



M U L T I S T A T E

### [Former GOP Fundraiser Charged With Acting as Foreign Agent](#)

Federal authorities charged former top fundraiser for the Republican National Committee Elliott Broidy with conspiring to act as an unregistered foreign agent over his alleged involvement in a secretive effort to lobby the Trump administration.

In [court filings](#) unsealed on Thursday, prosecutors say Broidy did not register as a foreign agent when he unsuccessfully lobbied the Justice Department to drop its probe into the \$4.5 billion embezzlement scandal involving 1MDB — Malaysia’s state-owned investment fund.

The Foreign Agents Registration Act requires lobbyists to disclose work for foreign entities.

The prosecutors from the Justice Department’s public integrity branch alleged that Broidy had leveraged his influence and access to President Donald Trump in order to secure payments from a Malaysian businessman.

The businessman, Jho Low, who is not named in the indictment, was previously charged with “orchestrating and executing a multi-billion-dollar embezzlement scheme from 1MDB.”

Low has denied any wrongdoing.

The documents claim that the businessman paid Broidy \$6 million and promised another \$75 million if he was successful in urging the Justice Department to stop the investigation into the alleged 1MDB scheme.

Nickie Mali Lum Davis and former Justice Department official George Higginbotham, who were also named in court documents, have already entered guilty pleas for their participation.

Higginbotham’s plea came in 2018, while Davis’ plea was entered in federal court in Hawaii this August.

In the filing in federal court in Washington D.C. on Thursday, Broidy is said to have unsuccessfully lobbied Trump and the Justice Department to arrange for the “removal and return” of a high-profile Chinese dissident.

The filing states that Broidy attempted to have the Chinese national, Guo Wengui, an associate of Steve Bannon, deported from the U.S.

Accused by federal authorities of violating lobbying laws, Broidy is the latest 2016 Trump campaign associate to face criminal charges.

Among those are former campaign chairman Paul Manafort, deputy chairman Rick Gates, chief executive Steve Bannon, Roger Stone, adviser Michael Flynn and deputy finance chairman Michael Cohen.

Broidy, who raised funds for Trump’s 2016 campaign, was working as the RNC’s deputy finance chairman in 2018 when he stepped down due to claims that he paid off a Playboy Playmate who he had allegedly impregnated.

### **[Ex-Ohio House Speaker Larry Householder used \\$950,000 of campaign funds on legal fees following July arrest](#)**

Campaign finance records show that Rep. Larry Householder (R – Glenford) has spent more than \$1 million of his campaign funds on legal fees – including \$950,000 that was spent since his arrest on July 21 on a federal racketeering charge.

Ohio Attorney General Dave Yost tweeted Friday that he believes the expenditures were illegal and planned to file a complaint with the Ohio Elections Commission.

10 Investigates took a closer look at the financial records and found that at least \$660,000 in campaign funds have gone to the Cleveland law firm of Marein and Bradley, which represents Householder in his federal corruption case.

The FBI has alleged that Householder and four other men took part in a \$61 million bribery scheme – using money from FirstEnergy and its affiliates to enrich themselves and help do a number of things, including: pave the path for the ascension of Householder to become Ohio House Speaker; to help elect other lawmakers – and ultimately – to use the funds to help secure the passage of House Bill 6 and defeat a ballot referendum aimed at overturning the bill.

The controversial energy bill provided a billion-dollar bailout that helped save two nuclear power plants once owned by First Energy Solutions that are now operated by Energy Harbor – the company that emerged after FES filed for bankruptcy.

Householder and his co-defendants – including lobbyists and the former state GOP chairman – have pleaded not guilty. Their federal racketeering case remains pending in U.S. District Court.

A phone message was left Friday for Householder and his attorney.

Maggie Sheehan, a spokeswoman for Ohio Secretary of State Frank LaRose, provided this statement to 10 Investigates: “Yet again, it appears that the former speaker’s campaign spending flagrantly disregards state law and will result in another referral to the Ohio Elections Commission.”

She also pointed to a 1996 advisory opinion from the Ohio Elections Commission that found that the use of campaign finance funds for legal fees to defend against criminal acts was “not an appropriate use of those funds on behalf of the officeholder.”

Householder, who was removed from his post as Ohio House Speaker this summer, is seeking re-election for his House seat.

You can read more about that [1996 opinion from OEC here](#).

### **[Pima County Recorder Candidate Takes a Salary from her Campaign Funds](#)**

The candidates for [Pima County Recorder](#) certainly have different approaches to the office, but one candidate recently criticized the other after third-quarter campaign finance reports were released.

Republican candidate for county recorder Benny White posted a photo of Democratic candidate Gabriella Cázares-Kelly’s cash operating expenses that show she paid herself with campaign funds. The post has since been deleted.

“My opponent pays herself from her campaign account,” the post read. “The saddest part of this in my mind is that she is taking \$5 and \$10 donations from people who are reported as being unemployed and then taking their money for her own benefit. We just see things differently.”

Cázares-Kelly was quick to respond by acknowledging her opponent's criticism in her own [Facebook post](#) and says she pays herself a \$1,290 biweekly salary to support herself while she runs for county recorder.

"I do not come from a rich family. I am not independently wealthy, I am not yet retired, and my household cannot survive off of only one income," she wrote in a Facebook post. "My reality is that I am a working-class candidate bringing my unique perspective and experiences into this leadership role."

Cázares-Kelly says she paid herself \$4,580 in campaign funds from Aug. 19-Sept. 18. One reported expense in the [finance report](#) shows a payment of \$1,000 on Sept. 2, but her campaign says it was never received, and a later disbursement on Sept. 18 was used in its place.

Her paychecks were set at \$1,000 for the first two weeks, and subsequent payments were set at \$1,290 a week.

"There is no express prohibition in Arizona on candidates drawing salaries from campaign monies," Sophia Solis, a spokesperson for the Arizona Secretary of State's office, wrote in an email.

"Arizona law defines permissible 'operating expenses' as 'staff salaries ... and similar items necessary to keep the campaign in operation,' which could include candidate salaries," Solis wrote. "While Arizona law applies to local and state candidate campaign finance activities, to the extent that authority from the Federal Election Commission on this issue is persuasive, the FEC permits candidates to draw a limited salary from campaign monies, provided that the salaries do not exceed the lesser of the amount they earned the year prior to running for office, or the minimum salary paid for the office the candidate seeks to hold."

According to Cázares-Kelly, her salary last year was \$54,000 annually. According to [Arizona Revised Statutes](#), the county recorder has a starting salary of \$67,800.

"I just found it curious. I've never seen anyone take campaign funds for their personal salary," county recorder candidate White said. "I don't have any comments on her postings because I've not read them."

After White made the post on Wednesday, Cázares-Kelly says her campaign has exceeded its fundraising goal.

Within 24 hours of White's post, Cázares-Kelly says her campaign raised \$18,541—the biggest fundraising day of her entire campaign. As of today, the campaign has raised \$21,391 online, according to Cázares-Kelly.

“People were very motivated and inspired by the posts that we shared about some of the barriers that I've had being a working-class candidate, and they wanted to show that by donating more money,” Cázares-Kelly said.

The Democratic candidate for county recorder first began running in November 2019, when she was fully employed as a college and career readiness counselor on the Tohono O'odham Nation. When her employment contract ended in late June, her backup plan to substitute teach was quashed by the pandemic.

Without a means of employment while engaging in the time-consuming process of organizing a campaign, Cázares-Kelly quickly felt the pressure of running as a working-class candidate.

“My husband works full time, we have two children, we have a mortgage, we have two cars, we have just an everyday lifestyle, two-income household. You can only float for so long without employment.” Cázares-Kelly said. “Because I'm still actively working and not able to commit to anything, I wouldn't be sworn in until January. So I would have, from the end of June to January, which is a total of six months without any income whatsoever. It started to feel really crushing, and I didn't know quite what to do.”

She coasted off her savings for a month but began talking to advisors on the logistics of using campaign funds to pay herself a salary.

“I started talking to organizers and trusted individuals throughout the state, and everybody kept saying, 'Well, why don't you pay yourself? Why don't you just draw a salary?' They made it sound so simple. And I thought, I don't know if I should do that or not,” Cázares-Kelly said. “I was encouraged to by a lot of people that thought it was just really practical. It solved all of my concerns, so I reluctantly came to a point where I talked it over with my team and we discussed it.”

After considering what she values as compensatable, Cázares-Kelly followed through with the decision.

“I didn't come to this decision lightly, it wasn't just something that I made a decision on very quickly, there was a lot of discussion about it, a lot of thought. There was a lot of emotion that was put into it,” she said. “We've had people very emotional about the impact of our campaign in particular, and so we decided that we would value that work that we are always talking about,

making sure that we value the work of black and brown people with their specialized knowledge, reaching out to the community the way that I have been and that we value it by actually putting a dollar amount to and paying.”

Cázares-Kelly’s Republican challenger White called out the contributions from individuals listed on her campaign’s third-quarter finance report.

“I was more concerned about the donations from the Tohono O’odham nation that were reported as an individual contribution. I’m not sure that a sovereign government is an individual for purposes of campaign contributions,” he said.

His opponent believes the contributions from the Tohono O’odham Nation are a reflection of her campaign’s “relationship building we have worked so hard to continue.”

“County candidates do not normally receive financial support from tribal entities, but our campaign believes it is because they do not normally reach out to the tribes,” Cázares-Kelly said. “The Tohono O’odham Nation has registered lobbyists and donates to state and federal campaigns regularly. We were elated to receive the Tohono O’odham Nation’s financial contribution and consulted the county for advice on how to report it. There was no clear procedure in Pima County’s antiquated reporting system for how to report the donation. However, the lack of procedure is no reflection on the validity or ethical nature of the donation. It’s yet another indicator that the system was not built for Native American participation.”

White also pointed to the several low-dollar donations the Cázares-Kelly campaign reported.

“I said the saddest thing about that was that she takes money from people who report themselves as being not employed in amounts of \$5 and \$10, which I’m sure are very hard for those folks to come by. And then she writes herself a check out of that campaign fund,” White said.

Cázares-Kelly says one of the main reservations she had about using campaign funds for her salary centered on the idea of taking money from vulnerable persons.

“I really, really do not like to talk about growing up poor, but it’s absolutely a part of my story. When you grow up poor, you always worry about that burden that you’re asking your community. So when I first started getting into fundraising, I talked with a couple of people, we talked about my discomfort, and they asked me, ‘What is your discomfort with this?’ And I said, ‘I’ve asked people in vulnerable communities to donate to my campaign.’”

“They corrected me, and they're like, they're not donating to you. They're donating towards a movement. They're investing in community change. And it's not up to you to decide who participates and who doesn't.”

The county recorder candidate says those relatively low-dollar fundraising donations are what her campaign thrives on.

“We have always talked about how important the grassroots dollars are \$5, \$10, \$25 because we specifically have not been courting corporate money,” she said. “We haven't been asking for people who make decisions that are bad for our communities to contribute to my campaign. We're asking people who are interested in positive community change to invest in our community in whatever way that they can.”

Overall, Cázares-Kelly doesn't regret paying herself with money from her campaign and hopes the conversation around the working-class running for office continues to evolve.

“This is part of an ongoing conversation that we see on a statewide level, on a national level. I think that it really makes a difference for who is able to run for office, and who is able to serve us. When you get further away from working-class people with working-class issues, you start to feel a lack of representation because they no longer remember what it's like, what the daily struggles are of a working-class person just to participate in our democracy,” she said. “The response from the community has been just so powerful, and they're ready for change, and I'm ready too.”

At the end of September, Cázares-Kelly had raised a total of \$97,510 for her campaign and had \$5,930 left in the bank, while White had raised \$72,536 and had \$27,973 left in the bank, according to campaign finance reports.

### **['Hey, don't tax our beer!' With a budget shortfall looming, WA beer lobby goes on the offensive](#)**

Coronavirus cases are spiking. A major election is looming. And Washington's legislative session is still two months away. But Washington's beer lobby has a message for top elected officials that apparently can't wait.

In a letter sent to Gov. Jay Inslee and legislative leaders last week, representatives of the beer, grocery and hospitality industry urged policymakers “not to increase taxes on beer.”

“While we recognize the state is facing substantial budget challenges, we believe the harm caused by a beer tax increase would far outweigh the benefit for the state,” the letter said.

Washington faces a [\\$4.2 billion budget shortfall](#) through 2023 due to the economic fallout from the coronavirus pandemic.

For now, there’s no indication a beer tax is on tap in Olympia.

But the industry isn’t taking any chances. Especially after what happened in 2010. That’s when lawmakers imposed an increase in the beer tax as part of a plan to balance a budget hammered by the Great Recession. This year’s preemptive lobbying effort has a one-bitten-twice-shy feel to it and comes as majority Democrats are freely talking about potential tax hikes next year.

The letter to Inslee and the lawmakers was signed by Rick Hicks, president of Teamsters 28, Tammie Hetrick of the Washington Food Industry Association, Annie McGrath of the Washington Brewers Guild, Scott Hazlegrove of the Washington Beer and Wine Distributors Association and Julia Gorton of the Washington Hospitality Association.

In the letter, the groups offered three arguments for why the beer tax shouldn’t be increased.

They called it “one of the most regressive taxes” in Washington. They said an increase in the tax would result in declining beer sales and likely lead to job losses in brewing, distribution and hospitality -- industries already hard hit by the pandemic. They also noted Washington has one of the highest beer taxes in the western United States. Washington’s beer tax [ranks 25th nationally](#), according to the Tax Foundation. By contrast Oregon ranks 45th.

Washington charges a per-barrel beer tax. For smaller breweries that rate is \$4.782 per barrel. For larger breweries that produce more than 60,000 barrels a year, the tax is \$8.08 per barrel.

Beer is also subject to retail sales tax at the point of purchase. In fiscal year 2019, [the beer tax](#) brought in \$31 million.

In 2010, the per-barrel excise tax for large volume brewers was nearly tripled resulting in a more than doubling of the beer tax revenue collected by the state year-over-year. Smaller brewers were exempted from the increase.

In 2013, those increases were set to expire. But that year Inslee, who had just taken office, proposed to [make the tax increase permanent](#) to help pay for education.

At a news conference to unveil his budget and tax plan, Inslee famously described the beverage as the “[beautiful amber nectar of the gods](#).”

But his proposal triggered an [intense round of lobbying](#) in opposition to the taxes. In the end, the Legislature allowed the taxes to expire.

Since then beer taxes have not been a topic of discussion in Olympia. But this year the state is once again in the throes of a recession.

Inslee, who’s seeking a third term, is expected to present a balanced budget proposal in December. It wouldn’t be surprising if his plan includes some revenue proposals, but Inslee’s communications director, Tara Lee, said, “There has been no talk about raising the beer tax; we’ve not had any conversations about it.”

Two Democratic state senators who have been privy to tax discussions said the same thing.

“It hasn’t even surfaced,” said Sen. Reuven Carlyle of Seattle. “I was part of the package 10 years ago and it hasn’t been talked about since.”

Carlyle added that he “let out a chuckle” when he saw the letter from the beer lobby.

“Never underestimate the power of lobbyists to make up a crisis,” Carlyle said.

Similarly, Sen. Joe Nguyen, who has been [vocal about his opposition to an austerity budget](#), waived off the idea that a beer tax increase is in the works.

“When we talk about progressive revenue, the beer tax wasn’t really part of that conversation,” Nguyen said.

But industry representatives said they’ve been hearing everything is on the table as Democrats begin to look at options to balance the budget next year. They also noted the beer tax hike showed up quickly in 2010. This year the industry clearly wants to get ahead of the issue -- especially given the impact the recession is already having on beer sales and the hospitality industry more broadly.

When the pandemic hit in March, beer tax collections immediately plummeted 80 percent, according to figures from the Liquor and Cannabis Board. They mostly recovered the following

month, but since then have been down monthly. Bars and restaurants account for about 20 percent of beer sales, while grocery and convenience stores account for 80 percent.

“This is the most difficult time the craft brewing industry has ever seen,” said Allen Rhoades of the Rockfish grill and Anacortes Brewer in a statement.

Rhoades said since the pandemic started his wholesale beer sales are down 60%, and retail sales are down 48%. He added that a tax increase could put some craft brewers out of business.

"Hitting us with a tax increase when our revenues are a fraction of what they were last year will economically harm us at a time when we are already struggling," Rhoades said.

Sen. Nguyen acknowledged the toll the pandemic has had on the food and beverage industry, but chastised the signatories to the letter for focusing on a hypothetical tax increase instead of the broader issue of getting the hospitality industry back on its feet..

“There’s a bigger problem at play here than just beer,” Nguyen said.

### **[New Hampshire Dem Failed to Disclose Relationship with Lobbyist](#)**

A New Hampshire Democrat failed to disclose his relationship with an ex-lobbyist, the New Hampshire Union-Leader [reported](#).

Rep. Chris Pappas did not publicly disclose his relationship with former Amazon lobbyist [Vann Bentley](#), who left his job in August 2019. At that time, Pappas was a sitting member of Congress.

Pappas's Republican opponent, Matt Mowers, first [broached](#) the issue in a debate last week.

"Congressman, you want to talk about relationships with corporate special interests?" Mowers asked Pappas. "With all due respect, you've been dating a corporate lobbyist who actually was lobbying on behalf of Amazon at the time. You were dating a corporate lobbyist. And the fact of the matter is you never disclosed it."

Pappas confirmed the relationship after the debate but said it did not affect his actions while in Congress.

"By his own admission, congressman Pappas has confirmed what we knew all along: he isn't being truthful with the people of New Hampshire," said Mowers campaign manager John Corbett.

The potential conflict of interest is just the latest headache for Pappas. Earlier this month, he [sent](#) out a fundraising email with recently deceased Justice Ruth Bader Ginsburg's name in the sender line. In September, two New Hampshire police unions [flipped](#) their 2018 endorsement of Pappas to Mowers because of dissatisfaction with the congressman's law and order record.

Mowers, a former Trump campaign communications official and State Department diplomat, recently broke even in polls. RealClearPolitics announced Monday it now [rates](#) the race a "Toss Up."