



Compliance Notes - Vol. 3, Issue 38

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RECENT LOBBYING, ETHICS & CAMPAIGN FINANCE UPDATES

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

Welcome to *Compliance Notes* from Nossaman's **Government Relations & Regulation Group** – 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 attorneys, policy advisors and compliance consultants are available to discuss any questions or how specific issues 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

The Federal Election Commission (FEC) concluded that federal officeholders can use a portion of their campaign funds to pay for reasonable cybersecurity measures to protect their home networks from cyberattacks without the payments constituting an impermissible conversion of campaign funds for personal use. The FEC determined that such spending is permissible as an ordinary and necessary expense incurred in connection with the duties of a federal office holder. (Mary Ellen McIntire, Stephanie Akin and Kate Ackley, *Roll Call*) (FEC's Draft Advisory Opinion)

California: Following an FBI probe into corruption in Anaheim city hall, councilmembers unanimously adopted an ordinance that tightens lobbyists' regulations by making certain violations a misdemeanor and increases the amount of time city officials' emails will be kept on city servers. The ordinance made filing false or inaccurate lobbying reports, hiding payment on lobbying activity and working as an unregistered lobbyist misdemeanor offenses punishable by a \$1,000 fine or six months in jail. If a person is convicted, they may be banned from lobbying in the city for up to a year, and repeat offenders may be banned for three years. The new ordinance also requires that the city retain the emails of council members, council staff and city executives that are public record for two years instead of 90 days. (Hosam Elattar, *Voice of OC*)

Government Ethics & Transparency

The Securities and Exchange Commission (SEC) fined four investment advisory firms for violating the SEC's pay-to-play rule by accepting investment advisory fees from government entities after making campaign donations to candidates or elected officials. The SEC's pay-to-play rule prohibits investment advisors from providing services to government or public entities for two years after making a campaign contribution to a candidate or elected official who may influence the selection of investment advisors. According to the SEC, each firm involved advised and received fees from government entities after associates of each firm made campaign contributions to candidates or elected officials. Each firm agreed to a cease-and-desist order, a censure and a civil money penalty without admitting or denying the allegations. (Tracey Longo, *Financial Advisor*)

New York: The FBI arrested Jason Schofield, the commissioner for Rensselaer County's Board of Elections, charging him with fraudulently using voter information to apply for absentee ballots in the county's 2021 primary and general elections. The indictment alleges that Schofield applied for the ballots using the names and birthdays of people who had no interest in voting, did not request absentee ballots or his assistance with voting or obtaining the ballots and did not know he was using their personal information. This allegedly allowed Schofield to cast votes in the names of others during the elections. Schofield faces up to five years in prison and a \$250,000 fine if convicted. (Danielle Wallace, *Fox News*)

Legislation & Elections

Senate Majority Leader Chuck Schumer (D-N.Y.) plans to hold a vote this week on a campaign finance transparency bill that would require super PACs and 501(c)(4) non-profit groups to disclose any donors who have given \$10,000 or more in an election cycle. The DISCLOSE Act also requires groups spending money on advertisements tied to judicial nominees to report their donors. The bill was initially drafted in response to the Supreme Court's *Citizens United* ruling and has been repeatedly introduced over the last decade. The measure has no Republican co-sponsors or support and is expected to fail. (Summer Concepcion, *NBC News*)

Representatives Zoe Lofgren (D-Calif.) and Liz Cheney (R-Wyo.) introduced a bipartisan bill to overhaul the Electoral Count Act to protect the rule of law and ensure the integrity of future presidential elections. The legislation is based on four principles, with the first reaffirming that the vice president does not have the authority to reject or delay the counting of electoral votes. The second principle raises the threshold for objecting to a state's electors from one House member and senator to one-third of both chambers. Third, the bill requires governors to transmit lawful election results to Congress and allows presidential candidates to bring suit in federal court if a governor fails to carry out this duty. Finally, the fourth principle clarifies that election rules cannot change after the election has occurred. (Mychael Schnell, *The Hill*)

District of Columbia: The D.C. Council will consider a bill that would streamline voter registration by allowing the city to mail ballots to residents who it has verified are eligible to vote, even if the resident is not registered to vote. This database of pre-approved ballots, populated using information the city collects when residents interact with the Department of Motor Vehicles and other agencies, would expand the city's existing automatic voter registration system. (Chelsea Cirruzzo, *Axios* and Alex Burness, *Bolts*)