

ETHICS REPORTER

July-August 2024



Kentucky Legislative Ethics Commission
22 Mill Creek Park, Frankfort, Kentucky 40601-9230
Phone: (502) 573-2863
<https://klec.ky.gov>

Reminder: Lobbying Report Deadline in Just a Few Weeks!

Monday, September 16, 2024 is the next reporting deadline for lobbying entities, and all lobbyists and employers are required to file Updated Registration Statements then, for the period of **May 1** through **August 31, 2024**.

The easiest and quickest way for lobbyists and employers to file is to visit the Commission's website: <https://apps.klec.ky.gov/lec/onlinefiling.aspx>.

Additionally, reporting entities are reminded that they are required to report the specific bill numbers that they are lobbying on, as required by the Legislative Ethics Code, if those numbers are available. If your reports have not adequately reflected bill numbers in the past, please make every effort to reflect bill numbers in updated registration statements going forward.

Reporting Expenses Associated With National Conferences

Kentucky lobbyists and their employers are required to report the value of food, beverages, and other expenses contributed to events to which approved groups of Kentucky legislators are invited.

Lobbyists and employers are also required to report other expenses incurred in conjunction with the meetings, if the expenses are directly associated with the employer's or lobbyist's lobbying activities.

Lobbyists and employers are prohibited from paying for food and beverages for individual legislators, and lobbyists and employers cannot furnish or pay for out-of-state lodging or transportation, or anything of value, such as conference registration.

Legislative conferences for this year include:

- Southern Legislative Conference-(SLC) July 21-25, The Greenbriar, West Virginia;
- American Legislative Exchange Council (ALEC) -July 24-26, Denver, Colorado;
- National Conference of State Legislatures (NCSL) – August 5-7, Louisville, Kentucky; and
- Council of State Governments (CSG) -December 4-7, New Orleans, Louisiana.

Legislators, lobbyists, and employers are encouraged to contact the Ethics Commission if they have any questions about the application of the Ethics Code to such events.

[Newly-Registered and Terminated Lobbying Employers](#)

The following businesses and organizations recently registered to lobby in Kentucky: **Cresco Labs LLC, Hazel Health, Holocaust Learning Experience, HopSkipDrive, Inc., JVCKENWOOD USA Corp., Mental Health Cooperative, Myriad Genetics, Partners for Rural Impact, Sagetic Solutions LLC, University of Kentucky, Wayspring, and We Lead CS.**

Recently terminated employers in Kentucky: **American Wood Council, CEOc (Louisville Healthcare CEO Council, Inc.), D2L, Ltd., StriveTogether, Inc., Trevor Project, Inc. (The) and Vera Institute of Justice, Inc.**

[Training for Lobbyists and Employers on video](#)

The Legislative Ethics Commission has a training video from one of our in-person lobbyist and employer trainings on the LRC Capitol Connection YouTube page, for viewing at any time. The link is on our website and on the LRC Capitol Connection page at <https://www.youtube.com/watch?v=nrqWW7sJDK4>. The video walks through the online filing process in step-by-step detail. Please call us with any questions!

[Ethics & Lobbying News from around the U.S.](#)

[New York Appeals Court Rules Ethics Watchdog That Pursued Cuomo Was Created Unconstitutionally](#)

BY MICHAEL HILL – **[AP NEWS](#)** - May 9, 2024

ALBANY, N.Y. (AP) — A state commission that investigates ethical violations in New York was created unconstitutionally, an appeals court said Thursday in a ruling in favor of former Gov. Andrew Cuomo that targets the watchdog agency's enforcement powers.

Cuomo is fighting in court an attempt by the state Commission on Ethics and Lobbying in Government to force him to forfeit \$5 million he got for writing a book about his administration's efforts during the COVID-19 pandemic.

Cuomo argues the commission lacks authority under the state constitution to prosecute him.

The Appellate Division of state Supreme Court unanimously upheld a lower court in ruling in favor of Cuomo, with judges writing that the creation of the panel "though well intentioned in its actions, violated the bedrock principles of separation of powers."

In a joint statement, the chairman and executive director of the ethics commission said they would seek to appeal the decision to the state's highest court and to put the ruling on hold while litigation continues.

“The Commission will continue to promote compliance with the state’s ethics and lobbying laws as this matter works its way through the full appellate process,” said Chair Frederick A. Davie and Executive Director Sanford N. Berland.

The commission was formed by the Legislature and current Gov. Kathy Hochul in 2022 to investigate possible ethics and lobbying violations by state officials, employees, lobbyists and their clients.

It replaced a previous ethics commission widely criticized for not being independent enough. Lawmakers said they wanted to restore public trust in government after Cuomo’s 2021 resignation in a sexual harassment scandal.

A lower court judge said in September that the law creating the commission made it too independent from the governor under terms of the state constitution. The judge said the enforcement of ethics laws is a power that belongs to the executive branch, yet the governor cannot control commission members, force them to explain their actions or remove them for neglecting their duties.

“This has been a three-year exercise to bend the law to fit the political will of those in charge and hopefully after this second — and unanimous — court decision, this partisan and baseless prosecution will finally end,” Cuomo spokesman Rich Azzopardi said in a statement after the Thursday ruling.

Cuomo has battled both this commission and its predecessor, the Joint Commission on Public Ethics, over his book earnings. State officials have claimed Cuomo hadn’t kept a promise not to use any state resources on the book. Cuomo has denied those allegations.

Cuomo resigned in August 2021 after the attorney general released the results of an investigation that concluded the then-governor had sexually harassed at least 11 women. Cuomo has denied the allegations.

AP writer Anthony Izaguirre contributed to this report.

Ex-Legislator Faces Investigation for Possible Violation of Lobbying Law He Co-Sponsored

by Justin Miller – **THE TEXAS OBSERVER** - June 12, 2024

A former legislator who chaired a powerful state House committee is under investigation by the Texas Ethics Commission (TEC) for his alleged violations of a Texas revolving-door law that restricts lawmakers from leaving office to become lobbyists.

The legislator under scrutiny is former Republican state Representative Chris Paddie, who resigned his East Texas seat in March 2022 to become a lobbyist and consultant for private sector interests. His departure came at the height of his power: As chairman of the House State Affairs Committee, Paddie played a central role in the state’s response to the deadly electric grid failure in 2021. But his attempted career transition, a common one in Austin, was thwarted by a 2019 lobbying law that Paddie himself had co-sponsored, which bans departing legislators who contributed campaign funds to fellow lawmakers from lobbying in Texas for two years after their last donation.

Before leaving office, Paddie made several campaign contributions to Republican House colleagues. In December 2022, Paddie registered as a lobbyist with the state and disclosed a list of clients—including Vistra, the state’s largest power company. As the *Texas Observer* reported then, Paddie claimed he’d come into compliance with the revolving-door law because he had personally reimbursed his campaign for the roughly \$50,000 in contributions he’d made to other lawmakers.

He remained registered as a lobbyist until February 2023 when the TEC commissioners unanimously voted in favor of a legal opinion that Paddie was violating the law regardless of his personal reimbursement. “The Legislature was very clear that this was the behavior they were trying to prohibit and that there was no cure because the goodwill for the contribution, the benefit has already been received,” Randall Erben, the commission’s vice chair, said at the February meeting, according to the *Houston Chronicle*. Paddie terminated his registration the next day.

Now, the TEC is investigating Paddie’s activities both in that three-month period from 2022 to 2023 and over a longer 33-month period to determine whether he did engage in illegal lobbying.

It’s a significant development for Paddie and the TEC, which is charged with enforcing the state’s notoriously weak ethics and lobbying laws. Rarely has the agency so aggressively pursued a politician for potential violations.

TEC is investigating all of “Paddie’s activities to prepare for or conduct lobbying activities that violated the two-year bar under the revolving-door lobby law,” the agency has said. If Paddie is found to have violated the law, the commission could potentially fine him for as much as three times the amount he was paid to lobby. In court filings, Paddie said his clients paid him about \$130,000 in the three-month span he was registered to lobby.

TEC initially opened its investigation after it received a formal complaint in January 2023 that accused Paddie of violating the revolving door law. Months later, in September, TEC subpoenaed a vast swath of Paddie’s records and communications from the start of his final term in office in January 2021 to the present.

Specifically, the agency is asking for communications he had with future or potential clients while he was still in office and with his former legislative colleagues and other government officials after he left office and when he registered to lobby. TEC is also demanding Paddie provide any contracts or agreements he signed and invoices or payments he got from the clients he disclosed.

The subpoena also specifically asks for any documents related to meetings with House Speaker Dade Phelan or his staff, including one of Paddie’s former aides, and five other Republican legislators.

Paddie has argued that the TEC subpoena goes beyond the scope of the complaint that prompted the probe and that providing many of the requested records would violate state law that gives legislative privilege to lawmakers’ records and protects communications between private citizens (lobbyists included) and their legislators.

This disagreement has sparked a related court battle between the TEC, which accuses the former lawmaker of stonewalling its investigation, and Paddie, who claims the agency has gone beyond its enforcement authority.

Last November, Paddie asked a Travis County district court judge to quash or curtail the TEC subpoena, which Paddie argues is “intended to harass, annoy, and invade the personal, constitutional, and property rights” of himself and several third parties—including his clients.

TEC responded last month with its own motion to enforce the subpoena.

“After repeated attempts to confer, Paddie has now flatly refused to produce documents responsive to the subpoena that are plainly relevant to the Commission’s investigation,” TEC said in its filing, which was part of the Travis County court proceeding.

The initial court hearing on the motions was held Tuesday, though the judge made no decision.

“Mr. Paddie has not been an obstructionist in this case,” Ross Fischer, Paddie’s attorney, said at the hearing. “But he is, I think, rightly concerned that by covering 33 months, this [subpoena] goes beyond scope of complaint.”

Fischer is a prominent ethics and campaign finance lawyer in Texas and previously served as chairman of the Texas Ethics Commission. Paddie and Fischer did not respond to requests for comment. The TEC declined to comment.

In the course of the TEC investigation, Paddie provided a limited amount of records, including text messages and a list of meetings he had with lawmakers during the roughly three months that he was a registered lobbyist, according to documents filed with the county court. Paddie also provided invoices that show he was paid \$130,000 for his services in those three months.

In response to TEC’s motion in court, Paddie’s lawyer said that “Paddie has provided sworn statements indicating that his registration as a lobbyist was gratuitous in that he was not actually required to register.” Under the state’s notoriously lax lobbying laws, individuals are only required to register as a lobbyist and disclose their clients if they’ve met certain thresholds—including spending over 40 hours a quarter trying to influence lawmakers and other officials.

Paddie says he never went over that threshold and therefore wasn’t technically a lobbyist and didn’t violate the law. TEC says the only way to assess this defense is for Paddie to provide all the records across the entire period of time that the agency is investigating.

“To the extent that whatever [evidence TEC gets] shows that he did have lobbying contacts, then I think that is going to be tough for Chris Paddie,” said Andrew Cates, a Texas ethics law attorney. “The other side of that is just because it’s lobbying doesn’t mean you’re technically a lobbyist.”

To determine that Paddie did violate the law, “What [TEC] would have to show is, honestly, that he’s lying,” Cates said.

On the day he registered as a lobbyist, December 7, Paddie had a call with aides to Governor Greg Abbott, according to an affidavit from Paddie. Records separately obtained by the *Observer* from the governor’s office also show the meeting was on the calendar for the governor’s chief of staff Gardner Pate and other advisors, including Jarred Shaffer, who was previously Paddie’s legislative aide. The records indicate that one of Paddie’s clients was also in attendance.

Paddie additionally met Speaker Phelan or his staff, along with several other Republican House members, while he was registered, according to the court records and the TEC subpoena. He further met with regulatory officials at the Texas Commission on Environmental Quality in February 2023.

In January and February 2023, Paddie disclosed spending over \$1,800 on food and beverage for House members and their family.

Lawmaker Hit With \$35,000 in Payments For Violation of Oklahoma Ethics Rules

BY: BARBARA HOBEROCK – **OKLAHOMA VOICE** - MAY 29, 2024

OKLAHOMA CITY – Rep. Ajay Pittman has agreed to pay the Oklahoma Ethics Commission \$35,000 following a settlement agreement for ethics rules violations.

The Oklahoma Ethics Commission on Wednesday released terms of the settlement agreement.

The settlement agreement says Pittman, D-Oklahoma City, used her campaign funds for personal use, in violation of ethics rules.

The settlement agreement says she improperly withdrew \$17,858.52 from her campaign funds.

In addition, she inaccurately reported \$30,000 worth of contributions in 2020 and \$20,000 in 2022, the settlement agreement says.

Finally, she failed to maintain 2020 and 2022 campaign records in accordance with ethics rules, the settlement said.

“The Parties agree that the payment constitutes full compensation for all of the Commission’s claims against the Respondent including, but not limited to, personal use of campaign funds, improper withdrawal of campaign funds, inaccurate reporting, and failure to maintain campaign records,” according to the settlement agreement.

The funds must come from her personal account and not her campaign.

Pittman did not respond to a request seeking comment.

She was first elected in 2018 and is seeking reelection.