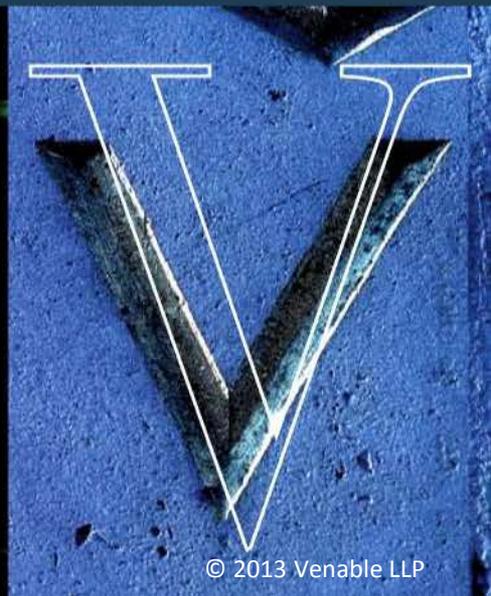
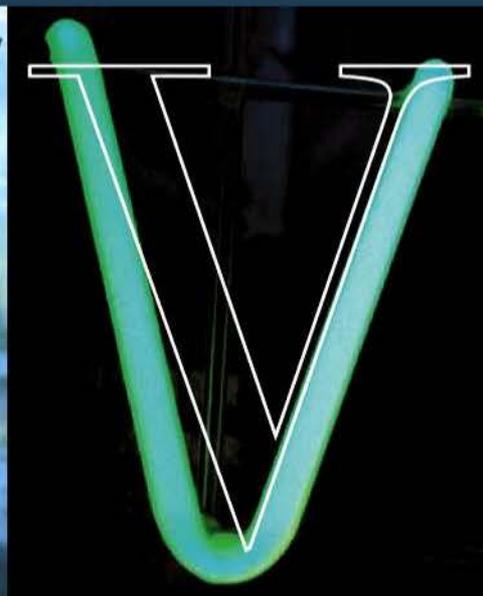
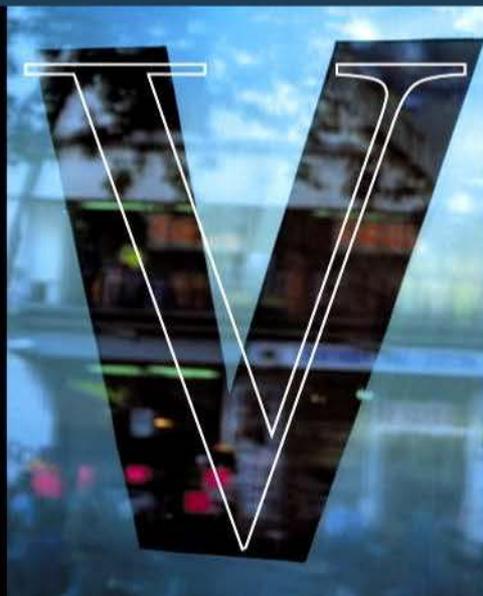
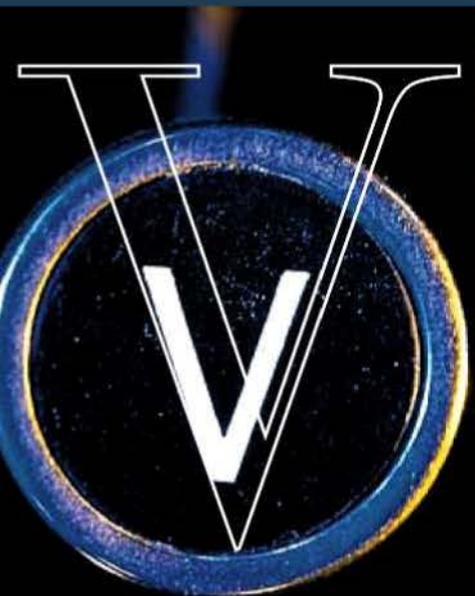


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# Political Law 101

February 27, 2013



# Today's Presenters



**Larry Norton**  
202.344.4541  
lhnorton@venable.com



**Alexandra Megaris**  
212.370.6210  
amegaris@venable.com



**Ron Jacobs**  
202.344.8215  
rmjacobs@venable.com

[www.venable.com/political-law-practices](http://www.venable.com/political-law-practices)

[www.PoliticalLawBriefing.com](http://www.PoliticalLawBriefing.com)

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# Agenda

**1. Political Activities**

**2. Pay-to-Play**

**3. Federal Lobbying**

**4. State Lobbying**

**5. Gifts and Entertainment**

**6. Putting It All Together**



# Risks and Rewards

- Protect your business
- New opportunities
- Enhance reputation
- Favorable regulatory climate
- Laws vary widely
- Many traps
- Impact on business and personal activity
- Scrutiny from:
  - Regulators
  - Media
  - Competitors
  - Watchdogs
- Compliance must involve entire company



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# Political Activities



# Corporate Campaign Contributions

- **Prohibited at the federal level**
- **May create a PAC**



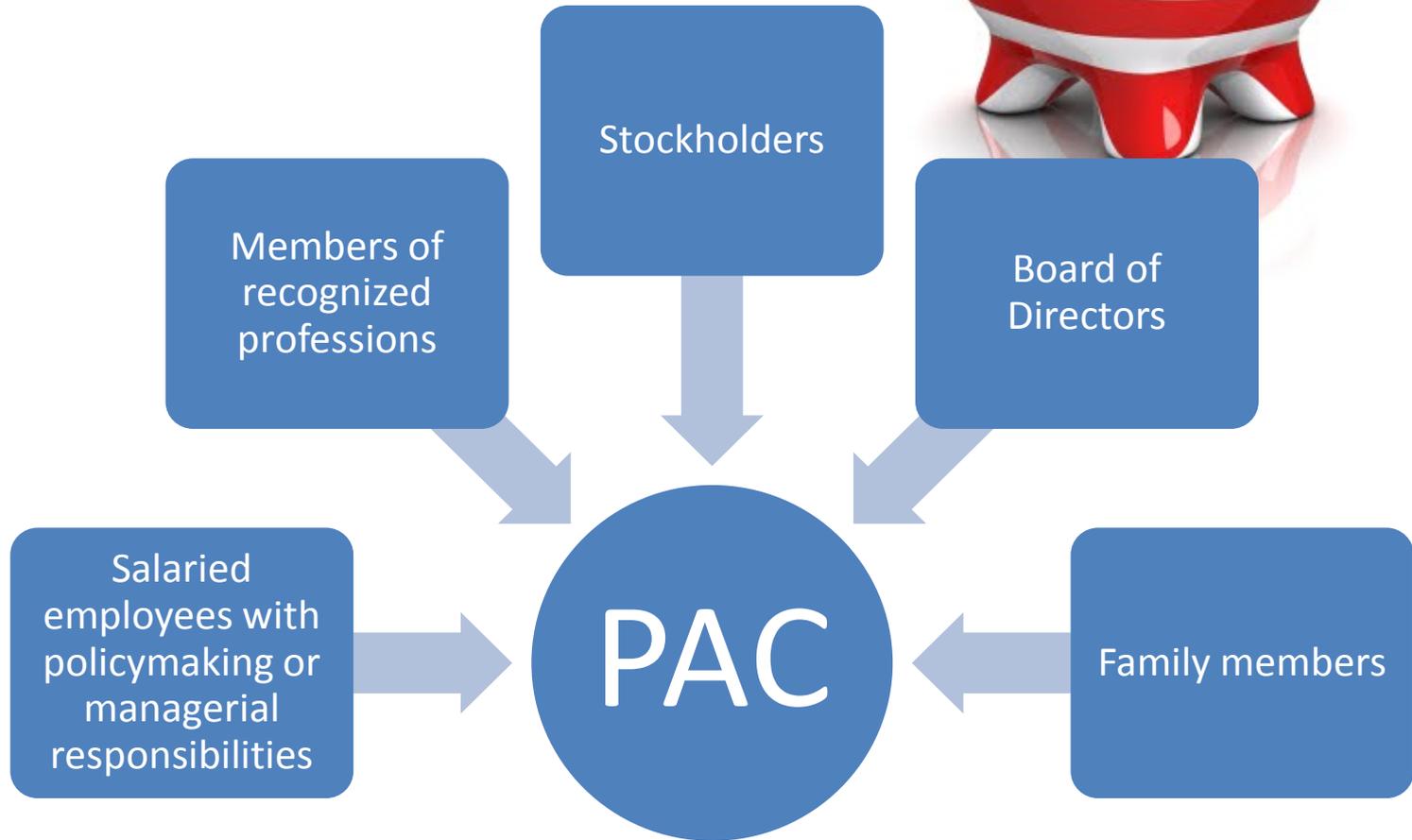


## What is a PAC?

- **Special bank account**
- **Corporate name**
- **Administrative support from corporation**
- **Host fundraising events**



# Who Funds a PAC?



## Who funds a PAC?

- **Limit: \$5,000 per year**
- **May use payroll deduction**
- **Only U.S. Citizens or “green card” holders**



# Making Contributions

- May support federal candidates, PACs, and parties
- May support state candidates subject to state law
  - Registration and/or reporting often required



# Federal Contribution Limits

	To a Candidate	To a National Party Committee	To State and Local Party Committees	To Other Political Committees	Aggregate Biennial Limit
Individual may give	\$2,600 per election	\$32,400 per year	\$10,000 per year	\$5,000 per year	\$123,200 overall limit, of which <ul style="list-style-type: none"> <li>• \$48,000 may be given to all candidates and</li> <li>• \$74,600 may be given to all PACS and parties, of which               <ul style="list-style-type: none"> <li>▪ No more than \$48,600 may be given to PACs and local parties</li> </ul> </li> </ul>
Multicandidate PAC may give	\$5,000 per election	\$15,000 per year	\$5,000 per year	\$5,000 per year	No limit
Non Multicandidate PAC may give	\$2,600 per election	\$32,400 per year	\$10,000 per year	\$5,000 per year	No limit

Click [here](#) for a printable version of this chart.

# Disclosure

- **Filed with FEC**
- **Donors disclose:**
  - **Name**
  - **Address**
  - **Occupation**
  - **Employer**
- **Online**



# Corporate Support of the PAC

- **Administrative costs**
- **Fundraising costs**
  - **Prizes**
  - **Charitable match**
  - **Trinkets**
- **May not contribute to the PAC**



# What is a Super PAC?



Makes independent expenditures

Does not contribute to candidates

May not coordinate with candidates



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# Pay-to-Play Laws





# Where are there *Local*/P2P Laws?

- California
  - Oakland
  - L.A. City
  - County of L.A.
  - Culver City
  - San Francisco
  - County of San Diego
- Illinois
  - Chicago
  - Cook County
- Texas
  - Dallas
  - Houston
  - San Antonio
  - Teacher Retirement System of TX
- Colorado
  - Denver
- Florida
  - Fort Lauderdale
  - Orange County
- New Jersey
  - In over 165 cities and towns
- New York
  - New York City
- Pennsylvania
  - Philadelphia



# What's at Stake?

- Bids disqualified and contracts voided
- Barred from future contracts
- Fines and criminal penalties
- Damage to reputation



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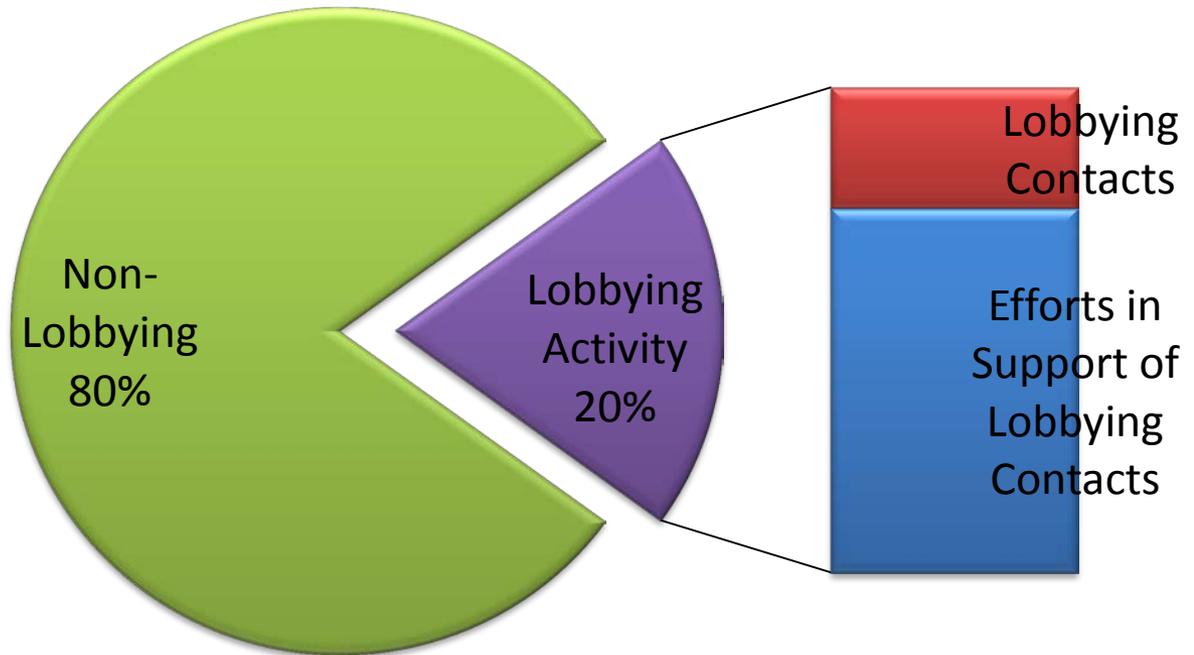
# Federal Lobbying



# Who is a Lobbyist?

More than one lobbying contact

## PLUS



# What is a Lobbying Contact?

Oral or written communication:

- Legislation
- Policy
- Contracts/Grants
- Nominations



# Who is a Covered Official?

- Congress & Staff
- President & VP
- Executive Office of the President
- Executive Schedule 1-5
- Admirals and Generals
- Schedule C Appointees



# What is Lobbying Activity?

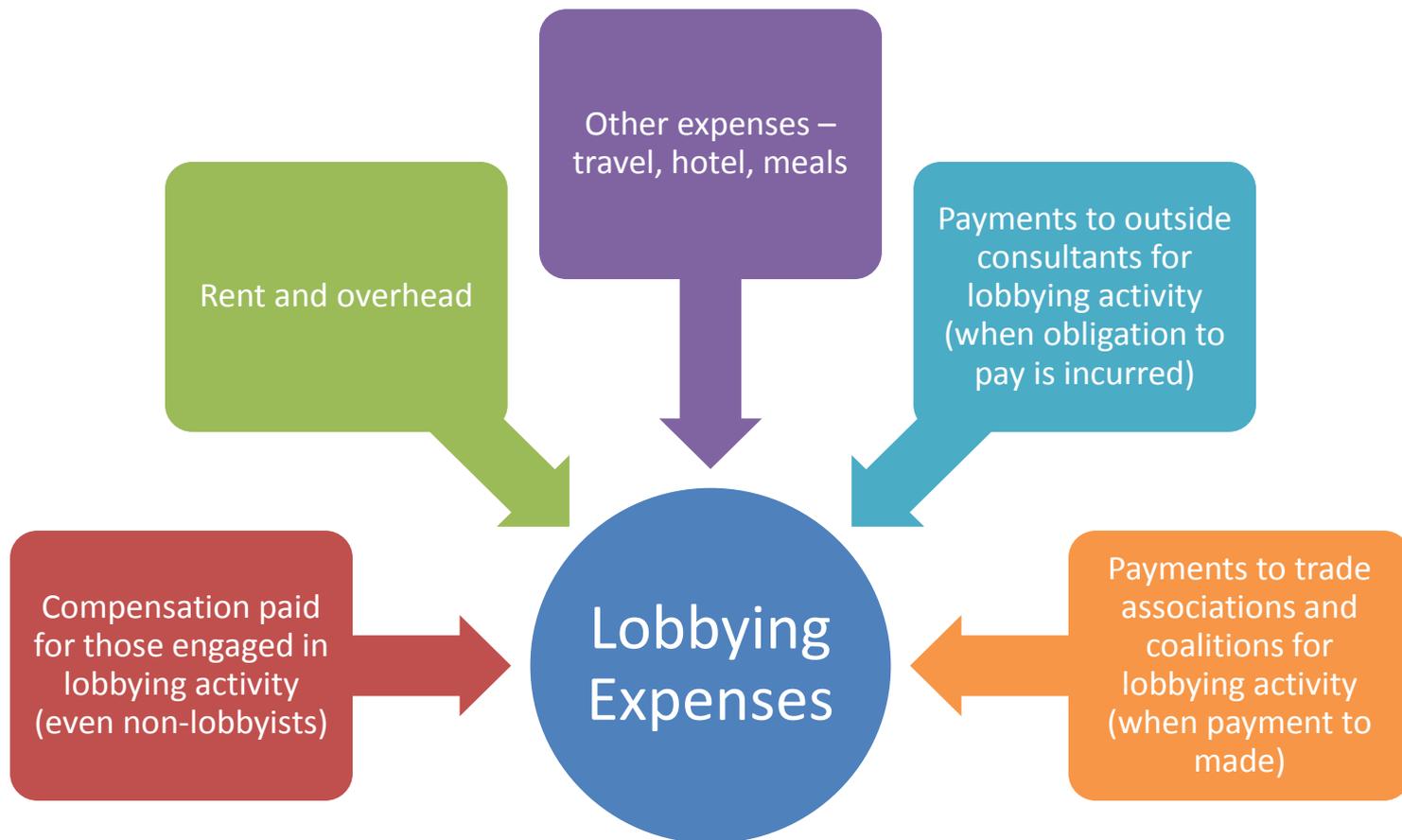


## Quarterly Reports

- **Issues and agencies lobbied**
- **Amount spent on lobbying**
- **Names of lobbyists**
- **Publicly available**



# Expenses



# Semiannual Contribution Report

Federal Campaign Contributions

Events Honoring/Recognizing Official

Meetings Held by/In Name of Official

Entity Established/Controlled by Official

Presidential Library/Inaugural Committee



# The Lobbying Tax

## Type of Lobbying

- State
- Grassroots
- Legislative
- Executive
- International

## LDA

- No
- No
- Yes
- Broad
- No

## 162(e)

- Yes
- Yes
- Yes
- Narrow
- Yes

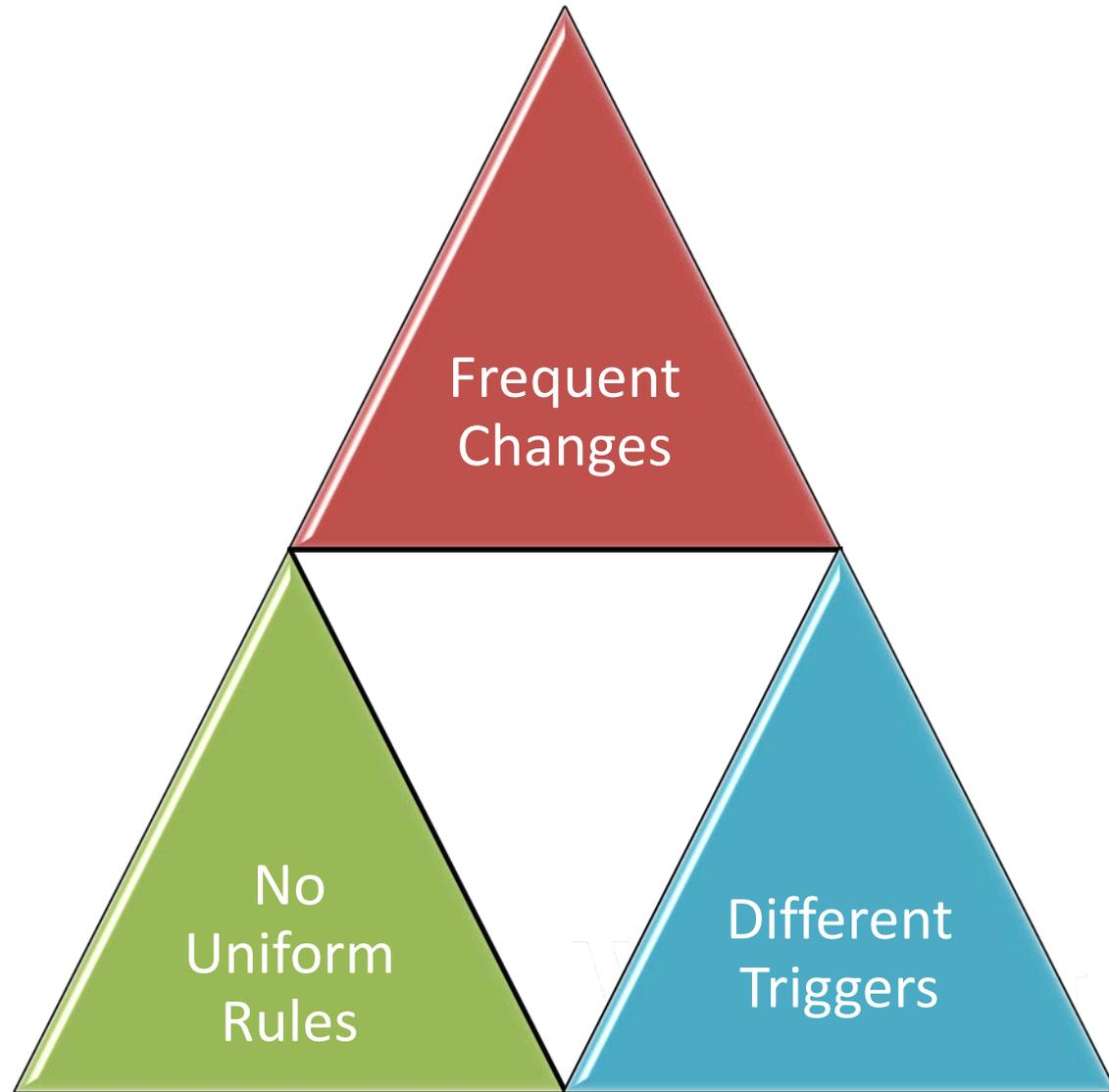


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# State Lobbying



# State Lobbying



# What is Lobbying?



# Common State Issues

- **Companies that employ or hire lobbyists must register and file reports**
- **Goodwill lobbying covered**
- **Stricter gift rules on lobbyist-employers and government contractors**
- **Officers/owners subject to stricter limits and disclosure of personal political contributions**
- **Training, certifications**



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# Gifts and Entertainment



# Gifts to Government Officials

Highly regulated –  
federal, state and local

Elected officials *and*  
employees

Reporting requirements  
may apply

Additional restrictions  
on lobbyists and their  
employers, and  
government contractors

Exceptions very specific



# What is a Gift?



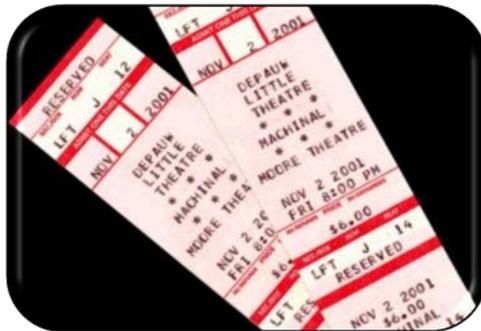
Meals and beverages



Travel expenses



Invitations to charitable events



Tickets



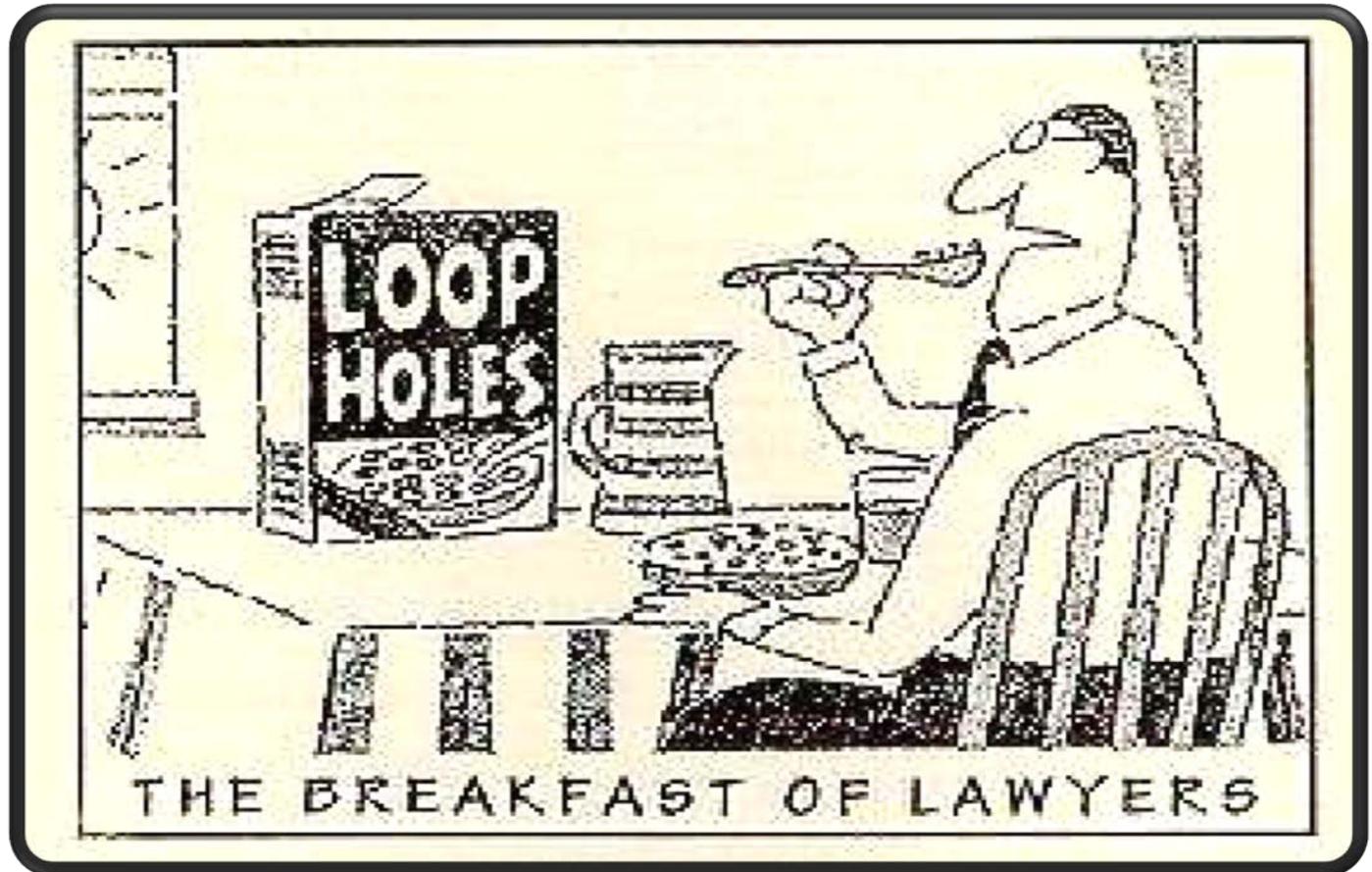
Commemorative items



Books, periodicals and informational materials



# Common Exceptions



# Federal Gift Rules



## Congress

- Registrant:
  - No, unless exception
- Lobbyist:
  - No, unless exception
- Others:
  - <\$50 or exception



## Career

- Registrant:
  - \$20 or exception
- Lobbyist:
  - \$20 or exception
- Others:
  - \$20 or exception



## Appointee

- Registrant:
  - No, unless exception
- Lobbyist:
  - No, unless exception
- Others:
  - \$20 or exception



# Widely Attended Events

## Invitee



## Event

Speaker at the event or determine that attendance is related to official duties

## Speaker

In the interest of the agency because it will further agency programs and operations or speak at the event

## Number of People

More than 25 non-Hill

If not sponsor, more than 100; if sponsor no number

If not sponsor, more than 100; if sponsor no number

## Audience

Individuals from throughout an industry or profession or represent a wide range of persons interested in a given matter

Diversity of views or interests will be present

Diversity of views or interests will be present



# Site Visits

- Food and refreshments on site, in group setting with employees
- Local transportation
- Senator's own state or House member's own district (or at House expense)
- Lobbyist may not plan/arrange for travel



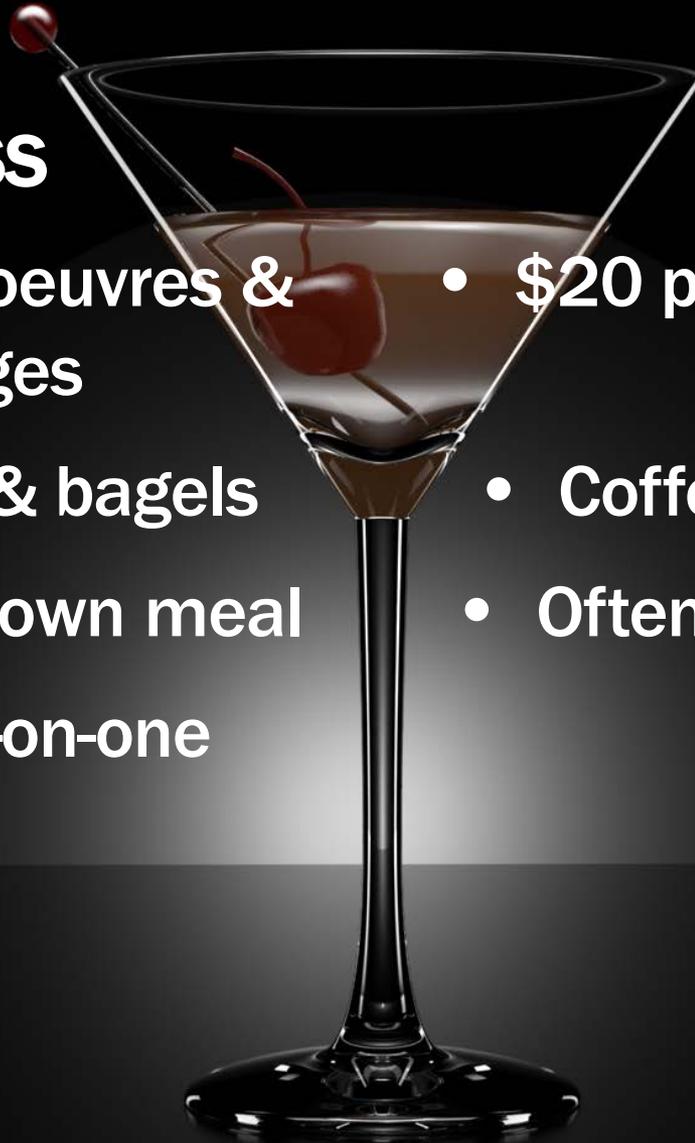
# Receptions

## CONGRESS

- Hors d'oeuvres & beverages
- Coffee & bagels
- No sit-down meal
- No one-on-one

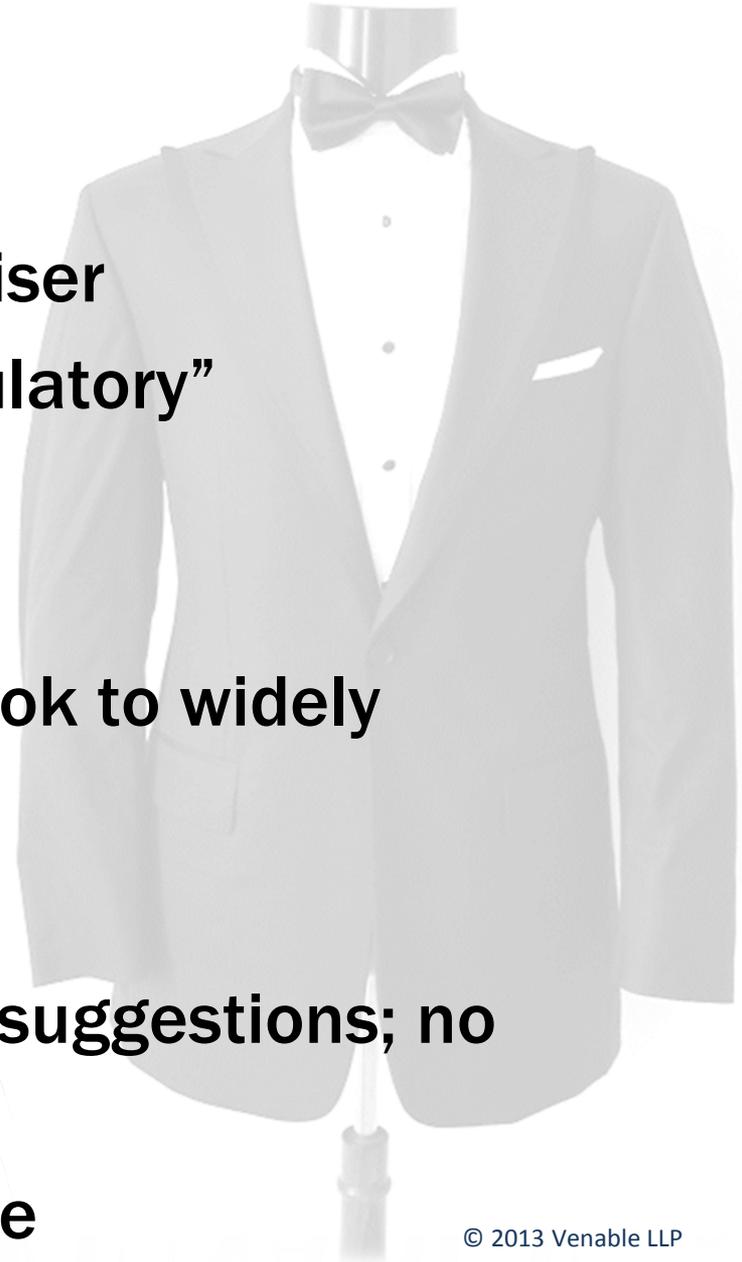
## EXEC BRANCH

- \$20 per person/\$50 per year
- Coffee, donuts, etc.
- Often have to pay to attend



# Charity Events

- **House & Senate**
  - Charitable fundraiser
  - Not just “congratulatory” celebration
- **Executive**
  - No special rule, look to widely attended
- **Invitations**
  - House: allows for suggestions; no direct contact
  - Senate: harder line



# Personal Friendship

- **Cannot expense gifts**
- **Look to history of relationship**
  - Mutual exchange of gifts
  - Duration and formation
  - Similar gifts to others
- **Allows gifts up to \$250 (without waiver) for legislative branch—no limit on executive**



# Personal Hospitality

- Meal hosted in home
- No business purpose underlying invitation
- No reimbursement and not claimed as a business expense
- If value > \$250, Member or staffer must obtain approval
- If invitation from registered lobbyist, must also be history of reciprocal gift-giving



# Others

- Plaques
- Home State Items
- Promotional Items
- Informational Materials
- Cards
- Items of Nominal Value



# State Rules

Broadly defined

Apply to elected officials and employees

Legislative and executive may differ

Exceptions vary widely

Often have different rules for lobbyists



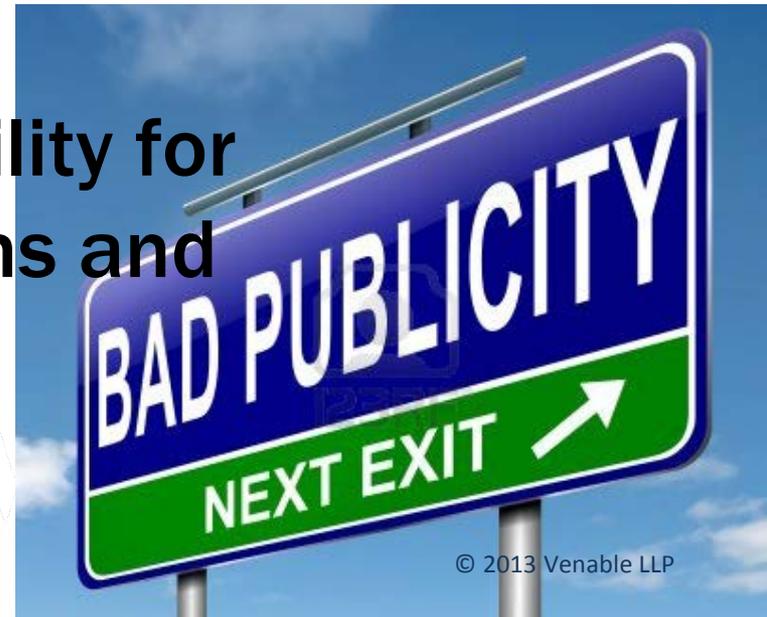
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# Putting It All Together



# Risk Management

- **Develop simple and clear policies and procedures**
- **Provide regular training**
- **Let employees know who is responsible for answering questions**
- **Separate responsibility for government relations and legal compliance**



# Risk Management

- Don't forget consultants
- Obtain pre-approval of gifts
- Track time on activities that support lobbying
- Assess risks under pay-to-play laws



# Final Thoughts

- Heavily regulated area, with many traps for the unwary
- Ask first!
- Usually a way to accomplish your goals
- Regardless of the rules, always consider the *Washington Post* test



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202.344.8215  
rmjacobs@venable.com

[www.venable.com/political-law-practices](http://www.venable.com/political-law-practices)

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