



Compliance Notes - Vol. 4, Issue 33

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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) unanimously voted to advance a petition asking it to regulate ads that use artificial intelligence (AI) to misrepresent political opponents as saying or doing something they didn't—a move advocates say would safeguard voters against a particularly insidious form of election disinformation. The FEC's vote shows its intent to consider the question. However, the FEC will decide whether to develop rules governing the ads after a 60-day public comment window, which is likely to begin this week. (Ali Swenson, *AP News*)

Last week, federal prosecutors in New York signaled their intention to hold crypto executive Sam Bankman-Fried accountable for alleged campaign finance violations despite dropping the charge last month on a technicality. Bankman-Fried faces many charges focused on an alleged multi-billion-dollar fraud against company investors, including campaign finance violations for improperly using customer and investor money to make political donations. Last month, the campaign finance charge was dropped after Bahamian officials said they had not agreed to extradite him based on that count. In an amended indictment filed on Monday, federal prosecutors accused Bankman-Fried's of directing two FTX executives to evade contribution limits by donating to Democrats and Republicans, and to conceal where the money came from. (Aaron Katersky & Max Zahn, *ABC News* and Luc Cohen, *Reuters*)

Government Ethics & Transparency

Tennessee: Former Tennessee state senator Brian Kelsey received a 21-month prison sentence in U.S. District Court in Nashville for attempting to use funds from his state legislative campaign to support his failed 2016 bid for U.S. Congress. In October 2021, Kelsey and others were indicted on allegations they violated campaign finance laws by illegally concealing the transfer of \$91,000 from Kelsey's state Senate campaign committee and \$25,000 from a nonprofit to a national political organization to fund advertisements urging support of Kelsey's congressional campaign. Prosecutors alleged that Kelsey and others caused the organization to make illegal and excessive campaign contributions to Kelsey by coordinating advertisements, and that they caused the nonprofit to file false reports to the FEC. Kelsey tried to take back his guilty plea on the federal campaign finance charges because he entered it with an "unsure heart and a confused mind" due to events in his personal life, but the judge denied the change of plea. Kelsey is banned from running for state office in Tennessee and will begin serving his prison time in October. (Kimberlee Kruesi, *AP News*)

Elections & Voting

Oregon: Secretary of State LaVonne Griffin-Valade announced that Republican senators who walked away from this year's legislative session would be barred from running for reelection next year. The Secretary announced her conclusion after months of speculation, which might not be surprising because voters overwhelmingly voted last year to create consequences for legislative walkouts via Measure 113. Measure 113 sought to curtail legislative walkouts that have become increasingly common by imposing severe penalties for any lawmakers who accrue ten or more unexcused absences in a single legislative session. As the measure was sold to voters, any such politician would be banned from running for reelection or seeking election in the other chamber once their current term expires. However, Senate Minority Leader Tim Knopp (R-OR), one of the ten senators who walked, said they would challenge the Secretary's determination in court. (Dirk VanderHart, *OPB*)