



# Compliance Notes - Vol. 4, Issue 6

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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**

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The Federal Election Commission (FEC) is seeking “further clarifying information” regarding reports that cybercriminals stole more than \$150,000 from U.S. Rep. Troy Nehls’ campaign account through an “unauthorized wire transfer” to an entity that does not appear to exist. According to reports and Nehls’ campaign, on July 7, a \$157,626 payment went to an entity called “Misty J Productions,” that is virtually unknown as FEC records indicate no other campaign has done business with it. Receipts show Nehls’ campaign recouped \$137,626 from the entity on July 20 and September 30. (*Jasper Scherer, Houston Chronicle*) (Patrick Svitek, *The Texas Tribune*)

**North Dakota:** In response to a perceived increase in the number of attack ads disseminated to North Dakota residents during the past few election cycles, state Reps. Mike Schatz and Karla Rose Hanson proposed a bill to expand public reporting requirements for campaign finance groups. North Dakota law allows campaign finance groups classified as “independent expenditure” filers to avoid disclosing their donors. However, under Schatz’ and Hanson’s proposal, those independent expenditure organizations would be required to report the identifying information of the “ultimate and true source” of the funds it uses to buy political advertisements. Supporters of the legislation say it would rein in deep-pocketed donors and opponents argue that current state law provides enough transparency while upholding donors’ First Amendment rights. (Jeremy Turley, *Forum News Service*)

**Virginia:** Virginia House Republicans voted down proposals that would prohibit state lawmakers from using campaign money on personal expenses such as hotels, dinners, mortgages or country club memberships. Virginia’s elected officials are outliers for their ability to spend campaign donations on virtually anything, as lawmakers are only barred from converting campaign funds for personal use once they close out their accounts. Despite a bipartisan effort to find a compromise on reform, similar bills adding limitations on using campaign funds have repeatedly failed to pass. Opponents of the reforms argue that Virginia’s transparency-based campaign finance reporting discourages abuse. (Dean Mirshahi, WRIC) (Sarah Rankin, *AP News*)

## Government Ethics & Transparency

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More than one dozen advocacy groups filed a complaint with the Senate Ethics Committee asking for an investigation into media reports that Sen. Kyrsten Sinema (I-Ariz.) required her staff to conduct a variety of activities unrelated to their job responsibilities like grocery shopping, household tasks at her private residence and advance their own money for her personal purchases. The allegations are based on a 37-page memo that allegedly served as a scheduling guide from Sinema to her staff. The memo also states that staff members were allegedly tasked with scheduling and facilitating political fundraisers and meetings with campaign donors which violates Senate Ethics Committee rules that prohibit congressional staff from participating in campaign activities while on congressional property or while being paid by their employer. (Sareen Habeshian, *Axios*)

**Arkansas:** Former state senator Jeremy Hutchinson was sentenced to nearly four years in federal prison after pleading guilty almost four years ago to bribery and tax fraud charges. According to court documents, between 2010 through 2017 Hutchinson stole and misappropriated more than \$10,000 in campaign contributions for personal use and then filed false federal income tax returns to conceal his conduct. Hutchinson also accepted bribes in the form of monthly legal retainers and other things items of value from a healthcare charity in exchange for providing favorable legislative and official action. In addition to the prison sentence, Hutchinson must pay \$224,497 in restitution to the state of Arkansas and \$131,038 to the IRS. (Sonny Albarado, *Arkansas Advocate*)