



M U L T I S T A T E

**[NY Gov. Kathy Hochul's top aide is married to a lobbyist for Verizon, Google and Airbnb](#)** (New York)

New York Gov. Kathy Hochul's top aide is married to a lobbyist who represent clients such as [Verizon](#), [Airbnb](#) and [Alphabet](#)'s Google.

Hochul named [Karen Persichilli Keogh](#), a veteran of Hillary Clinton's U.S. Senate office and the wife of longtime lobbyist Mike Keogh, as secretary to the governor. Prior to taking her new job with Hochul, Karen Keogh was an executive at Wall Street giant J.P. Morgan Chase, where she once held a state lobbying position.

The secretary to the governor is a crucial position in New York's state government. Melissa DeRosa held the job under Andrew Cuomo, who resigned this week due to a sexual harassment scandal. DeRosa was mentioned repeatedly in a report by the New York State Attorney General detailing alleged instances of Cuomo sexually harassing at least 11 women. Cuomo has denied wrongdoing.

DeRosa was also tied to a major Albany lobbyist: [her father Giorgio DeRosa](#), who is a leader at Bolton St. Johns. Mike Keogh is a partner at the same firm.

After an inquiry from CNBC, a spokesman for the firm said in an email Thursday that Mike Keogh will not lobby Hochul or her team.

"For over 20 years, Bolton-St Johns' entire firm has followed all ethics rules and laws, and Mr. Keogh has decided he will not lobby the Executive Chamber," the spokesman said.

A spokeswoman for the governor later said the secretary to the governor will recuse herself in any discussions and decisions related to her husband's lobbying efforts.

Mike Keogh has several marquee clients that have recently been trying to influence New York lawmakers and officials – including Hochul's office when she was lieutenant governor –

according to state disclosure reports. Mike Keogh and his team lobbied Hochul's staff as recently as June.

Hochul's office [said at the time of Karen Keogh's appointment](#) that "recusals will be put in place by midnight to ensure that any New York State business relating to the secretary's spouse will be delegated in order to prevent any appearance of conflicts of interest."

The Keogh situation nonetheless presents a complicated problem for the new governor. The corporations represented by Mike Keogh conduct extensive business in the state. [Google, for instance](#), has said it plans to invest \$250 million in New York City this year with more jobs on the way.

Among other items, [Verizon announced last year it would were investing \\$43 million](#) in New York City, in a bid to help provide digital learning tools to students who were forced to work from home due to the coronavirus pandemic.

A Hochul press representative did not respond to CNBC's follow up questions about how exactly Keogh is going to recuse herself from her spouse's work.

[Hochul said this week](#) that a stronger ethics code will be part of her new administration, which will include "requiring ethics training for every employee of New York State government," she said on Tuesday. Hochul on Thursday [announced](#) New York State Senator Brian Benjamin will be her lieutenant governor.

The governor herself could have to answer for potential conflicts that go beyond members of her team.

CNBC reported that her [daughter-in-law is a lobbyist](#) at a pharmaceutical firm that has been seeking to influence state and federal lawmakers.

William Hochul, the governor's husband, is the senior vice president and general counsel at gambling and hospitality giant Delaware North, which is based in Buffalo. [Hochul's administration](#) will have authority over key regulators that have ties to the gambling industry, including the New York State Gaming Commission.

Hochul's office previously told CNBC that Delaware North has set up a firewall that prevents William Hochul from having any involvement in state business, restricts his compensation from New York State-related businesses and establishes strict monitoring of any communications with Delaware North.

Government watchdogs say that they expect Hochul to be more transparent than Cuomo.

“As Governor Hochul commits herself to the task before her of addressing the past decade of abuses under Cuomo, we know she wants to lead by example, and that’s why we urge her and her team to be as transparent with the public as possible,” Susan Lerner, an executive director at Common Cause/ New York, told CNBC in a statement on Thursday. “Once they’ve settled in, we expect them to release meeting schedules and verify that those with previous conflicts of interest were not involved in the discussions.”

TESTD, a private company that provides vaccine verification and helps businesses keep track of tests for diseases such as Covid, had Mike Keogh and other Bolton St. Johns lobbyists engage with state lawmakers between May and June, a lobbying report says.

The disclosure says that Cuomo and Hochul’s staff were lobbied “regarding potential partnerships for Covid testing and vaccination process in the state of New York.”

A lobbying report also shows that pharmaceutical company Emergent BioSolutions also tapped Keogh and lobbyists at his firm to lobby officials on a [bill](#) that “relates to prescribing an opioid antagonist with a patient’s first opioid prescription each year.” That piece of legislation has passed both the state Senate and Assembly but has yet to make it’s way to the governor’s desk.

Verizon, Google and Airbnb all tapped Keogh and the firm to lobby earlier this year.

Between March and April, Google paid the firm \$20,000 to lobby Cuomo and Hochul’s staff on issues pertaining to the budget. Airbnb paid \$25,000 for the firm to lobby executive chamber staffers ” regarding short-term rental legislation in the state of New York.”

Verizon paid the firm just over \$18,000 between January and February to lobby Hochul’s staff on issues surrounding a permit and the state budget.

Karen Keogh also has ties to lobbying campaigns.

Her LinkedIn page says she was once a managing director and head of state government relations at J.P. Morgan.

State lobbying reports show that J.P. Morgan Securities spent about \$22,000 between January and June in trying to influence local officials. Hochul's previous office is not listed among those targeted by the investment arm of the Wall Street giant.

### [Missouri lobbyist David Barklage pleads guilty to federal tax crime](#) (Missouri)

Lobbyist and political consultant David Barklage on Wednesday pleaded guilty to a federal tax crime and admitted failing to pay \$151,842 in taxes on income from lobbying, political consulting and other sources.

Barklage, 60, of St. Louis, could face 12 to 18 months in prison under recommended federal sentencing guidelines, but Barklage's lawyer, Joseph Passanise, said he would ask for probation. Passanise told U.S. District Judge Matthew Schelp that Barklage had already given him the amount of back taxes he'll be ordered to repay at sentencing.

Barklage admitted in his plea agreement to depositing a total of \$442,633 into his personal bank account, rather than the account for either of his businesses. He also admitted failing to declare that as income on his tax return, and filing a tax return that he did not believe was accurate.

From 2012-2014, he was paid about \$209,000 from the political campaign of then-Missouri Lt. Gov. Peter Kinder. He received \$30,000 in lobbying fees that he didn't report in 2013. In 2012, he was paid \$122,580 from "an independent media producer," his plea says.

Barklage was half owner of Barklage and Knodell and the sole owner of The Barklage Co. at the time.

Barklage was indicted April 28 in U.S. District Court in St. Louis.

Assistant U.S. Attorney Hal Goldsmith declined to comment after the hearing. Passanise provided a written statement in which Barklage says, "I take full responsibility for my actions and intend to make full restitution. I am deeply grateful for the support of my family and friends, and apologize for any embarrassment my personal tax issues have caused for them."

Barklage, a major player in Republican campaigns in Missouri, led campaign committees in the 1990s that helped engineer the Republican takeover of the Legislature for the first time in 50 years.

His consulting firm also works for a group of political action committees linked to high-profile lobbyist Steve Tilley, who is a former speaker of the Missouri House.

In 2020, he was a consultant to the Uniting Missouri political action committee, which raised money for Gov. Mike Parson.

Kinder reported his concerns about financial irregularities to federal investigators in 2015. A Post-Dispatch analysis at the time showed Barklage failed to report more than \$64,000 in payments from the Kinder campaign. Barklage later filed amended reports dating to 2012.

### **[Gov. JB Pritzker Sends Ethics Bill Back To Legislators](#)** (Illinois)

In light of a sprawling, years-long federal corruption probe into lobbying and dealmaking in Springfield, Illinois Gov. JB Pritzker on Friday sent a [narrow ethics package](#) that addresses just a handful of issues that have come up in recent indictments back to the legislature.

The bill puts minimum limits on how long a member of the legislature has to wait until becoming a lobbyist and also bans the practice of letting lawmakers and other state elected officials from lobbying local units of government.

That comes in response to [charges against former State Rep. Luis Arroyo](#), D-Chicago, who has [pleaded not guilty](#) to federal charges that he offered a bribe to a state senator on behalf of his lobbying client.

Lawmakers and state elected officials would also be forbidden from becoming lobbyists for six months after they leave office, though that part of the bill doesn't go into effect until 2023.

But Pritzker issued an amendatory veto of the bill over what he referred to as a "technical drafting error" that would inhibit executive inspectors general from choosing to open their own investigations.

Pritzker said he approves of the rest of the bill if the legislature would adopt his tweak.

Now, lawmakers must decide whether to accept Pritzker's line item veto or to override him. The legislature is expected to meet on Tuesday to consider drawing new legislative district boundaries, but it's unclear how or if they will address Pritzker's veto. Former House Speaker Michael Madigan rarely approved of such amendatory vetoes.

This maneuver comes after Pritzker for months had indicated he wanted to see more stringent ethics components. Several elements of the ongoing federal corruption investigation related to Commonwealth Edison's years-long [lobbying practice](#) were not in the bill, and instead have been

included as part of an energy omnibus bill. But negotiations surrounding that energy proposal have stalled for months.

“This is something that’s very important to me. Do I think the legislature’s done enough? No. But I think if you asked every member of the legislature, they would agree that more needs to be done,” Pritzker told WBEZ last month when asked about the bill.

But state Sen. Elgie Sims, D-Chicago, a sponsor of the legislation, defended the bill while writing that “our work continues.”

“This bill puts real teeth into our current lobbying practices while addressing consultant loopholes and enhancing transparency,” he said in a statement.

The bill, however, fell far short from what the watchdog of the state legislature wanted to see.

Legislative Inspector General Carol Pope [abruptly announced her resignation](#) last month, saying the position is “essentially a paper tiger.”

The ethics package, Pope wrote, would not give the office the authority it needs to effectively conduct its own investigations of alleged wrongdoing by lawmakers or their staff.

Pope, who was appointed to the position in 2019, had specifically requested that lawmakers grant her the power to issue subpoenas without requiring her to first get the approval from the Legislative Ethics Commission, a bipartisan panel of eight lawmakers. She also complained that if she reads about potential wrongdoing about a legislator in the news, she couldn’t open her own investigation unless she first received a formal complaint.

Meanwhile, some proposals that have come up as part of utility oversight, like barring utilities from charging customers for its charitable contributions and cutting off watchdog Citizens Utility Board [from utility funding](#), were raised — and dropped — as part of the energy omnibus bill negotiations that have failed to reach a compromise.

The bill does, however, require lobbyists to disclose the consultants they hire who do work for their clients. The issue, which stems from ComEd’s lobbying scandal, arose after the utility admitted it gave contracts to politically-connected consultants in order to curry favor with then-Speaker Michael Madigan. Those consultants were able to fly under the radar because state law didn’t require disclosure of their work for ComEd.

ComEd's former chief executive, Anne Pramaggiore, along with three of its top lobbyists — Michael McClain, John Hooker and Jay Doherty — have all pleaded not guilty for their role in the alleged scheme. A federal prosecutor recently told the judge that the investigation is ongoing and would not show her cards as to whether U.S. Attorney John Lausch's office is planning to bring additional or different charges against the four named defendants.

Madigan has not been charged and denies wrongdoing.

### **[MN lawmaker cuts off 3 fingers in saw mishap; lobbyists' donations create awkwardness](#)** (Minnesota)

While a Minnesota state lawmaker recovers after cutting off three fingers in a power saw mishap, some well-meaning donations to help her with child care will likely have to be returned, lest they violate a ban on public officials receiving gifts from lobbyists.

On Aug. 22, Rep. Erin Koegel, DFL-Spring Lake Park, lost control of a power saw and cut off three fingers on her left hand, according to a statement she released Tuesday. She was airlifted by helicopter, which landed on Highway 11 near Longville, and flew her to North Memorial Health Hospital in Robbinsdale. There, doctors were able to re-attach her middle finger, but not her ring finger and pinky.

Rep. Erin Koegel, DFL-Spring Lake Park (Courtesy of the Minnesota House of Representatives) “This was an incredibly scary accident and a life changing event,” said Koegel, who was first elected to the House in 2016. “However, thanks to the quick thinking and care of my loved ones and our amazing first responders, this accident wasn't any worse than it was. I am deeply grateful for the compassionate care I received and the outpouring of love and support from so many across Minnesota. Thank you all for your kindness and generosity which will ensure my daughter, Clara, will receive the childcare she needs while I focus on my recovery.”

Soon after, [a GoFundMe page](#) was established online to raise money to “help the family with hiring a mommy's helper/child care, food and necessities for the family while Erin recovers from this accident.” While the Legislature is not in session, Koegel cares for her 2-year-old daughter “and her husband needs to return to work to support the family,” the site explains.

The cause was amplified by House Speaker Melissa Hortman, DFL-Brooklyn Park, who [tweeted out a call for donations](#). They flowed in. As of Tuesday afternoon, the site listed more than \$8,300 in donations, exceeding the stated goal of \$5,000.

*Well-Meaning Donations*

What raised a few eyebrows among those knowledgeable of state politics was that a number of lobbyists' names could be seen on the donor list.

That would appear to be a violation of a [state law that prohibits state lawmakers and other public officials and employees from accepting most gifts](#) worth more than \$5 from lobbyists. There are exceptions, but none appear to apply for Koegel's situation.

In an interview Tuesday, Hortman said she has asked a House staffer to seek a formal opinion from the state Campaign Finance and Disclosure Board, but she said she expects the donations from lobbyists will most likely have to be returned — and a fellow lawmaker who is managing the campaign was preparing to begin that process.

“It's a very common thing that people send us checks that we have to return,” Hortman said, noting that the state “gift ban” is often invoked when foreign delegations or corporations send goodwill or holiday gifts. “It's part of our life and our world,” she said.

At least one lobbyist Tuesday made a point to publicly announce that he had become aware that his \$125 donation couldn't stand.

“As a lobbyist, I'm prohibited from giving gifts to legislators. (Rightfully so),” tweeted Rob Doar, legislative director of the Gun Owners Caucus, a pro-gun rights group that is active at the Capitol. “Instead, I'll donate to a local foodshelf that serves our community. Putting it out now incase someone tries to spin it. Nothing unscrupulous, was just trying to help a neighbor in need.”

Hortman said that even though she suspected that helping Koegel's cause would likely lead to some awkwardness for reasons like the gift ban, she went ahead anyway in the spirit of helping a colleague — an idea that runs counter to the perception that, with today's bitter partisan divides, congeniality has become a casualty at the Capitol.

“It was more ‘please help my co-worker,’ she said. “Let's just be human beings and damn the torpedoes.”

### [Indiana state treasurer gave millions to campaign donors through state contracts](#) (Indiana)

A whistleblower is suing state Treasurer Kelly Mitchell on behalf of the state of Indiana, alleging her office failed to get required sign-offs on contracts and made improper payments totaling more than \$6.5 million, often to top contributors to her campaigns.



The suit alleges James Holden, who served as chief deputy treasurer from 2007 until 2011 and then again from 2012 until 2014 when he was fired by Mitchell, found in the process of discovery for his wrongful termination suit that it appeared that contracts the treasurer's office was entering into, with Ice Miller and several banks, weren't properly executed as they didn't have the signatures of the attorney general's office, the Department of Administration and the State Budget Agency and weren't therefor valid. They also weren't competitively bid.

The suit was originally filed more than a year ago, in July of 2020, in Marion County Circuit Court, but was under seal until early July 2021, according to Holden's attorney Chris Wolcott.

Specifically, the suit alleges violations of the state's False Claims Act.

The suit points to Indianapolis-based law firm Ice Miller, saying: "Partners and employees of defendant Ice Miller have been key and early supporters of defendant Mitchell's political campaigns," and noting that Melissa Proffitt, a senior partner at Ice Miller, is the chairperson of Mitchell's campaign committees and has held "significant" political fundraising events for Mitchell.

The suit alleges that Ice Miller submitted at least 57 false or fraudulent invoices to the state totaling more than \$168,000, for lobbying services.

"We have no comment. We don't comment on litigation," Tom Mixdorf, of Ice Miller, said this week when asked about the allegations.

Calls to Mitchell and her spokesperson were not returned.

The lawsuit was announced Tuesday in a press release.

Kelly Mitchell was appointed state treasurer by Gov. Eric Holcomb on Nov. 18, 2014. She was elected to the position two weeks earlier, but was placed into the position early to fill the remaining weeks of the term of Richard Mourdock, who had resigned.

In December 2014, the treasurer's office hired Ice Miller to lobby on behalf of the office. The contract was signed by Indianapolis lobbyist John Hammond, then a partner with Ice Miller and now with the Taft law firm.

A call to Hammond was not returned.

The contract awarded Ice Miller \$3,000 a month and was set up to automatically renew every year.

“This indefinite automatic renewal clause is in violation of state contracting policy,” the suit says.

As treasurer, Mitchell is responsible for overseeing more than \$8 billion in assets belonging to the state. She is also chair of the Indiana Bond Bank and the sole trustee of the State Police Pension Trust.

She is also currently serving as the president of the National Association of State Treasurers.

Mitchell was re-elected to a second four-year term as state treasurer in November 2018 and in 2019, announced that she was running for the 5th Congressional District seat that was being vacated by Rep. Susan Brooks. Mitchell lost the primary to Victoria Spartz, winning only 5.3% of the vote.

In addition to Mitchell, six employees of the treasurer's office and Ice Miller, the suit names as defendants Old National Bancorp, BMO Harris Bank, Firth Third Bank, JP Morgan Chase Bank, PNC Bank, Bank of New York Mellon Corp, Wells Fargo Bank, Huntington National Bank and Public Trust Advisors LLC, saying the corporations submitted false or fraudulent invoices between 2015 and 2019 that together totaled more than \$6.5 million.

