

Procurement Lobbying and Pay-to-Play

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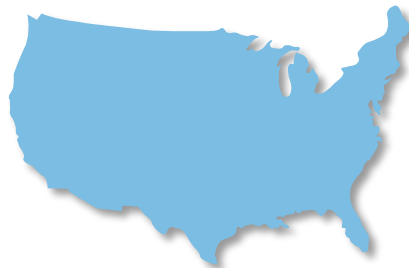


TREND:

Procurement Lobbying Disclosure

The following states require registration and/or reporting for procurement lobbying:

- | | | |
|--------------------------------------|----------------------------------------|-----------------------------------------|
| <input type="checkbox"/> Alabama | <input type="checkbox"/> Kansas | <input type="checkbox"/> New York |
| <input type="checkbox"/> Arizona | <input type="checkbox"/> Kentucky | <input type="checkbox"/> North Carolina |
| <input type="checkbox"/> Arkansas | <input type="checkbox"/> Louisiana | <input type="checkbox"/> Oklahoma |
| <input type="checkbox"/> Connecticut | <input type="checkbox"/> Maryland | <input type="checkbox"/> Ohio |
| <input type="checkbox"/> Delaware | <input type="checkbox"/> Massachusetts | <input type="checkbox"/> Pennsylvania |
| <input type="checkbox"/> Florida | <input type="checkbox"/> Michigan | <input type="checkbox"/> Rhode Island |
| <input type="checkbox"/> Georgia | <input type="checkbox"/> Mississippi | <input type="checkbox"/> Tennessee |
| <input type="checkbox"/> Idaho | <input type="checkbox"/> Missouri | <input type="checkbox"/> Texas |
| <input type="checkbox"/> Illinois | <input type="checkbox"/> New Hampshire | <input type="checkbox"/> Vermont |
| <input type="checkbox"/> Indiana | <input type="checkbox"/> New Jersey | <input type="checkbox"/> Virginia |
| | | <input type="checkbox"/> Washington |



TREND:

Procurement Lobbying Disclosure

Cities and counties may also require registration and/or reporting for procurement lobbying.

- ❑ Annapolis, MD
- ❑ Atlanta, GA
- ❑ Baltimore, MD
- ❑ Baton Rouge, LA
- ❑ Broward County, FL
- ❑ Buffalo, NY
- ❑ Chicago, IL
- ❑ Cuyahoga County, OH
- ❑ Denver, CO
- ❑ DuPage County, FL
- ❑ Fort Lauderdale, FL
- ❑ Indianapolis/Marion County, IN
- ❑ Jersey City, NJ
- ❑ Las Vegas, NV
- ❑ Los Angeles, CA
- ❑ Los Angeles County, CA
- ❑ Miami, FL
- ❑ New Orleans, LA
- ❑ New York, NY
- ❑ Omaha, NE
- ❑ Orange County, CA
- ❑ Phoenix, AZ
- ❑ Portland, OR
- ❑ Sacramento, CA
- ❑ San Diego, CA
- ❑ St. Louis, MO

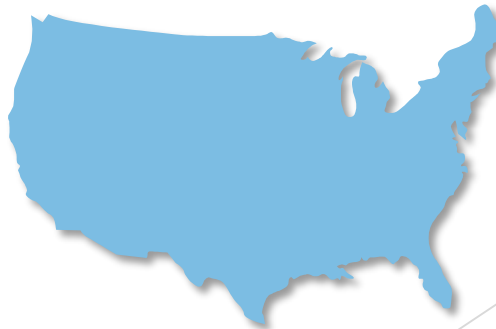


TREND:

Procurement Lobbying Disclosure

Blackout Periods: There may be blackout periods during the procurement process, where lobbying contacts are prohibited. If violated, this may result in disqualification from state or local procurement opportunities.

- | | | |
|----------------------------------------|-----------------------------------------|----------------------------------------|
| <input type="checkbox"/> Alabama | <input type="checkbox"/> Nebraska | <input type="checkbox"/> Oregon |
| <input type="checkbox"/> Arkansas | <input type="checkbox"/> New Jersey | <input type="checkbox"/> Pennsylvania |
| <input type="checkbox"/> Florida | <input type="checkbox"/> New Mexico | <input type="checkbox"/> Rhode Island |
| <input type="checkbox"/> Georgia | <input type="checkbox"/> New York | <input type="checkbox"/> Utah |
| <input type="checkbox"/> Iowa | <input type="checkbox"/> North Carolina | <input type="checkbox"/> Vermont |
| <input type="checkbox"/> Maryland | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Virginia |
| <input type="checkbox"/> Massachusetts | <input type="checkbox"/> Ohio | <input type="checkbox"/> West Virginia |
| <input type="checkbox"/> Montana | <input type="checkbox"/> Oklahoma | <input type="checkbox"/> Wyoming |



Life Cycle of a Contract

Obtaining the Contract:

Lobbying
Implications

Servicing the Contract:

Usually not
considered
lobbying

Renewing the Contract:

Lobbying
Implications

Assessment: Are you a procurement lobbyist?

Identify high risk states

- ▶ Where are you most active?
- ▶ Where do you have contracts up for renewal?
- ▶ Work with legal department to create database of all existing contracts

Possible Outcomes

- ▶ Must register as a lobbyist immediately
- ▶ May need to register in the future and must track activities
- ▶ Will not need to register as a lobbyist, based upon the current law and current activities

Pay-to-Play

The practice of awarding contracts based upon political contributions or solicitations made to or on behalf of public officials who are in a position to award business.

Pay-to-Play: Scope of Coverage

| RESTRICTIONS on CONTRIBUTIONS: | DISCLOSURE of CONTRIBUTIONS: |
|--------------------------------|------------------------------|
| California | California |
| Connecticut | Connecticut |
| Florida | Florida |
| Georgia | Georgia |
| Hawaii | Illinois |
| Illinois | Iowa |
| Indiana | Kentucky |
| Kentucky | Maryland |
| Louisiana | New Hampshire |
| Michigan | New Jersey |
| Missouri | New Mexico |
| Nebraska | Pennsylvania |
| New Hampshire | Rhode Island |
| New Jersey | |
| New Mexico | |
| Ohio | |
| Pennsylvania | |
| Rhode Island | |
| South Carolina | |
| Texas | |
| Vermont | |
| Virginia | |
| Washington | |
| West Virginia | |
| Wyoming | |

Pay-to-Play: Scope of Coverage

Any of the following are subject to pay-to-play laws depending upon the jurisdiction:

- ▶ Corporation
- ▶ Subsidiaries/Affiliated Entities/Parent Company
- ▶ Corporate PAC
- ▶ Board of Directors
- ▶ Officers/Partners/Directors
- ▶ Employees dealing with the state agency
- ▶ All employees
- ▶ Spouses and children of any of these

Elements of an Effective Pay-to-Play Compliance Program

Why implement a program?

- ▶ Strengthen brand and reputation
- ▶ Avoid debarment, fines, penalties, and negative publicity
- ▶ Ensure maximum growth opportunities
- ▶ Companies ahead of the curve will be best positioned to earn new business in a more regulated environment

Elements of an Effective Pay-to-Play Compliance Program

Engage the relevant parties

- ▶ Business units handling government contracts
- ▶ Executives and directors
- ▶ Legal and compliance department
- ▶ Government relations team

Education is fundamental

- ▶ Online training programs
- ▶ In-person training
- ▶ Information on company's Intranet
- ▶ E-mail alerts

Elements of an Effective Pay-to-Play Compliance Program

- ▶ **Pre-Approval Process of Political Contributions**
 - ▶ Employees must seek clearance before they make a personal political contribution
 - ▶ Educate employees: you are not prying into their personal spending habits
- ▶ **Who do you pre-clear?**
 - ▶ Only those employees subject to the pay-to-play law
 - ▶ Certain classes of employees
 - ▶ All employees
- ▶ **How do you pre-clear?**
 - ▶ Web-based system
 - ▶ Company form
 - ▶ E-mail reminders
 - ▶ Surveys

Elements of an Effective Pay-to-Play Compliance Program

► **Items to include in your educational training**

- Definition of a political contribution, including in-kind
- Examples of contributions
- Applies to both local and state level candidates and committees
- Rational behind such a program
- Penalties for pay-to-play violations, including examples
- Preclearance is not required for contributions to the company's federal PAC
- Certification



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