



M U L T I S T A T E

**[Illinois House Speaker Michael Madigan spends nearly \\$462K from campaign fund with law firm that employs former Chicago Mayor Richard M. Daley](#)**

Illinois House Speaker Michael Madigan's main campaign fund paid nearly \$462,000 in legal fees in the first three months of 2020 to a politically connected law firm, new campaign finance records show.

Federal investigators over the past year have raided the homes of two close Madigan associates, and [the Tribune reported late last year](#) that four people who have been interviewed as part of an ongoing corruption probe were asked questions about the speaker and his political operation.

Madigan has not been charged with any wrongdoing. Last fall, he told reporters at the state Capitol that he is "not a target of anything."

"The fees represent legal counsel engaged over the past year to monitor ongoing investigations," Madigan spokeswoman Eileen Boyce wrote in an email late Wednesday. "The speaker's status with respect to any probe remains unchanged, and he expects to continue to engage counsel to monitor the situation and provide counsel until investigations conclude."

Friends of Michael J. Madigan [paid \\$461,967.80 in legal fees to law firm Katten Muchin Rosenman](#) in the quarter that ended March 31, according to a quarterly campaign disclosure filed with the Illinois State Board of Elections on Wednesday just ahead of the midnight deadline.

Former Mayor Richard M. Daley joined the firm after leaving office in 2011. The firm has represented Chicago government over the years, doing bond work for the city and representing it in the controversial parking meter lease deal during Daley's tenure.

Boyce declined to comment beyond the emailed statement.

Katten spokeswoman Jacquelyn Heard said Daley “never has been involved” in legal work for Madigan. She did not respond immediately when asked who is representing the longtime speaker and chairman of the Illinois Democratic Party.

The legal expenses account for nearly half of the nearly \$976,000 Madigan’s main campaign fund reported spending in the first three months of the year.

Including his two other political funds, the 13th Ward Democratic Organization and Democratic Majority, Madigan raised nearly \$3.2 million in the first quarter and ended the period with nearly \$19.9 million in cash available. That gives House Democrats a sizable advantage heading into the fall election, where they will seek to defend or strengthen their 74-44 supermajority over Republicans.

House GOP leader Jim Durkin of Western Springs and his caucus’s main campaign fund, the House Republican Organization, reported raising more than \$317,000 from January through March, together ending the quarter with a nearly \$2 million in cash on hand.

[The Tribune previously reported](#) that the FBI has recorded phone calls of Michael McClain, a former lawmaker, close confidant of Madigan and Commonwealth Edison lobbyist who retired in 2016. [Federal authorities raided](#) McClain’s Quincy home in May, sources have said.

Around the same time, agents raided the home of former Chicago [Ald. Mike Zalewski](#) and former Madigan political operative Kevin Quinn, the brother of 13th Ward [Ald. Marty Quinn](#).

Authorities were seeking records related to efforts to get Zalewski lobbying work for ComEd after he retired last year, according to a law enforcement source.

Authorities also are looking into checks written to Kevin Quinn by current and former ComEd lobbyists after he resigned from Madigan’s political organization in the wake of sexual harassment allegations.

Federal agents also sought records related to ComEd and four unnamed Exelon officials — among a host of other materials — [during a September raid](#) on the Capitol office of state Sen. Martin Sandoval, according to a search warrant. The Chicago Democrat’s daughter, Angie Sandoval, works for ComEd.

Sandoval pleaded guilty to bribery in January and has agreed to cooperate in a corruption probe that spans from Chicago City Hall to suburban village halls to the statehouse.

Sandoval's campaign fund paid \$75,000 in legal fees during the first quarter — \$50,000 to Chicago firm Freeborn & Peters and \$25,000 to Springfield firm Cherry, Frazier & Sabin.

Sandoval's campaign fund also took in a \$60,000 contribution reimbursement from the Senate Democratic Victory Fund earlier this year, and closed out the quarter with \$93,398 available in the account.

In the final quarter of 2019, Madigan's campaign fund paid more than \$445,000 for legal fees to different firms, which a Madigan spokeswoman at the time said was to cover the cost of a \$275,000 settlement with a former campaign worker, as well as ongoing civil cases and routine staff training.

The \$275,000 settlement was in a case brought by former campaign staffer Alaina Hampton, who had filed a federal case against the campaign committees Madigan controls over allegations of sexual harassment by Kevin Quinn.

Much of the rest of the legal fees Madigan's campaign fund paid out in the final three months of 2019 were related to other civil cases, including one brought by Jason Gonzales, who challenged Madigan's 2016 campaign tactics, and a pair of cases that came out of David Krupa's 2019 challenge to Madigan's chosen Ald. Marty Quinn.

Others caught up in the federal probe also listed legal expenses on their campaign finance forms.

State Sen. Tom Cullerton's campaign fund paid \$25,000 in January to Dan Collins, his attorney in the federal case. Cullerton, a Villa Park Democrat, was indicted last year on embezzlement charges alleging he pocketed roughly \$275,000 in salary and benefits from the Teamsters union, despite doing little to no work. He has pleaded not guilty.

The Senate Democratic Victory Fund also refunded \$32,000 to Cullerton's campaign during the quarter.

Former Rep. Luis Arroyo, who resigned his seat Nov. 1 a week after being arrested on a federal bribery charge, reported paying \$3,000 in legal fees to Chevere Law Offices in Chicago out of his campaign fund during the first quarter of 2020. During the final quarter of 2019, Arroyo's campaign fund reimbursed his wife \$10,000 for legal fees paid with personal funds.

Arroyo pleaded not guilty in February to a charge alleging he offered to pay a state senator \$2,500 per month in kickbacks in exchange for support on gambling legislation that would have

benefited Arroyo's lobbying client. Arroyo waived indictment and was charged in a one-count criminal information, indicating he's likely to change his plea to guilty at some point.

### **Abbott Puts Cabal of His Billionaire Donors, Industry Lobbyists in Charge of Restarting Texas' Economy**

Even as it's still far from clear whether Texas has seen the peak of the [COVID-19 pandemic](#), Governor Greg Abbott is gearing up to restart the state's economy. On Friday afternoon, he announced the creation of the "Strike Force to Open Texas," which he has charged with leading the Texas economy back to Abbott's sense of normal.

While it's not apparent exactly what the "strike force" will strike against, its members will likely have tremendous influence over what the reopening of the state's business activity will look like. It's a who's who of Texas elite: The governor named 39 people to the task force's special advisory council, many of them white men who are millionaires and billionaires and political patrons of the governor.

At least 21 of the council advisors have contributed more than \$6 million to Abbott's campaign war chest since 2015, according to an Observer analysis of campaign-finance records. Mike Toomey, a conservative superlobbyist known as one of the most powerful people in the state, will be in charge of the task force's staff. Members of the council include billionaire business titan Drayton McClane Jr., who has contributed \$1 million to Abbott; [Robert Rowling](#), who has given around \$750,000; Hilcorp Energy Company executive chairman Jeff Hildebrand, who has given \$500,000; Nancy Kinder, who, with Kinder Morgan pipeline mogul and husband Richard Kinder, has given \$525,000; Houston Rockets owner and casino and restaurant tycoon Tilman Fertitta, who has contributed \$550,000; and Marc Watts, president of the conglomerate that owns Gulf States Toyota, whose PAC has funneled \$500,000 to Abbott's campaign account.

Other members of the so-called strike force who are also major Abbott donors include IBC Bank CEO Dennis Nixon, former Rackspace CEO Graham Weston, Perry Homes CEO Kathy Britton, construction magnate Alonzo Cantu, and restaurant operator Bobby Cox.

Members' companies range from oil and gas, hotels, restaurant chains, fitness centers, and retail and could benefit significantly from an accelerated lifting of the statewide stay-at-home order, which currently restricts business operations to only essential services.

Abbott also [announced](#) new executive orders, including one establishing that retailers will soon be able to offer "retail to-go," similar to curbside pickup, which restaurants have been able to do. It's the first phase in what he says will be a gradual reopening of business in accordance with

public health guidelines. Abbott isn't alone: President Donald Trump is leading the aggressive charge to get back to business as soon as possible.

But public health experts warn that it's still too early to lift restrictions aimed at flattening the curve, especially in states like Texas, where testing capacity is among the [lowest per capita in the country](#). Abbott promised that the state would soon have a “dramatic increase” in testing capabilities but offered no clear details.

In addition to the special council, the task force has a number of working groups aimed at specific parts of the reboot. The one for the state's energy sector is led by Julia Rathgeber, the president and top lobbyist of the Association of Electric Companies of Texas, and Todd Staples, the president and top lobbyist of the Texas Oil & Gas Association—another key political ally for Abbott. The working group on the workforce, economic development, and international trade doesn't include any rank-and-file members of the workforce. Instead, it's headed up by the CEO of the state's Economic Development Corporation, which has [long been notorious](#) for operating slush fund-style corporate tax incentive programs, along with Secretary of State Ruth Ruggero Hughs, who [previously served](#) on the Texas Workforce Commission on behalf of employers.

The governor has drawn considerable flak for assembling a task force to reopen the economy that is dominated by corporate CEOs and industry lobbyists and excluding local elected officials or workers.

“The absence of any worker voice, any local voice, anything other than this pay-to-play system that has permeated government for Abbott's entire tenure, is a slap in the face to the folks who are out there working every day at great risk to themselves,” Texas AFL-CIO president Rick Levy told the Observer. “If the only voices that matter to Governor Abbott are this who's who of corporate Texas, then we're very concerned about the position that working people will be placed in as we move forward.”

San Antonio Congressman Joaquin Castro blasted the governor in a call with reporters, saying that Abbott has taken a “see no evil, hear no evil” approach and is advancing a reckless return to normalcy. “I heard no plan in there,” Castro said of Abbott's announcement.

While Abbott named James Huffines, an Austin bank executive and former UT regent, as the ostensible head of the group, he tapped Toomey—arguably the most powerful lobbyist in Texas—as the chief operating officer and the force's de facto director. Formerly chief of staff and [power broker](#) for Rick Perry—who [paved](#) the pay-to-play way for Abbott—Toomey has long had a reputation as one of the shrewdest influence peddlers in the state. As Texas Monthly [wrote](#) in a 2003 profile, the Republican operative has “promoted a steadfast conservative agenda with little

tolerance for compromise with—or mercy for—his adversaries.” He first earned his nickname, “Mike the Knife,” as an aggressive budget-cutter while serving in the Texas House in the 1980s.

“It’s begging for trouble to delegate Texas’ economic restart to a revolving-door lobbyist who simultaneously represents a slew of clients in the hotel, construction, tech, energy, insurance, and drug industries,” said Craig McDonald of Texans for Public Justice, a watchdog group that has [tracked](#) Toomey’s career. “Couldn’t the governor find somebody without all that baggage pushing for the interests of the big boys?”

Up until two days ago, when he [reportedly](#) deregistered as a lobbyist, Toomey represented an array of powerful interests, including the Texas Builders and Contractors Association, the Texas Hotel and Lodging Association, the Real Estate Council of Austin, the grocery chain H-E-B, UnitedHealth, and pharma giant Merck.

Whether or not he is officially registered as a representative of industry is immaterial, critics say. It’s impossible to disentangle Toomey from the interests of big business. He is a creature of the lobby who has spent the past few decades helping the most powerful business forces in Texas advance not just piecemeal priorities but sweeping ideological projects that have turned the state into the deregulated, tax-averse corporate haven that it is today.

The governor has [long rewarded](#) his mega-donors with political sinecures—appointments on government commissions and university boards of regents—and has surrounded himself with aides who have [swung in and out](#) of [the revolving door](#) between industry and government. Clean government advocates are concerned that this could play out again with a politically motivated task force.

“Getting a bunch of smart business people together to work on this can certainly be a good thing, but it is alarming to see so many big political donors and industry lobbyists included. In a situation like this, public health absolutely must be prioritized above all else,” said Anthony Gutierrez, president of Common Cause Texas, a good-government advocacy group. “The concern in having a committee stacked with political donors and industry lobbyists is that they may allow corporate or political interests to trump what’s best for public health.”

Castro warns that the governor is opening the door for graft and corruption to run rampant under the cover of a global pandemic. The San Antonio Democrat says the governor’s pay-to-play politics has allowed for an “incredible looting of state funds” via “sweetheart deals worth millions, sometimes billions.”

“There’s a real danger that the state will be receiving billions of dollars from the federal government and that some of this money could be looted [as it passes through the state government]. It certainly has in the past, and that’s my concern,” he said.

The governor’s office did not immediately respond to a request for comment.

It’s unclear just how much of the task force’s decisions—ones that will have a huge impact for ordinary Texans—will be made in the public eye. The precedent isn’t encouraging. Lieutenant Governor Dan Patrick launched his own task force to restart the economy last week. He put Brint Ryan, the [Texas king of corporate welfare](#), in charge but has kept the group otherwise [shrouded](#) in secrecy.

### **[Gov. Greg Abbott's task force to reopen the economy is packed with top business leaders — and donors](#)**

Many Democrats want the economy to remain closed. Some Republicans have insisted that it reopen immediately. But more than anyone else, the decision about when — and how — Texas will return to business as usual falls to Gov. Greg Abbott.

The team that is guiding him through that process features some of the most prominent and politically powerful business executives in the state, many of whom have contributed generously to the governor’s political campaign.

Its chair, James Huffines, is a former bank executive who served two stints as chair of the University of Texas System Board of Regents. Its chief operating officer, Mike Toomey, was until recently one of the state’s leading business lobbyists and is a former chief of staff to former governors Rick Perry and Bill Clements. And its ranks include multiple well-known entrepreneurs, including the owner of the Houston Rockets and the founders of Dell Technologies and Kendra Scott.

The “Governor’s Strike Force to Open Texas” is already “working around the clock” to begin opening up the state while keeping communities safe, Abbott said Friday when he announced the team of around three dozen. The task force’s next set of recommendations is expected to be reflected in an announcement the governor makes next week.

“I want you to know that I’ve already begun working with this team about next steps for Texas,” Abbott said at Friday’s news conference, referring to Huffines as someone “who has successfully run businesses and knows his way around the Capitol” and calling Toomey “a proven chief operating officer who knows how to quickly deliver results.”

But the task force's make-up has also drawn criticism from Democrats and even some local elected officials, who argue that the group lacks perspective from those who they say know their communities best.

"It was disappointing to see that it appears to me that no local elected official was invited to participate in these panels," Austin Mayor Steve Adler said in a video statement last week to the Tribune. "I think that local officials bring a very important and needed perspective to that work."

State Rep. [Celia Israel](#), D-Austin, echoed a similar sentiment while on [a conference call with reporters](#), saying that the voice of county judges and mayors "is critical" — and that it was missing from the task force conversation.

"They are our eyes and ears on the ground," Israel said, "and most connected to what exactly needs to be done and what can be done."

### *Leaders with experience in Texas politics*

The task force will advise Abbott on perhaps the most difficult question facing governments across the country: How should Texas balance the need to minimize deaths from the new coronavirus with the knowledge that stay-at-home measures are causing real economic pain?

Abbott and other state leaders have expressed optimism that ordering Texans to stay at home except for essential services has helped slow the spread of the virus and kept the state's hospitals from being overrun. But many members of Abbott's own party have urged him to allow the state to return to work as quickly as possible, even as some health leaders stress that doing so would cost lives.

The [task force](#) is comprised of a 39-member advisory group of business leaders and also features consulting members such as Attorney General [Ken Paxton](#), Lt. Gov. [Dan Patrick](#) and House Speaker [Dennis Bonnen](#). Multiple medical experts — including state health Commissioner John Hellerstedt and Mark McClellan, a former commissioner of the U.S. Food and Drug Administration — will serve as the group's chief medical advisers, which Abbott said Friday "will work together to develop a medical architecture to comprehensively test and trace COVID-19."

At the helm is Huffines, a former executive of PlainsCapital Bank. Huffines, who served two stints as chair of the University of Texas System Board of Regents from 2003 to 2010, is also no stranger to the Capitol. From 1986 to 1990, he served as secretary of appointments for then-Gov. Clements. He also held roles with Perry's administration, serving as chair of his transition team

from 2000 to 2001 and co-chairing the Texas Inauguration Committee for the governor in 2003 and again in 2007.

Former colleagues on the UT System board described him as a consensus builder who worked hard to understand the operations of a complex institution and the challenges it faced.

“I would say that James is a very quiet but effective leader — that without bombast or ego, he has a great ability to analyze a problem because he does his homework very carefully,” H. Scott Caven, a former UT regent who served alongside Huffines, told the Tribune. “I am highly confident that that will be the case with [the task force]. He’s a man of great integrity, honesty and he’s respected by everyone with whom he works.”

Huffines also has two brothers who have been involved in GOP politics: former state Sen. Don Huffines, a Dallas Republican aligned with the hardline faction of the party, and Don’s twin, Phillip Huffines, who ran unsuccessfully for the Texas Senate in 2018. [Don Huffines has criticized](#) Abbott over his “disappointing” and “un-Texan” handling of the pandemic, saying the governor “has not been a leader in the coronavirus crisis.”

Meanwhile, Toomey has been an operator in Austin since 1983, when he was sworn in as a Republican Houston-area state representative. During his third term as a House member, Toomey left the Legislature to become chief of staff to then-Gov. Clements. After his stint in the governor’s office, Toomey became a lobbyist, working for various clients. He quickly earned a reputation as an effective advocate, before joining the governor’s office for a second time to serve as chief of staff to Perry from 2002 to 2004.

More recently, Toomey has maintained an impressive list of lobby clients, including the powerful tort reform group Texans for Lawsuit Reform, AT&T, the health insurance company Cigna and Cintra, a Spanish company that oversees several of the state’s toll roads.

Toomey has been criticized over the years over his back-and-forth between the lobby and state government, often fielding accusations of “crony capitalism.” That criticism crested in 2007, when Perry issued an executive order to require girls be vaccinated against HPV as a preventative to cervical cancer. At the time, the only available vaccine for the virus was made by Merck, a pharmaceutical company represented in Texas by Toomey until last week, according to records with the Texas Ethics Commission.

That criticism resurfaced Friday when his appointment was announced, though Toomey had since deregistered as a lobbyist and stopped representing all clients earlier in the week, [according to an Abbott spokesperson](#) and TEC records.

“Abbott Picks Corrupt Influence Peddler as Chief Operating Officer,” read the subject line of [an email](#) from the Democratic-aligned Lone Star Project, before calling on Toomey to either “immediately withdraw” from the position or “be replaced” since “he is the poster child for corporate cronyism.”

“Toomey has no experience building a business, creating jobs or stimulating anyone’s economic well-being except his own,” the email read. “His position as staff director on Abbott’s committee is an insult to the honorable business men and women who have agreed to serve.”

Other longtime politicians say Toomey’s connections and knowledge of state government make him the right person for the task force job.

“Mike Toomey is battle tested — he’s exactly the type of person you want in this role at this time,” Deirdre Delisi, a former top adviser and chief of staff to Perry, told the Tribune. “He knows how government works. He knows the players. And he gets stuff done. In a crisis, you want your best people on the playing field.”

### *Campaign donations*

Of the 41 task force members, including Huffines and Toomey, 27 have donated to Abbott’s campaign since January 2015. Those 27 members have contributed just over \$6 million — including in-kind donations — combined, according to a Tribune analysis of finance reports filed with the Texas Ethics Commission.

Drayton McLane, chair of the McLane Group and former owner of the Houston Astros, has given Abbott’s campaign about \$1 million since 2015. Dallas real estate developer Ross Perot Jr. has donated roughly \$955,000 to the campaign over the same time period. Dallas businessman Robert Rowling and Houston Rockets owner Tilman Fertitta have contributed about \$752,000 and \$550,000, respectively, since 2015.

The task force’s two leaders — Huffines and Toomey — have not donated nearly as much, records show. Huffines has contributed \$1,000 to Abbott’s campaign since 2015. And Toomey has donated \$10,000.

Others, such as Kendra Scott and Michael Dell, founders of Kendra Scott jewelry and Dell Technologies, respectively, have not contributed to Abbott’s campaign, according to TEC records.

Abbott has faced criticism over the donor history of his task force, and some have suggested that the lack of diversity on it prevents the perspectives from lower income and minority communities in the state from being considered.

Asked about it during a Tuesday news conference, Abbott said that the members advising him from the medical perspective are “doctors, not donors” and that his team’s “health care approach to all communities is going to be based upon both data and doctors.”

“That said, I am concerned about a disproportionate impact of those who either contract or suffer severe consequences from COVID-19 who are representatives of minority communities,” Abbott said, noting that his office — including his chief of staff, who “happens to be a Hispanic” — is working with members of the Legislature to “study and evaluate the impact and what can be done about that.”

### **COVID-19 Advocacy Efforts Implicate Lobbying Laws**

The coronavirus (COVID-19) pandemic poses profound threats to the health of individual Americans, to the U.S. economy and to long-established ways of doing business. In response, federal, state and local governments are considering a range of measures to combat the virus and the associated economic fallout, including the largest-ever federal stimulus package in the Coronavirus Aid, Relief, and Economic Security (CARES) Act

Events — including the drafting of legislation, the issuance of state executive orders and the award of state contracts — are moving at a lightning pace. But companies reaching out to federal, state and local government officials should keep in mind that, notwithstanding the crisis, such activities may trigger registration and reporting obligations under federal, state and local lobbying laws. As a general matter, lobbying laws operate at every level of government in the United States and often cover attempts to influence any form of governmental decision-making, including the promulgation of executive orders or regulatory guidance and procurement decisions.

Here are some key points to keep in mind for companies that are communicating with public officials during the COVID-19 crisis.

1. Lobbying laws vary widely from jurisdiction to jurisdiction and potentially cover a broad range of contacts related to COVID-19 matters. Increasingly, state and local lobbying laws cover attempts to influence governmental procurement decisions. This is particularly the case where a decision circumvents established procurement processes and where contacts involve senior government officials (e.g., executive officers or their deputies). As a result, procurement decisions related to COVID-19 may be at an elevated

risk of implicating state and local lobbying regimes. Lobbying laws also cover a range of actions by governors, mayors and other state and local executive officers. This potentially includes the decision to issue — or to relax — shelter-in-place or social distancing requirements issued via executive order or regulatory guidance regarding essential business activities.

2. Before communicating with a public official, it is essential to know before you go what is required for lobbying registration and compliance. Lobbying registration thresholds differ across jurisdictions, and in some cases, a single meeting or communication may be sufficient to trigger registration obligations. Moreover, last-minute registrations are not always possible, as some jurisdictions require registration in advance of making a lobbying contact. Violations of lobbying laws can have significant reputational and legal consequences — up to and including debarment from government procurement and the reversal of favorable governmental decisions. Registration as a lobbyist can also result in a number of collateral consequences, including limits on gifts and campaign contributions, as well as heightened "revolving door" restrictions. Lobbying laws also vary widely in terms of registration exceptions, and in some cases, it may be possible to structure activities to avoid triggering registration.
3. Lobbying laws are, by design, disclosure regimes. Rather than attempting to prevent stakeholders from trying to influence government officials, lobbying laws instead are intended to promote transparency for governmental decision-making, and legal exposure under lobbying laws typically is limited to circumstances where a party fails to comply with its disclosure obligations. Registration and reporting for lobbyists and/or clients frequently includes disclosure of 1) the lobbyist/client relationship and the issues being lobbied; 2) the lobbyist's compensation; 3) expenditures made in furtherance of the lobbying activities; and 4) who was lobbied (e.g., agencies or individuals).
4. Lobbying registrations and reports are almost always accessible on a jurisdiction's website and are otherwise considered public information. Additionally, many jurisdictions publicly post information about enforcement actions.

### **Lobbying on coronavirus surges as Congress doles out trillions**

The coronavirus pandemic, which upended the nation's policy and political agendas beginning in March, also fueled an escalation in federal lobbying, recent public disclosures show.

The associations and corporations that routinely spend the most money on campaigns to influence the federal government, almost without exception, reported lobbying on coronavirus matters during the first three months of the year. Companies and groups involved in health care, defense, business and technology focused largely on legislative measures aimed at rescuing the plummeting economy amid unprecedented unemployment as businesses closed and most Americans sheltered at home.

Social media giant Facebook spent the most it ever has in a quarter, \$5.3 million, while the National Association of Realtors disclosed shelling out \$13.6 million in the first quarter, more than it spent in any quarter of last year, according to disclosures filed this week.

The disclosures require companies to disclose the issues on which they tried to influence Congress, but they do not have to specify what they were getting lawmakers to do.

Still, K Street lobbyists say they fear that as the pandemic drags on and wreaks even potentially worse havoc on the global economy, it could ultimately hit their own industry's bottom line, too.

"There's a worry that the clients will, because of the economic standstill, have to go and cut back their expenditures," said lobbyist Marc Lampkin, a Republican who leads the government relations practice at Brownstein Hyatt Farber Schreck. "When revenues constrict, every business has to make cuts, and we worry about that."

But so far, a global pandemic has been good for the business of lobbying.

### *Big spenders*

All told, spending by the top 10 biggest companies or associations totaled more than \$81.6 million during the first quarter of 2020, about 3 percent more than the \$79 million during last year's same period. The U.S. Chamber of Commerce topped the list with \$21.6 million, about the same as \$22.1 million during the same period last year.

The Open Society Policy Center, a liberal organization with ties to the big donor George Soros, disclosed spending \$5 million on foreign policy and defense issues in the first quarter but filed to terminate its lobbying activities as of March 31. Jonathan Kaplan, a spokesman, said the group's registered lobbyists departed the organization. "Of course, we will continue abiding by the rules, and register if or when we trigger the requirements again," he said in an email.

Lampkin says much of the coronavirus lobbying is happening this month and will show up in public filings due this summer.

"Our forecast is that at least through this next quarter you will see a continued and steady pace of clients coming to Washington, trying to understand and shape the government's response to COVID-19," Lampkin said. As more businesses run out of cash to make payroll and operating expenses, he added, more will turn to the federal government with the help of K Street insiders.

And already industries, and policy makers, are plotting how to spur economic growth once the pandemic begins to subside.

“I’m pretty good at predicting these things, and I would not have anticipated that kind of uptick,” said Rich Gold, who runs the lobbying practice at Holland & Knight. His firm’s lobbying revenue was up in the first quarter when compared to last year’s first quarter (\$5.7 million) and about the same as last year’s fourth quarter of about \$6.4 million.

“Normally, in a presidential election year we would see drop off,” he said.

Gold says most of his firm’s increase in business related to COVID-19 hasn’t yet shown up in public disclosures with many new clients just signing on this month. Among its newest clients is the pharmaceutical company Mylan Inc.

Gold said that some of his shop’s new clients are looking to get federal approval for new products, drugs or COVID-19 testing supplies, related to the pandemic.

#### *COVID-19 response*

Pharmaceutical and health care groups, which usually dominate the top tier of lobbying expenditures, remained steady players during the first quarter.

The drug industry’s chief lobby, the Pharmaceutical Research and Manufacturers of America, disclosed spending \$9 million, a 9 percent drop from the first quarter of 2019 (\$9.9 million), but more than the \$6 million per quarter average for the rest of 2019. PhRMA disclosed lobbying on numerous coronavirus matters during the first quarter including on vaccines and drug approvals by the Food and Drug Administration.

Defense industry giant Northrop Grumman Corp. disclosed spending less on lobbying, at \$4.8 million, in the first quarter of this year than in 2019 when it reported \$5.6 million. But that’s also more than the \$2.6 million it averaged in other quarters last year. The company is one that did not specifically list COVID-19 as a policy issue during the first quarter.

Some companies and industries hit hard by the pandemic reported a big uptick in lobbying during the first quarter.

Disney — which runs studios, amusement parks and even cruises — boosted its lobbying tab to \$1.4 million during the first quarter after not cracking \$1 million in any quarter last year.

Coronavirus relief legislation was among several matters Disney sought congressional action on, during the first three months of 2020.

Airlines for America, the main lobbying group of the airline industry, also disclosed spending more in the first quarter of this year with \$1.9 million, up from an average quarterly tab last year of \$1.3 million. Congress set aside billions of dollars for the industry in recent legislation, as airlines have canceled flights around the world.

The Distilled Spirits Council of the United States disclosed spending \$1.3 million on lobbying the federal government during the first three months of the year, as it pressed lawmakers to remove a tax on alcohol used to make hand sanitizer and for money for businesses hurt by the COVID-19 crisis, lobbying disclosures show. Last year the group disclosed that it spent \$1.1 million on federal lobbying efforts in the first quarter, while it disclosed just under \$1 million in last year's fourth quarter.

### **[Breaking Down the Federal Corruption Probe into LA City Hall](#)**

City watchdogs have been chomping at the bit for an outcome to the FBI raids that descended on the Los Angeles City Hall office and home of 14th District Councilman Jose Huizar back in November 2018.

Nearly 1.5 years later, Huizar has not been charged with any crimes. He was stripped of his committee assignments, including his seat as chair of the powerful Planning and Land Use Management committee, but continues to collect an annual salary of more than \$200,000. There have been [calls for his resignation](#) ever since the raids.

The tide may finally be turning.

Despite the COVID-19 pandemic, federal authorities are blazing forward in that wide-ranging probe. In March, prosecutors with the U.S. Attorney's Office began to publicly charge some periphery figures in what they're calling a series of pay-to-play schemes involving city officials and real estate developers seeking to build costly residential and commercial properties throughout L.A.

The first formal charges to drop were against former 12th District councilman Mitchell Englander. Prosecutors allege he obstructed a federal investigation into his relationship with a Los Angeles businessman who allegedly supplied Englander with cash, an escort, and a posh night out in Las Vegas.

## ENGLANDER SCANDAL

Details of the Las Vegas trip are detailed in an [indictment](#) that charged Englander with seven federal obstruction counts: one count of participating in a scheme to falsify material facts, three counts of making false statements, and three counts of witness tampering.

Prosecutors say Englander accepted the Vegas trip from “Businessperson A” in June 2017 and was accompanied by Councilman John Lee (who at the time served as Englander’s staffer), a lobbyist, a real estate developer, and another city staffer. During the trip, the businessman turned over an envelope containing \$10,000 in cash to Englander.

Court documents reveal the man also gave Englander \$1,000 in casino gambling chips, \$34,000 in bottle service at a nightclub and spent \$2,481 on dinner at a restaurant. When the group returned to the hotel, the man ordered female escorts, paying \$300 to \$400 in cash for their services, according to the indictment.

Assistant U.S. Atty. Mack Jenkins told U.S. District Judge John F. Walter during Englander’s first court appearance that prosecutors believe the businessman, who owned companies that sold cabinetry and smart-home automation, plied Englander with gifts to be connected with real estate developers to sell his products. The businessman also allegedly used his largesse to “groom and cultivate” other city officials.

At first, Englander pled not guilty to the charges. But just a few weeks later he reversed his position in a [plea agreement](#), and his defense attorney, Janet Levine, released the following statement:

"Mitch accepts full responsibility for his actions and is contrite and embarrassed by his conduct. With the help and support of his family and friends, he will continue to move forward and look for new ways to contribute to his community."

### WHO IS "BUSINESSPERSON A"?

Prosecutors revealed in court that Englander documented a gift of \$250 in food and beverages from the businessman on his [2017 Form 700 public disclosure record](#) filed with the city’s Ethics Commission.

The form shows Englander received a \$250 gift on June 1, 2017 from a man named Andrew Wang. Business records obtained by Spectrum News 1 show Wang operated a home tech company called Arrow Technology Corp out of Montclair, Calif. until 2018.

Current filings show he heads up companies including Arrow Pacific Electronics Corp., Arrow Recovery Group, Arrow United Refining Corp., NextData Automation, Inc. In 2019, Wang canceled and/or dissolved companies called Arrow United Investment, LLC and a construction company called Wang Construction Corp.

Calls by Spectrum News 1 to Wang and his listed companies have not been returned.

City campaign contribution records also reveal Wang donated to several political campaigns, including those of Mayor Eric Garcetti, Englander, and 15th District councilman Joe Buscaino.

#### A POLITICAL FUNDRAISER CHARGED AND COOPERATING

Just weeks after Englander was charged, federal prosecutors dropped a [plea agreement](#) between Mar Vista political fundraiser and real estate appraiser named Justin Jangwoo Kim.

Kim agreed to admit to one count of federal program bribery for his role in facilitating a \$500,000 payment from a real estate developer to a city councilman, identified only as “Councilmember A,” to help clear the way for a major development project in the councilman’s district.

Court documents state that the alleged bribery scheme began in September 2016 when Kim met with “Councilmember A,” a city staffer for the councilman, and “Developer C” at a karaoke bar in Los Angeles. Kim asked the councilman for his help resolving an appeal that had been filed against “Project C” being proposed by the developer in the councilman’s district.

The councilman said he would not help for free, according to federal prosecutors. When the developer learned it would cost up to \$1.4 million to hire a lobbyist to resolve the appeal, which had been filed by a labor organization, the developer offered to pay “Councilmember A” \$500,000 via Kim. The councilman would keep \$300,000 of the bribe.

Spectrum News 1 dug through publicly available city records to find plans for a mixed-use development at [940 South Hill at the corner of Hill Street and Olympic Boulevard](#).

Dubbed “The Hill,” the project was proposed as a 420,000 square-foot, 20-story condo and retail development designed with 230-plus units, 14,000 square feet of ground-floor retail space, and a massive parking garage. A rendering can be found on the [website of architecture firm DGB Line](#).

Who are the developers? Records show 940 South Hill was purchased in 2008 by a company called 940 Hill LLC. [Business filings](#) with the state of California show the officers of the DTLA-based company are Dae Yong Lee, Jeong Suk Kim, and Hyuk S Lim. Calls and emails to the company, its accountant Henry Kim, and its members were not returned.

#### THE APPEAL THAT WAS... UNTIL IT WASN'T

In August 2016, the proposed development was appealed by a Los Angeles labor coalition called Creed LA, which requested all activity on 940 South Hill be suspended until the project was brought into CEQA compliance. [That appeal was withdrawn](#) in March 2017 by its executive director, Jeff Modrzejewski for unknown reasons.

What we do know, according to Kim's plea agreement, is at some point between February and March 2017, Councilmember A conveyed to a lobbyist, referred to as "Lobbyist C," that the appeal would be opposed in the city's Planning and Land Use Management Committee. Lobbyist C then agreed to talk the matter over with the executive director of the labor organization.

Calls and emails to Creed LA and Modrzejewski were not returned. Spectrum News 1 tried to stop by the Koreatown office address listed for Creed LA, which was closed. Interestingly, the office is located across the street from the address listed for the architect of 940 South Hill, DGB Line.

City watchdogs may recognize the Modrzejewski name. Jeff's brother, Chris Modrzejewski, is a powerful lobbyist with deep ties to city hall. He owns lobby firm M Strategic Advisors and serves as principal of adjacent public affairs firm M Strategic Communications. Prior to his private sector experiences, Chris Modrzejewski worked for former Los Angeles Mayor Richard Riordan and has also served as a spokesman for the Department of Water and Power's union.

The city of Los Angeles restricts campaign contributions to council members from registered lobbyists and bidders for city projects. But Ethics Commission documents reveal Chris's wife, Denise Modrzejewski, and both of Chris's brothers, Jeff and Matt, are frequent political donors.

Collectively, the Modrzejewski family has offered tens of thousands of dollars in contributions to the campaigns of nearly every member of city council, including Mayor Garcetti, City Council President Nury Martinez, Englander, Huizar, and Lee.

Brother and political donor Matt Modrzejewski serves as the Director of Land Development for California Home Builders. His biography on the [company's website](#) states he once worked under former L.A. Mayor James Hahn in the Office of Management and Budget.

Messages left with the Modrzejewskis have not yet been returned. Sources who asked not to be named but are familiar with their dealings in city hall referred to them “movers and shakers” and “heavy hitters.”

IS HUIZAR “COUNCILMEMBER A”?

The proposed development project at the center of the bribe involving Justin Kim is located in City Council District 14, which Jose Huizar currently represents.

But another clue pointing to the likelihood of Huizar’s impending identification as “Councilmember A,” surrounds a plan laid out in Kim’s plea agreement to help the relative of “Councilmember A” get elected to City Council because the official’s term was expiring. The purpose was “ensuring political control for them and their allies,” according to federal prosecutors.

Huizar spent much of 2018 working to get his wife, Richelle Huizar, elected to his seat. She dropped out of the race after the couple’s home was raided by the FBI.

Federal prosecutors reveal in June 2017, Kim met with the councilmember, his staffer, and a “Lobbyist B” to discuss establishing a pair of PACs, political action committees, to raise money for the official’s relative. Kim was tasked with finding an associate to serve as a “face” for one of the PACs to disguise the councilmember’s involvement, according to court documents.

In 2019, the LA Times reported that real estate developers in Huizar’s district had received federal grand jury subpoenas instructing them to turn over information on any contributions made to two PACs with ties to Huizar and his wife, Community Support PAC and Families for a Better Los Angeles. The Times went on to report the principal officer for Families for a Better Los Angeles was longtime lobbyist Morrie Goldman, who was also asked to provide records on activities with his Huizar.

It’s important to note that subpoenas are routinely issued because investigators are seeking information and do not necessarily mean that the recipients or those mentioned in them are targets of a particular probe.

TIP OF THE ICEBERG

The court records currently available do not identify any city officials beyond Englander, the lobbyists, city staffers, or the developers allegedly involved in the public corruption schemes, though many speculations are now swirling.

During the 2018 FBI raid, [a search warrant seeking evidence](#) related to the probe into possible bribery, kickbacks, extortion, and money laundering revealed more than a dozen names authorities were seeking information on, including:

#### City Officials

- Raymon Chan, former Deputy Mayor for Economic Development and former head of the L.A. Department of Building and Safety
- Councilman Jose Huizar (D-14)
- Shawn Kuk, Planning Director for Councilman Huizar
- George Esparza, former aide to Huizar who now serves as Chief of Staff for Assemblywoman Wendy Carillo
- Councilman Curren Price (D-9)
- Deron Williams, Chief of Staff to Councilman Herb Wesson (D-10)
- Joel Jacinto, a former Garcetti appointee who served on the city's Board of Public Works
- Lincoln Lee, former Chief of Department of Building Safety's Code Enforcement Bureau

#### Developers

- Wei Huang, president of Shenzhen New World Group
- Ricky Zheng, executive at a Shenzhen New World LLC
- Fuer Yuan, founder of Shenzhen Hazens Real Estate Group Company Limited
- Mason Situ, general manager at Shenzhen Hazens
- George Chiang, a consultant for the owner of the Luxe City Center Hotel

The search warrant also requested the financial records of Huizar, his mother and his brother, as well as fundraising expenditures/campaign contributions, involving Huizar's alma mater, Salesian High School (which employed Richelle as a fundraiser) and Proposition HHH, the city's \$1.2 billion affordable housing bond program.

Huizar's attorney Vicki Podberesky declined our request to sit down with the councilman.

"Neither our firm nor Mr. Huizar will be answering any questions or sitting for interviews at this time," Podberesky wrote in an email.

