



M U L T I S T A T E

[Mattiello denies conflict over aide being in hemp biz with lobbyists](#)

House Speaker Nicholas Mattiello is on the defensive as critics question whether one of his close aides should be in the hemp business with lobbyists while the legislature is changing regulations surrounding the nascent industry.

Mattiello's deputy chief of staff, Grant Pilkington, is a shareholder in American Standard Hemp Inc., which he helped get off the ground along with State House lobbyist Will Farrell and former top Mattiello aide Matt Jerzyk, also a lobbyist. The company received a state hemp handler license in January, but its ability to operate has since been suspended due to a fire.

Pilkington's role in the company has drawn scrutiny because lawmakers made significant changes to the laws around hemp when they passed the budget in June — including a controversial new requirement that all state marijuana regulations get direct approval from the General Assembly.

Unlike more senior figures, Pilkington is not required to file a financial disclosure form with the Ethics Commission that would list his ownership stake in American Standard Hemp and any other businesses in which he has an interest. Jason Gramitt, the commission's executive director, said chiefs of staff have to file but their deputies do not.

John Marion, executive director of good-government group Common Cause Rhode Island, said Wednesday it "raises serious concerns" that a senior aide to the speaker has a financial stake in hemp while lawmakers are deciding how to structure the industry.

R.I. Republican Party Chair Sue Cienki went further, tying the issue to last week's revelations that grand juries are examining Mattiello's 2016 re-election campaign as well as the finances of Victor Pedro, the controversial Cranston chiropractor who was steered over \$1 million in taxpayer funding by Mattiello and another top aide, former Rep. Frank Montanaro Jr.

“It is concerning to learn that a top staffer of Speaker Mattiello has gone into business with State House lobbyists in an industry that is highly regulated by state lawmakers,” Cienki said in a statement.

“If Mr. Pilkington was involved in any way with legislation that affects hemp or legislation impacted by the lobbying activities of his hemp business associates, Farrell and Jerzyk, there would be a violation of the Ethics Code,” she said. Republican leaders are gathering information and may file an ethics complaint depending on what they find, she added.

House spokesperson Larry Berman distanced Pilkington from the matter in an email Thursday, saying, “Grant Pilkington has an administrative job and plays no role in the legislative process.” He added that Mattiello was not aware of Pilkington’s financial stake in American Standard Hemp.

Berman went on to describe the recent changes to hemp laws as “largely consistent” with those proposed by Gov. Gina Raimondo, insisting she “remains in control of regulatory promulgation and enforcement and we leave this to her judgment.”

Pilkington, 29, is widely seen as a rising star in Mattiello’s inner circle.

After working on the speaker’s hard-fought 2016 re-election campaign, Pilkington was hired as clerk of the House Oversight Committee at a salary of \$47,000 in January 2017, according to Berman and state records. In February 2018, he was promoted to legislative manager and clerk at a salary of \$61,000.

This past March, Pilkington ascended to deputy chief of staff, reporting to Mattiello’s powerful chief of staff, Leo Skenyon.

“Grant addresses staffing needs and the daily administration of the operations of the House of Representatives, as well as assisting the House chief of staff,” Berman said.

The promotion to deputy chief initially raised Pilkington’s salary to \$86,616, which rose to \$88,348 in June when all state employees received a cost of living increase. (Pilkington also continues to serve as the clerk of House Oversight, the investigative panel chaired by Rep. Patricia Serpa.)

[Exelon, ComEd discover the downside of successful lobbying](#)

The federal investigation into Exelon's dealings with Illinois politicians is more than a blot on the energy giant's reputation. It's also a potential threat to a business strategy built on political clout.

Few companies depend as heavily on legislative influence, and few have played lawmakers as deftly. Even by the standards of the utility industry, where campaign contributions and rate hikes go hand in hand, Chicago-based Exelon's lobbying prowess stands out.

The parent of Commonwealth Edison and five other utilities in five states and the District of Columbia has moved beyond typical statehouse schmoozing to win extraordinary largesse from legislators. Illinois, New Jersey and New York subsidized bailouts of financially struggling Exelon nuclear power plants. Another generous Illinois law guarantees ComEd automatic rate hikes, leading to a [sharp rise](#) in power delivery charges for customers.

Legislative intercessions eased pressure on Exelon's power generation business, bolstered its bottom line and helped pull its shares out of a multiyear slump. Exelon stock has climbed more than 60 percent since 2015, outpacing the broader stock market and other utility stocks by wide margins.

Unfortunately for Exelon, its Springfield activities also attracted the attention of federal law enforcement agencies. On Oct. 4, it received a [grand jury subpoena](#) seeking information on its dealings with state Sen. Martin Sandoval, whose offices were raided by federal agents recently. Earlier, the company was subpoenaed for information on its lobbying operations in a probe relating in part to former Chicago Ald. Michael Zalewski, an ally of Springfield kingpin Michael Madigan.

The investigations expose the underside of Exelon's strategy: To win the Springfield game, you have to play by Springfield rules. And Springfield rules require more than the generous campaign contributions Exelon reliably hands out. Companies seeking the big favors Exelon has sought from lawmakers need stronger bonds with House Speaker Madigan and underbosses like Sandoval. That means hiring relatives, doling out lobbying work to favored operatives and generally greasing the wheels of Madigan's machine.

A company can get pretty greasy playing that game—not a good look when the feds are hunting down corruption. The probes already have rattled Exelon's executive ranks. Anne Pramaggiore, head of Exelon's regulated utilities business and a direct subordinate of CEO Chris Crane, [left abruptly on Tuesday](#). Two weeks earlier, top ComEd lobbyist Fidel Marquez exited suddenly.

Exelon and ComEd won't say if either departure is related to the probe. But Exelon directors set up a special committee of independent board members to oversee responses to investigators.

Pramaggiore's move spooked investors, who sent Exelon shares down more than 4 percent on the news. They're right to worry. Along with potential legal jeopardy, there's also a strategic dimension to Exelon's predicament.

Businesses designed to capitalize on political power suffer when politicians lose power. That may be starting to happen in Illinois, as federal prosecutors take aim at figures as powerful as Chicago Ald. Ed Burke. Recent developments suggest they're circling Madigan, too.

A widespread crackdown on corruption could have a chilling effect on the pay-to-play practices that have served Exelon so well. Power brokers hearing prosecutorial footsteps may hesitate to help big donors, leaving Exelon without the political support it has called upon to deal with business challenges like the cost disadvantages of its nuclear reactors in wholesale electricity markets dominated by cheaper power from gas-fired plants.

Of course, the laws Exelon already has pushed through likely will benefit the company for years to come. But market conditions are always changing. Where will Exelon turn the next time it needs help countering an unfavorable business development?

The question is especially urgent now, as Crane shifts Exelon's business portfolio toward regulated utility operations and away from wholesale power generation. After some big acquisitions, regulated utilities are expected to produce 70 percent of company profits in 2020. That ties Exelon's fortunes to a business where politicians and political appointees call many of the shots.

Crane initiated the shift when Exelon could still count on politicians to do its bidding. But if anti-corruption prosecutions weaken its influence, legislators may be more inclined to heed other voices, like consumer groups opposed to rate hikes.

Already there are signs the heat is imperiling Exelon's Springfield agenda. Bills that would give nuclear plants another boost and [extend the automatic rate-setting formula](#) are no longer expected to pass the legislature this fall. Not long ago, Exelon's political clout would have virtually ensured passage.

[21st-century lobbying: how big data lets big businesses get the upper hand](#)

In July Facebook was [fined US\\$5.1bn](#) by the US Federal Trade Commission (FTC) for not being honest about how it was handling user data. The personal data of 87 million of its users had been harvested by [Cambridge Analytica](#), a firm which stands accused of building political

profiles of individual people in order to influence elections. It is believed that the information was used to influence voters in the US presidential election and the EU referendum of 2016.

The fine is the biggest ever handed down by the FTC. It certainly sounds like a lot, but it isn't. Facebook's Q2 earnings, reported the same week, were a [better-than-expected \\$16.9bn](#). The fine is the amount of money Facebook makes in 27 days. Facebook investors are relieved. Its share price has risen.

The same week, Brexit Party leader Nigel Farage launched World4Brexit, a US-based fundraising operation aimed at enabling "friends of the UK from around the world" to donate to the ongoing campaign to ensure that the UK leaves the EU. World4Brexit is based in Michigan and is a registered non-profit organisation, which means that it can accept individual donations of up to \$5,000 without having to name donors.

The Labour Party has called for an investigation following concerns that the organisation will allow foreign "[dark money](#)" to subvert the democratic process. Similar concerns have been raised about the Brexit Party possibly receiving donations through Paypal in ways that don't comply with UK electoral law.

Even if the Labour Party gets its investigation, nothing much will happen. These two events dramatise a tension between money and politics that is unique to the 21st century.

Bigger business, deeper pockets

Wealthy individuals and organisations have a disproportionate influence over elected representatives. This has long been the case, and certainly predates the rise of companies such as Facebook, Google and Cambridge Analytica. But the amount of money these companies have to spend is unprecedented. Apple was the first company to be valued at more than \$1 trillion. Alphabet (Google's parent company) is worth around \$900bn; Facebook \$560bn. The world's ten richest corporations now own more wealth than the poorest 180 states combined.

As the wealth of these corporations has grown, so the amount they've spent on lobbying has grown too. In 2002, for example, Google spent less than \$50,000 on lobbying Washington. In 2017, it spent \$18m – more than any other company in the world. In 2018, it spent [\\$21m](#). Google also spent more money than any other corporation in the US on political donations in the [2016 presidential election](#).

The use of lobbyists by corporations is widespread. Non-corporate organisations haven't been able to keep up. For every \$1 spent on lobbying by labour unions and public interest groups

combined in 2015, \$34 was spent by large corporations and the [associations which represent them](#).

The new technology of lobbying

There is nothing especially new in corporations translating their wealth into political power or in the fact that power is concentrated among wealthy organisations and individuals.

What is new is that technologies have emerged which concentrate power in the hands of the wealthy and increase inequality of access – on a scale unimaginable only a few years ago. Wealthy companies can move money around the globe instantly and anonymously, in official currencies or in cryptocurrencies, issued by no state. They can use this invisible money to purchase the services of lobbyists, or to donate to political campaigns, in ways that are almost impossible to trace. And they can access information that can be used to bolster their lobbying efforts in ways not open to poorer individuals and organisations.

Human civilisation now has greater access to information than at any point in its history. In an ideal world, this fact should be liberating and empowering. It should enrich democracy, inform citizens and make for a more reflective and egalitarian politics. But we don't live in an ideal world.

We live in a world in which information – and the expertise necessary to analyse it – comes at a price that only wealthy organisations can pay. From the outside, lobbying may look the same as it always has, but it isn't – it's driven increasingly by an information divide. A divide between those who can afford it and those who can't.

If you want to glimpse this, take a look at the new niche industry which has emerged to help companies leverage complex data in the service of supplying political intelligence and altering the political agenda.

FiscalNote is an example. Based in the US, it uses “artificial intelligence, machine learning, and natural language processing” to scrape the internet for data on politicians, regulations and public policy developments in order to provide paying clients with up-to-the-minute data they can use to target politicians and mobilise grassroots support.

Its [clients](#) are some of the wealthiest companies on Earth, including Nestlé, the world's largest food company (\$247bn), Nouryon, the Dutch chemical company (\$5bn), and the US Corn Growers Association, which represents the interests of the US field corn and Ethanol industry (\$50bn). FiscalNote charges between \$US10,000 and “[several hundred thousand dollars](#)” a year

to enable organisations that can afford it to achieve lobbying successes far beyond what smaller, less resourced organisations can achieve.

We all know now that new technologies have made it easier than ever to influence elections, and to move money around the world in ways which are harder to trace. What's less visible is the extent to which they have made it easier for the wealthy to lobby more effectively for their interests.

Big data hasn't levelled the playing field. It has simply allowed wealthy organisations and individuals to further entrench their dominance. And regulators can't keep up. New technologies make it almost impossible to trace the global flow of money World4Brexit may receive to fund its political campaigning. The FTC's stern rebuke of Facebook was nothing of the kind. Institutions are scrambling, and failing, to keep pace with the technological changes shaping our politics.

[Former lawmakers are cashing in on Michigan's lucrative marijuana industry](#)

Even as lawyers, accountants and public relations' professionals have flocked to the marijuana industry to cash in on the budding business, there is another group also making a buck off it.

Former lawmakers.

Nearly a dozen former members of the state House of Representatives and Senate have answered the call to make some money on the industry.

And it's a lucrative business that has already seen sales of medical marijuana skyrocket to \$229.3 million in the past year. Those numbers are expected to jump to near \$1 billion annually once sales of marijuana for adult recreational use begin later this year or by early 2020.

There's nothing that says former lawmakers can't work, consult or lobby in the marijuana industry after they leave office. But, in an effort to ensure they aren't immediately cashing in on the influence they had as legislators, most states have instituted "cooling off" periods that range from six months to six years so lawmakers have to wait before becoming a lobbyist.

Michigan is one of only nine states, along with Washington D.C., that has little or no cooling-off period between when lawmakers leave office and when they can register as a lobbyist, according to the National Conference of State Legislatures. States that have no cooling off periods are Idaho, Nebraska, New Hampshire, North Dakota, Texas and Wyoming. Washington D.C. also

does not have a cooling-off period. Oklahoma and Kansas don't allow lawmakers to have any interest in state contracts for one or two years.

The only restriction in Michigan is that if lawmakers leave office before the end of their term, they are prohibited from becoming a lobbyist until after the end of that term.

Michigan is ranked at the bottom of the ethical heap by the Center for Public Integrity, primarily because the state doesn't require the governor or legislature to disclose financial information or release documents under the Freedom of Information Act. But the lack of any significant lobbying guidelines has also contributed to the state's score of "F."

"We've rated them as being at the bottom of our site," said Kristian Hernandez, of the center. "They don't have to disclose anything."

Former GOP leader set the tone

In the marijuana business, it makes little difference whether the lawmaker supported or opposed legalization of marijuana, especially recreational pot.

Former Speaker of the U.S. House of Representatives John Boehner, R-Ohio, set an early example. He was an ardent opponent of marijuana legalization. Until he wasn't. He's on the board of directors of Acreage Holdings, one of the largest cannabis businesses in the industry.

He told an audience at the Detroit Regional Chamber's Mackinac Policy conference in 2018 that his transformation from pot foe to friend evolved over time.

"Especially in the last four to five years, the number of people that I know who are using cannabis in some form to relieve some medical issues has really gone up," he said. "So I got into looking into the medical benefits of cannabis and it's really pretty incredible."

He turned that into a lucrative entry into the marijuana business, and so have many former lawmakers in Michigan.

Former state Sen. Randy Richardville, R-Monroe, worked as a spokesman for the anti-recreational marijuana legalization campaign – Healthy and Productive Michigan.

But he now is helping clients who want to open a medical marijuana dispensary.

“I’ve got a medical marijuana client who wants to put a dispensary in a town,” he said. “It would look almost like an Apple store and pharmacy, and I’m helping them to navigate the industry.”

He’s still opposed to legal weed beyond medical marijuana, saying last year's ballot proposal, approved by voters 56% to 44%, was poorly written and that it will increase access to pot by kids. Most medical marijuana dispensaries, however, are expected to apply for recreational licenses when the start starts accepting applications on Nov. 1.

Likewise, former Senate Majority Leader Arlan Meekhof, R-Grand Haven, opposed the legalization proposal and worked hard to amend the issue once it passed. He wanted to put a stop to a provision that allowed people to grow up to 12 plants in their homes for personal use and he proposed keeping the politically appointed licensing board, instead of the state Department of Licensing and Regulatory Affairs, to make the decisions on who could get into the business.

He couldn't get those changes made, but soon after leaving office in 2018, he started his own consulting firm — ARM Consulting — and took on a cannabis client who was hoping to open three marijuana dispensaries — Power Play Sports in Detroit, Lapeer Infused in Lapeer and Chesaning Elite in Chesaning, all owned by Troy businessman Joseph Aiello.

Meekhof had an in. He had named former Republican Speaker of the House turned lobbyist Rick Johnson as his pick to the marijuana licensing board. According to documents obtained through the Freedom of Information Act, he emailed his client's attorney in February, saying he had a conversation with Johnson.

“I spoke to Rick Johnson,” Meekhof wrote. “He will communicate with Andrew Brisbow (Andrew Brisbo, the director of the Marijuana Regulatory Agency) to place Power Play Sports, Lapeer Infused, and Chesaning Elite, on the board's agenda for 3-21-19.”

The dispensaries didn’t get on the March agenda, but in April, at the last meeting of the licensing board before Gov. Gretchen Whitmer eliminated it in favor of the Marijuana Regulatory Agency making licensing decisions, two of the three dispensaries were approved for licenses. The third was pre-qualified for a license.

Meekhof said that has been his only — and likely his last — marijuana client. Even though he acknowledges that his clients will probably apply for a recreational marijuana license, he said he doesn’t want to work for clients in that end of the business.

“It’s a highly regulated industry and even though the citizens voted for recreational, it’s not something that’s very stable,” Meekhof said. “Anyone who approached me who wanted help on the recreational side, I’ve said no. It’s not a business I’m interested in helping.”

Those two examples grate on marijuana advocates, who find it two-faced that lawmakers actively worked against legalization, but are now cashing in on legal weed.

“At best, they’re hypocrites, unless they’re going to come out and say they were wrong, but nobody is saying that,” said Matt Abel, an attorney and member of the Michigan chapter of the National Organization for the Reform of Marijuana Laws or NORML. “The hypocrisy is just beyond the pale on how people change their attitudes so quickly. Is the money that important that they’ll throw any credibility out?”

Many sought out as consultants

For some lawmakers, their work on crafting the legislation that regulated and taxed the medical marijuana industry has made them sought-after consultants.

Former state Rep. Mike Callton, R-Nashville, has no reservations about working with marijuana clients. He was intimately involved in crafting the medical marijuana legislation and has been working in the industry since leaving the legislature in 2016 through his MiCannabis Consulting firm.

“At first the focus was on the development of the rules and how you can influence that,” he said. “Then it went to helping with licensing and now it’s shifting to all of the 1,773 municipalities in the state.”

He still considers his chiropractor practice his first priority.

“But marijuana work is a nice thing to do on my off days,” he said “I almost feel like the father or baby daddy of certain elements of the marijuana industry in Michigan. I want to keep working with it.”

A significant part of the Dunaskiss Consulting and Development firm’s business in Oxford is dedicated to lobbying for marijuana clients. Former Sen. Matt Dunaskiss, R-Orion Township, his son Justin Dunaskiss, chairman of the Orion Township planning commission, and wife Diane Dunaskiss, a former member of the Wayne State University Board of Governors, help businesses with their state and local applications for licenses, and Justin Dunaskiss is a frequent speaker on the cannabis conference circuit.

“Since the 2013-2014 Michigan legislative session, Justin and his firm have been at the forefront of medical cannabis policy,” the firm’s website says. “We look forward to transitioning that same energy into the newly recognized recreational marijuana market.”

Former state Rep. Klint Kesto, R-West Bloomfield, also was a chief architect of the medical marijuana legislation passed in 2015. And he’s using that expertise to drum up business since he had to leave office in 2018 because of term limits.

He has been working with the city of Westland to help draft an ordinance that will allow medical and recreational marijuana businesses in the western Wayne County city. The council is expected to vote on that ordinance this week.

At a meeting in September, Kesto told city council members: “This is an opportunity for Westland to take advantage of something that’s creating a lot of economic development and increasing taxable revenue coming into the city if it’s done the right way. We’ve been hearing a lot of this as a negative perception, but you could redevelop an area even if it’s focused on this industry. You can request, demand certain things and you’re going to be looking at a place that knocks you out of your socks and works with the existing fabric of the city.”

Last week, Kesto said he’s not working with any marijuana businesses, but didn’t rule out that possibility in the future.

“I don’t have private-sector clients right now,” he said. “I’m just helping a local municipality come up with the right ordinance.”

He also was just named last week to a state work group that is looking into new licenses that will be offered for the recreational market, including event licenses and licenses for consumption lounges.

Democrats in the game, too

Some of the lawmakers have been vocal and long-term advocates for marijuana legalization, such as former Sen. Coleman Young II, D-Detroit, whose frequent catch phrase during his time in the Legislature was “Free the Weed.”

He’s parlayed that advocacy into a consulting business – Coleman Young Consulting – and was a featured speaker at a recent cannabis conference in Detroit.

“I’ve got a couple of people I’m working with now,” he said of his consulting business. “We primarily provide services to help businesses get started in the Cannabis business.”

Sen. Jeff Irwin, D-Ann Arbor, used the two years he was out of the Legislature, after having to leave the House because of term limits in 2016 and before he got elected to the state Senate in 2018, to act on his long-term passion for the legalization of marijuana.

According to state campaign finance records, as the political director for the ballot proposal campaign, Irwin, through his Bellwood Consulting firm, earned more than \$51,000 for his work.

“My role tapered off after we got access to the ballot,” Irwin said. “And I knew I was going to have to focus on my own campaign (for the state Senate).”

Former state Rep. Brian Banks, D-Harper Woods, also worked for the ballot committee – The Coalition to Regulate Marijuana like Alcohol – and earned \$10,000 for his services, according to state campaign finance records.

“I just helped get the word and literature out into the community. And I oversaw a team that was going to community meetings and putting lawn signs out,” Banks said. “I’ve had clients in the past who were looking to get a license and I’m open to someone if they approach me and needs my services.”

Former state Sen. Virgil Smith, D-Detroit, helped run a ballot campaign earlier this year in Royal Oak Township on behalf of a marijuana client who wanted to turn a closed auto dealership on Eight Mile into a marijuana facility.

But township voters had a different plan, defeating the May ballot proposal by a 266-111 vote margin.

Former state Rep. Brandon Dillon, D-Grand Rapids, who also was the chairman of the Michigan Democratic Party, picked up some marijuana clients when he opened his consulting/lobbying shop in Grand Rapids earlier this year.

And former state Rep. Tim Greimel, D-Auburn Hills, has taken a more casual role, acting as a resource for people looking to navigate the licensing process in Pontiac.

“I’ve tried to be helpful to some folks, but I’ve got no formal arrangements with anybody,” he said. “I would help out anybody who is trying to meet people in the city.”

A flood of business coming

The business side is sure to start escalating for all cannabis-connected professionals in the near future.

The state will begin accepting applications for recreational marijuana business licenses on Nov. 1 with people already holding medical marijuana licenses getting first dibs on most of the recreational licenses for the first year.

"This is the same pattern we see in other industries, where we see the legislature-to-private industry pipeline. The cannabis industry is just like any other," said Rick Thompson, owner of the Michigan Cannabis Business Development Group. "Being a lobbyist becomes a natural extension of their time in the legislature."

Lobby spending by governments hit highest amount in more than a decade

Local governments and cities spent more than \$3.9 million lobbying the 2019 Legislature, according to a state report that found total lobbying spending by governments hit the highest amount in more than a decade.

The report, which was compiled by the state Department of Taxation, is the product of a law that requires all local governments — everything from cities and counties to police departments, school districts and hospitals — to disclose any expenditures above \$6,000 on “activities designed to influence the passage or defeat of any legislation.”

After hitting a pre-recession high of \$3.99 million during the 2007 Legislature, the \$3.9 million spent on lobbying activities in 2019 marked the second highest spending totals reported since the disclosure law was passed in 2001 — good for nearly \$32,600 of taxpayer money spent every day of the 120-day legislative session.

Local governments, which in some cases have budgets that rival or even eclipse the state’s budget, say that lobbying expenditures are justified given the vast number of bills — law enforcement, open meeting laws, financial administration and public records — that affect counties and cities. But some critics have raised concerns with allowing governments to use taxpayer dollars for lobbying purposes that may go against the wants of the public.

“What governments are promoting or pushing with lawmakers isn’t always in line with what taxpayers or citizens are going to want, and yet, us taxpayers are still funding it no matter what,

even if we disagree with it,” Michael Schaus, a spokesperson for libertarian-leaning Nevada Policy Research Institute (NPRI) said in an interview

Initial reporting of lobbying expenditures were due a month after the end of the legislative session, but following several Nevada Independent requests to top lobbying-spenders, the Department of Taxation revised its report and issued a new version this week.

Leading the way are local governments based in and around Las Vegas; seven of the top 10 spending local governments or political bodies during the 2019 legislative session were based in Clark County, which accounted for more than 64 percent of the \$3.9 million spent on lobbying by local governments. Washoe County accounted for nearly 26 percent of lobbyist spending, while the state’s 15 other counties accounted for just 9.2 percent of the dollars spent to lobby state lawmakers (eight counties did not report any lobbying expenditures).

Under the law requiring disclosure of lobbying expenses, local governments are required to itemize under categories including transportation, salary and wages, lodging and meals, gifts and other entertainment, and to identify the local government budgetary funds that the expenses were charged against.

State lawmakers passed a near-total ban on gift-giving by lobbyists to state lawmakers in 2015, but the amounts spent on lobbying have continued to creep up over the past few legislative sessions.

In the city of Las Vegas, for example, total lobbying spending was reported at nearly \$562,000, the highest of any local government. Although the city had nine people registered as lobbyists, according to Legislative Counsel Bureau records, its primary lobbying efforts came from its in-house city-employed team (Ryan Black, Shani Coleman and Kelly Crompton) and a contracted lobbyist; The Ferraro Group, which has an \$80,000 contract with the city government.

City spokesman Jace Radke said in an email that numerous other city employees, including city manager Scott Adams, had registered as lobbyists to work on specific issues that affected city governance. He said that the lobbying team “tracked/engaged” on 394 of the 1,157 bills introduced during the legislative session and worked on the three bills introduced by the city (AB5, AB73 and SB11).

“The lobbying team worked on a variety of proposed legislation that included homelessness, affordable housing, purchasing requirements, workers compensation, cannabis compliance, criminal/civil justice reform, economic development, elections, energy, taxes, public records,

public works, transportation and a variety of appropriations within the city limits,” he said in an email.

Several other top-spending local governments also used a combination of contract lobbyists and in-house employees. Henderson employed The Perkins Company — founded by former Assembly Speaker and former Henderson Police Chief Richard Perkins — under a \$40,000 contract, plus roughly \$215,000 in salaries, lodging meals, airfare and other expenses for in-house lobbyists and staff.

Henderson lobbyist David Cherry wrote in an email that the city was involved in a wide number of bills, including measures affecting the school funding formula (SB543), a Southern Nevada working group on homeless issues (AB73), changes to Open Meeting Law (AB70), removing sunsets on the “More Cops” sales tax (AB443) and an advisory ballot question to switch to ward-only voting in Henderson (AB282).

He also wrote that the city opposed an “overreaching” public records bill, SB287, that was supported by civil liberties groups and press organizations, but staunchly opposed by municipalities and local governments. The bill passed after a last-minute amendment to quell the fears of local governments was introduced and adopted on the second-to-last day of the legislative session.

But the behavior of local governments against the bill elicited concerns from groups such as NPRI; Schaus, the organization’s spokesperson, said that the hiring of lobbyists to oppose a bill nominally supported by the public was one of the ways that local governments influence the legislative process

“It’s not like they were out there legitimately representing the interest of the people they ostensibly should be serving, they were there very much pushing their own interests, their own agenda, even when it ran contrary to what most citizens seem to want,” he said.

But high spending totals don’t necessarily translate into a major — or even unified — lobbying presence. Clark County, which spent more than \$514,000 on lobbying expenses, had three in-house lobbyists and no contract lobbyists during the session, but the total also includes lobbyists working for the county public defender’s office, district attorney’s office and District Court, each of whose lobbyists often appeared at odds during the legislative session on various criminal justice bills.

County spokesman Erik Pappa said in an email that the county’s lobbying team tracked more than 630 bills throughout the session, and that although the county’s position on most bills was neutral, it still required vast resources to track the many changes made to bills during the

legislative session that affect the many regional services — Medicare and Medicaid funding, health care services — that the county offers.

“Even though a position was considered neutral, it was carefully monitored as the title/subject is of interest to Clark County and an amendment at any step of the process could result in shifting County’s position to opposition or support,” he wrote in the email.

Similarly, Washoe County — the local government with the fourth-highest amount of lobbying expenditures at more than \$381,000 — reported spending more than \$230,000 on employee salaries to lobby the state Legislature, plus \$126,000 in contracts with outside lobbyists (Lewis Roca Rothgerber, Christie’s Alfredo Alonso, Lisa Gianoli and Crowley & Ferrato).

But those totals include lobbyists for multiple branches of the county — more than 20 county employees reported lobbying at some during the session, throughout nine different county departments from the district attorney’s office, sheriff’s office, public defender’s office and even animal control.

“During this session, Washoe County monitored and/or worked on almost 70 (percent) of the bills introduced during the session with a total of 301 bills that passed and were signed by Governor Sisolak which had (an) impact on the county,” county spokeswoman Amy Ventetuolo said in an email.

Even some smaller local governments had a lobbying presence in Carson City. White Pine County, with a population of around 10,000 people, spent nearly \$14,000 to hire a lobbying company (The Perkins Company) during the legislative session.

White Pine County Commission Chairman Richard Howe said the decision to hire lobbyists stemmed from one issue; the inability of the county to get the state to pony up funding for an updated county courthouse. The county’s courthouse was built in 1908, and since at least 2003 the county has sought funding for a new courthouse with improved security features to better facilitate the hearings and trials that arise from incidents at Ely State Prison, which houses nearly 1,000 prisoners.

According to documentation provided to lawmakers, the current courthouse’s lacking safety features — prisoners use the same elevator and bathroom as members of the general public and court employees, and the holding cell is in a staff break room — presented a danger to both court employees and the public, as a public library, middle school and senior center are across the street from the courthouse.

An appropriations bill (SB149) sponsored by rural Republican lawmakers giving the county \$10 million for a new courthouse got a hearing but failed to ever advance out of a budget committee. But in the waning hours on the last day of the session, members of the Assembly budget committee unveiled an amendment allocating \$53.7 million in last-minute spending — including \$5 million for a courthouse in White Pine County.

Howe credited the county's lobbyists, the Perkins Group, for getting the funding in at the last minute (Mari St. Martin, former Gov. Brian Sandoval's press secretary and lobbyist for The Perkins Company, is an Ely native) He said that the county was able to move some funding around and begin construction on the new courthouse last week — something that wouldn't have been possible without the state funding and without having a lobbyist present during the legislative session.

“White Pine invested a small amount of money...and got a \$5 million return. We got nothing over the other years. We got a lot of lip service, but no actual hard dollars,” Howe said. “We used our heads, and we accepted the fact that there's some things we can't do, that other people are smarter and better at it than us. Using a lobbyist, you spend a dime to make a dollar.”

Oklahoma PAC accused of repeated violations of campaign finance laws

A little-known PAC secretly and illegally funneled thousands of dollars from a wealthy Missouri businessman's companies to Oklahoma politicians, the Oklahoma Ethics Commission alleged Friday after an investigation.

The Ethics Commission sued the PAC — Oklahoman's For Healthy Living — for financial penalties, saying it "repeatedly and intentionally violated the campaign finance laws of Oklahoma."

The only donors to the PAC over the last four years were two Missouri companies, Capital Health Management Inc. and Affordable Equity Partners Inc. The Ethics Commission alleged Capital Health Management donated \$35,000 and Affordable Equity Partners donated \$8,000 in that time period in violation of state ethics rules against corporate donations.

The president of both companies is Jeffrey E. Smith, a Missouri developer who has come under scrutiny in that state for funding PACs there with donations from Capital Health Management Inc. He did not immediately respond to calls to his main company, JES Holdings LLC, for comment.

Smith develops, builds and manages low-income housing across the country, including in Oklahoma. Mockingbird Estates, a senior living community, recently opened in Stillwater. JES

Holdings LLC said online that its Affordable Equity Partners was instrumental in drafting legislation in Oklahoma in 2014 for a state tax credit to build or preserve homes for working class families and seniors.

Oklahoman's for Healthy Living was created in 2013 and has reported only making one donation — for \$8,000 — since mid-2014. It actually made 18 donations totaling \$27,750 to state candidates and state PACs in 2015, 2016 and 2017, according to the lawsuit. During that time, it "routinely" reported to the Ethics Commission that it had no activity, in violation of campaign finance laws, according to the lawsuit.

One recipient, House Majority Floor Leader Jon Echols, said Friday he gave \$1,000 from his campaign funds to the state's general fund after being notified by the Ethics Commission's executive director about the issue.

"I gave it to the general fund because I don't want any corporate donations," said Echols, who got \$1,000 from the PAC in January 2017. "I do not want to give the money back if it turns out they were violating the rules."

The Ethics Commission also is suing two lobbyists, James Milner, the chair of Oklahoman's for Healthy Living, and James McSpadden, the PAC's treasurer. Milner wrote the checks to the candidates and PACs that went unreported.

Both deny wrongdoing.

Their attorneys, Jonathan D. Buxton and Ryan Leonard, said they are cooperating with the Ethics Commission and have turned over information that is contained in the lawsuit.

The attorneys said Milner "at no time had any knowledge whatsoever that any contributions made into the PAC were inappropriate" and relied on a designated filing agent to make reports correctly to the Ethics Commission.

The attorneys said McSpadden in October 2015 agreed to be listed as the PAC's treasurer but had no further involvement with the PAC. The attorneys said McSpadden "at no time had personal knowledge concerning contributions made into or from the PAC."

The attorneys said both defendants "did not intentionally violate any provision of the Ethics code and look forward to resolving this matter as expeditiously as possible."

The lawsuit was filed Friday in Oklahoma County District Court.

Candidate for Maine governor paid Clean Elections money to future employer

A former Republican lawmaker running as a Clean Elections candidate for governor last year directed \$100,000 in taxpayer money to a consulting firm that hired him just after he lost the primary election in June.

Former state Sen. Garrett Mason, R-Lisbon, spent just over \$100,000 in taxpayer funds with Eaton River Strategies, a Cumberland firm headed by longtime lobbyist Kathie Summers-Grice. The spending is detailed in financial reports Mason's campaign filed with the Maine Commission on Governmental Ethics and Election Practices.

Mason lost his bid to be the party's nominee in the mid-June primary to Shawn Moody and joined Summers-Grice at the consulting firm about a month later.

Although the move doesn't violate any of the state's campaign finance laws or ethics rules, it raises concerns that Clean Elections funds could be used by candidates for personal financial gain or as a gateway to lucrative employment when they lose an election or leave public office.

Rep. Kent Ackley, an independent from Monmouth, says he plans to submit legislation to close what he sees as a loophole in Maine's Clean Election Act.

"We don't need this sort of headache with taxpayers' money," Ackley said last week. "When I heard that Sen. Mason had decided to take a partnership with this consulting firm, it was kind of a surprise."

Mason said he played by the rules and did nothing illegal or unethical.

"Just to be clear, I wasn't employed by the firm during the campaign," Mason said. "I didn't break any rules and I didn't break any laws."

Jonathan Wayne, executive director of the ethics commission, confirmed that there were no prohibitions against Mason's action.

But for Ackley the simple appearance of a conflict of interest involving public funds makes it necessary to tighten the laws around Clean Elections funds.

"So we (as a Legislature) have got to own up to it and close the door," he said.

In the 2018 elections, 206 candidates for the Legislature and three candidates for governor, including Mason, qualified for the Clean Elections program and collected a total of \$6.27 million in public financing. It was the third-largest distribution in the history of the program, which began in 2000.

A bill Ackley is proposing for lawmakers to take up in January would ban candidates from taking any job with a company to whom they paid more than \$10,000 of Clean Elections funds for three years after the election.

The measure will be among more than 400 possible bills being considered by legislative leaders when they meet next week to decide what gets in and what's left out as they head into the 2020 lawmaking session, which starts in January.

Mason has long been an opponent of Maine's Clean Election Act and the use of taxpayer funds for elections.

He said he made a strategic decision to use Clean Elections funds because he believed it was the only way he could be competitive in the race against Moody, a largely self-financed candidate who had millions of dollars at his disposal.

"I knew what I was up against and there was no other way for me to get my message out and present my vision for the way I thought Maine should go over the next four years," Mason said. "We did what we did. I'm not going to go into an election contest or any other contest with one hand tied behind my back."

He said he still remained fundamentally opposed to taxpayer-financed political campaigns and would again fight against it if he were still in the Legislature.

A former Republican lawmaker running as a Clean Elections candidate for governor last year directed \$100,000 in taxpayer money to a consulting firm that hired him just after he lost the primary election in June.

Former state legislator Garrett Mason's use of Clean Elections funds exposed a loophole in the system, one lawmakers says. Derek Davis/Staff Photographer

Former state Sen. Garrett Mason, R-Lisbon, spent just over \$100,000 in taxpayer funds with Eaton River Strategies, a Cumberland firm headed by longtime lobbyist Kathie Summers-Grice. The spending is detailed in financial reports Mason's campaign filed with the Maine Commission on Governmental Ethics and Election Practices.

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He said he still remained fundamentally opposed to taxpayer-financed political campaigns and would again fight against it if he were still in the Legislature.

"I've fought it, but the people have said yes to it three times," Mason said. "The Democrats won, they got their way. They got to have Clean Elections. You can't just say, 'Well you didn't like Clean Elections so you shouldn't be able to use it.' That's not the way that it works."

Mason collected \$700,000 in public campaign funds and raised an additional \$36,000 in qualifying matching funds and small donor contributions. He paid about \$101,000 to Eaton River.

Summers-Grice, Eaton River's president, said only 5 to 6 percent of the funds Mason paid her firm ended up in its bank account. The rest was used to pay other vendors for a variety of goods and services such as postage, direct mailings and printing, she said. Summers-Grice said she has long worked with Mason as a candidate and would have hired him whether or not his campaign had spent money with her company.

"I can say that unequivocally," she said. Summers-Grice said Mason's previous, privately financed campaigns had contracted with her firm for mailing services, and that she and he had a long-standing friendship.

“We have always believed that Garrett brings such a myriad of skills that we believe meshed very well with our company,” Summers-Grice said. “This really had nothing to do with it.”

Eaton River has since merged with another political consulting firm, she added, and while Mason still appears as a partner on Eaton River’s website he doesn’t technically work for the firm any longer.

“Eaton River doesn’t really exist anymore,” Summers-Grice said.

Anna Kellar, executive director of Maine Citizens for Clean Elections, an advocacy group that promotes publicly financed election reforms, said she was not familiar with Ackley’s proposed legislation, but any situation that made Maine’s law look vulnerable to abuse was troubling.

“We want to avoid corruption or conflicts of interests, and the appearance of a conflict of interest can be just as damaging as a real conflict of interest,” Kellar said. She said it was unclear whether her group will back Ackley’s bill, because the group is wary of putting restrictions on Clean Elections funds that are not in place for privately financed campaigns.

“If I was a private donor that watched my money being spent in a way that seemed like it wasn’t necessarily the most effective way to win a campaign but was being used to further the candidate’s personal interests, I think I would be pretty mad in that case, too,” Kellar said.

She said her group might suggest expanding Ackley’s proposal so it would also apply to privately funded campaigns but acknowledged that could raise constitutional issues around free speech and the right to free association.

Sen. Justin Chenette, D-Saco, who co-chairs the Democracy Reform Caucus with Ackley in the Legislature, said he also believes any new restrictions on Clean Elections candidates should probably be applied also to privately financed campaigns.

Chenette ushered through a series of campaign finance and ethics reforms this year, including a new measure that prohibits lawmakers who leave the Legislature from doing any lobbying for a year after they depart. Previously, lawmakers could spend up to eight hours a month lobbying, but there was no mechanism in place to police that, Chenette said.

Also pending is a bill on the desk of Democratic Gov. Janet Mills that would prohibit lawmakers from taking any campaign donations from lobbyists who are registered with the state ethics commission to do work at the State House.

Chenette said if Ackley's bill is not approved for introduction in January by legislative leaders next week, it will likely come up again in 2021.

"We are not faulting any one individual for participating in the system," Chenette said. "We are faulting the system for being broken."

[The leader of the NC Clean Energy Business Alliance may have asked for money at the wrong time.](#)

[A report by Charlotte TV station WBTW](#) says an alternative energy business organization may have violated state campaign finance laws when in August its director asked its members to make campaign donations to state Republican state Rep. John Szoka of Cumberland County.

There is no allegation that Szoka broke the law. Szoka said Friday he has not been contacted by the State Board of Elections about it.

At issue is whether Chris Cormody, the executive director of the North Carolina Clean Energy Business Alliance, broke the law in an email to the organization's members Aug. 21 by asking the members to donate to Szoka's reelection campaign. [WBTW published a copy of the email with its report.](#)

"We have never been in a stronger position to bring a business friendly environment for renewables to the Carolinas," Cormody's email says. "Let's roll up our sleeves (and open our checkbooks) for the year ahead."

The problem is a matter of timing. The Clean Energy Business Alliance has lobbyists at the General Assembly and when North Carolina's part-time state legislature is "in session" — is in a period of making laws — [it is illegal for an organization with a lobbyist to solicit donations for legislative candidates.](#) The Legislature was in session Aug. 21.

Cormody said Friday he discussed the email with two lawyers.

"The message that I got is that we are allowed to talk with our members," Cormody said, and the language in the email did not break the law. "That was my understanding," he said.

He said the Board of Elections has not contacted him about the Aug. 21 email.

The Fayetteville Observer asked the Board of Elections whether there is an investigation. A spokesman shared the statute involved and a summary of it and said the staff is otherwise not allowed to comment.

Szoka told WBTB that if the state Board of Elections concludes he received unlawful donations, he would return the money.

Because the Legislature was still in session Sept. 25, the Clean Energy Alliance and its political action committee canceled its financial sponsorship of the Szoka reception at the solar energy convention, Cormody said, and Szoka paid for it instead. This was done because it's illegal for political action committees to raise money for candidates while the lawmaking session is underway.

In asking for people to donate to Szoka, Cormody's Aug. 21 email praised Szoka for his support of laws and policies for solar and wind power, for electric cars, and related matters. He also cited Szoka's efforts with Republican Rep. Larry Strickland on Aug. 20 to block Duke Energy from getting legislation passed that Duke has been pressing for. Duke wants to change how electric power rates are set.

Duke contends its legislation will modernize how rates are set and benefit customers. Critics, including Cormody and Szoka, say Duke's legislation will make electricity needlessly more expensive for customers.

The legislation is part of Senate Bill 559, which is pending before the House. It's unclear if it has sufficient votes to pass.

The General Assembly is still in session, which is unusual for this time of year. The lawmakers are still in Raleigh due to an impasse between the legislature's Republican majority and Democratic Gov. Roy Cooper on passage of the 2019-2021 state budget.

Until the lawmakers adjourn their lawmaking session, it remains illegal for organizations with lobbyists to raise money for candidates for the General Assembly, for governor and for several statewide offices.

Candidate's ex-senator dad lobbies for Chinese tech firm. That could be a problem

U.S. national security experts of all political stripes agree: Chinese tech behemoth ZTE is a threat.

The company is a leading candidate to provide new markets with 5G networks, a lightning-fast wireless service that will support advanced technological applications.

A ZTE 5G network, U.S. national security experts warn, would also be able to spy on its users and send purloined data directly to the Chinese Communist Party.

Nevertheless, ZTE's best-known hired gun, former Connecticut senator and 2000 Democratic vice presidential nominee [Joe Lieberman](#), is now acting as an informal adviser on a U.S. Senate campaign — his son's.

Matt Lieberman is running in a special election to fill a soon-to-be vacated Senate seat in Georgia and is leaning on his dad to help him become the first Democrat in two decades to win a Senate race there.

Americans are increasingly skeptical of elites profiting from their political connections, with many tiring of political dynasties. And with Washington getting tough on Beijing, a lobbyist for a Chinese company — a potential espionage tool for China's Communist Party — advising his son's campaign highlights the complications of contemporary politics and national security.

“There are entirely legitimate and serious security concerns that need to be addressed, and I think ZTE is trying to address them,” the younger Lieberman told CQ Roll Call. “They might succeed, and they might fail.”

As a registered ZTE lobbyist, Joe Lieberman has played a behind-the-scenes role in the company's efforts in Washington. Matt Lieberman promises there is a wall between his father's ZTE work and his campaign advisory role.

“If I am fortunate enough to be trusted with this Senate seat by the people of Georgia, I will, of course, abide stringently by all Senate ethics rules,” he said. “If there's ever a gray area, I will err on the side of propriety.”

Public scrutiny

ZTE has a bad reputation in Washington.

After violating U.S. sanctions by selling products to Iran and North Korea, the White House in the summer of 2018 extracted more than \$1 billion in fines from the company.

In exchange, the Commerce Department allowed it to continue to do business in the U.S. after considering a complete ban. Blocking ZTE from U.S. markets could have killed the company as the Chinese firm relies heavily on components from U.S. suppliers.

The Trump administration's decision infuriated one of the Senate's most liberal Democrats.

"The Trump administration is giving ZTE and China the green light to spy on Americans and sell our technology to North Korea and Iran, as long as it pays a fine that amounts to a tiny fraction of its revenue," Oregon Sen. [Ron Wyden](#), the top Democrat on the Finance Committee, said in June 2018.

Instead of enforcing a full ban, as one Senate proposal would have done, Congress in the fiscal 2019 defense authorization law banned the U.S. government from buying ZTE products, citing national security risks.

After narrowly escaping execution, ZTE made an unorthodox move: It hired one of its most vocal critics.

The elder Lieberman served four terms in the Senate and was a member of the powerful Armed Services Committee and chairman of the Homeland Security and Government Affairs panel, where he warned of ZTE's pernicious potential.

"We are very concerned that [ZTE is] being financed by the Chinese government and greatly influenced by the Chinese military, which may create an opportunity for the Chinese military," Lieberman said in a 2010 statement signed by three other lawmakers. "This would pose a real threat to our national security."

Eight years later, Lieberman registered with law firm Kasowitz Benson Torres as a lobbyist for ZTE.

ZTE paid Lieberman, along with his former Senate chief of staff Clarine Nardi Riddle and Kasowitz Benson Torres associate Nicholas Rendino, [\\$150,000 for the last quarter](#) of 2018 and [\\$120,000 for the first quarter](#) of 2019. Kasowitz Benson Torres filings show its employees did not lobby for ZTE in the second quarter of 2019. An October filing from the law firm indicates that ZTE is still its client.

Lieberman, though, maintains that he is not lobbying for ZTE — he just registered as a lobbyist out of an "excess of caution."

“I and my firm are conducting an independent assessment of national security concerns raised by lawmakers and others with regard to ZTE’s products and business activities in the United States,” he said in an August statement to CQ Roll Call after declining an interview request. “In no way are we engaging or have we been asked or agreed to engage in lobbying on behalf of ZTE.”

Even if he is just calling lawmakers and taking notes, Lieberman is getting a check from the Chinese firm.

Along with fellow Chinese tech giant Huawei, ZTE is competing across the globe to become the preferred 5G provider for countries within China’s One Belt One Road initiative — and any others willing to cut a check.

The Chinese 5G offerings attracted attention from the U.K. and Germany, both treaty allies of the U.S. And in April, just before a NATO summit, former Director of National Intelligence James R. Clapper Jr., who served under President [Barack Obama](#), along with five former combatant commanders, warned in a statement that Chinese 5G networks could easily be turned into intelligence collection devices for the Chinese Communist Party.

“Chinese-designed 5G networks will provide near-persistent data transfer back to China that the Chinese government could capture at will,” the statement said.

The U.K. will decide by the end of the year whether to allow Chinese companies to operate its future 5G network. As recently as Wednesday, Germany has said that it will not block the Chinese companies from operating within the borders of the European Union’s largest economy. Berlin might as well give Chinese President Xi Jinping its citizens’ login names and passwords, according to Timothy R. Heath, a defense researcher at the RAND Corporation.

“The real power in China is through the Communist Party,” said Heath, who served as a senior China analyst for U.S. Pacific Command. “They operate behind the scenes, and they can order decision-makers at any company to do things that the companies’ shareholders or officials may not want to do. They just don’t have a choice. It’s an authoritarian system.”

Family business

Matt Lieberman now has to convince Georgians that his father’s connection to ZTE is above board in what will likely be a competitive campaign in a state with a sizable military constituency.

“It’s not an unusual situation to have a member of Congress or a senator who has a family member who works as a lobbyist or has been working as a lobbyist,” Matt Lieberman said. “That’s why there are rules about it, and we will follow them stringently.”

Lieberman is running to fill the Senate seat that Republican [Johnny Isakson](#) is vacating for health reasons at the end of the year. GOP Gov. Brian Kemp will appoint a successor to Isakson, who could run for the remainder of the senator’s term in a 2020 special election.

So far, Lieberman is the only candidate in that election, but it won’t stay that way. All candidates, regardless of party affiliation, will compete on the same ticket in a “jungle” primary next November. If no one secures more than 50 percent of the vote, the top two vote-getters will advance to a January 2021 runoff. Inside Elections with Nathan L. Gonzales rates the race [Likely Republican](#).

In his first campaign video, Lieberman promised to fight for abortion rights and against the National Rifle Association. As his campaign advances, he will likely have to address military concerns, too, as Georgia hosts bases for all four service branches, including Fort Benning, home to around 120,000 active-duty military members, their families and civilian employees.

The state’s military presence translates in the Senate, where Isakson chairs the Veterans Affairs Committee and the junior senator, Republican [David Perdue](#) who is seeking his own reelection next year, sits on the Armed Services panel.

Armed Services Republicans have been some of the Senate’s primary messengers on the potential dangers of Chinese companies operating in the U.S.

In September, Arkansas Republican [Tom Cotton](#) teamed up with Senate Minority Leader [Charles E. Schumer](#) on a letter to Defense Secretary Mark T. Esper demanding the Pentagon publish a list of all companies in the U.S. that are controlled or owned by the Chinese military.

As a senator, Matt Lieberman said he would give all companies operating in the U.S. a chance to exonerate themselves if their operations concerned lawmakers.

“I think it’s fair for that company to try to do better,” he said. “And then it’s fair, of course, for the Congress to say, ‘Your efforts are acceptable, or they’re not.’”

The younger Lieberman is trying to spin questions about his father’s ZTE connections as a sign of his campaign’s legitimacy.

“The fact that at this stage there is sufficient interest in how I would deal with a potential conflict were I to be elected is in its own way another sign of strength of the campaign,” he said. “Right out of the box we are being greeted with credibility.”

Matt Lieberman has until November 2020 to make the case for his candidacy. His dad has until Monday to file any lobbying reports for the third quarter of 2019.

[A multi-millionaire set out to counter Dominion. Now he's the state's biggest campaign donor.](#)

Michael Bills, who helms a \$1.5 billion hedge fund based in Charlottesville, said he was thinking like an investor when he decided to personally take on the state's largest publicly regulated utility, Dominion Energy.

He viewed Dominion and its influence over state lawmakers as bad for the environment and bad for customers. And after looking up how much they were spending on campaign contributions, he decided he couldn't pass up the potential return that might flow from overtaking the company with an influence campaign of his own.

“I went, wait a minute, they literally are writing the laws for a couple million dollars a year in contributions and some lobbyists,” Bills said. “I can do that.”

And he did. The former Goldman Sachs executive is now the largest individual campaign donor in the state, with contributions totaling \$1.7 million so far this year, according to the Virginia Public Access Project, which tracks money in politics. The recipients, 88 Democratic candidates and fundraising committees at last report, all have refused to take donations from Dominion — which he has made a condition of his support. The only groups that have spent more over the past two years are major party PACs: the House Democratic Caucus, the Democratic Party of Virginia and the Republican State Leadership Committee, according to VPAP.

His next nearest individual donor: Sonjia Smith, Bills' wife.

Bills says his only goal is to undercut the company's sway over the General Assembly, which over the past decade has won legislative victories that reduce regulatory oversight and allow the company to keep and spend excess earnings that in past years it would have been forced to rebate to customers. Last year [state regulators](#) calculated the company's over-earnings at \$365.6 million.

“If I can invest in the single millions of dollars to get (that back) — as an investor, that’s really good,” Bills said during an interview in his Charlottesville offices, which overlook the city’s downtown pedestrian mall

While he frames his donations as a benevolent incursion against a corrupt bully (his words), his sharp increase in spending during a pivotal election year in which Democrats are two seats shy from a majority in both chambers of the General Assembly has aroused deep suspicion in some quarters, especially among Republicans.

Sen. David Suetterlein, R-Roanoke County, blasted Bills and the political action committee he established, Clean Virginia, last week for endorsing his Democratic opponent, Flo Ketner, and donating \$5,000 to her campaign. Suetterlein has been an outspoken critic of Dominion since his election and is among a handful of GOP lawmakers in the Senate who frequently oppose legislation backed by the utility.

He accused Bills and his PAC of being more interested in electing Democrats than countering utility influence. “There’s no way they didn’t know about my record,” he said. “I think their only goal is to have a Democratic majority.”

Clean Virginia shot back that while they “are grateful for his leadership on utility policy,” their endorsements and donations are based on candidate questionnaires, which Suetterlein never completed.

A few hours later, the group announced a forthcoming \$5,000 donation to Sen. Amanda Chase, R-Chesterfield. It’s Clean Virginia’s first contribution to a Republican candidate, which they say – and Chase confirms – followed her recent completion of their candidate survey. “Just funding because she has a principled stand against taking Dominion and Appalachian Power money and owning stock,” Clean Virginia’s spokeswoman, Cassidy Craighill, said in an email. “We are not endorsing her.”

Democrats have generally had fewer qualms about taking Bills’ money, but the party’s leaders in the House and Senate have kept the group at arm’s length and their tactics have occasionally frustrated even allies.

When Bills launched Clean Virginia in 2018, the PAC said it would fund candidates who signed a pledge not to take donations from utilities, raising eyebrows even among some of the group’s supporters, who worried such an arrangement would constitute a textbook [quid-pro-quo](#). Clean Virginia disputed the notion, but quickly backed off the pledge, saying it would instead make decisions based on past votes and candidates’ responses to a questionnaire.

That appears to have eased some concerns. The Democratic Party of Virginia recently [voted](#) to stop taking money from Dominion and subsequently reported a \$200,000 donation from Bills.

But the party's House and Senate caucuses continue to steer clear. Senate Minority Leader Dick Saslaw, a Democrat from Fairfax and a major beneficiary of Dominion's largess over the years, offered a one-sentence response earlier this year when asked about his position on Bills' contributions: "We don't take money that comes with a single condition."

Bills chafes at the company and others' contention that his offer of campaign support only to candidates who refuse Dominion money constitutes a quid-pro-quo. "It's not the same as, 'Oh, you're just trading one bad for another,'" he said. "Let's weigh the bads. One is attempting to do right."

He says neither he nor the investment fund he leads stands to benefit financially or otherwise from his stance on Dominion. And he describes his policy goals as relatively narrow. Clean Virginia supports a ban on donations from state-regulated utilities and has joined a broad coalition of groups that back a proposal to break up monopoly utilities by allowing competition among energy providers.

A Dominion spokesman declined to comment, but the company criticized Bills in a statement to the [Associated Press](#) earlier this year: "On behalf of our nearly 10,000 Virginia employees we engage in the political process. So does this one wealthy individual. The difference is his donations are contingent on doing exactly what he says."

Bills counters that his proposals shouldn't be perceived as a threat to the company's rank-and-file employees. "There would be some senior people that maybe wouldn't get paid like they are paid today," he said. "This is not anti-Dominion employee, anti-Dominion worker. It is the executives and leadership."

Regardless of the debate, the number of candidates who refuse Dominion's donations has been steadily rising. Clean Virginia said it counted three lawmakers who took a stand against contributions from Dominion in 2017. This year, they say the number is up to 87.

Sen. Chap Petersen, D-Fairfax City, is one of those three lawmakers who for years has been calling for a ban on campaign contributions from Dominion. He said reining in Dominion is an important goal whose time had come. But he credits Bills for "funding the alternative viewpoint."

“I think there’s a lot more to it than money,” he said. “But over a million bucks — that’s an enormous amount of spending.”

A multi-millionaire, Bills had long been a major supporter of Virginia Democrats. But with the PAC’s launch, he ramped up his spending dramatically and has easily outspent Dominion, which has so far donated \$466,272 to Republicans and Democrats, according to VPAP.

He differentiates between his personal donations and those from Clean Virginia. The PAC’s donations this year have topped out at about \$5,000 per individual candidate and are open to anyone running for office who has promised to eschew utility donations.

His personal donations are much larger – as high as \$55,000 in some races – and have gone exclusively to Democratic candidates in tightly contested races. Like his PAC, he says he will not donate to candidates who accept money from Dominion.

It’s a stance he’s convinced other major donors to take, as well. Among them, the Virginia League of Conservation Voters and his wife, Smith, who herself has contributed \$814,000 to Democratic candidates so far this year.

“The first person I made that pitch to was Sonjia Smith, because she is a large donor,” he said. “She was very receptive.”

[New Oversight Committee examines flaws in Pennsylvania's lobbying disclosures](#)

Politicians and voters of all political stripes have lamented the influence of lobbying on governmental policy, with subtle and sometimes not-so-subtle accusations that lawmakers’ votes can be bought for the right price.

The members of the brand new Oversight Committee in Pennsylvania’s House of Representatives sought to tackle that issue in their first meeting this week when they convened to discuss a forthcoming report on lobbying disclosures in the state.

The Oversight Committee, created during the 2018 session, is empowered to investigate topics referred by legislative leaders – it can’t launch investigations on its own. The look into the influence of lobbyists was prompted by a referral from House Majority Leader Bryan Cutler and House Minority Leader Frank Dermody.

Testifiers before the committee described a system whereby individuals or entities that want to get the attention of lawmakers – known as “principals” – can hire lobbying firms to bring their

issue to the attention of lawmakers. If the lobbying firm uses gifts, trips to restaurants or other forms of entertainment in an attempt to influence policy, that has to be reported to the state.

Committee Chairman Seth Grove, R-York, noted that under the current reporting system, what's available to the public doesn't necessarily match what the state knows.

"Staff pulled up total gifts, hospitality, transportation and lobbying to named individuals 2017," Grove told representatives from the Department of State and the State Ethics Commission.

"They showed in 2017 it was \$32,318. That's from the [Department of State] website. ... Then we got [the Ethics Commission's] data ... and for 2017, it lists gifts for 2017 as \$1.7 million. ... So the public is out there thinking \$32,000, actual number is \$1.7 [million]."

Committee members were told that Pennsylvania differs from the federal government in terms of how those lobbying disclosures are made – in Pennsylvania, the principals file the disclosure forms, but at the national level it's the lobbyists who have to do the filing.

Lobbying firms in Harrisburg do have to sign off on their principals' disclosures, Clint Cullison of lobbying firm Greenlee Partners told the committee, but because they only see a dollar amount on the disclosure form, and any given principal might have hired more than one lobbying firm, the value of that sign off is somewhat limited.

"We report those numbers quarterly to all the principals who are ultimately responsible for updating the Department of State's website with their information each quarter," Cullison said. "Once those principals have filed that information, [the lobbying firm's staff members] go through and verify that those dollars that are reported by the principal are at least the numbers that we reported to the principal. ... There's no way for us to know if they're reporting adequately on theirs as long as that dollar is at least equal to or greater than what we told them, we affirm that that's a correct statement."

Cullison also argued that Pennsylvania law doesn't properly police lobbyists who are hired to run political campaigns. While a firm is bound by ethics rules that say it can't lobby for clients on opposite sides of an issue, that rule doesn't apply if one client is a campaign.

"The law does not prohibit a lobbyist from running a political campaign of elected officials," he said. "Lobbyists can represent both the people for taxing stuff and undertake political consulting work for [a representative] who opposes any taxes simultaneously, being paid by two opposing interests, and law allows it."

He also argued that the reporting thresholds are allowing some lobbying expenditures to be hidden from view. An individual lobbyist must report when he or she spends \$250 or more on

gifts or \$650 or more on dining and entertainment on a given official in a year. But lobbying firms can spread those expenses across their staff to ensure the reporting threshold isn't met.

The answer, Cullison argued, is what's called "dollar one reporting," which would do away with the thresholds. Any lobbying expenditure on a public official would have to be reported.

"While some conjecture would estimate that this would be overly burdensome to lobbyists, the reality is, shouldn't they already have this in place?" Cullison said. "If they don't, how do they know if they're hitting those aggregate thresholds currently?"

Grove said that the Oversight Committee will meet again Oct. 30 to issue its report on lobbying in the state.

University City Democrat spends \$10,975 on outings in latest example of vague campaign reporting

A state senator from University City has spent \$10,975 in campaign funds on "outing(s)" since last December, according to a Post-Dispatch review of the Democrat's campaign finance disclosure reports filed with the Missouri Ethics Commission.

Sen. Brian Williams, who was first elected last year, said his campaign started paying for meals with lobbyists and others to avoid compliance issues with "Clean Missouri," also known as Amendment 1, last year's voter-approved constitutional amendment that limited lobbyist gifts to \$5.

Instead of a lobbyist picking up a tab, Williams' campaign takes care of it.

"We just make sure we cover any cost for meetings with elected officials, folks in the community, lobbyists," Williams said of his campaign. "We just want to make sure we're in compliance (with Clean Missouri) so we cover any cost."

Vague campaign reporting illustrates the relaxed nature of Missouri's campaign finance laws — the senator rarely elaborated on the purpose behind his "campaign outing(s)" — and how corporate interests maintain influence in Jefferson City during an era of limited lobbyist gift-giving.

Williams' spending stands out among other St. Louis-area state senators, who spent far less in recent months on meals through their campaign accounts.

Legislators accept donations from corporate political action committees and others, and can then spend the money on food, travel and lodging as long as the spending is in some way campaign-related.

[The Post-Dispatch reported in August](#) on some vague campaign finance reports, including a \$1,077 expense described only as “auto expense” by one state representative and a \$13,000 payment by a state senator to a credit card company.

Williams accepted \$9,500 in campaign contributions last fundraising quarter, from July 1 through Sept. 30.

That included \$2,000 from the St. Louis County Police Officers Association, \$2,000 from hospital employees’ HealthPAC, \$1,000 from Charter Communications, \$1,000 from members of the Simmons Hanly Conroy Law Firm, \$500 from Johnson & Johnson and \$500 from a political action committee funded by Emerson Electric.

The first-term senator declined to provide a breakdown of his “campaign committee outing” spending for the last fundraising quarter.

Only expenses over \$100 are itemized in Missouri campaign reports. Williams said most of the meals he had with constituents, campaign staff and lobbyists cost between \$50 and \$60.

“None of them are really expensive,” he said.

“We also have volunteers that work on our campaign,” Williams said. “And since we don’t pay consultants we usually take them out to campaign outings, dinner, things of that nature. And that’s how we thank them and that’s how we also meet to discuss any campaign things.”

Indeed, [the Columbia Missourian reported in 2017](#) that candidates were spending big on “consulting” without elaborating on the services they had purchased.

Williams — a former staffer to U.S. Rep. William “Lacy” Clay, D-University City — said he would ask his campaign treasurer, Robert Arbuthnot, if there was a better way to report expenses.

Williams’ purchases

The majority of Williams' purchases this year — \$8,750 — were under \$100, while the rest went to pay larger tabs.

Larger payments included a \$224 tab at a French bistro in St. Louis, an unexplained \$150 payment to the University of Missouri, and a \$130 tab at the upscale Barred Owl lounge in Columbia.

Williams' spending picked up over the summer. From July through September, he spent \$4,459 on small purchases (under \$100). Records also show he spent a combined \$1,086 last quarter on eight restaurant tabs that exceeded \$100.

On July 15, Williams spent \$221 on a "campaign outing" at 801 Chophouse in Clayton.

On July 18, he spent \$102 on a "campaign outing" at Three Monkeys on Morganford Road in St. Louis.

During a three-day span in September, Williams spent almost \$370 on three campaign outings: two tabs he charged to his campaign while visiting Los Angeles, and one \$145 "campaign outing" at O'Donoghue's Steaks and Sea Food on Sept. 11 in Jefferson City; lawmakers had returned to the Capitol that day for a special legislative session.

Williams' "outing" spending last quarter exceeded the meal spending of two Republicans who control the flow of legislation in the GOP-dominated Legislature.

House Speaker Elijah Haahr, R-Springfield, spent \$4,109 on "Food & Drink" in the last three months. House Majority Leader Rob Vescovo, R-Arnold, spent \$2,147 in that same time period.

Sean Nicholson, campaign manager for "Clean Missouri," said corporate influence still seeps into Missouri politics through campaign accounts.

"Rules will continue to evolve and I think reformers and activists will continue to need to do work to meet the realities that exist," he said.

When lobbyists were allowed to give unlimited gifts to legislators, lobbyists filled out forms listing the value of the gift and the recipient of the gift.

Lawmakers aren't required to report with whom they went to dinner.

Nicholson said he would “push back on the suggestion” that Clean Missouri led to less-transparent corporate influence in Missouri government.

Before the amendment’s passage, he said, the majority of gifts had been reported as “group” expenditures, shielding individual recipients from scrutiny.

Spending stands out

Williams’ 14th Senate District stretches from Clayton to Hazelwood, covering a broad section of St. Louis County. Records show his meal spending stands out among his St. Louis-area colleagues.

Sen. Bill Eigel, R-Weldon Spring, spent \$1,810 on small (less than \$100) meal purchases last fundraising quarter.

Sen. Karla May, D-St. Louis, spent \$1,181 on small (less than \$100) food purchases last quarter, records show. She racked up tabs at two restaurants that exceeded \$100.

Sen. Paul Wieland, R-Imperial, spent \$1,250 on meals last quarter.

Sen. Andrew Koenig, R-Manchester, spent \$265 on small food purchases last quarter, and did not incur any restaurant tabs exceeding \$100.

Sen. Scott Sifton, D-south St. Louis County, spent \$160 on “food for event” at Bar Napoli in Clayton, and another \$76 in small food purchases.

Democratic Sens. Jamilah Nasheed of St. Louis and Jill Schupp of Creve Coeur did not report spending any campaign money on meals last quarter. Senate President Pro Tem Dave Schatz, R-Sullivan, also did not report any meal spending.

Sen. Gina Walsh, D-Bellefontaine Neighbors, spent \$154 on a meal at the Piccadilly in St. Louis. She spent \$284 on small meal purchases.

She also spent \$139 at Schnucks on “non-perishable goods for striking UAW workers.”

[Term limits plan would be tied to 'good government' changes](#)

A potential plan to ask Michigan voters to ease legislative term limits would likely be paired with "good government" changes aimed at addressing the state's feeble transparency and accountability grades.

No proposal has been finalized. But the fact that Republican legislative leaders on Tuesday privately briefed their caucuses about talks with two political heavyweights — the Voters Not Politicians ballot committee and the Michigan Chamber of Commerce — is a sign that there is serious interest in revising how long lawmakers can serve.

The constitutional amendment would need Democratic votes for the GOP-led Legislature to put it on the 2020 ballot, or a group would have to turn in 425,000 valid signatures.

The developing measure could include the creation of an ethics committee to review allegations against legislators, and it may be tied to bills pending in the Legislature. Those include requiring candidates and officeholders to fill out financial disclosures, subjecting the Legislature and governor's office to public-records requests, and instituting a waiting period for public officials to become lobbyists.

"Not much is finalized just yet, but I am proud to be working together in a bipartisan way with everyone who is willing to come to the table with real ideas for how to improve state government and make our elected officials more responsive and accountable to the people they represent," House Speaker Lee Chatfield, a Levering Republican, said Tuesday after the discussions were first reported by Lansing-based Michigan Information & Research Service.

Michigan voters enacted term limits in 1992 that allow legislators to serve 14 years, including three two-year House terms and two four-term Senate terms. They are viewed as the most restrictive among the 15 states with consecutive or lifetime legislative term limits.

While GOP leaders and others did not indicate what specifically could be proposed to voters — or how it could affect current legislators — critics have noted that the five other states with lifetime bans like Michigan's allow lawmakers to serve longer overall or to spend their entire careers in one chamber.

Senate Majority Leader Mike Shirkey, a Clarklake Republican, has said he wants to put a term limits initiative on the 2020 or 2022 ballot. When he first declared his interest in May, the leader of the grassroots group Voters Not Politicians — which shocked the political establishment by successfully spearheading a 2018 constitutional amendment to overhaul redistricting — also was enthusiastic.

"I don't think it should be a surprise to anybody that they have talked about this more than once," said Shirkey's spokeswoman, Amber McCann.

Nancy Wang, the ballot committee's executive director, said it is committed to "ending the revolving door, term limits, opening the Legislature and governor to FOIA, and ethics reforms all aimed at restoring Michigan voters' faith in our state and democracy. We have spoken with many groups, including some lawmakers, who could move these reforms forward, and we will consider taking them to the ballot should that be necessary."

Michigan is one of two states where lawmakers pass and reject laws without the public knowing about their personal finances. Other state elected officials do not have to file disclosures either.

Michigan is one of two states to wholly exempt both legislators and governor's office from disclosing communications and other information to the public. Unlike most states, Michigan also has no mandatory "cooling off" period before a government official may register as a lobbyist, except when a legislator resigns from office.

Rich Studley, president and CEO of the Michigan Chamber of Commerce, called the deliberations a "positive development." The group has long advocated for changing term limits.

"It's a real challenge, especially for newly elected lawmakers, to come up to speed on more difficult, more complicated or more controversial issues," Studley said.

If legislators first approve other bills aimed at improving state government by making it more open and transparent, he said, the public may be more willing to ease term limits.

Studley cautioned, however, that the presidential election could be "very noisy and very contentious" and his organization's commitment to a term limits campaign could depend on whether it also has to spend money to defeat potential initiatives that business leaders would see as damaging.

"There is no agreement on a plan or a campaign or a strategy," he said. "All those things would be still to be determined."