



M U L T I S T A T E

[Ohio Secretary of State Frank LaRose files more campaign-finance violation charges against former House Speaker Larry Householder](#) (Ohio)

Ohio Secretary of State Frank LaRose has accused former Ohio House Speaker Larry Householder of additional campaign finance violations, [according to a complaint his office filed on Friday](#).

In a letter to the Ohio Elections Commission, a staffer in LaRose's office said the former House speaker from Jan. 1, 2019 through March 17, 2020 accepted campaign contributions from five separate donors -- two people and three political groups -- that exceeded per-donor limit under state law.

The only one whom LaRose identified is Juan Cespedes, a former lobbyist who like Householder was arrested and charged last summer as part of a federal corruption probe into the passage of House Bill 6, the nuclear bailout law.

The other four donors are unnamed -- LaRose said he would identify them after the review is complete. The five donors exceeded limits, which are set for each election period, by a total of \$21,156. The donors aren't necessarily accused of wrongdoing related to the corruption probe, Brian Katz, LaRose's director of campaign finance, wrote in the letter.

"Our Office reserves the right to file a subsequent referral if evidence is presented in the future to substantiate violations of Ohio's campaign finance laws," Katz wrote.

Generally, when campaigns accept excessive contributions, they are given a chance to refund them.

Householder and his attorneys previously haven't responded to questions about Householder's campaign spending.

The new complaint adds to the campaign finance allegations LaRose has made against Householder with the state elections commission. Like Householder, LaRose is a Republican.

LaRose, the state's top elections official, last July [filed 162 different campaign-finance charges](#) against Householder and four political operatives arrested as part of the HB6 probe -- Cespedes, Jeff Longstreth, Matt Borges, and Neil Clark.

The elections case hasn't proceeded, since officials are waiting for the criminal case to finish.

Attorney General Dave Yost, a Republican, also has accused Householder of campaign-finance violations in connection to the HB6 probe. Yost and LaRose in October [accused Householder of violating state elections law](#) after Householder used \$950,000 of his campaign funds to pay his defense lawyers. State law bars officials from using their campaign funds to pay for their criminal defense.

That case also hasn't progressed, since Elections Commission Director Phil Richter has said [he needs Householder's lawyers to formally respond in order for them to do so](#). Householder's lawyers have yet to do so.

Householder and the four other men were arrested last July and charged with racketeering. Prosecutors said they accepted more than \$60 in bribes from FirstEnergy and its affiliates in exchange for helping pass HB6, which would have sent more than \$1 billion to two nuclear plants owned by a former FirstEnergy subsidiary. The money, funneled through political groups, was spent to help Householder gain his leadership position, to pressure lawmakers to pass the bill, and to defend the bill against a repeal effort.

Householder, Borges and Clark have pleaded not guilty and denied wrongdoing. Longstreth, Householder's former top political aide and Cespedes, who lobbied for the nuclear plants that HB6 subsidized, both have entered guilty pleas.

Householder was removed as House speaker but remains in the state legislature. He was re-elected last November. State lawmakers are going through the process of repealing HB6 in stages.

[Lobbyist advanced client's plan as appointee on Michigan pot panel](#) (Michigan)

A state task force aimed at combating injustices in Michigan's burgeoning marijuana industry is creating controversy because it featured a registered lobbyist and proposed a policy that would financially benefit one of his clients.

The Marijuana Regulatory Agency created the Racial Equity Advisory Work Group to develop policy recommendations and make Michigan a "leader on diversity, equity and inclusion" in the marijuana industry. Andrew Brisbo, the agency's director and an appointee of Gov. Gretchen Whitmer, selected individuals who served on the panel.

When the workgroup's ideas were unveiled in January, the top recommendation aimed to shake up the market by creating a new license type, allowing for so-called "class A marijuana microbusinesses." Currently, marijuana microbusinesses face smaller licensing fees than larger operators, and under the new proposal, "class A" microbusinesses would be allowed to grow twice as many plants, 300, as the current 150 limit.

An Ann Arbor-based business called Tranquility Fields, which describes itself as a "microbusiness franchise brand," had unsuccessfully pushed a similar idea in the Legislature months earlier.

The company wants to franchise small marijuana operations across the state, similar to the strategy of McDonald's. Among the group's lobbyists is Berton Brown of the firm Kelley Cawthorne, one of the 21 workgroup members.

"The business model is solid except for one challenge," Dan Russell of Tranquility Fields told lawmakers in September. "There's not enough plant material to create the number of products necessary to compete in the marketplace, and there's not enough plant material to generate sufficient revenue to offset the costs."

Critics argue having a lobbyist on an official state workgroup advancing recommendations that could boost his employer is a conflict of interest that raises concerns about who's calling the shots within the Marijuana Regulatory Agency. Others counter that lobbyists are present on many state panels, and a worthwhile idea is a worthwhile idea regardless of who's proposing it.

"Come on. ... You've got lobbyists sitting on all kinds of boards," said Scott Dianda, a former state lawmaker and senior vice president of business development for Tranquility Fields.

"Does that negate whether it's a good idea or not?" asked Cimone Casson, who chaired the Racial Equity Advisory Work Group's business development committee. "Where it came from? Hell, I don't know."

But Rep. Steve Johnson, R-Wayland, who chairs the state House Oversight Committee, said the situation didn't seem proper.

"It certainly appears to be a conflict of interest," Johnson said.

Asked where the work group's idea first came from, Casson told The Detroit News it came from Brown. Casson said she wasn't aware of the plans of Brown's client.

"He is the one who actually came up with that idea," Casson said of Brown.

In an emailed statement, Brown said the proposal is the "right thing to do."

"Ensuring there is equitable access to the marijuana industry is one of my personal priorities because we cannot let historically disadvantaged communities be exploited by big cannabis, where black and brown people are being excluded from the opportunity to build wealth, something we've been excluded from throughout history," Brown said.

But Johnson said this maneuver might prompt legislative changes.

"Speaker Wentworth and myself are prioritizing ethics legislation this term," he said, "and I believe that this should be a consideration in any legislation that we do to fix our state's broken ethics laws."

A Senate proposal stalls

On Feb. 17, Sen. Jon Bumstead, R-Newaygo, didn't want to talk about marijuana.

Bumstead, who sponsored a Tranquility Fields-backed proposal in the state Senate, hadn't responded to multiple interview requests. Asked if he had a minute to answer questions after a committee meeting, Bumstead told The News "no" and immediately walked out of the building.

His proposal, introduced on Sept. 10, would have allowed marijuana microbusinesses to grow 150 "flowering" marijuana plants instead of 150 marijuana plants. It effectively would double the limit because of the plants' growth cycles, according to supporters of the bill. Bumstead told lawmakers that microbusinesses would be allowed to have 150 flowering plants and 150 plants in a vegetative state under his legislation.

The 300-plant total was also the recommendation of the workgroup.

Under the state's licensing system, microbusinesses are similar to microbreweries. They have the ability — under a single license — to grow, sell and process their own products. Larger operations have to obtain multiple licenses for each element of the business or work with outside entities.

The initial license fee for a microbusiness is \$8,000 with the annual renewal price ranging from \$6,000 to \$10,000. The initial license fee for a larger retail marijuana business is \$25,000 with the annual renewal ranging from \$20,000 to \$30,000, and those operations have to get separate licenses that can also bring large price tags if they want to grow and process their own products.

The Senate Regulatory Reform Committee considered Bumstead's proposal on Sept. 22 — although the full Senate never voted on the bill, and it died at the end of December.

Russell of Tranquility Fields told lawmakers that the business wants to support diversity and provide opportunities for small family cannabis businesses to be successful. Tranquility Fields provides members with a "turnkey program," helping them obtain licenses, supporting them with money and providing training for cultivation, retail and processing, he said.

But under Michigan's current guidelines, a marijuana microbusiness would have to close for two weeks each month because of the limitations on plants, Russell said.

Likewise, Nic Easley, CEO of 3C Cannabis Consulting, said doubling the plant limit would take the microbusinesses from losing \$2 million a year to making \$1 million to \$2 million a year.

'A slap in the face'?

After being appointed by Brisbo, the Racial Equity Advisory Work Group members held their first meetings in July and met through December. The group's recommendations debuted publicly in January — about four months after the Senate Regulatory Reform Committee meeting.

The group made 16 policy proposals, including creating a crowdfunding platform to promote entrepreneurship in distressed communities. The overall goal was to provide more pathways for more people to get into the marijuana industry, said Casson, the work group's chair who owns an insurance company that works with marijuana businesses.

About 4% of those with ownership interests in adult-use marijuana businesses in Michigan are Black, according to data tracked by the state, while African Americans make up 14% of the

state's population. Expanding the microbusiness license was a no-brainer to provide more opportunities, Casson said.

Of the state's current limits for microbusinesses, Casson said, "You're pretty much a hot dog stand right next to a major McDonald's and asking them to hold the same responsibilities while you can only sell to 10 people while the other can sell 10,000."

But the Michigan Cannabis Manufacturers Association has opposed increasing the number of plants that microbusinesses can grow, saying it undermines the investment others have made in the state since voters approved recreational marijuana in 2018.

"This is a slap in the face to the manufacturers and entrepreneurs who have played by the rules and acquired A, B and C licenses, each of which costs hundreds of thousands — if not millions — of dollars," the association wrote in a message to lawmakers last year.

Lobbying concerns

The situation resurfaces concerns about the influence of lobbyists over marijuana industry regulations in Michigan, which had about \$510 million in recreational marijuana sales in 2020, according to monthly reports.

Orlene Hawks, the director of the Licensing and Regulatory Affairs Agency, is married to the leader of a multi-client lobbying firm, Michael Hawks, CEO of Governmental Consultant Services Inc. And multiple former state officials have begun lobbying on behalf of marijuana businesses, including former Rep. Scott Dianda, who is senior vice president of business development for Tranquility Fields and registered to lobby on the company's behalf.

Dianda, a Democrat, represented a portion of the Upper Peninsula in the state Legislature from 2013 through 2018.

Tranquility Fields is supporting small businesses starting up across the state to promote social equity in the industry, Dianda said. "Big cannabis" is pretty much dominating the state's market, the former lawmaker said.

Dianda denied the business had advocated for the work group to add its proposal to its recommendations. In addition to Brown, two of the other 20 members of the group were members of the Legislature. One of the lawmakers, Rep. Sarah Anthony, D-Lansing, received \$2,000 from Ed Santangelo, CEO of Tranquility Fields, while the work group was holding its meetings, according to campaign finance disclosures.

The Michigan Secretary of State's Office has flagged the contributions because the limit an individual donor can give a House candidate is \$1,050 per election cycle. Anthony didn't respond to multiple requests for comment.

"We're not trying to play any politics or have anybody say anything on our behalf," Dianda said. "When folks are sitting on that board, they're speaking for the people of Michigan."

Brisbo, the leader of the Marijuana Regulatory Agency, said the members of the work group were selected to represent a "diversity of perspectives."

"Many of the participants have an interest in the industry (directly or indirectly) and were asked to consider the broader goals established for the group ahead of self-interests," Brisbo said. "All recommendations included in the report were brought forward from the committees and presented to the entire group for adoption."

Brisbo didn't respond directly to a question of whether Brown's position represented a conflict of interest.

The report from the Racial Equity Advisory Work Group said the new microbusiness license type could be created outside of the Legislature through Brisbo's agency promulgating rules.

[Caldero, Acevedo plead not guilty to latest charges to drop in federal corruption probe](#) (Illinois)

Two key figures charged in the feds' ongoing public corruption probes each pleaded not guilty during separate virtual arraignments Friday.

Political operative Roberto Caldero pleaded not guilty to federal fraud and bribery charges involving former Ald. Danny Solis (25th). And former state Rep. Edward "Eddie" Acevedo pleaded not guilty to tax charges.

During Acevedo's arraignment, Assistant U.S. Attorney Amarjeet Bhachu suggested Acevedo should be told not to use alcohol while on release awaiting trial, based on information "obtained" during the feds' investigation. U.S. District Judge Matthew Kennelly said he needed more detail, and Bhachu offered to provide it in a sealed document.

Also charged in separate indictments last week were Acevedo's sons, Michael and Alex Acevedo, who each pleaded not guilty during their own arraignments this week. Records connected to the

Caldero and Acevedo indictments list the same grand jury number that has appeared in court records related to [the investigation circling former House Speaker Michael Madigan and the racketeering case against Ald. Ed Burke](#) (14th).

Though [Madigan has been implicated in a bribery scheme involving ComEd](#), he has not been criminally charged and denies wrongdoing.

The indictment against Caldero alleges he offered Solis as much as \$20,000 in campaign contributions to help an Ohio company land a \$1 billion custodial contract with the Chicago Public Schools, as well as \$50,000 in campaign contributions to help secure an honorary street designation and park renaming for members of the Cacciatore family. Caldero also allegedly bribed [a high-ranking CPS official, Pedro Soto](#), with job offers, champagne and admission to an annual museum benefit.

Solis left the City Council after the [Chicago Sun-Times revealed in January 2019](#) that he had been cooperating for years with the feds.

Caldero's name surfaced at that time in a bombshell federal court affidavit first obtained by the Sun-Times. Among other things, [it alleged that Solis and Caldero had made plans to exchange Viagra or visit massage parlors](#).

The separate case against Acevedo alleges that Acevedo evaded taxes for the years 2017, when he made \$130,775, and 2018, when he made \$127,708. He is also accused of failing to file tax returns for those years, as well as for 2015 and 2016.

The Sun-Times [first reported last year that federal prosecutors had subpoenaed](#) the Illinois secretary of state's lobbyist division for records related to the Acevedos, as well as their lobbying company, Apex Strategy LLC. Edward Acevedo's name also then appeared in a subpoena sent to Madigan's office last July.

Friday's arraignment wasn't the first time alcohol has been raised as a concern in connection with Edward Acevedo and the feds' corruption probe. It also came up in emails from Madigan confidant Michael McClain [released by a state legislative panel in November](#). They offered details about a lobbying contract Edward Acevedo and his sons landed with ComEd as subcontractors to the law firm of Victor Reyes, whose dealings have also been at issue.

Acevedo apparently created problems for ComEd, according to an email McClain sent in January 2017.

“His two boys are nice but need a firm monitor. They are lazy,” McClain wrote. “He has to show up at the meetings on time. Himself. Not his boys representing him... Watch the booze.”

[Top NYC lobbyist settles ethics case in de Blasio fundraising probe](#) (New York, NY)

The city’s [top lobbyist](#) agreed to a \$5,000 settlement with the state’s ethics watchdog over her firm’s dealings with the non-profit group created to promote Mayor Bill de Blasio’s agenda.

The settlement announced Tuesday by the Joint Commission on Public Ethics noted that Suri Kasirer assisted in raising money for the since defunct DeBlasio-tied Campaign for One New York after the mayor personally asked her for assistance in raising funds for the group.

De Blasio’s team created the not-for-profit CONY after his 2013 election to boost his pet policy projects like the universal pre-kindergarten program. But critics slammed it as a mayoral slush fund.

It was formed by campaign aides Bill Hyers, Stephanie Yazgi and Ross Offinger. Offinger, who had served as a fundraiser for the Mayor’s campaign, became CONY’s treasurer and chief fundraiser.

CONY was closed in 2016 amid federal and state pay-to-play probes into allegations that the mayor’s team was hitting up donors with business before the city.

[No charges were filed](#) against the mayor, but the fallout continues for those he and his team hit up to raise money for the group. The investigation is ongoing, a JCOPE spokesman said.

Prosecutors, while concluding crimes were not committed by City Hall, criticized de Blasio’s fundraising practices.

“This conclusion is not an endorsement of the conduct at issue; indeed, the transactions appear contrary to the intent and spirit of the laws that impose candidate contribution limits,” Manhattan DA Cyrus Vance Jr. said at the time.

The Lobbying Act prohibits lobbyists and their clients from giving gifts to a public official, which includes gifts to third parties on behalf of or at the behest of a public official. JCOPE investigated whether donations to CONY by individuals with business before the city were a gift to the mayor.

After speaking with de Blasio, Kasirer spoke with other company employees about the mayor's request. Workers at her firm then contacted two of their clients, which resulted in donations of \$5,000 and \$10,000 for de Blasio's CONY.

"Kasirer, LLC acknowledges that the Lobbying Act prohibits a lobbyist with business before the State or the City from offering or giving gifts to a public official, unless the circumstances are such that it is not reasonable to infer that the gift was meant to influence that public official. The company was fully cooperative with the Commission," JCOPE said in a press release accompanying the settlement.

Kasirer on Tuesday said, "I'm happy to have this matter behind me."

She declined further comment.

Kasirer is just the latest power player to enter into a financial settlement agreement to end the ethics probe with the de Blasio group.

[Lobbyist James Capalino](#), ranked second in compensation after Kasirer, paid a \$40,000 settlement with JCOPE in 2018 after donating \$10,000 to CONY and raising another \$90,000 from clients for de Blasio's group.

The animal rights group New Yorkers for Clean, Livable, and Safe Streets ("NYCLASS"), its co-founder and president Steven Nislick, and board member Wendy Neu also entered into financial settlements with JCOPE.

Three real estate and development firms — [Douglaston Development](#), Brookfield Financial Properties and Toll Brothers [also agreed to](#) financial settlements with JCOPE after giving donations to CONY.

[San Jose school district denies improper lobbying charges](#) (California)

Officials with San Jose's biggest school district denied charges they improperly hired lobbying firms to push a teacher housing proposal—saying that at least one of the firms never lobbied for them at all, despite meeting with officials who would approve the plans.

The allegations stem from a Santa Clara County Civil [Grand Jury report released late last year](#). The report found that San Jose Unified School District failed to disclose conflicts of interests and lobbying contracts related to a proposal to build affordable housing for teachers and staff.

In a special meeting on Tuesday, the school district's board rejected concerns that the contracts with two different firms working on the housing project had been inappropriate. But it agreed to provide more transparency around such agreements in the future.

Lobbying?

The firms that worked on the project are Schoennauer Company, LLC, a registered lobbyist with the city with experience in land-use law, and Snider Consulting.

"The contract we hired (Schoennauer) for, they were not lobbying," said SJUSD board president Brian Wheatley. "They were helping us navigate all the various rules and regulations both with the city and the county because we are educators."

A report from district staff said the grand jury's report was based on "unfounded opinion and irrelevant" and that some grand jury members "were fiery and appeared self-interested in reaching a specific outcome."

Schoennauer partner Erik Schoennauer [met](#) with San Jose Mayor Sam Liccardo on at least two occasions to discuss the affordable housing project. Schoennauer, however, said he didn't lobby for the project during the meetings. Rather, he said, he met with Liccardo to ensure transparency between the city and district about the project.

"The grand jury wanted to question how communication happened. The fact is, the district wants lots of communication to work in partnership with the city and community to develop staff housing," Schoennauer said.

The report also accused Snider Consulting founder Kelly Snider of not disclosing that her home sits yards away from a finalist site for the housing project. Snider and the district did not believe her house's proximity to a potential site was a conflict of interest and didn't believe that it had to be disclosed.

Along with the district, she said the grand jury report focused too much on how the district was communicating with the community instead of analyzing the affordable housing project.

The grand jury also found problems with the district's lobbying at the state level. In 2019, the district hired Ball/Frost Group, LLC, a Sacramento-based advocacy and legislative policy firm, according to the report. But the contract it signed with Ball/Frost wasn't made readily available

to the public, and the district didn't clearly and fully disclose the work Ball/Frost was doing, the report found.

A Ball/Frost representative declined to comment.

Homes for teachers

The district believes the affordable housing project is needed, as teachers and staff have [repeatedly told the public](#) they are having difficulty buying a home in the high-price area.

The district is considering several sites in the area. [Early discussions](#) involved closing either Leland High School or Bret Harte Middle School to build housing, with each location hosting 75 to 325 units.

The project received [considerable pushback](#) from some residents concerned that it would decrease property values, and increase traffic and endanger pedestrians in the neighborhood. Opponents also believe it would cost taxpayers too much.

“My issue from the very beginning has been just a complete lack of professionalism in the handling of this and a continuous pattern of deception and lack of transparency,” said Tobin Gilman, a parent of two former district students, who claimed the project made “no financial sense at all.”

The project has been largely put on hold as the district focuses on returning to in-person learning amid the COVID-19 pandemic, according to city officials. According to the project's website, teachers would be able to move into the affordable housing in three to five years.