



Compliance Notes - Vol. 4, Issue 30

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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.

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Campaign Finance & Lobbying Compliance

The U.S. Court of Appeals for the District of Columbia Circuit ordered Jill Stein, a former Green Party presidential candidate, to repay funds she received during the 2016 presidential primaries – as demanded by the Federal Election Commission (FEC). The court declared Stein must follow the FEC's 2021 order to repay more than \$175,000 in public financing funds that were used to finance her campaign past the time those funds were eligible to be used. Stein and her campaign committee filed a petition to review the order, claiming the cutoff point should have been the deadline for the Peace and Freedom Party nomination—submitted in mid-August 2016—a nomination she was also seeking. However, the FEC said this argument was invalid since the Peace and Freedom Party nominating process deadline was July 2016. The court

denied the petition for review, explaining “the matching payment period definition was constitutional as applied to Stein, and the FEC’s forfeiture holding was not arbitrary.” (Eden Villalovas, *Washington Examiner*)

The increased use of artificial intelligence by campaigns has far surpassed how Congress, political parties and federal regulators address the technology. Without limits on deepfakes, fears that disinformation could shape the 2024 elections are expected to worsen as political ad spending ramps up and outpaces past election cycles. Congress is still struggling to grasp the rapidly evolving technology; some Democrats have unveiled modest proposals to boost transparency around AI use in elections, but Republicans have been slow to sign on. In the meantime, the speed, low cost and efficiency with which generative AI tools can produce video, audio and text are ripe for candidates to instantly disseminate any bogus content to their base of potential voters. (Oma Seddiq & Amelia Davidson, *Bloomberg Government* via Election Law Blog)

California: The Ninth U.S. Circuit Court of Appeals overturned a 1970s-era political fundraising law that allowed state employees to seek donations from each other but barred county and municipal employees from doing the same. The court rejected arguments that the two-tiered rules were necessary to prevent coercion and corruption, and that uniform, statewide oversight over state workers justified the additional level of scrutiny for county and local employees. Presuming the circuit court’s decision stands, local government workers would likely be governed by the same rules as state employees, which include prohibitions against political solicitation during work hours and citing one’s work title or rank in those communications. (Robert Salonga, *The Mercury News*)

Government Ethics & Transparency

The Senate Judiciary Committee voted along party lines to advance a Supreme Court ethics reform bill in the wake of media reports that conservative Justices Clarence Thomas and Samuel Alito accepted tens of thousands of dollars’ worth of gifts and perks from wealthy Republican donors. The committee voted 11 to 10 to approve the Supreme Court Ethics, Recusal and Transparency Act, that would require justices to adopt a code of conduct and create a transparent process for members of the public to submit ethics complaints against members of the court. The bill also would require the Supreme Court to adopt disclosure rules for gifts, travel and income received by justices and law clerks that are as rigorous as Senate and House disclosure rules. It would establish a panel of chief judges from the lower courts to investigate and make recommendations in response to complaints and require greater disclosure of funding behind amicus curiae briefs to the court. (Alexander Bolton, *The Hill*)

Michigan: The Michigan Independent Citizens Redistricting Commission cleared Commissioner Anthony Eid of any ethics violations after he left a position as deputy director of Michigan Voices, a nonprofit that had lobbied the Commission. Last month, with lingering conflict of interest questions, Commissioner Rebecca Szetela asked for an ethics discussion and ruling regarding Eid’s employment at the next meeting. Soon after the meeting began, Szetela’s item was pulled from the agenda. Commission Chair Doug Clark announced Eid and Michigan Voices had mutually parted ways and then moved to delete the matter from the agenda because it “has been taken care of.” Szetela argued whether Eid violated the Commission’s code of conduct or its conflict-of-interest policy was still unresolved, and her agenda item existed so the whole commission could make a determination. The commission voted 8-5 to delete Szetela’s agenda item. (Ben Orner, *MLive*)