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Weekly Lobbying Articles
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The Texas Tribune
February 21, 2018

Prosecutors reviewing complaint against Empower Texans over attack ad resembling government notice

https://www.texastribune.org/2018/02/21/complaint-against-empower-texans-under-review-prosecutors-office/

A criminal complaint against Empower Texans, a conservative group that mailed out an attack ad resembling an official government notice that targeted GOP state Rep. Charlie Geren, is "under review" by the Travis County District Attorney's office, The Texas Tribune has learned.

A person who self-identified as a Tarrant County voter sent a letter to the DA's office alleging that the group ran afoul of a criminal law that prohibits people from posing as government authorities, correspondence obtained by the Tribune shows. Mindy Montford, Travis County's first assistant district attorney, confirmed that her office had received a complaint about the group on Tuesday.

"It's under review," Montford said.

The controversial mailer attacks Geren for his "relationship" with a lobbyist — who happens to be his wife, Mindy Ellmer. What voters see in bold letters when they open the mail piece is "NOTICE," above a slightly smaller font that says, "Of Relationship With Registered Lobbyist." Then it lists Ellmer's long list of corporate lobby clients.

The mailer purports to come from the "Texas Ethics Disclosure Board," an official-sounding name that Empower Texans registered with the Secretary of State's office late last month. There is no such government agency, though there is a Texas Ethics Commission that polices campaign and lobbyist disclosure rules.

The mailer underscores how hard it can be for voters to understand who is sending and funding the political messages they receive. The name "Empower Texans" does not appear on the ad. Nor is there any "paid for" political disclaimer on it. Empower Texans is a non-profit "dark money" group that does not have to disclose its donors.

This controversial mailer is now the subject of a criminal complaint being reviewed by the Travis County DA's office. Empower Texans

Geren said confused voters have asked him about the mailer.

"They're trying to deceive my constituents," said Geren, a top target of the group. The longtime Fort Worth lawmaker, one of outgoing House Speaker Joe Straus' top lieutenants, said the advertisement was designed to look official.

"It looks like it's coming from a state agency and it's not," Geren said. "A guy at church handed it to me and said what is this. I said it's another lie by Empower Texans, and he said, 'Well it looked real.' "

The complaint alleges Empower Texans may have violated a provision of the Texas Penal Code, under section 37.11, which prohibits people from posing as government officials. Specifically, the law says a person commits a third degree felony if he “knowingly purports to exercise any function of a public servant or of a public office, including that of a judge and court, and the position or office through which he purports to exercise a function of a public servant or public office has no lawful existence under the constitution or laws of this state or of the United States.”

Empower Texans General Counsel Tony McDonald said the group had not heard from prosecutors or seen the complaint but he vowed to fight any legal action against the non-profit.

"There's not a chance in hell that we're ever held liable under 37.11," McDonald said. "If we've got to fight it, we'll fight it. We never back down from First Amendment fights, ever." He disputed the idea that voters might find the mailing "deceptive" and said the contents of the ad were truthful.

Earlier, Empower Texans' CEO Michael Quinn Sullivan took to Twitter to respond to queries that the Tribune sent to him via email and voicemail.

"Haha! #TxLege @CharlieGeren doesn't like people finding out about his major conflicts of interest," he said, adding that "Corrupt Charlie" was "working the Travis County DEM district attorney to try to shut us up."

The district attorney's office in Travis County, a liberal stronghold, is in Democratic hands. Sullivan works to get conservative Republicans elected to office.

Geren said he has adhered to all ethics laws related to the disclosure of any potential conflicts of interest involving Ellmer. The longtime Fort Worth incumbent faces a primary challenge from businessman Bo French, one of the top recipients of largesse from Empower Texans' political action committee.

The Washington Free Beacon
February 21, 2018

Baldwin Took $120K From Lobbyists Despite Anti-Special Interest Stance

http://freebeacon.com/politics/baldwin-took-120k-lobbyists-despite-anti-special-interest-stance/

Sen. Tammy Baldwin (D., Wis.) has accepted more than $120,000 in bundled lobbyist contributions this election cycle despite wanting to amend the Constitution to limit the influence of special interests, filings show.

Baldwin, who is vying for a second term in the Senate this November, regularly chastises special interests and has consistently called for the end of Citizens United, the landmark Supreme Court decision on campaign finance.

Baldwin has introduced legislation aimed at limiting lobbyist influence, particularly in the financial services industry. The bill called for a two-year "cooling off" period from the time an individual leaves a government job before becoming a lobbyist.

"Hardworking American families are struggling to get ahead and they can't afford to have special interests in a cozy relationship with the government," Baldwin said at the time. "We need to make sure that government officials are working on behalf of the public interest and our common good."

Baldwin's press release announced the legislation package and a "We the People" campaign to reform government. "#WeThePeople will hold the government more accountable, amend the Constitution to end unlimited campaign contributions, and reform the lobbying laws to limit special interest influence," the release states.

Baldwin has accepted more than $120,000 in bundled lobbyist contributions to her campaign from influential liberal lobbying groups this campaign cycle, Federal Election Commission filings show.

Between Jan. 1 and June 30, 2017, Baldwin's campaign received $29,684 from individuals at the J Street PAC, a controversial far-left Middle East advocacy organization.

The J Street PAC was one of the most ardent backers of President Barack Obama's nuclear deal with Iran, which the Israeli government has called a "historic mistake." The advocacy group allocated millions of dollars into a public relations campaign in an effort to conjure up support from the public.

From July 1 to Dec. 31 of last year, Baldwin's campaign took in an additional $90,496.52 in bundled contributions from lobbyists.

J Street PAC gave $40,962.17 more to the campaign during this period, while $49,534.35 was bundled by individuals at the League of Conservation Voters, a left-wing environmental advocacy organization.

Baldwin has now accepted $120,180.52 from lobbyists this cycle.

Despite Baldwin's position on the influence of money in politics, the senator has also failed to disavow contributions from corporate political action committees that include trade associations, law firms, LLCs, and LLPs, as a handful of her Democratic colleagues have done in recent weeks.

The push to reject money from corporate PACs is backed by End Citizens United, who endorsed Baldwin's reelection efforts in April 2017.

Baldwin's campaign did not return a request for comment on the campaign's bundled lobbyist contributions by press time.

The Sacramento Bee
February 20, 2018

Kansas proposal to tighten lobbying law allows bigger gifts

http://www.sacbee.com/news/politics-government/national-politics/article201205699.html

A bipartisan proposal for strengthening Kansas lobbying laws that advanced Tuesday in the Legislature also would allow state officials to accept more expensive freebies from people trying to influence them.

The state Senate gave first-round approval to a bill aimed at shedding more light on attempts by corporations and groups to win major state contracts and influence decisions by executive branch agencies. Senate President Susan Wagle, a Wichita Republican, and Minority Leader Anthony Hensley, a Topeka Democrat, are sponsoring it.

The Senate planned to take another, final vote on the measure Wednesday to determine whether the bill passes and goes to the House. Legislative leaders in both parties have said making government more transparent is a priority this year.

The bill would require representatives of groups and companies to register as lobbyists and publicly disclose some spending if they seek to influence actions by state agencies or decisions on administrative matters by the courts. Currently, lobbyists must report spending on attempts to influence legislators and lobbying for and against agencies' administrative rules.

"I think that we should know who's working with the administration on spending taxpayer dollars," Wagle said after the Senate's debate.

Wagle said her interest was inspired by a 2016 plan to tear down one state office building near the Statehouse and build a new power plant for the Capitol and other state buildings. Former GOP Gov. Sam Brownback had planned to pay for the $20 million project through a leasepurchase agreement with Bank of America. Legislative opposition forced him to drop it.

Hensley cited a plan approved by legislative leaders last month to have Tennessee-based CoreCivic Inc. build a new state prison in Lansing, with the state buying the facility through a 20-year lease. The company hired a former Brownback chief of staff as a consultant last year, and he later registered to lobby for the firm for two months.

The proposal to expand the state's lobbying laws did not inspire opposition, but some senators balked at provisions increasing the total value of the gifts state officials can accept from each individual to $100 from $40.

State law allows legislators to accept an unlimited amount of free meals and drinks from lobbyists, though they must report what they spend. State officials can accept tickets for sporting or entertainment events totaling less than $100 from an individual each year.

But other goodies — such as coffee mugs, pens, gift baskets and plaques — must have a total value of less than $40 annually.

Some senators questioned the need to raise the cap on gifts, but Wagle said $40 is low enough that the governor has had to return mementos of appreciation.

And Sen. David Haley, a Kansas City Democrat, said he thinks the $100 limit still would be too low.

"If anyone's really going to be that influenced by such a low amount of money, they probably shouldn't be in the Legislature in the first place," Haley said.

The Times
February 17, 2018

Governor’s race candidates hit $20 million in fundraising

https://www.gainesvilletimes.com/news/governors-race-candidates-hit-20-million-fundraising/

It’s now a $20 million race to be Georgia’s next governor.

Seven candidates to replace Gov. Nathan Deal have made their next round of financial disclosures, and while a new Republican candidate has entered the field with a splash of cash, the state of the race looks similar to its kickoff in 2017.

All told, the five Republicans and two Democrats have raised more than $20 million since candidates began declaring last spring. In July, candidates had raised more than $10 million.

Lt. Gov. Casey Cagle retains an enormous financial advantage over all other candidates. Seen as the frontrunner after more than a decade as the state's second-highest officer, Cagle has attracted a huge number of donations from businesses, lobbyists and Atlanta lawmakers.

Cagle has $5.7 million on hand — or about as much as the next three highest-raising Republicans.

Both Secretary of State Brian Kemp and former state Sen. Hunter Hill have both raised more than $2.2 million, and Kemp raised almost $3 million. Hill resigned from his Atlanta Senate seat to focus on his run for governor.

Cumming Sen. Michael Williams, a populist firebrand who has modeled his run on Donald Trump's successful 2016 presidential campaign, has raised $1.8 million total and has trailed the rest of the Georgia Republicans.

The Republican wildcard in 2018 is Clay Tippins, a tech executive and former Navy Seal. Tippins lives in Atlanta and has never held public office, but that hasn't stopped him from raising $2.1 million.

In the Democratic field, Stacey Evans has leapfrogged Stacey Abrams in the race for dollars. While Abrams got into headlines early and stayed there — rolling out policy proposals, highprofile endorsements and campaign events around the state — Evans has been marching from speech to speech around the state.

And she's got something to show for it: Evans has raised $2.29 million to Abrams' $2.27 million. As with her July filing, the report filed this year shows Abrams burning through cash. The former minority leader in the Georgia House has only $461,365 on hand, while Evans has $1.6 million.

The latest fundraising totals in the gubernatorial race also lend some perspective to a race that occured last year: the Georgia 6th District congressional race.

Two candidates and legions of political action committees spent more than $55 million on the race for the metro Atlanta-area seat vacated by Tom Price, who left to serve as Trump's secretary of health and human services.

Primaries in the Georgia gubernatorial race are set for May 22. Primary runoffs will occur in July and the general election on Nov. 6.

MinnPost
February 15, 2018

What Tim Pawlenty accomplished in five years as Wall Street's man in Washington

https://www.minnpost.com/politics-policy/2018/02/what-tim-pawlenty-accomplished-five-years-wall-street-s-man-washington

As Tim Pawlenty begins to seriously explore a repeat run for the governor's mansion, his work at the FSR will be a point of focus for his supporters.

Washington lobbying is a $3.3 billion-a-year industry that employs over 11,000 registered lobbyists, who represent just about every conceivable interest you could think of in the U.S., from oil and gas mega-companies to sugar beet growers to office furniture vendors.

But in that sea — or swamp — of interests, some stand out more than others. There are the small-potatoes lobbiers, and then there are the titans — "the platinum card guys," as one lobbyist put it to MinnPost.

For over five years, Tim Pawlenty was among the most prominent of Washington's platinum card guys: after two terms as governor of Minnesota and a brief run for the Republican nomination for president in 2012, Pawlenty became the CEO of the Financial Services Roundtable, the organization that lobbies in D.C. on behalf of the country's largest and most powerful banks and financial institutions.

With an annual budget of around $20 million, the FSR serves as the most influential D.C.-based group pushing for policy friendly to Wall Street. Its political action committee doles out hundreds of thousands of dollars worth of campaign contributions each cycle to support lawmakers who support its agenda of deregulating the financial sector and lowering taxes for banks and businesses.

If the last year has been any indication, Pawlenty's efforts have paid off: as he exits the FSR to possibly prepare for another run at governor of Minnesota, Wall Street is celebrating passage of a sweeping GOP tax cut, as well as efforts from President Donald Trump's White House and the Republican-led Congress to repeal or undermine regulations put into place by Democrats.

Those efforts have also paid off for Pawlenty: as CEO, he earned a salary of over $2.7 million in 2016 — his best compensation yet — and was paid an average of $2.2 million per year during his prior three years at FSR.

As Pawlenty begins to seriously explore a repeat run for the governor's mansion, his work at the FSR will be a point of focus for his supporters — as well as his rivals in the GOP and Democratic camps.

Too big to fail — but not too big

The FSR, which was founded a century ago, bills itself as the “leading advocacy organization for America’s financial services industry,” and for most of Pawlenty’s term as CEO, the group of companies represented by the FSR totaled around 80.

Those companies included the country’s largest banks, like JPMorgan Chase and Wells Fargo, payment companies like MasterCard and Visa, and insurance companies like State Farm. The current chairman of the FSR’s Board of Directors is Bank of America CEO Brian Moynihan.

At the end of last year, the board voted to restrict membership in the group to banks with assets over $25 billion and the biggest credit processors, a move that cut the FSR’s member rolls in half. Remaining are about 45 corporations that, together, account for more than $11 trillion in assets and process payments for nearly all U.S. credit cards; others are U.S. subsidiaries of the highest-valued banks of Canada, Spain, and France.

Even before that consolidating move, however, the FSR still represented a small group of the most elite financial institutions, distinguishing it from other D.C. financial advocacy groups like the American Banking Association, which represents a large and diverse group of banks, and The Clearing House, which engages in issue advocacy but functions more as a think tank for financial industry research.

FSR, then, occupies a unique place in Washington: to advocate policy that benefits the very top sliver of the country’s financial institutions. For its mission statement required in its federal tax filings, the FSR says it “promotes the business of banking and financial services and encourages the development of sound banking and financial policies and practices.”

Particularly during Pawlenty’s term, the FSR has viewed as “sound” policies that eliminate, as much as possible, federal regulations on banking and financial activity — something the group calls “regulatory modernization.”

Central to that advocacy has been promoting policy that would free banks from regulatory restrictions related to asset size and arguing that large banks — or “too big to fail” banks, in the language of the 2009 financial crisis — are not necessarily risky ones.

FSR has frequently criticized the Dodd-Frank law, which passed in 2010 to overhaul federal oversight of Wall Street after the financial crisis exposed systemic flaws. (In a 2014 post, the FSR broke down Dodd-Frank’s effects into two categories: things “working poorly” or things that “have flat-out flopped.”)

The Consumer Financial Protection Bureau, the federal watchdog agency established by DoddFrank, has been a frequent enemy of the FSR in recent years. The bureau — which established a relatively aggressive reputation under Barack Obama — has slapped million-dollar fines on FSR members, like Wells Fargo, and proposed reining in tools banks use to pad their bottom lines, like overdraft fees.

FSR has fought against the CFPB in particular over forced arbitration, which banks use to limit legal options of customers. FSR has also proposed replacing the bureau’s director, which the industry and its GOP allies in Congress often frame as an unaccountable power-mad bureaucrat, with a board of directors that wields diluted authority. It has worked to stifle the CFPB’s research activities, writing to the bureau in 2015 asking to delay a planned study on the effects of bank overdraft fees on consumers.

Beyond financial regulation, the FSR is supportive of big tax cuts, like the kind put into law by Trump and the GOP last year, and it advocates on cybersecurity, as well as policy on housing, given that many of its members are major mortgage lenders.

Not 'the Washington insider'

When Pawlenty was named CEO of the FSR in September 2012, out of a pool of some 100 candidates, it raised eyebrows in Wall Street and in Washington. The Republican governor of Minnesota from 2003 to 2011, Pawlenty had just come off a fizzled bid for the White House, as well as a stint as co-chair of Mitt Romney's presidential campaign, a post he left just a few weeks before Election Day.

Pawlenty brought no specific expertise on financial issues, or any experience working in the industry or in Washington. (His predecessor, former U.S. Rep. Steve Bartlett, had served on the House Banking Committee.) Upon Pawlenty's hiring, Bartlett touted his experience as governor and said he "can help take us to the next level. His efforts to bridge political and policy divides will serve to enhance the reputation of the financial services industry with customers and policy makers."

A story from The Hill newspaper about Pawlenty's hire revealed a different attitude: Washington lobbyists "were scratching their heads" over the move: "the choice of a former governor without a background in finance seemed a risky move for an industry facing the most sweeping regulatory overhaul since the Great Depression," the story reads.

Speaking with The Hill, Pawlenty said "This is an industry that got their butt kicked. To the extent that they need something new and different and fresh, I think I bring that to the table… They could go back to the old model, which is 'Go get some Washington insider to run a trade association,' but candidly, how was that working for them?"

To be sure, Pawlenty took the reins at FSR following a disastrous stretch for the financial industry: battered by the late-2000s crisis in nearly every respect, from falling bottom lines to bottomed-out public opinion of the industry, Wall Street was also confronted with navigating the new regulatory environment put into place by Dodd-Frank.

In Pawlenty, the financial services industry got a polished, photogenic advocate in D.C., someone comfortable making the rounds on TV and radio to press for their priorities. Behind the scenes, however, the former governor also brought to the group a sharp-elbowed political mentality that, at times, ran against the more reserved sensibilities of the FSR's members.

In 2014, Bloomberg reported that Pawlenty was planning an "election-style" campaign against the CFPB, replete with billboards and online ads hammering the agency for the way it solicited complaints against financial institutions, which the FSR had criticized.

Before planning the campaign, Pawlenty reportedly did not consult member banks, who "did not want to needlessly antagonize an agency that polices them," per Bloomberg's Carter Dougherty. "Some members had anxiety," Pawlenty conceded to Bloomberg. "It involved some risks."

Nevertheless, Pawlenty's pay increased from $1.6 million in 2013 to $2.77 million in 2016, reflecting satisfaction in his performance — and perhaps the rising fortunes of the industry as it rebounded from the financial crisis in recent years. (The FSR did not respond to requests for comment for this story.)

Pawlenty’s final quarter as CEO of the FSR reflected how complete Wall Street’s turnaround had been: the last three months of 2017 saw U.S. banking institutions with their best single quarter ever, pulling in $48.3 billion in profit.

Knights of the Roundtable

Behind the scenes of Pawlenty’s TV appearances and the organization’s sharp press releases, the FSR went to work bankrolling campaigns to fight for Wall Street-friendly policy.

In Pawlenty’s years at the FSR, the group spent $27 million in lobbying expenses. Last year, it spent $5 million, largely in efforts to shape the GOP’s tax legislation. According to the group’s 2017 in review, they successfully advocated for “immediately lowering the corporate tax rate, eliminating the corporate [alternative minimum tax], and ensuring everyday investors were protected from being hit with higher taxes through a first-in first-out requirement.”

The group also continued to lobby on provisions related to Dodd-Frank, including the GOPbacked CHOICE Act, which would roll back large portions of the law. It also lobbied on cybersecurity policy and to delay implementation of Department of Labor’s fiduciary rule, which legally requires retirement account advisers to act in their clients’ best interests.

FSR has also expended a considerable amount of its own resources to support the campaigns of supportive and/or influential members of Congress. In 2014 and 2016, the FSR’s PAC gave $331,000 and $302,000, respectively, to congressional campaigns.

The records show FSR has strongly favored Republicans: in both of those cycles, two-thirds of contributions went to GOP candidates, while one-third went to Democrats. In this election cycle, the FSR has contributed $174,000, with three-quarters of that money going to Republicans.

Sixth District Rep. Tom Emmer, who serves on the Financial Services Committee, has received $6,000 from FSR’s PAC while Pawlenty has been at the helm of the group. Third District Rep. Erik Paulsen has received $5,000, while 2nd District Rep. Jason Lewis has received $2,500. (In total, the FSR gave $24,500 to Minnesota Republicans, and $0 to Minnesota Democrats, in the 2014, 2016 and 2018 cycles.)

Democrats from other states did receive contributions from the FSR, but they tended to be moderates, or lawmakers with positions on relevant committees, like Banking and Financial Services.

Those expensive campaigns to influence policy and policymakers paid off, as did the efforts of fellow trade groups like the American Banking Association and the banks themselves, who invest millions into running their own sophisticated D.C. government affairs operations.

In the years since Dodd-Frank’s passage, the financial industry has gradually notched significant policy wins. In particular, pro-Wall Street lobbiers succeeded in easing the impact of the DoddFrank law and ensuring it would be implemented in a way that better reflected the industry’s priorities.

A retrospective from the Wall Street Journal on the fourth anniversary of the law’s passagepolled experts, several of whom agreed that Wall Street, not Washington, won out in influencing key parts of the law, particularly reform of derivatives and on the so-called Volcker Rule, which prohibits banks from using customers’ deposit funds for investing.

Pawlenty's final year at the FSR, 2017, put an exclamation point on Wall Street's recent gains, as the financial industry worked with Republicans to secure long-desired political goals, from the tax legislation to striking CFPB's arbitration rule to the passage of the CHOICE Act.

Who would complain?

When Pawlenty announced his departure from the FSR, Politico reported that his exit "raised questions in the banking industry about the future of the Financial Services Roundtable at a time when the group is undergoing a major overhaul," referring to its decision to limit membership to a small group of high-value banks.

In a statement announcing his exit, Pawlenty said "FSR is now poised to provide even more focused and effective service for our members going forward… Over the past five years, I have enjoyed leading FSR's efforts to improve cybersecurity, retirement savings, consumer-friendly financial service technology and financial literacy."

Through his longtime adviser Brian McClung, the former governor — who is in discussions this week with advisers and supporters about his political future — declined to speak with MinnPost for this article.

But McClung provided this statement about Pawlenty's time in Washington: "Leading FSR gave Tim Pawlenty a much deeper perspective regarding job creation, the American economy, emerging technology and the need to invest in cybersecurity. Financial services is an important sector in our state, with nearly 200,000 hardworking Minnesotans directly employed in the industry."

"Only a petty partisan," McClung said, "would complain about someone leaving a private sector job for public service.