

PEROT AND THE LOBBYISTS

"I don't have a one [lobbyist] of them, and I haven't taken a penny of foreign money and I never will."

[Presidential Debate, 10/19/92]

SUMMARY:

In an effort to close what he terms the "revolving door" to government, Perot is currently proposing an outright ban on foreign lobbyists, criminal penalties for former government officials who serve as foreign agents, and a prohibition on the provision of anything but information by domestic lobbyists. Yet, on various occasions, Perot has hired lobbying firms to represent his business interests -- firms that have also served as foreign agents for foreign governments and businesses.

PROPOSALS ON LOBBYISTS:

On Foreign Lobbyists

- ◆ "[I would] pass a law that if you were elected or appointed in Washington you cannot be a lobbyist for a foreign government, foreign individual for 10 years." [CNN's "Larry King Live," 2/20/92]
- ◆ "They [former federal officials] cannot lobby for foreign countries, companies or individuals, and there are criminal penalties if you do..." [Speech to the National Press Club, 3/18/92]
- ◆ "Make it illegal for foreign nations, foreign companies, foreign individuals to lobby the US Congress or to give money directly or indirectly in any way, and make it illegal for former government officials to cash in by making \$25,000 or \$30,000 a month lobbying for foreign countries." [USA Today, 6/12/92; NYT, 6/12/92]
- ◆ "Rewrite the foreign agent registration and lobbying laws to close the loopholes. Today there is not even a clear definition of what lobbying is. For example, if you don't want to be accused of hiring a lobbyist, you hire a law firm to accomplish the same task." [United We Stand, p.26]
- ◆ "Forbid any former President, Vice President, cabinet officer, agency director, Federal Reserve governor, commission director, White House staffer, trade negotiator, member of the Senate or House from accepting one penny for any reason from any foreign interest -- ever." [United We Stand, p.26]
- ◆ "Forbid anybody on the payroll of a foreign government or foreign interest from serving in any capacity, volunteer or paid, in a presidential or congressional campaign." [United We Stand, p.27]

- ◆ "Right now the American people are going to become nervous and very sensitive unless we get rid of foreign lobbyists and unless we get rid of this environment in Washington where people come, get elected, serve, and then cash in at \$300,000 and \$500,000 a year representing foreign interests. That's something we've got to deal with and deal with pretty straightforward." [interview, ABC News "Nightline," 2/17/93]
- ◆ "I'm saying that you've got to get rid of the foreign lobbyists. They cannot operate." [interview, ABC NEWS "Nightline," 2/17/93]
- ◆ "...fairly or unfairly, the people feel that our government and some of our government officials are for sale. To correct this, we must get rid of foreign lobbyists." [op-ed, Houston Chronicle, 3/16/93]
- ◆ "...first off, eliminate foreign lobbyists. You say, can't we keep some trace of it? No. No. No." [Speech to the National Press Club, 3/18/93]

On Domestic Lobbyists

- ◆ "Stop cashing in on public service; pass a law...former federal officials, elected, appointed and career service officials, cannot serve as lobbyist for domestic interest for five years after they leave office." [Speech to the National Press Club, 3/18/92]
- ◆ "Forbid anyone who has held any position in the federal government to be a paid lobbyist for any domestic interest for five years after leaving government." [United We Stand, p.26]
- ◆ "...curtail the activities of domestic lobbyists. The only thing they can do as far as the people are concerned is provide information. They cannot directly or indirectly be involved with campaigns or getting money directly or indirectly." [Speech to the National Press Club, 3/18/93]
- ◆ "We must shut the revolving door that allows people to instantly move back and forth from being a government official or a member of Congress one day to a highly paid lobbyist the next." [op-ed, Houston Chronicle, 3/16/93]
- ◆ "We must reduce the role of domestic lobbyists to that of only providing information -- but not, directly or indirectly, providing money, influence, trips or anything else that would cause the American people to lose confidence in their elected, appointed or career servants." [op-ed, Houston Chronicle, 3/16/93]
- ◆ "Our government servants must, if they want the trust and confidence of the people, not accept anything from domestic lobbyists, or any other source." [Testimony, Joint Committee on the Organization of Congress, 3/2/93]

INVOLVEMENT WITH LOBBYISTS:

With Domestic Lobbyists

- ◆ Perot employed two Washington lobbying firms -- Bayless, Boland, Bates & Madigan and Lipsen, Whitten & Diamond -- to secure federal funding for his Alliance Airport project. [NYT, 5/29/92; WSJ, 4/28/92]
- ◆ Prior to 1989, The Perot Group and Perot Systems, Inc. were represented by Hudson Bayless & Boland, Inc. and Jordan De Soto, respectively. [Secretary of the Senate]
- ◆ The firm of Lipsen, Whitten & Diamond represented both The Perot Group (for "real estate development") and Perot Systems, Inc. (for "government procurement") at least from 1988 through 1990. [Secretary of the Senate]

Based on figures dating back to 1988, The Perot Group paid Lipsen about \$1,896 and Perot Systems, Inc. paid approximately \$31,011. [The Secretary of the Senate]

As of 1991, Lipsen had 12 members listed as representatives of the firm -- nine of whom were former federal officials. [Washington Representatives, 1990 and 1991]

- ◆ In 1975, Perot hired former Internal Revenue Service Commissioner Sheldon Cohen to lobby members of the House Ways and Means Committee for a special tax break that was worth \$15 million to him. [WSJ, 4/28/92; 11/7/75]

With Foreign Lobbyists

- ◆ The Perot-hired lobbying firm of Lipsen, Whitten & Diamond (formerly Lipsen, Hamberger, Whitten & Hamberger) has served as a foreign agent for the government of Panama as well as several British interests. [Department of Justice public records]
- ◆ The Perot-hired lobbying firm of O'Connor & Hannan, which represented Electronic Data Systems since 1982, has served as a foreign agent for the governments of El Salvador, Israel, and the Netherlands Antilles as well as the British Consortium and the China External Trade Development Council. [Department of Justice public records]

TALKING POINTS

LOBBYING DISCLOSURE ACT OF 1993

The Lobbying Disclosure Act of 1993:

◆Plugs Loopholes in Existing Disclosure Statutes

Under the Lobbying Disclosure Act all professional lobbyists must register regardless of whether they lobby the Executive or Legislative Branch.

For the first time, contact with Executive or Legislative staff is covered.

Lawyer-lobbyists for foreign companies must register. The only exceptions are for lobbyists who are paid less than \$1,000 semi-annually, or whose lobbying activities are "only incidental to, and not a significant part of," of their jobs.

◆Replaces Existing Disclosure Statutes With A Single Comprehensive Statute

The current disclosure regime is a patchwork of statutes consisting of the Federal Regulation of Lobbying Act of 1946; the disclosure provisions of the Byrd Amendment; the Foreign Agents Registration Act; and the disclosure provisions relating to lobbying at HUD. Each has different objectives, disclosure requirements and deadlines. By contrast, the Lobbying Disclosure Act consolidates all filing into a single form to be filed at a single location.

◆Streamlines Disclosure Requirements to Provide Meaningful Information and Reduce Burdens

Registrants must identify their clients; identify the issues on which they lobby; disclose how much they were paid; identify the federal agencies and congressional committees contacted. Registrants must identify clients with foreign ownership in excess of 20 percent. Former Government employees who within two years of leaving the Government register to lobby must disclose their past Government employment. Grassroots lobbying made in direct support of face-to-face lobbying must

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◆Establishes a New Office of Lobbying Registration and Public Disclosure to Administer and Enforce the New Disclosure Statute

Located in the Department of Justice, the Office will administer the statute, provide guidance to the public on how to comply, provide cross-indexing with the FEC. Provides for more realistic penalties instead of the existing criminal penalties (which have never been enforced).

THE LOBBYING DISCLOSURE ACT OF 1993

The Lobbying Disclosure Act of 1993 would --

- o Replace existing lobbying disclosure laws with a single, uniform statute. The new statute would replace the Federal Regulation of Lobbying Act, the disclosure requirements of the so-called Byrd Amendment, the provisions of the Foreign Agents Registration Act (FARA) which apply to private persons and companies, and disclosure statutes applicable to lobbying of the Department of Housing and Urban Development and the Federal Energy Regulatory Commission. The provisions of the Byrd Amendment prohibiting lobbying with appropriated funds would be left intact, as would FARA provisions applicable to representatives of foreign governments and political parties.
- o Broaden the coverage of existing disclosure statutes to ensure that all professional lobbyists are registered. The new law would plug loopholes in existing law by covering all professional lobbyists, regardless whether they lobby the legislative branch or the executive branch, Members of Congress or their staffs, and regardless whether they are attorneys or non-attorneys, in-house lobbyists or outside lobbyists. The only exceptions are for lobbyists who are paid less than \$1,000 to lobby in a semi-annual period, or whose lobbying activities are only incidental to, and not a significant part of, their jobs.
- o Streamline disclosure requirements to make sure that only meaningful information is disclosed and needless burdens are avoided. The new law would consolidate filing in a single form and a single location ("one-stop shopping"), substitute consolidated organizational filings for individual filings, and replace quarterly reports with semiannual reports. The information disclosed by registrants would include the name of each lobbyist, the identity of the client (and any foreign affiliate with a direct interest in the lobbying), the issues lobbied, the federal agencies and congressional committees contacted, and the amount of money spent. The bill would also require that this information be maintained in a form that could readily be cross-indexed with information on file at the Federal Election Commission.
- o Create a new, more effective and equitable system for administering and enforcing these requirements. The new law would create a new Office of Lobbying Registration within the Justice Department to administer the statute, require guidance to the public on how to comply, require new computer systems to enhance public access to filed materials, and avoid intrusive audits and inspections through an informal dispute resolution process. The bill would also substitute a system of administrative fines, subject to judicial review, for the existing criminal penalties (which have never been enforced).

TO BR

CHANGES TO H.R. 823 MADE IN RESPONSE TO NON-PROFITS' CONCERNS

A number of significant changes to H.R. 823 were made at the request of one or more non-profit organizations. As approved by the Subcommittee on Administrative Law and Governmental Relations on November 22, 1993, the Lobbying Disclosure Act:

1. Would establish a new Office of Lobbying Registration and Public Disclosure as an independent executive branch agency, rather than within the Justice Department.
2. Clarifies the definition of "lobbyist" by changing the exclusion of an individual whose lobbying activities "are only incidental to, and are not a significant part of" the services provided by such individual to the client to an individual whose lobbying activities "constitute less than 10 percent" of the time engaged in such services to the client.
3. Raises the dollar threshold for registering under the Act from \$1,000 to \$2,500 for the semiannual reporting period. This amount would be adjusted for inflation on January 1, 1997 and every four years thereafter.
4. Allows non-profit organizations, which under the bill as introduced already could use the IRS definition of "influencing legislation" for estimating their lobbying expenses in their semiannual reports, to opt to use the same IRS definition for determining if they have reached the dollar threshold for reporting if (a) they use the same definition for both purposes, and (b) they indicate to the Office of Lobbying Registration and Public Disclosure that they are using the IRS definition to make such an estimate.
5. Exempts churches and associations of churches from disclosing information about their grass roots lobbying communications, and exempts any communication by a church or association of churches that constitutes the free exercise of religion from being considered a "lobbying contact."
6. Specifies that employees of government-owned utilities do not qualify for the "public officials" exemption to the definition of "lobbying contact" and would be required to register if they otherwise meet the requirements to register under the Act.
7. Establishes a three-year statute of limitations for punishing violations under the Act.
8. Establishes a phase-in period, so that lobbyists are not penalized for most violations during the first semiannual reporting period.
9. Requires the Office of Lobbying Registration and Public Disclosure to respond to inquiries concerning who is or has been a covered legislative branch official or covered executive branch official.