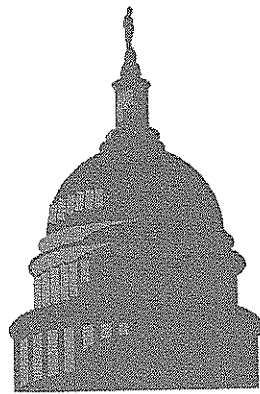
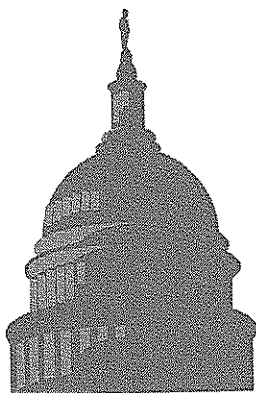


Kentucky Legislative Ethics Commission

ANNUAL REPORT



FY 2002-2003



Kentucky Legislative Ethics

Commission Members

George C. Troutman, Chair

Rebecca P. Tomblinson, Vice Chair

Pat Freibert

Ann B. Henn

Judge Charles B. Lester

Dr. Douglas D. Moseley

Judge Paul Gudgel

Joe Lane Travis

Lloyd E. Clapp

Commission Staff

Anthony M. Wilhoit, Executive Director

Peggy J. Williams, Principal Assistant

Donnita B. Crittenden, Staff Assistant

Connie Y. Evans, Administrative Assistant

Lee W. Rowland, Enforcement Counsel

22 Mill Creek Park

Frankfort, Kentucky 40601

Telephone: (502) 573-2863

Fax: (502) 573-2929

Web Address: <http://www.lrc.state.ky.us/Otherweb/Ethics/ethics.htm>

FOREWORD


On behalf of the Kentucky Legislative Ethics Commission and its staff, I am pleased to submit our tenth Annual Report to the members of the Legislative Research Commission.

Ten years ago, the Legislative Ethics Code was enacted to provide a code of conduct for members of the General Assembly, to provide for registration of lobbyists and their employers and for reporting of their expenses, and to give the public a full accounting of money spent on special interests.

With minor amendments, the Code has been proclaimed one of the strongest in the nation. The lobbying law is considered second in the nation with Wisconsin being the first.

We have moved to a new level of trust between the Commission and the General Assembly and others covered by the Code of Ethics. It is our hope to strengthen that relationship while at the same time continuing to enforce the Code of Ethics as expected by the public.

We respectfully submit this report of activities of the Legislative Ethics Commission as required by KRS 66.666(16).


George C. Troutman, Chair

Commission Member Profile

George C. Troutman - Mr. Troutman is in his second year as Chairman of the Commission after serving five years as the Vice-Chairman. Mr. Troutman was recently re-appointed to the Commission by Speaker Jody Richards. Mr. Troutman graduated from St. Xavier High School and Bellarmine University where he majored in accounting. He is a Certified Public Accountant, a member of the American and Kentucky Society of CPAs and is currently self-employed. Mr. Troutman served on the Registry of Election Finance from 1992 to April of 1994. He has been appointed to the American Board of Forensic Accounting. He is married, has four children and three grandchildren.

Rebecca Parker Tomblinson - Mrs. Tomblinson is in her second term with the Commission and is currently serving her second year as Vice-Chairman. Mrs. Tomblinson was appointed by Speaker Jody Richards. Mrs. Tomblinson graduated from Madisonville High School and attended Western KY University. She is a member of First Baptist Church in Bowling Green. She is a former member and Chairman of the Board of the Bowling Green City Schools. She works with her husband, Ben, in a privately owned business in Bowling Green, where she resides. She has two children and three grandchildren.

Lloyd Clapp - Mr. Clapp was appointed to the Commission by the Legislative Research Commission to fill the remainder of the term vacated by Senator Georgia Powers. He has since been reappointed to a four-year term. He is a former member of the House of Representatives having served one term as Speaker Pro Tem. Mr. Clapp also served as Legislative Liaison for Governor Jones. He has been asked by the Chairman to serve as the Commissioner who monitors Personnel activities. Mr. Clapp is retired and lives in Wingo.

Judge Charles B. Lester - Judge Lester served as Chairman of the Commission for five years. He was appointed to the Commission by Speaker Jody Richards to fill the one-year unexpired term resulting from the resignation of Judge Charles Luker. Judge Lester retired from the KY Court of Appeals where he served for 20 years, the last five and one-half of which he was Chief Judge. Judge Lester earned an A.B. and B.C.L. degrees at the College of William and Mary, Williamsburg, Virginia and continued his legal and judicial education at Harvard Law School in 1989 and University of Edinburgh, Scotland, and Oxford University, The United Kingdom, in 1990. He is member of the KY and Virginia Bar Associations, as well as the National Council of Chief Judges. Judge Lester is married to Jackie L. Lester and has two children and three grandchildren.

Ann B. Henn - Mrs. Henn was appointed to the Commission in May 1997 by Senate President Larry Saunders and reappointed by President David Williams. Mrs. Henn was an attorney at the Court of Appeals for nine years. She received a B.S. from Northern Kentucky University in 1984 and graduated from the University of Kentucky College of Law in 1987. 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, have three sons, and reside in Edgewood.

John Shepherd - Mr. Shepherd was originally appointed to a four-year term by President of the Senate John "Eck" Rose and reappointed by President David Williams. He is Executive Vice President of HNB Bank in Irvine and is the Chairman of Irvine Municipal Utilities, Chairman of the Estill County Literacy Council and a member of the Irvine Kiwanis Club. He resides in Irvine with his wife and two daughters.

Pat Freibert- Mrs. Freibert is a former member of the House of Representatives and was appointed to the Commission for a four-year term by President of the Senate, David Williams. 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 lives in Lexington with her husband and is a free lance writer for several publications.

Dr. Douglas D. Moseley - Dr. Moseley was appointed to a four-year term on the Commission in November 2001 by President of the Senate David Williams. Dr. Moseley is a United Methodist Minister. He attended Western KY University and graduated with a BA from KY Wesleyan College in 1952. He received a Master of Divinity from Emory University in 1958. He was awarded an honorary Doctor of Divinity from Union College in 1985. Dr. Moseley served as State Senator from 1974 to 1987. He was a Professor at Lindsey Wilson College from 1960-70 and Chairman of the Department of Religion. He has also served on the KY State Personnel Board and the KY State Parole and Probation Board. He is married to Betty Jean Wyant of Glasgow. Both he and Mrs. Moseley are retired and live in Bowling Green, KY.

Judge Paul D. Gudgel – Judge Gudgel was appointed by Speaker Richards in November to serve the unexpired term of Commissioner Clarence Jackson, which ends in 2004. 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, as Fayette County Judge, 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 on November 1, 2002. Judge Gudgel earned a Master of Laws degree from the University of Virginia in 1990 and also served as a member of the Judicial Conduct Commission for twenty-two years. He is married to Katherine Gudgel and they have two sons and six grandchildren.

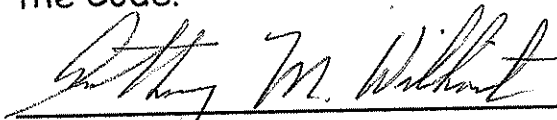
Joe Lane Travis – Mr. Travis was appointed by President David Williams in May 2003. Born in Barren County, Mr. Travis graduated from Tompkinsville High School, Western Kentucky University and the University of Kentucky Law School. He served as a Judge Advocate for the US Army, as Glasgow City Attorney, and is currently practicing law in Glasgow. He represented the 9th Senatorial District from 1981-1988. He is married to Mary Lou Copeland Travis of Pike County and they have five children and three grandchildren.

Legislative Ethics Commission

2003

The Commission and its staff continued to work closely with those covered by the Code of Legislative Ethics to ensure understanding of and compliance with the Code. The spirit of cooperation shown this past year by those covered by the Code as well as their willingness to comply with its provisions has been outstanding.

The number of requests for informal advice from staff reached an all-time high during 2003. This reflects both a respect for the Code and the ongoing good relationship which exists between our staff and those covered by the Code.



Anthony M. Wilhoit, Executive Director

Legislative Ethics Commission Staff Profile

Anthony M. Wilhoit - Executive Director. Judge Wilhoit joined the Legislative Ethics Commission on November 17, 1997. Joining the Court of Appeals in 1976, he was appointed to the position of 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 in 1955 from Thomas More College, a law degree from the University of Kentucky in 1963, and an LLM from the University of Virginia in 1986.

Peggy J. Williams - Mrs. Williams is the Principal Assistant in the Commission office. With 25 years of state government experience, Mrs. Williams served as Administrative Assistant to the Speaker Pro Tem of the House of Representatives for four years. Other state government experience includes the Department of Education, the Board of Claims/Crime Victims Board, the Council on Higher Education, the Legislative Research Commission and Unemployment Insurance. Mrs. Williams has a BS in Political Science with a minor in Public Administration from Kentucky State University.

Donnita B. Crittenden - Mrs. Crittenden is the Staff 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 Administrative 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.

Lee Rowland - Mr. Roland is the Enforcement Counsel for the Commission. He is a partner in the law firm, Baldani, Rowland and Richardson of Lexington. Mr. Rowland graduated from the University of KY School of Law. He and his family reside in Versailles.



KENTUCKY LEGISLATIVE ETHICS COMMISSION

**GEORGE TROUTMAN, CHAIR
REBECCA TOMBLINSON, VICE CHAIR**

Joe Lane Travis
Ann B. Henn
Doug Moseley

Lloyd E. Clapp
Paul D. Gudel
Charles B. Lester
Pat Freibert

ANTHONY M. WILHOIT, EXECUTIVE DIRECTOR

OPINION

(OLEC 03-01)

July 8, 2003

QUESTION PRESENTED

Does the \$100.00 yearly spending limit placed on a legislative agent and his or her employer for food and beverages consumed on the premises by a legislator apply to food and beverages furnished in connection with out-of-state travel by a legislator which is approved by the Legislative Research Commission?

DISCUSSION

KRS 6.811(7)(a) and (b) place a limitation of \$100.00 on the amount that a legislative agent or his or her employer may spend annually for food and beverages to be consumed on the premises by a particular legislator and his or her immediate family. KRS 6.747(2), however, provides that a legislator may accept prepaid transportation, food and lodging or be reimbursed for actual expenses for out-of-state travel "associated with the performance of his duties as a legislator if he obtains prior approval of the travel from a majority of the Legislative Research Commission." As can be seen, this latter statute places no limit on the amount that can be spent for food for a legislator for out-of-state travel provided the legislator obtains prior approval of the travel.

In 1996 the Commission held in OLEC 96-5 that the provisions of KRS 6.747(2) which deal specifically with out-of-state travel govern what a legislator may accept in conjunction with such rather than certain other statutory provisions which are silent as to



OLEC 03-01

July 8, 2003

Page 2

their out-of-state applicability. The Commission concluded that, so long as KRS 6.647(2) was complied with, a legislative agent or his or her employer could pay for out-of-state travel by an individual legislator. It noted, however, that “[s]uch travel funded by employers or legislative agents is subject to the detailed reporting requirements of the Code.”

In that opinion, the Commission did not directly consider the statutory limit of \$100.00 on food and beverages contained in KRS 6.811(7)(a) and (b) or any application KRS 6.621 might have with respect to a limitation on those funding the travel. It is clear, nevertheless, that the Commission believed that the “out-of-state travel statute” governed both what could be spent by those funding the travel and what the legislator could receive.

This mirrors the statutory scheme with respect to travel by an individual legislator to an in-state event with the approval of the Legislative Research Commission. The \$100.00 limitation does not apply in that circumstance but the reporting requirements do. See KRS 6.611(2)(b)(8)(e) and 6.821(2) and (5)(b).

OPINION

The \$100.00 limitation on food and beverages furnished to a legislator or his immediate family set out in KRS 6.811(7)(a) and (b) does not apply to food and beverages furnished to a legislator in connection with out-of-state travel which has been approved by the Legislative Research Commission in accordance with KRS 6.747(2). The recipient of food and other travel expenses must report the amount spent and by whom to the Legislative Research Commission. If the travel, etc. is paid for by a legislative agent or the employer of a legislative agent, the amount spent on the individual legislator, including the name of the legislator, must be reported on the appropriate updated registration statement filed by the agent or employer in accordance with the requirements of KRS 6.821.

Education and Training

- | | |
|------------|---|
| 1/8-9/03 | Current Issues Seminar
Dr. Rushworth Kidder
Institute for Global Ethics
Training by LEC Staff |
| 1/30/03 | Training Session for Legislative Agents and Employers |
| 2/06/03 | Addressed the Northern KY Chamber of Commerce
Leadership Group |
| 9/21-24/03 | Staff attended Council on Governmental
Ethics Laws Conference in Austin, TX
Staff participated in Lobbying Update Panel
And collected information from all the states,
Canada and Britain |
| 10/03 | Provided private in-house training as requested
to a legislative agent and new employer. |

During the year, two newsletters were distributed to all General Assembly members, legislative agents and employers. These newsletters contained information about frequently asked questions during a campaign season and the ten-year anniversary of the Commission.

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

Current Registration:

Employers 511

Legislative Agents 616

Reports were filed on January 15, February 15, March 15, April 15, May 15, and September 15th. At this time, LEC staff is preparing for a new two-year registration period which will begin on January 1, 2004. All employers and legislative agents are required to file a new initial registration form and pay a \$250 registration fee.

With Commission approval, staff worked with employees of the Governor's Office of Technology to enhance the current web site and develop a searchable database that includes information relating to expenses incurred due to lobbying activity. The web site has provided information that would have required a visit to the Legislative Ethics Commission office. We will continue to work with GOT to update the web site and improve the database.

Complaints and Administrative Actions

2003

Complaints:

Two complaints were filed against General Assembly members, and one complaint was filed against an employer of a legislative agent. Two complaints were dismissed due to lack of probable cause that a violation of the Code of Ethics had occurred. One complaint resulted in a fine.

Administrative Fines Levied by the Commission:

Legislative Agents	\$3,500
Employers	\$7,600
Total Fines Assessed	\$8,900

These fines were issued 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.

EMPLOYER'S LOBBYING EXPENSES AS REPORTED 1994 - 2003

YEAR	EMP. FB	EMP. RME	EMP EXP	LA FB	LA RME	LA EXP	LA COMP	TOTAL
2003	\$305+	\$161,162+	\$705,527+	0.00+	0.00+	0.00*	\$6,175,936+	\$7,042,930+
2002	\$262	\$188,446	\$1,008,964	\$20	\$8,248	0.00*	\$9,092,595	\$10,298,535
2001	\$160	\$136,819	\$608,853	\$73	\$4,201	0.00*	\$6,132,887	\$6,882,993
2000	\$95	\$136,032	\$857,075	0.00	\$13,424	0.00*	\$8,295,998	\$9,302,624
1999	\$248	\$30,082	\$411,981	0.00.	\$1,562	0.00*	\$3,989,617	\$4,433,490
1998	\$20	\$82,741	\$939,643	\$10	\$4,500	0.00*	\$7,086,054	\$8,112,968
1997	\$14	\$22,072	\$420,529	0.00	\$4,019	0.00*	\$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	\$2,722	\$847,985	\$7,507,914	\$861	\$42,732	\$1,000,692	\$56,758,392	\$66,161,298

Guide to Abbreviations:

EMP.FB (Employer Food and Beverage)
 EMP.RME (Employer Reception, Meals & Events)
 EMP.EXP (Employer Expenses)

LA.FB (Legislative Agent Food and Beverage)
 LA. RME (Legislative Agent Reception, Meals & Events)
 LA. EXP (Legislative Agent Expenses)
 LA. COMP (Legislative Agent Compensation)

++Numbers have been rounded up to next dollar for convenience.

* 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.

+ Figures for 2003 include January 1 through August 31, 2003.

Kentucky Legislative Ethics Commission

22 Mill Creek Park
 Frankfort, Kentucky 40601
 Telephone: (502) 573-2863
 Fax: (502) 573-2929

Updated September 26, 2003

[Authority](#) · [Members](#) · [Staff](#) · [KRS](#) · [Regulations](#) · [Advisory Opinions](#) · [Forms](#)

Employer Expense Report 2003	Guide to the Code of Ethics - Legislators, Legislative Candidates & Legislative Employees
Guide to the Code of Ethics - Lobbyists & Employers of Lobbyists	Reporting Forms, Reporting Deadlines
Summary of Advisory Opinions - 1993-2003 MOST RECENT OPINION	Map to Commission Office
List of Legislative Agents (updated daily)	List of Employers of Legislative Agents (updated daily)

Searchable Register

You may now search our entire database including expense records for employers and their legislative agents. Records are updated at 12:00 noon and 5:00 p.m. daily. If you have questions about our searchable register, please contact Donnita Crittenden at donnita.crittenden@lrc.state.ky.us.

Authority

The Kentucky Legislative Ethics Commission (KLEC) is an independent authority established in 1993 to administer and enforce the Kentucky Code of Legislative Ethics.

- [Kentucky Revised Statutes 6.601 to 6.849](#) authorize KLEC and provide the Code of Legislative Ethics.
- [Kentucky Administrative Regulations 2 KAR 2:010 to 2:040](#) specify forms for registration and financial reporting required by the Code.

KLEC has jurisdiction over:

- "legislative agents" (lobbyists),
- "employers" (individuals or entities who engage legislative lobbyists), 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.

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Forms

Legislators, certain legislative staff and candidates for legislative office are required to file:

- a *Statement of Financial Interests* with the Commission annually.
 - For further information see the Guide to the Code of Ethics - [Legislators, Legislative Candidates & Legislative Employees](#).

Lobbyists and Employers of Lobbyists are required to file:

- an *Initial Registration Statement*, and
- at specified times, an *Updated Registration Statement*, which includes a *Statement of Expenditures*.
 - An *Updated Registration Statement - Short Form* may be filed for the reporting of no expenditures.
- a *Notice of Termination of Engagement* at the time of termination.
 - For further information see the Guide to the Code of Ethics - [Lobbyists & Employers of Lobbyists](#)

Forms - [download or print](#).

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Advisory Opinions

Go to summaries of [Advisory Opinions issued 1993-2003](#)

Go to the index of [Advisory Opinions issued 1993-2003](#)

Advisory Opinions are issued by the Commission upon request. They may be requested by:

- Persons covered by the Code of Ethics;
- Any person personally or directly involved; or
- The Commission on its own initiative.

The Code of Legislative Ethics requires a request for an advisory opinion:

- to be submitted to the Commission in writing;
- to state relevant facts; and
- to ask specific questions.

Confidentiality of requests for an advisory opinion

- The Commission is required to promulgate administrative regulations establishing criteria under

which it may issue confidential advisory opinions.

- A request remains confidential unless confidentiality is waived:
 - in writing by the requestor;
 - by majority vote of the Commission, if the person makes public the substance or portion of an advisory opinion requested.

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The Kentucky Legislative Ethics Commission meets on the second Tuesday of every month.

Meeting Minutes:

July 8, 2003



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Vacant
Legal Counsel

Peggy J. Williams
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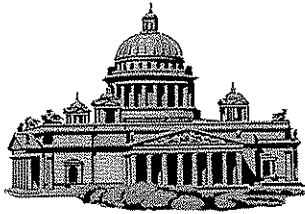
Connie Evans
Administrative Assistant
E-mail: connie.evans@lrc.state.ky.us

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If you have questions or comments about the Kentucky Legislative Ethics Commission or this homepage, please contact donnita.crittenden@lrc.state.ky.us

[Legislature Home Page](#) | [Other Web Sites](#)



THE ETHICS REPORTER

Kentucky Legislative Ethics Commission

January 2003

Peggy Williams, Editor

Frequently Asked Questions During A Campaign Season

1. May a legislative agent (lobbyist) contribute to a slate of candidates (Governor and Lt. Governor) when one of the candidates is a current member of the General Assembly?

NO. The fact that one of the members of the slate is a General Assembly member prohibits the contribution from a legislative agent even though the other candidate may not be a member of the General Assembly and could under other circumstances receive such a contribution.

2. May a legislative agent make recommendations to a PAC concerning favorable candidates for the General Assembly or other elected state-wide offices?

YES. The legislative agent may make recommendations to the PAC providing information about support of legislation, etc. The legislative agent is prohibited from exercising control over or delivering the check to the General Assembly member.

3. May a legislative agent solicit contributions for a candidate for the General Assembly or for a race by a current General Assembly member for a state-wide elected office?

YES. The legislative agent may encourage others to contribute to a candidate for General Assembly or a state-wide elected office but may not deliver the contributions to the General Assembly member. The legislative agent may not serve as a fundraiser as outlined in KRS 121.170(2). Legislative agents may not contribute to the campaign of a candidate for the General Assembly or to the campaign of a General Assembly member running for a state-wide office.

4. May a General Assembly member solicit or accept campaign contributions during a special or regular session?

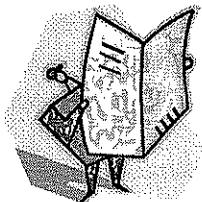
YES. Campaign contributions solicited or accepted during a special or regular session from an individual or entity with a legislative interest should be subject to a high level of scrutiny by the individual legislator and by the Commission.

5. May a legislative agent contribute to a political party when the funds may be used for the campaign of a legislator or a legislator's bid for a state-wide office?

YES. OLEC 93-3 states that the Code of Ethics does not prohibit legislators from soliciting or accepting campaign contributions for a political party during a legislative session. The Commission encourages legislators to apply a strict scrutiny test to the solicitation and acceptance of contributions for a political party as well as for the legislator's campaign.

6. May a legislator use his official stationery in a letter of support for a candidate for the legislature or a state-wide office?

NO. KRS 6.731(5) states that a legislator shall not use public funds, time, or personnel for partisan campaign activity, unless the use is authorized by law or properly incidental to another activity required or authorized by law such as elections to constitutional or party offices within the General Assembly. Violation of this section is a Class A misdemeanor. It should be noted that official legislative stationery and/or stationery with the great seal of the Commonwealth may not be used even if the cost of the mailing is paid for by the General Assembly member and no public personnel were used in the mailing of the letter.



SUMMARY OF ADVISORY OPINIONS 2002

OLEC 02-01 The Code of Ethics would not prohibit a legislative agent from receiving a percentage of a bonus from his employer based on services provided by a communication firm in which the legislative agent has a minority interest and performs some services so long as the firm does not perform any activity that would require registration with the Legislative Ethics Commission.

OLEC 02-02 The Code of Ethics does not forbid a member of the General Assembly from being an employee of an Area Development District or from performing work for a District as an independent contractor.

OLEC 02-03 A properly licensed legislator may represent a client for compensation before the KY Revenue Cabinet in contesting the amount of income tax, interest, or penalty assessed against a client. No fee contingent upon the outcome of the matter may be charged by the legislator.

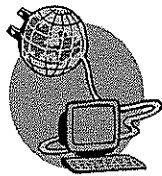
OLEC 02-04 The spouse of a legislator may be employed as a legislative agent. Both the legislator and spouse must pay close attention to the Code of Legislative Ethics as it applies to them and should not only abide by its provisions but also be careful to avoid any appearance to the contrary.



Judge Paul D. Gudgel Appointed to Legislative Ethics Commission

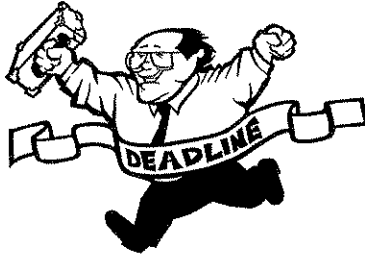
Speaker Jody Richards recently appointed retired Court of Appeals Judge Paul D. Gudgel to the Legislative Ethics Commission. Judge Gudgel is serving the unexpired term of Commissioner Clarence Jackson who resigned to take an elected position in Ashland.

Judge Gudgel was born in 1938. He received B.A. and LL.B. degrees from the University of Kentucky and earned a Master of Laws Degree from the University of Virginia School of Law. He has served as a Lexington municipal judge, a trial commissioner for Fayette Quarterly Court, and as Fayette County Judge. He served as chief district judge for the 22nd Judicial District from 1978 until his appointment to the Court of Appeals in 1979. He retired as Chief Judge in November 2002.



LEC Enhances its Web Site

LEC staff along with technology staff of the Legislative Research Commission and the Governor's Office of Technology have developed an enhanced web site that will be instrumental in providing public access to information regarding lobbying. The new web site may be accessed from the LRC home page under "Other Web Sites" or by visiting www.lrc.state.ky.us/otherweb/Ethics/ethics.htm. The enhanced web site will provide valuable information concerning registration of legislative agents and employers as well as related expenses. Expense forms from 1993 are accessible from the site and information regarding the cost of food and beverages provided to GA members is also available on the site. The site is in "real time" meaning that when LEC staff add or delete information in the data base anyone accessing the site will see the same information. Updated registration forms will be available for viewing immediately upon entry into the data base. LEC staff welcome comments or suggestions regarding the site. If you have questions, call Donnita Crittenden or Peggy Williams at (502) 573-2863.



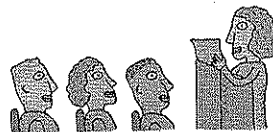
Monthly Reporting Has Begun!

Monthly reporting for legislative agents and employers begins in January 2003. January reports are due on February 17; February reports are due on March 17; March reports are due on April 15; and April reports are due on May 15. Quarterly reporting begins on May 1. It is important to file your forms on time since a late form results in an automatic \$50 fine which may be raised to as much as \$1,000. Continued late filing is monitored and could result in losing lobbying privileges in Kentucky for up to five years.

Another Reminder: Updated registration statements for the period 9/1/02 through 12/31/02 are due on January 15, 2003. If you have not received a form, you may download one from the web site or call the Commission office. Failure to receive forms is not a valid defense in asking for waiver of a fine for late filing.

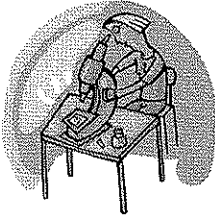
COGEL PRESENTS UPDATES IN LOBBYING AND ETHICS LAWS

At its annual meeting in September, the Council on Governmental Ethics Laws presented updates on lobbying and ethics laws across the United States and Canada. Anyone interested in this information may contact the Commission office at 502/573-2863. Commission staff member, Peggy Williams, was a participant in the lobbying update session.



Training for New Legislative Agents and Employers

A training session will be available for all new legislative agents, employers of legislative agents or staff who complete the updated registration forms on Thursday, January 30, 2003 at 10:00 a.m. in Room 149 of the Capitol Annex in Frankfort. This will be a nuts and bolts session about filing deadlines, completion of the forms, and aspects of the lobbying law. LEC staff recommends that persons interested in attending the training call the office at (502) 573-2863 for use in production of training materials. If you cannot attend the training, but wish to sit down with staff to go over questions and concerns, you may also call to make an appointment.

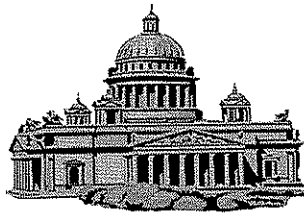


AUDITS BY LEC STAFF

The Commission has directed that random audits of records relating to the updated registration statements and expenses be conducted by Commission staff. A list has been generated by computer, resulting in a list of 15 employers and 15 legislative agents who will be contacted regarding the audits. Audits usually take less than 30 minutes and may be done in the office of the agent or employer or at the Legislative Ethics Commission office. The Code of Ethics requires that records relating to lobbying expenses be kept for two years.

LEC Generates Report of Lobbying Expenses for 2002

KRS 6.829 (5) states that on or before February 15 of each year, a report shall be published with statistical information relating to the updated registration statements filed during the preceding year. A copy of a cumulative report of expenses may be obtained by calling the Commission office at (502) 573-2863 or by accessing the LEC web site at www.lrc.state.ky.us/Otherweb/Ethics/ethics.htm.



**10-YEAR ANNIVERSARY
THE ETHICS REPORTER
Kentucky Legislative Ethics Commission
September 2003**

10 years – A Strong, Viable Ethics Law and Commission

Ten years ago in August, the Legislative Research Commission called me about a job that was temporary but could be permanent. I wasn't working, and I was excited at the prospect of setting up the offices of the newly created Legislative Ethics Commission. The General Assembly had just completed a special session dealing with ethics and campaign finance issues.

Ten years later, I'm still working for this agency. I've retired and I work less than a hundred hours a month, but I still think of the Legislative Ethics Commission as a very important part of my career.

We're located at 22 Mill Creek Park and that has always been a great news story. True, we were asked to relocate and leave our offices at the Annex. True, it was more convenient for legislators and lobbyists who might have questions if we were located in the same building. It also helped to give us a familiar face. The real story about Mill Creek Park is that it was the best office of all the ones that we inspected. There were buildings that were closer but they were not nice offices! I shudder when I think about some of them. A road contractor had designed our office, and it is very nice. We can get to the annex in ten minutes, and we welcome legislators and others who stop by.

One of the best functions of this agency is training. We will train any group who will let us stand before them. We've trained freshmen legislators, spouses, legislative agents and their employers; and yes, we've had current issue seminars every year for the entire General Assembly. We've privately trained agents and employers upon request. Based on the low number of complaints and the requests for formal opinions, we've obviously been successful.

This issue of the Ethics Reporter will focus on the first ten years of a strong ethics code in Kentucky. Our Executive Director, Anthony Wilhoit, will be sharing his thoughts and concerns for the future of the Commission. We hope you enjoy our historical perspective and share our hopes for the future. Please give yourselves a pat on the back for your part in making this law work.

Peggy Williams, Editor

A Look to the Future - Executive Director, Judge Anthony M. Wilhoit

On this tenth anniversary of the enactment of the Legislative Ethics Code, I first want to thank and congratulate all of you who are covered by the Code for the cooperation which you have given to this office in helping us help you to accomplish the purposes of the Code. As we look to the future, and especially to the 2004 session of the General Assembly when very important and controversial legislation is sure to be addressed, I also want to sound a note of caution.

With the passage of time, the reason for the enactment of the Ethics Code may have dimmed in both individual and institutional memories. We must not let that happen. The unhealthy and unprofessional relationships, which were allowed to develop in the past between a few legislators and a few lobbyists, cannot be permitted to develop again. The untold and continuing damage done to the reputation of the General Assembly as an institution, not to mention the lobbying profession, by BOPTROT must not be repeated.

Contrary to what you have repeatedly read in the press, the Kentucky Legislative Ethics Code is one of the strictest in the country. It does have teeth! Remember that. Remember also whether you are a legislator, the employer of a lobbyist, or a lobbyist that certain conduct that was more or less winked at pre-1993 is now against the law!

As always, we stand enthusiastically ready to help all of you who are covered by the Code to live up to its requirements. While hoping it will not be necessary, we are also prepared to deal with anyone who chooses not to. With your continuing cooperation and your commitment or re-commitment to carry out the purposes of the Code, the next session, as well as the years to come, can only enhance the confidence of the people of Kentucky in the integrity of the legislative branch of their government.



"The best thing about the future is that it comes only one day at a time."

--Abraham Lincoln

**MONEY SPENT ON LEGISLATIVE ACTIVITY SINCE THE ENACTMENT OF
THE LEGISLATIVE ETHICS CODE
First Reporting Period JANUARY 1994**

Legislative Year	\$ for food and beverages for legislators and their families.	\$ for food and beverages at recognized events.	Total expenses/ expenditures for lobbying. (Includes legislative agent salary.)
1994	852	34,117	6,466,058
1995	177	15,692	2,732,827
1996	589	40,822	7,305,064
1997	14	22,072	3,583,810
1998	20	82,741	8,112,968
1999	248	30,082	4,433,490
2000	95	136,032	9,302,624
2001*	160	136,819	6,882,993
2002	262	188,446	10,298,535
2003 (Jan. – April)	20	86,226	4,926,352

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

*From 1994 to April 2003, \$64,044,721 was reported. Of that figure, \$54,820,131 was attributed to salaries of legislative agents and \$9,224,590 was for other lobbying expenses.

“After getting off to a rocky start, the program has become much more accepted and much less controversial. Both improvements are a direct result of how the program is run and who is running it.”

-Kim Nelson, former State Senator and current legislative agent

Statistical 10-Year Review

Amendments to the Code of Ethics:	Fines Assessed by the Commission
1994 – Allows spontaneously provided services by legislative agent or employer to a legislator.	1993-1997 – One fine resulting from a complaint \$250.
Advisory opinions must be issued based on the law as written and not on the personal opinions of Commission members as to intent or spirit of the law.	1998 – 4 Complaints initiated by Commission – fines collected \$2,350.
Person who is subject of preliminary investigation is given 30 days from date the copy of the complaint is received to respond.	1999 – 8 complaints initiated by Commission – fines collected \$8,800.
The commission's findings and conclusions in deliberations after a formal hearing must be based on whether the person accused of an offense has complied with the statute as written.	2000 – 3 Commission initiated complaints resulting in fines - \$3,250. Employee & agents late filers assessed automatic fines of \$2,050
As long as there is no expressed or implied threat of legislative reprisal, a legislator may contact a state agency on behalf of any person.	2001 – Employers and agents late filers assessed automatic fines of \$3,750. One candidate fined \$100 for late filing of financial disclosure report.
1996 – HB 585 Amendment to include trade associations within the list of sponsoring entities for certain events held within the Commonwealth.	2002 – Employers and agents late filers assessed automatic fines of \$13,350.
Definition of legislative liaison added to list of persons required to register with the Commission for being engaged to direct, manage, or coordinate activities relating to the lobbying of legislative agents or employers.	2003 – Jan – April – Agents and employers late filers assessed automatic fines of \$8,350. One employer was fined \$500.
2000 – Amended to require that complaint must identify alleged violator. Requires that proceedings involving confidential reprimand remain confidential. Allow Commission to levy administrative fines. Orientation courses for new legislators changed to three hours in length. Financial disclosure for candidates filed within 21 days of filing deadline set by Secretary of State. Commission may receive \$100 per diem and expenses to include 2 non-meeting days per month. Prohibits legislative agent or employer whose registration has been revoked to register under a different name or identity.	TOTAL FINES ASSESSED: \$42,750.
2001 – Amendments to change reporting requirements to 15 th day of January, February, March, April, May, and September 15. Changes required due to passage of yearly sessions.	

“The Kentucky Ethics Law recently received recognition as being one of the best laws enacted. This should be of no surprise due to the professionalism of the commission members and their staff. They are more than willing to advise and offer assistance to legislators and legislative agents in complying with current laws.”

-Larry A. Maggard, President, Associated Industries of Kentucky

Commission Member Roll Call

Judge Charles R. Luker
John Swinford
Laura Wilson Voss
Cornelia Atherton Serpell
Kenneth O. Gibson
James Brown
Judge George Barker
Judge George Muehlenkamp
Senator Georgia Powers
Judge Charles Bruce Lester*
June Lyne
George Troutman*
Rebecca Tomblinson*

John C. Scott
Hilda Gay Legg
Ann Henn*
Judge James Richardson
Mr. Lloyd Clapp*
Clarence Jackson
Judge Donald Smalley
John Shepherd
Judge Michael O. McDonald
Pat Freibert*
Dr. Doug Moseley*
Judge Paul D. Gudgel*
Joe Lane Travis*

*Currently serving on the Commission.

“On the occasion of the tenth anniversary of the Ethics Commission, I want to take this opportunity to thank the private citizens who have taken time out of their busy lives to serve on the Commission. These individuals have provided our Commonwealth with a very valuable service.”

Senate President David L. Williams

“Kentuckians can be proud that their government has established one of the toughest legislative ethics codes in the nation. On this tenth anniversary of the creation of the Kentucky Legislative Ethics Commission, executive director, Judge Anthony Wilhoit and his fine staff are to be commended for their diligent work in holding to the highest standards of conduct the legislative branch of state government, legislative agents and those who engage lobbyists for the purpose of influencing legislation. The commission’s vigilance ensures that our citizens can go about their daily lives confident in the integrity of their government and its public officials.”

House Speaker Jody Richards



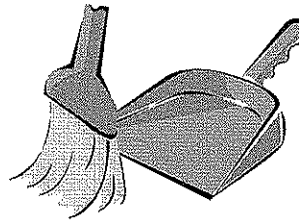
Legislative Ethics Commission Litigation: Two Wins and One Loss!

In the early months of the Commission, Associated Industries of KY (AIK) challenged the constitutionality of the Legislative Ethics Code and the Executive Ethics Code by filing suit in the Franklin Circuit Court. The Franklin Circuit Court granted summary judgment in favor of the Commonwealth, finding that the Commonwealth's compelling interest in ensuring the proper operation of a democratic government and deterring the appearance of corruption overbalances the infringement placed upon AIK's right to petition government and its freedom of association. A ruling from the Supreme Court in 1995 affirmed the ruling of the Franklin Circuit Court in the matter.

Senator Kelsey E. Friend, later joined by Representative Ron Cyrus, filed suit in the Franklin Circuit Court challenging the constitutionality of the Code of Ethics. He stated that the Code represents an improper delegation of power to the Commission by the General Assembly. The Court dismissed the challenge to the Code on the basis that no justiciable controversy existed because Friend was not the subject of an investigation or proceeding. The Court of Appeals reversed and remanded, stating that even though the case was not ripe for determination, the Court "should perform our assigned role and resolve the controversy" of whether the Code is unconstitutional. This opinion was ordered depublished by the Supreme Court. Representative Cyrus and Senator Friend are no longer serving in the General Assembly and the case was eventually removed from the docket.

Golden Rule Insurance Company v. Commonwealth of Kentucky, Kentucky Legislative Ethics Commission, et al. Golden Rule maintained that the Code does not require the reporting of expenses related to indirect or grassroots lobbying. Golden Rule bought a tremendous amount of television commercials concerning health reform issues before the General Assembly. The Franklin Circuit Court agreed and granted summary judgment in favor of the insurance company, pointing out that the Code's definition of lobby refers only to attempts to influence legislation by direct communication with legislators and certain executive branch officials.

A Little Housekeeping!



We've just passed the reporting deadline for the last quarter. Updated registration statements will be due again on January 15, 2004. These forms will be mailed around December 1st and the reporting period covers the months of September, October, November and December.

We will be beginning a new two-year reporting period which will require every employer and legislative agent to renew registration and the employer will be assessed a \$250 registration fee. Packets will be mailed with new initial registration forms and other information in early November. Your registration with this office will end on December 31, 2003, and your new registration will be in effect until December 31, 2005. You may begin this registration process around December 1st if you wish so that you will be ready for the first days of the 2004 Session.

Many of you have asked about training. Training will be offered in early December in coordination with the Legislative Research Commission's orientation day for legislative agents and others who will be involved with the 2004 Session. Private, individual training is available if requested. Just call the office for an appointment.

The Commission has asked that we conduct periodic audits of the records of employers and their legislative agents. We will be making these random audits in the months prior to the session. If you aren't one of the lucky ones and you would like for us to review your records, give us a call. We've found that reviewing the records is often a great way to train individuals responsible for completing the updated registration forms.

Don't forget to check out our web site. Mistakes happen, and we are occasionally notified about them after someone has checked the info on the site. Check to see if our records are current! See www.lrc.state.ky.us/otherweb/ethics/ethics.htm.

We look forward to working with you in the coming year. We are here to help. If you want advice or information, please call 502/573-2863.