Methods for Tracking Lobbying Activities

Public Affairs Council Webinar

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Kate Belinski, *Nossaman LLP*
Lauren Semeniuk, *Novo Nordisk, Inc.*

Overview

- Which employees must track their time and how should they be educated about the LDA?
- Tracking how much time senior executives (including CEO’s) spend on lobbying activity
- Getting the information you need from employees, associations and outside lobbyists
- Creating lobbying policies for employees to follow
- Whether it’s better to track activities internally or hire a contractor

LDA Lobbying Reports

- "LD-2" Quarterly Report of Lobbying Activities
- Three Methods:
  - Method A: Lobbying Disclosure Act
  - Method B: IRC for Charitable Non-Profits
  - Method C: IRC for Businesses / Associations
- Tracking LDA and IRC Simultaneously
  - General Differences Between LDA & IRC
    - Covered Official Definitions – Executive Branch
    - Grassroots, State & International Activity
    - IRC has Fewer Exceptions

LDA Definitions: A Refresher

- "Lobbying Activity"
  - Contacts + Efforts in Support of Contacts
    - Preparation and Planning
    - Research and Other Background Work Intended, at the Time of Preparation, for Use in Lobbying Contacts
    - Coordination of Lobbying Activities
- "Lobbyist"
  - 20% of time in Quarter + 2 Contacts

LD-2 Reportable Information

- Lobbying Expense Calculation (nearest $10k)
  - Expenses of In-House Lobbyists and Non-Lobbyists Who Engaged in Lobbying Activities
  - Lobbying Dues Paid to Trade Associations
  - Payments to External Consultants for Lobbying
- Issues Lobbied and Contacts Made
  - Listing of In-house Lobbyists Who had Contacts During the Quarter
- Disclosure of Affiliated Organizations
- Foreign Interest Information

In-House Expenses

- Includes Expenses for <u>Anyone</u> Engaged in Lobbying Activities, Even if they Do Not Meet the Threshold for Registration
  – Registered Lobbyists
  – Corporate Executives and Legal Team
  – Policy, Advocacy, Alliance Development (etc.)
  – State Lobbyists During “All Hands on Deck” Periods
  – Administrative Assistants (likely de minimis)
- Categories of Expenses
  – Employee Time (hours or percentage)
  – Direct Costs (travel, including portion of mixed trips)
  – Overhead

In-House Expenses

- Common Methods for Tracking
  - Lobbyists and Lobbyist Support
    - Detailed Worksheets – weekly or bi-weekly
      - Level of Detail
  - Corporate Executives/Legal Team
    - Less Detailed Worksheets Submitted in Connection with a Specific Trip
    - Coordination with Administrative Assistants
  - Policy, Advocacy, Alliance Development, State Lobbyists
    - Monthly or Quarterly Surveys
  - Administrative Assistants
    - Depends on Role and Whether they are Captured in "Overhead"

In-House Contacts and Issues

- Use Worksheets to Track Specific Issues Lobbied and Categorize into “Issue Areas”
  - Level of Specificity for Sub-Issues
  - Identify Houses of Congress and Agencies where Contacts Were Made During Quarter
  - Only List Lobbyists who Had Contacts
- Review By In-House or External Counsel
- Importance of De-Listing Individuals who will no Longer Lobby

Trade Association Dues

- Need to include percentage used for FEDERAL lobbying
  - Many invoices include percentage of lobbying, but under IRC definition
- Important to identify ALL payments by the company for trade association dues
  - Coordinate with finance and tax department
  - Educate business units
  - Compare to Prior Years

External Consultant Fees

- Include Fees Paid to Consultants for Lobbying Activities
  - "Hybrid" Consultants
  - Review Consultant Reports Prior to Filing to Determine the Amount they are Reporting
    - Review Issue Areas for Consistency and to Avoid Damaging Descriptions

LDA Training

- Training as Key Component
  - Registered Lobbyists
    - Annual Detailed Training on LDA and Gift Rules
      - LD-203 Certification Regarding Gift Rules
  - Corporate Executives/Legal Team
    - Usually Unrealistic!
    - Guidance Documents or Training for Administrative Assistants
  - Policy, Advocacy, Alliance Development, State Lobbyists
    - Biennial Training – Focus on “Issue Spotting”
- Training By In-House vs. External Counsel
- Creation of Companion Guidance Documents

CASE STUDY: NOVO NORDISK

Methods for Tracking Lobbying Activities

- Which employees must track their time and how to educate them about the LDA
- WHO:
  - All registered federal lobbyists
  - Grassroots, policy and administrative support of lobbying
- EDUCATION - WHAT/WHEN:
  - Internal: "Onboarding", 1:1 training of NN federal lobbying practices with any new federal hire
  - External: Annual refresher of all department by outside counsel

Methods for Tracking Lobbying Activities

NNI Lobbying Compliance Business Operating Procedures:
LD-2 Quarterly Activity Reports

Line-by-Line Instructions for NNI:

1. Registrant Name: Should say 'NOVO NORDISK INC.'
2. Address: Unless/until NNI GA&PP moves, it should say '920 MASSACHUSETTS AVENUE, NW, #500, WASHINGTON, DC 20001, USA'
3. Principal Place of Business: Should say 'PLAINSBORO, NJ 08536
4. Contact Name, Phone #, and E-mail: Unless/until a change should say 'MR. STEVE NOYES, (609) 123-4567, snoy@novonordisk.com.
5. Senate ID#: Should say 284790-12
6. House ID#: Should say 369030000
7. Client Name: Should be checked 'Self' and say NOVO NORDISK INC.

Type of Report:

8. Year: Enter accordingly, and check which quarter.
9. Amending: If one is amending a previously filed version of that report, check the box.
10. Termination: Should leave blank unless ceasing all lobbying activity permanently.
11. No Lobbying Issue Activity: If none, check the box (but expect to always have some activity).

Income or Expenses:

12. Income: NNI does not receive income from lobbying activities. The amounts that NNI paid its hired lobbyists for the covered quarter will be reported in *their* LD-2s as income, and these sums are computed into our total lobbying expense.
13. Expense: Enter accordingly as calculated on the Excel file 'LD-2 Quarterly Activity Spreadsheet'.
14. Reporting: Method A, "Reporting amounts using LDA definitions only" should be checked unless/until changed.

- Creating lobbying policies for employees to follow
  - Painstaking, step by step written procedures written once in 2011
  - Re-evaluate annually; voluntary external audit every few years
  - Easy, clear, and painless as possible
  - Postable timelines , "plug-in" templates

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Methods for Tracking Lobbying Activities

NNI LD-2 Quarterly Disclosure Reports Timeline Targets For 2015

Date	Action	Report/Note
10/05/15	LSME request Expenses inputs from 1) Registered lobbyists 2) Office Support Specialist, and 3) Grassroots; deliver federal time %s to Tax / HR.	LD-2 Q3 2015
10/1-7/15	LSME email draft on Activity to all GA&PP employees and ask to please provide any additional input, and 2) all outside lobbyists to please compare with own submissions for alignment. Request feedback by 10/9/15.	LD-2 Q3 2015
10/12-13/15	LSME receive expense input for federal time %s from Tax / HR.	LD-2 Q3 2015
10/14/15	Based on issues feedback, prepare draft for SNOY to review, file.	LD-2 Q3 2015
No > 10/15/15	**SNOY and LSME meet to file.**	LD-2 Q3 2015
10/20/15	**LD-2 Q3 2015 Due to Congress**	LD-2 Q3 2015
12/18/15	LSME request Expenses inputs from 1) Registered lobbyists* 2) Office Support Specialist, and 3) Grassroots; deliver federal time %s to Tax / HR. *Lobbyists will make approximations for remaining December activity to keep with timeframe.	LD-2 Q4 2015
12/1-18/15	LSME email draft on Activity to all GA&PP employees and ask to please provide any additional input, and 2) all outside lobbyists to please compare with own submissions for alignment. Request feedback by 1/10/16.	LD-2 Q4 2015
1/8/16	LSME receive expense input for federal time %s from Tax / HR.	LD-2 Q4 2015
1/14/16	Based on issues feedback, prepare draft for SNOY to review, file.	LD-2 Q4 2015
No > 1/15/16	**SNOY and LSME meet to file.**	LD-2 Q4 2015
1/20/16	**LD-2 Q4 2015 Due to Congress**	LD-2 Q4 2015

Methods for Tracking Lobbying Activities

- Tracking how much time senior executives, including CEOs, spend on lobbying activity
- Sample (abbreviated) of Lauren Semeniuk's Q3 2015

Date	Office/Who	Activity/Subject	Hours Spent Lobbying	Date	Office/Who	Activity/Subject	Hours Spent Lobbying	Date	Office/Who	Activity/Subject	Hours Spent Lobbying
07/01/2015	21st Century Patent Coalition	Patent leg. discussion	2	08/05/2015	Administration (Commerce & State) w/ OFII	SelectUSA Investment Summit	1.5	09/08/2015	Reps. Young, Paulsen, Keating, Neal, Lamborn	TTIP (#liveTTIPqa)	1.5
07/09/2015	HINJ, NJ Delegation - briefing itself & prep	Labor & Life Sciences	6	08/06/2015	Rep. Tom Reed	Diabetes Caucus	1	09/09/2015	Internal call	GH Talking Points for Biopharm Advocacy Day; lobbying prep	1
07/23/2015	Sens. Heller and Menendez	FDI; Interest deductibility	2	08/10/2015	HLC Meeting: Nugent for constituent	Lobbying prep	0.5	09/10/2015	OFII	Interest Deductibility Action Team Call/Mtg	1.5
07/28/2015	Rep. Steny Hoyer email and call	Friends of Denmark Caucus	0.5	08/10/2015	Biweekly Fed Team Mtg	Lobbying prep	1	09/11/2015	PhRMA Wash Reps	Lobbying prep	1
07/28/2015	Mary-Sumpter Lapinski, HELP Health	HLC Leg. lunch	1	08/11/2015	Self	GH Talking Points for Biopharm Advocacy Day; lobbying prep	2	09/14/2015	BIO GRC Call	Patent, tax, trade	0.5
07/29/2015	Fed Team Planning	Lobbying prep	3	8/27-28/15	Rep, Rick Larsen prep, helping BRBR with NNRC Seattle	NNRC tour	1.5				
				8/31/2015	House Budget Committee, Maj. Health Policy	CBO Scoring Reform	1		September Total		5.5
	July Total		14.5		August Total		8.5		September Hours		150
	July Hours		150		August Hours		150		% Lobbying		4%
	% Lobbying		10%		% Lobbying		6%				
										Q Total	28.5
											6%

Methods for Tracking Lobbying Activities

- Tracking time continued

To... LSME (Lauren Semeniuk)
Cc...
Bcc...
Send
Subject: Q3 2015 Federal Lobbying Wages (for LD-2 Federal Lobbying Disclosure Compliance)

Hi Lauren,

The amount for Q3 is $60,552.

-Joe in Accounting

From: LSME (Lauren Semeniuk)
Sent: Tuesday, October 06, 2015 7:24 AM
To:
Cc:
Subject: Q3 2015 Federal Lobbying Wages (for LD-2 Federal Lobbying Disclosure Compliance)

Good morning Joe,

Here are our %s for federal lobbying time Q3 2015. Thank you as always for getting me the one bottom line for these wage categories.

As routine, if you can get these to me in 5 business days (so 10/13/15) I'll be grateful.

Employee:	Time Spent Lobbying:
1. AMXM:	25%
2. AWOT:	7%
3. KGIL:	6%
4. Lsme:	18%
5. MGOI:	14%
6. Shno:	16%

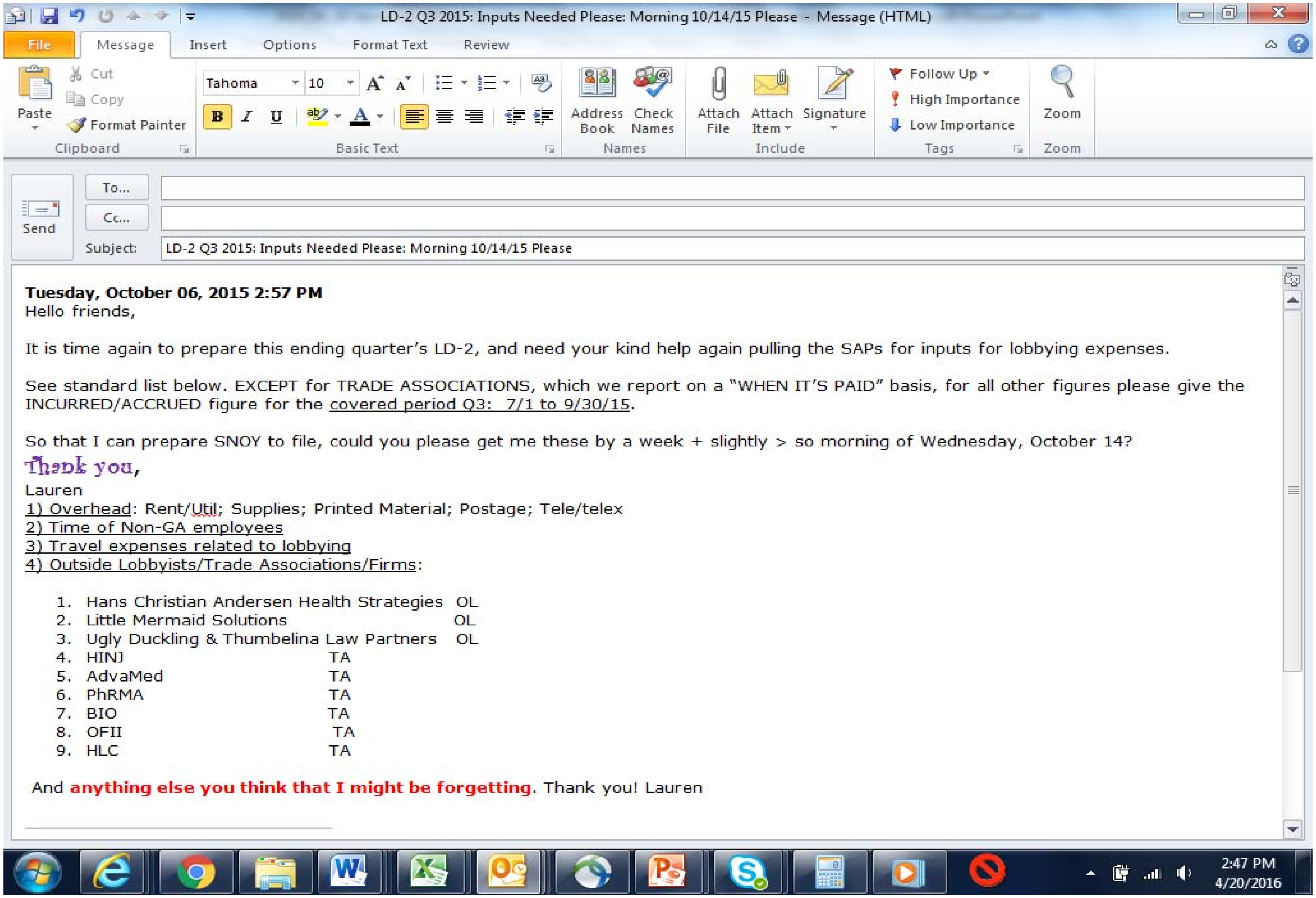
Methods for Tracking Lobbying Activities

- Getting the information you need from employees, associations and outside lobbyists

  - I) Expenses: Lobbying time $, + SAP statements for outside lobbyists, trade associations, overhead, + T.A. %
  - II) Issues: I start based on prior quarter and update; run it by internals; then externals
  - For Both:
    - Make it easy on everyone: impose deadlines, same subject line and script each time
    - “Anything else you can think of” are your magic words

Methods for Tracking Lobbying Activities

Getting the information you need continued – expenses, internal



LD-2 Q3 2015: Inputs Needed Please: Morning 10/14/15 Please - Message (HTML)

Subject: LD-2 Q3 2015: Inputs Needed Please: Morning 10/14/15 Please

Tuesday, October 06, 2015 2:57 PM
Hello friends,

It is time again to prepare this ending quarter's LD-2, and need your kind help again pulling the SAPs for inputs for lobbying expenses.

See standard list below. EXCEPT for TRADE ASSOCIATIONS, which we report on a "WHEN IT'S PAID" basis, for all other figures please give the INCURRED/ACCRUED figure for the covered period Q3: 7/1 to 9/30/15.

So that I can prepare SNOY to file, could you please get me these by a week + slightly > so morning of Wednesday, October 14?

Thank you,
Lauren

1) Overhead: Rent/Util; Supplies; Printed Material; Postage; Tele/telex
2) Time of Non-GA employees
3) Travel expenses related to lobbying
4) Outside Lobbyists/Trade Associations/Firms:

1. Hans Christian Andersen Health Strategies OL
2. Little Mermaid Solutions OL
3. Ugly Duckling & Thumbelina Law Partners OL
4. HINJ TA
5. AdvaMed TA
6. PhRMA TA
7. BIO TA
8. OFII TA
9. HLC TA

And **anything else you think that I might be forgetting**. Thank you! Lauren

2:47 PM 4/20/2016

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Getting the information you need continued - expenses, external

To... LSME (Lauren Semeniuk);

Cc...

Bcc...

Send

Subject: LD2 % for Q3 2015 AdvaMed Please - Filing Fri. 10/16/15 Morning

Hi Lauren,

Novo Nordisk paid dues on Sept. 16, 2015 ($XX,XXX). The percentage of your dues that are attributable to lobbying in 2015 is 9 percent.

I think that's all you need, but let me know if I can assist with anything else.

Thanks,
Ashley
--
Ashley McMaster
Vice President, Business Development and Membership
Advanced Medical Technology Association (AdvaMed)

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Getting the information you need continued - issues

Nothing to add, Lauren. Thanks!

From: LSME (Lauren Semeniuk)
Sent: Thursday, October 08, 2015 5:20 PM
To: Federal Government Affairs; SNOY (Steve Noyes);
Cc:
Subject: Draft Q3 2015 LD-2 - Please Provide Feedback by 1 Week (10/15 NOON) - Filing Friday 10/16/15

Hello Feds and Karin, Amy and Tricia,

Steve and I plan to file next Friday 10/16 (due to Congress Mon. 7/20). Draft is both attached and pasted.

Legislation I added since Q2 is:

1. HR 2658 GEDI (Senate companion had been introduced earlier)
2. Interest deductibility
3. Trade secrets bill our IPD asked us to support (we do!)

Please take a look and tell me anything I missed? Amanda, I already had HR 6 and both Chambers' LHE bills; are there any other FDA bills you've been lobbying on? Tricia, any new letters or topics I should ac
anything in policy here obsolete now and I should delete it?

Thank you, all,
Lauren

Top of Form

Clerk of the House of Representatives Legislative Resource Center 135 Cannon Building Washington, DC 20515 http://lobbyingdisclosure.house.gov	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510 http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

Methods for Tracking Lobbying Activities

- Getting the information you need from employees, associations and outside lobbyists cont. – Putting It All Together!

				Get 1 bottom line from Joe in tax & accounting				
Employee: Time Spent Lobbying:								
AMXM: 25%	25%		Could include: Salary, LTD imputed income, SERP (supplemental executive retirement plan),					
LSME: 18%	18%		Employee Referral, Holiday gift gross up (cost of our holiday gift), exercised stock options					
MGOI: 14%	14%							
SHNO: 16%	16%							
TIIB: 1%	1%	Includes Non-Gov. Affairs Lobbying Time from:						
		Johnny Scientist						
								$ 60,552
Average - Use for Overhead	**15%**							
Outside Lobbyists / Trade Associations / Firms:				Amount:	Used for Lobbying:	Σ		
Hans Christian Andersen Health Strategies	OL			20,000.00	100.0%	20,000.00		
Little Mermaid Solutions	OL			6,000.00	100.0%	6,000.00		
Ugly Duckling & Thumbelina Law Partners	OL			15,000.00	100.0%	15,000.00		
PhRMA	TA			1,000.00	8.0%	80.00		
Advamed	TA			500.00	9.0%	45.00		
BIO	TA	Pd. 3/31/15		0.00	0.00%	-		
OFII	TA	Pd. 3/12/15		0.00	40.00%	-		
HLC	TA	Pd 3/13/15		0.00	12.00%	-		
						$ 41,125.00		
4/15/11 C&B explain to LSME ONLY trade associations are "when it's paid", all others are as incurred.								**$ 41,125**
Overhead: Get from CMHN, and it is also when incurred, not "when it's paid" (for rent, N/A to office supplies of course).								
Rent/Util: (Rent+Kastle+MarcParc)	90,000.00		4/18/11 Per CMHN Kastle security system is only utility; others are bundled in rent					
Supplies:	6,088.05							
Printed Mat:	0.00							
Postage:	1,139.16							
Tele/telex:	2,973.82							
	$ 100,201.03			15%	$ 14,829.75			**$ 14,829.75**
Travel Supporting Federal Lobbying								
AMXM	1,234.00							
LSME	5,678.00							
	$ 6,912.00							**$ 6,912.00**
Special Events								
None in Q3								**$ -**
					Grand Total	-	**So**	**$ 120,000.00**
						Round to nearest 10,000		

Methods for Tracking Lobbying Activities

- Whether it's better to track activities internally or hire a contractor
  - Upsides of internal: I am in control; familiarity with issues, vendors
  - Downsides of internal: Time constraint, opportunity cost for actually lobbying

Alternatives & Ideas

- Other Methods Used
  - Detailed, Categorized Worksheets for Computing Time, Contacts & Issues
    - Can Track LDA and IRS
  - Online / Web-based Portal for Capturing Information
  - Bi-weekly Staff Meetings – Bring Your Calendars
- Share Your Great Ideas!