



Compliance Notes - Vol. 4, Issue 7

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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

Recently, there has been a substantial increase in criminals targeting corporate PACs, national trade associate committees and campaigns, costing victims more than one million dollars. While there are no confirmed links between the incidents, federal filings indicate a surge in reported activity in 2022 as criminals have exploited political committees' vulnerabilities. Federal Election Commission data shows nearly 180 instances of reported fraud during the 2021-2022 midterm cycle compared to 83 reported incidents during the 2017-2018 midterm cycle. There were 165 reported incidents during the 2019-2020 presidential cycle. (Roger Sollenberger, *The Daily Beast*)

California: The San Diego Ethics Commission fined Midway Rising, the developer chosen by the city council to redevelop the Sports Arena, \$5,000 for filing months after it was due a required expenditure lobbyist disclosure. The overdue disclosure concerned \$154,000 that Midway Rising spent on a paid political consultant who helped advise and prepare external public communications regarding development of the Sports Arena. No other company that competed to redevelop the Sports Arena have submitted expenditure lobbying reports. (Andrew Keatts, *Voice of San Diego*)

North Carolina: The State Board of Elections is considering a policy that would allow some campaigns and PACs to keep donations that violate campaign finance rules, but only for first-time infractions. Under the policy, the board would settle cases involving prohibited donations or spending of less than \$1,000 per election cycle, and send warning letters to first-time rule-breakers recommending they forfeit the prohibited contributions but not requiring it. For violations between \$1,000 to \$10,000, first-time rule-breakers also would receive settlements, but they would be required to forfeit the money or face penalties worth as much as three times the value of the donations at issue. The board's deputy general counsel said the policy is intended to address first-time candidates, treasurers and others who are still learning the law and, as a result, unintentionally commit violations. (Dan Kane, *The Charlotte Observer*)

Government Ethics & Transparency

Oregon: The Oregon Department of Justice is opening a criminal investigation into allegations that senior officials in the Oregon Liquor and Cannabis Commission (OLCC) violated ethics laws by diverting rare, sought-after bourbons for personal use. According to an internal investigation by OLCC, the practice had been ongoing for years and also involved members of the state legislature. The OLCC said this violated several state laws, including one prohibiting public officials from using confidential information for personal gain. The officials stated they were paying for the whiskey, which cost thousands of dollars per bottle. However, according to the OLCC investigation, the officials obtained the liquor by using their knowledge and connections at the commission to route bottles of the bourbon to them through a liquor store near the commission's headquarters, where they were reserved for pickup later. (Andrew Selsky, AP News)

Ballot Measures & Elections

Georgia: The Georgia Supreme Court unanimously rejected a legal challenge brought by Camden County commissioners who sought to have a referendum declared invalid. The Court concluded that voters do have the power to veto decisions of county governments. Last year, coastal residents voted overwhelmingly to block their county government from building a commercial spaceport. Camden County commissioners argued that the state constitution does not allow citizens to veto decisions of county governments. The court strongly disagreed, ruling that the state constitution's language "plainly grants repeal and amendment powers to the electorate" over county ordinances and resolutions. It also said the county's reading of the provisions, "would violate well established tenets of constitutional interpretation." (Russ Bynum, AP News)