



# Compliance Notes - Vol. 1, Issue 5

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## RECENT LOBBYING, ETHICS & CAMPAIGN FINANCE UPDATES

**We read the news, cut through the noise, and provide you the notes.**

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Welcome to Issue 5 of **Compliance Notes** from Nossaman's Government Relations & Regulation Group.

Here, we are expanding upon our eAlerts (where we provide substantive analysis on key issues), to deliver a periodic digest of the headlines, statutory and regulatory changes, and court cases involving campaign finance, lobbying compliance, election law, and government ethics issues at the federal, state, and local level. Our goal is to provide relevant, timely updates in an easily skimmable format so you can identify the content that is important to you, click through to the article, and reach out to your attorney, policy advisor, or compliance consultant with any questions or to discuss exactly how an issue may impact your business.

If there is a particular subject or jurisdiction you'd like to see covered, please let us know.

Until then, please enjoy this installment of **Compliance Notes**. If you would like to have these updates delivered directly to your in-box, please click below to subscribe to our Government Relations & Regulation mailing list.

### Campaign Finance & Lobbying Compliance

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**Arkansas:** The State Ethics Commission issued a letter of caution and a \$100 fine to Independent State House candidate Roderick Talley for failing to file campaign finance reports and for taking money from his campaign as personal income. (John Moritz, *Arkansas Democrat Gazette*)

**Illinois:** During his last week in office, Illinois Senate President John Cullerton transferred \$92,000 from a political account he controlled to the campaign accounts of two Senate colleagues who were both low on

cash, and who are both under investigation. Senate President Cullerton's fund transfers went to Senator Thomas Cullerton (Senate President Cullerton's distant cousin), who pleaded "not guilty" to allegations he took \$274,000 for a no-show Teamsters job, and to Senator Martin Sandoval, who resigned and pleaded guilty to taking \$250,000 in bribes and filing a false income-tax return. Both Senators used the funds from Cullerton to make sizable payments to their defense lawyers. (Note: in Illinois, paying legal fees to defend yourself against corruption charges is not expressly prohibited.) Last year, Illinois politicians used \$5.3 million in campaign money to pay legal bills. (Chuck Neubauer and Sandy Bergo, *Chicago Sun Times*)

**Maine:** The Maine Commission on Governmental Ethics & Election Practices ordered Stop the Corridor, a group that opposes a hydropower transmission corridor in western Maine and spent more than \$1 million on television and Facebook ads opposing the 145-mile transmission line earlier this year, to disclose financial information so the Commission can continue investigating whether campaign finance laws were violated. Clean Energy Matters, a CMP-affiliated committee, alleged that Stop the Corridor was required to register as a political committee because it had received and spent more than \$1,500 to influence a ballot question. Stop the Corridor said it did not have to disclose donors because it intended to influence the permitting process, not the referendum vote. (*Seacoast Online*)

**Montana:** Jeff Mangan, the Commissioner of Political Practices, ruled American Prosperity Group ("APG") is in violation of Montana campaign laws intended to prevent "dark money" spending in state politics, and referred the matter to the Lewis & Clark County prosecutor. APG began airing ads on cable television in late March, and never registered with state or federal election regulators. APG responded to the charges by Mangan by asserting that the ads were not subject to state regulation. (Montana's Election Day is June 2 and the ads aired more than 60 days earlier.) Mangan ruled that, since Montanans began voting during the first week of May, APG should have identified itself and revealed the funding source. (Tom Lutey, *Billings Gazette*)

**New Jersey:** After the State of New Jersey and Gov. Phil Murphy's campaign settled with Katie Brennan for \$1 million, the NJGOP filed an official request with the New Jersey Election Law Enforcement Commission to investigate (1) the State's \$800,000 allocation of the settlement as an illegal campaign contribution to the Murphy for Governor Campaign; and (2) whether the \$200,000 payment by the Campaign's insurer is a qualifying expenditure which counts against the Governor's 2021 campaign spending cap. (*Insider NJ*, Press Release)

**New York:** The city's Campaign Finance Board fined Mayor Bill de Blasio's Big Apple campaign account \$16,000 for failing to promptly return over-the-limit contributions from individuals with business before City Hall, failing to report expenses or in-kind contributions that came from hosting fundraisers, failing to disclose donations from late in the campaign cycle on required daily reports, and paying travel and lodging expenses that it could not prove were in "furtherance of the campaign." (Nolan Hicks, *New York Post*)

**Ohio:** Marion City Auditor Robert Landon's campaign is being referred to the Ohio Elections Commission for multiple alleged violations of campaign finance laws, including missing documentation of expenditures and cash contributions over \$100. (Sarah Volpenhein, *Marion Star*)

**Oregon:** Portland Mayor Ted Wheeler was fined \$500 for listing his largest contributors on his campaign mailer in a font that is too small for the average reader. The City Charter says the disclosures have to be legible to a person "with average reading, vision and hearing faculties," and that the font has to be the same size or larger than most other words on the material. (Everton Bailey Jr., *The Oregonian/OregonLive*)

**For a complete list of COVID-related State and Federal regulatory agency updates, please click here.**

## Elections

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President Trump threatened to withhold federal funding to Michigan and Nevada over mail-in voting. (Morgan Chalfant, *The Hill*)

Justin Amash, the Michigan congressman who left the Republican Party last year and became an Independent, has announced he won't be seeking the presidency as a third-party candidate. (Jason Slotkin, *NPR*)

There are more women running for U.S. House seats than ever before. As of last week, 490 women are registered – up from 476 in 2018 and 273 in 2016 – and potential candidates still have time to sign up in 14 states. (Caroline Kitchener, *TheLily*)

**Maryland:** An out-of-state vendor failed to send hundreds of thousands of ballots to Baltimore voters despite assuring the State that they were on the way for the June 2 primary. (Emily Opilo, *The Baltimore Sun*)

**Missouri:** A lawsuit seeking to allow absentee voting for all eligible Missourians in light of the COVID-19 crisis was dismissed by a state judge who found that the complaint asked for measures that went beyond concerns over the pandemic. Missouri law requires voters to provide an excuse in order to vote absentee (one available excuse is “incapacity or confinement due to illness or physical disability”). The plaintiffs sought a ruling from the court clarifying that all eligible voters who are confining themselves to avoid contracting or spreading COVID-19 may invoke the confinement-due-to-illness reason for absentee voting. The state countered that the suit argued for “unfettered” absentee voting. The American Civil Liberties Union, which filed the lawsuit, has appealed to the Missouri Supreme Court. (Joe Harris, *Courthouse News Service*)

**New York:** The Save America Movement (SAM) Party of New York filed for a preliminary injunction in Federal Court against enforcement of a new ballot access law that would deprive it of its official status as a party in New York unless SAM has a Presidential candidate in the upcoming November 2020 election. (*Yonkers Tribune*)

**Wisconsin:** The State Election Commission published its postmortem of their April election, noting the number of mail-in ballots cast was the highest in any Wisconsin election, and the second-most total ballots cast in a spring election. Commission staff is anticipating “continued high demand for by mail absentee voting” for November, even if the pandemic recedes. They anticipate this would “present terrific challenges for Wisconsin election officials at all levels.” (Wisconsin Elections Commission, *Absentee Voting Report*)

## Government Ethics

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**Florida:** Jacksonville Mayor Lenny Curry’s administration allowed a company owned by his political strategist Tim Baker, who lobbied for companies seeking money from the city, to cover the bar tab at Jaguars games. During the last two football seasons, taxpayers purchased more than \$13,000 in food that was ordered for city officials and their guests, but they didn’t pay for the \$4,642 worth of alcohol ordered. Instead, the stadium’s concession vendor discounted 50 percent of the alcohol purchases, and the remaining \$2,300 was paid for by Bold City Strategic Partners, LLC, a firm owned by Baker. State law

prohibits public officials from receiving gifts worth more than \$100 from lobbyists or companies that do business with their agency. The law also prohibits city officials from soliciting gifts of any value from those same individuals or companies. (*The Florida Times-Union*)

**Georgia:** House District 71 candidate Marcy Sakrison’s campaign recently accused incumbent Philip Singleton of an “ethics violation” for being one day late in filing his personal financial disclosure. Reminder: late fees aren’t ethics violations, though candidates will often use that term when talking about their opponents. (Sarah Fay Campbell, *The Newnan Times-Herald*)

**Illinois:** Former Gov. Rod Blagojevich was stripped of his license to practice law last week, following the commutation of his prison sentence by President Trump earlier this year. The suspension of Blagojevich’s license became a disbarment after a nearly 12-year period that included his arrest and conviction for attempting to sell a U.S. Senate seat, extorting campaign cash from the CEO of a children’s hospital, and lying to the FBI. (Jason Meisner, *Chicago Tribune*)

**Pennsylvania:** Domenick J. DeMuro, a former judge of elections and Democratic committeeperson from South Philadelphia, has pleaded guilty to accepting thousands of dollars in bribes from a political consultant to inflate the vote totals for candidates running for the bench and other federal, state, and local offices between 2014 and 2016. The consultant, who is a former elected official, took fees from the candidates and used part of the money to pay DeMuro. DeMuro faces up to 15 years in federal prison when sentenced on June 30. (Mensah M. Dean and Julie Shaw, *The Philadelphia Inquirer*)

### Political Speech & Campaign Advertisements

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Proposed federal legislation would tighten restrictions on online political ad-targeting on platforms like Facebook. The “Protecting Democracy from Disinformation Act” would limit political advertisers to targeting users based only on age, gender and location (a move intended to crack down on microtargeting). The Act also sets new disclosure requirements for political ads online (including their cost, how they were targeted and who saw them) and gives regulators at the Federal Election Commission the power to seek criminal penalties against online platforms that knowingly violate the measure. (Christiano Lima, *Politico*)