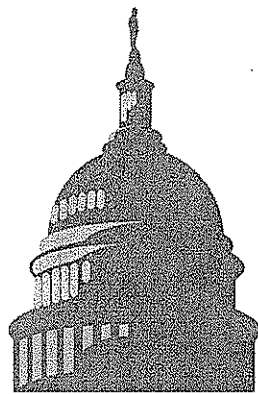
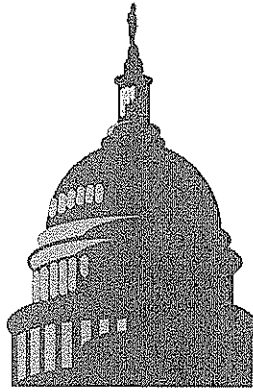


# Kentucky Legislative Ethics Commission

## ANNUAL REPORT



FY 2008-2009



**Kentucky Legislative Ethics**  
**Commission Members**

George Troutman, Chair  
Rebecca Tomblinson, Vice Chair

Bob Fulkerson  
Ann Henn  
Romano Mazzoli  
Deborah Jo Durr\*

Paul Gudgel  
Norma Scott  
Pat Freibert  
Ray B. White\*

\*Appointed in July 2009

**Commission Staff**

Anthony Wilhoit, Executive Director

John Schaaf, Assistant Director  
Donnita Crittenden, Principal Assistant  
Connie Evans, Staff Assistant  
Michael Malone, Enforcement Counsel

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Frankfort, Kentucky 40601  
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## FOREWORD

I am pleased to submit the 16th Annual Report of the Kentucky Legislative Ethics Commission to the members of the Legislative Research Commission.

The continuing cooperation of those covered by the Code with the Commission and its staff has been gratifying. This cooperation is evidenced by the increasing number of requests for advice on the requirements of the Code and the willing compliance with that advice.

The Commission continues to believe that it bests serves the public and the General Assembly by working closely with those covered by the Code to avoid its violation.

We respectfully submit this report of activities of the Legislative Ethics Commission as required by KRS 6.666(16).

  
George C. Troutman, Chair

## Legislative Ethics Commission Member Profile

**George C. Troutman** - Mr. Troutman is the Chairman of the Commission. The Speaker of the House appointed him to the Commission in 1994. Mr. Troutman graduated from St. Xavier High School and Bellarmine University where he majored in accounting. He is currently self-employed as a Certified Public Accountant, a member of the American and Kentucky Society of CPAs and the American Board of Forensic Accounting. Mr. Troutman served on the Registry of Election Finance from 1992 to April of 1994. He and his wife, Mary, reside in Louisville.

**Rebecca Parker Tomblinson** - Mrs. Tomblinson is the Vice-Chairman of the Commission. The Speaker of the House appointed her in 1996. Mrs. Tomblinson graduated from Madisonville High School and attended Western Kentucky University. She is a former member and Chairman of the Board of the Bowling Green City Schools. She works with her husband in a privately owned business. She and her husband, Ben, reside in Bowling Green.

**Ann B. Henn** - Mrs. Henn was appointed to the Commission by the President of the Senate in 1997. Mrs. Henn was an attorney for the Court of Appeals for nine years. She received a B.S. from Northern Kentucky University and graduated from the University of Kentucky College of Law. She is licensed to practice law in Kentucky and Ohio and is a member of the state and local bar associations. She and her husband, Bob, reside in Edgewood.

**Bob Fulkerson** – Mr. Fulkerson was appointed to the Commission by the President of the Senate in 2004. He is a graduate of Owensboro Senior High School and attended Southwestern College in Dallas, Texas. He is a retired manager of General Electric Appliance Park in Louisville. Currently, he devotes his time to community service and religious activities. In the past, he has been an active participant in politics, both as a candidate for elected office and party official. He and his wife, Edna, reside in Louisville.

**Judge Paul D. Gudgel** – Judge Gudgel was appointed by the Speaker of the House in 2002. Judge Gudgel received both his BA and LLB degrees from the University of Kentucky. After practicing law in Lexington, he entered judicial service in 1970, serving as a trial commissioner in the municipal and quarterly courts, and as Chief District Judge. In 1979, he was appointed to the Court of Appeals and served on that court until 2002, including five years as Chief Judge. He retired from the Court in November 2002. Judge Gudgel earned a Master of Laws degree from the University of Virginia and also served as a member of the Judicial Conduct Commission for 22 years. He and his wife, Katherine, reside in Lexington.

**Pat Freibert** - Mrs. Freibert was re-appointed to the Commission by President of the Senate in November 2008. She previously served on the Ethics Commission from 2000-2004. She is a former member of the House of Representatives. Mrs. Freibert has a long record of involvement in political, civic, educational, and charitable affairs for which she has received local, state and national recognition. She is also a free lance writer for several publications. In 2004, Mrs. Freibert was appointment by Governor Ernie Fletcher to the Kentucky Commission on Women and served as Chairwoman. She and her husband, David, reside in Lexington, Kentucky.

**Norma Scott** - Mrs. Scott was appointed to the Commission by the President of the Senate in 2005. She graduated from Earlington High School and Western Kentucky University, where she received a B.A. in Elementary Education. A former school teacher, Mrs. Scott is president of Fugate Lumber Co., which has locations in Madisonville, Eddyville, and Powderly. She and her husband, Gerald, reside in Madisonville.

**Congressman Romano Mazzoli** - Congressman Mazzoli was appointed to the Commission by the Speaker of the House in 2005. He is a Magna Cum Laude graduate of the University of Notre Dame and the University of Louisville School of Law. In 2004, he earned a Masters Degree in Public Administration from Harvard University's John F. Kennedy School of Government. He served in the Kentucky State Senate (1968-1970) and in the U. S. House of Representatives (1971-1995). Congressman Mazzoli was Chairman of the Immigration, International Law and Refugees Subcommittee for 12 years. In 1998, following 27 years of service as an elected official, Congressman Mazzoli was named Senior Distinguished Fellow at the University of Louisville's Brandeis School of Law, where his teaching interests included legislation and immigration. Congressman Mazzoli has received Honorary Doctorate degrees from the University of Notre Dame, Bellarmine University, Spalding University, Centre College, and Sullivan University. Congressman Mazzoli served in the U.S. Army from 1954 to 1956. He and his wife, Helen, reside in Louisville.

**Deborah Jo Durr** – Ms. Durr was appointed to the Commission by the Speaker of the House in July, 2009. She is President of Richwood Manor, a horse farm in northern Kentucky. Ms. Durr has an extensive record of civic and educational service, including serving on the Gateway Community & Technical College Board of Directors, Boone County Education Foundation, Kentucky Commission on Volunteerism, and as President of the Northern Kentucky District of the Parent/Teacher Association. She earned a Master's degree in Career Counseling from Morehead State University, and a B.S. in Biology from Northern Kentucky University. She resides in Richwood, Kentucky.

**Ray B. White** - Mr. White was appointed to the Commission by President of the Senate in July, 2009. Mr. White served four years in the State Senate, and was Minority Whip in 1972. He was a candidate in the 1979 Republican gubernatorial primary. Mr. White is an attorney and a lifetime member of the Western Kentucky Alumni Association. He lives in Bowling Green, Kentucky.

## **Legislative Ethics Commission Staff Profile**

**Anthony M. Wilhoit** - Executive Director. Judge Wilhoit joined the Legislative Ethics Commission on November 17, 1997. He joined the Court of Appeals in 1976, was appointed Chief Judge in 1996. His other employment experience includes police judge, city attorney, county attorney, state public defender, and deputy justice secretary. He received an AB from Thomas More College, a law degree from the University of Kentucky, and an LLM from the University of Virginia.

**H. John Schaaf** – Assistant Director. Mr. Schaaf joined the Legislative Ethics Commission in June 2004. Prior to that, he was the General Counsel and staff attorney for the Legislative Research Commission for 16 years. His other employment experience includes practicing law in Louisville, and working as editor of a weekly newspaper. He received a journalism degree from the University of Kentucky and a J.D. from the University of Louisville School of Law.

**Donnita B. Crittenden**- Mrs. Crittenden is the Principal Assistant in the Commission office. She is a graduate of Franklin County High School, and has a BA in Public Administration from Kentucky State University. Mrs. Crittenden joined the Commission in August 1993. Her previous experience includes a three-year internship with the Kentucky Department of Education, specifically assigned to the State Board of Education.

**Connie Y. Evans** - Mrs. Evans is the Staff Assistant in the Commission office. She is a graduate of Lebanon High School, Lebanon, Kentucky. Her previous experience includes legal secretary for 15 years, elementary school secretary for 11 years, and judicial secretary for 3 1/2 years in the Court of Appeals. She joined the Commission in January 1998.

**P. Michael Malone** - Mr. Malone is the Enforcement Counsel for the Commission. He was an Assistant Commonwealth's Attorney in Fayette County from 1978 until his retirement in 2006. He was the first Assistant Commonwealth's Attorney beginning in 1987. In addition to trying over 350 felony cases, including approximately 60 murder trials, he worked closely with homicide detectives investigating major violent crimes. Mr. Malone served in the United States Coast Guard before entering the University of Kentucky where he majored in Political Science, and the University of Kentucky School of Law, from which he received a J.D.

**Education and Training  
FY 2008-2009**

August, 2008	John Schaaf and Donnita Crittenden, Presentation Lobbyist Retreat at General Butler State Park
September, 2008	Anthony Wilhoit, Ethics Presentation in Lexington, KY
November, 2008	John Schaaf, Ethics Presentation at AT&T in Louisville, KY
December, 2008	Congressman Romano Mazzoli, John Schaaf and Judge Anthony Wilhoit attended the Council on Governmental Ethics Laws Conference in Chicago, IL
December, 2008	Anthony Wilhoit, Ethics Presentation at Kentucky Power Company Meeting
December, 2008	Anthony Wilhoit and John Schaaf Freshman Orientation for Newly Elected Ky. Legislators
January, 2009	Current Issues Seminar for Members of the General Assembly conducted by LEC Staff
January, 2009	Anthony Wilhoit, Ethics Presentation To Congress in Washington D.C.
February, 2009	Donnita Crittenden and John Schaaf Employer and Legislative Agent Training Session
April, 2009	Anthony Wilhoit, Ethics Presentation Kentucky Assn. of Counties (KACO) Meeting
June, 2009	John Schaaf, Ethics Presentation LRC Continuing Education Program

During the fiscal year, we provided various in-house training as requested, issued 45 written informal advisory opinions, gave approximately 200 verbal informal advisory opinions as well as answering numerous filing and procedural questions, mailed out monthly Ethics Reporters to all General Assembly members, news media, legislative agents and employers.

**Legislative Ethics Commission  
Registration of Lobbyists and Employers**

**FY 2008-2009**

Number of Employers: 645

Number of Legislative Agents: 623

Reports were filed on September 15, 2008, January 15, 2009, February 15, 2009, March 15, 2009, April 15, 2009, and May 15, 2009.

The Kentucky Legislative Ethics Commission (KLEC) has continued to enhance its database and web site, making more information available to the public regarding legislative agents (lobbyists) and their employers.

By accessing KLEC's web site, citizens can review a variety of reports, including legislator and candidate financial disclosure forms, a list of legislative agents and their employers, legislative agent compensation, employer expenses sorted by the employer's name, and employer expenses sorted by industries, such as "gaming" or "health care."

In May, 2009, with the outstanding work of the Commonwealth Office of Technology, the Legislative Ethics Commission offered to lobbyists and employers the opportunity to file reports online by completing a form and clicking "Submit" when you are finished – mailing, postage, faxing or hand-delivering will no longer be necessary.



## Complaints and Administrative Actions

FY 2008-2009

### Complaints:

Four complaints were filed, one against a member of the General Assembly, one against a lobbyist and two against candidates for the General Assembly. The two complaints against candidates were dismissed for lack of probable cause. A fine of \$500 was imposed against a legislator and a fine of \$500 was imposed against a legislative agent.

### Administrative Fines Levied by the Commission:

Legislative Agents	\$3450
Employers	\$3600
<b>Total Fines Assessed</b>	<b>\$8050</b>

These fines were assessed due to failure to file updated registration statements by the designated filing deadlines. Filers are cautioned that chronic late filing of forms results in additional penalties and possible action by the Commission.

## LOBBYING EXPENSES AS REPORTED 1994 - 2009

YEAR	EMP. FB	EMP. RME	EMP EXP	LA FB	LA RME	LA EXP	LA COMP	TOTAL
2009**	\$34	\$121,282	\$370,355	\$0	\$13,662	\$693,856	\$10,048,755	\$11,247,944
2008	\$434	\$248,463	\$691,801	\$82	\$35,100	\$1,196,922	\$14,729,726	\$16,902,528
2007	\$160	\$160,087	\$530,195	\$0	\$18,175	\$1,025,796	\$11,951,309	\$13,685,722
2006	\$423	\$227,190	\$803,103	\$157	\$19,631	\$1,061,624	\$13,362,476	\$15,474,604
2005	\$420	\$214,397	\$615,303	\$268	\$24,663	\$902,410	\$10,808,709	\$12,566,170
2004	\$561	\$204,701	\$819,692	\$150	\$10,003	\$213,134	\$10,836,866	\$12,085,107
2003	\$542	\$193,663	\$848,670	\$0	\$4,639	\$0*	\$8,141,073	\$9,188,587
2002	\$262	\$188,446	\$1,008,768	\$20	\$8,248	\$0*	\$9,088,595	\$10,294,339
2001	\$160	\$136,819	\$608,853	\$73	\$4,201	\$0*	\$6,132,887	\$6,882,993
2000	\$95	\$136,032	\$857,075	\$0	\$13,424	\$0*	\$8,295,998	\$9,302,624
1999	\$248	\$30,082	\$411,981	\$0	\$1,562	\$0*	\$3,989,617	\$4,433,490
1998	\$20	\$82,741	\$939,643	\$10	\$4,500	\$0*	\$7,086,054	\$8,112,968
1997	\$14	\$22,072	\$420,529	\$0	\$4,019	\$0*	\$3,137,175	\$3,583,809
1996	\$589	\$40,822	\$880,518	\$301	\$3,939	\$341,893	\$6,037,002	\$7,305,064
1995	\$177	\$15,692	\$318,105	\$107	\$534	\$144,098	\$2,254,114	\$2,732,827
1994	\$852	\$34,117	\$1,356,719	\$350	\$2,305	\$514,701	\$4,557,014	\$6,466,058
Totals	\$4,991	\$2,056,606	\$11,481,310	\$1,518	\$168,605	\$6,094,434	\$130,457,370	\$150,264,834

**Guide to Abbreviations:**

*EMP.FB (Employer Food & Beverage)*

*EMP.RME (Employer Reception, Meals & Events)*

*EMP.EXP (Employer Expenses)*

*LA.FB (Legislative Agent Food and Beverage)*

*LA. EXP (Legislative Agent Expenses)*

*LA. RME (Legislative Agent Reception, Meals & Events)*

*LA. COMP (Legislative Agent Compensation)*

\* Employer forms were amended to delete section dealing with reimbursed expenses to legislative agents.

Staff discovered that employers were listing amounts reimbursed to legislative agents for expenses and legislative agents were reporting these figures during the same period. Double reporting resulted.

\*\*2009 figures only include totals through August 31, 2009.

**MONEY SPENT ON LEGISLATIVE ACTIVITY SINCE THE ENACTMENT OF  
THE LEGISLATIVE ETHICS CODE - January 1994**

Legislative Year	Money for food and beverages for legislators and their families.	Money for food and beverages at recognized events.	Total expenses/ expenditures for lobbying. (Includes legislative agent salary.)
1994	\$1,202	\$36,422	\$6,466,058
1995	\$284	\$16,226	\$2,732,827
1996	\$890	\$44,761	\$7,305,064
1997	\$14	\$26,091	\$3,583,809
1998	\$30	\$87,241	\$8,112,968
1999	\$248	\$31,644	\$4,433,490
2000	\$95	\$149,456	\$9,302,624
2001*	\$233	\$141,020	\$6,882,993
2002	\$282	\$196,694	\$10,294,339
2003	\$542	\$198,302	\$9,188,587
2004	\$711	\$214,704	\$11,871,973
2005	\$688	\$239,060	\$11,663,760
2006	\$580	\$245,725	\$14,411,884
2007	\$160	\$160,087	\$12,658,586
2008	\$434	\$248,463	16,902,528
2009**	\$34	\$121,282	11,247,944

\*2001 Reflects totals from the first annual session in an odd-numbered year.

\*\*2009 figures only include totals through August 31, 2009.

From 1994 to 2009, \$150,264,834 was reported.

Of that figure, \$130,457,370 was attributed to salaries of legislative agents and \$19,807,464 was for other lobbying expenses.

**AN EMPLOYER AND LEGISLATIVE AGENT TRAINING SESSION HAS BEEN SCHEDULED FOR THURSDAY, JANUARY 7, 2010. MORE DETAILS TO COME.**

Thank you for visiting the Kentucky Legislative Ethics Commission (KLEC) Web site. We hope the information you find here will be helpful.

KLEC has jurisdiction over:

- Legislative agents (lobbyists),
- Employers (individuals or entities who engage legislative agents), and
- Members of the General Assembly.

The legislative ethics law covers four broad subject matters:

- Registration of legislative agents and employers;
- Statements by legislative agents and employers of:
  - lobbying expenditures and expenses, and financial transactions;
- Conduct of members of the General Assembly; and
- Financial disclosure statements of the General Assembly, legislative candidates, and key legislative staff.

**FILE FORMS ONLINE**

**(No reports due at this time. Next report covers 9/1/2009 to 12/31/2009 and is due on 1/15/2010)**

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**Lobbyist & Employer Lists**

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**Employers of Legislative Agents (Lobbyists)**

[pdf format](#)  
[word format](#)

**Legislative Agents (Lobbyists)**

**The next meeting of the Kentucky Legislative Ethics Commission is scheduled for Tuesday, December 1, 2009 at 10:30 a.m. Our meeting will be held at the Commission Office, 22 Mill Creek Park, Frankfort.**

**Today's Ethics News Stories From Across America (Click Here)**

**Kentucky tops national ethics study. View a copy of Honest Enforcement: What Congress Can Learn From Independent State Ethics Commissions**

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**See Also...**

[Ky. Executive Branch Ethics Commission](#)  
 The Executive Branch Code of Ethics establishes the ethical standards that govern the conduct of all executive branch employees.

[Ky. Legislative Research Commission](#)  
 A fact finding and service body for the legislature consisting of a 16 member panel of Democrats and

[pdf format](#)  
[word format](#)

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## **SEARCHABLE REGISTER**

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You may now search our entire database including expense records for employers and their legislative agents. Records are updated as they are entered into the database. All viewable reports are updated at 5:00 p.m. daily.

### **Searchable Register**

If you have questions regarding our searchable register, please contact [Donnita Crittenden](#).

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## **CONTACT US**

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### **US MAIL:**

**Kentucky Legislative Ethics Commission  
22 Mill Creek Park  
Frankfort, Kentucky 40601**

**PHONE: (502) 573-2863  
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For directions, see the "[About Us](#)" section of this site.

### **EMAIL:**

**Executive Director: [tony.wilhoit@lrc.ky.gov](mailto:tony.wilhoit@lrc.ky.gov)**

**Legal Counsel: [john.schaaf@lrc.ky.gov](mailto:john.schaaf@lrc.ky.gov)**

**Principal Assistant: [donnita.crittenden@lrc.ky.gov](mailto:donnita.crittenden@lrc.ky.gov)**

**Staff Assistant: [connie.evans@lrc.ky.gov](mailto:connie.evans@lrc.ky.gov)**

Republican leaders from the General Assembly.


[Ky. Registry of Election Finance](#)  
The Kentucky Registry of Election Finance administers and enforces the laws regulating the financing of state and local elections in Kentucky.

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### **Link Disclaimer**

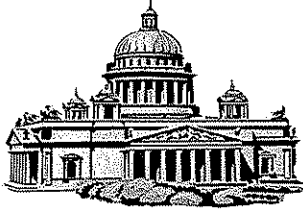
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External links are identified with the following icon: 

Last Updated 11/20/2009

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# THE ETHICS REPORTER

## Kentucky Legislative Ethics Commission

February 2009

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### Fine levied on lobbyist for making campaign contributions

One of the important provisions in the Kentucky Code of Legislative Ethics is **KRS 6.811(6)**, which prohibits legislative agents (lobbyists) from making a campaign contribution to a candidate running for election or re-election to the General Assembly, or to a candidate's campaign committee.

According to **KRS 6.811(11)**, any lobbyist who violates the prohibition against making a campaign contribution "shall for the first violation be guilty of ethical misconduct. For the second and each subsequent violation, he shall be guilty of a Class D felony."

The Legislative Ethics Commission recently reprimanded a lobbyist for making campaign contributions to legislative candidates, and levied a \$500 fine against the lobbyist.

The Commission dismissed complaints filed prior to the November election against two candidates who were alleged to have violated the ethics code prohibition against acceptance of campaign contributions from lobbyists. The Commission found that the lobbyist failed to identify himself as a lobbyist when he made the contributions, and the contributions were returned as soon as the candidates learned of the lobbyist's occupation.

In recent years, the Commission has addressed other campaign contribution questions raised under **KRS 6.811**. In 2005, the Commission held in an opinion (**OLEC 05-01**) that a lobbyist may not make a campaign contribution to any of the four caucus campaign committees, and that a legislator may not solicit a campaign contribution from a lobbyist for any of the caucus campaign committees. In **OLEC 05-01**, the Commission reiterated that the Ethics Code prohibits a legislator from soliciting the help of a lobbyist in raising campaign funds for the legislator himself or for another legislator.

The next year, in **OLEC 06-03**, the Commission responded to several questions with the following points:

1. A member of the General Assembly may not ask or direct a lobbyist to solicit campaign contributions for a political party or a legislative campaign.
2. An employer of a lobbyist may not ask, direct, or pay a lobbyist to solicit campaign contributions for legislative campaigns.
3. Members of the General Assembly who participate in political party fundraising may not exercise any control over the contribution of a lobbyist or direct such contributions to particular legislative campaigns.

4. Lobbyists may voluntarily contribute to or co-host with legislators an event to raise contributions for a political party if the contributions are deposited in the party's general funds and are not earmarked for a specific legislative race, provided the lobbyist is not requested by a legislator to do so.

The Code of Legislative Ethics and Opinions of the Legislative Ethics Commission can be accessed at the Commission's website <http://klec.ky.gov/>.

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### **Lobbyists and employers registered, and amounts reported**



There are 662 individual lobbyists registered with the Legislative Ethics Commission. These lobbyists filed 1,655 reports for the January, 2009 reporting period. Coincidentally, there are 662 employers of legislative agents registered. For reporting for the rest of 2009, each agent and employer is required to file expenditure statements on March 15, April 15, May 15, September 15, 2009 and January 15, 2010.

For the period of January 1, 2008 to December 31, 2008, employers of lobbyists spent more than \$15.7 million on lobbying activities. Of that total, almost \$14.8 million was spent on compensating lobbyists for their work.

For the year, about \$692,000 was spent by employers on expenses associated with lobbying activities, such as office expenses and lodging and transportation expenses for lobbyists. Additionally, over \$248,000 was spent by employers on receptions, meals, and events which were conducted primarily for groups of legislators, and \$434 was spent by employers on food and beverages provided to individual legislators or legislators' immediate family members.

For a complete review of employer and legislative agent spending, visit the Commission's website at <http://klec.ky.gov/>.

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### **U.S. House of Representatives follows Kentucky ethics model**

Over the past two years, the Kentucky Legislative Ethics Commission has provided information and been used as a model for members of Congress debating a new approach to ethics enforcement.

After much study and debate, the U.S. House of Representatives recently created the Office of Congressional Ethics (OCE), which is similar to Kentucky's Commission in that it does not include sitting members, and has the power to investigate ethics-related allegations.

Judge Tony Wilhoit, the Commission's Executive Director, testified before a Congressional task force studying ethics reform, and at the OCE's organizational meeting last month.

OCE will not replace the "in-House" ethics committee which retains authority to discipline members, but the Office will serve as a preliminary hearing board for investigating potential ethical violations, making referrals and recommendations to the full House Ethics Committee. [http://cha.house.gov/view\\_press\\_release.aspx?r=20080926134935](http://cha.house.gov/view_press_release.aspx?r=20080926134935)

Two years ago, Kentucky legislators were asked: "Which do you think is more effective in overseeing legislative ethics rules: committees of legislators such as those in the U.S. Senate and U.S. House of Representatives, or an independent commission such as Kentucky's?"

Over 97 percent of Kentucky's lawmakers said the independent commission is more effective than committees of legislators in monitoring ethics laws and advising legislators on those laws.

Before the General Assembly established the independent commission in 1993, the Kentucky legislature had an "in-house" ethics process, in which Senators and Representatives were asked to investigate allegations and resolve ethics questions involving other legislators.

When Kentucky legislators were debating the creation of the independent ethics commission, the most effective proponents of the idea were legislators who had served on the old ethics committee. These legislators understood how difficult it could be to sit in judgment of colleagues on ethics issues, then walk out of the meeting and ask those same colleagues for support on a bill or amendment.

Just as important, Kentucky legislators knew the public was demanding that ethics rules be enforced by an independent, bipartisan group of citizens. In the years since, the General Assembly's wisdom in this matter has been proven conclusively, and it now appears the U.S. House of Representatives has taken a step in the same direction.

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### **138 legislators have filed financial disclosure statements**

All members of the General Assembly and major management personnel in the legislative branch have filed statements of financial interests with the Legislative Ethics Commission. The statements will be available on the Commission's website <http://klec.ky.gov/>.

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### **Ethics and lobbying stories – from News You Can Use**

#### **"New Ethics Board Meets for First Time"**

**Federal** - The Hill - Published: 1/23/2009

The Office of Congressional Ethics (OCE) has already received numerous complaints against members and staff and can begin to investigate them after approving its rules and code of conduct recently. After months of contentious debate within the U.S. House and the Democratic caucus, Speaker Nancy Pelosi (D-Calif.) pushed through a bill creating the office early last year. It would allow private citizens to review allegations against members for the first time.

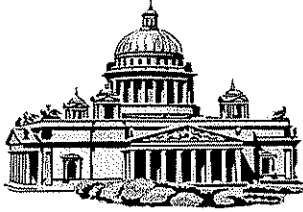
Under the new rules, the OCE will conduct preliminary reviews of ethics complaints and make recommendations to the full committee for further investigation and action. It can take complaints from the public and other members of Congress and staff but also can initiate reviews on its own. Some ethics watchdogs criticized its lack of subpoena power last year during the debate over its creation. The OCE will only consider activity that happened after March of last year.

Most of the OCE's activity will be secret, said former U.S. Rep. David Skaggs (D-Colo.), the panel's chairperson. But he added that it would make every effort to be as transparent as possible. An OCE Web site will be on-line soon and the meetings transcripts will be posted there, said Skaggs.



# THE ETHICS REPORTER

March 2009



Kentucky Legislative Ethics Commission  
22 Mill Creek Park, Frankfort, Kentucky 40601-9230  
Phone: (502) 573-2863

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## Fines on legislative agents & employers for failing to register



The Legislative Ethics Commission recently levied fines on several individuals and businesses for failing to register as legislative agents or employers, as required by the Code of Legislative Ethics. KRS 6.807 requires each legislative agent and employer to register with the Commission **within seven days** following engagement of a legislative agent (lobbyist).

In one of the recent cases, two lobbyists were fined \$1,000 apiece for failing to register, and their employer was fined \$500 for failing to register.

In another case, a lobbyist was fined \$750 (\$250 per company) for failure to register, and the three companies which engaged the lobbyist were fined \$250 each for failing to register.

In both of these cases, the lobbyists were already registered with the Commission as legislative agents, and presumably were familiar with the registration requirements.

In a third case, the Commission is reviewing a situation in which an individual may have lobbied Kentucky legislators outside of Kentucky, but was not registered as a legislative agent in Kentucky. The legal duty to register as a legislative agent applies regardless of whether an individual is within Kentucky or outside the state when lobbying members of the General Assembly.

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## Legislative agent/employer registrations up in February

As of the end of February, 672 employers and 672 legislative agents were registered with the Ethics Commission. These totals are up slightly from January, when 662 employers and 662 agents were registered.

Through the end of February, employers had paid \$3,335,568 in compensation to lobbyists during the 2009 session of the General Assembly. Since January 1, employers have also paid \$160,829 in expenses, and \$63,590 for receptions, meals and events to which groups of legislators were invited. Employers reported spending \$33.60 on food and beverages for individual legislators during that same time period.

## **Spending reports due on April 15 and May 15**

Reports on lobbyist and employer spending are due on April 15 and again on May 15. The report filed in April will include all spending for the period March 1 to March 31, and the May report will include spending from April 1 to April 30. After these reports, the next spending report will be due September 15, and will include spending from May 1 to August 31.

If there is no spending by an employer during a reporting period, the one-page "short form" can be submitted, and is an easy way to comply with the filing requirements. Lobbyists have the option to file the legislative agent's "short form" which is also a one-page form. These forms can be mailed, faxed, e-mailed, or placed in the deposit box in the Legislative Research Commission Library, in Room 027 in the basement of the Capitol Annex.

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## **Updated ethics stories on website**

Check the website of the Legislative Ethics Commission <http://klec.ky.gov/> for stories related to legislative ethics and lobbying from around the United States. The site is frequently updated to provide the latest news from the state capitals and from Washington, D.C.

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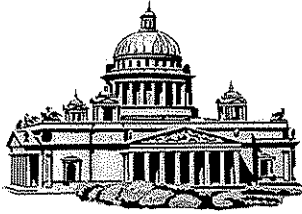


## **Electronic filing coming soon**

Lobbyists and employers will soon be able to electronically file their reports with the Legislative Ethics Commission. This service will be **FREE OF CHARGE**, and will make filing of lobbying reports much simpler and more efficient. The Commission is working with the Commonwealth Office of Technology to create this new program.

When it becomes available, the electronic filing system will be located on the Commission's website, <http://klec.ky.gov>. Forms submitted electronically will be sent to Donnita Crittenden at the KLEC office for approval. Once approved, the forms will automatically be entered into the Commission's database.

This new system is expected to be functioning by the September 15th filing deadline. Log-in information and instructions for the filing system will be mailed this summer, and we hope most legislative agents and employers will take advantage of the new system.



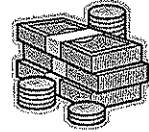
# THE ETHICS REPORTER

May 2009

Kentucky Legislative Ethics Commission  
22 Mill Creek Park, Frankfort, Kentucky 40601-9230  
Phone: (502) 573-2863

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## Health Care and Tobacco Interests Lead Lobby Spending in '09 General Assembly



Businesses and organizations spent close to \$5.5 million lobbying during the recently-completed 2009 General Assembly. A significant majority of spending (\$5.1 million) was paid as compensation to lobbyists employed by the businesses and organizations. Related expenses such as lobbyist travel and lodging, and phone banks accounted for about \$266,000 of employer spending.

About \$77,000 was spent on receptions, meals and events to which groups of legislators were invited, and less than \$34 was reported spent on food and beverages provided to individual legislators.

Based on reports received by the April 15 filing deadline, at least 51 businesses and organizations spent over \$20,000 lobbying between January 1 and March 31.

For the three months during which the 29-day session took place, the biggest spender on lobbying was **DaVita, Inc.**, a California-based provider of dialysis services for people diagnosed with chronic kidney failure. The company paid five lobbyists \$25,500 per month for January, February, and March, for a total of \$76,500 for the session. DaVita initially registered in Kentucky in late 2007, and in the 12 months ending December 31, 2008, the company paid \$149,500 to its Kentucky lobbyists.

**Altria Client Services, Inc.** and its affiliates, including U.S. Smokeless Tobacco Co. and Philip Morris USA, the largest U.S. tobacco company, appear to have spent about \$78,000 in the three-month period, but the company's expenditures were divided between two entities. Altria spent about \$56,000, including \$46,700 paid to three lobbyists, and **UST Public Affairs** paid four other lobbyists \$22,000 through MultiState Associates Inc., an Alexandria, Va. based government relations firm.

The **Kentucky Chamber of Commerce**, representing 2,700 member businesses, was the third highest spending employer in the '09 session, spending \$74,386, including \$23,625 per month to six lobbyists and \$3,511 on Chamber Day 2009, a January event in Lexington to which all legislators were invited.

Next on the spending list is **Reynolds American, Inc.**, the parent company of R.J. Reynolds Tobacco Co., the second-largest U.S. tobacco company. Reynolds spent a total of \$67,145 on session lobbying, including \$24,335 in total compensation to seven lobbyists, and \$42,810 in phone bank expenses for February and March.

The **Kentucky Medical Association (KMA)**, a professional organization for physicians, spent close to \$55,000, including \$53,000 to four lobbyists who lobbied bills relating to the medical profession and health care. KMA was followed on the spending list by the **Kentucky Retail Federation**, a non-profit association representing over 6,000 retailers. The Retail Federation spent about \$50,000, with \$46,243 going to the organization's four lobbyists.

Next on the employers' spending list is the **Kentucky Education Association (KEA)**, a membership organization for school employees. KEA spent \$48,928, including about \$39,600 in compensation to eight lobbyists.

Two health care businesses were next on the spending list, with **Norton Healthcare, Inc.** spending \$45,520, almost all of that amount on compensating nine lobbyists. Norton operates four hospitals, 11 immediate care centers and over 60 physicians practice locations.

Norton is one of the health care providers which in 1997 established **University Healthcare, Inc.**, a Medicaid managed care plan which spent \$45,000 on five lobbyists during the session. University Healthcare, which does business as Passport Health Plan, serves 140,000 people in the state's Medicaid and KCHIP populations. (Passport is administered by Philadelphia-based **AmeriHealth Mercy**, which spent \$15,000 on five lobbyists during the 2009 session.)

Three other organizations spent more than \$40,000 on lobbying during the session. Those include **Kentuckians for the Commonwealth (KFTC)**, a citizens' organization which focused in the '09 Session on coalfield issues, tax reform and restoration of voting rights. KFTC paid 26 lobbyists about \$24,900 during the three-month period, and paid over \$16,000 in lobbying expenses for a session total of about \$41,000.

The **Kentucky Farm Bureau Federation** spent \$40,647 in compensation to five lobbyists. Farm Bureau represents agricultural producers and rural communities, and one of its programs, the **Farm Bureau Mutual Insurance Co.**, spent about \$12,000 on three lobbyists during the session.

The **Kentucky Justice Association**, a group of more than 1,400 attorneys, paid two lobbyists about \$40,100 for lobbying on issues including workers compensation and medical negligence.

For a complete list of spending by all businesses and organizations which employed lobbyists during the recently-completed General Assembly, go to the website of the Kentucky Legislative Ethics Commission at <http://klec.ky.gov/>

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### Lobbying by Local Governments and Affiliated Organizations



Public organizations working on behalf of state and local governments and officials spent more than \$500,000 lobbying during the first three months of 2009, including the regular session of the General Assembly.

The organizations which employ lobbyists include local governments and officials, education, and economic development groups. The **Kentucky Association of Counties (KACo)** was the leader among public organizations in spending during the 2009 session, spending about \$33,800, with almost the entire amount paid to six lobbyists. In comparison, KACo spent about \$44,000 on lobbying during last year's 60-day session, and \$110,000 during all of 2008. KACo represents Kentucky's 120 county governments.

The **Coal County Coalition**, which represents 38 coal-producing counties, employed two lobbyists and spent \$6,500 during the 2009 session, including about \$6,300 on compensation.

A variety of organizations representing county officials also employed lobbyists during the 2009 General Assembly. These include the **County Clerks' Association**, which spent about \$21,100 from January to March; the **Magistrates & Commissioners Association** (about \$14,900); the **County Judge/Executive Association** (about \$14,200); the **Sheriffs Association** (\$12,170); the **Jailers' Association** (\$10,670); the **County Attorneys Association** (\$4,670); and the **Property Valuation Administrators Association** (\$3,550).

The **Kentucky League of Cities**, an association of 400 cities and municipalities, spent about \$14,000 on session lobbying, including compensating 10 lobbyists (\$11,600) and paying \$1,913 for a reception for legislators and city officials on February 10. The **Jefferson County League of Cities** spent \$3,200 on its lobbyist during the first three months of the year.

Several local governments employed lobbyists to represent the interests of the specific government, including the **City of Franklin**, which spent \$10,000 compensating a lobbyist to work on issues relating to gaming; and the **City of Frankfort**, which spent \$2,100 on lobbying in January and February, including \$1,000 on a Welcome Breakfast for legislators during the first week of the session.

The **Louisville & Jefferson County Metro Government** spent about \$3,200 compensating two of its employees for lobbying; **Greater Louisville, Inc.**, the Metro Government's economic development agency, spent about \$25,000 on nine lobbyists in the '09 Session, after spending \$78,668 in the 12 months ending December 31, 2008; the **Transit Authority of River City** spent about \$12,200; the **Louisville Regional Airport Authority** spent \$12,000 on four contract lobbyists; the **Jefferson County Fire Trustees Association** spent \$10,000; the **Louisville Water Company** spent \$7,667; and the **Jefferson County Attorney** spent \$3,288 on one lobbyist's compensation and expenses.

**Lexington-Fayette Urban County Government** was represented by one of its employees, and paid him about \$8,000 during the session to lobby on a wide variety of legislation, including bills on pensions and public notice. **Commerce Lexington**, which promotes economic development, spent about \$17,500 including about \$6,600 in February for "An Evening in the Bluegrass" reception at Frankfort's Buffalo Trace Distillery; and **Blue Grass Airport** in Lexington spent \$2,000 on two contract lobbyists.

Other local governments and related entities which employed lobbyists include the **Henderson County Fiscal Court**, which spent \$1,875, the **Henderson County Riverport Authority** (\$1,500), the **Greenup-Boyd Riverport Authority** (\$3,840), **Larue County** (\$2,000), the **Marshall County/Calvert City Riverport Authority** (\$1,800), the **Meade County Riverport Authority** (\$2,400), **Sanitation District No. 1**, which serves Boone, Kenton and Campbell Counties (\$10,000); and **Scottsville/Allen County Industrial Authority** (\$5,000).

**REMINDER: The next updated registration statements are due on May 15th, 2009. These forms will cover the April 1 - April 30, 2009 reporting period.**

## Local Economic Development and Tourism Efforts Represented by Lobbyists

In addition to Louisville, Lexington, and other local governments mentioned above, several other organizations supported local economic development, tourism, transportation, and public protection efforts in the 2009 General Assembly.

The **Northern Kentucky Chamber of Commerce** spent \$17,000 for two lobbyists in February and March after spending about \$66,000 throughout 2008, including \$24,500 on a Night in Frankfort event in February 2008; the **Northern Kentucky Convention Center** spent \$7,500 on six contract lobbyists after spending \$25,000 in the 12 months ending December 31, 2008; **The Project Coalition**, a group of business, civic, labor and government organizations supporting the construction of the Ohio River bridges in Louisville, paid \$15,000 to four lobbyists in the first three months of 2009.

**Greater Owensboro Chamber of Commerce** spent \$10,500 on three contract lobbyists and an employee after spending about \$30,000 throughout 2008, including \$8,000 on a February 2008 reception; the **Paducah Area Chamber of Commerce** spent \$9,000 on a contract lobbyist for the '09 Session, after spending the same \$3,000 per month throughout 2008; the **Kentucky Public Transportation Association**, representing about 40 transportation providers, spent \$4,700; the **Kentucky Center for the Arts Endowment Fund** spent \$4,500; and the **Kentucky Association of Convention & Visitors Bureaus** spent \$3,000.

The **Kentucky Rural Water Association** spent about \$9,400, including \$5,100 to compensate a lobbyist; the **Municipal Electric Power Association of Kentucky** spent \$6,000 to pay two lobbyists, who were also paid \$3,000 for the '09 Session by the **Municipal Water & Wastewater Association of Kentucky**.

The **Kentucky Firefighters Association**, representing almost 300 local fire departments, did not compensate its two lobbyists, but spent about \$12,000 on expenses such as travel, food and lodging for its lobbyists. **Legal Aid of the Bluegrass** spent \$2,000 to compensate a lobbyist for January and February.

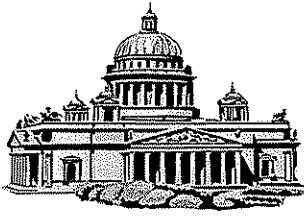
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## Spending by Schools and Education Administrators



Several educational institutions and groups of school officials employed lobbyists for the 2009 General Assembly. Among the state universities, **Kentucky State University** spent \$13,750; the **University of Louisville Foundation** spent \$12,200 and the **University Medical Center** at UofL spent \$11,250; **Eastern Kentucky University** spent \$10,500; **Murray State University** spent \$8,000; and **Morehead State University** spent \$4,000.

Elementary and secondary schools and administrators who employed lobbyists during the session include **Jefferson County Public Schools**, which spent about \$17,000 for the first three months of 2009, after spending \$41,000 in the year ending December 31, 2008; the **Kentucky Association of School Administrators**, which spent \$10,450, after spending \$37,647 in all of 2008; the **Kentucky Association of School Superintendents**, which spent \$7,500, after spending \$42,759 in all of 2008; and the **Kentucky Association of School Councils** (\$1,750).



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## Summer Legislative Conferences



The Code of Legislative Ethics applies in Kentucky, and also applies to meetings outside the Commonwealth attended by members of the General Assembly in their official capacity, and to activities of employers and legislative agents at these events, regardless of the location.

Food and beverages and other items provided as part of the official program at events sponsored by regional or national legislative organizations are excluded from the definition of "anything of value," so these items may be provided for legislators, and they must be reported if provided by employers or lobbyists. These organizations include the National Conference of State Legislatures (NCSL), the Southern Legislative Conference (SLC), and the American Legislative Exchange Council (ALEC).

Separate receptions, dinners and other events sponsored by employers and legislative agents, and held outside the official program, are subject to the same limitations and reporting requirements applicable to such events held in the Commonwealth.

This summer, the meetings include the NCSL Legislative Summit in Philadelphia, PA from July 20-24, the SLC Annual Meeting in Winston-Salem, N.C. from August 15-19, and the ALEC Annual Meeting in Atlanta, GA from July 15-18.

If you have any questions about these meetings, or the reporting of spending on lobbying activities, please call the Legislative Ethics Commission at 502-573-2863.

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## Reports on summer lobbying



The next expenditure reports for legislative agents and their employers are due on September 15, 2009. On those reports, spending and other activities from May 1 to August 31 will be reported, including any expenditures made in conjunction with the special legislative session which convenes on Monday, June 15.

The reports due in September will also cover any activities relating to the legislative meetings and conferences which will be held this summer.

The Legislative Ethics Commission makes all reporting forms available on the Commission's website found at this address: <http://klec.ky.gov/>

The forms are also available at the Commission's office at 22 Mill Creek Park, on the east side of Frankfort near the intersection of Interstate 64 and Versailles Road.

**PLEASE TAKE NOTE:** Due to budgetary constraints in Kentucky, forms will no longer be mailed to lobbyists or employers, unless requested.

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### Campaign contributions during legislative sessions



In 1998, several members of the General Assembly asked questions concerning the solicitation and acceptance of campaign contributions prior to and during a legislative session.

In a formal opinion of the Legislative Ethics Commission (OLEC 98-2), the Commission advised legislators to "exercise sound judgment and common sense at all times to avoid the appearance of unethical conduct" if a campaign contribution is offered during a session of the General Assembly.

The 1998 opinion reiterated that a legislator "may properly solicit and accept campaign contributions at any time."

"There is nothing unethical or improper about a legislator engaging in these seldom unnecessary political activities, nor should these activities be viewed as somehow suspect in themselves. It is when these activities take place under circumstances that give rise to an appearance of improper influence concerning a legislator's vote, opinion, judgment, or exercise of discretion that an ethical concern arises."

The Commission concluded that "Campaign contributions solicited or accepted during a special or regular legislative session from an individual or entity with a legislative interest should be subject to a high level of scrutiny by the individual legislator and by the Commission."

Registered legislative agents are prohibited from making a campaign contribution to a legislator, a candidate, or a campaign committee, and this prohibition applies to caucus campaign committees.

In OLEC 06-03, the Commission summarized some general rules on lobbyists' involvement in campaign contributions or fundraisers:

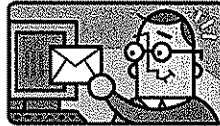
1. A member of the General Assembly may not ask or direct a lobbyist to solicit campaign contributions for a political party or a legislative campaign.
2. An employer of a lobbyist may not ask, direct, or pay a lobbyist to solicit campaign contributions for a legislative campaign.



3. Members of the General Assembly who participate in political party fundraising may not exercise any control over the contribution of a lobbyist or direct such contributions to particular legislative campaigns.
4. Lobbyists may voluntarily contribute to or co-host with legislators an event to raise contributions for a political party if the contributions are deposited in the party's general funds and are not earmarked for a specific legislative race, provided the lobbyist is not requested by a legislator to do so.

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### **Electronic filing**



With the outstanding work of the Commonwealth Office of Technology, the Legislative Ethics Commission is now offering to lobbyists and employers the opportunity to file reports online by completing a form and clicking "Submit" when you are finished – mailing, postage, faxing or hand-delivering will no longer be necessary.

In August, the Commission will send a packet of information explaining the new process and the log in ID and password to all registered legislative agents and employers.

The log in ID and password will be mailed directly to the employer and legislative agent on or around the first week of August. We will be using the mailing address listed on the most recent form filed with our office. If you would like to confirm your address, please visit our website at [www.klec.ky.gov](http://www.klec.ky.gov) and review our lobbyist list to be sure your mailing address is correct. If there are contact or address changes, you will need to notify our office immediately.

Please keep track of the packet you receive in August so you will have access to the online filing system for the September 15th deadline. Once you receive your packet, you may log in and familiarize yourself with the new system. If you have any questions about the system, feel free to contact our office.

If you choose to use our online filing system, please be sure to print your completed form. State law requires legislative agents and employers to keep receipts and records for a two-year period.

Please keep in mind, if you are late filing your form online, the same administrative penalties apply. If you file within ten days after the deadline you will be assessed \$50. If you file after the ten day period, you will be assessed \$100. The online filing system has been set up to calculate the timeliness of your form. Once you have submitted the report, the system will notify you if you are late. You will need to print out this notification and mail it in with your fine.

We look forward to working with you on the new system and hope this transition is a smooth process. If you choose not to use the online filing system, paper forms will be accepted by mail, fax or hand delivery. However, forms will no longer be mailed to lobbyists or employers, unless requested.