

EXHIBIT LIST

Exhibit A: “Buying Influence” Report on ALEC “Scholarship” Program,

Report published October 26, 2012 by the Center for Media and Democracy (CMD), Common Cause, and DBA Press and authored by CMD’s Executive Director Lisa Graves detailing how the ALEC “scholarship” scheme operates in Wisconsin and other states. Wisconsin is one of the “top five” states in the nation in terms of the amount of money paid by corporations to fund lawmaker trips to posh resorts, putting it in the company of South Carolina, Georgia, and Mississippi.

Exhibit B: ALEC Task Force Operating Procedures (Excerpt)

Excerpt from ALEC’s Task Force Operating Procedures. Part V(B) shows that the task force operating budget is funded entirely by the “private sector” members of the task force, and that the budget is used to “cover expenses for Task Force meetings,” which appears to largely include funding the travel and lodging expenses for the Task Force’s “public sector” legislative members. Part V(C) explains that the budget shall not be used to cover meeting expenses for alternate task force members, which demonstrates that full legislative task force members will have their expenses covered by the budget.

Exhibit C: ALEC Scholarship Policy by Meeting

Document distributed to ALEC legislators in advance of the November 2012 States & Nation Policy Summit describing how legislators can obtain corporate-funded reimbursement for their travel expenses, and from which scholarship fund.

Exhibit D: ALEC Task Force Membership Fees and Sponsorship Rates

Document distributed to prospective ALEC “Private Sector” members advertising the rates for ALEC membership, Task Force membership, and sponsorship opportunities.

Exhibit E: Emails Inviting Wisconsin Legislators to 2011 and 2012 Spring Task Force Summits and Offering Hotels and Travel Reimbursement

One email, dated April 12, 2012, is from ALEC Registration Account Specialist Ngan Nguyen inviting legislators to ALEC’s Spring Task Force Summit and explaining that ALEC will cover two nights of hotel rooms and up to \$350 for travel expenses. The other email, dated April 11, 2011, is from State Chair Rep. Robin Vos’ assistant Janine Hale reminding multiple legislators attending the Spring Task Force Summit they are eligible for the hotel and travel reimbursement.

Exhibit F: List of ALEC Task Force Members in the Wisconsin Legislature, January 2011

Included as an attachment to an email dated January 13, 2011 from ALEC Policy Coordinator Stephanie Linn to then-ALEC State Chair for Wisconsin Sen. Scott Fitzgerald to help Sen. Fitzgerald make task force appointments for the 2011-2012 term.

Exhibit G: Invitations to ALEC “Academies:” K-12 Reform Academy and Tort Reform Bootcamp

One email, sent November 30, 2011, is an invitation to attend the K-12 Education Reform Academy in Amelia Island, Florida from February 3-4, 2012, and offering two nights in the Ritz-Carlton and \$500 in travel expenses. The other is an invitation to the Tort Reform Boot Camp held the two days before ALEC’s 2011 Annual Meeting in New Orleans, and offering two free nights in a hotel and \$500 in travel expenses.

Exhibit H: Spring Task Force Summit Reimbursement Form

An example of a Spring Task Force Reimbursement form filled out by a Wisconsin legislator, in this case Rep. Warren Petryk.

Exhibit I: Minnesota Campaign Finance and Disclosure Board Advisory Opinion 277

Opinion issued October 31, 1997 signed by Campaign Finance and Public Disclosure Board Chair G. Barry Anderson finding that because corporate lobbying principals “provide the [Task Force] operating funds with the knowledge and intention that they will be used to benefit legislators” such gifts are prohibited. “The fact that the corporate money is passed through ALEC, a conduit for the gift, does not isolate the corporations from their status as givers,” the Board wrote.

Exhibit J: Email From State Chair Rep. Robin Vos’ Legislative Assistant Reminding Legislators to Submit Spring Task Force Summit Reimbursement

Email sent May 4, 2011 by Rep. Vos’ legislative assistant Janine Hale to multiple Wisconsin legislators (and their staffers) who attended that year’s Spring Task Force Summit reminding them to submit their reimbursement forms.

Exhibit K: ALEC Task Force Operating Procedures (Excerpt)

Excerpt from ALEC’s Task Force Operating Procedures describing in Part VI (A) how legislators are appointed to ALEC Task Forces, and noting that “A preference will be given to legislators who sponsor ALEC Task Force model legislation in the state legislature.”

Exhibit L: Marcus Owens IRS Complaint Against ALEC, Dated October 24, 2012

Complaint filed with the Internal Revenue Service (IRS) by former IRS Exempt Organizations Director, Marcus Owens, now a partner in the law firm of Caplin & Drysdale in Washington, DC, on behalf of Clergy VOICE. The complaint discusses how ALEC provided contradictory descriptions of the ALEC State Scholarship Program to Wisconsin’s GAB and to the IRS. ALEC told the GAB in 2010 the “scholarships” are controlled by ALEC itself to comply with Wisconsin’s ethics and lobbying laws, and told the IRS that the scholarships need not be reported because the expenditures are controlled by the legislative state chair rather than ALEC itself.

Exhibit A



Buying Influence

How the American Legislative Exchange Council Uses Corporate-Funded “Scholarships” to Send Lawmakers on Trips with Corporate Lobbyists

State by State: Who Gets Them and Who Pays

*Report by the Center for Media and Democracy,
Common Cause & D.B.A. Press*





A project of the
**Center for
Media and
Democracy**



Acknowledgments

This special report was written by [Lisa Graves](#), the Executive Director of the **Center for Media and Democracy** (CMD), an investigative watchdog group that publishes [PRwatch.org](#) and [SourceWatch.org](#) and that created [ALECexposed.org](#) in July 2011 after a courageous whistleblower provided CMD with bills secretly voted on by corporate lobbyists and state legislators behind closed doors at meetings of the American Legislative Exchange Council. CMD was joined by **Common Cause** in investigating ALEC, along with an exposé in **The Nation** magazine and the investigative reporting of [Beau Hodai](#).

This initiative has grown through the efforts of **People for the American Way**, the **Leadership Conference on Civil and Human Rights**, **Color of Change**, **Progress** affiliates, **labor unions**, **Greenpeace**, countless other watchdog groups and bloggers at **VLTP**, **Daily Kos** and other sites, along with activists helping to expose ALEC. The result has been hundreds of news stories about ALEC.

As a result of innumerable collaborative and individual efforts, more people are aware of ALEC, its agenda, and its corporate-funded operations than ever before.

For this report, data on ALEC “scholarships” were obtained through open records requests and other research by **D.B.A. Press** founder and freelance investigative reporter/CMD contributor [Beau Hodai](#); [Brendan Fischer](#), CMD’s Staff Counsel; [Nick Surgey](#), Staff Counsel of the watchdog group **Common Cause**; and [Caroline Isaacs](#) of the **American Friends Service Committee-Tucson**.

Assistance for this report was provided by Beau Hodai and CMD’s staff—[Mary Bottari](#), [Brendan Fischer](#), [Rebekah Wilce](#), [Friday Thorn](#), [Sara Jerving](#), [Harriet Rowan](#), [Alex Oberley](#), [Sari Williams](#), and former staffers [Eric Carlson](#) and [Max Abbott](#), as well as **Common Cause**’s [Arn Pearson](#), Vice President for Policy and Litigation; [Doug Clopp](#), Director of Strategic Partnerships; and [Nikki Willoughby](#), Director of Public Engagement.

This report builds on early efforts to sound the alarm about ALEC over a decade ago by **People for the American Way** and the **National Education Association**, among others. It is also indebted to earlier coalition work through “ALEC Watch,” which was led by the **Defenders of Wildlife** and the **Natural Resources Defense Council** and produced a work called “Corporate America’s Trojan Horse in the States,” with a detailed survey of state ethics laws in relation to ALEC.

Any questions about the material in this report can be sent to editor@ALECexposed.org, grassroots@commoncause.org, or publisher@dbapress.com.

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Executive Summary

The American Legislative Exchange Council (ALEC) has raised and spent an estimated **\$4 million in funds from its corporate backers** since 2006 to pay for state lawmakers' trips to meet with corporate CEOs and lobbyists at ALEC sponsored events at posh retreats, according to internal ALEC documents and other investigative work.

This special report analyzes information obtained through open records requests from D.B.A. Press, a site featuring original investigative reporting and source materials; the Center for Media and Democracy; and Common Cause—information that ALEC has tried to keep a closely guarded secret.

Although ALEC claims to be a tax-exempt “charity”—a status now under legal challenge by Common Cause and others—it has quietly raised and spent millions from some of the biggest corporations in the world over the past decade to fly state lawmakers around the country to resorts where they are wined and dined by corporate leaders and lobbyists, and treated to exclusive parties at professional baseball games, cigar parties, and skeet shoots, all at ALEC corporations' expense.

The scheme works like this: ALEC state chairs (hand-picked legislators and private-sector members) solicit corporate money that goes into a “Scholarship Fund” that is then used to pay for lawmakers' trips. Records show that ALEC legislators know who's paying their way—some state leaders even urge lawmakers to send thank-you notes to their patrons—but everyone else is kept in the dark.

ALEC claims to the IRS that it does not have to report the money spent on elected officials because it is just holding the funds “in trust” for lawmakers. But at the same time, it promises corporate donors that they can get a tax write-off for their donations.

This influence-buying scheme is illegal in some states, and should be in others.

“With our success rate at more than 20 percent, I would say that ALEC is a good investment. Nowhere else can you get a return that high.”

Sam Brunelli, then-Executive Director of ALEC ¹

Key findings of this report include:

- ➔ ALEC raised \$1,994,815 for its corporate slush fund during 2006-2008, of which \$1,811,905 was spent on lawmakers' trips.
- ➔ Based on this, plus incomplete data for 2009-2011, we estimate that ALEC has raised and spent over \$4 million from corporations for lawmakers' trips since 2006.
- ➔ The biggest corporate donor to ALEC's slush fund was PhRMA – which kicked in \$356,075 in 2010 alone – followed by AT&T, Bayer, Eli Lilly, UST Public Affairs (tobacco), Pfizer, Crown Cork & Seal, Altria, Verizon, and Blue Cross Blue Shield Association.
- ➔ The #1 state for ALEC slush funds was South Carolina, at \$200,565, followed by Georgia, Mississippi, California, Wisconsin, Wyoming, Colorado, Oklahoma, Arizona, and Ohio. 42 states had slush fund activity.
- ➔ Some legislators were frequent flyers. At least 20 state legislators received travel worth nearly \$7,000 or more during 2006-2008.
- ➔ ALEC slush funds were used to pay for or directly reimburse travel expenses for legislators, including airfare, hotel rooms and meals. But once public officials arrived, ALEC corporations spent untold additional amounts to wine, dine and entertain them. ALEC membership may cost legislators \$50 per year, but they get much more in return from their corporate benefactors.
- ➔ At least four states – Massachusetts, Minnesota, Nebraska and Utah – have taken steps to bar legislators from taking travel-related funds from corporate interests via a conduit like ALEC. But at least three other states – Colorado, Indiana and South Carolina – specifically exempt ALEC from state gift or lobbying laws.
- ➔ The slush fund's donors, top states, repeat players and state-by-state details can all be found in the report appendices.

Given the inherently unethical and potentially corrupting nature of ALEC's slush fund scheme, we recommend that, at a minimum, existing state gift limits, bans and disclosure rules be applied to ALEC "scholarships" or modified to ensure that they do. In addition, each ALEC slush fund expenditure and donor for all past years should be immediately disclosed to the public.

ALEC's Corporate Slush Fund by the Numbers

Big Spending

Since 2006, ALEC has raised an estimated **\$4 million** from its corporate members to send lawmakers on trips.

Biggest Spender

The largest known “private sector” donor is **PhRMA**, the trade group for big drug companies, which gave ALEC **\$356,075** for lawmaker trips in 2010.

Which State's Lawmakers Take the Most Money

The state whose legislators received the most ALEC “scholarship” funds in a three-year period: **South Carolina lawmakers received \$200,566.**

Over a Half-Million Dollars a Year (2006-2008)

Corporations have given **\$664,938** a year on average, and the average spent is: **\$603,968.**

Scores of Corporations Involved

100+ corporations have funded the trips. The biggest are: **PhRMA, AT&T, Bayer, Lilly, UST, Pfizer, Crown Cork & Seal, Altria, Verizon, and Blue Cross/Blue Shield**—some of the world's biggest drug, tobacco, and phone companies.

About a Million Bucks in the Bank

In recent years, ALEC has had about **one million dollars** in the bank at the start and end of each year available for lawmaker travel for meetings with corporate lobbyists at resorts.

Hundreds of Lawmakers

Average number of lawmakers who get corporate-funded travel through ALEC: **more than 300 each year.** Many are frequent flyers. **Over 1,300 checks** from ALEC were cashed in three years alone.

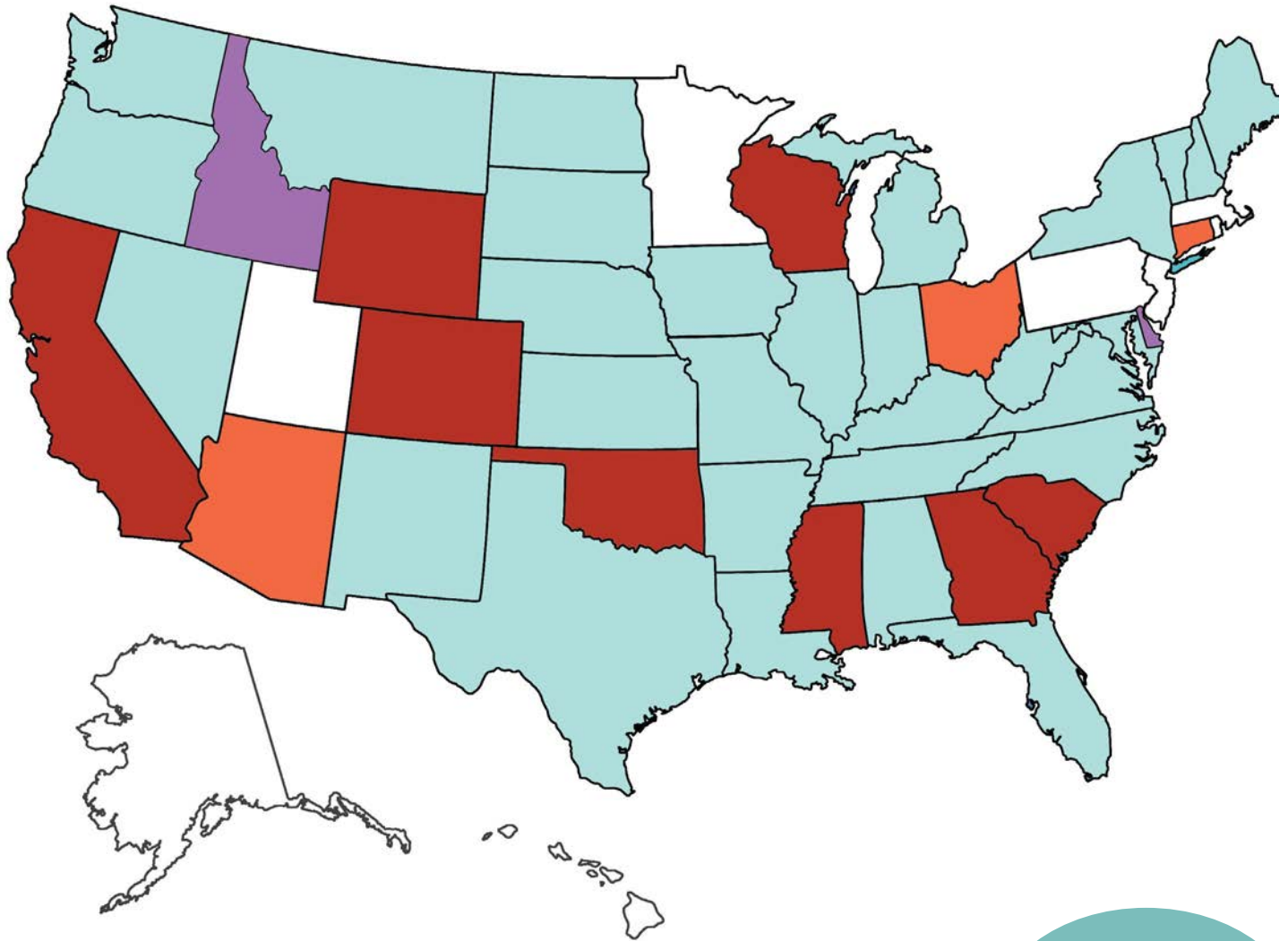
A Majority of States Are Involved

Number of states known to have money paid out from the corporate slush fund in recent years: **42 states out of 50.** Some states, like Minnesota, bar legislators from taking gifts of travel from lobbyists via a conduit like ALEC.

ALEC “Scholarship” Money Spent

(2006=2008)

\$1-\$1,000 / \$1,001 - \$50,000 / \$50,001 - \$100,000 / \$100,001 - \$200,000+



Keeping it Secret

One Answer to the Question, “Who Really Funds Trips for ALEC Legislators?”

Reporter: “Would it be possible for you to send me a list and amounts?”

Lobbyist: **“Noooooo. No. (laughs) No. I don’t want to start scaring people off.”**

(Interview of Russell Smoldon of the Salt River Project by Beau Hodai/D.B.A. Press, Nov. 2010 ²)



ALEC is “the most influential corporate-funded political force most of America has never heard of.”

Bill Moyers, “The United States of ALEC” ³

Introduction

This special report analyzes new information about how some of the biggest corporations in the world fund trips for state lawmakers to meet with their lobbyists at resorts across the country through the American Legislative Exchange Council (ALEC), a “charity.”

This data, which was secret until discovered in open records responses, shows that corporations seeking to change state laws quietly gave nearly \$2 million for travel by state legislators in a recent three-year period (2006-2008.* Based on that data, we estimate that ALEC has taken in well over \$4 million from corporations for lawmakers’ trips since 2006. And corporations spent money beyond that on numerous dinners and other perks for lawmakers that were not passed through the travel slush fund ALEC created.

ALEC and its leaders have persistently refused to tell the press which corporations were funding these trips and in what amounts.

This previously hidden information about the sources and extent of these gifts of travel has come to light only through open records requests submitted to state elected officials.

Although ALEC prefers to dub these gifts “scholarships,” this report calls them what they are—gifts—because a trip is a thing of value being given to these elected officials.

ALEC has created a scheme to funnel money from corporations to pay for legislators’ trips, amounting to a million-dollar+ slush fund that leaves constituents in the dark about who is really footing the bills for their representatives.

This report exposes that scheme.

Included in This Report

What Is ALEC?

Description of ALEC’s funding, structure, and agenda, plus the efforts to expose ALEC.

What Can Be Done?

Review of state laws that effectively bar these gifts and current proposals to require more disclosure.

What’s the Deal with ALEC Scholarships?

Details about how the public was kept in the dark about ALEC’s corporate-funded trips, how the facts were discovered, and what the data reveal. Includes snapshots of how the system operates in Wisconsin and Ohio and provides examples of the kind of things ALEC’s slush fund buys.

What Can You Do to Help?

Actions that concerned Americans can take to raise greater public awareness about ALEC.

What’s Happened in Your State?

State-by-state details on where the slush funds came from and who benefited from them.

*The vast majority of money was paid by ALEC to legislators for their travel to ALEC resort meetings with lobbyists, but it includes some reimbursements to restaurants where legislators were wined and dined. According to open records responses from 2011-2012, the money as a whole was spent to benefit legislators, either through travel or meals and drinks.

ALEC is a “far-reaching national network of state legislators that...affects all levels of government. No organization in America today can claim as many valuable assets...that have influence on as many key decision-making centers.”

ALEC History ⁴

ALEC’s Funding

ALEC describes itself as the largest voluntary membership group of state legislators in the country, but CMD’s analysis of ALEC’s funding reveals that over 98 percent of its revenue comes from corporations and sources other than state legislators’ “dues.”

Legislators pay \$50 a year (\$100 per two-year legislative session) to be part of ALEC. In some cases, such as the Iowa House of Representatives, taxpayers pay the dues.

In contrast, corporations pay dues for membership in ALEC at a rate of \$7,000 to \$25,000

Companies also pay fees of between \$2,500 and \$10,000 to sit on ALEC “task forces” that are made up of lobbyists who vote as equals with lawmakers on templates to change state laws in the

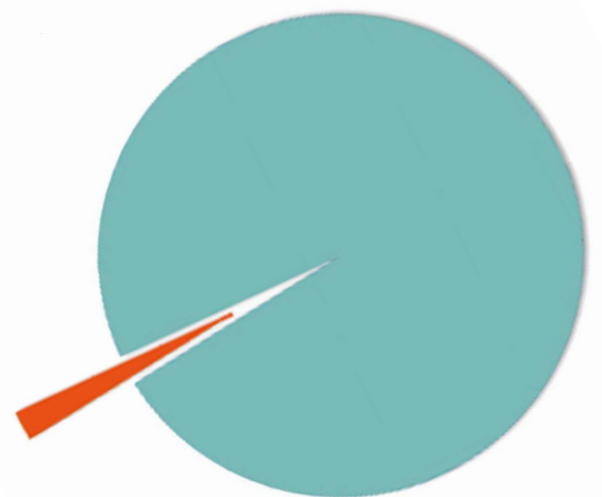
On top of that, corporations kick more money into state “trust funds” (for example, for education or other expenses) for lawmakers to attend ALEC meetings. The trust funds are used to pay for the expense and urged to make items on the cor

Corporations often pay additional sums to be invited to ALEC meetings. The prices vary but have been as high as

ALEC Revenue

98% Corporations and other

2% State legislators’ “dues”



ALEC's Structure

ALEC appoints “public sector” and “private sector” co-chairs in each state (lawmakers and lobbyists) to advance its legislative agenda and raise money for trips. Lobbyists also sit on ALEC task forces where they get “a VOICE and a VOTE” on bills. ⁵

ALEC claims it disbanded its “Public Safety and Elections” task force—which approved controversial bills making it harder for Americans to vote and easier to get away with shooting someone—but there is evidence some of its work goes on.

ALEC has a Public Sector Board that consistently endorses bills approved by task forces. It meets jointly with a corporate board, which includes many companies that have governed ALEC for years, while legislative leaders have come and gone.

ALEC's sustaining funders include some of the world's biggest corporations: Exxon Mobil, Altria, AT&T, Koch Industries, State Farm Insurance, Peabody, and GlaxoSmithKline. Their lobbyists also sit on task forces alongside representatives of ideological groups like David Koch's Americans for Prosperity.

ALEC describes itself as a nonpartisan, nonprofit organization, but a review in 2011 showed that 99 percent of its legislative leaders were Republicans (there was one Democrat out of 104 legislators in leadership positions).

ALEC Task Forces push bills to limit

» *Rights of people injured by companies*

» *Rights of workers*

» *Power to regulate pollution*

» *Power to tax*

» *Restrictions on “free” trade*

» *Public benefits like Social Security*

» *Rules for schools and the financial, insurance, and telecomm industries*

“Conferences for state legislators and corporate leaders are held approximately four times a year.”
ALEC's Description of the Meetings to the IRS

ALEC's Agenda

ALEC describes its agenda as advancing the “free market,” but many of its bills redirect Americans’ tax dollars away from strengthening the public’s institutions to increase the profits of industries that are part of ALEC. Many of the beneficiaries of ALEC laws are out-of-state or foreign companies whose primary interest is not the well-being of the constituents of ALEC legislators.

ALEC also indoctrinates legislators with skewed statistics and distorted analysis⁶ in support of the agenda of these special interests.

ALEC’s core objective is to change U.S. law,⁷ one state at a time—as Bill Moyers noted in his documentary, “The United States of ALEC.”⁸

Countless bills like these have been filed in state legislatures without any disclosure of ALEC’s role in them.

ALEC claims it does not lobby⁹ but boasts to its members that over 1,000 ALEC bills are introduced a year and about 20 percent become law.¹⁰ ALEC has told companies that funding ALEC gets the highest return on investment.

ALEC’s legislative agenda has included

- » *Making it harder for Americans to vote*
- » *Making it harder for unions to organize*
- » *Stopping needed benefits for workers*
- » *Promoting trade laws that outsource jobs*
- » *Limiting damages for dangerous products*
- » *Blocking efforts to address climate change*
- » *Limiting rules that protect air and water*
- » *Privatizing schools, prisons, and assets*
- » *Detaining more immigrants, for longer*
- » *Opposing Wall Street reforms*
- » *Opposing health insurance reforms*
- » *Stopping limits on bank fees and interest*
- » *Opposing taxes on windfall oil profits*
- » *Opposing limits on machine guns*
- » *Opposing taxes on investment income*
- » *Privatizing Social Security and Medicaid*

More than 1,000 ALEC bills are introduced each year; hundreds become law.

ALEC “operates much like a dating service, only between legislators and special interests. It matches them up, builds relationships, [and] culminates with the birth of special interest legislation...”

Wisconsin Rep. Mark Pocan in *The Progressive*¹²

ALEC Exposed

Despite concerns raised about ALEC in recent years, the dramatic breakthrough in public awareness of ALEC is due in large part to the work of the Center for Media and Democracy (CMD) and Common Cause. CMD launched its site, **ALECEXPOSED.ORG**, in mid-2011 by analyzing and exposing over **850** ALEC bills provided by a whistleblower and also built a growing resource for reporters and advocates to connect the dots between ALEC bills, legislators, corporations, and “experts.”

Common Cause has worked with CMD and many other groups for the past year to continue the investigation into ALEC and push out the ALEC story in the states. In April 2012, Common Cause filed an IRS whistleblower complaint against ALEC based on thousands of pages of additional internal ALEC documents showing extensive lobbying by the tax-exempt group.¹¹ Others—including Marcus Owens, the former head of the IRS’ nonprofit tax section, and the Voter Legislative Transparency Project—have also urged the IRS to consider holding ALEC and its corporate funders civilly or criminally liable for all the lobbying ALEC facilitates without disclosure.

Other public interest groups like People for the American Way and Progress Now!, along with labor unions affected by ALEC’s agenda, have worked to educate the American people about ALEC. And, Color of Change launched a powerful corporate campaign that has engaged new audiences of citizen activists. Greenpeace and many other groups, bloggers, and concerned citizens have also joined the movement against ALEC’s undue influence.

In the wake of heightened public scrutiny of ALEC, **41** major for-profit corporations have announced that they stopped **funding ALEC—including Wal-Mart, General Electric, General Motors, Amazon, and Coca Cola—along with four** nonprofit groups, including the **Gates Foundation**. Some **70** legislators, both Republicans and Democrats, have publicly dropped ALEC this year as well.



Impact of Information

In the wake of heightened public scrutiny of ALEC, 41 major for-profit corporations and four nonprofit groups have stopped funding ALEC, and 70 legislators have publicly dropped ALEC.

What's the Deal with ALEC "Scholarships"?

Kept in the Dark

Not only does ALEC enable corporations to secretly vote beside lawmakers on model bills to change state laws, but it also provides a conduit for corporations to buy influence with legislators through gifts of flights, hotel rooms, and other perks and to whitewash these gifts as ALEC scholarships.¹³

ALEC and the lobbyists and lawmakers who participate in this scheme have generally refused to disclose which corporations are paying into ALEC's slush fund for trips. But Americans have a right to know if their elected representatives are being flown to resorts to meet with corporate lobbyists and adopt their bills at corporate expense.

It is only because of partial compliance with state open records laws that the extent of the influence peddling facilitated by ALEC is even partially coming to light. The investigative work of reporters and watchdog and faith-based groups—**Beau Hodai**, D.B.A. Press founder, freelance investigative reporter, and CMD contributor; CMD Staff Counsel **Brendan Fischer**; Common Cause Staff Counsel **Nick Surgey**; and **Caroline Isaacs** of the American Friends Service Committee-Tucson—unearthed the financial data in this special report.

ALEC's History of Hiding the Truth

When asked about the slush funds by reporters in the past, ALEC has refused to identify donors, and instead referred them to the group's federal tax returns. Those filings not only did not disclose the identities of corporations funding the travel of elected officials, but also did not disclose the amount of money coming in or being paid out.

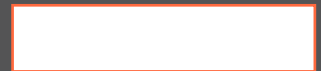
ALEC's lack of disclosure of its spending is deeply misleading. Take 2008, for example: If you had examined ALEC's federal tax return for that year looking for the figure the IRS requires nonprofits to disclose if they are paying for the travel for state elected officials you would have found zero, a box of nothing (see image at right)

Elsewhere in its 2008 tax filing, ALEC notes a "liability" with a cash balance of \$1,053,457, described as "Scholarship Funds Held as Agent." ALEC's accounting cloaks from public view the amount of money it took in and spent that year to pay for the "travel or entertainment expenses" of state lawmakers. But, due to our investigation, we now know ALEC spent \$593,653 on legislator travel and which corporations that funded trips in 2008 and other years.

2008 Tax Declaration by ALEC

#18. Payments of travel or entertainment expenses for any federal, state, or local public officials (enter amount)

ALEC's entry:



Now in the Light of Day: A Half-Million Dollars+ Each Year for Legislators' Travel

The data we uncovered provides a thorough snapshot for a recent three-year period, 2006 to 2008. The information we discovered includes the identities of all of the corporate donors to the travel fund and all of the public officials whose trips were paid for in those three years, along with the amounts and dates. We also have partial but illuminating data for 2009 to 2011.

Due to the patchwork of state laws regarding the reporting of gifts or travel reimbursements, there is no way — without this data—for concerned citizens to discover all of the legislators who took scholarship funds and which companies interested in changing state laws helped pay for the trips.

Major Findings

Corporations Funded A Lot of Trips

The total amount of money companies gave to pay for lawmaker trips and events in a recent three-year period (2006-2008) was nearly \$2 million (\$1,994,815, almost all of which, \$1,811,905, was spent). That averages about \$600,000 a year (\$603,968) spent on travel for public officials. Even with that amount of spending, ALEC still kept about a million-dollar scholarship balance in the bank, counted as a “liability” owed to public officials.

Based on that data, we estimate that ALEC took in well over \$4 million from corporations for lawmakers’ trips since 2006. And corporations spent money on lawmakers beyond that on numerous dinners and other perks, which were not passed through the travel slush fund ALEC created.

Over 100 corporations have funded the trips, including Koch Industries, but PhRMA gave the most: \$356,075 in 2010. Other big funders are AT&T, Bayer, Lilly, UST Public Affairs (tobacco), Pfizer, Crown Cork & Seal, Altria, Verizon, and Blue Cross/Blue Shield Association—some of the world’s biggest drug, tobacco, and phone companies

A Lot of Lawmakers Took the Trips

Hundreds of state legislators have received corporate-funded travel through ALEC: over 300 state legislators per year. It appears that over 1,300 checks were cashed in one three-year period (2006 to 2008) alone.

Some Legislators Were Frequent Flyers

At least 20 state legislators received travel worth nearly \$7,000 or more in that three-year period. They are listed at the end of this report.

Some State Delegations Spent Six Figures in Corporate Trip Money

The state whose lawmakers received the most from the ALEC “scholarship” fund for the three-year period with complete data was South Carolina, whose legislators took \$200,566 in corporate-funded trips and whose legislature has expressly exempted ALEC from the state’s gift limits for lobbyists.

Rounding out the top five were states as diverse as Georgia, \$170,990; Mississippi, \$157,158; California, \$127,200; and Wisconsin, \$116,700. Some of these states may not be the most populous but they were popular with corporations willing to fund lawmakers’ trips.

Whose lawmakers raised the most for the fund in one year?

Ohio raised \$130,000 from corporations in 2011.

**ALEC’s scholarship scheme is calculated
to keep the public in the dark about
which corporations are footing the bill
and how much the bill is.**

What ALEC's Slush Fund Has Bought

Beyond unparalleled access by lobbyists to lawmakers, what ALEC corporations pay for through the scholarships is airfare for lawmakers, hotel rooms for their families, and other expenses. This is often in addition to other donations to ALEC to underwrite and co-sponsor events, plus whatever fees a corporation pays to join ALEC and vote on task forces with legislators.

The scholarship fund has also been used to buy expensive dinners for legislators at places like posh steakhouse Smith & Wollensky, although meals are sometimes put on a corporate credit card. ALEC members like Russell Smoldon of the Salt River Project, an Arizona public-private utility, know just how valuable such perks are. Smoldon told D.B.A. Press in November 2010:

“We do a nice job with special events. We just kind of take it on ourselves because I want things to be nice for these guys who make 24,000 dollars a year.”

For state lawmakers, who nationally earn an average of \$35,000 per year, an all-expense-paid trip to a posh resort where they are wined and dined at lobbyists' expense is a substantial benefit.



Posh Resorts for ALEC Trips

ALEC has meetings at posh hotels for its big meetings and task force “boot camps” -- like the one held this past January in Florida at the Ritz Carlton on Amelia Island to discuss privatizing public education, a meeting closed to the press.”¹⁴ (A list of other ALEC resorts is available at the back of this report, detailing spending by year with images of the locations of ALEC meetings for lobbyists and lawmakers.)



“Endless Sandy Beaches...”

It is not unusual for ALEC to promote its meetings in vacation-like terms. One invitation encouraged legislators, saying: “come and experience endless sandy beaches, sunny days, beautiful sunsets and the cool gulf breezes.” The meeting was held at a great hotel, near a golf course where ALEC funder Reynolds tobacco paid for a golf clinic and tournament for legislators and lobbyists.



Bring the Whole Family!

ALEC meetings are described as “networking opportunities,” but lawmakers are encouraged to bring their families. According to ALEC's 2008 & 2009 IRS forms, it spent a combined \$549,230 on childcare, which it calls “Kids Congress” (for kids, six months to 17-years old) and which is offered at a low rate to lawmakers and lobbyists.



But Don't Forget the Legislation

ALEC meetings are not all dinners and ballgames or skeet shoots sponsored by the National Rifle Association. During the day, lawmakers are urged by private sector ALEC funders like the American Bail Coalition to introduce its bills, and the state legislators on ALEC task forces secretly vote with lobbyists to approve bills to be introduced across the nation.

“ALEC has created a clever scheme with lobbyists—to funnel money from corporations for lawmakers’ meetings—that hides the benefactors and their influence peddling.”

Lisa Graves, Center for Media and Democracy

What ALEC’s Slush Fund Has Bought

- ➔ Airline tickets for lawmakers
- ➔ Hotel rooms for lawmakers and their families
- ➔ Transportation to and from the hotel
- ➔ Conference fees
- ➔ Meals and drinks

Baseball Game - Spring Task force Summit

Please join ALEC for a night at the ballpark as the Cincinnati Reds take on the Florida Marlins!

When: Friday, April 29 Time: 7:10 p.m. RSVP to: nnguyen@alec.org

ALEC will have access to the ballpark party decks where select food and drinks will be provided. Space is limited at this special event—sponsored by Time Warner Cable—so be sure to reserve your free ticket now! Registered guests are also invited to attend.

If you have already have tickets to the game, please let us know and we'll get you a ticket to this exclusive area. Tickets can be picked up when you check in at ALEC's registration desk.

Please join us for a great American pastime!

Sponsored by



ALEC

Other Perks Funded by Corporations at ALEC Meetings

- ➔ Exclusive parties at MLB baseball games for lawmakers and their families, food and drink included (Time Warner)
- ➔ All you can smoke cigar parties (Reynolds tobacco)
- ➔ All you can drink wine and cheese parties (Diageo)
- ➔ All you can shoot, skeetshooting outings—guns provided (NRA)
- ➔ Golf lessons and tournament (Reynolds tobacco)
- ➔ Dinners and drinks at the best restaurants in town (Corporate lobbyists from numerous companies)
- ➔ And other entertainment



What About State Gift Laws?

Every state in the country has gift laws that ban, limit, or require disclosure of what lobbyists and other interested parties can give of value to legislators. Yet, in most states, ALEC's "scholarship" scheme has slipped by under the radar screen. In all, 42 of 50 states had some ALEC slush fund account activity between 2006 and 2011.

Records show that at least four states have taken steps to bar legislators from taking travel-related funds from corporate interests via a conduit like ALEC.



Minnesota. Since 1997, the Campaign Finance and Public Disclosure Board has interpreted state laws barring gifts to apply specifically to ALEC scholarships.¹⁵ The Board found that corporations with lobbying interests were responsible for funding the gifts, and it ruled that filtering the funds through ALEC "does not isolate the corporations from their status as givers."



Massachusetts. Since 1988, the State Ethics Commission has barred legislators from accepting gifts of travel expenses from any organization of state legislators if its corporate members have an interest in matters before the state. The ruling was about gifts of travel for legislators to attend meetings with manufacturers, but its terms appear to cover ALEC travel "scholarships" as well.



Nebraska. The Accountability and Disclosure Commission barred lawmakers from accepting any contribution of over \$50 from the ALEC scholarship fund in 1995. Nebraska law bars state senators from accepting gifts (including costs of travel and lodging) of more than \$50 per month from a principal, a lobbyist, or "anyone working on behalf of either." The Commission ruled that—whether intentionally or incidentally—ALEC was being used as a conduit by Nebraska lobbyists and their principals to funnel gifts to state lawmakers in the form of "scholarships" for travel and lodging, exceeding the limits in state law.



Utah. The Beehive State also apparently stopped the scholarships after "It got to a point where ALEC fund raising looked to some like a lobbyist was buying a trip"¹⁶ because legislators were asking lobbyists to give so they could attend ALEC meetings.

On the other end of the spectrum, at least three state legislatures have specifically **exempted** ALEC from gift or lobbying laws: **South Carolina**, **Colorado**, and **Indiana**.



A handful of states force taxpayers to pick up the tab for public officials to go to ALEC conferences where corporate lobbyists get an equal say in votes on bills. For example, Pennsylvania had \$0 in ALEC scholarships in 2006-2008, but the state's taxpayers paid over \$300,000 over several years for trips and other ALEC events, including \$3,000 on "cheesecake lollipops" for ALEC meetings over the past several years, according to Keystone Progress, an affiliate of ProgressNow!¹⁷



This approach is equally inappropriate because ALEC's core activity is to provide its private sector members and their lobbyists with a "unique" partnership, in ALEC's words, with lawmakers to change legal policy. Requiring taxpayers to pay the cost of flying legislators around the country to vote behind closed doors with corporate lobbyists about changing state laws adds insult to injury.

ALEC v. NCSL

Some ALEC members argue that ALEC meetings should be funded by taxpayers because states fund the National Conference of State Legislatures (NCSL). But, unlike ALEC, NCSL does not allow corporate lobbyists to vote with legislators on bills, and its leadership posts alternate between Democrats and Republicans, regardless of ideology. NCSL's objective is to improve governmental functions. In contrast, ALEC has touted its unique mission as giving the private sector an equal voice and vote on changing the government.

And It's Tax-Deductible?

ALEC wants to have its cake and eat it too. The organization claims that slush fund donations do not have to be reported to the IRS because ALEC just holds them "in trust" for legislators to spend, yet it tells corporate donors they can claim a tax deduction for their gifts.

Hard to believe? In 2009, ALEC told the IRS that:

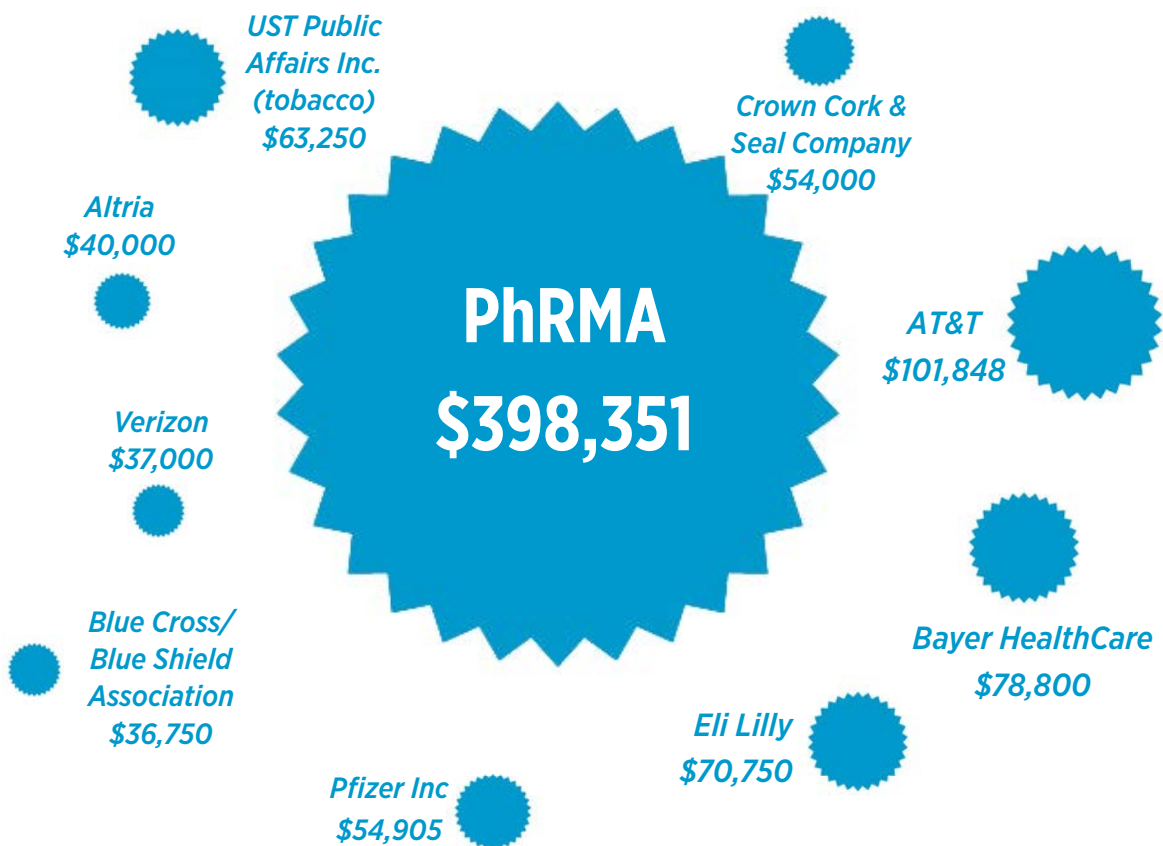
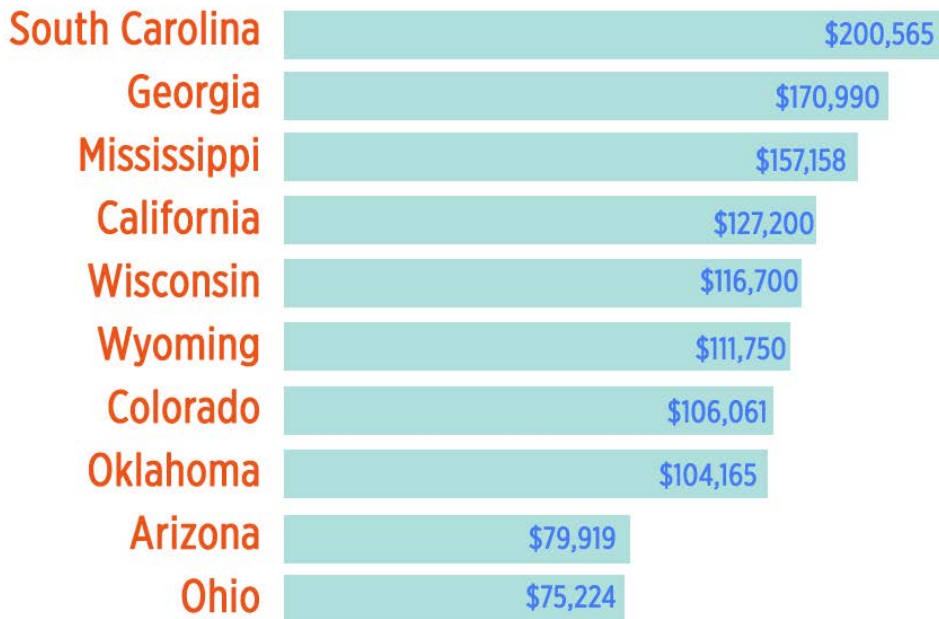
"ALEC is the recipient of funds from various outside organizations and individuals which are to be used exclusively for scholarships on behalf of state legislators. Scholarships are payable, upon approval by the relevant state chair, to State Legislators to reimburse them for travel expenses incurred in attending meetings of ALEC. The amounts received and disbursed by ALEC for such purposes are not considered revenue and expenses of ALEC..."

Imagine if a corporate lobbyist simply put a half million dollars in a bank account for lawmakers to use for trips to meet with her company about legislation she wanted passed.

But a letter surfaced earlier this year from ALEC board member and legislative co-chair for Louisiana, Rep. Joseph A. Harrison, offering corporations a tax write-off for ALEC slush fund donations. On government letterhead, he solicited a \$1,000 tax-deductible contribution per company for trips while stating that:

"With over thirty Louisiana Legislators serving on ALEC Task Forces, your support will allow the opportunity to attend conferences funded by the ALEC Scholarship Fund. These conferences are packed with educational speakers and presenters, and give the legislators a chance to interact with legislators from other states, including forums on Medicaid reform, sub-prime lending, online privacy, environmental education, pharmaceutical litigation, the crisis in state spending, global warming, and financial services and information exchange. All of these issues are import (sic) to the entire lobbying community." (emphasis added)

Clearly, ALEC leaders think it is appropriate that these gifts both help corporate lobbyists advance their agendas and are subsidized by taxpayers. But, if the slush fund revenue and expenses are not considered ALEC's revenue and expenses by the IRS, then how can ALEC claim that all this corporate money passing through its to fund for lawmakers' travel is tax-deductible?



*This is for the period with complete data (2006-2008); subsequent big sums have been discovered in Arizona and Ohio.

**The data above reflects corporate donations for the years 2006 – 2008 and 2010, though the 2010 public data reflects money in Arizona, Ohio, and Wisconsin; the data from 2006 to 2008 reflects data from all 50 states.

“The fact that the corporate money is passed through ALEC, a conduit for the gift, does not isolate the corporations from their status as givers.”

Minnesota Campaign Finance and Public Disclosure Board

Spotlight on Wisconsin

Unbeknownst to most state residents, ALEC bylaws impose a “duty” on the state legislators and corporate reps it designates as state co-chairs both to raise money from companies for trips and get ALEC bills introduced.

Big Spending in a State Where a Lobbyist Can't Buy a Lawmaker Coffee

Before this year, Wisconsin was believed to have one of the strictest gift rules in the nation, a zero tolerance rule dating back decades. But secretly, through ALEC’s slush fund, corporations gave \$131,000 to pay for state legislators to attend meetings with corporate lobbyists at resorts from 2006 to 2008. Almost \$117,000 was spent for airfare, hotel rooms, and other expenses of elected officials. Despite the state’s “no coffee” gift law, Wisconsin lawmakers were among the “top five” state delegations in the country in terms of amounts received from the ALEC corporate slush fund for lawmakers’ trips.

But that tells only part of the story. When \$356,075 was sent to ALEC’s fund in 2010, it was sent to a P.O. box in Washington, DC. The street address was the same as that of ALEC’s corporate co-chair for Wisconsin, Amy Boyer, a lobbyist who has represented a number of ALEC funders, such as Koch Industries and other energy companies. When confronted, ALEC said only \$2,500 was for Wisconsin and the remaining \$353,575 was for other states, but there are no public records to verify how that six-figure sum was spent.



“Myself, I always loved going to [ALEC] meetings because I always found new ideas. Then I’d take them back to Wisconsin, disguise them a little bit, and declare that ‘It’s mine.’” Tommy Thompson (2002)¹⁸

Citizens Can't Track the Gifts Received

The situation in Wisconsin also illustrates how difficult it is for concerned citizens to discover these gifts, because they are rarely reported as “gifts.”

At the time of PhRMA's big check, the ALEC legislative co-chair for Wisconsin was state Senator Scott Fitzgerald. In response to an open records request by CMD, his office later revealed that at least seven state legislators had received funds from ALEC in 2010 (Reps. Brett Davis, Robin Vos, Scott Suder, Steve Nass, Mike Huebsch, and Phil Montgomery, and Sens. Ted Kanavas, Leah Vukmir, and Randy Hopper). They received between \$985 and \$2,461 for trips filled with meetings with lobbyists. Only two legislators on that list disclosed that they got ALEC travel money on their “Statement of Economic Interests.” Some mentioned the ALEC funds in campaign filings. And some, like Sen. Randy Hopper, did not disclose it.

Disclosures Hide the Real Sources

Even where the receipt of money was disclosed, the source was listed as “ALEC,” not the companies actually bankrolling the trips. It is only through open records requests, not through legislators' filings, that the sources have been revealed. According to the document ALEC sent by email to Sen. Fitzgerald, the corporations funding Wisconsin legislators' trips in 2010 were PhRMA, Reynolds, Alliant Energy, Kraft Foods, AT&T,¹⁹ Diageo, 3M, Excel Energy, Allergan,

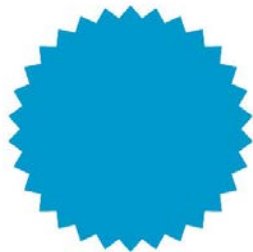
MKT Engineering, T-Mobile, and the state telecom trade group. All of these corporations have state legislative agendas. Most of them gave \$2,500 a piece to fund trips for legislators.

Surprise? ALEC Bills Get Pushed

When CMD examined Wisconsin's 2011-2012 legislative session, it found at least 32 bills or budget items reflecting ALEC bills were introduced—such as bills to restrict union dues collection, bar suits for death or injury from prescription drugs, aid the tobacco industry, limit telecom regulations, and restrict “voter ID”—and 21 became law.²⁰

ALEC's Role Was Hidden from Public

ALEC did not register as a lobbyist, but open records requests reveal it pushed for its bills to be introduced and passed, out of the sight of the public. For example, Governor Scott Walker—an ALEC alum—denied that his urgent omnibus “tort reform” bill was based on ALEC bills. But previously secret emails show ALEC told lawmakers Walker's proposal included “many” of their bills and urged that it be enacted. The law passed quickly; no one besides ALEC lawmakers and corporations knew at the time of ALEC's true role.



Complaints Filed

CMD filed a complaint with the Government Accountability Board in March 2012 arguing the scholarships violated gift laws. CMD also noted that a prior private ruling of the Board was contradicted by new evidence. That complaint is still pending. CMD and Common Cause also asked the state Attorney General to investigate ALEC lobbying.

A Look at Travel Fundraising in Ohio

In 2011, corporations gave at least at least \$130,000 for trips to Ohio legislators, the largest travel fund known to have been raised in a single year for just one state.

Cozy Relationship between ALEC Lawmakers and Corporate Lobbyists

ALEC's state legislative co-chair for Ohio is Rep. John Adams, who is tasked like all ALEC state leaders with getting ALEC bills introduced and raising money for ALEC trips. Although open records requests do not reveal all the lawmaker travel that six-figure sum has funded, what is known is that Adams' office spent considerable time coordinating with corporate lobbyists who fund ALEC.

His Senior Legislative Aide, Kara Joseph, spent untold hours arranging for lawmakers to get tickets to a Cincinnati Reds game paid for by Time Warner Cable (TWC), separate from the slush fund. TWC is ALEC's Ohio corporate co-chair.



Ms. Joseph also worked with corporations like Diageo to arrange special dinners when Ohio lawmakers were traveling on corporate-funded scholarships to other cities. They were at restaurants like the steakhouse of gourmet celeb-chef John Besh at Harrah's Casino in New Orleans. (That dinner was paid for by lobbyists separate from the slush fund.)

In Return for Helping ALEC, Trips and Awards

Ms. Joseph was named ALEC's "Volunteer of the Year" in 2011, and she also received money from the slush fund to go on ALEC trips that year. Her emails about fundraising and lobbyist scheduling for ALEC events were conducted on government computers while she was being paid by Ohio taxpayers. Her boss, Rep. Adams, also received top honors from ALEC that year for advancing ALEC's agenda.

...ics board—largely controlled by ALEC mem-
to apply state gift rules to ALEC, despite evi-

...gress Ohio, Common Cause, and People for the American Way
have also issued a detailed report on the influence of ALEC corporations
on the Ohio legislature. You can find the report online at www.alecexposed.org/wiki/Ohio.

Lawmakers Know Who Bankrolls Their Trips But Citizens Do Not

Records analyzed by D.B.A. Press and CMD show that several lawmakers also participated in raising funds from these corporations.²¹ Ms. Joseph also sent lawmakers a list of corporations and amounts of their gifts, and asked them to thank the lobbyists for “their generous contribution!”

This example is no outlier by a lawmaker’s staffer. In Arizona—where lawmakers received over \$90,000 in trips secretly underwritten by corporations through ALEC in 2010 alone—open records request revealed that ALEC legislators like Rep. Debbie Lesko eagerly urged colleagues to get thank you notes out to the corporate lobbyists who give to the slush fund.

The American Friends Service Committee (AFSC) in Tucson has urged an investigation of “influence peddling” via the ALEC slush fund. “Any rational person can look at what these corporations are doing through ALEC and on their own and know that essentially for-profit corporations are writing legislation in Arizona,” AFSC’s Caroline Isaacs told D.B.A. Press.

The ones left out of the equation with the influence peddling through ALEC’s slush fund from ALEC companies and their lobbyists are ordinary citizens.



Ohio Rep. John Adams receives ALEC’s Legislator of the Year Award



Giving Thanks

Some lawmakers actually urge their colleagues who receive “scholarships” to send thank-you notes to their corporate benefactors.

“The format of the meetings provides the ideal climate for private sector-legislator communication. For four days, ALEC private sector members have the opportunity to share their thoughts and opinions on the crucial public policy issues facing their organizations.” ALEC Advertisement

What Can Be Done?

Without adequate regulation, ALEC's influence peddling for corporations will continue quietly out of the public's view, and its representatives will continue to duck questions about who is funding trips.

Plainly, ALEC has no intention of voluntarily disclosing its slush fund activity or changing how it does business.

For example, in a November 2010 interview, ALEC's Arizona public sector chair at the time, Arizona Senate President Bob Burns, refused to reveal the names of corporations funding travel for ALEC lawmakers.

He told Beau Hodai at D.B.A. Press:

“I prefer not to do that. Maybe they don't want that information shared...”

That's an astonishing assertion given the whole premise of disclosure laws to shine a light on the influence and actions of public officials.

Burns' private sector counterpart, ALEC state co-chair Smoldon of the Salt River Project, also refused to tell the press how much companies were paying for legislators' trips.

The information in this report was obtained through open records requests, but ALEC has recently switched to using a “Dropbox”-like process (a service for accessing files in the “cloud”) in an apparent attempt to keep many of its communications with lawmakers from becoming an official “record.” In addition, a number of elected officials are using personal accounts for emails from ALEC to evade disclosure; CMD and Common Cause filed a lawsuit in Wisconsin challenging this violation of the legal obligations of elected officials.

Left unchecked, this continued evasion of oversight means that the public—who should know what's going on—are left in the dark, while the legislators—who stand to be influenced by their benefactors' generosity—know exactly who's paying for their trips.

Some Legislators Urge More Disclosure

Two bills have been introduced this year to require more disclosure of ALEC “scholarships” for legislators.²²

Arizona

Earlier this year, a bill to shine a light on ALEC trips was introduced by Arizona Rep. Steve Farley. The “ALEC Accountability Act of 2012”²³ would require itemized disclosure of all gifts of “lodging, travel, and registration fees” for a legislator and family members, regardless of whether the gift is considered a reimbursement or called a “scholarship.” The name and address of the donor would also have to be disclosed. There is no minimum amount to trigger this reporting.²⁴

The bill would also require the government to post all financial disclosure reports on a website, and the legislature would be required to disclose all such benefits given to legislators.

Farley's bill made no progress in the Arizona statehouse, which is controlled by ALEC members. According to Farley, the “ALEC Accountability Act” was the only house bill to receive no committee assignment during the first legislative session of 2012.



Wisconsin

Rep. Mark Pocan's bill in Wisconsin would clarify that "lobbying" includes efforts to influence the development of model legislation, and that contacts between legislative offices and a group that "proposes uniform, model, suggested, or recommended legislation" count.²⁵ It would also clarify that legislators must disclose on their "statements of economic interests" anything received as a "scholarship."²⁶

Pocan's bill also requires that anyone providing anything for "scholarship" purposes to report it to the state accountability board within 90 days, to list the recipients, and to provide the names of any persons who contributed to the scholarship account within the past year. It would also restrict using tax dollars to pay ALEC membership dues.

This bill was referred to the Committee on Assembly Organization on February 23, 2012. No action was taken by that committee, which was chaired by two ALEC members: Reps. Jeff Fitzgerald and Scott Suder. Suder is one of ALEC's co-chairs for Wisconsin.



Rhode Island: A Different Tack

Although not a legislative initiative, it should be noted that this spring, John Marion, the Executive Director of Common Cause Rhode Island asked the state Ethics Commission to revise state rules in light of the IRS suit filed against ALEC by Common Cause and other information about ALEC that had arisen.

Common Cause urged the state to "require disclosure of gifts from non-interested persons that were received by a public official by virtue of their official position [and] proposed limiting the disclosure requirement to elected officials and gifts over twenty-five dollars."

Recommendations

To address the inherently unethical and potentially corrupting nature of ALEC scholarships and operations, the solution is simple:

1

Existing gift limits or bans should be applied to ALEC travel scholarships or modified to ensure that they do.

2

In addition, each ALEC slush fund expenditure and donor for past years should be immediately disclosed.

"ALEC is a corporate lobby masquerading as a public charity."

Common Cause President Bob Edgar

“Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it’s the only thing that ever has.” Margaret Mead

What can you do to help?



Contact the corporate funders of ALEC in your state and tell them to stop paying for legislators’ trips with lobbyists.



Contact your representatives and tell them that you object to ALEC’s corporate slush fund scheme, and demand that gifts of travel be covered under your state’s gift laws.



Host a screening of Bill Moyer’s documentary about ALEC, “The United States of ALEC,” in your home or neighborhood. More information is available at CommonCause.org and at BillMoyers.com. You can also view a short cartoon “ALEC Rock” that can be shown to give audiences an overview, available from ALECexposed.org.



Share news about ALEC on social media; follow [Facebook.com/CenterforMediaandDemocracy](https://www.facebook.com/CenterforMediaandDemocracy) and [Facebook.com/Common Cause](https://www.facebook.com/CommonCause) and help tweet the facts about ALEC via [#ALECexposed](https://twitter.com/ALECexposed).



Write letters to the editor of your local paper alerting your neighbors to the problems with ALEC “scholarships” and the influence peddling ALEC facilitates. You can also ask your paper and TV stations to help expose ALEC more.

Learn More

In the coming months there is much to do.

The intense scrutiny ALEC has received over the last 15 months, on ALECexposed.org, through the work of Common Cause, and by the reporting of The Nation magazine and Beau Hodai, is unprecedented

At the same time, many state legislatures are in the hands of ALEC lawmakers in leadership positions. As with Ohio and Arizona, those legislators appear unwilling to limit their access to free trips paid for by corporations.

The corporate-funded trips for lawmakers funneled via ALEC will only be addressed when citizens and watchdog groups pursue every legal option available to halt them.

Additional Resources

More information about ALEC and its operations from the authors of this report is available through CMD's ALECexposed.org, PRWatch.org, and SourceWatch.org, as well as CommonCause.org and DBApress.com. Other good sources of ALEC information include TheNation.com, PeoplefortheAmericanWay.org, and ProgressNow.org.

You can also help support ColorofChange.org and its efforts to run radio ads letting the public know about ALEC corporations and ALEC's agenda.

ALECexposed.org is a hub that includes lists of ALEC corporations, legislators, "experts," bills, and its agenda, as well as links to state reports and news about ALEC's activities.

Information on complaints against ALEC is available at CommonCause.org and details about viewing the new documentary or getting a copy of the DVD can be found at TheUnitedStatesofALEC.org.

Additional details are available via Marcus Owens at capdale.com and from the bloggers at VLTP.net, which has additional research on a range of ALEC topics.



Help Expose ALEC

You can volunteer to help the [ALECexposed](http://ALECexposed.org) campaign from wherever you are.

Contact Editor@ALECexposed.org or Grassroots@CommonCause.org.

Endnotes

1. See American Legislative Exchange Council, “ALEC Scorecard: ALEC Model Bills Set the Terms of the Debate in 1995 Sessions; Record Number of Bills Introduced and Passed Across the Country,” FYI (July 12, 1995) (quoting then-Executive Director of ALEC, Samuel A. Brunelli, encouraging corporations to finance ALEC by bragging that 978 ALEC bills were introduced in state legislatures and 231 of them were adopted as law; as of 2010, ALEC’s boasted rate of return was the same: approximately 20%). Some ALEC bills counted by ALEC in 1995 as being introduced or becoming binding law were the following:
 - the **“Prevailing Wage Repeal Act”** to limit states from setting higher prevailing wages;
 - the **“Right to Work Act”** to limit the ability of private sector workers to effectively unionize;
 - the **“Noneconomic Damages Award Act”** to limit the ability of juries to determine how much a corporation whose product injures or kills should pay for pain and suffering;
 - the **“Consistency in Firearms Regulation Act,”** to limit the ability of cities to bar or regulate lethal weapons, such as semi-automatic (rapid firing) assault weapons, as well as lethal ammunition, like armor-piercing bullets, if a state does not adopt the same prohibitions;
 - the **“Three Strikes Act,”** to require life sentences if a person commits three felonies;
 - the **“Private Correctional Facilities Act,”** to help privatize state and local prisons, along with the “Prison Industries Act,” to increase the sale of goods and services of prisoners;
 - the **“Charter Schools Act,”** to speed the privatization and profitization of public schools
 - several bills to change welfare rules making access to benefits harder for families in poverty;
 - the **“Environmental Audit Privileges Act,”** to cloak in secrecy safety violations or environmental hazards discovered by a corporation; and, among others,
 - the **“Capital Gains Tax Elimination Act.”**For more information about the ALEC agenda, see details at www.ALECexposed.org.
2. Beau Hodai, “Legislative Laundry: investigative report on the mechanics of the ALEC scholarship fund,” D.B.A. Press (July 2011), available at <http://dbapress.com/front-page/legislative-laundry-how-alec-funnels-millions-of-dollars-in-corporate-gifts-to-state-lawmakers-for-the-express-purpose-of-promoting-corporate-backed-legislation> * a portion of this article was published by In These Times, as a sidebar to “Publicopoly Exposed,” available at http://www.inthesetimes.com/article/11603/publicopoly_exposed/
3. See Moyers & Company, “United States of ALEC,” (aired Sept. 28, 2012), available at <http://billmoyers.com/episode/full-show-united-states-of-alec/>
4. American Legislative Exchange Council, “ALEC History,” ALEC website (accessed June 2012), available at <http://www.alec.org/about-alec/history/>
5. http://www.alecexposed.org/wiki/Decoding_ALEC_PR
6. ALEC Exposed Source Documents #1, p. 45
7. Eric Havian and Erika Kelton, IRS Whistleblower Letter on ALEC, submitted on behalf of Common Cause (Apr. 20, 2012), available at <http://www.commoncause.org/site/pp.asp?c=dkLNK1MQIwG&b=8060297>
8. Moyers & Company, “United States of ALEC,” supra note iv.
9. American Legislative Exchange Council, “ALEC Frequently Asked Questions,” (accessed June 2012), available at <http://www.alec.org/about-alec/frequently-asked-questions/>
10. See supra n. 3.
11. Havian and Kelton, “IRS Whistleblower Letter on ALEC,” supra note vi.
12. Mark Pocan, “Inside the ALEC Dating Service,” The Progressive (October 2011 issue), available at http://progressive.org/inside_alec.html
13. Brendan Fischer, “A CMD Special Report: ALEC’s “Scholarship” Scheme Helps Corporations Fund Legislator Trips,” Center For Media and Democracy’s PRwatch.org (May 12, 2012), available at <http://prwatch.org/news/2012/05/11443/cmd-special-re->

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14. Dustin Beilke, "ALEC Education 'Academy' Launches on Island Resort," (Feb. 2, 2012), PRwatch.org, <http://www.prwatch.org/news/2012/02/11272/alec-education-academy-launches-island-resort>
15. Minnesota Campaign Finance & Public Disclosure Board, Advisory Opinion 277 (Oct. 31, 1997), available at <http://www.cfboard.state.mn.us/ao/AO277.pdf>
16. Defenders of Wildlife and Natural Resources Defense Council, "Corporate America's Trojan Horse in the States" (Feb. 28, 2002), available at <http://www.alecwatch.org/report.html>
17. John L. Micek, "Claim: PA Taxpayers Footed \$234K Bill for "Corporate Front Group" That Pushes Legislation," Inside Harrisburg's Capitol Ideas Blog (May 11, 2012), available at http://blogs.mcall.com/capitol_ideas/2012/05/liberal-advocacy-groups-are-stepping-up-their-attacks-on-the-american-legislative-exchange-council-alec-charging-this-wee.html
18. There is no indication in the records available that former Governor Thompson, who helped ALEC while serving in the state legislature in the 1970s and early 1980s, received ALEC scholarships.
19. Wisconsin legislators have long been closely tied to ALEC. Former ALEC public sector co-chair for the state, Rep. Phil Montgomery (R-Green Bay), for example, worked closely with ALEC's corporate leaders and ALEC staff to develop a "pilot media project" to spin local media. See Beau Hodai, "Publicopoly," D.B.A. Press (July 11, 2011), <https://dbapress.com/archives/2040> See also Beau Hodai, "Big Media and State Lawmakers Unite: ALEC fight to keep broadband in private hands," Extra! (May, 2010), available at <http://www.fair.org/index.php?page=4097>
20. Brendan Fischer/Center for Media and Democracy, "ALEC Exposed in Wisconsin: The Hijacking of a State," (May 17, 2012), available at http://alecexposed.org/w/images/c/cd/ALEC_Exposed_in_Wisconsin.pdf
21. Beau Hodai, "Quid Pro Status Quo," PRwatch / DBA Press (May 10, 2012), available at <http://www.prwatch.org/NODE/11498>
22. John Celock, "ALEC Accountability Act in Arizona, Wisconsin Would Make Conservative Group Disclose Funding," http://www.huffingtonpost.com/2012/02/10/alec-accountability-act-arizona-wisconsin_n_1268714.html
23. Arizona House Bill 2665, available at <http://www.azleg.gov/legtext/50leg/2r/bills/hb2665p.pdf>
24. Beau Hodai, "ALEC Accountability Act Set For Introduction in Arizona" DBA Press (Jan. 12, 2012), available at <https://dbapress.com/archives/2414> * an abridged version of this article was published by In These Times and PRWatch, available at <http://www.prwatch.org/node/11238>
25. Wisconsin Assembly Bill 621, available at <https://docs.legis.wisconsin.gov/2011/proposals/ab621> and http://www.prwatch.org/files/ALEC_accountability.pdf
26. Emily Osborne, "ALEC Accountability Act Introduced in Wisconsin," PRwatch.org (Feb 10, 2012), available at <http://www.prwatch.org/NODE/11269>.

Additional resources include:

D.B.A. Press, "ALEC Centralized Source Materials Archive" (published March, 2012), available at <http://dbapress.com/source-materials-archive/alec-centralized-source-materials-directory>

Beau Hodai, "Brownskins and Greenbacks: ALEC, the for-profit prison industry and Arizona's SB 1070," D.B.A. Press, (June 2010), available at <http://dbapress.com/front-page/brownskins-and-greenbacks-alec-the-for-profit-prison-industry-and-arizonas-sb-1070> * a truncated version of this article was published by In These Times, available at http://www.inthesetimes.com/article/6084/corporate_con_game/

Beau Hodai, "Inside ALEC: Naked Contempt for the Press and Public in Scottsdale," PRwatch / D.B.A. Press, (Jan. 2012), available at <https://dbapress.com/archives/2398>

Lisa Graves and Nick Surgey, "Connecting the Dots between ALEC, Wal-Mart, the NRA, and the Florida Law Cited by Some to Immunize Trayvon Martin's Killer," ALECEXPOSED (Mar. 23, 2012), http://www.alecexposed.org/wiki/ALEC_Castle_Doctrine



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Democracy**



D . B . A .
P R E S S

Appendix 1: Summary of ALEC “Scholarships”

National Totals

2011*	\$134,500.00	\$48,204.55
2010*	\$501,215.00**	\$158,821.59
2009*	\$1,000.00	\$53,700.64
2008	\$616,636.70	\$593,653.67
2007	\$609,445.10	\$584,294.64
2006	\$768,732.99	\$633,957.06
	\$2,631,529.79	\$2,072,632.15

	YEAR	CREDIT	DEBIT
Alaska			
	2008	\$500.00	0.00
	2007	0.00	0.00
	2006	0.00	0.00
		\$500.00	0.00
Alabama			
	2008	0.00	0.00
	2007	0.00	\$1,186.04
	2006	0.00	0.00
		0.00	\$1,186.04
Arkansas			
	2008	\$8,200.00	\$9,164.84
	2007	\$6,000.00	\$5,393.16
	2006	\$6,000.00	\$3,838.39
		\$20,200.00	\$18,396.39
Arizona			
	2011	\$4,500.00	\$11,750.00
	2010	\$93,640.00	\$92,294.16
	2009	0.00	\$20,509.10
	2008	\$41,700.00	\$48,914.86
	2007	\$19,500.00	\$27,338.52
	2006	\$11,603.52	\$3,664.20
		\$170,943.52	\$204,470.84
California			
	2008	\$35,497.00	\$45,087.70
	2007	\$22,997.99	\$48,154.98
	2006	\$46,500.00	\$33,956.81
		\$104,994.99	\$127,199.49
Colorado			
	2008	\$14,400.00	\$21,446.84
	2007	\$29,930.86	\$33,225.01
	2006	\$50,200.00	\$51,389.48
		\$94,530.86	\$106,061.33

*The public data available for 2009 to 2011 reflects money in from four or fewer states; the data from 2006 to 2008 reflects data from all 50 states.

** PhRMA sent \$356,075 to Wisconsin in 2010, earmarked for the "ALEC Scholarship Fund," but ALEC later claimed only \$2,500 was for Wisconsin. The distribution among other states is not known.

Appendix 1: Summary of ALEC “Scholarships”

Connecticut

2008	\$22,000.00	\$30,958.41
2007	\$29,000.00	\$13,548.08
2006	\$28,500.00	\$17,191.00
	\$79,500.00	\$61,697.49

Delaware

2008	0.00	\$676.34
2007	0.00	0.00
2006	\$1,000.00	0.00
	\$1,000.00	\$676.34

Florida

2008	\$575.00	\$295.25
2007	\$1,500.00	\$4,020.83
2006	\$4,450.00	\$8,662.52
	\$6,525.00	\$12,978.60

Georgia

2008	\$26,500.00	\$57,890.13
2007	\$44,000.23	\$58,440.46
2006	\$61,000.00	\$54,659.84
	\$131,500.23	\$170,990.43

Hawaii

2008	0.00	0.00
2007	0.00	0.00
2006	0.00	0.00
	0.00	0.00

Iowa

2008	\$2,000.00	\$2,434.05
2007	\$1,500.00	\$2,950.05
2006	\$1,500.00	\$0.00
	\$5,000.00	\$5,384.10

Idaho

2008	\$500.00	0.00
2007	0.00	0.00
2006	\$1,000.00	\$981.17
	\$1,500.00	\$981.17

Illinois

2008	\$35,831.00	\$17,052.40
2007	\$3,500.00	\$1,188.93
2006	\$16,200.00	\$8,700.29
	\$55,531.00	\$26,941.62

Indiana

2008	0.00	\$1,539.36
2007	\$1,500.00	\$2,495.11
2006	\$2,000.00	\$805.92
	\$3,500.00	\$4,840.39

Kansas

2008	\$16,000.00	\$14,185.01
2007	\$14,000.00	\$11,477.74
2006	\$33,050.00	\$12,639.07
	\$63,050.00	\$38,301.82

Appendix 1: Summary of ALEC “Scholarships”

Kentucky	2008	\$1,000.00	\$3,846.45
	2007	0.00	0.00
	2006	0.00	0.00
		\$1,000.00	\$3,846.45
Louisiana	2008	\$7,500.00	\$4,482.00
	2007	\$4,500.00	\$4,766.25
	2006	\$16,200.00	\$9,953.97
		\$28,200.00	\$19,202.22
Massachusetts	2008	0.00	0.00
	2007	0.00	0.00
	2006	0.00	0.00
		0.00	0.00
Maryland	2008	\$4,000.00	\$3,535.01
	2007	\$2,400.00	\$4,184.56
	2006	\$2,000.00	\$1,731.83
		\$8,400.00	\$9,451.40
Maine	2008	\$8,500.00	\$8,723.55
	2007	\$17,750.00	\$15,378.85
	2006	0.00	\$2,351.25
		\$26,250.00	\$26,453.65
Michigan	2008	\$14,000.00	\$10,481.25
	2007	\$6,000.00	\$7,338.76
	2006	\$6,000.00	\$943.23
		\$26,000.00	\$18,763.24
Minnesota	2008	0.00	0.00
	2007	0.00	0.00
	2006	\$743.90	0.00
		\$743.90	0.00
Missouri	2008	\$6,150.00	\$8,403.08
	2007	\$12,228.20	\$10,487.36
	2006	\$11,850.00	\$12,747.33
		\$30,228.20	\$31,637.77
Mississippi	2008	\$66,716.76	\$52,293.36
	2007	\$69,330.81	\$36,303.43
	2006	\$81,476.12	\$68,561.64
		\$217,523.69	\$157,158.43
Montana	2008	\$2,500.00	\$14,514.41
	2007	\$5,000.00	\$18,906.13
	2006	\$14,500.00	\$2,007.17
		\$22,000.00	\$35,427.71

Appendix 1: Summary of ALEC “Scholarships”

North Carolina

2008	\$2,500.00	\$3,791.97
2007	\$1,000.00	\$10,344.44
2006	\$1,842.08	\$13,810.56
	\$5,342.08	\$27,946.97

North Dakota

2008	\$7,500.00	\$10,865.22
2007	\$11,200.00	\$4,646.08
2006	\$7,000.00	\$6,493.03
	\$25,700.00	\$22,004.33

Nebraska

2008	\$2,250.00	\$8,684.32
2007	\$42,305.81	\$10,978.51
2006	\$6,000.00	\$7,550.92
	\$50,555.81	\$27,213.75

New Hampshire

2008	\$9,425.00	\$3,979.27
2007	\$3,600.00	\$869.00
2006	\$6,000.00	\$9,364.68
	\$19,025.00	\$14,212.95

New Jersey

2008	0.00	0.00
2007	0.00	0.00
2006	0.00	0.00
	0.00	0.00

New Mexico

2008	\$3,500.00	\$7,956.77
2007	\$8,000.00	\$3,897.59
2006	\$4,000.00	\$2,014.72
	\$15,500.00	\$13,869.08

Nevada

2008	\$2,500.00	\$2,120.59
2007	\$1,000.00	\$2,457.38
2006	0.00	\$1,500.00
	\$3,500.00	\$6,077.97

New York

2008	0.00	0.00
2007	0.00	0.00
2006	0.00	\$2,978.36
	0.00	\$2,978.36

Ohio

2011	\$130,000.00	\$36,454.55
2010	\$23,800.00	\$48,563.62
2009	\$1,000.00	\$23,145.01
2008	\$30,000.00	\$18,189.69
2007	\$38,550.00	\$14,900.90
2006	\$34,650.00	\$42,133.31
	\$257,000.00	\$183,387.08

Appendix 1: Summary of ALEC “Scholarships”

Oklahoma

2008	\$17,955.00	\$18,028.23
2007	\$22,392.50	\$41,508.69
2006	\$48,200.00	\$44,627.77
	\$88,547.50	\$104,164.69

Oregon

2008	\$3,750.00	\$500.00
2007	\$1,950.00	\$2,400.00
2006	\$4,300.00	\$5,213.25
	\$10,000.00	\$8,113.25

Pennsylvania

2008	\$1,000.00	0.00
2007	0.00	0.00
2006	\$1,000.00	0.00
	\$2,000.00	0.00

Rhode Island

2008	\$1,000.00	0.00
2007	\$1,000.00	0.00
2006	\$1,700.00	0.00
	\$3,700.00	0.00

South Carolina

2008	\$58,800.00	\$47,397.87
2007	\$51,900.00	\$64,194.77
2006	\$85,700.00	\$88,973.06
	\$196,400.00	\$200,565.70

South Dakota

2008	\$11,250.00	\$3,988.66
2007	\$11,250.00	\$2,979.03
2006	\$23,441.00	\$7,802.27
	\$45,941.00	\$14,769.96

Tennessee

2008	\$15,750.00	\$235.10
2007	\$9,500.00	\$7,254.64
2006	\$15,437.82	\$3,926.82
	\$40,687.82	\$11,416.56

Texas

2008	\$4,000.00	\$4,186.44
2007	\$2,750.00	0.00
2006	\$4,000.00	\$1,524.27
	\$10,750.00	\$5,710.71

Utah

2008	0.00	0.00
2007	\$5,000.00	0.00
2006	0.00	0.00
	\$5,000.00	0.00

Virginia

2008	\$21,500.00	\$13,156.04
2007	\$18,026.00	\$19,858.91
2006	\$18,729.47	\$11,272.75
	\$58,255.47	\$44,287.70

Appendix 1: Summary of ALEC “Scholarships”

Vermont

2008	0.00	\$1,798.48
2007	0.00	\$4,839.35
2006	\$2,250.00	\$3,455.93
	\$2,250.00	\$10,093.76

Washington

2008	\$10,875.00	\$9,762.26
2007	\$8,200.00	\$15,460.05
2006	\$19,100.00	\$10,303.53
	\$38,175.00	\$35,525.84

Wisconsin

2010	\$30,200.00	\$17,963.81
2009	0.00	\$10,046.53
2008	\$48,000.00	\$39,193.57
2007	\$33,000.00	\$33,428.21
2006	\$50,000.00	\$44,078.05
	\$161,200.00	\$144,710.17

West Virginia

2008	0.00	\$1,785.83
2007	\$1,500.00	0.00
2006	\$2,000.00	0.00
	\$3,500.00	\$1,785.83

Wyoming

2008	\$51,011.94	\$42,109.06
2007	\$46,682.70	\$39,110.84
2006	\$37,609.08	\$30,530.67
	\$135,303.72	\$111,750.57

Appendix 2: ALEC's All-Expenses Paid Vacations

2006

ALEC corporations gave \$768,733 to fund legislator travel to resorts held at the three hotels below. In that calendar year, \$634,791 was spent to pay for the airfare, hotel, and other travel expenses of state legislators and others.



Coeur D'Alene Resort, Spring Meeting

San Francisco Marriott Marquis, Summer Meeting

JW Marriott Phoenix Desert Ridge Resort & Spa, Winter Meeting



2007

In 2007, ALEC corporations gave \$609,445 to fund travel by legislators to Hilton Head, Philadelphia, and Washington, DC. In all, more than a half million dollars, \$587,461, was spent paying for airfare, hotel rooms, and other travel expenses for state legislators and others to attend events at the resorts below or other locations.



Hilton Head Marriott Resort

Philadelphia Marriott on Market, Summer Meeting

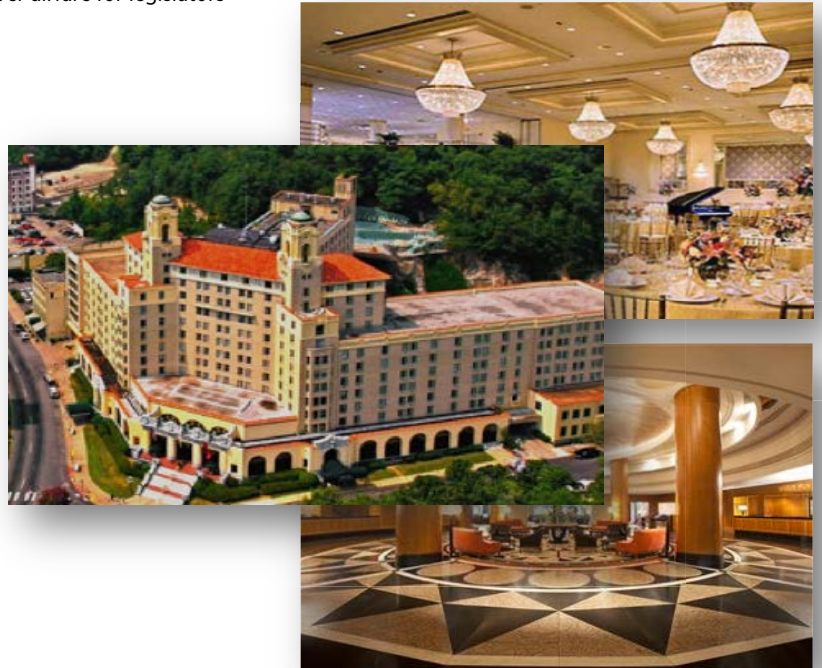
Marriott Wardman Park in DC, Winter Meeting

Appendix 2: ALEC's All-Expenses Paid Vacations

2008

ALEC corporations gave \$616,636 to fly state legislators to ALEC meetings at resorts like the Arlington Resort & Spa in Hot Springs, Arkansas. Nearly all of that money, \$593,654, was spent to cover airfare for legislators and hotel rooms for lawmakers and their families.

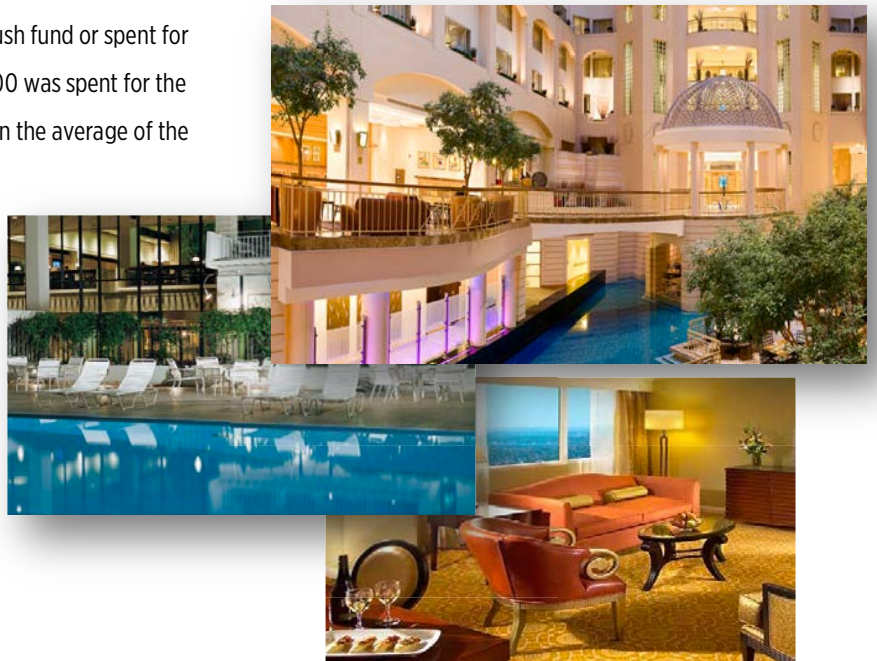
Arlington Resort & Spa, Hot Springs, Spring Meeting
Sheraton Chicago Hotel & Towers, Summer Meeting
Marriott Wardman Park in DC, Winter Meeting



2009

The amount of money given by corporations to ALEC's slush fund or spent for travel by legislators in 2009 is not known. At least \$41,000 was spent for the travel and expenses of Arizona legislators alone. Based on the average of the preceding three years, we estimated that at least \$600,000 was spent; the actual figure remains hidden from the public.

Memphis Marriott Downtown, Spring Meeting
Hyatt Regency Atlanta, Summer Meeting
Grand Hyatt Washington, DC, Winter Meeting



Appendix 2: ALEC's All-Expenses Paid Vacations

2010

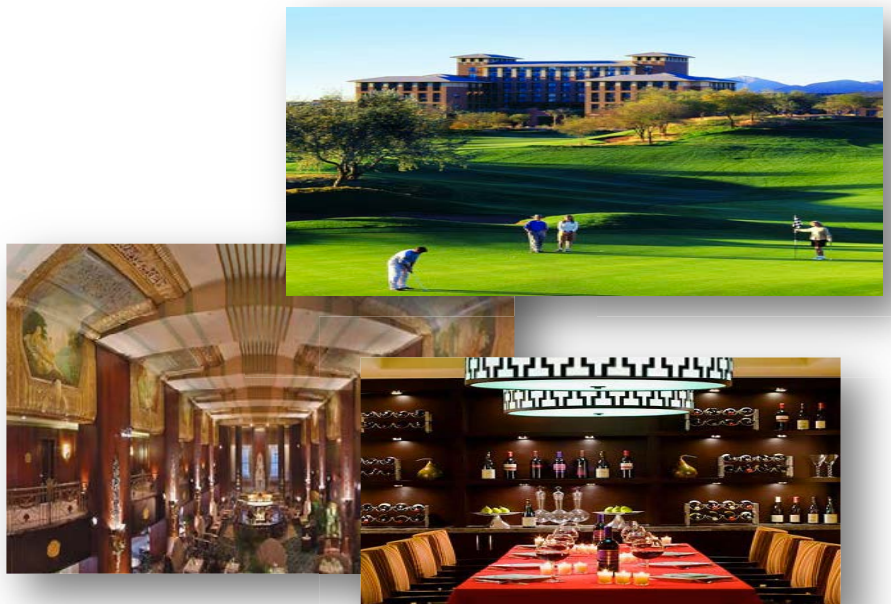
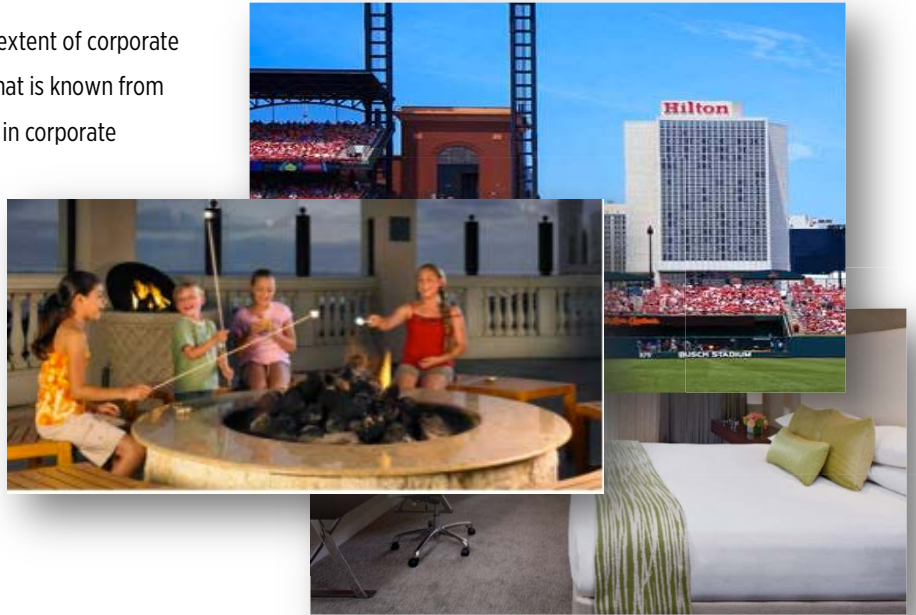
Incomplete public data is available to reveal the true extent of corporate funding of ALEC trips for state legislators in 2010. What is known from ALEC's federal tax filing is that it had a million dollars in corporate donations to give to legislators for travel at the beginning of the year: \$1,042,629. Based on incomplete data from records requests, ALEC received at least \$501,215 from corporations, including a check for \$356,075 from PhRMA alone. At least \$90,413 was spent just on Arizona lawmakers. Total corporate funding and slush fund spending figures remain hidden from the public.

Hilton at the Ballpark, St. Louis, Spring Meeting
Manchester Grand Hyatt San Diego, Summer Meeting
Grand Hyatt Washington, DC, Winter Meeting

2011

According to ALEC's tax filing, it began 2011 with \$1,023,726 from corporate checks available to spend on travel for lawmaker trips. There is incomplete data to reveal the total amount received that year from corporations, but at least \$144,500 was definitely received. Based on prior years with complete data, it is estimated that ALEC spent around \$600,000 paying travel expenses for state legislators, although the amount may be much higher because it added 500 new members after the 2010 mid-term elections.

Hilton Cincinnati Netherland Plaza, Spring Meeting
Marriott New Orleans, Summer Meeting
Westin Kierland Resort, Arizona, Winter Meeting



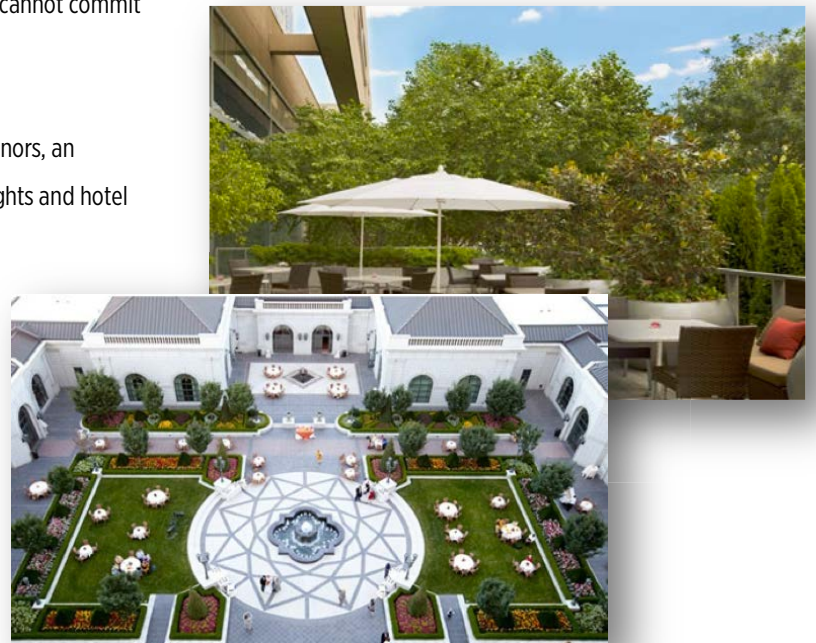
Appendix 2: ALEC's All-Expenses Paid Vacations

2012

Almost no data is available on the amount of money corporations have given to ALEC in 2012 or that has been spent funding trips for ALEC legislators. What is known is that ALEC has lost at least 41 major corporations as funders since ALEC's extreme agenda came under increased scrutiny. This spring Georgia Rep. Calvin Hill's staffer told ALEC legislators planning to travel to Salt Lake City for the summer gathering of lobbyists and lawmakers that, "Due to reduced participation by our private sector with our Georgia Scholarship Fund, we cannot commit to reimburse any specific amount for your attendance. . . ."

But for the defection of an unknown number of corporate donors, an estimated \$600,000 would be anticipated to be spent on flights and hotel rooms for legislators from across the country. ALEC's winter "States and Nation" meeting will be held in Washington, DC, after the presidential election and will be at the Grand Hyatt.

Westin Charlotte, North Carolina, Spring Meeting
Grand America, Salt Lake City, Summer Meeting



Appendix 3: Frequent Funders of ALEC Junkets

More than 100 corporations have given to ALEC's slush fund for legislators' travel in recent years. The top donors for the three-year period (2006-2008) with the most complete data available are below, in alphabetical order:

Altria	Eli Lilly	Reynolds America/RJ
AT&T	Michelin North America	Reynolds
Bayer HealthCare	Northrop Grumman	Sprint Nextel
BellSouth	Novartis Corporation	State Farm
Blue Cross Blue Shield	Peabody Energy/Peabody	United Parcel Service
Association	Investments Corp.	UST Public Affairs Inc.
BP Corporation	Pfizer	Verizon
Crown Cork & Seal Company	PhRMA	

Blue Cross Blue Shield announced earlier this year that it was no longer funding ALEC.

Here are profiles of ALEC's biggest junket funders, including an overview of how their corporate interests are advanced by ALEC bills.



PhRMA, the largest trade group of drug manufacturers, gave **\$42,276.87** between 2006 and 2008, and an **additional \$356,075** in 2010 to fund lawmakers' travel. The amounts it gave in 2009, 2011 and to date in 2012 are not known.

PhRMA, which stands for "Pharmaceutical Research and Manufacturers of America," has long had a seat on ALEC's corporate board, known as its "Private Enterprise Board." Its representative is Jeff Bond, Senior Vice President.

PhRMA is also on the Executive Committee of ALEC's "Health and Human Services Task Force," represented by Jeff Buel and Kristin Parde, according to information discovered by Common Cause. Parde received a Private Sector Member of the Year Award from ALEC in 2011. In addition to funding trips for state lawmakers, PhRMA was a "Chairman"-level sponsor of ALEC's 2011 summer meeting in New Orleans (a level of sponsorship that cost \$50,000 in 2010). It also sponsored a plenary luncheon at that conference where its CEO John J. Castellani spoke.

PhRMA is one of the largest and most influential lobbying organizations in the nation. Representing 48 pharmaceutical companies, PhRMA has several registered lobbyists on staff and contracts with PR firms to promote its members' interests. PhRMA has a record of hiding its lobbying and PR activities, often by paying other organizations with names like the "United Seniors Association" (USA) or the "Consumer Alliance" to advocate industry-friendly policies. PhRMA reported spending \$18,910,000 on lobbying in 2011.

A number of ALEC bills come from PhRMA's legislative wish list, including bills that would limit the liability of pharmaceutical manufacturers if their drugs kill or injure Americans. Another ALEC proposal supports voluntary compliance versus mandatory laws for drug companies (the "Resolution In Support of the PhRMA Code and Corporate Self Regulation.").

Appendix 3: Frequent Funders of ALEC Junkets



AT&T, the world's largest communications company, gave **\$97,848** to fund trips for ALEC lawmakers between 2006 and 2008. The total amount of funding AT&T has provided ALEC is unknown.

AT&T has a seat on ALEC's corporate board, represented by William Leahy, Vice President of State and Legislative Affairs.

AT&T also serves as the private-sector ALEC Co-Chair for the states of Arkansas, California, Connecticut, Louisiana, Mississippi and Texas.

The company has 242,380 employees worldwide as of August 2012 and reported annual sales of \$114.8 billion in 2011. AT&T operates in 60 countries and 850 cities worldwide. AT&T services more than 68 million phone lines and it is the largest wireless carrier in the U.S. Its chairman and CEO is Randall Stephenson.

Numerous ALEC bills attempt to deregulate telecommunications, a high priority for AT&T.



Bayer Health Care gave **\$78,800** to fund junkets for ALEC legislators between 2006 and 2008. The amount of funding Bayer has provided ALEC is not known.

Bayer has a seat on ALEC's corporate board, represented by Sandy Oliver, its Vice President of Public Policy and Government Affairs. Oliver is First Vice Chairman of ALEC's corporate board. Bayer is also the ALEC Corporate Co-Chair for the states of Connecticut, Massachusetts, Nevada, Pennsylvania, South Dakota, and Texas.

The company, which is part of Bayer AG, has about 112,300 employees worldwide as of August 2012, and reported annual sales of \$36.5 billion in 2011. Bayer AG is a global holding company for a number of pharmaceutical, biotechnology, agrochemicals, healthcare, plastics and other materials subsidiaries. The company operates in the United States through the Bayer Corporation. Bayer, also referred to as the Bayer Group, operates in some 315 companies worldwide. It is one of the "Big 6" "biotech" corporations, along with BASF, Dupont, Dow Chemical Company, Syngenta, and Monsanto (so called because they dominate the world's agricultural seed, pesticide and biotechnology industries). Marijn Dekkers is Bayer's chairman and CEO.

Appendix 3: Frequent Funders of ALEC Junkets



Eli Lilly, a global drug company, gave ALEC **\$71,750** to fund travel for ALEC legislators during 2006-2008.

In addition, Lilly was a “Trustee” level sponsor of ALEC’s 2010 Annual Conference, and gave ALEC a \$20,000 grant in 2008 to fund a project described as “Improving Outcomes or Undermining Quality? A Look at ‘Comparative Effectiveness Research’ in Medicine.” The total amount of funding Lilly has given ALEC is unknown.

Lilly is best known for the anti-depressant Prozac. Other top drugs include Zyprexa (schizophrenia and bipolar disorder), Cymbalta (depression), Gemzar, Alimta (cancer), Humalog insulin and the osteoporosis medication Evista. The company also manufactures cardiovascular and anti-infective pharmaceuticals as well as animal health products. It employs 38,080 people worldwide as of February 2012 and reported annual sales of \$24.3 billion in 2011. Its chairman, president and CEO is John C. Lechleiter.

A number of ALEC bills would make it harder for Americans to hold drug companies accountable for death or injuries caused by prescription and over-the-counter drugs. One would even bar suit against makers of FDA approved drugs, even if the drugs kill or injure Americans. ALEC also favors voluntary compliance versus mandatory laws to govern drug companies

UST Public Affairs, Inc., which was affiliated with one of the world’s largest tobacco companies, gave ALEC \$63,250 to fund trips for state lawmakers between 2006 and 2008. UST Inc. was purchased by Altria on January 6, 2009. UST was led by Murray M. Kessler, employed over 4,500 people worldwide and reported annual sales of almost \$1.5 billion before Altria bought it.



UST Public Affairs was represented on ALEC’s corporate board by W. Preston Baldwin, UST’s Vice President for Public Affairs. Baldwin left UST to form “Centerpoint 360,” a lobbying firm. Baldwin is the Chairman of ALEC’s corporate board as of 2012. The total amount of funding provided by UST to ALEC over the years is not known.

UST Inc. was a holding company whose subsidiaries included United States Tobacco Company, U.S. Smokeless Tobacco Company and International Wine & Spirits Ltd., which in turn was a holding company of Chateau Ste. Michelle Wine Estates, a vintner of premium wines. UST and its leaders were active in Republican political donor circles.

Tobacco companies like UST have been long-term funders of ALEC’s legislative agenda, dating back at least to the 1980s. Key parts of that agenda have included making it harder for Americans to win product liability suits against the manufacturers of dangerous products like cigarettes that kill and harm Americans, and passing other laws that benefit other tobacco products and affect public health.

Appendix 3: Frequent Funders of ALEC Junkets



Pfizer Inc., the world's largest drug seller, gave ALEC **\$54,905.72** to fund junkets for state lawmakers between 2006 and 2008. Pfizer was a "Vice Chairman" level sponsor of ALEC's 2011 Annual Conference in New Orleans. The total amount of funding provided to ALEC over the years is unknown. Pfizer has a seat on ALEC's corporate board, represented by Robert Jones, Director of Government Relations and Public Affairs.

Pfizer, which is perhaps best known for its drugs Viagra and Lipitor, has 120,700 employees worldwide as of August 2012 and reported annual sales of \$67.4 billion in 2011. Its CEO is Ian Read.

A number of ALEC bills would make it harder for Americans to hold drug companies accountable for death or injuries caused by prescription and over-the-counter drugs. As noted above, one ALEC bill would even bar suit against makers of FDA-approved drugs, even if the drugs kill or injure Americans. ALEC also favors voluntary compliance versus mandatory laws to govern drug companies.



Crown Cork & Seal Company, a global company fighting to change the laws regarding asbestos, among other things, gave ALEC **\$54,000** to pay for trips for lawmakers between 2006 and 2008. The total amount of funding that Crown Cork has given ALEC is not known.

Crown has paid for a seat on ALEC's "Civil Justice Task Force," which has produced numerous bills to make it harder for Americans to hold companies accountable for damages caused by dangerous products like asbestos. Richard Krzyzanowski, General Counsel/ Emeritus, and William T. Gallagher, Esq., General Counsel, represent Crown on that task force.

Crown Holdings Inc., formerly Crown Cork & Seal Company, is an American company producing packaging. The company is the world's largest packaging company, and as of 2008, was operating 154 plants in 42 countries, employing over 24,000 people. It claims to manufacture one out of every five beverage cans used in the world, and one out of every three food cans used in North America and Europe. It reported annual sales of \$8.6 billion in 2011 and employs 20,655 people worldwide as of February 2012.



Altria, formerly Philip Morris, is the world's largest tobacco company. It gave ALEC **\$40,000** to pay for trips for state lawmakers between 2006 and 2008.

Altria was a "Chairman" level sponsor of the 2011 ALEC Annual Conference in New Orleans (a sponsorship that required a \$50,000 donation in 2010). Altria also served as a sponsor of the Louisiana Welcome Reception at the 2011 ALEC Annual Meeting, for an untold sum. The amount of funding Altria and its predecessor, Philip Morris, have provided to ALEC over the years is not publicly known.

Altria has a seat on ALEC's corporate board. Daniel Smith, the Western Regional Director of Altria Client Services, represents the corporation on the board as of 2012. Toby Spangler, a lobbyist with Altria Client Services, represented the corporation on ALEC's corporate board in 2011. Altria's subsidiary Philip Morris International is listed as the Private Sector Chair of ALEC's "International Relations Task Force" as of 2012.

Altria controls about half of the U.S. tobacco market. It reported annual sales of \$16.6 billion in 2011 and employs 9,900 people worldwide as of February 2012. Its chairman and CEO is Martin J. Barrington. As noted above, tobacco companies like Altria/Philip Morris and Reynolds, have been long-term funders of ALEC's legislative agenda, dating back at least to the 1980s, and key parts of that agenda favor tobacco interests.

Appendix 3: Frequent Funders of ALEC Junkets



Verizon, one of the largest telecommunications companies in the U.S., gave ALEC **\$37,000** to fund trips for lawmakers between 2006 and 2008. The total amount of funding Verizon has provided to ALEC over the years is unknown.

Verizon has a seat on ALEC's corporate board and it is the ALEC Corporate Co-Chair for Virginia and Wyoming. Verizon has also been a member of ALEC's "Communications and Technology Task Force."

ALEC's current executive director, Ronald Scheberle, worked "for 31 years as a key member of the Verizon and GTE Federal and State Governmental Affairs Advocacy Team."

Verizon reported annual sales of \$110.8 billion in 2011 and has over 180,000 employees worldwide as of July 2012. Its CEO is Lowell C. McAdam.

Numerous ALEC bills attempt to deregulate telecommunications.



Blue Cross and Blue Shield Association (BC/BSA), the lobbying group for one of the largest providers of health insurance plans in the U.S., gave **\$36,750** to fund junkets for ALEC legislators between 2006 and 2008. The total amount of funding BC/BSA provided to ALEC over the years is not known. It announced this spring that it has stopped funding ALEC.

BC/BSA was also a "Director" level sponsor of 2011 ALEC Annual Conference, which in 2010 cost \$10,000.

BC/BSA, whose associated nonprofit BC/BS administers Medicaid for the federal government, had previously worked with ALEC to draft a resolution that would use the issue of states' rights to make health care reform (and regulation of the insurance industry) unconstitutional. ALEC drafted and distributed model legislation in the form of a resolution that would effectively make both a federally created health insurance exchange and a public health insurance option illegal under the 10th Amendment to the Constitution, which guarantees certain non-specific rights to the states. Joan Gardner, a senior executive at BC/BSA admitted playing a key role in crafting the resolution. ALEC's "Tenth Amendment/health care resolution" has been introduced in several states.

Scott Serota is the Chief Executive Officer of BC/BS itself, which has reported revenue of over \$330 million and more than 800 employees. It insures directly or indirectly nearly one-third of the U.S. population, or approximately 99 million Americans.

More details on these and other ALEC corporations are available at www.ALECexposed.org.

Appendix 4: All Corporate Donors to ALEC “Scholarship” Fund

2006-2008

1-800 Contacts
American Electric Power
Allergan
Altria
American Electric Power
Ameristar Casino Vicksburg
Amylin Pharmaceuticals, Inc.
Anheuser-Busch Cos., Inc.
APS
AR Health Care Association
Arch Coal, Inc.
Assurant Health Foundation
Astellas
Astellas Pharma US Inc.
AstraZeneca Pharmaceuticals
AT&T
Bayer
BellSouth
Biotechnology
Blue Cross Blue Shield
BNSF Railway Companies
Boehringer Ingelheim Pharmaceuticals, Inc.
Boeing Company
Border Reallocation
BP Corporation
BP Corporation
Business and Industry Coalition
Casella Waste Systems
Cellular South
Cellular Telecom & Internet Association
Chesapeake Operating, Inc.
ChevronTexaco
Cinergy Corporation
Colorado Automobile Dealers Association
Columbia Gas of Ohio
Comcast
Consumers Energy
Coors Brewing Company
COPIC Insurance Company
Covanta Projects, Inc.
Credit Union Legislative Action Fund
Crown Cork & Seal Company
Dave Barrows & Associates, Inc.
Devon Energy Corporation
Dominion
Duke Power Company
Eli Lilly
Embarq
Entergy
First Energy
FPL Energy Maine
Freeport-McMoran Cooper & Gold
GA Hospital Association
Gamble & Schlemeier, Ltd.
Georgia Electric Membership Corporation
Georgia Hospital Association
Georgia-Pacific Corporation
GlaxoSmithKline
HCA Inc.
Illinois Bankers Association
Intermountain Rural Electric Association
Intuit
JM Family Enterprises
Johnson & Johnson
Koch Industries, Inc.
Louisiana Nursing Home Association
Maine Senate Republican Victory Fund
McGuire Woods Consulting
Metropolitan Utilities District of Omaha
Michelin North America, Inc.
Milton & Rose D. Friedman Foundation
Mississippi Power Company

Appendix 4: All Corporate Donors to ALEC “Scholarship” Fund

MN House of Representatives
Montana Retail Association
National Beer Wholesalers Association
NE Bankers Association
NE Farm Bureau Federation
Nebraska Bankers Association
Nebraska Chamber of Commerce & Industry
Nebraska Farm Bureau Federation
Nestle
NFIB
NH Independent Pharmacy
Nissan North America, Inc.
Northrop Grumman
Northrop Grumman
NorthWestern Energy
Novartis Corporation
Novartis Pharmaceuticals Corp.
Occidental International Corp.
Ohio Cable Telecommunications Association
Okie Tipac
Peabody Energy
Peabody Investments Corp.
Peabody Investments Corp.
Pfizer Inc.
PhRMA
Physicians Insurance
Preti Flaherty
Private Care Association
Progress Energy Service Company
Pueblo of Isleta
Qwest Communications, Inc.
Radcliffe and Associates
Reynolds American
RJ Reynolds Tobacco Co.
Roche Diagnostics
S.C. Association of Realtors
Salt River Project
Sanofi-Aventis
SBC
SC Association of Realtors
SC Credit Union League
Schering Corporation
Sempra Energy
South Carolina Association of Realtors
South Carolina Credit Union League, Inc.
Sprint Nextel
State Farm Insurance Company
Sunoco Inc.
T-Mobile
Takeda Pharmaceuticals
TAP Pharmaceuticals Products Inc.
Taxpayers Network
Texas Association of Dairymen
The Crown Co.
The Flanigan Law Firm
The Williams Companies, Inc.
Unilever United States, Inc.
United Parcel Service
University of Phoenix
University of Virginia
UPS Foundation
UPS Foundation
UST Public Affairs Inc.
Verizon
Wal-Mart
Washington State Medical Association
Williams Companies
Wisconsin Cable Communications
Association, Inc.
Wyeth Pharmaceuticals
Xcel Energy

Appendix 5: ALEC's Frequent Flyers

The following 20 legislators accepted the most money in ALEC gifts for travel between 2006 and 2008. These and other legislators may have received more gifts in the ensuing years, but most of the data for 2009, 2010, 2011, and 2012 has not been provided in response to open records requests.



Dennis Hollingsworth served in the California State Senate from 2002 to 2010 (when he was termed out), and served as minority leader of the California State Senate from 2008 to 2010. He served on ALEC's Energy, Environment, and Agriculture Task Force. He received a total of **\$14,813** in ALEC "scholarships," according to data from 2006 to 2008.



John Harkins served in the Connecticut House of Representatives from 1996 to 2009. He was appointed in 1998 as the Connecticut Chair of the American Legislative Exchange Council and received the Legislator of the Year award from ALEC in 2004. In 2006, he joined ALEC's national Board of Directors. He received a total of **\$12,000** in ALEC "scholarships," according to data from 2006 to 2008. Harkins is now the mayor of Stratford.



S. Chris Jones has served in the Virginia House of Delegates since 1998. He is a member of ALEC's Health and Human Services Task Force. He received a total of **\$11,808** in ALEC "scholarships," according to data from 2006 to 2008.



Richard J. "Rick" Keene served in the California State Assembly from 2002 to 2008 (when he was termed out). He received a total of **\$11,500** in ALEC "scholarships," according to data from 2006 to 2008.



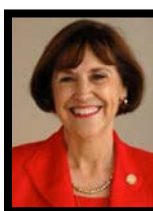
Judson Hill has been a Georgia State Senator since 2004. He serves on ALEC's Health and Human Services Task Force. He received a total of **\$10,392** in ALEC "scholarships," according to data from 2006 to 2008.



Rodney "Pete" Anderson served in the Wyoming House of Representatives from 1992 to 2010. Anderson received a total of **\$10,191** in ALEC "scholarships," according to data from 2006 to 2008.



Bill L. Cadman has been a member of the State Senate in **Colorado** since 2007, when he was appointed to fill a vacancy. From 2000 to 2007, he served in the Colorado House of Representatives. Cadman is the ALEC Colorado State Chairman as of 2011. He also serves on ALEC's Board of Directors. He received a total of **\$9,123** in ALEC "scholarships," according to data from 2006 to 2008.



Gayle Harrell serves in the **Florida** House of Representatives. She served from 2000 to 2008, sat out one term pursuant to Florida's term limits, and was elected again in 2010. She received a total of **\$8,941** in ALEC "scholarships," according to data from 2006 to 2008.



Tom Brinkman served in the **Ohio** House of Representatives from 2000 to 2008. He received a total of **\$8,700** in ALEC "scholarships," according to data from 2006 to 2008.



Nancy Spence has served in the **Colorado** State Senate since 2006, and served in the House of Representatives from 1999 to 2005. She has been the chair of ALEC's Education Task Force since 2007. She received a total of **\$8,219** in ALEC "scholarships," according to data from 2006 to 2008.

Appendix 5: ALEC's Frequent Flyers



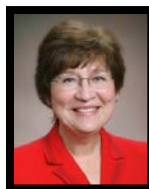
William "Chip" Rogers has served in the **Georgia** State Senate since 2004, and served in the Georgia House of Representatives for one term before that. He is the Treasurer of ALEC's Board of Directors. Rogers also serves as the State Chairman of ALEC in Georgia and received ALEC's "State Chair of the Year" award in 2011. He received a total of **\$7,896** in ALEC "scholarships," according to data from 2006 to 2008.



Fred F. Steen, II has served in the State Assembly of **North Carolina** since he was appointed in 2004 to fill a vacancy. He was the North Carolina State Chairman of ALEC as of 2011 and serves on ALEC's Board of Directors. He has received a total of **\$7,665** in ALEC "scholarships," according to data from 2006 to 2008.



Phil Montgomery served in the **Wisconsin** State Assembly from 1998 to 2010. He is currently the Chairperson of the Public Service Commission of Wisconsin. He received a total of **\$7,664** in ALEC "scholarships," according to data from 2006 to 2008.



Carol Weston served in the **Maine** State Senate from 2002 to 2010 (when she was termed out). She received an ALEC "Legislator of the Year Award" in 2008. She is currently the Maine state director for Americans for Prosperity. She received a total of **\$7,611** in ALEC "scholarships," according to data from 2006 to 2008.



Martin Scott has served in the **Georgia** House of Representatives since 2004. He received a total of **\$7,451** in ALEC "scholarships," according to data from 2006 to 2008.



John Wiles has served in the **Georgia** State Senate since 2004, and previously served in the Georgia House of Representatives from 1994 to 2002. Wiles served as ALEC's State Co-Chair for Georgia. He has received a total of **\$7,382** in ALEC "scholarships" according to data from 2006 to 2008.



Renee Kosel has served in the **Illinois** State Assembly since 1997. She is the Illinois State Chair of ALEC and a member of the International Relations Task Force. She was presented with ALEC's "Legislator of the Year" award in 2008. Kosel received a total of **\$7,322** in ALEC "scholarships" according to data from 2006 to 2008.



Kevin J. Mullin has served in the **Vermont** State Senate since 2003. He was ALEC's State Chairman in Vermont as of 2011. He received a total of **\$7,215** in ALEC "scholarships," according to data from 2006 to 2008.



Steve Buehrer was a member of the **Ohio** State Senate from 2007 to 2010 and of the Ohio House of Representatives from 1998 to 2007. He is currently the director of the Ohio Bureau of Worker's Compensation. He received a total of **\$7,056** in ALEC "scholarships," according to data from 2006 to 2008.



Scott Fitzgerald has served in the **Wisconsin** State Senate since 1994. He is currently co-chair of the Joint Committee on Legislative Organization and the Joint Committee on Employee Relations. He received a total of **\$6,958** in ALEC "scholarships," according to data from 2006 to 2008.

Exhibit B

year in accordance with (Section V (B)); determining if a proposed educational activity conforms to a previously approved model bill, resolution or policy statement in accordance with (Section IX (F)); and determining if an emergency situation exists that justifies waiving or reducing appropriate time limits in accordance with (Section VIII (H)).

- D. Each Task Force may have any number of **subcommittees**, consisting of Task Force members and advisors to focus on specific areas and issues and make policy recommendations to the Task Force. The Task Force Co-chairs, shall create subcommittees and determine each subcommittee's mission, membership limit, voting rules, deadlines, and term of service. Any model bill, resolution or policy statement approved by a subcommittee must be approved by the Task Force before it can be considered official ALEC policy.
- E. Each Task Force may have advisors, appointed in accordance with Section VI (G). **Advisors** shall assist the members and staff of the Task Force. They shall be identified as advisors on official Task Force rosters, included in all official Task Force mailings and invited to all Task Force meetings. Advisors may also have their expenses paid at Task Force meetings covered by the Task Force operating budget with the approval of the Task Force Co-Chairs. An advisor cannot be designated as the primary contact of a private sector Task Force member, cannot be designated to represent a private sector Task Force member at a Task Force, Executive Committee, or subcommittee meeting, and cannot offer or vote on any motion at a Task Force, Executive Committee, or subcommittee meeting.

V. Task Force Budgets

- A. Each Task Force shall develop and operate a yearly budget to fund meetings.
- B. The **operating budget** shall be used primarily to cover expenses for Task Force meetings, unless specific funds within the budget are authorized for other use by the Task Force. The operating budget shall be assessed equally among the private sector members of the Task Force. The Executive Director, in consultation with the Task Force Co-Chairs shall determine which costs associated with each meeting will be reimbursed from the operating budget. Any funds remaining in a Task Force's operating budget at the end of a year are transferred to ALEC's general membership account.
- C. The operating budget shall not be used to cover Task Force meeting expenses associated with **alternate task force members'** participation, unless they are appointed by their State Chair to attend the Spring Task Force Summit with the purpose to serve in place of a Task Force Member who is unable to attend. Task Force meeting expenses of alternate task force members shall be covered by their state's scholarship account.

Exhibit C

ALEC

AMERICAN LEGISLATIVE EXCHANGE COUNCIL

SCHOLARSHIP POLICY BY MEETING

ALEC Spring Task Force Summit:

1. **Spring Task Force Summit Reimbursement Form:** ALEC Task Force Members are reimbursed by ALEC up to a predetermined set limit for travel expenses. Receipts must be forwarded to the ALEC Policy Coordinator and approved by the Director of Policy.
2. ALEC Task Force Members' room & tax fees for a two-night stay are covered by ALEC.
3. *Official Alternate Task Force Members* (chosen by the State Chair and whose names are given to ALEC more than 35 days prior to the meeting to serve in place of a Task Force Member who cannot attend) are reimbursed in the same manner as Task Force Members.
4. **State Scholarship Reimbursement Form:** Any fees above the set limit, or expenses other than travel and room expenses can be submitted by Task Force Members for payment from their state scholarship account upon the approval of the State Chair. Receipts must be submitted to the State Chair, who will submit the signed form to the Director of Membership.
5. *Non-Task Force Members* can be reimbursed out of the state scholarship fund upon State Chair approval. Receipts must be submitted to the State Chair, who will submit the appropriate signed form to the Director of Membership.

ALEC Annual Meeting:

State Scholarship Reimbursement Form: State scholarship funds are available for reimbursement by approval of your ALEC State Chair. Expenses are reimbursed after the conference, and may cover the cost of travel, room & tax, and registration. Receipts are to be submitted to the State Chair, who will then submit the signed form to the Director of Membership.

ALEC States & Nation Policy Summit:

1. **States & Nation Policy Summit Reimbursement Form:** ALEC offers two scholarships per state to cover the cost of travel, room & tax, and registration not to exceed \$1,000.00 per person for a total of \$2,000.00 per state. ALEC scholarship recipients must be named by the ALEC State Chair. Expenses are submitted to the State Chair and reimbursed after the conference. The State Chair submits the signed form to the Director of Membership.
2. **State Scholarship Reimbursement Form:** Any other fees or payments must come out of the state scholarship account, with the approval of the State Chair. Receipts must be submitted to the State Chair, who submits the signed form to the Director of Membership.

ALEC Academies:

Academy Reimbursement Form: Attendees of ALEC Academies are reimbursed by the Task Force Committee hosting the Academy. Attendees will receive a form at the Academy, and will be reimbursed up to \$500.00 for travel, and room & tax fees for a two-night stay by ALEC. Receipts must be forwarded to the appropriate Task Force Director and approved by the Director of Policy.

Exhibit D

2013 ALEC Membership Levels & Benefits

- Jefferson Club \$25,000
 - Membership in the State Legislative Leaders' Program at all ALEC events
 - Preferred seating at all ALEC meetings
 - Three complimentary registrations to each of ALEC's three meetings
 - Discounted additional meeting registrations for company representatives to ALEC events
 - Opportunity to join ALEC's Task Forces
 - Recipient of ALEC publications and policy papers

- Madison Club \$12,000
 - One complimentary registration to each of ALEC's three meetings
 - Discounted additional meeting registrations for company representatives to ALEC events
 - Opportunity to join ALEC's Task Forces
 - Recipient of ALEC publications and policy papers

- Washington Club \$7,000
 - Discounted meeting registrations for all company representatives to ALEC events
 - Opportunity to join ALEC's Task Forces
 - Recipient of ALEC publications and policy papers

For any questions or for further information, please contact Danielle Muckley, Director of Development, at (202)742-8528 or dmuckley@alec.org.

501(c)(3) non-profit organizations with annual budgets of \$5 million dollars and under are eligible for ALEC's non-profit membership rate of \$3,500.

*The 501(c)(3) must be the primary organization for the member entity. Non-profits with annual budgets over 5 million dollars are subject to ALEC's standard membership rates.

2013 ALEC National Task Forces

Membership Benefits

- Each ALEC Task Force membership comes with one voting member for the Task Force
- The voting member can introduce critical industry issues for deliberation among his or her respective Task Force
- The voting member has the opportunity to introduce, draft, and vote on model legislation
- Opportunities to present to the Task Force membership during Task Force meetings
- Task Force Member has the opportunity to include one alternate member on the Task Force roster
- Receive monthly email updates on model legislation, current events, meeting recaps and issue alerts
- One complimentary registration for Spring Task Force Summit
- Opportunity to serve in Task Force leadership positions

*Each task force carries with it additional dues on top of ALEC membership

ALEC's National Task Forces *Director Contact Information*

<u>Task Force</u>	<u>Membership Dues</u>
➤ Civil Justice	\$3,000
○ Amy Anderson	
▪ Email: aanderson@alec.org	
▪ Phone: 202-742-8510	
➤ Commerce, Insurance & Economic Development	\$2,500
○ Cara Sullivan	
▪ Email: csullivan@alec.org	
▪ Phone: 202-742-8513	
➤ Communications & Technology	\$5,000
○ John Stephenson	
▪ Email: jstephenson@alec.org	
▪ Phone: 202-742-8524	
➤ Education	\$2,500
○ Lindsay Russell	
▪ Email: lrussell@alec.org	
▪ Phone: 202-742-8531	
➤ Energy, Environment & Agriculture	\$3,000
○ Todd Wynn	
▪ Email: twynn@alec.org	
▪ Phone: 202-742-8542	
➤ Health & Human Services	\$3,000
○ Sean Riley	
▪ Email: sriley@alec.org	
▪ Phone: 202-742-8541	
➤ International Relations	\$5,000 – Policy Membership \$10,000 – Ambassador Membership
○ Karla Jones	
▪ Email: kjones@alec.org	
▪ Phone: 202-742-8518	
➤ Tax & Fiscal Policy	\$3,000
○ Jonathan Williams	
▪ Email: jwilliams@alec.org	
▪ Phone: 202-742-8533	

For any questions or for further information, please contact Danielle Muckley, Director of Development, at (202)742-8528 or dmuckley@alec.org.

American Legislative Exchange Council (ALEC) is a 501(c)(3) non-profit, tax deductible organization.
IRS Tax Code #52-0140979

2013 Policy Programming Sponsorship Opportunities

- **ALEC Academy - \$80,000***
 - The ALEC Academy is an intensive, two-day program for legislators that focus on a specific area of policy. Academies feature presentations from national experts and help bridge the gap between political theory and real world practice.
**Price can vary depending on location and specifics of the event.*

- **State Legislators' Guides - \$40,000***
 - A comprehensive guide for state legislators on a specific issue that is distributed to all ALEC members. Examples include the State Legislators' Guide to Prescription Drug Policy and the State Legislators' Guide to Health Insurance Solutions.
**Cost can vary based on the specifics of the project.*

- **Workshops - \$40,000/\$25,000**
 - ALEC Workshops are an excellent way for legislators to learn about major issues facing their states. They are one hour in length and the sponsor gets to assist in choosing the speakers and topic(s).
 - *Annual Meeting Workshop - \$40,000*
 - *States & Nation Policy Summit Workshop - \$25,000*

- **ALEC State Factor - \$15,000**
 - A brief policy study on a specific issue that gets distributed to ALEC's entire membership. It is also made available online at www.alec.org.

- **Issue Briefing - \$5,000**
 - Held in state capitals, Issue Briefings bring policy experts directly to lawmakers for a state-specific seminar and discussion on a critical and timely issue. ALEC staff coordinates with our public sector leadership in a specific state to encourage legislators to attend the event while handling all on-site logistics.

For any questions or for further information, please contact Danielle Muckley, Director of Development, at (202)742-8528 or dmuckley@alec.org.

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IRS Tax Code #52-0140979

Exhibit E

Neylon, Adam

From: Hale, Janine
Sent: Monday, April 11, 2011 12:38 PM
To: Rep. August; Rep. Bernier; Stewart, Kate; Bacher, Luke; Rep. Endsley; Lindstedt, Daniel; Rep. Farrow; Loe, Emily; Rep. Kapenga; Brabender, Lindsey; Rep. Klenke; Henkel, Matt; Rep. Knilians; Curry, Kristy; Rep. Kramer; Neylon, Adam; Sholty, Cameron; David, Curt; Rep. Krug; Malcore, Jennifer; Rep. Kuglitsch; Spencer, Matt; Rep. LeMahieu; Grothman, Jeffrey; Moore, Heather; Rep. Litjens; Turke, Jon; Rep. Marklein; Lee, Crystal; Rep. Nygren; Froelich, Brooke; O'Brien, Kyle; Malszycki, Marcie; Rep. Rivard; Lundgren, Doug; Rep. Steineke; Ehm, Katherine; Rep. Strachota; Rollo, Tom; Buschman, Sara; Halverson, Vicky; Rep. Suder; Rep. Thiesfeldt; Hutkowski, Hariah
Subject: Info for ALEC Spring Task Force Summit April 28th-30th
Follow Up Flag: Follow up
Flag Status: Red

As a reminder the ALEC Spring Task Force Summit is fast approaching. You are receiving this email because you have indicated to our office that you are attending this event.

Please note that as a full member of an ALEC task force you will be reimbursed for the following:

- Registration fee (\$150)
- Travel expenses up to \$350.00
- 2-night hotel stay in the host hotel (Hilton Cincinnati Netherland Plaza)

Please retain copies of all receipts for the above expenses which you will submit for reimbursement after the event. It is our understanding that Rep. Farrow's office will be sending out information on the bus travel for those of you who are taking the bus to Cincinnati.

Secondly, please note that the following members have been moved from an alternate position to a full member position for the purposes of this summit:

- Rep. Kapenga – substituting for Sen. Zipperer on Civil Justice
- Rep. Thiesfeldt – substituting for Sen. Grothman on Education
- Rep. Krug – substituting for Sen. Fitzgerald on Public Safety
- Rep. LeMahieu – substituting for Sen. Moulton on Tax and Fiscal Policy
- Rep. Petryk – substituting for Rep. Severson on Health

Also, the following committee reassignments have been made for the purpose of this summit:

- Rep. Kuglitsch – full member of Civil Justice
- Rep. Klenke – full member of Commerce
- Rep. August – full member of Education
- Rep. Litjens – full member of Energy
- Rep. Knilians – full member of Telecommunications
- Rep. Kramer – full member of Commerce

If you have any questions, please feel free to contact our office.

Thank you,
Janine Hale

Janine L. Hale

Office of State Representative Robin Vos
Co-Chair, Joint Committee on Finance
309 East, State Capitol
P.O. Box 8953
Madison, WI 53708
janine.hale@legis.wi.gov
608-266-9171

Scholz, AJ

From: Ngan Nguyen [nnguyen@alec.org]

Sent: Thursday, April 12, 2012 8:40 AM

Subject: ALEC's Spring Task Force Summit

Greetings,

I'd like to invite you to attend **ALEC's Spring Task Force Summit in Charlotte, North Carolina on May 11th.**

Legislators who serve on Task Forces pay just \$150 to register. Additionally, ALEC will cover two nights of hotel expense and reimburse up to \$350 for travel expenses (flight, cab, rental car, etc.).

The Spring Task Force Summit, held each spring, is an intensive meeting of ALEC's Task Force members, designed to keep members abreast of new developments in the states, and to set the Task Force agendas for the upcoming year. In 2011, there were over 500 state legislators and private sector leaders in attendance at the Spring Task Force Summit. ALEC anticipates a similar turnout in 2012.

Registration is filling up very quickly and is expected to close within a couple days. If you are planning on attending this event, please register as soon as you can.

To register, please go to: www.alec.org/stfs

If you have any questions about this event, please contact me at 202-742-8538.

Sincerely,

Ngan

Ngan Nguyen

Registration Account Specialist

American Legislative Exchange Council (ALEC)

1101 Vermont Avenue, NW | 11th Floor | Washington, DC 20005

D: 202.742.8538 | F: 202.331.1344

nnguyen@alec.org

9/12/2012

Scholz, AJ

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Sent: Thursday, April 12, 2012 8:40 AM
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I'd like to invite you to attend **ALEC's Spring Task Force Summit in Charlotte, North Carolina on May 11th.**

Legislators who serve on Task Forces pay just \$150 to register. Additionally, ALEC will cover two nights of hotel expense and reimburse up to \$350 for travel expenses (flight, cab, rental car, etc.).

The Spring Task Force Summit, held each spring, is an intensive meeting of ALEC's Task Force members, designed to keep members abreast of new developments in the states, and to set the Task Force agendas for the upcoming year. In 2011, there were over 500 state legislators and private sector leaders in attendance at the Spring Task Force Summit. ALEC anticipates a similar turnout in 2012.

Registration is filling up very quickly and is expected to close within a couple days. If you are planning on attending this event, please register as soon as you can.

To register, please go to: www.alec.org/stfs

If you have any questions about this event, please contact me at 202-742-8538.

Sincerely,

Ngan

Ngan Nguyen

Registration Account Specialist
American Legislative Exchange Council (ALEC)
1101 Vermont Avenue, NW | 11th Floor | Washington, DC 20005
D: 202.742.8538 | F: 202.331.1344
nnguyen@alec.org

9/12/2012

Exhibit F

Richard, Rob

From: Sen.Fitzgerald
Sent: Wednesday, January 19, 2011 3:30 PM
To: Cady, Dean
Cc: Block, Cindy
Subject: FW: ALEC Task Force Appointments for Wisconsin
Attachments: Task Force Appointment Form 2011-2012.doc; Wisconsin- ALEC.xls
Dean – here is the email regarding Task Force appointments, thanks. We should try and keep Sen. Fitzgerald on his Task Force. Thanks again, Cindy

From: Stephanie Linn [mailto:slinn@alec.org]
Sent: Thursday, January 13, 2011 6:30 PM
To: Sen.Fitzgerald; Rep.Huebsch; Huebsch, Michael
Subject: ALEC Task Force Appointments for Wisconsin

We are grateful for your service to ALEC as State Chair and we are looking forward to working you this year! As part of your duty as State Chair, we would kindly ask that you submit your Task Force appointments for the 2011-2012 ALEC Task Force term by Tuesday, February 1st, 2011.

To help you make your Task Force appointments, we have attached a list of all ALEC legislators from your state. The list shows which ALEC conferences they have attended in 2009 and 2010. We've also indicated each legislator's current Task Force appointment from the previous year.

Special note: A legislator may only serve on one Task Force; this also applies to the International Relations Task Force, which includes the Federal Working Group.

Please email, fax, or mail these documents back to me no later than February 1st. More information regarding transmittal procedure is included on the Task Force Appointment Form. Once the appointments are official, ALEC will contact you, the legislators, and the Task Force Directors.

Thank you again for your service to ALEC! I look forward to hearing from you shortly.

Sincerely,
Stephanie

Guidelines for Task Force appointments:

In addition to using the spreadsheet as a resource, feel free to reach out to ALEC's Task Force Directors for direction or recommendations on appointments.

The new (or updated) roster of Task Force appointees should include:

- A legislator who serves on a similar type of committee in the state legislature, or
- A legislator in leadership position in his or her state's legislature, or
- A legislator with strong experience or background in the policy area of the Task Force.

State Chairs may appoint only three legislator members and three alternate legislator members to serve on a Task Force. Alternate Task Force members may attend Task Force meetings but may not vote on Model Legislation, unless the appointed Task Force members are unable to attend.

I would be happy to help you throughout the entire year if you need to make changes to your Task Force

4/19/2011

appointment roster. Feel free to reach out to me at slinn@alec.org or at 202.379.4386 or by fax at 202.466.3801 Attn: Stephanie Linn. Please note that all Task Force appointments must be in writing; email or fax are sufficient.

Please note: All Task Force appointments must be made 30 days prior to an ALEC conference in order to have the appointments effective for the upcoming Task Force meeting.

Stephanie Linn
Policy Coordinator
American Legislative Exchange Council
202.379.4386
slinn@alec.org

State Chair Task Force Nomination Form

For Term: January 1, 2011- December 31, 2012

Deadline for Appointments: **February 1, 2011**

State: _____

State Chair Name: _____

State Chair Signature: _____

Directions: In the left column, list the name of the nominated Task Force Member or Task Force Alternate, and in the right column, list any related committee(s) that the Legislator serves on in the State Legislature.

Civil Justice Task Force

Major issue areas include: tort reform, transparency in lawsuits, government contracts with private attorneys, right to appeal, and state consumer protection statute reform.

Primary Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Alternate Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Commerce, Insurance, and Economic Development Task Force

Major issue areas include: insurance, transportation, financial services, labor and business regulation, competitiveness, innovation, employment and economic prosperity.

Primary Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Alternate Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Education Task Force

Major issue areas include: alternate teacher certification, charter schools, virtual schools, private school choice, class size, higher education, open enrollment, special education, and transparency.

Primary Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Alternate Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Energy, Environment, and Agriculture Task Force

Major issue areas include: energy, climate change, agriculture, environmental health, federal lands, endangered species, food safety, electricity, property rights, air and water quality, and biotechnology.

Primary Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Alternate Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Health and Human Services Task Force

Major issue areas include: Freedom of Choice in Health Care Act, and other free-market, pro-patient health care reforms at the state level.

Primary Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Alternate Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

International Relations Task Force and Federal Relations Working Group

International Relations issue areas include: intellectual property, international organizations, international good governance, free trade agreements, foreign emissions, and international flat-tax movements; **Federal Relations issue areas include:** federalism, block granting, mandate relief, and constitutional issues.

Primary Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

- There are no alternate members for this Task Force

Public Safety and Elections Task Force

Major issue areas include: criminal justice (including courts and sentencing, prison overcrowding, sexual predators, retail theft and drug enforcement); corrections and reentry (parole, recidivism rates, instituting evidence-based practices, and justice reinvestment) and elections and ethics (including Voter ID, campaign finance, and opposition of the National Popular Vote movement).

Primary Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Alternate Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Tax and Fiscal Policy Task Force

Major issue areas include: pro-growth tax policies, budget reform policies, tax and expenditure limitations, supermajority requirements for tax increases, dynamic revenue forecasting, fiscal federalism and public employee pension reform.

Primary Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Alternate Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Telecommunications and Information Technology Task Force

Major issue areas include: Network Neutrality Regulation, Internet and e-commerce taxation, online privacy, cybersecurity, state telecom deregulation, government-owned and funded broadband networks, and online child safety.

Primary Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Alternate Nominations	Related Committee(s) in State Legislature
1.	
2.	
3.	

Please email, fax, or mail this form or requests to:

Stephanie Linn, Policy Coordinator
American Legislative Exchange Council
1101 Vermont Ave., NW, 11th Floor
Washington, D.C. 20005
Fax: 202.466.3801
slinn@alec.org

Wisconsin ALEC Legislators	Meetings Attended 2009-2010	Current Task Force Appointment
Rep. Tyler August	2010 States & Nation Policy Summit	
Rep. Joan A. Ballweg	None	Public Safety & Elections Task Force
Sen. Alberta Darling	None	Commerce, Insurance & Economic Development
Rep. Brett H. Davis	2009 Annual Meeting 2009 States & Nation Policy Summit	Education
Sen. Michael G. Ellis	None	
Sen. Scott L. Fitzgerald	2009 States & Nation Policy Summit 2010 States & Nation Policy Summit	Public Safety & Elections Task Force
Rep. Jeff M. Fitzgerald	2010 States & Nation Policy Summit	Commerce & Economic Development
Sen. Glenn Grothman	None	International Relations Task Force
Sen. Randy B. Hopper	2009 States & Nation Policy Summit	International Relations Task Force Tax & Fiscal Policy
Rep. Michael D. Huebsch	2009 Annual Meeting 2009 States & Nation Policy Summit 2010 Annual Meeting 2010 States & Nation Policy Summit	Energy, Environment, and Agriculture
Sen. Theodore J. Kanavas	2009 States & Nation Policy Summit 2010 Annual Meeting	Telecommunications & Information Technology
Assb. Chris L. Kapenga	2010 States & Nation Policy Summit	
Sen. Neal J. Kedzie	None	
Rep. Daniel Knodl	2010 States & Nation Policy Summit	Public Safety & Elections Task Force
Sen. Alan J. Lasee	None	
Rep. Thomas A. Lothian	None	Civil Justice
Rep. Phil Montgomery	2009 Spring Task Force Meeting 2009 Annual Meeting 2009 States & Nation Policy Summit 2010 Spring Task Force Meeting 2010 Annual Meeting 2010 States & Nation Policy Summit	Telecommunications & Information Technology
Rep. Stephen L. Nass	2009 Annual Meeting 2009 States & Nation Policy Summit	Education
Rep. Scott A. Newcomer	2010 States & Nation Policy Summit	
Rep. John Nygren	None	Education
Sen. Jeffrey T. Plale	None	
Rep. Kitty Rhoades	2009 States & Nation Policy Summit	Health & Human Services
Rep. Marlin D. Schneider	None	

Rep. Patricia A. Strachota	2010 States & Nation Policy Summit	Tax & Fiscal Policy
Rep. Scott Suder	2009 Annual Meeting 2010 Annual Meeting 2010 States & Nation Policy Summit	Public Safety & Elections Task Force
Rep. John Townsend	None	Civil Justice
Rep. Karl Van Roy	2009 Spring Task Force Meeting	Natural Resources Task Force
Rep. Robin J. Vos	2010 Annual Meeting 2010 States & Nation Policy Summit	Tax & Fiscal Policy
Rep. Leah M. Vukmir	2009 Spring Task Force Meeting 2009 Annual Meeting 2009 States & Nation Policy Summit 2010 Annual Meeting 2010 States & Nation Policy Summit	Health & Human Services
Rep. Rich Zipperer	None	

Position on Task Force
Legislative Member
Alternate
Alternate
Legislative Member
Legislative Member
Legislative Member
Legislative Member
Alternate
Legislative Member
Legislative Member
Alternate
Legislative Member
Legislative Member
Legislative Member
Legislative Member
Legislative Member
Legislative Member

Exhibit G

Stewart, Kate

From: Monica Mastracco [mmastracco@alec.org]
Sent: Wednesday, November 30, 2011 6:11 PM
To: Rep.Bernier
Subject: Join Us for the Upcoming K-12 Education Reform Academy, February 3-4, 2012

AMERICAN LEGISLATIVE EXCHANGE COUNCIL
ALEC

Dear Legislator,

You are cordially invited to attend ALEC's K-12 Education Reform Academy, February 3-4, 2012 at the Ritz-Carlton in Amelia Island, Florida. For invited legislators like you, ALEC will cover your room for up to two nights at the host hotel. ALEC will also reimburse up to \$500 for travel expenses, which includes coach airfare, cabfare, and a reimbursement of 55.5 cents per mile driven.

This event will address the top reforms in K-12 education that ALEC believes each state must have to ensure the successful and productive education for all American students. We will discuss what you as a state legislator can do to address a variety of issues surrounding K-12 education reform, including charter schools accessibility, accountability and transparency, standards for teacher excellence, open enrollment, vouchers, tax credits, and blended learning options.

If you are able to join us, please fill out the registration form found [here](#) and return it via email to Monica Mastracco at mmastracco@alec.org as soon as possible.

Feel free to contact Dave or me if you have any questions regarding this invitation.

We hope to see you in Amelia Island!


Monica Mastracco

Legislative Analyst, Education Task Force
American Legislative Exchange Council
1101 Vermont Avenue, NW, 11th Floor
Washington, DC 20005
202.742.8525

American Legislative Exchange Council | 1101 Vermont Ave., NW 11th Floor, Washington, DC 20005
ph: 202-466-3800 | fax: 202-466-3801 | [Our website](#) | [Send to a friend](#)

To opt out of this newsletter, please [click here](#)
To unsubscribe from all of ALEC's electronic communications, please [click here](#)

If you would prefer not to receive emails from us, go [here](#).
Please send any comments about this email to kbuss@alec.org

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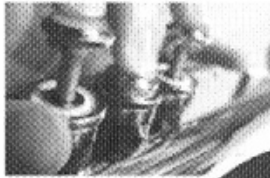
TORT REFORM BOOT CAMP

*Learn about legislation aimed
at protecting businesses from
frivolous lawsuits.*

*By Invitation Only
Return attached registration form by
July 6 to bweynand@alec.org.*

EDUCATIONAL ACADEMY

**NEW ORLEANS, LOUISIANA
AUGUST 1-2, 2011
NEW ORLEANS MARRIOTT**



*C'mon Down
to the Big Easy*

38th
ANNUAL
MEETING
AUG 3-6

Extend your stay in
New Orleans and
attend the
Annual Meeting
for less!

Meals provided. Begins with dinner on Monday at 6:00 p.m. and concludes Tuesday afternoon.

Space reserved. First-come, first-serve.

Attendees will receive up to \$500 in travel reimbursement and two additional nights in the host hotel. The Academy will take place onsite during the two days immediately prior to the Annual Meeting.

ALEC

Return via email to bweynand@alec.org or fax to

Exhibit H

ALEC AMERICAN LEGISLATIVE EXCHANGE COUNCIL

SPRING TASK FORCE SUMMIT REIMBURSEMENT FORM

Today's Date: 5/10/2011

Amount: \$ 347.91

Submitted by: Warren Petryk

- Full Task Force Member
 Alternate Task Force Member

PLEASE CHECK TASK FORCE ATTENDED:

- TASK FORCE**
- Civil Justice
 - Commerce, Insurance, and Economic Development
 - Criminal Justice and Homeland Security
 - Education
 - Health and Human Services
 - Natural Resources
 - Tax and Fiscal Policy
 - Telecommunications and Information Technology

CHECK TO:
Name: Warren Petryk
Address: ~~XXXXXXXXXX~~ S9840V Hwy 93
City: Eleva State: WI Zip Code: 54738

Are Receipts Attached? YES NO

If "NO," please explain: _____

Please Mail/Fax to:
Policy Coordinator
American Legislative Exchange Council
1101 Vermont Ave. N.W. 11th Floor
Washington, D.C. 20005

FAX: (202) 466-3801
Phone: (202) 466-3800

FOR OFFICE USE ONLY

Department Manager _____ Date _____ Executive Director _____ Date _____

Account: _____ Batch#: _____ To be paid on: _____

Task Force Director/Comments: _____

Exhibit I

State of Minnesota
Campaign Finance & Public Disclosure Board

First Floor South, Centennial Building . 658 Cedar Street . St. Paul, MN 55155-1603

THIS ADVISORY OPINION IS PUBLIC DATA
pursuant to a consent for release of information signed by the requester

Issued to: The Honorable Ken Wolf
State Representative, District 41B
13319 Morgan Avenue South
Burnsville, MN 55337

RE: Gift of travel and lodging; use of principal campaign committee funds

ADVISORY OPINION 277

SUMMARY

A gift from a lobbyist principal of travel and lodging, even when passed through a non-lobbyist entity, is prohibited. Costs of attending the described meeting, which is directly related to legislative duties, are expenses of serving in public office. Such costs are noncampaign disbursements for which principal campaign committee funds may be used.

FACTS

You ask the Campaign Finance and Public Disclosure Board (the "Board") for an advisory opinion based on the following facts:

1. You are a state legislator, and thus a public official as defined in Minn. Stat. § 10A.071. In the legislature, you serve on the House Regulated Industries Committee.
2. You are also a member of the American Legislative Exchange Council (ALEC), which is a national organization for state legislators and others interested in state legislation. In order to become a member of ALEC, you applied to the organization and paid a membership fee.
3. You serve on ALEC's Telecommunications and Information Technology Task Force (the Task Force). This is one of several standing task forces which ALEC maintains. To become a member of the Task Force, you indicated your interest and were appointed by the National Chair of ALEC. No single state may have more

than three legislators on the same task force. However, as a practical matter, anyone wanting to be on a particular task force gets appointed.

4. In addition to the legislators who comprise the public members of the Task Force, there are 12 corporate members representing various telecommunications and information technology industries. Approximately half of the corporate Task Force members are Minnesota Lobbyist Principals.
5. The Task Force budget is provided by an annual \$5,000 dues assessment paid by each corporate member of the Task Force.
6. The Task Force holds periodic meetings, some of which are associated with conferences, which are open to all Task Force members. The Task Force offers to pay for the transportation, lodging and any conference costs for its public (legislative) members attending these meetings. The Task Force does not offer to pay for the same costs for representatives of its corporate members who attend the meetings.
7. You attend the meetings to keep yourself informed concerning federal regulations and national trends in regulated industries. The information you obtain is valuable to you in helping set policy for Minnesota; something that is a part of your responsibility as a member of the House Regulated Industries Committee. You attend these meetings solely to help you perform your duties as a legislator.
8. In the past you have used your own personal funds to pay for the expenses of attending these meetings.

You ask whether you may accept payment of travel, lodging, and conference costs from the Task Force consistent with the general gift prohibitions of Minn. Stat. § 10A.071. You also ask whether you may use principal campaign committee funds to pay these expenses.

ISSUE ONE

Is the payment of an official's travel, lodging, and conference costs under the described facts prohibited by Minn. Stat. § 10A.01?

OPINION

Yes, the payment of travel, lodging, and conference costs you describe results in a prohibited gift from a lobbyist principal.

The Task Force's budget is provided by corporations in the form of dues payments. Many of these corporations are lobbyist principals as defined in Minn. Stat. § 10A.01, subd. 28. The lobbyist principals provide these operating funds with the knowledge and intention that they will be used to benefit legislators, some of whom may be officials as defined in Minn. Stat. § 10A.01, Subd. 1(c).

Minn. Rules. part 4512.0300 provides that a gift is given by the association paying for the gift. The payment of dues to ALEC, coupled with the knowledge that the funds may subsequently be used to benefit officials, constitutes paying for the gift within the meaning of this rule. The fact that the corporate money is passed through ALEC, a conduit for the gift, does not isolate the corporations from their status as givers. Thus, the gift is prohibited because it is given by a lobbyist principal.

The Board has reviewed application of the various exceptions provided by Minn. Stat. § 10A.071. The only exception with possible application is that found in Minn. Stat. § 10A.01, subd. 3(b)(1), which excepts certain gifts given based on "membership in a group".

The Board has not considered whether participation in the Task Force constitutes "membership in a group" under the statute. It is not necessary to decide that issue because another criteria for application of the exception is clearly missing. For the exception to apply, the same gift must be given to all members of the group. In this matter, the gift is given only to the legislative members of the Task Force, making the exception inapplicable.

ISSUE TWO

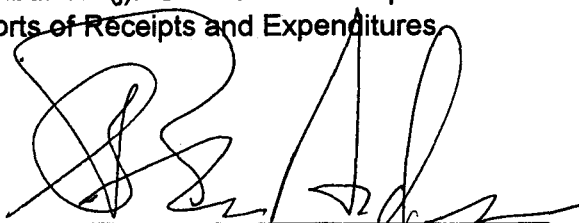
May you use principal campaign committee funds to pay travel, lodging, and conference costs to attend these meetings and report the cost as a noncampaign disbursement?

OPINION

Yes. Attendance at task force meetings and associated conferences is directly related to your service in public office. Your reason for attending them is to obtain information which will assist you in performing your duties as a legislator. You would not attend these events if you were not a legislator.

These facts provide a sufficient basis to conclude that the costs are expenses of serving in public office under Minn. Stat. § 10A.01, subd. 10c(j). Such costs are reported as noncampaign disbursements on your Reports of Receipts and Expenditures

Issued: 10/31/97



G. Barry Anderson, Chair
Campaign Finance and Public Disclosure Board

CITED STATUTES

10A.01 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of sections 10A.01 to 10A.34, the terms defined in this section have the meanings given them unless the context clearly indicates otherwise.

Subd. 10c. **Noncampaign disbursement.** "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, by a political committee, political fund, or principal campaign committee for any of the following purposes:

(j) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;

Subd. 28. **Principal.** "Principal" means an individual or association that:

(1) spends more than \$500 in the aggregate in any calendar year to engage a lobbyist, compensate a lobbyist, or authorize the expenditure of money by a lobbyist; or

(2) is not included in clause (1) and spends a total of at least \$50,000 in any calendar year on efforts to influence legislative action, administrative action, or the official action of metropolitan governmental units, as described in section 10A.04, subdivision 6.

10A.071 CERTAIN GIFTS BY LOBBYISTS AND PRINCIPALS PROHIBITED.

Subdivision 1. **Definitions.**

(a) The definitions in this subdivision apply to this section.

(b) "Gift" means money, real or personal property, a service, a loan, a forbearance or forgiveness of indebtedness, or a promise of future employment, that is given and received without the giver receiving consideration of equal or greater value in return.

(c) "Official" means a public official, an employee of the legislature, or a local official of a metropolitan governmental unit.

Subd. 2. **Prohibition.** A lobbyist or principal may not give a gift or request another to give a gift to an official. An official may not accept a gift from a lobbyist or principal.

Subd. 3. **Exceptions.**

(a) The prohibitions in this section do not apply if the gift is:

(1) a contribution as defined in section 10A.01, subdivision 7;

(2) services to assist an official in the performance of official duties, including but not limited to providing advice, consultation, information, and communication in connection with legislation, and services to constituents;

(3) services of insignificant monetary value;

(4) a plaque or similar memento recognizing individual services in a field of specialty or to a charitable cause;

(5) a trinket or memento of insignificant value;

(6) informational material of unexceptional value; or

(7) food or a beverage given at a reception, meal, or meeting away from the recipient's place of work by an organization before whom the recipient appears to make a speech or answer questions as part of a program.

(b) The prohibitions in this section do not apply if the gift is given:

(1) because of the recipient's membership in a group, a majority of whose members are not officials, and an equivalent gift is given to the other members of the group; or

Exhibit J

Curry, Kristy

From: Rep.Knilans
Sent: Wednesday, June 08, 2011 12:33 PM
To: Knilans, Joe
Subject: FW: ALEC Spring Task Force Summit reimbursement

Also here is information about the \$150.00. Did you send in this form? You would have gotten it at ALEC.

From: Hale, Janine
Sent: Wednesday, May 04, 2011 5:40 PM
To: Brabender, Lindsey; Buschman, Sara; Curry, Kristy; David, Curt; Ehm, Katherine; Froelich, Brooke; Grothman, Jeffrey; Halverson, Vicky; Henkel, Matt; Hutkowski, Hariah; Lee, Crystal; Lindstedt, Daniel; Loe, Emily; Lundgren, Doug; Malcore, Jennifer; Moore, Heather; Neylon, Adam; OBrien, Kyle; Rep.August; Rep.Bernier; Rep.Endsley; Rep.Farrow; Rep.Kapenga; Rep.Klenke; Rep.Knilans; Rep.Kramer; Rep.Krug; Rep.Kuglitsch; Rep.LeMahieu; Rep.Litjens; Rep.Marklein; Rep.Nygren; Rep.Rivard; Rep.Steineke; Rep.Strachota; Rep.Suder; Rep.Thiesfeldt; Rollo, Tom; Sholty, Cameron; Spencer, Matt; Stewart, Kate; Turke, Jon
Subject: ALEC Spring Task Force Summit reimbursement

Rep. Suder and Rep. Vos would like remind you to submit your ALEC reimbursement for the Spring Task Force Summit directly to ALEC. Attendees should have received a reimbursement form from ALEC during their task force committee meeting last Friday. Please fill it out and mail it to the address listed on the form along with copies of your receipts. It is suggested that you submit your reimbursement **by Friday, May 13th**.

As a reminder, ALEC will reimburse for:

Travel expenses up to \$350.00
Two-night stay at hotel
Registration fee (\$150)

If you have any questions, please let me know.

Thank you,
Janine Hale

Janine L. Hale

Office of State Representative Robin Vos
Co-Chair, Joint Committee on Finance
309 East, State Capitol
P.O. Box 8953
Madison, WI 53708
janine.hale@legis.wi.gov
608-266-9171
1-888-534-0063

Exhibit K

- D. The **programming budget** shall be used to cover costs associated with educational activities. Contributions to the programming budget are separate, and in addition to operating budget contributions and annual general support/membership contributions to ALEC. The Executive Director shall determine the contribution required for each educational activity.

VI. PROCESS FOR SELECTING TASK FORCE MEMBERS, CHAIRS, COMMITTEES AND ADVISORS

- A. Prior to February 1 of each odd-numbered year, the current and immediate past National chairman will jointly select and appoint in writing **three legislative members and three alternates to the Task Force** who will serve for the current operating cycle, after receiving nominations from ALEC's Public and Private State Chairs, the Executive Director and the ALEC Public and Private Sector members of the Board. At any time during the year, the National Chairman may appoint in writing new legislator members to each Task Force, except that no more than three legislators from each state may serve as members of any Task Force, no legislator may serve on more than one Task Force and the **appointment cannot be made earlier than thirty days** after the new member has been nominated. In an effort to ensure the nonpartisan nature of each Task Force, it is recommended that no more than two legislators of any one political party from the same state be appointed to serve as members of any Task Force. A preference will be given to those ALEC legislator members who serve on or chair the respective Committee in their state legislature. A preference will be given to legislators who sponsor ALEC Task Force model legislation in the state legislature.
- B. Prior to January 10 of each odd-numbered year, the current and immediate past National Chairman will jointly select and appoint in writing **the Task Force Chair** who will serve for the current operating cycle, after receiving nominations from the Task Force. Nominations will be requested by the outgoing Task Force Chair and may be placed in rank order prior to transmittal to the Executive Director no later than December 1 of each even-numbered year. No more than five names may be submitted in nomination by the outgoing Task Force chair. The current and immediate past National Chairmen will jointly make the final selection, but should give strong weight to the recommendations of the outgoing Task Force Chair. In an effort to empower as many ALEC leaders as possible, State Chairs and members of the Board of Directors will not be selected as Task Force Chairs. Task Force Chairs shall serve for one operating cycle term. Where special circumstances warrant, the current and immediate past National Chairmen may reappoint a Task Force Chair to a second operating cycle term.
- C. Prior to February 1 of each odd numbered year, the Public and Private Sector Task Force Co-Chairs will select and appoint in writing the legislative and

Exhibit L

October 24, 2012

The Honorable Douglas Shulman
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

RE: American Legislative Exchange Council

Dear Commissioner Shulman:

On June 20, 2012, I wrote to you on behalf of my client, Clergy VOICE, a group of Christian clergy located in Ohio, to express their concerns regarding certain activities of the American Legislative Exchange Council, FEIN #52-0140979 (“ALEC”). Although ALEC enjoys the privilege of tax-exempt status under sections 501(c)(3) and 170(b)(1)(A)(vi) of the Internal Revenue Code,¹ the activities documented in the June 20, 2012 submission strongly suggest ALEC has deliberately and repeatedly failed to comply with some of the most fundamental legal requirements applicable to public charities and their principals and did so in order to mislead federal and state authorities.

I write today to bring to your attention the new and troubling information that that came to light after the June 20 complaint was filed with your office which confirms the concerns outlined in that document. Specifically, documents have recently come to our attention that establish that ALEC has made inconsistent and contradictory written statements about its activities and its relationships with corporate funders and state legislators to the Internal Revenue Service and to the State of Wisconsin in order to mislead federal and state authorities. The import of ALEC’s contradictory representations to federal and state authorities becomes apparent when viewed in the context of Clergy VOICE’s June 20, 2012 submission, a copy of which is enclosed, for your convenience, as Exhibit 1 to this submission.

¹ Unless otherwise noted, all section references are to the Internal Revenue Code of 1986, as amended, 26 U.S.C. (the “Code” or “IRC”) and all regulatory references are to the Treasury Regulations currently in effect under the Code (the “Regulations” or “Treas. Reg.”).

ALEC's Contradictory Government Filings

As noted above, documents have come to light that demonstrate that ALEC is reporting its legislative activities—in particular, its “Legislative Scholarship Program”—differently in its mandatory filings with state legislative ethics officials than it reports them to the IRS on its Form 990. Indeed, ALEC’s state filings not only call into question the accuracy of its federal tax filings, but also reveal the great lengths to which the organization is willing to go in order to mask the true character of its activities and advance its members’ legislative agenda. Below please find a description of this troubling situation.

As you may recall, one of the activities discussed in Clergy VOICE’s initial submission is ALEC’s “Legislative Scholarship Program,” a program by which ALEC reimburses its Legislative Members (*i.e.*, state legislators) for travel expenses incurred by them (and, at times, their families) to attend ALEC meetings.² At these meetings, Legislative Members sit down with the organization’s Private Sector Members (*i.e.*, lobbyists and other representatives from major corporations) to discuss and jointly draft “Model Legislation.” Legislative Members leave the meetings with these industry-written bills in-hand. The bills are subsequently introduced with few alterations—and, in many cases, passed—at statehouses around the country.

The development of Model Legislation by state legislators and corporate representatives is a critical part of ALEC’s operations. Indeed, ALEC’s Bylaws state that one of its purposes is to “disseminate model legislation and promote the introduction of companion bills in Congress and state legislatures.”³ The presence of state legislators at ALEC meetings is necessary to accomplish this core objective, and to ensure that they attend ALEC raises funds for its Legislative Scholarships from industry representatives—including the Private Sector Members that co-author ALEC’s Model Legislation.⁴ “Legislative scholarship funds” are raised jointly by each state’s “State Chairman” (a state legislator) and “Private Enterprise State Chair” (a representative from the private sector) as part of their official duties codified in ALEC’s Bylaws.⁵ And, as directed by ALEC’s Bylaws, “[a]ll funds for ALEC State Scholarship Accounts . . . [are] deposited in accounts designated by the ALEC Board of Directors.”⁶ There is no merit-based process for selecting and awarding Legislative Scholarships. Rather, any Legislative Member that provides ALEC with proper documentation of his travel expenses, will receive an expense reimbursement from ALEC.

² ALEC 2010 Form 990, Sch. D, Part IV.

³ Bylaws, § 2.01.

⁴ For example, PhRMA, a Private Sector Member and member of ALEC’s “Private Enterprise Board,” reported a \$356,075 grant to the Wisconsin “ALEC Scholarship Fund” on Schedule I of its 2010 Form 990. And in Ohio alone, private companies, including a number of Private Sector Members, gave more than \$130,000 to ALEC’s Ohio Scholarship Fund between January and August 2011.

⁵ *See id.* § 10.03 (“State Chairmen duties shall include . . . working with the Private Enterprise State Chairman to raise and oversee expenditures of legislative scholarship funds.”).

⁶ *See* Bylaws § 10.07 (“State Scholarship Accounts”).

From start-to-finish, ALEC’s Legislative Scholarship Program is executed by ALEC officials and employees, and Legislative Scholarship Funds are deposited in bank accounts that are designated by ALEC’s Board and owned by the corporation. However, as we discuss in detail in our prior submission, ALEC has taken the position on its annual information returns that Legislative Scholarship funds are *not revenues or expenses of ALEC*. Instead, ALEC reports the combined scholarship fund balance—which ranges from \$1 million to \$2 million annually—as a liability on its balance sheet. On its 2007 through 2009 Form 990 filings, ALEC reported the scholarship funds to the IRS as an “Other liability” for “Scholarship funds held as an agent.” On its 2010 Form 990, ALEC refined its position, reporting the scholarship fund balance as an “Escrow or custodial account liability” on Part X, line 21 and providing the following explanation:

ALEC is the recipient of funds from various outside organizations and individuals which are to be used exclusively for scholarships on behalf of state legislators. Scholarships are payable, upon approval by the relevant State Chair, to State Legislators to reimburse them for travel expenses incurred attending meetings of ALEC. *The amounts received and disbursed by ALEC for such purposes are not considered revenue and expenses of ALEC as the State Chair retains the exclusive right to determine the expenditures.* The cash held and related liability are reported in the financial statements of ALEC.⁷

Thus, on its form 990, ALEC claims that these funds do not belong to ALEC because the organization has no ownership of the funds or control over how they are spent. This, in turn, facilitates several positions taken by the organization on its annual information returns filed with the IRS, which are in direct contradiction to the filings made with the state of Wisconsin, including:

- the position that ALEC made little or no expenditures for “travel or entertainment expenses of any federal, state, or local public officials” (Form 990, Part IX, line 18);
- the position that ALEC did not fund any “travel for companions” for any officer or director (Form 990, Sch. J, Part I); and
- the position that ALEC engages in no lobbying activities and makes no expenditures for lobbying (Form 990, Part IV, line 4).

Clergy VOICE’s June 20, 2012 submission explains at length why ALEC’s position that it is holding Legislative Scholarship fund as an agent—rather than exercising direct ownership over the funds—is not only legally incorrect, but also frivolous and possibly deliberate, subjecting the organization to civil and potential criminal penalties, interest, and extended statutes of limitations. Although ALEC publicly defends the veracity of its federal tax filings, and the accuracy of the positions taken in those filings,⁸ Clergy VOICE recently obtained copies

⁷ 2010 Form 990, Schedule D (Supplemental Financial Statements), Part XIV (Supplemental Information) (emphasis supplied).

⁸ See, e.g., Alan P. Dye, *Pro-Business Advocacy* (Letter to the Editor), N.Y. Times, July 19, 2012 (“While arcane, the Internal Revenue Service rules are clear as to what constitutes lobbying, and under these

of documents filed by ALEC with at least one state regulator—documents that contradict the organization’s public statements and the representations made in its Form 990, and corroborate the analysis in Clergy VOICE’s June 2012 submission.

Enclosed as Exhibit 2 is a copy of a submission made by ALEC in May 2010 to the State of Wisconsin’s Government Accountability Board (the “GAB”), the agency “charged with oversight of Wisconsin’s campaign finance, elections, ethics, and lobbying laws.”⁹ The purpose of the letter, which was authored by ALEC’s counsel and subsequently posted on the organization’s website, was to persuade the GAB that ALEC’s “legislative scholarship program” was permissible under Wisconsin lobbying and ethics laws. To make its case to the GAB—and ensure the continued participation of Wisconsin legislators at ALEC meetings—ALEC made a variety of claims regarding the Legislative Scholarship program that directly contradict the position taken on its Form 990 that the program is not conducted by ALEC and that scholarship funds are not funds belonging to ALEC. Specifically:

- When defending the Legislative Scholarship program to the GAB in May 2010, the organization argued that the program did not violate Wisconsin lobbying or ethics laws because ALEC raises the funds directly and “[d]ecisions on how scholarships are awarded and in what amounts *are made by ALEC staff.*”
- However, when the organization filed its 2010 Form 990 in July 2012—nearly two years later—ALEC adhered to its position that in 2010 (as in prior years), “[t]he amounts received and disbursed by ALEC for [Legislative Scholarships] are *not considered revenue and expenses of ALEC as the State Chair retains the exclusive right to determine the expenditures.*”

Enclosed as Exhibit 3 is an opinion letter from a staff member at GAB, concluding there is “no [apparent] inconsistency between ALEC’s provision of scholarships to Wisconsin legislators and the laws administered by the Government Accountability Board.” Central to the staff member’s analysis was the fact that “only ALEC staff makes scholarship award decisions.” The GAB affirmed this determination by letter dated October 18, 2010.¹⁰

The fact that ALEC conveniently tailors its narrative to ensure its legislative agenda will move forward unimpeded—is more than enough to justify IRS action. Further, if ALEC’s representations before the GAB are accurate (and, based on the evidence cited in our prior submissions, including ALEC’s Bylaws, this appears to be the case), they support several arguments raised by Clergy VOICE and other organizations before the IRS, namely that:

definitions ALEC does not engage in any form of lobbying.”); *see also* ALEC Press Release, *Statement by Alan P. Dye on Latest Harassment Tactic Against ALEC by Liberal Front Groups*; Mike McIntyre, *Conservative Nonprofit Acts as a Stealth Business Lobbyist*, N.Y. Times, April 21, 2012.

⁹ *Introduction to the G.A.B.*, at <http://gab.wi.gov/about/introduction> (last visited September 28, 2012).

¹⁰ *See* Exhibit 4.

- ALEC's Legislative Scholarship funds belong to ALEC—and have been reported as revenues and expenses of the organization on its Form 990;
- ALEC paid for legislator travel and entertainment expenses, and should have reported these expenses on the organization's Form 990;
- ALEC filed inaccurate information returns, and possibly did so knowingly.

In view of the contradictory filings with federal and state officials, Clergy VOICE urges the Service to investigate the organization without delay and, if appropriate, assess penalties and other sanctions, including revocation, to ensure that such abuses of our legislative process do not continue to occur.

Respectfully submitted,



Marcus S. Owens

Enclosures

cc: Director, EO Examinations