



# **CORPORATE CASH, PERSONAL WEALTH:**

**Randy Altschuler's Campaign Funding  
and What it Means for Long Island**

**CITIZEN  
ACTION**  
OF NEW YORK

94 Central Avenue • Albany, NY 12206  
518.465.4600 • [www.citizenactionny.org](http://www.citizenactionny.org)

OCTOBER, 2010

# INTRODUCTION

Voters in New York's First Congressional District, on the east end of Long Island, will face an important choice in just a few days on November 2nd. The incumbent, Timothy H. Bishop (D), has been in office since 2002, focusing on such issues as the economy, veterans, the environment, access to education, and health care reform.

His opponent, Randy Altschuler, a wealthy executive who has funded his campaign from his personal wealth and corporate donations, claims to be a voice for reform. But, as this report shows, the record is quite the opposite: both as to issue concerns and those who financially support his campaign.

Mr. Altschuler, like most in his party, opposes regulations on corporations and tax cuts for the wealthy, a program which will inevitably mean limited funding for education, health care, and job creation.

**There is no mystery why Randy Altschuler supports such an agenda.** Using campaign contributions data during the current (2010) cycle primarily from OpenSecrets.org, a leading non-partisan web page focused on the influence of money and politics, we found the following:

- 1) **Randy Altschuler is funded primarily by a combination of corporate interests and his own personal funds rather than by individuals, raising serious questions as to whether he is accountable to corporate donors or to the working families of the 1st Congressional District.**
- 2) **Mr. Altschuler received disproportionate funding from the financial services industry and other industry groups with a vested interest in lax regulation -- the kind of regulation that nearly led to the collapse of the U.S. economy in the fall of 2008.**
- 3) **Mr. Altschuler, a strong health care reform opponent, benefited enormously from support from corporate-funded organizations that oppose reform in the**

**form of advertising targeted at Timothy Bishop, a strong health care reform supporter. He also received significant contributions from insurance companies that oppose reform.**

- 4) **Randy Altschuler received a disproportionate share of his contributions from out-of-state contributors and from those outside of Long Island, likely reflecting the importance of Mr. Altschuler's candidacy to out-of-state corporate interests.**

Altschuler's ties to big money (corporate donations and self-funding) -- and support of a corporate agenda vastly at odds with the needs of the working families in his district -- testifies to the need for legislation supported by Congressman Bishop that would allow federal candidates to choose to run for office without relying on the large contributions of wealthy individuals or corporate contributions. With the passage of federal campaign finance legislation, candidates can instead focus on the needs of working people in their communities rather than the needs of powerful special interests who fund their campaigns. (A summary of this legislation appears in an appendix to this report.)

# WHO FUNDS RANDY ALTSCHULER AND WHAT IS THE IMPACT?

**1) Our examination of campaign finance data indicates that Randy Altschuler is funded primarily by a combination of corporate interests and his own personal wealth rather than individuals. This raises serious questions as to whether he is accountable to corporate donors (or shares their vision as a “self-financed” candidate), or to the working families of the 1st Congressional District.**

- Roughly two-thirds of Randy Altschuler’s total contributions during the 2010 elections cycle (65%) were from his own personal funds and PACs rather than to individuals. (See Table 1; also see point 2 below for which industry sectors provided the most donations.) By way of comparison, Tim Bishop provided no personal funds for his campaign. (Table 2)
- Roughly \$2 million of the \$3 million Mr. Altschuler received (63%) is “self-financed”: Altschuler used his own funds for his campaign. (Table 1)

Both Altschuler’s personal history and his stated public positions raise enormous concerns about his corporate connections and his willingness to advocate for working families. A recent poll found that 71% of U.S. voters believe that outsourcing is harmful to the economy. Yet, Randy Altschuler has been in the forefront of sending American jobs

Category	Amount	%
PAC Contributions	\$78,700	2%
Individual Contributions	\$1,003,875	32%
Candidate Self-Financing	\$2,010,213	63%
Other	\$84,796	3%
<b>Total</b>	<b>\$3,177,584</b>	<b>100%</b>

Category	Amount	%
PAC Contributions	\$860,479	39%
Individual Contributions	\$1,314,530	60%
Candidate Self-Financing	\$0	0%
Other	\$4,132	0%
<b>Total</b>	<b>\$2,179,141</b>	<b>100%</b>

overseas. In 2000, he founded an outsourcing company called OfficeTiger. Altschuler’s company had great success helping U.S. businesses cut costs and streamline their operations by helping them send “back-office” work overseas. Instead of employing workers from the U.S. to do white-collar work like research or design, OfficeTiger’s clients contracted these tasks to OfficeTiger’s employees in places like India, Sri Lanka and the Philippines, where wages are much lower than the U.S. In a 2006 documentary, it was suggested that OfficeTiger is so successful because they work their staff remarkably long hours and eliminate breaks. By outsourcing work to OfficeTiger’s locations overseas, OfficeTiger’s clients cut costs on the backs of American workers, and Randy Altschuler financially reaped the benefits.

In contrast, Congressman Tim Bishop has recently introduced legislation to force companies to disclose when they route customer service calls to overseas call centers (H.R. 6309). “My constituents are frustrated that companies have prioritized profits over customer service by outsourcing their call centers,” Bishop has said. “If people would rather patronize businesses committed to employing Americans, they should have that informed choice.” (Senator Schumer of New York has introduced similar legislation in the Senate.)

**2) A disproportionate share of Randy Altschuler’s contributions from other than his own personal funds have been from contributors associated with the financial services industry and other industry groups with a vested interest in lax regulation. This lax regulation nearly led to the collapse of the U.S. economy in the fall of 2008.**

- Broken down by industry, an examination of the top 5 sources of contributions to the Altschuler campaign (individual and PAC contributions) shows that his donors are disproportionately connected to industry sectors that would benefit from lax federal regulation of the financial services industry and related sectors. Specifically, he received \$217,546 from the securities and investment

industry, \$37,600 from the real estate industry, and \$31,560 from lawyers and law firms. (See Table 3.)<sup>1</sup>

Industry	Contributions
Securities & Investment	\$217,546
Health Professionals	\$49,200
Retired	\$47,600
Real Estate	\$37,600
Lawyers/Law Firms	\$31,560
Business Services	\$24,800
Misc. Finance	\$24,550
Accountants	\$20,150
Insurance	\$16,420
Republican/Conservative	\$14,900
Education	\$14,000
Misc. Manufacturing and Distributing	\$12,000
Leadership PACs	\$11,000
Lobbyists	\$10,200
Clergy & Religious Organizations	\$4,800
Misc. Business	\$4,800
Steel Production	\$4,800
Computers/Internet	\$4,400
Oil & Gas	\$4,350
Retail Sales	\$3,650
<b>Total: Top Industry Contributions</b>	<b>\$558,326</b>

This pattern -- contributions from company-affiliated donors that would benefit from lax financial services regulation -- is also shown by an examination of some of Randy Altschuler's biggest contributors. Several of Mr. Altschuler's largest contributors have been under investigation for improper or illegal practices, raising at least the question as to whether their donations are motivated by a desire to have good relations with a potential future Member of Congress who may be sympathetic to their interests. Specifically, Altschuler received \$12,433 from *Bank of America*, \$8,200 from *Plainfield Asset Management* and \$6,800 from *Credit Suisse Group*.<sup>2</sup>

- o In January 2008, **Bank of America** began notifying some customers without payment problems that their interest rates were being more than doubled, up to 28%. The bank was criticized for raising rates on customers in good standing, and for declining to explain why it had done so. Bank of America, the nation's largest bank and the servicers of roughly one in five American mortgages, was also one of several major lenders who recently announced they were suspending loan foreclosures in New York and 22 other states (including in Long Island) due to allegations, *among other things*, that the *lender had employees sign thousands of documents a month without checking the underlying facts of each consumer's case*. This "robo-signing" scandal has led to a 50 state Attorneys-General investigation. (Although on October 18th, Bank of America announced it was resuming foreclosures based on an internal investigation finding no wrongdoing, an October 19th New York Times article said that several consumer advocates had expressed extreme skepticism that the Bank of America investigation -- which apparently proceeded for less than two weeks and involved thousands of files -- could have been thorough enough to reach that conclusion.)
- o Media accounts have indicated that hedge fund **Plainfield Asset Management** was under investigation by the Manhattan District Attorney's office for predatory lending practices. In addition, the company's founder Max Holmes was investigated by the Securities and Exchange Commission (SEC) over allegations that he overvalued the firm's assets to pocket fraudulently inflated management fees.
- o **Credit Suisse**, one of the world's largest securities firms, was fined \$536 million in 2009 in a settlement with Manhattan District Attorney Robert Morgenthau, the Justice Department and Federal Reserve as to charges that it violated federal restrictions on financial transactions with Iran.

What regulations do these corporate interests oppose? The Center for Responsive Politics says that "Credit Suisse has been one of the leading proponents of privatizing Social Security, as well as

1. As shown in Table 3, Altschuler also received \$47,600 from retired individuals (3rd highest sector), and \$49,200 from "health professionals" (2d highest sector). While there may be a reason to suspect that a large percentage of the retirees who gave to his campaign were previously employed by companies and others with a desire for favors by the government, the OpenSecrets.org database does not provide specifics on these donors, so this is only conjecture. Similarly, we weren't able to reach any conclusions about contributors whose donations have been included by OpenSecrets.org in the "health professionals" sector (see footnote 4).

2. OpenSecret.org's list of Mr. Altschuler's and Mr. Bishop's biggest contributors is available at: <http://www.opensecrets.org/races/contrib.php?cycle=2010&id=NY01>.

deregulating the securities industry, a move that would allow investment firms to offer up services usually available only at banks.”

A second example is financial services reform. Earlier this year, following the nation’s near economic meltdown due in large part to the shenanigans of the financial services industry, Congress passed the Dodd Frank Wall Street Reform Act, which among other things, created a new independent Consumer Financial Protection Bureau. The Bureau will be able to address a wide range of consumer financial products, including mortgages, payday loans, credit cards, and student loans. According to a May 2010 report by the Institute for America’s Future and the Public Accountability, in opposition to the bill and other moves to regulate the financial services industry, the nation’s six biggest banks, including Bank of America, spent hundreds of millions of dollars to thwart reform.

While Randy Altshuler’s campaign web page does not indicate a specific position on Dodd Frank, his general statements suggest that he is completely insensitive to the role of lax regulation in almost bringing the American economy to its knees in 2008. For example, on his official campaign web page, he stated that “[g]overnment’s proper role in to facilitate opportunity for individual initiative and entrepreneurship -- not to stifle its growth with ever-increasing financial and regulatory burdens.”

Mr. Altschuler has also signed onto the extreme anti-tax agenda of the House of Representatives Republican minority leadership. His official campaign web page offers enthusiastic support for an expansion of the tax cuts enacted by the then-Republican controlled Congress in 2001 and 2003, apparently including the tax cuts aimed at those who make over \$200,000 annually (\$250,000 for couples). Estimates indicate extensions of these tax cuts for wealthy individuals like Mr. Altschuler will cost U.S. taxpayers hundreds of billions of dollars over the next decade. He also has called for cuts in corporate tax rate, and believes the corporate tax rate has “strangled the competitiveness of American companies abroad.” Finally, in a period when the

U.S. Treasury has a deficit of over a trillion dollars, Altshuler has signed Americans for Tax Reform’s “Taxpayer Protection Pledge,” which categorically opposes any effort to raise taxes and calls for a flat tax. Randy Altshuler’s program would deprive the nation of needed revenue for a vast range of domestic programs like education and health care and continue the current extreme unfairness of the federal tax code at the expense of the middle class.

**3) Randy Altschuler, a strong opponent of health care reform, has benefited from well over a hundred thousand dollars in deceptive paid advertising from right-wing organizations that oppose the implementation of the new federal health care law, which will expend coverage to over 30 million Americans and protect millions more from improper practices by insurance companies. He has also received significant donations from the insurance industry, the primary organized opposition to health care reform.**

- As of early October, \$147,694 had been spent in the First Congressional District by a shady right-wing organization known as the 60 Plus Association in the form of advertisements opposing the implementation of health care reform and distorting the facts about the impact of the new law.<sup>3</sup>
- Altschuler has also received \$16,420 from the insurance industry in this elections cycle -- the 9th highest level of contributions by industry (Table 3).<sup>4</sup> In contrast, the insurance industry is not among the top industry contributors to Congressman Bishop (Table 4).

In contrast to his vague positions on many other issues like financial reform, Randy Altschuler can’t possibly have been clearer about his position on the historic health care law signed by the President in March. Moving in lockstep with the House Republican minority, he penned a March 2010 “op-ed” for weekly papers throughout the 1st

3. The statistic on the ad expenditures in the First Congressional District is from Washington Post.com, dated October 5, 2010. As indicated in the methodology section, all other campaign finance data in this report is based on data from OpenSecrets.org.

4. Altschuler also received \$49,200 from “health professionals” – the second highest industry category of donors, behind securities and investment. However, health professionals were split as to their opinions on the new federal health care law and we therefore do not reach any conclusion as to how these donations may have influenced either candidate.

Congressional District promising residents “that I will fight to repeal this disastrous legislation.” Similarly, Altschuler signed a pledge by the Club for Growth to support repeal of the law.

Altschuler clearly has been rewarded for his opposition to reform. The 1st Congressional District is one of a handful of key districts nationwide that have been targeting for a massive deceptive advertising campaign by a shady right-wing “astroturf” organization known as the 60 Plus Association. 60 Plus has spent more than \$4 million in advertisements nationwide against House Democrats, including Tim Bishop, who supported the new law. (Congressman Scott Murphy (D) in New York’s 20th C.D. -- located in the Hudson Valley and the Capital District -- has also been targeted by the ad campaign.) Factcheck.org, a well-regarded web page operated by the non-partisan Annenberg Public Policy Center of the University of Pennsylvania, has said “most of the ads ... make statements that can’t be backed up, lack important context or are wrong.” Among the most prominent claims in the ads debunked by Factcheck.org is the

new law will cut \$500 billion from Medicare. Ironically, Altschuler is on record as supporting turning Medicare into a voucher program, which would severely harm this successful public program.

**4) Randy Altschuler has received a disproportionate share of his contributions from out-of-state contributors and those from outside of Long Island. He received a larger total of donations and a larger percentage of his total donations from out of state contributors than Congressman Bishop, reflecting the importance of Mr. Altschuler’s candidacy to out-of-state corporate interests.**

- Randy Altschuler received 41% of his contributions (\$337,159) from out of state, a far greater percentage than for Tim Bishop (20%, or \$190,400) (Table 5).
- Tim Bishop received a far greater level of donations from Nassau and Suffolk Counties than Altschuler (\$429,051 vs. \$141,320) (Table 6).

**Table 4: Top Contributions by Industry: Timothy Bishop**

Industry	Contributions
Retired	\$116,575
Leadership PACs	\$89,500
Lawyers/Law Firms	\$87,200
Education	\$86,600
Transportation Unions	\$81,500
Health Professionals	\$72,825
Securities & Investment	\$70,800
Public Sector Unions	\$70,400
Building Trade Unions	\$50,850
Construction Services	\$40,950
Industrial Unions	\$40,000
Real Estate	\$39,500
Candidate Committees	\$36,400
Business Services	\$27,850
Misc. Unions	\$27,000
Air Transport	\$26,667
Misc. Manufacturing and Distributing	\$26,450
General Contractors	\$23,350
TV/Movies/Music	\$23,000
Lobbyists	\$19,912
<b>Total: Top Industry Contributions</b>	<b>\$1,057,329</b>

OpenSecrets.org, one of the leading resources for federal campaign donations, indicates on its web page that: “Candidates for the U.S. House of Representatives typically get the majority of their campaign dollars from donors within their home state... As a general rule, *incumbents get more out-of-state money than challengers*, a reflection of their status as members of Congress and the wide circles in which they travel.” [emphasis added]

There is an extremely plausible reason why Mr. Altschuler and Mr. Bishop have reversed the normal pattern that incumbents receive more financial support from out of state. Mr. Bishop has built a base of support among residents of the district. (Also see Tables 1 and 2, indicating that 60% of Mr. Bishop’s donations were from individuals, vs. 32% for Mr. Altschuler.) On the other hand, given Mr.

**Table 5: Contributions In State vs. Out of State: Randy Altschuler and Timothy Bishop**

	In State	Out of State	% In State
<i>Randy Altschuler</i>			
	\$489,733	\$337,159	59%
<i>Timothy Bishop</i>			
	\$752,001	\$190,400	80%

<b>Table 6: Top 5 Sources of Contributions by Metro Area/City: Randy Altschuler and Timothy Bishop</b>			
<b>Randy Altschuler</b>		<b>Timothy Bishop</b>	
Metro Area/City	Total Donations	Metro Area/City	Total Donations
New York	\$325,513	Nassau-Suffolk	\$429,051
Nassau-Suffolk	\$141,320	New York	\$306,950
Washington, DC-MD-VA-WV	\$44,500	Washington, DC-MD-VA-WV	\$50,050
Bridgeport	\$38,933	Boca Raton	\$20,650
San Francisco	\$35,700	Miami	\$15,900

Altschuler’s consistent agreement with the positions of corporate America on several issues, including health care, taxes, and financial reform, he has enjoyed a disproportionate share of support from corporate interests, which are generally based outside of Long Island. (See Table 6).

Clearly, the 1st Congressional District has been targeted as a potential “pick-up” for the Republican minority in the House. (Also see Table 3, which indicates Altschuler received \$14,900 from “Republican/Conservative” contributors.) It seems clear to us that he has received contributions on the assumption that he will be a loyal supporter of the pro-corporate, anti-tax, anti-health care and anti-regulatory program of the Republican House minority and its corporate allies.

## METHODOLOGY AND MAJOR SOURCES

Citizen Action of New York, which prepared this report, is a non-profit membership organization dedicated to social, racial, economic and environmental justice. The primary source of the contributions data in this report and Tables 1-6 is OpenSecrets.org, a web portal maintained by the Center for Responsive Politics (“Center”), which calls itself “the nation’s premier research group tracking money in U.S. politics and its effect on elections and public policy.” The data used in this report is for the 2010 elections cycle. The contributions figures for companies and industry sectors (like “securities and investment”) include donations from two sources: PAC sponsors that gave to the candidate or contributions from individuals who work for the company. (Included in company figures are non-

wage earning family members of the employee, like non-working spouses and minor children.) If anything, the contributions figures from companies are conservative, according to the Center for Responsive Politics, because “not all of the individual contributions have yet been classified by the Center.” Readers who want additional details on the campaign finance data in this report should consult the OpenSecrets.org website.

Citizen Action of New York also relied on an array of additional sources for this report, including media reports, a report by MoveOn.org entitled “Buying Democracy: The impact of corporate and right-wing front groups on elections in New York-1” (October 2010), and the web pages of both candidates.

# APPENDIX: THE SOLUTION TO CORPORATE INFLUENCE IN FEDERAL ELECTIONS: FEDERAL CAMPAIGN FINANCE LEGISLATION

This report surveys corporate influence over one candidate in the First Congressional District of New York. A critical solution to the problem of corporate influence of elections is embodied in the Fair Elections Now Act (FENA). Timothy Bishop of New York's First Congressional District is a co-sponsor.<sup>5</sup>

FENA was introduced in the Senate by Sens. Dick Durbin (D-Ill.) and Arlen Specter (D-Pa.) (S.752) and in the House of Representatives by Reps. John Larson (D-Conn.) and Walter Jones, Jr. (R-N.C.) (H.R. 1826). The bill would allow federal candidates to choose to run for office without relying on large contributions, big money bundlers, or donations from lobbyists, and would be freed from the constant fundraising in order to focus on what people in their communities want. **Participating candidates seek support from their communities, not Washington-based corporate and other institutional interests.**

A brief outline of the bill follows:

- Candidates would raise a large number of small contributions from their communities in order to qualify for fair elections funding. Contributions would be limited to \$100.
- To qualify, a candidate for the U.S. House of Representatives would have to collect 1,500 contributions from people in their state and raise a total of \$50,000.
- Since states vary widely in population, a U.S. Senate candidate would have to raise a set amount of small contributions. The number of qualifying contributions is equal to 2,000 plus 500 times the number of congressional districts in their state. For example:
  - A candidate running for U.S. Senate in Maine, which has two districts, would be required to raise 3,000 qualifying contributions: the base of 2,000 donations plus an additional 500 for each of the two congressional districts.
  - A candidate running for U.S. Senate in Ohio, with 18 districts, would require 11,000 qualifying contributions before receiving fair Elections funding.
- Qualified candidates would receive fair elections funding in the primary, and if they win, in their general election at a level high enough to run a competitive campaign.
- Qualified House candidates would receive \$900,000 in fair elections funding, split 40% for the primary and 60% for the general election.
- The formula to determine the amount of fair elections funding for qualified Senate candidates is as follows: Qualified candidates would receive \$1.25 million plus another \$250,000 per congressional district in their state. The funding would be split 40% for the primary and 60% for the general election.
- Qualified candidates would be also eligible to receive additional matching fair elections funds if they continued to raise small donations from their home state:
  - Donations of \$100 or less from in-state contributors would be matched by four dollars from the Fair Elections Fund for every dollar raised.
  - The total fair elections funds available would be strictly limited to three times the initial allocation for the primary, and again for the general election, available only to candidates who raised a significant amount of small donations from their home state.
  - If a participating candidate faced a well-financed or self-financed opponent, or was the target of an independent expenditure, he or she will be able to respond by utilizing this matching fund provision.

---

5. An examination of Mr. Altshuler's campaign web page found no position on FENA (<http://www.randyaltshuler.com/>). Since there are no current Republican sponsors of the bill (<http://fair-electionsnow.org/supporters>), we assume he is not a FENA supporter.

- Joint fundraising committees between candidates and parties would be prohibited.
- Fair elections would help offset fundraising for, and the excessive cost of media.
- Participating candidates would receive a 20% reduction from the lowest broadcast rates.
- Participating candidates could set up leadership political action committees but would be limited to a \$100 contribution limit per individual per year.
- The cost of fair elections for Senate races would be borne by a small fee on large government contractors and for House races would come from ten percent of revenues generated through the auction of unused broadcast spectrum.
- The largest recipients of federal government contracts would pay a small percentage of the contract into the Fair Elections Fund.
- If the system proves popular like similar laws at the state level, the new system could cost between \$700 million and \$850 million per year.