



M U L T I S T A T E

[Drugmakers, Worried About Losing Pricing Power, Are Lobbying Hard](#)

Worried drugmakers are stepping up efforts to blunt proposals in Washington that they view as some of the most serious threats to their pricing power in recent years.

Pharmaceutical industry trade organizations and outside groups are spending millions of dollars on advertisements attacking the proposals, which would peg drug prices in the U.S. to prices paid overseas and force companies to pay rebates if a drug's price increases by more than the rate of inflation. For instance, one trade group's radio ad decries "foreign price controls" imposed by European bureaucrats.

Industry executives and lobbyists are urging friendly lawmakers to pass legislation blocking the plans. They are also pushing administration officials to pursue measures that would pressure industry middlemen such as pharmacy-benefit managers to provide some relief on patients' costs without directly curbing drugmakers' pricing power.

The pricing proposals, if enacted, could reduce companies' sales by billions of dollars, analysts say. The industry is trying to hold off passage of the plans it opposes through the end of this year, people familiar with the matter say, as it is unlikely that Congress would be able to act during election campaigning next year.

Doses for D.C. Drugmakers have increased their lobbyingspending in recent years. Annual lobbying spending by the pharmaceutical and biotech industries Source: Center for Responsive Politics

.million Half year Full year 2000 '05 '10 '15 050 100 150 \$200

Yet drugmakers don't have the political clout they used to largely because of rising public dismay over high drug prices. Even some Republicans, who typically have been more sympathetic to the industry, have joined criticism of high prices.

The industry lost a key ally when Utah Sen. Orrin Hatch, a Republican, retired last year. Also, Iowa Sen. Chuck Grassley, long a skeptic of the pharmaceutical industry, returned to the chairmanship of the Senate Finance Committee last year.

In July, the Finance Committee approved [a bill that would require drugmakers](#) to rebate to the federal Medicare program any list price increases that exceed the rate of inflation. Mr. Grassley was a co-sponsor of the bill along with Sen. Ron Wyden of Oregon, the top Democrat on the committee.

The [Trump administration last October proposed](#) basing how much Medicare pays for cancer, eye and certain other drugs on the prices charged in other countries, including in Europe, where drugs are less expensive.

TV ad from trade group PhRMA blasting health insurers for not sharing rebates with patients.

And House Speaker Nancy Pelosi, a Democrat, [introduced legislation](#) Thursday that would allow the government to directly negotiate prices for up to 250 expensive drugs that don't have generic competition.

“We're facing the stiffest political headwinds in the history of the industry,” James Greenwood, president of the trade group Biotechnology Innovation Organization, said in an interview. BIO's member companies include [Amgen Inc.](#), [Johnson & Johnson JNJ -1.57%](#) and [Pfizer Inc.](#)

In response to the drug-pricing efforts, Mr. Greenwood, a former Republican congressman from Pennsylvania, said he and his staff have visited dozens of members of Congress, White House adviser Joe Grogan, who formerly lobbied for drugmaker [Gilead Sciences Inc.](#), and deputies to Health and Human Services Secretary Alex Azar, a former [Eli Lilly & Co.](#) official.

“We want to be proactive in terms of making sure our position is heard down in Washington,” Pfizer Chief Financial Officer Frank D'Amelio said at an investor conference this month. “And many of us, including myself, get down there and make sure we have the conversations that need to be had.”

The drug industry does support one key provision of the Senate bill—capping annual out-of-pocket prescription expenses for people covered by the Medicare Part D drug benefit.

And companies are willing to negotiate on certain other legislation such as a bill pushing makers of pricey brand-name drugs to share samples with rivals developing lower-cost copycat versions, people familiar with the matter say.

However, the industry is opposed to the more far-reaching pricing measures, arguing such steps would restrict patients' access to medicines, and could reduce funding to research and develop future drugs.

Analysts say the Trump administration's international pricing proposal poses an especially strong threat because it would lower the prices paid by the Medicare Part B government health-insurance program with private health insurers possibly following suit. The proposal, if put into effect, would reduce Medicare spending on the affected medicines by 30%, or \$17.2 billion, over five years, the administration estimates.

Drug pricing is complicated and secretive. WSJ explains how the flow of money, drugs and rebates behind the scenes may drive up the price of prescription medicine for consumers.
Illustration: Mallory Brangan

Aside from forcing companies to pay rebates on above-inflation price increases, the Senate bill would raise the maximum for rebates that drugmakers already pay to federal-state Medicaid programs for insulin and certain other drugs.

“Potentially we would be selling to Medicaid at a negative price. It's not reasonable to expect companies to sell at a negative price,” AstraZeneca PLC Chief Executive Pascal Soriot said in an interview.

Together, the Medicare inflation-based rebate and increased Medicaid rebate would save the government programs about \$70 billion in spending over 10 years. Much of the sum would be lost revenue for industry, according to Moody's Investors Service.

The industry's biggest trade group, the Pharmaceutical Research and Manufacturers of America, has spent \$16.3 million on lobbying during the first six months this year, after spending \$28 million for all of 2018, according to the Center for Responsive Politics, which tracks lobbying spending. BIO spent \$6 million on lobbying during the first half of 2019, after spending \$9.9 million in 2018.

Outside groups supportive of the drug industry are also weighing in. Americans for Tax Reform, which advocates for lower taxes, has run newspaper ads in some states either thanking or opposing senators for their votes on the Senate Finance bill.

One ad thanked Sen. Pat Toomey, a Pennsylvania Republican who proposed an unsuccessful amendment to block the inflationary rebate, "for leading the charge to stop price controls and protect the free market in Medicare." A spokesman said Mr. Toomey supports reducing out-of-pocket drug costs for seniors, but that the inflationary rebate would cause high launch prices for new drugs.

PhRMA, the trade group, provided funding to Americans for Tax Reform in 2015 and 2016, according to tax records. PhRMA declined to say whether it provided more recent funding.

Video ad from retiree advocacy group AARP criticizing high drug prices and urging Congress to take action to cut prices.

Conservative-leaning advocacy group American Action Network launched [a \\$2.5 million advertising campaign](#) in August that targets 35 congressional districts and attacks what the group calls "socialist price controls" in the Medicare Part D program. A mailer from the group warns about House Speaker Pelosi's "Rx Drug Takeover Plan."

In 2017, the most recent year for which tax records were public, PhRMA provided \$1.5 million to American Action Network. Both groups declined to comment on whether PhRMA has provided donations more recently.

To counter the pro-industry ads, groups such as AARP—which has endorsed the Senate Finance Committee bill—are running their own ad campaigns. AARP's "Stop Rx Greed" campaign includes a red van emblazoned with slogans attacking high drug prices and a TV ad showing people walking around with over-sized images of \$100 bills covering their faces, while the narrator says: "The big drug companies don't see us as people. They see us as profits."

[Maine ethics watchdog may fine Janet Mills for inaugural debt, but not until it is paid](#)

A majority of the commission overseeing Maine's campaign finance system seemed inclined on Wednesday to fine Gov. Janet Mills' inaugural committee as it continues to carry debt for her January celebration, but not until that debt is paid.

The Democrat is the first governor to serve under a 2015 campaign finance law that established reporting requirements for the committees that govern the transition period between election and taking office and set a Jan. 31 deadline to finish fundraising for those activities.

But Mills' inaugural committee has been continuing to raise money with approval from the Maine Ethics Commission after her inaugural celebration at the city-owned Augusta Civic Center cost \$63,000 more than the \$132,000 the committee said it expected.

The committee still owes nearly \$70,000 to Augusta, according to Jonathan Wayne, the commission's executive director. The committee's most recent report shows it has \$35,000 on hand, though Mills attorney Michael Carey said it also has \$45,000 in unpaid pledges.

That frustrated commissioners, who voted 3-1 Wednesday to delay action on a penalty until Mills retires the debt. Commissioner Richard Nass, a former Republican state senator from Acton, said he would favor giving the inaugural committee the maximum \$10,000 fine.

He wondered aloud if the public and media were paying the issue as much attention as they would be if Mills' Republican predecessor was still in office.

"Nobody seems to care about this anymore," he said. "If this was Paul LePage, TV cameras would be parked all over this place. And this is not, this is Janet."

Commission staff has said the fundraising deadline in the law is too early to be workable. A provision in the law preventing lobbyists and their employers from donating to transition funds when the Legislature is in session likely worked to slow fundraising efforts early in 2019.

But William Lee, a Democrat from Waterville who chairs the five-member commission, said he didn't anticipate the fundraising would take so long. He also said the Legislature's January return could further delay fundraising and he has "no inclination to see continuances" into 2020.

Commission members were concerned that deciding on a penalty before the fundraising is complete would give the inaugural committee no incentive to finish the job. At the same time, some said having Carey report before the commission each month generates more expenses, cutting into the bottom line.

Carey said he believed the provisions in the statute provided enough motivation to finish fundraising, although he didn't think the committee deserved a \$10,000 fine.

Commissioner Bradford Pattershall, a Republican from Freeport, said he didn't support a fine as high as \$10,000 for now, but he suggested the inaugural committee raise more than it owes to Augusta in anticipation of an eventual fine.

"If this had been wrapped up in six months, I might be at a certain level," he said. "If it takes another whole year to get this done, that's a different kind of penalty."

[\\$25,000 for golf with lobbyists? Ron DeSantis says he didn't get the memo](#)

He also said Trump was involved in the ousting of a veteran Florida political strategist at the center of the controversy.

Florida Gov. Ron DeSantis on Tuesday denied ever seeing memos from his political staff that laid out how wealthy donors and lobbyists could buy time to golf, meet and dine with the Republican by making lucrative political contributions.

Speaking with reporters following the Cabinet meeting, DeSantis said those memos "had no effect on me or anything that I've done."

It was DeSantis' first public comments since the *Tampa Bay Times* [published internal documents](#) from his political committee outlining how Florida's rich and powerful could pay for

access to the governor. The documents listed prices for certain activities with DeSantis, including \$25,000 to golf with him and \$250,000 for a one hour "intimate and high dollar" gathering.

According to emails obtained by the *Times*, DeSantis golfed with three lobbyists for Duke Energy in February after the Florida utility company committed \$100,000 in political contributions.

Asked about this price structure, DeSantis would only say that he had "never seen those memos before." However, his political chairwoman, Susan Wiles, told his chief of staff Shane Strum on Jan. 20 that DeSantis and the first lady "approved" the fundraising plan, according to one memo. And his wife, Casey DeSantis, intended to play "an integral role in many of these activities," Wiles added.

"This timeframe is relatively aggressive because it is the governor's desire to fundraise and maintain a high political profile at all times — inside and outside of Florida," Wiles wrote.

Wiles previously told the *Times* that this plan was never implemented.

Wiles has since been removed from DeSantis' political committee, Friends of Ron DeSantis, and was ousted from her role with President Donald Trump's re-election campaign. The Republican Party of Florida also recently replaced its executive director Jennifer Locetta, considered an ally of Wiles.

DeSantis would not elaborate on what led him to push for the removal of Wiles, an operative who last year he brought in to rescue his campaign and later named the head of his transition team. "I don't have any more comment," he said. But DeSantis confirmed reports that President Trump was involved in the shakeup.

"The president asked me to get the party in order," DeSantis said. "Quite frankly, I had not been paying as much attention. I mean, I've been focusing on doing my job, but I think that we have the presidential race, we have key legislative races and I think we're in a much better position to be able to move forward."

DeSantis said the party had neglected voter registration, field operations and the on-the-ground work necessary to win in 2020. He noted that Locetta's replacement, Peter O'Rourke, is someone Trump knows "personally" from his time working as a top official in the U.S. Department of Veterans Affairs.

When the *Times/Herald* read DeSantis' criticisms and observations to state Republican Party chairman and state Sen. Joe Gruters, he said he was unaware of DeSantis' comments and would need to call back later. He then texted a statement saying, in part, that "the Republican Party of Florida needed to change course in order to fully support the president's re-election and our Republican candidates across the state."

The seismic shakeup of the past week has left Republicans without one of their top political operatives in a state critical to Trump's 2020 re-election chances. Many Republicans consider Wiles a crucial piece that led to both of Rick Scott's gubernatorial victories and Trump's win in 2016. She landed in Florida again late last year and guided DeSantis to a narrow win over Democrat Andrew Gillum.

Wiles also left her job at Ballard Partners, the powerful lobbying firm of top Trump fundraiser Brian Ballard.

In response to DeSantis' comments on Tuesday, Wiles said: "As the state's highest-ranking Republican, it is the governor's prerogative to decide how best to support the President's re-election and I respect that."

"I was honored to be a part of President Trump's successful 2016 campaign," Wiles added, "and I remain fully committed to the President's re-election to a second term."

State's ethics panel is figuring out its scope and rules

North Dakota's new [Ethics Commission](#) is working out how far its authority extends and determining the rules that will guide its actions and decision-making.

The panel oversees the conduct of legislators, state officials, political candidates and lobbyists.

Chairman Ron Goodman said the [commission](#) will not investigate every ethics violation in the state.

Goodman told the board at the second meeting on Sept. 13 that he has been questioned about whether the [commission](#) can investigate lawmakers' use of social media and even a query about oilfield spills, the Bismarck Tribune reported.

That's unlikely, but one of the board's first tasks is to write guidelines to govern how it acts. Assistant Attorney General Allyson Hicks said the board has "broad constitutional authority" over its rule-making.

"There is no other branch of government that has yea or nay power over your administrative rules," Hicks told the [commission](#).

Dennis Cooley, a professor of ethics and philosophy at North Dakota State University, said the [commission](#) is responsible for investigating complaints dealing with cronyism, favoritism or "poor behavior" among legislators, state officials, political candidates and lobbyists.

"This is not a retributive committee. It's a restorative committee. That's the big point," he said.

The board hasn't yet crafted rules related to transparency, corruption, elections and lobbying.

Commissioner Cynthia Lindquist, president of Cankdeska Cikana Community College, said she would want to know what other state boards have adopted for their rules.

"That would be something that would help me so that we know what's there already so we don't have to reinvent the wheel on that," Lindquist told her fellow commissioners.

The governor and legislative leaders appointed the [Ethics Commission](#)'s five board members last month.

Complaints upheld against former councilman, political booster

A political feud that swirled for nearly four years in Enumclaw city politics was settled last week in an Olympia meeting room.

The issue was simple, as matters go when falling under the purview of the state's Public Disclosure Commission: cases had been brought – stemming from a 2015 Enumclaw City Council race – against Darrel Dickson, a former councilman, and Karen Jensen, a friend and political supporter.

The outcome was equally straightforward: Dickson settled the case against him prior to any PDC hearing and agreed to punishment. He was fined \$4,000, with half that sum suspended. It will not have to be repaid unless Dickson someday commits another PDC violation.

The case against Jensen and, by extension, Citizens For A Better Enumclaw, was more involved. At the end of an all-day hearing she was fined \$2,000; again, half the sum was suspended and will not require repayment unless she commits another PCD violation.

IT STARTS WITH A CONTENTIOUS RACE

Dickson was a sitting member of the Enumclaw City Council and was, in the fall of 2015, challenged by political newcomer Kim Lauk. While new to the world of city governance, she grew up in a political environment as the daughter of Christopher Hurst, a longtime member of the state House of Representatives.

The race was not particularly cordial and ended with Lauk ousting the one-term councilman. Lauk joined the council in 2016 but her tenure was relatively short; [she suddenly resigned](#), stepping down in April of this year.

Information brought to light during the PDC process showed how other players came into the mix. Dickson had active support from State Sen. Pam Roach, who clashed politically with Hurst; through Roach, Dickson received campaign help from Conner Edwards and, eventually, Jensen entered the fray.

Complaints had eventually been made by Hurst to the PCD but had been dismissed. Later, however, Edwards and Hurst came into contact; their discussions were initially about another political matter but, eventually, Edwards revealed information about the Dickson campaign and provided a list of damaging emails. Those landed in the lap of the PDC, which initiated new action against Dickson and Jensen.

THE CASE MADE BY THE PDC

The complaints came to a head during a Sept. 19 meeting of the three commissioners who render verdicts in PDC matters.

An opening statement was provided by Assistant Attorney General Chad Standifer who noted much of the case boiled down to the word “agent.” Specifically, if Edwards was working as an agent for the Dickson campaign then Jensen would be found in violation of PDC rules.

At the heart of the matter was a monetary sum, a bit more than \$2,600. That’s what Jensen and Citizens For A Better Enumclaw spent on mailings that supported Dickson’s candidacy. The PDC argued that Jensen incorrectly reported the money as an independent expenditure when, in fact, it should have been reported as an in-kind contribution.

Standifer laid out a plan by Roach and others to attack Lauk’s candidacy while distancing Dickson’s participation in the negative campaign. There was, he said, “an effort to provide cover for Mr. Dickson’s actual involvement.”

Part of the formal record was an email from Dickson to Edwards in which Dickson wrote that he was “not comfortable” with the nature of a campaign mailing. The email also requested that Dickson and Edwards have no further contact.

Standifer alleged there was a coordinated effort to involve Jensen in the campaign and keep Dickson away from the negative campaign tactics. He argued that Jensen went along and was not truly independent of the campaign.

Jensen was represented by attorney John White who said everything sprang from Hurst's "vicious attack" on Dickson and Jensen's subsequent decision to become involved in the campaign.

But her involvement was strictly in good faith, White said. He alleged that Jensen "was lied to about what Mr. Edwards was up to" and considered herself to be working independent of the official Dickson campaign.

TWO CALLED TO TESTIFY

The PDC commissioners heard from both Edwards and Jensen, who were questioned by attorneys from both sides.

Edwards testified that he was, in 2015, employed as a legislative aid for Roach and was instructed (by her) to work on the Dickson campaign. It was, he said, "sort of a forced volunteer thing." He also spoke of a "bitter relationship" between Roach and Hurst.

His duties included opposition research, drafting letters and putting together campaign materials, Edwards said. He assembled two fliers with the initial understanding that Dickson would pay for them, Edwards said. He said it came as a surprise when he received an email from Roach explaining that Dickson needed to distance himself from the negative mailing.

In the end, Edwards said, it was clear that Jensen knew he was working with the campaign. However, under cross examination, he admitted to giving Jensen poor advice during the campaign and said he did "terrible things" during his time working on Dickson's behalf.

Edwards was asked why he flipped sides and eventually provided information that supported complaints against Dickson and Jensen. Edwards said he had a falling-out with Roach and later learned that she was "trying to get me blackballed" when he was looking for political work.

During her testimony, Jensen said she had "very little" political experience and reiterated that her involvement stemmed from Hurst's attacks on both her and her husband.

CLOSING ARGUMENTS

In wrapping up his case, Standifer said Jensen knew of the effort to distance Dickson from negative campaigning but admitted she may not have fully understood laws concerning her involvement.

But, he said, "as we all know, ignorance of the law is no excuse."

Jensen's attorney painted her as someone who just wanted to help, but was led down the wrong path. White hammered Edwards for admitted falsehoods and cited a history of "political chicanery." White said Edwards made a concerted effort to conceal what was really going on during the campaign.

THE VERDICT

In the end, the PDC commissioners announced their conclusions. Those included the fact that Edwards was, in fact, working as an "agent" of the Dickson campaign and that Jensen knew of his role through contacts with both Roach and Dickson.

The commissioners agreed bad advice might have been given, but that did not sway their decision.

The Sept. 19 outcome was verbal only. A written order from the PCD is expected to be issued this Thursday, Sept. 26.

[Oregon campaign finance watchdog will seek to beef up enforcement](#)

The Secretary of State's office said Tuesday it will seek to beef up enforcement of Oregon's campaign finance laws after [a report by The Oregonian/OregonLive](#) last week that showed minimal investigation into alleged violations.

"We're always interested in doing better at making sure the process is fair and adequately provides the public with the transparency it's intended to," said Richard Vial, deputy secretary of state. "We can always do better."

Yet Vial also said the existing campaign finance system hasn't resulted in widespread abuse.

"It does not appear to me that there has been a significant number of violations that have gone unattended to," Vial said.

While Vial said the secretary of state's office has settled on a series of steps to review the elections division's practices and step up enforcement, he said there was no immediate decision on whether to apply the new practices to past cases.

That includes the case of Rep. Deborah Boone, [who told The Oregonian/OregonLive](#) that she funneled money to other candidates at the direction of donors. That could be a violation of state laws requiring transparency into the source of donations. But Boone later told state investigators something different – [that she didn't know what the money was for](#). Investigators closed their inquiry based on Boone's statement to them.

Vial said he, Secretary of State Bev Clarno and elections director Steve Trout met Monday afternoon to discuss how the office handles investigations. Vial said planned changes include:

- Asking alleged violators to answer questions from investigators in the form of a declaration that carries a penalty of perjury if untruthful.
- Directing the office's audit division to review practices in the elections office and make recommendations for improvements. There's no deadline for completing the review, but Vial said it will definitely be finished before the Legislature's next session, in February.
- Asking the Oregon Legislature to pay for two elections investigators, positions that were eliminated in budget cuts in 2011.

Historically, Vial acknowledged, the elections office hasn't launched investigations on its own initiative. It has only acted when an outside party filed a complaint. He said that "seems to be a tradition" in the secretary of state's office dating back many years.

The office is discussing potential changes in that practice, Vial said, but has reached no conclusions on how to proceed.

Ann Ravel, the former chairwoman of California's elections watchdog, questioned how much difference the proposed changes would make.

"It sounds like window dressing," she said.

She said the internal review is an unusual way to address the issues raised by The Oregonian/OregonLive, given that elections officials said they've been following directions set by two former secretaries of state, Republican Dennis Richardson and his predecessor, Democrat Kate Brown, who is now governor.

Ravel also questioned the value of simply requiring investigative targets to sign sworn statements as the only change to Oregon's investigative procedures.

"Hopefully that will dissuade people from lying," Ravel said. "But if they know there's no other investigatory or enforcement mechanism, I'm not sure that's sufficient, frankly."

Vial offered reasons for pursuing modest changes.

He said there are practical considerations that may continue to limit future investigations. For example, he said, some violations come with penalties under \$200. Vial said under the circumstances, it may not make sense to spend thousands of dollars on a subpoena that would be unlikely to produce any statements or records different from what an alleged violator turned over voluntarily.

"Where does this serve the public best in making sure in the future we have the ability to do a thorough investigation and get correct answers?" Vial asked.

Boone's case doesn't fall into that category. It raised questions about contributions in a false name, a felony punishable by up to five years in prison and a \$125,000 fine.

Vial also said the secretary of state's office wants to ensure investigations are triggered by legitimate concerns rather than opening another front in increasingly heated contests for political power. While the elections division is determined to improve the process for addressing campaign impropriety, Vial said it's not evident there have been widespread problems under the current system.

But [The Oregonian/OregonLive's investigation](#) found that Oregon elections officials dropped multiple investigations because the targets didn't respond.

In 2014, the Elections Division closed an investigation into whether signature gatherers for a marijuana legalization effort were paid off the books after organizers ignored the state's questions.

In 2016, the division closed an inquiry into allegations of improper spending during a failed effort to recall Boyd Britton, a Grant County commissioner who clashed with Grant County Sheriff Glenn Palmer. A campaign contributor stopped responding to the state. The division also ended a separate investigation into Palmer's 2016 reelection campaign.

Vial said the current goal is to improve enforcement ahead of next year's general elections.

Among the seats open next year is the secretary of state's job. It's the only statewide office held by a Republican but Clarno said she would not seek election to the job after being appointed to the position last year to fill the vacancy created by Richardson's death.

It's historically a low-key position that has nonetheless been a stepping stone to the governor's office. Two prominent Democrats, powerful state Sen. Mark Hass and 2018 congressional candidate Jamie McLeod-Skinner, have already filed to run – as has a third Democrat, Ryan Wruck. No Republicans have filed yet.

The new measures outlined Tuesday are designed to improve the effectiveness of campaign finance investigations in the future, Vial said – but not necessarily apply to past cases like those of Rep. Boone, D-Cannon Beach.

While Vial acknowledged an apparent contradiction between what Boone told the newsroom and what she told investigators about how she used campaign donations, he said it isn't clear to the office how it can determine whether statements from Boone and others in the case are accurate.

The office hasn't discussed whether the office might request a declaration under the penalty of perjury from Boone, as it plans to do in future cases, according to Vial. But he said the evidence the office has now isn't sufficient to prove a violation occurred.

“Based on their statements, we didn't have a case,” Vial said.

[The FEC Is Paralyzed. It Couldn't Come At A Worse Time.](#)

The lights are out at the Federal Election Commission, and it comes at a time when we need the campaign finance regulator more than ever.

In just a little over a year, American voters will elect the next president, all of the members of the House and a third of the Senate, as well as eleven governors and 45 state legislatures in 2020.

After the Russian government meddled in the 2016 election, federal regulators like the FEC should be more active than ever. Yet the agency voters need to fight against foreign interference in our elections has been sitting idle.

The agency still opens and closes on business days, but the FEC has lost its quorum of commissioners. This effectively paralyzes an agency that was already plagued by gridlock.

Back in March, there was a small glimmer of action from the FEC when it announced a settlement with a super PAC for violating a ban on foreign nationals' spending in the 2016 election. Chinese owned company American Pacific International Capital gave \$1.3 million to the pro-Jeb Bush super PAC Right to Rise. [The settlement](#) slapped Right to Rise with a \$390,000 fine and the Chinese company with a \$550,000 fine.

Yet any hope that the FEC would tackle Russian interference was dashed when the commissioners deadlocked on a key question in August.

The FEC could have looked into Russian agent Maria Butina and Russian official Alexander Torshin and their alleged involvement with the NRA during the 2016 presidential election, but it [refused to investigate](#). The current chair of the FEC put out a [statement](#) expressing her frustration with the agency: “Some allegations are too serious to ignore. Too serious to simply take Respondents' denials at face value. Too serious to play games with. Yet in this matter...this agency barely lifted a finger to find out the truth behind one of the most blockbuster campaign finance allegations in recent memory.”

ADVERTISING

As I explain in my book [Political Brands](#), Torshin, in particular, deserves some scrutiny. He is wanted for money laundering in Spain, and he ingrained himself into the upper echelons of Republican politics by making friends at the top of the NRA in the lead-up to the 2016 election. His employee, Butina, is still in [federal prison in Florida](#) after pleading guilty to other crimes.

Earlier in 2018, the [FEC deadlocked](#) on new rules to prevent foreigners from spending in U.S. election. And for years, the FEC failed to move forward with any new rules to address [dark money](#) (instances when political donors are unknown).

Already hamstrung by the commissioners' inability to come to any agreements, the [FEC lost its quorum](#) in August when one of its commissioners quit to join a private practice. Though the FEC was nearly inert before, it now legally cannot do many of its basic functions.

I'm scheduled to testify about this during a House committee on Wednesday. This is the first House oversight hearing on the FEC since 2011, so holding the hearing is a step in the right direction.

However, the impediment to strengthening campaign finance regulation does not lie in the House. It has already passed [H.R. 1](#), an anti-corruption bill that includes several campaign finance reform measures and changes the makeup of the FEC.

[Standing in the way of H.R. 1](#) and every other democratic reform is Senate Majority Leader Mitch McConnell (R-KY). He could allow votes on H.R. 1 in its entirety, or certain measures within the bill that would ensure a more resilient and transparent 2020 election. I hope Senator McConnell will do the right thing, but I'm not holding my breath.

[Lobbyist fined \\$50 over late reports](#)

Lobbyist Keith Emis has been fined \$50 and issued a public letter of caution by the Arkansas Ethics Commission in a settlement of a complaint filed against him, according to commission Director Graham Sloan.

Sloan said in a letter dated Friday to Emis that the commission levied these sanctions as a result of Emis entering into a consent order under which it was agreed that the commission would find that he violated Arkansas Code Annotated 21-8-603 (a) (2) by failing to file lobbyist activity reports in a timely fashion for the months of February, March and April 2019.

February is the only month in this three-month period in which Emis reported lobbyist expenses on his reports, which are filed with the secretary of state's office. He reported that a client, the Deloitte accounting firm, chipped in \$610.98 for a Feb. 13 open house at 315 Rock St. No. 901 for state lawmakers, and another client, Arkansas Electric Cooperatives Inc., contributed \$610.98 for the event. He is a registered lobbyist for both companies.

Emis said Monday he contracts with another accounting firm to file his ethics reports with the state and there was some type of communication problem between the firm and the secretary of state's website. He said he has submitted his reports in a timely manner in the past, and he'll continue to do so in the future.

[Attorneys argue that former state police union president Dana Pullman, lobbyist Anne Lynch should be allowed to talk to friends](#)

Attorneys representing former state police union Dana Pullman and lobbyist Anne Lynch, who face charges in an alleged kickback scheme involving the organization, made the case for reducing the government's no-contact list so the two can stay in touch with long-time friends.

Pullman and Lynch appeared in Boston federal court Monday afternoon before Judge Jennifer C. Boal for an arraignment and the motion involving the no-contact list. Pullman and Lynch pleaded not guilty to charges that they orchestrated a kickback scheme that defrauded members of the State Police Association of Massachusetts, commonly known as SPAM.

But most of the hearing Monday afternoon was spent discussing the terms of the government's list of witness that the defendants are barred from contacting while the case moves through court. Both had requested permission to remove a couple of names from the list.

The government issued a list of 51 people whom Pullman and Lynch should avoid contacting as they fight racketeering and obstruction charges. Pullman's attorney requested that he be allowed to contact two people on the list: Michael Sullivan, a former executive board member for SPAM, and Tim Gillespie, a current board member.

"It's very isolating, your honor, to be indicted ... to be told by the government that you can't be trusted to have a conversation about your family or your kids," Martin Weinberg said of his client, Pullman.

Lynch initially took issue with the government barring contact with two accountants and her life-long friend, listed only as E.K. Her attorney, Scott Lopez, focused on the order to keep her away from E.K.

"This investigation has been ongoing for over a year. During that period of time they have maintained their personal relationship," Lopez said Monday afternoon. "If there was going to be any attempt of obstruction with this witness, that would have already happened."

Assistant U.S. Attorney Neal Gallagher told the judge he's concerned that there's no way to ascertain that the defendants won't try to influence those witnesses if they're allowed contact with them.

"How does the government and the court verify those conversations don't take place?" he asked the judge.

He also said that in Lynch's case, the life-long friend also happens to be the bookkeeper at the time that payments between Pullman and Lynch were allegedly concealed.

Pullman and Lynch were [arrested in August and indicted on Sept. 12 in connection to the scheme](#). Authorities say Pullman drove business to Lynch's business in return for kickbacks. He also allegedly pressured the union to pay Lynch more money and told members to expense personal political contributions as union-related expenditures.

The union represents more than 1,500 troopers and sergeants from the Massachusetts State Police. Pullman, who was a trooper from 1987 until 2018, served as president of SPAM from 2012 until his resignation on Sept. 28, 2018 amid the federal probe.

At the time, SPAM was represented by Lynch's lobbying firm.

According to the criminal complaint, Pullman used his union-issued debit card as a personal ATM. He spent thousands on flowers, gift baskets and a [vacation in Miami with an unnamed mistress](#).

In the motion to clarify the conditions of his pre-trial release, Pullman states that he and Sullivan have been friends for more than 30 years and see each other at sporting events. Pullman wrote that Gillespie is [another close family friend](#) and that the two attend charity events together.

Both Pullman and Lynch's requests state that the defendant would promise not to discuss the investigation with those witnesses.

In their written response, prosecutors questioned the sincerity of that promise.

"Based on the nature of the charges in the indictment, there is a realistic and plausible concern that Pullman would continue to obstruct justice," federal prosecutors [wrote](#). "Other than a temporary loss of communication, Pullman has also not demonstrated why the no-contact imposes an unnecessary burden or impacts his ability to mount a defense."

[Political Campaigns Turn to Social-Media Influencers to Reach Voters](#)

Political campaigns and advocacy groups are seeking help from the kingpins of the internet: YouTube celebrities, [Twitter](#) personalities and Instagram-famous dogs.

"I know some of y'all are probably like, 'Voting?!'" comedian Ty Gibson said in a video he shared with his Instagram followers in August.

"But look, for real, all jokes aside, voting is coming up really soon!" said the 19-year-old Mr. Gibson. "You need to go ahead and check your voting status now."

Mr. Gibson's post was part of a partnership with political-action committee NextGen America to turn out voters for a special election in North Carolina. The Greensboro, N.C., native, who had 27,000 Instagram followers at the time, said he received a NextGen T-shirt and folder in exchange for his post, which he said he was comfortable sharing because urging people to vote wasn't controversial.

Advocacy groups and campaigns, including those of President Trump and Democrats Kamala Harris, Bernie Sanders and Andrew Yang, are borrowing a well-worn tactic used by brands in hopes that messages from influencers—who can range from people with millions of YouTube subscribers to "microinfluencers" with smaller local followings—are the new celebrity endorsements.

Such messaging, the groups believe, could be more relatable and persuasive with voters than television ads or mailers, and cheaper than hiring celebrities.

"We need to reach all parts of people's lives to be pervasive enough for the work that we do," said Ben Wessel, NextGen America's executive director. "We've long held the belief that humor and inspiration are how you're going to be reaching this [younger] population."

Influencer partnerships are likely to remain a relatively small part of candidate outreach, dwarfed by the \$12.6 billion in estimated political spending during the 2020 campaign, according to Borrell Associates Inc., a marketing research firm.

But presidential campaigns are eyeing influencer strategies, people familiar with the efforts said.

The campaign of Ms. Harris, a Democratic presidential candidate and senator from California, has asked YouTube stars to promote her candidacy, offering invitations to her events or campaign T-shirts in exchange.

A public-relations firm working for Mr. Yang, an entrepreneur, paid people to create memes that were shared with influencers to promote his proposal to pay all Americans a monthly “freedom dividend.”

Mr. Sanders’s campaign has done one-off work with social-media influencers who reached out to help spread his message to their followers on platforms like YouTube and [Amazon.com](https://www.amazon.com) Inc.’s Twitch. His campaign worked with social-media influencers in the 2016 election.

Mr. Trump’s campaign has advertised on YouTube channels ranging from gamer SSSniperWolf to animal channel Epic Wildlife to bodybuilding and fitness channel PhysiquesOfGreatness, according to digital ad research firm Pathmatics.

A person familiar with the matter said the Republican National Committee has identified and offered social-media training to “Rising Stars” who are already influencing conversations in their communities. The RNC invited Hispanic social-media influencers from across the country to its headquarters to discuss best practices on social media and how they can be helpful to Republicans, this person said.

“This mechanism is the best way for a Democratic or Republican party to load in the fans that are already passionate and rile them up in a coordinated way,” said AJ Vernet, who consults with Heartbeat, a platform that connects brands and campaigns with thousands of small influencers.

NextGen America, which was founded by hedge fund manager-turned-presidential candidate Tom Steyer, has worked with influencers in Wisconsin, Pennsylvania and North Carolina to share voter registration, polling and election information, Mr. Wessel said.

In one such post, a famous Shiba Inu reminded followers on Instagram to turn out for a state supreme court election in April: “It’s your Pawmander in Chief Suki here, reminding you that we have a big election tomorrow.”

For that election, Mr. Wessel said, the NextGen team sought out prolific posters and accounts that geotagged posts in Milwaukee and Madison. They followed those accounts, liked some of their posts and sent direct messages on Instagram explaining their political work and asking whether the account holder would be willing to post about it.

They reached out to about 115 accounts, he said, and got 19 users—including the Shiba’s owner, Erika Eisman—to post to their Instagram feeds or stories about the election. Mr. Wessel said NextGen may have reached up to 277,000 people, based on the total number who follow the accounts.

The efforts were so successful that the PAC in mid-September hired someone “to recruit influential messengers online and work with them to activate their audiences to register to vote and show up to the polls,” according to the job posting.

Social-media stars aren’t entirely new to political campaigning. Portal A, a media firm that creates branded content for young viewers, worked with three influencers in swing states to make YouTube videos in the weeks before the 2016 election to encourage people to vote, said Zach Blume, Portal A’s co-founder.

One video featured Sam Tsui, a musician with more than 3 million YouTube subscribers, singing in Ohio at a private concert to convince a young fan to vote. “It’s not too late, it only takes one,” Mr. Tsui sang. Democrat Hillary Clinton’s campaign shared clips of Mr. Tsui’s video on its own YouTube page.

But it is still relatively fresh terrain, and the rules aren’t always clear. Influencers must disclose when a brand has sponsored a post, but the Federal Election Commission has made no such rules for political content.

When an Instagram dog account asked to be paid \$750 for a post and two stories on the platform, NextGen PAC consulted its lawyer to see if it needed the account to include a disclaimer, Mr. Wessel said. The group determined that since there was no express advocacy for a candidate and the message was focused on getting out the vote, no disclaimer was needed.

Influencer impact is set to grow in 2020, said Curtis Houglund, founder of Main Street One, a progressive tech startup that helps with digital campaigns. He said his group is working on micro-targeted voter persuasion campaigns in Michigan and Ohio related to the 2020 presidential race and on statewide campaigns in Kentucky and Virginia.