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Former Charity CEO Pleads Guilty in Political Corruption Scheme

A former Springfield charity CEO plead guilty in federal court last week for her role in a multi-million-dollar political corruption scheme that involved bribes and campaign contributions for elected public officials in Missouri and Arkansas.

68-year-old Marilyn Luann Nolan plead guilty Friday to one count of conspiracy to embezzle and misapply the funds of a charitable organization that received federal funds.

Nolan's guilty plea means that she conspired with others from 2008 to June 30, 2017, to misapply millions of dollars of the charity's funds for substantial, undisclosed payments to lobbying firms and political advocates, monetary and in-kind contributions to the campaigns of candidates for public office, and to bribe public officials.

Nolan also admitted that she knew her co-conspirators defrauded the charity in order to enrich themselves, and her, according to a press from U.S. Attorney Tim Garrison.

The government believes the schemes Nolan pleaded guilty to totaled approximately \$6 million.

Nolan began working at Alternative Opportunities Inc., in 1992 and in 2015, that company merged with Preferred Family Healthcare Inc., now known as Preferred Family Healthcare. Nolan was the chief executive officer and oversaw the charity's lobbying and governmental affairs activities.

Preferred Family Healthcare provided and its subsidiaries provided a variety of medical and counseling services to individuals in Missouri, Arkansas, Kansas, Oklahoma, and Illinois.

According to the plea agreement, Nolan and her conspirators caused the charity to misapply its funds to pay for political advocacy, including lobbying, that violated both IRS rules governing tax-exempt organizations and federal laws and regulations governing recipients of federal grants and contracts.

Nolan admitted that she directed and assisted her co-conspirators to direct millions of dollars to lobbyists, including Donald Andrew Jones and Milton Russell Cranford, who previously entered pleas of guilty to federal crimes in related cases. Nolan also directly lobbied legislators, according to the press release.

Under her plea agreement, Nolan also admitted that she and her conspirators:

- Caused the charity to contribute financially to the campaigns of candidates for public office through "straw donors," including the charity's lobbyists, who were also reimbursed by way of invoices that were falsely described as "training" and "consulting" expenses;
- Encouraged charity employees to contribute to candidates for public office and caused the charity to reimburse them for those contributions by providing funds falsely described as reimbursement for travel or other expenses the employees had not actually incurred; and

- Caused the charity to provide in-kind contributions to the campaigns of candidates for public office, including in Missouri where they organized fundraisers for several candidates running for seats in the Missouri State Senate, Missouri House of Representatives, and the Greene County Commission and in Arkansas, Nolan and her conspirators organized fundraisers (often at hotels or restaurants) for many candidates running for seats in the Arkansas State Senate and Arkansas House of Representatives.

Nolan also admitted as part of her plea to directing an employee to use the charity's resources to arrange for catering, liquor, decorations, and other food connected to political fundraisers. This employee used a charity-issued corporate credit card for the purchases, with Nolan's knowledge. Under federal statutes, Nolan is subject to a sentence of up to five years in federal prison without parole. The maximum statutory sentence is prescribed by Congress and is provided here for informational purposes, as the sentencing of the defendant will be determined by the court based on the advisory sentencing guidelines and other statutory factors.

A sentencing hearing will be scheduled after the completion of a presentence investigation by the United States Probation Office.

[First Issue for Democrats Next Year: Election and Ethics Reform](#)

Fred Wertheimer, the president of Democracy 21, summed up the issues the [Democratic majority](#) in the House will tackle with their first bill.

:We have a system of campaign finance that takes us back to the Gilded Age and the robber baron era, a voting system that takes us back to the poll tax and voter suppression era and a redistricting system that allows representatives to choose their voters rather than voters choosing their representatives...The very health of our democracy is at stake in this fight to repair our political system for all Americans.”

Today Democrats confirmed that their first act in January will be to take up a bill that addresses those concerns. Here are the particulars:

“The proposed voting rights reforms include reauthorizing the Voting Rights Act, with constitutional language to restore federal preclearance (stripped by the Supreme Court's Shelby v. Holder decision) for changes to voting laws in some jurisdictions. The bill would also institute automatic voter registration across the country and provide funding and expanded oversight power to the Election Assistance Commission. And the measure would require that nonpartisan commissions redraw congressional district maps.

Ethics reforms in the proposed bill would cover the executive and legislative branches. The measure would include extending the cooling-off period before a government official may become a lobbyist, expanding conflict-of-interest laws to cover the president and vice president, give more compliance and oversight power to the executive branch's Office of Government Ethics and bar lawmakers from sitting on corporate boards.

The planned legislation would create a public financing system for congressional elections and provide matching funds for small-dollar donations raised by participating candidates...Additional reforms would include increasing disclosure for dark money and digital advertising, strengthening laws prohibiting coordination between candidates and super PACs and barring lobbyists from bundling campaign contributions.”

An article about this legislation at [NPR](#) incorrectly states that these measures would overturn *Citizens United*, which has conservatives crying that the whole thing is an attack on free speech. But public financing and increased disclosure do not pre-empt anything that the Supreme Court legalized. Most people agree that would require a constitutional amendment.

There are also those making the argument that, since a bill like this will never pass the Senate or be signed by Trump, it is merely a [political tactic](#) for 2020. Here's what Rep. John Sarbanes (D-Md.), the bill's author, said about that:

"Give us the gavel in the Senate in 2020 and we'll pass it in the Senate...Give us a pen in the Oval Office and we'll sign those kinds of reforms into law."

The reality is that the only people who will be opposed to legislation like this are those who benefit politically from voter suppression and gerrymandering, as well as those who make money from the corruption of our political system. In other words, Republicans. There is no doubt that they will do anything they can to obstruct election and ethics reform, so waiting for them to sign on means it will never happen.

On the other hand, when it comes to regular voters, this kind of legislation will garner overwhelming support. Democrats are right to suggest that the only way these things will happen is if voters give them a Democratic president and senate majority.

[Democrats' House Takeover Sparks K Street Lobbying Reshuffle](#)

The Democratic takeover of the U.S. House is expected to spark a reshuffle of Washington's K Street lobbying shops as Corporate America signs up advocates to help influence new personalities and priorities in Washington.

As Democrats emerge from eight years in the minority, companies and trade groups are searching for experienced hands to tackle a new agenda that could win bipartisan support, including infrastructure, drug pricing and tech privacy, lobbying experts said.

The shift in power on the Hill also may spawn congressional investigations into corporate issues such as executive pay, environmental track records, diversity, and how companies used money gleaned from President Donald Trump's tax cuts, said several K Street watchers.

"We anticipate sustained and aggressive oversight, both of the Trump administration and of multiple industries," said Bruce Mehlman, a Republican lobbyist and former Hill staffer who was an assistant secretary of Commerce under President George W. Bush.

In the new landscape, Republicans remain in control of the Senate and the White House. As attention swings to the 2020 presidential campaign, Democrats will be revving up efforts to unseat Trump, whose tax, trade and immigration policies fueled a lobbying surge in the first two years of his administration.

Phones Ringing

Democrats' phones had begun ringing even before the election, according to lobbyists, and the courtship is bound to accelerate. Mehlman said some Democrats at his bipartisan firm -- including one with ties to Nancy Pelosi and another linked to the powerful House Judiciary Committee -- were getting waves of calls. Pelosi is poised to regain her former position as speaker of the House.

"People are busily trying to figure out, what do I need to do to make sure that I have the best team," said veteran Democratic lobbyist Steve Elmendorf. "You'll have a very quick ramp-up."

Oscar Ramirez, also a Democratic lobbyist, said he started getting calls from potential clients before the election, especially from companies looking to leverage his relationships with a more diverse group of legislators as women, African-Americans, Hispanics and others take over key committee posts and positions in leadership. The firm Ramirez co-founded, InSight Public Affairs, signed Alphabet Inc.'s Google, T-Mobile US Inc., Lyft Inc. and Airbnb Inc., among others, this year.

New Friends

“You will definitely see companies, law firms and lobbying shops building out their relationships to Democrats,” Ramirez said. “A big part of that will be the Black and Hispanic and Asian-American caucuses.”

For more: Black Lawmakers Set to Assume More Powerful Roles in U.S. House

Top Democratic staff in Congress will have a choice whether to keep their newly acquired power or move into lucrative lobbying jobs. Demand for Democrats with key relationships and experience would likely boost salaries for those who exit, although a ban on lobbying one's recent colleagues could put a damper on some opportunities. Former members of Congress also often find themselves targets of eager recruiting as well.

“This is their time to command top dollar,” said Tom Susman, a lobbyist for the American Bar Association, saying both lobbyists and lawyers would probably draw interest. “They're going to clean up.”

Republicans Leaving

Fallout from the midterm elections may also spawn a glut of Republicans leaving government to seek lobbying jobs in a city that isn't necessarily looking for their connections and insights, Susman said. More than a thousand staff members who work for retiring or defeated Republican incumbents will be looking for jobs come January, as well as hundreds of staffers working for the permanent committees.

Given months of polls suggesting the House majority would flip, altering the balance of power in Washington, some firms strengthened their ties to Democrats ahead of Election Day.

McGuireWoods Consulting announced that a former communications director to onetime Democratic Virginia Governor Mark Warner, who's now in the Senate, would head its federal government relations practice, succeeding a former White House aide to President Ronald Reagan. In October, S-3 Group, a previously all-Republican boutique firm, hired Michaelen Crowell, the former chief of staff to Senator Bernie Sanders, the progressive independent and former presidential candidate who caucuses with the Democrats.

The most active industries and trade groups in Washington, such as defense, tend to maintain politically balanced rosters of lobbyists. Now, companies that face new risks or opportunities in the upcoming Congress are more likely to add Democrats, lobbyists said. Companies that stocked up on Republicans when Trump's surprise election left them scrambling for insight into the new administration may be doing the same, the lobbyists added.

Investigations Possible

In the new Congress companies also could face investigations over issues such as executive compensation and product failures, among other issues, lobbying experts including Mehlman

said. Firms that help companies respond to congressional document demands and prepare executives to testify before Congress are expecting a wave of new business.

“What you do to gear up for it is to remind people that you’re there, that you’re bipartisan, and you’ve got your ear to the ground,” said Fred Dombo, chair of the public policy group at the law firm Nossaman LLP.

Historically, Democrats have been more aggressive with corporate targets when they’ve held the reins of investigative power, with action often coming independently from committees’ legislative work, said Stanley Brand, whose practice at Akin Gump Strauss Hauer & Feld LLP includes representing organizations and individuals investigated by Congress.

“These things are driven by the issue du jour,” Brand said.

Even with control of Congress split between the parties, some issues are still expected to gain momentum. Trump, Pelosi and Senate Majority Leader Mitch McConnell all said action on infrastructure and lower drug prices could win bipartisan agreement.

Infrastructure Spending

Trump and House Democrats are talking about cooperating on a plan to spend billions of dollars to upgrade U.S. roads, bridges, and other public works, something Trump promised during his 2016 presidential campaign.

Democrats want a plan that calls for raising federal dollars through a higher gas tax or another funding mechanism, Democratic Representative Peter DeFazio of Oregon, who’s in line to become the new chairman of the House Transportation and Infrastructure Committee, said last week.

The Trump administration and Congress are being lobbied hard to deliver a major spending measure while the U.S. Chamber of Commerce and America Trucking Associations favor raising federal fuel taxes.

Pharma Lobby

The pharmaceutical industry, meanwhile, is bracing for a fight over drug prices as both Democrats and Republicans target the problem. One starting point could be a Democratic plan that would allow Medicare Part D to negotiate drug prices and create a Senate-confirmed drug price “enforcer” that could fine companies for excessive price increases.

Big pharma is also preparing a push for the remaining weeks before Democrats take control of the House at the beginning of 2019, the so-called lame duck session of Congress. That effort seeks to peel back a loss earlier in the year that forced drugmakers to increase discounts for seniors in the Part D program. Democrats oppose rolling back the discounts, while the Trump administration has made lowering drug costs for consumers a priority.

Privacy and Tech Scrutiny

Several key Senate Republicans are developing consumer privacy legislation amid high-profile data lapses and growing scrutiny of the tech sector. Democrats in the House have also called for a federal privacy law.

Tech companies, which are also facing strict new privacy rules in Europe and California, are embracing an effort to blunt the toughest regulations, and to harmonize them. Several have issued their own principles, although companies have had trouble agreeing on the specifics of a proposed law.

A key point of contention is likely to be enforcement of what could be the U.S.'s broadest national privacy law, particularly whether the Federal Trade Commission can be strengthened and what role state attorneys general will play.

Ex-state Sen. Althoff backed bill that her lobbying client would benefit from

Last spring, then-state Sen. Pam Althoff voted for a bill backed by Enterprise and other rental car companies to impose regulations and taxes on car-sharing services that are gaining popularity, especially with young adults.

Althoff, a McHenry County Republican, was one of the sponsors of the measure, which passed the General Assembly at the end of May but was vetoed Aug. 28 by Gov. Bruce Rauner, who said it would “squelch” progress and innovation.

ADVERTISING

Althoff left the Illinois Legislature a month later, resigning after more than 15 years, and soon registered as a Springfield lobbyist. Among her first clients? Enterprise.

The car-sharing bill is expected to resurface this coming week, when legislators could vote to override Rauner's veto, turning the measure into law.

Althoff, who turns 65 this month and ran unopposed in Tuesday's election for a seat on the McHenry County Board, confirms that she is working to get the bill enacted.

She says she sees no problem with legislators who move to lobbyist roles working their former colleagues on behalf of industries or special interests, saying, “I don't think that's, quite frankly, unusual.”

Nor does it violate state ethics rules, officials say.

Althoff says she wasn't talking with Enterprise for a lobbying job when she was still a legislator.

“I did not decide until after I left the General Assembly to register as a lobbyist,” she says.

The paperwork Althoff filed with the Illinois secretary of state's office shows she registered as a lobbyist Oct. 5 and says her client is Thomas W. Ryder, a Springfield lobbyist who represents the Enterprise Leasing Company of Chicago, LLC. Althoff lists that firm — which is affiliated with Enterprise Rent-A-Car — as a “sub client.”

Other Enterprise lobbyists include the Roosevelt Group, which includes: Victor Reyes, a longtime aide to former Mayor Richard M. Daley; John R. Daley, whose father is Cook County Commissioner John P. Daley; and Michael Noonan, an ally of Illinois House Speaker Michael Madigan, who also heads the Illinois Democratic Party.

While a legislator, Althoff's campaign fund got \$6,100 in contributions from Enterprise's political action committee, including \$1,000 recorded Oct. 27, 2017, about three months before the car-sharing bill was introduced.

Also in late 2017, Enterprise gave \$10,000 to the Illinois Democratic Party, with another \$10,000 arriving in the Madigan-controlled campaign fund within the last couple of weeks, records show.

The bill Rauner vetoed targets “peer-to-peer car sharing,” which allows regular people to, through companies such as Turo and Getaround, rent their personal vehicles to others to make some extra money.

A twist on the Uber and Lyft business model, the practice is growing in popularity, which has the rental car industry worried about losing customers.

The bill would impose more restrictions on those doing the car-sharing, as well as taxes.

Althoff says the measure is about “consumer protection” and would create “parity” with traditional rental car companies.

It could be voted on again this coming week during the General Assembly’s veto session and could well pass this time, one Republican legislator says, given the anger among legislators toward Rauner, a Republican who lost by a wide margin Tuesday to Democrat J.B. Pritzker and has alienated some in his own party.

Althoff recently started drawing retirement benefits totaling about \$75,000 a year from the General Assembly’s pension plan, with the payouts augmented by her time working as a public school teacher and a municipal official in the city of McHenry, records show.
