



Compliance Notes - Vol. 4, Issue 9

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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

According to a new superseding indictment that was unsealed in Manhattan federal court, Sam Bankman-Fried directed tens of millions of dollars of illegal campaign contributions to elected officials. The indictment accuses Bankman-Fried of directing at least 300 illegal campaign donations, totaling up to \$100 million, to both Democrats and Republicans through two FTX executives who acted as “straw donors” to hide the true source of funds. Prosecutors allege the scheme was used to evade federal contribution limits, hide the illegal source of some contributions and protect Bankman-Fried's reputation by keeping his name off of donations that did not align with his center-left public image. Prosecutors do not allege, however, that any of the contribution recipients were aware the donations violated the law. (Alex Seitz-Wald, *NBC News*)

California: Local elected officials and California business groups have filed a lawsuit to block a new state law that seeks to reduce “pay to play” scenarios in local politics. State Senate Bill 1439 went into effect on January 1 and requires city and county elected officials to recuse themselves from certain decisions that would financially benefit any entity or person that contributed more than \$250 to that official’s campaign in the last year. The bill allows the official to return the donation in order to cast a vote. The lawsuit alleges that under the state constitution, lawmakers never had the authority to pass State Senate Bill 1439 and amend the Political Reform Act in such a significant way. Supporters argue the new restrictions will start to repair trust between residents and their local governments. (Theresa Clift, *The Sacramento Bee*)

Ohio: In the past six years, Norfolk Southern, a major US railway company, has spent more than \$100,000 on lobbying and campaign contributions to Ohio officials and legislators, including Governor Mike DeWine. Public disclosure statements show that in addition to generic rail or transportation issues, Norfolk’s lobbying efforts were devoted to defeating legislation that would have established tougher safety standards for rail cars and train operations. Norfolk’s lobbying efforts raise concerns about the impact of corporate lobbying on political decision-making in Ohio. (Darrel Rowland, WSYX)

Government Ethics & Transparency

Pennsylvania: Governor Shapiro’s administration insists the governor did not violate his own gift ban when he and top staff attended the Super Bowl paid for by a nonprofit that has received millions of dollars in state contracts. Under a policy instituted in January, Gov. Shapiro and executive branch employees are prohibited from accepting gifts, including tickets to recreational events like football games, from any “person or entity” with “financial relations with the Commonwealth.” The nonprofit that paid for Gov. Shapiro and his staff’s flights, lodging and game tickets, Team Pennsylvania, works to improve Pennsylvania’s “competitive and economic prosperity” and has received more than \$17.2 million in contracts since 2007. Gov. Shapiro’s spokesperson contends that the tickets did not violate the gift ban because of the organization’s “decades-long history of collaborating with the state” and is “completely incomparable to a private actor.” (Kate Huangpu and Stephen Caruso, *Spotlight PA*)