



Compliance Notes - Vol. 3, Issue 8

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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

As the Department of Justice (DOJ) considers changes to the Foreign Agents Registration Act (FARA) regulations, numerous nonprofit and advocacy groups submitted comments warning they could be branded as "foreign agents." Since foreign governments provide funding to various U.S. nonprofits, organizations warn that overzealous enforcement of FARA's "overbroad and vague" regulations would chill the right to free speech and association, politicize transparency laws and undermine the ability to help others. Therefore, organizations have asked DOJ to modify or clarify its approach to enforcing FARA regulations. (Lachlan Markay, *Axios*)

Iowa:The Iowa Ethics and Campaign Disclosure Board unanimously voted to issue an advisory opinion allowing Iowa politicians to accept political donations in cryptocurrency, classifying such donations as in-kind contributions. Candidates must report the cash value and donor's name and if the cryptocurrency is sold, report when and to whom. Further, the opinion states that campaign committees cannot directly spend cryptocurrency because all campaign expenditures must originate from money held in an Iowa financial institution. (Daniel Lathrop, *Des Moines Register*)

Maine: Sara Gideon, the former speaker of Maine's House of Representatives and candidate for U.S. Senate, announced \$400,000 in donations to nonprofits in Maine from her campaign fund. Gideon, who lost to Senator Susan Collins (R-ME) in 2020, ended the election cycle with over \$10 million in campaign funds. So far, Gideon has converted the campaign cash into \$5.1 million in donations to Maine nonprofits. (Associated Press)

New Mexico:The U.S. Court of Appeals for the 10th Circuit held that "Cowboys for Trump" cannot sue New Mexico's Secretary of State over donor disclosure rules for political committees because the group has not suffered any injury. The state adopted a law in 2019 requiring political committees that make certain independent expenditures above a set amount to disclose donors who contributed more than \$5,000 in a year. In 2019, Secretary of State Maggie Toulouse determined that "Cowboys for Trump" qualified as a political committee under New Mexico's law. The group subsequently sued, arguing that the disclosure rules violated the group's First Amendment rights, as well as those of its donors. The Court reasoned that since the group asserted they have not and will not make independent expenditures, the group cannot demonstrate they will be subject to the reporting or disclaimer requirements, nor that those requirements will chill the group's speech. (Amanda Pampuro, *Courthouse News Service*)

New York: As New York legislators ramp up efforts to write new rules around the cryptocurrency industry, major crypto companies are hiring an "army" of lobbyists to influence legislation. Filings show that companies are spending upwards of \$100,000 a month to staff up in Albany, as the regulations state lawmakers draft there will likely impact legislation across the U.S. and at the federal level. (Laura Nahmias and Crystal Kim, *Bloomberg News*)

Government Ethics & Transparency

Hawaii: The Honolulu Ethics Commission plans to propose legislation to the Honolulu City Council to lower the threshold value of gifts to city employees from \$200 to \$25. However, the commission ruled out requiring gift disclosure forms, deeming it unnecessary. Once the commission introduces the legislation, council members will have the opportunity to review and possibly amend the legislation. (Christina Jedra, *Honolulu Civil Beat*)

Ohio: Cincinnati Council unanimously voted to approve the first code of conduct for council members and staff. The code has 11 provisions, including never using city resources or personnel for political activity, fostering a culture of reporting unethical conflicts and supporting the integrity of the city's development process, among others. Council members and staff must sign and file the code of conduct with the clerk, and future council members and staff must sign the code within 45 days of employment. If a council member violates the code, the council could censure the member by majority vote. Additionally, the mayor must also create and sign a code of conduct, which is practically identical to the council's version. (Becca Costello, *WVXU*)