



Compliance Notes - Vol. 4, Issue 28

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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

Federal prosecutors are investigating former FTX cryptocurrency exchange executive Ryan Salame and his ex-congressional candidate girlfriend for possible campaign finance law violations. Prosecutors are probing money Salame gave to his girlfriend, Michelle Bond (who ran unsuccessfully last year for the Republican nomination for a congressional seat in New York), as well as loans Bond made to her campaign. The investigation is separate from the criminal case against FTX founder Sam Bankman-Fried, who has pleaded not guilty to stealing billions of customer funds ahead of the now-bankrupt exchange's collapse last year. (Luc Cohen & Chizu Nomiyama, *Reuters*)

Alaska: A complaint filed by Alaskans for Better Elections alleges that supporters of an effort to repeal Alaska's ranked-choice voting system violated campaign finance rules and obscured the source of their funding, including forming a church that could have allowed donors to gain tax advantages for their contributions while skirting disclosure mandates. Alaskans for Honest Elections has been gathering signatures to support a ballot measure that seeks to repeal the new voting system. The Ranked Choice Education Association is the group's primary contributor. The complaint alleges the Ranked Choice Education Association is improperly acting as an unregistered ballot measure group and alleges Alaskans for Honest Government is acting as an unregistered ballot group in support of the same cause as Alaskans for Honest Elections. The Alaska Public Offices Commission will decide whether to take up the complaint formally, and if so, it will have a month to investigate and determine the next steps. (*AP News*)

Minnesota: The Minnesota Chamber of Commerce filed a lawsuit attempting to block enforcement of a provision contained in a new elections reform law, alleging it unconstitutionally restricts the political speech of its members' businesses that have minimal investment from foreign-based individuals and entities. The lawsuit challenges a provision contained within HF3, the "Democracy for the People Act," that bars businesses from making political contributions if 1% of its ownership is tied to a single foreign investor or if 5% of its ownership is tied to two or more foreign investors in the aggregate. The Campaign Finance and Public Disclosure Board did not issue a comment on the lawsuit and said the Minnesota Attorney General's Office would be tasked with defending the law in court. (Hank Long, *Alpha News* and Dana Ferguson, *Minnesota Public Radio*)

Texas: The City of Austin's Ethics Review Commission voted unanimously to recommend changes to the City's lobbying rules to ensure phone calls and video conferences are properly recorded as appearances before a city official. The commission also agreed that at a minimum of every three years, there will be a comprehensive audit focusing on people who should be registered as lobbyists. The audit will involve the Office of the City Auditor reviewing public testimony and identifying individuals and groups testifying before City Council. (Nina Hernandez, *Austin Monitor*)

Government Ethics & Transparency

New York: Manhattan District Attorney Alvin Bragg announced that an acquaintance of New York City Mayor Eric Adams is at the center of an alleged straw-donor scheme, that funneled tens of thousands of dollars in illicit contributions to the mayor's campaign. Dwayne Montgomery, a retired deputy inspector with the NYPD, overlapped with Adams before the mayor retired to pursue a political career. Campaign finance records show that in addition to donating to Adams' 2021 campaign for mayor, Montgomery gave \$2,000 to Adams' 2013 reelection bid for Brooklyn borough president. Montgomery was among six people charged with an elaborate scheme to circumvent campaign finance laws and ply the campaign with cash in the hopes of currying favor for future business deals with the City once Adams was elected. The indictment does not implicate Adams or the campaign, and the defendants pleaded not guilty. (Joe Anuta & Julia Marsh, *POLITICO*)

Legislation & Elections

Republicans in the U.S. House of Representatives are working on legislation that would prevent foreign nationals from influencing America's political process. Since the last two presidential elections have been colored by allegations that foreign influence helped the GOP, House Republicans are trying to draw attention to foreign donations to Democrat-aligned and progressive nonprofit organizations. Non-U.S.

citizens are prohibited from contributing to candidates, campaigns or super PACs; however, they can give to 501(c)(4) organizations, which are tax-exempt groups that can engage in general issue advocacy and support state ballot initiatives. Rep. Bryan Steil (R-Wis.), chair of the House Administration Committee, is introducing legislation to ban such groups from contributing to political committees for four years if they accept foreign donations and bar foreign nationals from giving to state ballot initiatives. (Hans Nichols & Stef W. Kight, *Axios*)