyists, N.Y.C. Admin. Code §§ 3-
11 702(3), 3-703(1-a); and (3) extend the existing prohibition on corporate
12 contributions to partnerships, LLCs, and LLPs, N.Y.C. Admin. Code §§ 3-
13 703(1)(l) (for participating candidates), 3-719(2)(b) (for non-participating
14 candidates). Appellants argue, *inter alia*, that the lack of evidence of actual pay-
15 to-play corruption in City politics means that there is no legitimate interest to
16 be protected; that the regular contribution limits already in place sufficiently
17 address any possible interest in reducing actual or perceived corruption; and
18 that Citizens United v. Federal Election Commission, 130 S.Ct. 876 (2010),

³ The complaint alleges that these provisions are unconstitutional, both facially and as applied. The opinion below considered only the facial challenges. See Ognibene v. Parkes, 599 F. Supp. 2d 434, 438, 461 (S.D.N.Y. 2009).

1 prohibits all contribution limits based on the source’s identity. The district court
2 rejected appellants’ arguments and dismissed the claims on summary judgment.⁴
3 We affirm as to all three provisions, finding that the laws are closely drawn to
4 address the significant governmental interest in reducing corruption or the
5 appearance thereof.

6 I. Facts

7 In 1988, after a recent wave of local scandals, the New York City Council
8 passed the Campaign Finance Act (“CFA”), establishing the Campaign Finance
9 Program (“Program”). (A-819.) The Campaign Finance Board (“Board”)
10 administers the Program and provides public matching funds to candidates
11 running for the three citywide offices of Mayor, Comptroller, and Public
12 Advocate; the five offices of Borough President; and the fifty-two offices of the
13 City Council. The CFA imposes certain obligations on all candidates, including
14 the filing of financial disclosure statements reporting contributions and
15 expenditures, limitations on the amount of contributions from any single donor,
16 and the obligation to respond to the Board’s requests to verify compliance with
17 the Program. N.Y.C. Admin. Code § 3-701, et seq. The CFA also limits per-
18 person contributions for all covered elections in a single calendar year to \$4,950

⁴ The district court decision predates Citizens United, so it did not consider this third argument.

1 for Mayor, Comptroller, or Public Advocate; \$3,850 for Borough President; and
2 \$2,750 for City Council.⁵ Id. § 3-703(1)(f).

3 Additionally, candidates who seek to participate in the public financing
4 system must agree to limitations on the total amount of money the campaign
5 spends promoting the candidate’s nomination or election. A participating
6 candidate’s campaign receives public matching funds for all eligible individual
7 private contributions from New York City residents of up to \$175 at a rate of six
8 dollars in public funds for every one dollar in private contributions. Id. §§ 3-703,
9 3-705(1), (2). Contributions from organizations, however, including unions and
10 Political Action Committees (“PACs”), are not eligible for matching. Id. § 3-
11 702(3).

12 In 1998, the New York City Charter Revisions Commission (“Commission”)
13 sought to resolve problems that the existing law did not address. (A-314-A-316.)
14 It proposed, and the City’s voters passed by referendum, a Charter amendment
15 that directed the Board to prohibit corporate contributions for all participating
16 candidates; required these candidates to disclose contributions from individuals
17 and organizations doing business with the City; and directed the Board to
18 promulgate rules fleshing out these “doing business” limitations. N.Y.C. Charter

⁵ Pursuant to Administrative Code § 3-703(7), these figures were increased in 2002 to reflect changes in the Consumer Price Index.

1 §§ 1052(a)(11), (a)(12)(a). In its recommendation, the Commission identified
2 concerns about contractor and lobbyist contributions, but noted the lack of
3 evidence that such contributions had actually influenced the award of a
4 particular contract or passage of a bill. Report of the New York City Charter
5 Revision Commission 12-13 (Aug. 20, 1998) (“1998 Commission Report”).
6 Nevertheless, the Commission concluded that there was “no doubt that these
7 contributions have a negative impact on the public because they promote the
8 perception that one must ‘pay to play.’” *Id.* at 19. The City Council later enacted
9 a separate ban on corporate contributions to all candidates, including non-
10 participating candidates. N.Y.C. Admin. Code § 3-703(1)(l).

11 In 2006, after several public hearings and studies, the Board reported that
12 over twenty percent of the contributions in the 2001 and 2005 election cycles
13 were from individuals and entities doing business with the City, who comprised
14 less than six percent of contributors, and that large contributions were more
15 likely than small contributions to come from such donors. N.Y.C. Campaign Fin.
16 Bd., Interim Report on “Doing Business” Contributions 12, 13 (June 19, 2006)
17 (“Interim Report”). In addition, incumbents—considered to have greater
18 influence on city decisions—were more likely to receive these large donations
19 than challengers. N.Y.C. Campaign Fin. Bd., Public Dollars for the Public Good:
20 A Report on the 2005 Elections 122 (2006) (“2005 Election Report”). In order to

1 improve the CFA, the Board recommended banning all organizational
2 contributions (including partnerships, LLCs, PACs, and unions) and regulating
3 contributions by individuals and entities doing business with the City. 2005
4 Election Report, 120, 122.

5 That year, the City passed Local Laws 15 and 17, which created a
6 mandatory electronic filing system for lobbyists; required full lobbyist disclosure
7 of all fundraising and consulting activities; banned all gifts from lobbyists to City
8 Officials; and excluded contributions from lobbyists and the individuals
9 identified on their statements of registration from the definition of “matchable
10 contribution.” N.Y.C. Admin. Code §§ 3-213, 3-216.1, 3-225, 3-702(3)(g). This
11 latter category of exclusions includes the lobbyist’s spouse or domestic partner
12 and, if the lobbyist is an organization, any officer or employee who engages in
13 lobbying activity, as well as his or her spouse or domestic partner.

14 In 2007, the City Council voted 44-4 to pass Local Law 34, requiring
15 disclosure of, and restricting contributions from, individuals and entities who
16 have business dealings with the City, as defined in the CFA. The law lowers
17 these donors’ contribution limits approximately twelve-fold, to \$400 (from the
18 generally-applicable level of \$4,950) for the three City-wide offices; to \$320 (from
19 \$3,850) for Borough offices; and to \$250 (from \$2,750) for City Council.⁶ The law

⁶ These lower limits are not indexed for inflation. See N.Y.C. Admin. Code § 3-703(7).

1 also makes these contributions ineligible for public matching, and extends the
2 ban on corporate contributions to LLCs, LLPs, and partnerships. Id. §§ 3-
3 703(1)(l), 3-703(1-a), 3-719(2)(b). The corresponding City Council Committee
4 Report referred to the Board’s 2005 Election Report and stated that,

5 [w]hile there is nothing intrinsically wrong with contributions from those
6 doing business with the City, the ability of such individuals to contribute
7 could create a perception, regardless of whether such perception is
8 accurate, that such individuals have a higher level of access to the City’s
9 elected officials. It is important to eradicate this perception and reduce
10 the appearance of undue influence associated with contributions from
11 individuals doing business with the City.

12 (N.Y.C. Council, Comm. on Gov’tl Affairs, Report of the Gov’tl Affairs Div., for
13 Int. No. 586-2007, 24-25 (June 12, 2007) (“Committee Report”).) The Committee
14 Report explained that the expansion of the corporate contribution ban addressed
15 a “loophole” that allowed similarly structured business entities to circumvent the
16 contribution limits. (Id. at 29.)

17 The “doing business” limits apply to contributions from any natural person
18 who is a chief executive officer, chief financial officer, and/or chief operating
19 officer; serves in a senior managerial or equivalent capacity; or has an interest
20 exceeding ten percent in an entity that has “business dealings” with the City or
21 affiliate agency, unless that person is the candidate or a relative. N.Y.C. Admin.
22 Code § 3-703(1-a). “Business dealings” include: (1) contracts greater than or
23 equal to \$100,000 for the procurement of goods, services, or construction; (2) real

1 property acquisitions or dispositions; (3) applications for approval of transactions
2 involving office space, land use, or zoning changes; (4) certain concessions and
3 franchises greater than or equal to \$100,000; (5) grants greater than or equal to
4 \$100,000; (6) economic development agreements; (7) contracts for investment of
5 pension funds; and (8) transactions with lobbyists.⁷ Id. § 3-702(18).

6 Section 3-702 of the Administrative Code contains two definitions of
7 “lobbyist.” The first is narrow, referencing § 3-211's definition of “every person
8 or organization retained, employed or designated by any client to engage in
9 lobbying.” The second is broader, encompassing anyone included in § 3-211, as
10 well as the lobbyist’s spouse or domestic partner; unemancipated children; and,
11 for entities, the organization’s officers and employees who engage in lobbying or
12 work for a division of the organization that engages in lobbying activities and
13 their family members.⁸ Id. § 3-702(16). Appellees concede that the narrower
14 definition applies to the doing business limitations, even though the broader
15 definition has been used in the past.⁹ (Appellee’s Br. 11 n.5). Contributions from
16 individuals who are affiliated with lobbyists (i.e., included in the broader

⁷ Contracts and concessions awarded through publicly-advertised competitive sealed bidding, as well as emergency contracts, are excluded from the calculation. N.Y.C. Admin. Code § 3-702(18)(a)(i). Separate rules govern transactions providing affordable housing. Id. § 3-702(18)(a).

⁸ All of these individuals must be included in the lobbyist’s statement of registration. N.Y.C. Admin. Code § 3-213(c)(1).

⁹ This interpretation is supported by the language of § 3-702(18), which, in defining “business dealings,” provides that a lobbyist as defined by § 3-211 engages in business dealings.

1 definition) are ineligible for matching even if they are not, under the narrower
2 lobbyist definition, subject to the lower “doing business” limits.

3 As of June 30, 2008, New York City agencies (excluding affiliated entities)
4 held 19,578 open contracts worth approximately \$55.4 billion. (Simpson Decl.
5 ¶ 5). A wide range of for-profit and non-profit entities qualify as having business
6 dealings with the City, including Con Edison, Waste Management of New York
7 LLC, the New York City Ballet, the Legal Aid Society, the Brooklyn Botanic
8 Garden Corporation, various health and social services providers, day care
9 centers, religious organizations, and labor organizations. See generally Doing
10 Business Portal, <http://www.nyc.gov/html/doingbiz/home.html> (last visited Aug,
11 10, 2011). Although several labor organizations and union-affiliated entities
12 have business dealings on account of procurement contracts with the City,
13 “collective bargaining with City employee unions is a distinct process that is
14 governed by State law.” (Simpson Decl. ¶ 8). As a result, the procurement rules
15 (and, consequently, the “doing business” limits) do not apply to collective
16 bargaining with City unions or to employer-employee relationships for non-
17 unionized employees. (Id.)

18 Appellants filed an original and amended complaint in February 2008 and,
19 in April 2008, moved for a preliminary injunction on some of the claims asserted,
20 raising facial challenges to these three provisions. After the district court

1 postponed the hearing on injunctive relief until the trial on the merits, the
2 Appellees moved for summary judgment. The parties then stipulated that there
3 was no need for an evidentiary proceeding in connection with the motions.
4 Several amicus curiae briefs were filed in support of Appellees, both by public
5 interest organizations and by City Council candidates.

6 **II. The District Court Decision on Motion for Summary Judgment**

7 By Order dated February 6, 2009, the district court denied Appellants'
8 motions for preliminary and permanent injunctive relief and granted Appellee's
9 motion for summary judgment on the same grounds: that the challenged limits
10 served a sufficiently important governmental interest—addressing the reasonable
11 concern about actual and apparent corruption by those doing business with the
12 City. While there was no recent evidence of actual corruption with respect to
13 campaign contributions, the district court reasoned, given the public's perception
14 of continuing corruption, fueled by actual pay-to-play scandals in the 1980s, the
15 City properly imposed the challenged limits to combat corruption, correct
16 misperceptions, and instill public confidence in the City's political and
17 governmental processes. 599 F. Supp. 2d at 445-46. The court also found that
18 the contribution limits were closely drawn to respond to this interest in
19 eliminating actual and apparent corruption, rejecting Appellants' arguments
20 concerning the failure to index for inflation and viewpoint discrimination. Id. at
21 454-55.

1 The party requesting permanent injunctive relief must demonstrate (1)
2 irreparable harm (here, a constitutional violation) and (2) actual success on
3 the merits. Cartier v. Symbolix, Inc., 454 F. Supp. 2d 175, 186 (S.D.N.Y.
4 2006); see also Amoco Prod. Co. v. Vill. of Gambell, AK, 480 U.S. 531, 546
5 n.12 (“The standard for a preliminary injunction is essentially the same as for
6 a permanent injunction with the exception that the plaintiff must show a
7 likelihood of success on the merits rather than actual success.”). Denials of
8 injunctive relief, like grants of summary judgment, are reviewed de novo
9 when they concern rights under the First and Fourteenth Amendments. See
10 Ferris v. Cuevas, 118 F.3d 122, 125 & n.3 (2d Cir. 1997); Nat’l Awareness
11 Found. v. Abrams, 50 F.3d 1159, 1164 (2d Cir. 1995). In such cases, “an
12 appellate court has an obligation to ‘make an independent examination of the
13 whole record’ in order to make sure that ‘the judgment does not constitute a
14 forbidden intrusion on the field of free expression.’” Bose Corp. v. Consumers
15 Union of U.S., Inc., 466 U.S. 485, 499 (1984) (quoting New York Times Co. v.
16 Sullivan, 376 U.S. 254, 284-86 (1964)).

17 **B. Applicable Legal Standards**

18 The Government bears the burden of justifying its contribution limits in
19 light of a facial challenge. Nixon v. Shrink Missouri Gov’t PAC, 528 U.S. 382,
20 387-88 (2000).

1 The judiciary owes special deference to legislative determinations
2 regarding campaign contribution restrictions. See, e.g., Fed. Election
3 Comm’n v. Beaumont, 539 U.S. 146, 155 (2003); McConnell v. Fed. Election
4 Comm’n, 540 U.S. 93, 137 (2003). While paying deference, the judiciary must
5 also protect the fundamental First Amendment interest in political speech.
6 In evaluating constraints on such speech and related activity, Buckley v.
7 Valeo distinguished between campaign expenditures and campaign
8 contributions. 424 U.S. 1 (1976). Strict scrutiny applies to restraints on the
9 former, while limits on the latter are more leniently reviewed because they
10 pose only indirect constraints on speech and associational rights. See
11 Beaumont, 539 U.S. at 161-62 (holding that restrictions on the activity of
12 contributing to a candidate’s campaign are “merely ‘marginal’ speech
13 restrictions subject to relatively complaisant review”); Fed. Election Comm’n
14 v. Colo. Republican Fed. Campaign Comm., 533 U.S. 431, 440 (2001);
15 Buckley, 424 U.S. at 20-21. For this reason, contribution limits and bans are
16 permissible as long as they are closely drawn to address a sufficiently
17 important state interest. See, e.g., Davis v. Fed. Election Comm’n, 554 U.S.
18 724, 737 (2008); Beaumont, 539 U.S. at 162; Buckley, 424 U.S. at 25; Green
19 Party of Conn. v. Garfield, 616 F.3d 189, 198 (2d Cir. 2010).

1 In certain cases, however, contribution restrictions may severely impact
2 political dialogue, for example by preventing “candidates and political
3 committees from amassing the resources necessary for effective advocacy.”
4 Buckley, 424 U.S. at 21. This question focuses on differences in kind, rather
5 than of degree. Id. at 30. A showing of special justification is required for
6 such restrictions to be closely drawn. See Randall v. Sorrell, 548 U.S. 230,
7 261 (2006).

8 The Supreme Court has consistently held that the prevention of actual
9 and perceived corruption qualifies as a sufficiently important state interest.
10 See, e.g., McConnell, 540 U.S. at 143; Shrink Missouri, 528 U.S. at 390;
11 Buckley, 424 U.S. at 27; see also Davis, 554 U.S. at 740-41 (noting that the
12 use of personal campaign funds, as opposed to contributions, actually reduces
13 the threat of corruption). It is not necessary to produce evidence of actual
14 corruption to demonstrate the sufficiently important interest in preventing
15 the appearance of corruption. See McConnell, 540 U.S. at 150. On the other
16 hand, “mere conjecture” is insufficient. See Shrink Missouri, 528 U.S. at 392.
17 That is, the threat of corruption cannot be “illusory.” Buckley, 424 U.S. at 27.
18 “The quantum of empirical evidence needed to satisfy heightened judicial
19 scrutiny . . . will vary up or down with the novelty and plausibility of the
20 justification raised.” Shrink Missouri, 528 U.S. at 391.

1 This Court must consider three important decisions that have issued
2 subsequent to the district court’s opinion: Citizens United, 130 S.Ct. 876;
3 Arizona Free Enterprise Club’s Freedom Club PAC v. Bennett, 131 S.Ct. 2806
4 (2011); and Green Party, 616 F.3d 189.

5 In Citizens United, the Supreme Court held that the government
6 cannot prohibit independent expenditures in support of a political candidate
7 based on the source’s corporate identity. 130 S.Ct. 876. Contrary to
8 Appellants’ exhortations, however, Citizens United applies only to
9 independent corporate expenditures. It reaffirms existing precedent on the
10 propriety of contribution limits. It therefore has no impact on the issues
11 before us in this case:

12 [U]nlike limits on independent expenditures, [contribution limits] have
13 been an accepted means to prevent quid pro quo corruption. Citizens
14 United has not made direct contributions to candidates, and it has not
15 suggested that the Court should reconsider whether contribution limits
16 should be subject to rigorous First Amendment scrutiny.

17 Citizens United, 130 S.Ct. at 909 (citations omitted). Citizens United
18 confirmed the continued validity of contribution limits, noting that they most
19 effectively address the legitimate governmental interest, identified by
20 Buckley, in preventing actual or perceived corruption. Id. at 908-09 (quoting
21 the standard of Fed. Election Comm’n v. Nat’l Right to Work Comm., 459 U.S.
22 197 (1982)); see also In re Cao, 619 F.3d 410, 422-23 (5th Cir. 2010) (holding

1 that Citizens United applies to independent campaign expenditures and has
2 no relevance to contribution limits). Indeed, the Court reiterated that the
3 wealth amassed by corporations and business interests is more effectively
4 used to obligate legislators when spent on contributions, rather than
5 independent expenditures, over which the candidate has less control. See
6 Citizens United, 130 S.Ct. at 908-09.

7 Since the Supreme Court preserved the distinction between
8 expenditures and contributions, there is no basis for Appellants' attempt to
9 broaden Citizens United. Appellants' selective and misleading quotes
10 carefully skip over the Court's clear distinction between limits on
11 expenditures and limits on contributions.¹⁰ (See, e.g., Reply Br. 3.) The
12 Supreme Court has repeatedly stated that the Circuit Courts are to apply the
13 law as it exists, unless it is expressly overruled. See Agostini v. Felton, 521
14 U.S. 203, 237 (1997) (“[I]f a precedent of this Court has direct application in a
15 case, yet appears to rest on reasons rejected in some other line of decisions,
16 the Court of Appeals should follow the case which directly controls, leaving to

¹⁰ Appellants argue that the anti-influence theory is not sufficient to justify contribution limits, quoting from Citizens United: “Reliance on a generic favoritism or influence theory is at odds with standard First Amendment analysis because it is unbounded and susceptible to no limiting principle.” 130 S.Ct. at 910 (internal quotations and alterations omitted). But the Court made clear that it was dealing with independent corporate expenditures, not with limits or even bans on campaign contributions (or the source of contributions). Appellants twist Buckley so that it is only applicable to quid pro quo corruption. But quid pro quo is already covered by bribery laws. Instead, Buckley expressly approves restrictions on campaign contributions to facilitate the prevention of all actual and apparent corruption.

1 this Court the prerogative of overruling its own decisions.” (quoting Rodriguez
2 de Quijas v. Shearson/Am. Exp., Inc., 490 U.S. 477, 484 (1989) (internal
3 quotation marks omitted)). Citizens United left Buckley intact, and it is not
4 for this Court to stretch Citizens United.

5 After handing down Citizens United, the Supreme Court invalidated an
6 Arizona public financing scheme under which public matching funds were
7 triggered by a privately financed candidate's level of expenditures. Bennett,
8 131 S.Ct. 2806. Arizona gives publicly financed candidates an initial
9 allotment of public funds to begin their campaigns. Under the challenged
10 law, if a privately financed, opposing candidate's expenditures (combined with
11 independent expenditures in support of the privately financed candidate and
12 opposed to the publicly financed candidate) exceeded the amount of this
13 initial outlay, the publicly financed candidate received a proportionate
14 amount of additional matching funds, up to twice the initial amount. Id. at
15 2814-15.

16 The Supreme Court determined that the provision posed a “markedly
17 more significant burden” than the Millionaire's Amendment struck down in
18 Davis, 128 S.Ct. 2759, particularly because it effectively punished the
19 nonparticipating candidate for spending his own money on his own campaign.
20 Bennett, 131 S.Ct. at 2819. The Court repeated its holding that there is no

1 compelling state interest in leveling the playing field, id. at 2825; and
2 concluded that Arizona's proffered interest in preventing corruption and its
3 appearance did not justify the burden posed on a candidate's expenditures of
4 his own funds. Id. at 2826.¹¹

5 Bennett binds us, but for reasons we explain later, it does not control
6 the outcome in this case. Bennet reaffirmed several key holdings: (1) that the
7 lower closely drawn standard applies to contribution limits, 131 S.Ct. at 2817;
8 (2) that preventing corruption and its appearance is a compelling state
9 interest, id. at 2825; and (3) that public financing is still a valid means of
10 funding political candidacy. Id. at 2828.

11 In addition, this Court recently struck down the State of Connecticut's
12 ban on lobbyist contributions. Green Party, 616 F.3d 189. The Court found
13 that there was "insufficient evidence to infer that all contributions made by
14 state lobbyists give rise to an appearance of corruption." Id. at 206 (emphasis
15 in original). It reasoned that an outright ban was not closely drawn because a

¹¹ We flatly reject Appellants' argument, submitted in its June 28, 2011 letter, that "Justice Kagan, writing in dissent in [Bennett], opines that contribution limits are ineffective at preventing corruption." This is a misciting of Justice Kagan's opinion. She does not draw the conclusion that contribution limits are per se ineffective. Rather, she poses a hypothetical in which two States are "plagued by a corrupt political system" in which "candidates for public office accept large campaign contributions in exchange for the promise that, after assuming office, they will rank the donors' interests ahead of all others." Bennett, 131 S.Ct. at 2829 (Kagan, J., dissenting). In such dire circumstances, contribution limits alone may be insufficient and easily circumvented through bundling, requiring further regulation. We note that, under Green Party, such a history of actual corruption would merit an outright ban on troublesome contributions. This does not mean that contribution limits are always ineffective; they may adequately address less drastic circumstances. For this reason, the relevant analysis requires that the remedy be closely drawn.

1 limit would have effectively addressed the appearance of corruption created
2 by lobbyist contributions. Id. at 207 & n.15 (noting that because
3 Connecticut's recent corruption scandals “in no way implicated lobbyists,” “a
4 limit on lobbyist contributions would adequately address the state’s interest
5 in combating corruption and the appearance of corruption on the part of
6 lobbyists” (emphasis in original)). Implicit in the Court’s reasoning is the
7 determination that a recent history of corruption is not required for limits to
8 pass constitutional review.

9 Green Party sustained a ban on contributions from state contractors
10 because they had been implicated in a series of recent scandals. Id. at 204-05.
11 While a limit may address the actual and perceived corruption, it does not
12 entirely eliminate it because some exchange of money is still allowed. When
13 the appearance of corruption is particularly strong due to recent scandals,
14 therefore, a ban may be appropriate.

15 Appellants urge us to expand Citizens United, Bennett, and Green
16 Party to invalidate the three provisions they challenge. We conclude,
17 however, that their arguments do not comport with the express language and
18 reasoning of these opinions.

1 C. “Doing Business” Contribution Limit

2 The doing business limitations have three characteristics that place
3 them outside the scope of Citizens United and Green Party: First, they deal
4 with contributions (as opposed to expenditures). Second, they are limits (as
5 opposed to outright bans). Third, they address the appearance of corruption
6 (as opposed to the appearance of influence). The doing business limitations
7 are only indirect constraints on protected speech and associational rights;
8 they are not subject to strict scrutiny but rather to the more lenient, closely
9 drawn standard of review. In addition, the heightened evidentiary
10 requirement urged by Appellants does not apply.¹²

¹² The doing business limits differ from the generally applicable limits in degree, not in kind. Appellants argue that the limits hinder candidates’ ability to amass contributions from business interests, but that is the purpose of the law. Appellants make no argument that these provisions pose unusual constraints on candidates’ fundraising or contributor’s associational rights. Whether the contribution limits hinder the ability to amass contributions from business interests is not the relevant test. Rather, the test is whether candidates have access to sufficient funds to run campaigns where they can effectively engage with the electorate. The data indicate that the challenged provisions actually have such a positive effect on fundraising ability. See CFB Analysis: Fundraising Shows New Focus on Small Contributions During 2008 1, 2 (2008), available at http://www.nyccfb.info/press/news/press_releases/2008-07-24.pdf (finding that “candidates for City office in the 2009 elections are raising funds at an unprecedented rate” and that “small contributors are starting to play a greater role in City campaigns”). Appellants also fail in their attempt to fit this case into Davis, which rejected different expenditure limits for different candidates, not donation limits for different contributors. 554 U.S. at 737-38. Even if this particular doing business limit may be called novel, as Appellants argue, the justification for it—to reduce the appearance of corruption—is not. Restrictions on contractor contributions are not uncommon and the notion that money and governmental favors are connected is far from implausible. See, e.g., N.Y. Elec. L. 14-114(9) (limiting contributions to candidates for and members of the New York City Board of Estimate by persons with a matter pending before the Board six months before and twelve months after) (repealed by 1997 Sess. L. News of N.Y. Ch. 128 (A. 7887) upon abolition of the Board of Estimate); Green Party, 616 F.3d 189; Blount v. S.E.C., 61 F.3d 938 (D.C. Cir. 1995); Fed. Election Comm’n v. Weinstein, 462 F. Supp. 243 (S.D.N.Y. 1978). Under Shrink Missouri, therefore, the quantum of empirical evidence needed is not particularly high.

1 Citizens United confirms, yet again, that eliminating corruption or the
2 appearance thereof is a sufficiently important governmental interest to justify
3 the use of closely drawn restrictions on campaign contributions. This interest
4 exists even where there is no actual corruption, because the perception of
5 corruption, or of opportunities for corruption, threatens the public’s faith in
6 democracy. See Colo. Republicans, 533 U.S. at 440-41; Buckley, 424 U.S. at
7 26-27. In fact, as noted in Green Party, while a limit may be sufficient to
8 address actual corruption, the appearance and public perception of corruption
9 may be so grave as to merit a ban.

10 Although Citizens United stated that mere influence or access to
11 elected officials is insufficient to justify a ban on independent corporate
12 expenditures, improper or undue influence presumably still qualifies as a
13 form of corruption.¹³ See Bennett, 131 S.Ct. at 2827 (discussing the “interest
14 in alleviating the corrupting influence of large contributions” served by
15 contribution limits (emphasis added) (quoting Buckley, 424 U.S. at 55)); Colo.
16 Republicans, 533 U.S. at 440-41 (“[L]imits on contributions are more clearly

¹³ In any event, the Supreme Court’s reservation about preventing mere influence as a justification is limited to independent expenditures. Citizens United, 130 S.Ct. at 910. The Court asserted that the appearance of influence in that context will not cause the electorate to lose faith because, by definition, independent expenditures are intended to appeal directly to these voters, reinforcing the paramountcy of their (as opposed to the source of funds’) influence in the process. Id. Whatever may be said about this explanation, it clearly does not apply to contribution limits, which directly benefit the candidate and only indirectly persuade the voters.

1 justified by a link to political corruption than limits on other kinds of
2 unlimited political spending are (corruption being understood not only as quid
3 pro quo agreements, but also as undue influence on an officeholder's
4 judgment, and the appearance of such influence)." (citations omitted)
5 (emphasis added)); Republican Nat'l Comm. v. Fed. Election Comm'n, 698 F.
6 Supp. 2d 150, 158-60 (D.D.C. 2010). Improper or undue influences includes
7 both traditional quid pro quo and more discreet exchanges of money for
8 favorable outcomes.¹⁴

9 While independent corporate campaign expenditures may influence a
10 candidate, or facilitate access that non-speakers may not enjoy, Citizens
11 United emphasized the right to speech and its independence from the
12 candidate. Direct giving to the candidate, or the candidate's campaign
13 committee, stands on a different footing. Since neither candidate nor
14 contributor is likely to announce a quid pro quo, the appearance of corruption
15 has always been an accepted justification for a campaign contribution
16 limitations. See McCormick v. United States, 500 U.S. 257, 272-73 (1991)
17 (holding that an elected official's receipt of a campaign contribution amounts

¹⁴ The distinction between mere influence or access, as addressed by Citizens United, and improper influence or access goes to the very heart of representative democracy. It is one thing to gain access to a legislator in order to influence him or her with a policy argument. Indeed, we presume that legislators are influenced by the ideological views of their constituents. It is entirely different to seek to influence a legislator with money in the hope of receiving a contract; such influence is de facto improper and corrupting.

1 to extortion only when an official asserts that his official conduct will be
2 controlled by the terms of the promise or undertaking, but noting that the
3 implicit exchange of benefit for money “in a very real sense is unavoidable so
4 long as election campaigns are financed by private contributions or
5 expenditures”). In other words, because the scope of quid pro quo corruption
6 can never be reliably ascertained, the legislature may regulate certain
7 indicators of such corruption or its appearance, such as when donors make
8 large contributions because they have business with the City, hope to do
9 business with the City, or are expending money on behalf of others who do
10 business with the City.

11 Furthermore, such donations certainly feed the public perception of
12 quid pro quo corruption, and this alone justifies limitations or perhaps an
13 outright ban. Citizens United, 130 S.Ct. at 908, 910. When those who do
14 business with the government or lobby for various interests give
15 disproportionately large contributions to incumbents, regardless of their
16 ideological positions, it is no wonder that the perception arises that the
17 contributions are made with the hope or expectation that the donors will
18 receive contracts and other favors in exchange for these contributions. The
19 threat of quid pro quo corruption in such cases is common sense and far from
20 illusory. See, e.g., NCRL v. Bartlett, 168 F.3d 705 (4th Cir. 1999) (upholding

1 prohibition on in-session lobbyist contributions); Blount v. S.E.C., 61 F.3d 938
2 (D.C. Cir. 1995) (upholding SEC Rule that prohibits municipal securities
3 brokers and dealers from engaging in municipal securities business for two
4 years after contributing more than \$250 to state officials from whom they
5 obtain business); cf. United States v. Harriss, 347 U.S. 612 (1954) (dismissing
6 a First Amendment challenge to a lobbying disclosure act).

7 Indeed, the Supreme Court recently attributed the particular threat of
8 corruption posed by campaign contributions to the risk of mixing money and
9 politics. Bennett, 131 S.Ct. at 2826 (observing that “the use of personal
10 funds reduces the candidate's dependence on outside contributions and
11 thereby counteracts the coercive pressures and attendant risks of abuse' of
12 money in politics” (quoting Buckley, 424 U.S. at 53)). Doing business
13 contributions mix money and politics on both ends of the equation, making
14 them that much more risky and questionable. Contributions to candidates for
15 City office from persons with a particularly direct financial interest in these
16 officials' policy decisions pose a heightened risk of actual and apparent
17 corruption, and merit heightened government regulation. Mere access or
18 influence based on independent corporate speech, therefore, is not the concern
19 here. This is so even though the record occasionally also speaks to the
20 presence of mere “influence.”

1 Appellants argue that Green Party requires evidence of recent scandals
2 in order to justify any contribution restriction, not just a ban. (See Letter of
3 July 14, 2010). This is not what Green Party says. There is no reason to
4 require the legislature to experience the very problem it fears before taking
5 appropriate prophylactic measures. See Citizens United, 130 S.Ct. at 908
6 (noting the preventative nature of contribution limits because the scope of
7 quid pro quo corruption “can never be reliably ascertained” and those
8 instances that are known are covered by bribery laws (quoting Buckley, 424
9 U.S. at 27) (internal quotation marks omitted)); see also Anthony W. Crowell,
10 New Lobbying Laws: More Sunlight, More Teeth, 12 CityLaw 73, 73
11 (July/Aug. 2006) (noting that recent Washington scandals involving lobbyist
12 Jack Abramoff, former Representative Randy Cunningham, and
13 Representative William Jefferson “illustrate the potential for corrupt lobbying
14 to erode citizens’ faith in their government” and that New York City enacted
15 reforms, including making lobbyist contributions ineligible for matching with
16 public funds, to enhance integrity and transparency in municipal
17 government, “[r]ather than waiting for New York City to see its own lobbyist
18 scandals”). Appellants essentially propose giving every corruptor at least one
19 chance to corrupt before anything can be done, but this dog is not entitled to a
20 bite. Green Party only considered whether an outright contribution ban was

1 closely drawn to the anti-corruption interest. As to limits, Green Party set
2 the justificatory burden somewhere between a concrete showing of actual
3 quid pro quo corruption and the sort of “mere conjecture” that the Supreme
4 Court has deemed out of bounds. Shrink Missouri, 528 U.S. at 379.

5 Indeed, as the district court reasoned, Ognibene, 599 F. Supp. 2d at 448
6 n.12, to require evidence of actual scandals for contribution limits would
7 conflate the interest in preventing actual corruption with the separate
8 interest in preventing apparent corruption. In other words, if every case of
9 apparent corruption required a showing of actual corruption, then the former
10 would simply be a subset of the latter, and the prevention of actual corruption
11 would be the only legitimate state interest for contribution limits. Green
12 Party is consistent with Supreme Court precedent rejecting this argument,
13 due to the difficulty of detecting actual corruption and the equal importance
14 of eliminating apparent corruption. See McConnell, 540 U.S. at 153; Buckley,
15 424 U.S. at 27.

16 Appellants do not dispute that the generally applicable contribution
17 limits responded to actual pay-to-play scandals in New York City in the
18 1980s. (Appellant Br. 4-5.) Rather, they argue that these initial limits have
19 been successful, so that lower limits are unnecessary. This determination,
20 however, is a matter of policy better suited for the legislature, which has

1 institutional expertise in the field of election regulation and effectively curbed
2 these scandals in the first place. See, e.g., Randall, 548 U.S. at 248 (“[W]e
3 have no scalpel to probe each possible contribution level. We cannot
4 determine with any degree of exactitude the precise restriction necessary to
5 carry out the statute's legitimate objectives. In practice, the legislature is
6 better equipped to make such empirical judgments, as legislators have
7 particular expertise in matters related to the costs and nature of running for
8 office. Thus ordinarily we have deferred to the legislature's determination of
9 such matters.” (internal citations and quotations omitted)); Fed. Election
10 Comm’n v. Nat’l Conservative Political Action Comm., 470 U.S. 480, 500
11 (1985) (noting Buckley's “deference to a congressional determination of the
12 need for a prophylactic rule where the evil of potential corruption had long
13 been recognized”); Fed. Election Comm’n v. Nat’l Right to Work Comm., 459
14 U.S. 197, 210 (1982). There is no doubt that the threat of corruption or its
15 appearance is heightened when contributors have business dealings with the
16 City, for the reasons just discussed. Accordingly, it is reasonable and
17 appropriate to further limit their contributions.

18 In addition, it is clear that the City Council properly studied this issue
19 before concluding that doing business contributions are particularly
20 problematic and merit special treatment. The record contains several reports

1 and investigations—including the 1998 Commission Report, the 2005 Election
2 Report, the 2006 interim report of a study conducted by students at New York
3 University’s Wagner Graduate School of Public Service, and the Committee
4 on Governmental Operations’ Reports on the challenged laws—all of which
5 attest to the significant role that “doing business” contributions play in
6 elections and in the public perception of corruption. For example, “doing
7 business” contributors were more likely to give large rather than small
8 donations, and disproportionately contributed to incumbents—who are
9 considered to have greater influence on city decisions—than to challengers.
10 2005 Election Report, 122; see also Pines Decl., Ex. II, Deposition of Martin
11 Malave Dilan at 33-34 (testifying that contributors who do business with the
12 City favor incumbent candidates); Pines Decl., Ex. NN, Deposition of Marlene
13 J. Tapper at 63 (same); Pines Decl., Ex. OO, Deposition of Viviana Vazquez-
14 Hernandez at 44 (same). In 2001 and 2005 respectively, donors with business
15 dealings were 3.8% and 5.3% of all contributors, but accounted for 25.2% and
16 21.5% of dollars contributed. Based on this evidence, it was entirely
17 appropriate for the Council to find that there is an appearance that larger
18 contributions are made to secure the contract, land use approval, or whatever
19 municipal benefit is at issue.

1 Moreover, there is direct evidence of a public perception of corruption.¹⁵

2 While Appellants pretend to be skeptical, their assertions are not credible.

3 Not only is the connection between money and municipal action objectively

4 reasonable, but their own deposition testimony confirms that the public

5 perceives this connection to exist. See, e.g., Pines Decl., Ex. II, Deposition of

6 Martin Malave Dilan at 33-34; Pines Decl., Ex. JJ, Deposition of Thomas V.

7 Ognibene at 31-32; Pines Decl., Ex. LL, Deposition of Fran Reiter at 52; Pines

¹⁵ Although Green Party does not require actual incidents of corruption to sustain contribution limits (as opposed to bans), 616 F.3d at 207 & n.15, it is no wonder there is a public perception of corruption, given the recent scandals involving exchanges of money for favors. See, e.g., Nicholas Confessore & Danny Hakim, Bruno is Guilty of Corruption in Federal Case, N.Y. Times, Dec. 8, 2009, at A1; Kareem Fahim, Seeking Free Home, Ex-Legislator Will Get a Prison Cell Instead, N.Y. Times (June 13, 2008), available at <http://www.nytimes.com/2008/06/13/nyregion/13gordon.html>; John Kifner, Velella, Bronx Powerhouse, is Sentenced to a Year in Jail, N.Y. Times, June 22, 2004, at B10; Colin Moynihan, State Senator and 7 Others Plead Not Guilty to Corruption, N.Y. Times, Apr. 12, 2011, at A22; Stacey Stowe, Rowland Home After Serving 10 Months in Corruption Case, N.Y. Times (Feb. 14, 2006), available at <http://www.nytimes.com/2006/02/14/nyregion/14rowland.html?ref=johngrowland>. No great logical leap is necessary to infer that opportunities for further, campaign-related corruption should be minimized. Moreover, several recent scandals have specifically involved pay-to-play campaign donations. See, e.g., Danny Hakim & William K. Rashbaum, Hevesi Pleads Guilty in Pension Case, N.Y. Times, Oct. 7, 2010 (reporting on former New York State Comptroller's approval of a pension investment in exchange for, inter alia, \$500,000 in campaign contributions); Tom Precious, Scandal Over Downstate Casino Jolts Albany, Buffalo News, Oct. 22, 2010; see also Nicholas Confessore, Albany Inquiry Ends in Penalty for a Lobbyist, N.Y. Times, Dec. 8, 2010, available at <http://www.nytimes.com/2010/12/09/nyregion/09lobby.html> (implicating a lobbyist in the same Comptroller's pay-to-play scheme).

All of these incidents occurred in the New York State area. While none implicates an elected New York City official, the public is not as parsing as Appellants would hope. The City Council need not wait for this outbreak to infect its own members, so that the public may specifically lose faith in that legislative body, as well. Ranging from before 2006—when the first of the challenged laws passed—to the present, these scandals have created a climate of distrust that feeds the already-established public perception of corruption. Appellants argue that the City may, in defending the law, rely only on those scandals that predate it. To consider only the scandals that predate the law would lead to an absurd result in cases, unlike this one, where a history of actual corruption is required (e.g., a ban): If the law were struck down as a result, the Council could immediately pass the exact same law, citing the exact same scandals which now would be prior to the passage of the law, and that law would be upheld.

1 Decl., Ex. NN, Deposition of Marlene J. Tapper at 63; Pines Decl., Ex. OO,
2 Deposition of Viviana Vazquez-Hernandez at 43-44. Appellant Tom Ognibene
3 acknowledges the usual public perception of office holders and candidates for
4 office: “You’re all a bunch of crooks.” (Pines Decl., Ex. JJ, Deposition of
5 Thomas V. Ognibene at 32). The fact that City voters passed the referendum
6 approving these reforms speaks powerfully to the public perception that
7 further regulation of campaign contributions by those who do business with
8 the City is needed.¹⁶ See Shrink Missouri, 528 U.S. at 394 (“And although
9 majority votes do not, as such, defeat First Amendment protections, the
10 statewide vote on Proposition A certainly attested to the perception relied
11 upon here”). In these circumstances, where people believe that many
12 public officials are corrupt, and there is substantial and material evidence to
13 support that belief, clearly the public may enact preventative measures to
14 address the contaminating belief that everything is for sale and to restore
15 faith in the integrity of the political process.

¹⁶ Appellants argue that the question posed in the 1998 Referendum—whether “requiring disclosure and regulation of contributions by those doing business with the City of New York should be adopted”—was misleadingly worded because it implies that such contributions were not already regulated. The plain inference to be drawn from this question, however, is whether such contributions should be further regulated and separately disclosed, not simply as a contribution but as a contribution from one who does business with the City. Indeed, this question was well-crafted to pinpoint the propriety of “doing business” as a measure of potential corruption.

1 Appellants assert several rationales for why these provisions are not
2 closely drawn. First, they assert that they are overbroad because they ban
3 legitimate as well as corrupt acts. Buckley expressly rejected a similar
4 argument because “[n]ot only is it difficult to isolate suspect contributions,
5 but more importantly, Congress was justified in concluding that the interest
6 in safeguarding against the appearance of impropriety requires that the
7 opportunity for abuse inherent in the process of raising large monetary
8 contributions be eliminated.” 424 U.S. at 30; see also id. at 27-28 (noting that
9 “laws making criminal the giving and taking of bribes deal with only the most
10 blatant and specific attempts of those with money to influence governmental
11 action”); Ward v. Rock Against Racism, 491 U.S. 781, 798 (1989) (holding that
12 a regulation of protected speech may be narrowly tailored even if it is not the
13 least restrictive or least intrusive means). These provisions aim at
14 eliminating, not only corrupt acts, but the appearance of corruption. They are
15 not overbroad. Rather, the limits are tailored to apply only to those who seek
16 a benefit from the City; and, even then, only to those business dealings more
17 likely linked to corruption (i.e., high value business transactions, and
18 lobbyists, whose sole purpose is to influence City outcomes).

19 Appellants also argue that these restrictions are underinclusive
20 because they do not apply to all contributors with the influence and incentive

1 to engage in pay-to-play, specifically labor organizations and neighborhood
2 associations that do not have procurement contracts which qualify as
3 business dealings (e.g., the Little League that wants a park to play its
4 baseball games, contending with a soccer league that wants the same park at
5 the same time). A statute is not, however, “invalid under the Constitution
6 because it might have gone farther than it did.” Buckley, 424 U.S. at 105
7 (quoting Roschen v. Ward, 279 U.S. 337, 339 (1929) (internal quotation marks
8 omitted)); see also Blount, 61 F.3d at 946 (“Because the primary purpose of
9 underinclusiveness analysis is simply to ensure that the proffered state
10 interest actually underlies the law, a rule is struck for underinclusiveness
11 only if it cannot fairly be said to advance any genuinely substantial
12 governmental interest” (internal quotations and citations omitted)). The fact
13 that the City has chosen to focus on one aspect of quid pro quo corruption,
14 rather than every conceivable instance, does not render its rationale a
15 “challenge to the credulous.” Republican Party of Minn. v. White, 536 U.S.
16 765, 780 (2002). The limits decided upon are not unreasonable and appear to
17 be based on common sense. They focus on misconduct that flows from
18 business dealings with the City and include labor organizations and

1 neighborhood associations that do business with the City.¹⁷ In the 2001 and
2 2005 election cycles, groups defined as “doing business” with the City gave a
3 total of about \$25 million to citywide candidates while unions and labor-
4 related PACs gave only about \$4.1 million or sixteen percent of that total.
5 (LaRue Decl. Ex. E, New York Times, New Campaign Finance Rules Skip
6 Unions, June, 28, 2007.) Accordingly, the City Council’s choice of definition
7 for “business dealings” effectively captures the biggest contributors. The
8 provisions are not, therefore, underinclusive of their stated purpose.

9 Appellants additionally contend that these provisions are overinclusive
10 because they may be applied using the broader definition of “lobbyist.”
11 Appellees concede, however, that the narrower definition applies. (Appellee’s
12 Br. 11 n.5). This narrower definition comports with, and is no broader than
13 necessary to address, the interest in eliminating actual and perceived
14 corruption. Appellants acknowledge that the public perceives lobbyists as
15 influencing or attempting to influence elected officials through their
16 campaign contributions. (See Pines Decl., Ex. LL, Deposition of Fran Reiter
17 at 52; Pines Decl., Ex. NN, Deposition of Viviana Vazquez-Hernandez at 44.)

¹⁷ Furthermore, labor unions are different. Unlike contractors, they are the statutory representatives of a group of municipal employees and, as such, are allowed under State law to bargain collectively and to obtain contracts. If it cannot negotiate a contract, one will be imposed by an impasse panel. To the extent that they do business in the sense that others do, they are included in the lower limits.

1 Accordingly, the inclusion of people and organizations engaged in lobbying
2 activities does not render these provisions overinclusive.

3 Appellants further assert that these provisions are poorly tailored
4 because they are not indexed for inflation and discriminate based on
5 viewpoint. The mere failure to index for inflation, however, does not compel a
6 finding that the provisions are not closely drawn. Randall pointed to the
7 failure to index for inflation as only one of five factors which, taken together,
8 led to its conclusion that certain contribution limits violated the First
9 Amendment. See 548 U.S. at 253-263 (also weighing the fact that the limits
10 applied to contributions by political parties and included volunteers'
11 expenses). But the real problem in Randall was that the limits were so low
12 that a candidate could not communicate meaningfully with constituents. The
13 limits challenged here apply only to certain contributions and for citywide
14 elections; and they are not as “suspiciously low” as those in Randall. Id. at
15 261; see also Green Party, 616 F.3d at 205 (noting that a limit of \$50 per
16 election would effectively address the problem of actual corruption without
17 “wholly extinguish[ing] a contractor’s associational rights”). Appellants do
18 not provide any evidence that the reduced dollar amount which can be
19 contributed prevents the running of a competitive campaign. Furthermore,
20 Randall was concerned that such low limits would “magnify the advantages of

1 incumbency to the point where they put challengers to a significant
2 disadvantage.” 548 U.S. at 248. The doing business limits here, however,
3 have the opposite effect; they seek to avoid stacking the deck in favor of
4 incumbents, to whom donors with business dealings disproportionately
5 contribute.

6 Viewpoint discrimination is a subset of content discrimination in which
7 the government impermissibly targets, not the subject matter itself, but
8 rather particular views taken on the subject. See Rosenberger v. Rector &
9 Visitors of Univ. of Va., 515 U.S. 819, 829, 831 (1995); Make the Road by
10 Walking, Inc. v. Turner, 378 F.3d 133, 150 (2d Cir. 2004). Appellants argue
11 that the challenged provisions discriminate based on viewpoint because
12 neighborhood, community, and labor organizations, which are not necessarily
13 subject to the doing business limitations, share a significantly different
14 viewpoint than do business owners and members of management. Appellants
15 have failed, however, to offer any evidence that these organizations share a
16 single viewpoint.¹⁸ While a neighborhood association may have a different
17 mission than a construction business, their interests may be precisely aligned
18 on a particular project. It also does not follow that all neighborhood

¹⁸ We do not consider Mr. Ognibene’s unsupported estimation that ninety-nine percent of union contributions go to Democratic candidates to be sufficient evidence of viewpoint discrimination. (See Pines Decl. Ex. JJ, at 12.)

1 associations are monolithic. What flies in Bedford-Stuyvesant may not work
2 in Harlem, and what works on Park Avenue may not work on the Bronx
3 Champs-Elysees—the Grand Concourse. Since Appellants do not specify what
4 these viewpoints are, it is difficult to say what is being excluded. But the
5 experience in New York dictates the conclusion that neighborhood,
6 community, and labor organizations do not share a single viewpoint. Nor do
7 business owners.¹⁹

8 **D. Non-Matching Provisions**

9 Sections 3-702(3) and 3-703(1-a) exclude contributions from individuals
10 subject to the lower doing business limits, including lobbyists, as well as
11 contributions from any other person required to be included in a lobbyists’
12 statement of registration from the matching provisions of the public financing
13 scheme. Non-matching does not prevent someone from making a
14 contribution, but it does minimize the value of that contribution. In this
15 respect, it is similar to a limit and subject to the less stringent standard of
16 review. For the reasons discussed, the non-matching provision is closely
17 drawn to address a sufficiently important governmental interest.

¹⁹ Appellants’ facial Fourteenth Amendment challenge that the provisions effect impermissible viewpoint discrimination fails for the same reason.

1 The public financing scheme generously matches eligible contributions
2 of up to \$175 using tax dollars at the rate of 6 to 1. The program encourages
3 small, individual contributions, and is consistent with Randall's interest in
4 discouraging the entrenchment of incumbent candidates. See Randall, 548
5 U.S. at 248; Crowell, supra, at 77 (noting the public financing scheme's
6 "purpose of encouraging grassroots fundraising and diminishing the influence
7 of special interests"). When participation is voluntary and public money is
8 used, stricter restrictions may be imposed, perhaps even restrictions that
9 would normally be impermissible. See Davis, 554 U.S. at 739-40. Candidates
10 who choose not to participate, and their contributors, are not prevented from
11 freely expressing their political speech and associations; the legislature has
12 merely decided not to amplify their contributions with tax dollars. That
13 decision is entirely permissible. Buckley held that Congress "may engage in
14 public financing of election campaigns and may condition acceptance of public
15 funds on an agreement by the candidate to abide by specified expenditure
16 limitations." 424 U.S. at 57 n.65; see Bennett, 131 S.Ct. at 2828. As in
17 Buckley, "by forgoing public financing, . . . [the candidates here] retain the
18 unfettered right" to receive contributions within the limits from lobbyists,
19 persons associated with lobbyists, and other individuals with business
20 dealings with the City. Davis, 554 U.S. at 739-40.

1 The matching provision at issue here is clearly distinguishable. First,
2 it applies to contribution limits, which the Supreme Court has recognized to
3 be less onerous restrictions on speech than campaign expenditure limits.
4 Second, while the matching provisions here may burden the candidates who
5 choose to participate in the public financing scheme, the provision in Bennett
6 substantially burdened nonparticipating candidates, effectively forcing them
7 to put money in their opponent's campaign coffers. Bennett, 131 S.Ct. at
8 2819. Third, unlike the provisions challenged in Bennett and Davis, New
9 York City's scheme does not impose different limits on different candidates.
10 Bennett, 131 S.Ct. at 2828 (invalidating Arizona's matching funds provision
11 which "substantially burdens the speech of privately financed candidates and
12 independent expenditure groups without serving a compelling state
13 interest"); Davis, 554 U.S. at 738 ("We have never upheld the
14 constitutionality of a law that imposes different contribution limits for
15 candidates who are competing against each other . . ."). Certain
16 contributors—those with direct financial stakes in the elected candidate's
17 decisions—are treated differently, see infra Part III.D; but the way in which
18 these contributors are treated differently is the same for all candidates.

19 Additionally, the use of the broader definition of lobbyist for non-
20 matching purposes does not render it overinclusive. Insofar as the provision

1 reaches some contributors peripheral to the business dealings, such as a
2 lobbyist’s secretary or spouse, it does so only to prevent circumvention and
3 does not form “a substantial portion of the burden on speech.” Turner
4 Broadcasting System, Inc. v. F.C.C., 512 U.S. 622, 682 (1994) (quoting Simon
5 & Schuster, Inc. v. Members of N.Y. State Crime Victims Bd., 502 U.S. 105,
6 122 n.* (1991)); Interim Report, at 30 (providing examples of how “a
7 contribution through a spouse with the same last name is one potential way
8 to circumvent donation limits while guaranteeing the contribution is
9 associated with the family name”). Otherwise, lobbyists will continue to do
10 what they are doing now—giving money.²⁰ Indeed, use of the broader
11 definition for non-matching purposes combats circumvention, while use of the
12 narrower definition of lobbyist for the lower contribution limits avoids
13 infringing the speech of people not actually engaged in lobbying activities.
14 This distinction is an appropriate balancing of these competing concerns.

²⁰ For example, a plaintiff in this proceeding, who is the spouse of a lobbyist, testified that she had no knowledge of a contribution made jointly on her and her husband’s behalf to a candidate who is unknown to her. See Pines Decl., Ex. GG, Deposition of Sheila Andersen-Ricci at 8 (“Q: Have you ever made [or directed anyone to make] any contributions to any candidates for political office in your lifetime? A: No.”); id. at 33 (“Q: To the best of your understanding who is Thomas White? A: I don’t know.”); Horowitz Decl. ¶ 4 (discussing a check drawn on the account of Ms. Andersen-Ricci and her husband, payable to “Friends of Tom White, Jr.,” in the amount of \$500—twice the limit for a single contribution).

E. Entity Ban

1
2 The Supreme Court has held that the “degree of scrutiny turns on the
3 nature of the activity regulated,” not on the fact that contributions are
4 outright banned, as opposed to just limited. Beaumont, 539 U.S. at 162.
5 Accordingly, the more lenient standard of review also applies to the entity
6 ban. On the other hand, the analysis of whether a restriction imposes a ban
7 or merely a limit is relevant to the closely drawn analysis. See Green Party,
8 616 F.3d at 206-07.

9 Beaumont recognized four justifications for the federal ban on corporate
10 contributions: (1) the anti-corruption interest already discussed, 539 U.S. at
11 154; (2) the anti-distortion interest, stemming from the “special
12 characteristics of the corporate structure that threaten the integrity of the
13 political process [by] permit[ting] [corporations] to use resources
14 amassed in the economic marketplace to obtain an unfair advantage in the
15 political marketplace,” id. at 153-54 (internal quotations omitted); (3) the
16 dissenting-shareholder interest in protecting individuals’ investments in the
17 corporation from being used to support political candidates these individuals
18 might oppose, id. at 154; and (4) the anti-circumvention interest in preventing
19 the evasion of valid contribution limits. Id. at 155. Since the anti-corruption

1 and anti-circumvention interests adequately justify the entity ban, we do not
2 consider the extent to which the other rationales may apply.²¹

3 The anti-corruption rationale presents a sufficiently important
4 governmental interest for the reasons already discussed, and applies equally
5 to LLCs, LLPs, and partnerships, as to corporations. In addition, the
6 organizational form of an LLC, LLP, and partnership, like a corporation,
7 creates the opportunity for an individual donor to circumvent valid
8 contribution limits.²² See Beaumont, 539 U.S. at 155, 157 (noting that
9 National Right to Work, 459 U.S. 197 rejected the argument that the
10 rationale for the corporate contribution ban “turns on details of the corporate

²¹ Citizens United preserves the anti-corruption justification for regulating corporate contributions, based on its clear distinction between expenditures and contributions, and the lack of an express rejection of the corporate ban, which has existed since the first federal campaign finance law in 1907. 1998 Commission Report, 16. We are aware of United States v. Danielczyk, 788 F. Supp. 2d 472 (E.D. Va. 2011), which struck down a ban on corporate contributions, based on what it called an “inescapable” expansion of Citizen United’s logic. Id. at 494; United States v. Danielczyk, 791 F. Supp. 2d 513 (E.D. Va. 2011) (denying reconsideration). The role of an appellate court is to apply to law as it exists. Since the Supreme Court reaffirmed the validity of the 100-year old corporate ban just 8 years ago, Beaumont, 539 U.S. at 154-55, and declined to overrule this holding in Citizens United, we will not do so here. Indeed, Citizens United confirms that the anti-corruption interest is a legitimate justification for campaign contribution restrictions.

Citizens United also does not disturb the validity of the anti-circumvention interest. See Thalheimer v. City of San Diego, 645 F.3d 1109, 1125 (9th Cir. 2011) (concluding that “nothing in the explicit holdings or broad reasoning” of Citizens United invalidates the anti-circumvention interest in the context of contribution limits); Minn. Citizens Concerned for Life, Inc. v. Swanson, 640 F.3d 304, 318 (8th Cir. 2011), vacated on July 12, 2011 for rehearing en banc (“Citizens United never doubted the government’s strong interest in preventing quid pro quo corruption or materially questioned the ability of corporations to serve as conduits for circumventing valid contributions limits.”). As a result, we need not consider the extent to which the entity ban could have been justified by the anti-distortion and dissenting-shareholder rationales, which Citizens United rejected with respect to independent corporate expenditures.

²² Since the entity ban is justified both by anti-corruption and anti-circumvention interests, and simply extends the already-existing corporate ban to other functionally similar entities, Green Party’s requirement of a recent history of actual corruption does not apply.

1 form,” as opposed to similar organizational structures); Colo. Republicans,
2 533 U.S. at 456 & n.18, 457 (noting that “contribution limits would be eroded
3 if inducement to circumvent them were enhanced”).

4 The record contains sufficient evidence from which one could infer
5 circumvention and perceive corruption. For example, these entities have
6 become more active contributors since the corporate ban; LLC contributions
7 more than doubled from 2.8% in the 2001 election to 6.2% in the 2005
8 election.²³ 2005 Election Report, at 121. Most compelling is the
9 overwhelming percentage of contributions from such entities for incumbent
10 candidates.²⁴ While the rise in contribution activity could be attributed to
11 innocent causes, the grossly disproportionate support for candidates based
12 not on ideology or voting record, but rather on their relative position of power
13 and ability to return favors, creates the appearance of impropriety.

14 Entity contributions also undermine the CFA’s goal of transparency,
15 because they only have to be attributed to the partner or owner when they
16 exceed \$2,500. Committee Report, 29. Transparency is a particular problem
17 for LLCs because many are involved in city business, especially land use, yet

²³ Following the ban on corporate contributions, organizational contributions rose from thirteen percent in 2001 to sixteen percent in 2005. 2005 Election Report, at 120.

²⁴ In the 2005 election, the average incumbent collected seventy-eight contributions from organizations, totaling \$43,500, whereas challengers averaged only two contributions, totaling \$1,800. 2005 Election Report, at 120.

1 there are minimal disclosure requirements and often no publicly available
2 information about the owners.²⁵ See 2005 Election Report, at 121; see also
3 Robert Gearty & Benjamin Lesser, So-called 'LLCs' Enable Real Estate
4 Giants to Give Huge Sums to Gov. Paterson, AG Andrew Cuomo, N.Y. Daily
5 News (Feb. 15, 2010), available at [http://articles.nydailynews.com/2010-02-](http://articles.nydailynews.com/2010-02-15/news/27056260_1_llc-money-limit-individual-donations-contributions)
6 [15/news/27056260_1_llc-money-limit-individual-donations-contributions](http://articles.nydailynews.com/2010-02-15/news/27056260_1_llc-money-limit-individual-donations-contributions)
7 (citing examples of how contributors evade the contribution limits by
8 donating through LLCs—“the mother of all loopholes”—which are still
9 permitted in New York State).

10 The pressing question here is whether the entity ban is closely drawn.²⁶

²⁵ New York State Senator Daniel Squadron stated that the LLC loophole effectively means that “you don’t have contribution limits.” Gearty & Lesser, supra. The following examples demonstrate how easily campaign contribution can be bundled to circumvent limits: (1) a real estate developer, his wife, and two executives from his LLC all gave maximum contribution to the same incumbent candidate for City Council, see Interim Report, at 32-33; (2) the same developer, his immediate family, his LLC, and officers of his LLC contributed nearly \$100,000 in the 2001 and 2005 City election cycles, id. at 32; (3) two real estate developers and their newly-formed LLC gave nearly ten times the amount of donations they had given in the past after initiating a particular project, id. at 35; (4) the owner of a parent company of the construction company that received a contract to build a major transportation hub in Manhattan, his children, and the owner of the parent company’s marketing firm all gave significant contributions to an incumbent candidate for Borough President, see generally Doing Business Portal, <http://www.nyc.gov/html/doingbiz/home.html> (last visited Aug. 10, 2011). The lack of disclosure requirements for LLCs makes it especially difficult to track the extent of bundling that occurs.

²⁶ We reject Appellants’ argument that the entity ban is underinclusive because it does not apply to contributions from doctors, lawyers, and Certified Public Accountants. The LLC, LLP, and partnership forms pose a risk of circumvention, not because of the nature of the profession for which they are organized, but because they create the opportunity for the same individuals to contribute up to the limits more than once—as an individual and again as an entity. Because Appellants do not provide any connection between these professions and the risk of corruption, this argument is unpersuasive. Moreover, their argument appears to be based on a misunderstanding of §3-703(1)(l)’s statement that the mere fact that a contributor’s name is followed by a professional designation such as “M.D.,” “Esq.,” or “C.P.A.,” does not cause the contribution to fall within the entity ban. This does not mean that a contribution from an LLC, LLP, or partnership consisting of doctors or lawyers

1 We hold that it is. The expansion of the corporate ban to include these
2 entities does not render it overinclusive because, as noted, the legal
3 distinctions between these entities and corporations do not make them less of
4 a threat of corruption or circumvention.

5 For the reasons that justify the corporate contribution prohibition,
6 therefore, the legislature permissibly determined that there is no room in
7 City campaigns for entity contributions. While limits may minimize
8 circumvention and the appearance of corruption, the City is free to decide
9 that these evils must be eliminated to ensure the public's faith in the
10 electorate system.

11 CONCLUSION

12 For the foregoing reasons, we AFFIRM the judgment of the district
13 court upholding the constitutionality of the contribution limits, non-matching
14 provision, and entity ban.

would be exempt, but rather warns against the overapplication of the entity ban to individuals who hold such professional titles.