

Ed Gillespie: The Embedded Lobbyist

New Chairman Brings Corporate Loyalties to Top Job in the GOP



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Executive Summary

President Bush's decision to name lobbyist Ed Gillespie as chairman of the Republican National Committee (RNC) will give one of Washington's prominent power-brokers unrivaled access, influence and opportunity to further the interests of his corporate benefactors and his own lobbying firm.

As chairman of the RNC, Gillespie will be the party's lead fundraiser and spokesman, responsible for raising hundreds of millions of dollars each election cycle and determining which candidates get the money. He will closely consult with the White House and Congress on policy matters and electoral strategy. Such inside information would be invaluable to his clients and partners at Quinn, Gillespie & Associates—even if Gillespie does not lobby or engage in any policy discussions with clients of his firm, in which he will continue to hold an ownership stake.

Public Citizen looked closely at Quinn Gillespie's efforts on behalf of a slew of corporate clients on legislation and regulatory issues that would undercut consumer rights and increase the power of big business. Drawn from federal lobbying disclosure forms and other reporting, this analysis shows that:

- Since its founding by Gillespie and former Clinton White House counsel Jack Quinn in 2000, the firm has collected **\$27.4 million in lobbying fees** through 2002.
- **Enron** paid Quinn Gillespie \$700,000 in 2001 alone to lobby on the “California energy crisis” and thwart efforts to re-regulate the Western electricity market through price controls. Before its collapse, the company also funneled money to a Gillespie-run group to buy national television ads promoting the president's industry-friendly energy plan.
- **PricewaterhouseCoopers** paid Quinn Gillespie \$1.35 million from 2000 to 2002 to lobby against increased oversight of the accounting industry. PricewaterhouseCoopers – which paid a \$5 million fine to the Securities and Exchange Commission in 2002 for repeated accounting irregularities, including improperly auditing millions in fees paid to its own consultants – tried to water down accounting reforms in the wake of an unprecedented wave of corporate fraud.
- **DaimlerChrysler** paid more than \$1 million to Quinn Gillespie, which lobbied heavily against any increase in fuel-efficiency standards for gas-guzzling light trucks and SUVs. Gillespie declared, “The Democrats' approach to energy policy is an attack on our quality of life.”
- The **U.S. Chamber of Commerce** paid Quinn Gillespie \$860,000 to lobby for the so-called Class Action Fairness Act, which would make it easier for companies to prevail in class action lawsuits accusing them of defrauding customers. All told, the firm has collected at least \$1.12 million to lobby for this anti-consumer bill.

- After helping set up the Commerce Department as part of the Bush transition team, Gillespie returned to his practice and began immediately lobbying on behalf of clients with business before the department. Gillespie helped secure tariffs against foreign competition for the **Stand Up for Steel** coalition (which paid the firm \$760,000) and **USEC Inc.** (\$957,000), the country's largest supplier of enriched uranium to nuclear power plants.
- **Tyson Foods** paid Quinn Gillespie \$440,000 in 2002, in part to downplay federal charges against Tyson for conspiring to smuggle illegal immigrants into the United States to work at its poultry processing plants for lower wages than it paid legal workers. The firm also lobbied on "wage and hour" issues for Tyson, a result of a Labor Department lawsuit against Tyson seeking \$300 million in back pay owed to workers.
- **Viacom**, the parent company of the CBS and UPN networks, retained Quinn Gillespie for two years – and \$720,000 – to push for relaxed rules on the number and reach of television stations a single company could own. In June, the Federal Communications Commission voted to raise the allowable percentage of the nation's viewers within the reach of a given company's stations and increased the number of stations a network could own in one city.
- Quinn Gillespie's single biggest client, the **British Columbia Lumber Trade Council**, spent \$1.78 million on lobbying in a failed effort to remove U.S. tariffs on Canadian softwood lumber.
- **SBC Communications** paid Quinn Gillespie \$1.24 million to lobby for exemptions from rules requiring the company to share its lines with rival Internet providers. In total, the firm took in nearly \$3 million from the telecom industry from 2000 to 2002.
- The firm also was paid \$1.24 million by **DirectTV** during the company's failed merger with EchoStar communications. Now Rupert Murdoch is making a bid for the satellite television provider.
- **Network Advertising Initiative**, a coalition of Internet companies, paid Quinn Gillespie \$920,000 to help persuade the Federal Trade Commission (FTC) to allow the high-tech industry to self-regulate on privacy matters.
- **Microsoft** paid Quinn Gillespie \$820,000 to lobby during negotiations over its antitrust settlement as well as to oppose the use, especially within the government, of "open source" systems such as Linux.

In American politics, few non-governmental positions offer as much potential for corruption as national party chairman. Ed Gillespie's record of advocacy for the interests of Corporate America – including some of the country's most infamous corporate wrongdoers – raises serious questions about President Bush's decision to appoint Gillespie to lead the Republican Party.

Ed Gillespie Has One Foot in the White House, the Other on K Street

Ed Gillespie's loyalty to President Bush is undeniable. "If there is anything I can do in any way to help this president, I will do it," he said when rumors of his appointment first surfaced. "I'm willing to put up yard signs if that would help."¹

"If they wanted me to," Gillespie told another reporter, "I would lick envelopes."²

But the newly named chairman of the Republican National Committee (RNC) also has been loyal to Corporate America, which has poured money into his lucrative lobbying firm, Quinn, Gillespie & Associates. According to Public Citizen's analysis of federal disclosure records, Quinn Gillespie raked in \$27.4 million in lobbying-related income from its founding in early 2000 through 2002.³ (See Figure 1.)

The firm's client list has included some of the country's biggest businesses and interest groups, including DaimlerChrysler, Microsoft, PricewaterhouseCoopers, SBC Communications, Tyson Foods, the U.S. Chamber of Commerce and Viacom.

Before its collapse in 2001, Enron paid Quinn Gillespie \$700,000 to lobby against the "re-regulation" of Western electricity markets.⁴ Describing Gillespie as the company's "hired gun," one ex-Enron employee said, "Whenever we had to get in to see a Republican, the first call was to Gillespie."⁵

A former RNC spokesman and top aide to onetime House Majority Leader Dick Armey (R-Texas), Gillespie has quickly earned a reputation on K Street as a "one-stop power broker"⁶ because of his close connections to the Bush administration. But Gillespie's new position will make him an influence-peddler *nonpareil*, giving him even greater access to the White House and wider influence on behalf of the special interests that seek favors from the government. As the party's chief fundraiser and spokesman, Gillespie will oversee the raising of hundreds of millions of dollars every election cycle and help determine which candidates will receive the money. In other words, he will hold the purse strings for the candidates his firm is working to persuade as lawmakers.

Obvious conflicts of interest have not stopped Gillespie in the past. After helping set up the Commerce Department as a *pro bono* member of the Bush transition team, Gillespie returned to his practice and began immediately lobbying on behalf of clients before the department and arranging meetings for them with top officials.⁷ In at least three instances, Gillespie solicited money from his corporate clients to pay for advertisements pushing the Bush administration agenda. Some of those contributors were rewarded with access to White House leaders.⁸

Very few non-governmental positions in American politics offer so much potential for corruption. As party chairman, Gillespie will be in constant contact with the White House and other GOP leaders. He'll have the inside track on vote counts in Congress and how the administration will apply pressure on swing votes. Such information would be invaluable to his lobbying partners and clients. Why hire another lobbyist, when you can cut out the middleman and get straight to the decision-makers themselves?

Gillespie is not the first party chairman to face ethical questions about his lobbying efforts. Marc Racicot, another former Enron lobbyist, is leaving the RNC to take a high-level position with the Bush re-election campaign.⁹ Conflict-of-interest charges dogged Racicot's 2001 appointment after the former Montana governor announced his intention to actively lobby while serving as RNC chief. (He later pledged to terminate registered lobbying activities, though he stayed on the payroll of his Texas-based law firm.)¹⁰

Gillespie is more entrenched inside the Beltway than his predecessor. He partnered just three years ago with Democrat Jack Quinn, a White House counsel in the Clinton administration and former chief of staff to Vice President Al Gore. They quickly established Quinn Gillespie as one of Washington's most influential lobbying shops. Although they maintain a small staff of about a dozen lobbyists, *Roll Call* ranked Quinn Gillespie 12th on its 2002 list of top lobbying firms.¹¹ Quinn Gillespie's clients each paid an average of \$255,000 last year for its services.¹²

Figure 1
Top Quinn Gillespie Lobbying Clients
2000-2002

Client	Revenue
British Columbia Lumber Trade Council	\$1,780,000
Instinet	1,775,000
PricewaterhouseCoopers	1,350,000
DirecTV	1,240,000
SBC Communications	1,240,000
DaimlerChrysler	1,080,000
Verizon Wireless	1,060,000
USEC	957,000
Network Advertising Initiative	920,000
U.S. Chamber of Commerce	860,000
Microsoft	820,000
Stand Up For Steel	760,000
Forest County Potawatomi Community (FCPC)	720,000
Viacom	720,000
Enron	700,000
Others (54 clients)	11,430,500
Total	\$27,412,500

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House pursuant to the Lobby Disclosure Act of 1995.

Gillespie Blurs the Line Between Corporate Interests and Important Public Policy

To Gillespie, it seems there's no boundary between the public interest and that of his clients. Ricocheting between the roles of political strategist, corporate flack, and voluble pundit, he has demonstrated a disregard for the notion of a conflict of interest. In fact, capitalizing on those conflicts is what has made Gillespie such a success. (Although not everyone endorses Gillespie's extracurricular activities: One reason a potential merger between Quinn Gillespie and PR giant Fleishman-Hillard fell apart last year was because of concerns he might leave the firm to work on Bush's 2004 campaign.)¹³

Gillespie, 41, is fond of describing his Horatio Alger-like rise from Senate parking-lot attendant to White House insider. He spent more than a decade on Arney's staff, and some credit Gillespie with transforming the congressman from a little-known backbencher to House majority leader.¹⁴ Gillespie was an architect of the 1994 Contract With America, authoring the titles of the 10 pieces of Contract legislation.¹⁵ In 1996, he left the Hill to serve as communications director of the RNC under Haley Barbour. After that year's elections, he went to work for Barbour's lobbying firm before setting out on his own. Gillespie served as a key adviser to Bush's 2000 presidential campaign in Washington, Austin and during the Florida recount. He also directed nightly programming at the Republican National Convention in Philadelphia.¹⁶

When Bush took office, Gillespie joined the transition team as acting director of public affairs for the Commerce Department – which he had helped Arney try to eliminate in 1995. Gillespie helped incoming Secretary Don Evans get organized and hire new staff (including Quinn Gillespie lobbyist Jim Dyke, who became a department spokesman).¹⁷ After only 15 days with the new administration, in February 2001, Gillespie was back at work as a full-time lobbyist.¹⁸ And he didn't hesitate to arrange meetings for his clients with top Commerce Department officials, including Evans.¹⁹ His clients with business before the Commerce Department at the time included the Kazakhstan Development Council, USEC Inc., Microsoft and Stand Up for Steel, a labor-industry coalition seeking tariffs on steel imports. Gillespie helped secure anti-“dumping” duties on foreign competition for both the Steelworkers and USEC, the largest supplier of enriched uranium to nuclear power plants.²⁰

Gillespie regularly bounces between campaign work – most recently as an adviser to Elizabeth Dole's 2002 North Carolina Senate bid – and pushing the demands of private corporations. Indeed, he has become adept at using money from his corporate clients to fund PR efforts promoting the president's political agenda. In 2001, he channeled \$100,000 from Enron and DaimlerChrysler via two right-wing groups to the 21st Century Energy Project, an organization Gillespie himself directed.²¹ The project bought print and television ads “to counter enviro-leftist propaganda” and tout the administration's industry-backed energy plan.²²

Earlier, Gillespie set up another corporate coalition to back Bush's “No Child Left Behind” education program. Americans for Better Education – which includes companies like AT&T, Pfizer, Microsoft and Instinet (the latter two both Gillespie clients) – raised over \$1 million and ran ads in more than a dozen congressional districts.²³ Gillespie arranged a meeting between coalition members and White House officials.²⁴ Americans for Better Education also paid Quinn Gillespie \$100,000 for the services of lobbyist Marc Lampkin in 2001.

Most recently, Gillespie rounded up business support for the president's controversial plan to do away with individual taxes on corporate dividends.²⁵ When businesses at first were less than enthusiastic about the measure, Gillespie lined them up behind the president's plan. He brought together around two dozen large dividend-paying corporations, including his clients SBC and Verizon, to form the "Ax the Double Tax" coalition, which spent \$60,000 on radio spots aimed at senators in key states.²⁶ Verizon went so far as to stuff fliers pushing the president's scheme alongside its dividend checks to shareholders.²⁷ Despite this effort, the "double tax" on dividends wasn't eliminated. But Congress did place a 15 percent cap on the dividend tax rate.

Gillespie continues to represent some of the country's worst corporate scofflaws. Consider Tyson Foods, the country's largest meatpacker, which paid \$440,000 to Quinn Gillespie last year. Federal lobbying disclosure forms describe the firm's efforts on the farm aid bill, poultry trade issues and "immigration amnesty proposals." One of Quinn Gillespie's main missions was burnishing Tyson's image after federal charges were filed against the company for conspiring to smuggle illegal immigrants into the country to work at its poultry plants.²⁸ Prosecutors claim that Tyson paid the immigrants less than legal workers at 15 plants in nine states in an effort to "cut costs and boost production."²⁹ Quinn Gillespie also lobbied on "wage and hour issues," namely a Labor Department lawsuit against Tyson for \$300 million in back pay owed to its workers.³⁰ (For a breakdown of Quinn Gillespie's lobbying by industry, see Figure 2.)

When It Comes to Ethics, Party Chairmen Have a Dubious History

The leaders of the nation's political parties have a unique and powerful role in government: They provide a direct conduit of campaign money to government leaders and thus wield significant influence over policy decisions. Despite the obvious potential for corruption, party leaders are not held accountable by the conflict-of-interest, freedom-of-information or ethics laws that constrain elected or presidentially appointed officials.

Party chairmen have a long history of ethically questionable practices. Half of the party chairmen between 1977 and 1993 received outside income from corporations and law firms.³¹ But in recent years their ties to K Street have come under increased scrutiny. Ron Brown held onto his job at the firm of Patton, Boggs & Blow while serving as Democratic National Committee chairman in the early 1990s. He continued lobbying on behalf of at least three clients during his term.³²

Donald Fowler, a longtime Democratic Party player who shared the DNC chairmanship with Connecticut Sen. Christopher Dodd from 1995 to 1997, became embroiled in the Clinton administration campaign-finance scandals. Fowler was interrogated by a Senate committee for intervening with numerous government officials on behalf of large Democratic donors such as Roger Tamraz and Johnny Chung.³³ But only after he left the DNC and returned home to South Carolina was it revealed that he had also actively lobbied during his term. In a 1999 interview, Fowler acknowledged working as a lobbyist in South Carolina and Illinois. His clients included Chem-Nuclear systems, a low-level radioactive waste disposal company. "I agreed not to lobby or represent clients or individuals, companies with federal agencies. That restriction did not apply to state agencies," he said. "My private business concerns never became an issue while I was there – really haven't since."³⁴

When Haley Barbour took charge of the RNC in 1993, he condemned Brown's conflicts of interest and pledged to sever his relationship with his lobbying firm.³⁵ But he failed to divest himself from Barbour, Griffith & Rogers (though his partners did temporarily drop his name from the letterhead).³⁶ He continued to earn money from their tobacco and pharmaceutical clients. Upon finishing his four-year term at the RNC, Barbour Griffith signed up more than a dozen new clients, including Phillip Morris, RJ Reynolds and Loews Corporation.³⁷ Barbour also added a new PR arm to the firm, Public Impact Communications, which was run by Ed Gillespie.

In 2001, Marc Racicot sparked a small media firestorm after making public his plan to continue lobbying for the Texas-based law firm Bracewell & Patterson while serving as RNC chairman. At the time, Racicot's clients included Enron and the Recording Industry Association of America (both of which, incidentally, have also hired Quinn Gillespie).³⁸ After outrage from the Democrats and even members of his own party, Racicot changed course, pledging to discontinue his lobbying work. But Racicot insisted he couldn't afford to support his family on the \$150,000 RNC salary after years as an underpaid Montana public servant. So he remained on the payroll of Bracewell & Patterson for an estimated \$700,000 a year, where he continued to do other legal work and offer "strategic advice." Racicot accepted a dollar per year from the RNC for his "volunteer" work.³⁹

Figure 2
Quinn Gillespie Lobbying by Industry
2000-2002

Industry and Client	Revenue
Telecom Services & Equipment	\$2,780,000
SBC Communications	1,240,000
Verizon Wireless	1,060,000
Verizon (formerly Bell Atlantic)	340,000
Cellular Telecommunications Industry Association	60,000
Odyssey Inc.	80,000
Energy & Natural Resources	\$2,467,000
USEC	957,000
Enron	700,000
Powerex	320,000
Tennessee Valley Authority	170,000
Atlantic Richfield Co.	165,000
Ivanhoe Energy	95,000
Amboy Aggregates	60,000
TV / Movies / Music	\$2,460,000
DirecTV	1,240,000
Viacom	720,000
Recording Industry Association of America (RIAA)	340,000
American Society of Composers, Authors & Publishers (ASCAP)	100,000
BET Holdings	60,000
High Tech	\$2,099,500
Microsoft	820,000
SABRE	320,000
Cisco Systems	315,000
First Data Corp.	220,000
Technology Network	167,000
Sony Corporation of America	120,000
Rambus	100,000
Intel	37,500
Securities and Investment	\$1,935,000
Instinet	1,775,000
ICAP	160,000

Industry and Client	Revenue
Forestry & Forest Products	\$1,780,000
British Columbia Lumber Trade Council	1,780,000
Insurance	\$1,680,000
Metropolitan Life	550,000
Chubb	340,000
Northwestern Mutual Life Insurance	320,000
American Insurance Association	220,000
Verner, Lipfert Berhard, McPherson & Hand (on behalf of American Insurance Association)	100,000
Health Insurance Association of America	90,000
Massachusetts Mutual Life Insurance	60,000
Accounting and Business Services	\$1,670,000
PricewaterhouseCoopers	1,350,000
American Management Systems	320,000
Single-Issue Groups	\$1,657,000
Network Advertising Initiative	920,000
Repeal the Tax on Talking	377,000
Civil Justice Reform Group	180,000
Americans for Better Education	100,000
Bankruptcy Reform Coalition	80,000
Hospitals and Health Care	\$1,596,000
American Hospital Association	696,000
Allegiance Healthcare Corp.	680,000
American Association of Nurse Anesthetists	220,000
Real Estate	\$1,160,000
Wachtell, Lipton, Rosen & Katz (on behalf of the Silverstein Group)	540,000
National Association of Realtors	480,000
American Resort Development Association	80,000
Rick Levin and Associates	60,000
Automotive	\$1,080,000
DaimlerChrysler	1,080,000

Industry and Client	Revenue
Agricultural Services & Products	\$1,035,000
Tyson Foods	440,000
ContiGroup Companies	315,000
International Dairy Foods Association	280,000
Business Trade Groups	\$860,000
U.S. Chamber of Commerce	860,000
Labor	\$760,000
Stand Up For Steel	760,000
Indian Affairs	\$720,000
Forest County Potawatomi Community	720,000
Food and Beverage	\$520,000
Coca-Cola	330,000
LVMH Moet Hennesy Louis Vuitton S.A.	110,000
Diageo	80,000
Chemicals	\$380,000
Dow Chemical	380,000
Manufacturing	\$264,000
Association of Manufacturing Technology	264,000
Lawyers and Lobbyists	\$195,000
Piper Rudnick	120,000
Williams and Connolly	75,000
Air Transport	\$80,000
International Air Transport Association	80,000

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House pursuant to the Lobby Disclosure Act of 1995.⁴⁰

Gillespie's Biggest Benefactors

A brief look at Quinn Gillespie's major clients illustrates the deep, fruitful relationship Ed Gillespie has developed with some of the country's major corporations. Although no 2003 financial data is yet available, lobby registration forms show that Quinn Gillespie has already added several big clients to its stable in 2000 – including Bell South, Citigroup, General Electric, Hewlett-Packard and Zurich Financial Services Group.

Totals below represent lobbying fees from 2000 to 2002, the most recent data available. (For a complete list of Quinn Gillespie clients, see Appendix.)

British Columbia Lumber Trade Council (\$1.78 million in lobbying fees) may be Quinn Gillespie's largest client, but the firm's efforts to remove U.S. tariffs on Canadian softwood lumber failed. In March 2002, the Bush administration imposed countervailing and "anti-dumping" duties on Canadian softwood, which is used primarily in homebuilding.⁴¹ (Bush had named Marc Racicot, a lobbyist for the pro-tariff American Forest & Paper Association, a "special envoy" to resolve the dispute).⁴² U.S. and Canadian trade officials are currently fighting it out before the World Trade Organization and a NAFTA tribunal.

Instinet (\$1.78 million) is one of the world's largest "electronic communications networks," or ECNs, a stock-trading system that "eliminates costs and time involved in executing trades through a market maker" by connecting buyers and sellers via an electronic exchange.⁴³ Such networks allow after-hours trading on the New York Stock Exchange and some 40 international markets.

Instinet is Quinn Gillespie's second-biggest client, paying the firm \$1.78 million since 2000 to lobby on "after hours liquidity" and "regulation and restructuring of financial markets." Most notably, Instinet actively opposed Securities and Exchange Commission approval of "SuperMontage," a stock-quotation system developed by NASDAQ Inc., one of Instinet's main rivals.⁴⁴ The SEC gave its final approval to the system in August 2002.⁴⁵

PricewaterhouseCoopers (\$1.35 million), the Big Four accounting firm, hired Quinn Gillespie to lobby on "auditor independence." PwC hoped to limit restrictions on the consulting and other services an accounting firm could provide to its audit clients.

This was no easy task for a lobbyist in the wake of Arthur Andersen's implosion and major corporate scandals at Enron, Worldcom and Global Crossing. For its part, PwC paid \$55 million in 2001 to settle claims that the accounting firm had helped the data-mining company MicroStrategy mislead investors.⁴⁶ In July 2002, PwC agreed to pay a \$5 million fine for accounting irregularities at 16 companies from 1996 to 2001, including two instances where PwC improperly audited millions in fees paid to its own consultants.⁴⁷

A week later, Congress passed the Sarbanes-Oxley reform bill, which imposed greater accounting oversight, established independent federal review of large accounting firms, and restricted auditors from selling consulting services to their clients. In scandal-plagued 2002, remarked *Influence* in its yearly K Street wrap-up, "There are limits to even the best lobbying."⁴⁸

DirecTV (\$1.24 million), the satellite television company owned by Hughes Electronics (which itself is a subsidiary of General Motors), has paid Quinn Gillespie \$1.24 million since 2000. The firm lobbied Congress during EchoStar Communications' failed attempt to buy Hughes, which was derailed by antitrust concerns at the Federal Communications Commission and Justice Department. The merger of DirecTV and EchoStar's Dish Network would have given the new company as much as 90 percent of the satellite TV market.⁴⁹

However, Rupert Murdoch's News Corp. – which had lost out to EchoStar in an earlier bid for DirecTV – was waiting in the wings. Murdoch's acquisition of DirecTV could win federal approval later this year.⁵⁰ That should be even more work for Quinn Gillespie.

SBC Communications (\$1.24 million) paid Quinn Gillespie to lobby for changes in telecommunications laws and policies that would exempt the company from rules requiring it to share its lines with rival providers of high-speed Internet service.

SBC and other “Baby Bells” were foiled in 2002 when a House-approved measure they favored was blocked in the Senate Commerce Committee, then chaired by Sen. Ernest Hollings (D-S.C.). But the Bells received part of what they sought this February, when the FCC permitted them to stop sharing their local lines with the assent of their state public service commissions.⁵¹

DaimlerChrysler (\$1.08 million) paid \$360,000 a year to Quinn Gillespie for work on a number of issues, including corporate tax relief, government contracts and auto safety standards. The company's main focus, however, was fending off any increases in corporate average fuel economy, or CAFE, standards.

Quinn Gillespie lobbied the Bush administration's energy task force, which included representatives from the Commerce, Transportation and Energy departments. DaimlerChrysler also funneled \$50,000 to Gillespie's 21st Century Energy project via Citizens for a Sound Economy.⁵² (Gillespie continues to work closely with CSE, whose current co-chairman is Dick Arme.)⁵³

Proponents of raising CAFE standards – including Public Citizen – estimated that boosting the average fuel economy of all new light trucks by seven miles per gallon could save the country “1 million barrels of oil a day, cut annual oil imports by 10 percent, and prevent 240 million tons of carbon dioxide admissions.”⁵⁴

Gillespie's response: “I like the fact that many Democrats are promoting CAFE. They're all about rationing. The Democrats' approach to energy policy is an attack on our quality of life.”⁵⁵

Verizon Wireless (\$1.06 million) hired Quinn Gillespie in the mobile-phone company's protracted struggle over premium wireless spectrum controlled by the bankrupt NextWave Telecom Inc.

When NextWave entered Chapter 11 proceedings in 1998, the Federal Communications Commission re-auctioned the licenses to a number of leading wireless carriers, including Verizon Wireless, for \$16 billion. But a ruling by a federal bankruptcy judge that the FCC had wrongly reclaimed and resold the licenses led to a “Gordian legal knot” of lawsuits, countersuits and legislative wrangling in Congress.⁵⁶

NextWave and the big wireless companies spent more than \$10 million in lobbying fees during the dispute.⁵⁷ Eventually, the various sides hammered out a compromise—brokered by, among others, Gillespie and Barbour (who represented NextWave’s major investors)—that would have paid NextWave \$6 billion to turn the licenses over to the government. But Sens. John McCain (R-Ariz.) and Ernest Hollings (D-S.C.) blocked the deal.⁵⁸

In 2002, after the compromise had fallen apart, Verizon Wireless, a joint venture of Verizon (formerly Bell Atlantic) and Britain’s Vodafone Group PLC, sued to get back its \$1.74 billion down payment on the licenses. After initially resisting, the FCC agreed to fully refund the money.⁵⁹ The NextWave case versus the FCC would eventually reach the Supreme Court, where the justices ruled that the disputed licenses still belonged to NextWave.⁶⁰

USEC (\$957,000), formerly the U.S. Enrichment Corporation, is the largest supplier of enriched uranium fuel for nuclear power plants. The financially troubled company, which was run by the U.S. government before being privatized in 1998, first retained Quinn Gillespie in 2000 during congressional hearings on whether the privatization was “a boondoggle for taxpayers and a threat to national security.”⁶¹

Late that year, USEC accused its two main European competitors of “dumping” enriched uranium on the U.S. market and unfairly benefiting from government subsidies. In a 2001 ruling—which followed lobbying by Gillespie immediately after he had left the Bush transition team—the Commerce Department imposed a 17 percent duty on the European exports.⁶²

USEC also has worked to maintain its exclusive arrangement as the government’s “executive agent” for the “Megatons to Megawatts” program, a controversial scheme to transform Russia’s weapons-grade uranium into fuel for U.S. nuclear plants. In its partnership with the Russian company Tenex, USEC has faced allegations ranging from incompetence to financial mismanagement to bribery.⁶³

Most recently, USEC has lobbied to test a new kind of uranium enrichment technology at its shuttered plant in Piketon, Ohio. (USEC also operates the only active domestic enrichment plant in Paducah, Kentucky.) A separate U.S.-European consortium is trying to build its own enrichment plant in Tennessee, but USEC argues that the foreign investors raise concerns about “national security.”⁶⁴ Either facility would produce massive health and environmental risks, including tons of radioactive waste in the form of depleted uranium.⁶⁵

Network Advertising Initiative (\$920,000), a coalition of Internet companies, persuaded the Federal Trade Commission (FTC) to allow the high-tech industry to self-regulate on privacy matters. Quinn Gillespie lobbyist Jeff Connaughton served as the spokesman for the NAI, which consists of only two full members – Seattle-based Atlas DMT and New York-based data-mining company DoubleClick.

The FTC-approved self-governing plan called for Internet sites to clearly state their data-sharing policies and to allow members to opt out of data collection regimes. Critics said the plan was too arcane for typical Web surfers. “Individuals are not going to be able to understand when information is being transferred – how it’s being transferred, or who it’s being transferred to –

only that they're no longer anonymous," said Ari Schwartz, policy analyst for the Center for Democracy and Technology.⁶⁶

In 2002, DoubleClick agreed to pay \$450,000 and to accept outside monitoring of its profiling activities for several years to bring an end to an investigation brought by 10 states over the company's monitoring of Web surfing activities. The company also paid \$1.8 million the same year to settle a class-action lawsuit.⁶⁷

U.S. Chamber of Commerce (\$860,000) spends more on lobbying than any other organization.⁶⁸ Gillespie played "a larger role than usual"⁶⁹ in the Chamber's campaign for class action "reform" legislation – an attempt to shift class-action suits from state to federal courts, where it is more difficult to get cases certified and delays result from large case backlogs. The measure would blunt one of the few tools that protect average consumers from unfair or corrupt practices by large corporations. The advantages contained in the bills still pending in Congress would allow corporations to retain huge amounts of ill-gotten gains at the expense of consumers and employees.⁷⁰

Microsoft (\$820,000) pursued a number of legislative priorities. Like Gillespie, Microsoft's top in-house lobbyist, Kerry Knott, is a former aide to Dick Arme. And Knott has sent over plenty of business to his former colleague. In addition to settling its antitrust case with the Bush Justice Department, Microsoft lobbied on anti-counterfeiting efforts; digital rights management technologies (which are designed to "restrict the use of digital files in order to protect the interests of copyright holders"⁷¹); the Consumer Privacy Protection Act of 2002 (which aimed to protect intrusive corporations *from consumers*); deregulation of broadband systems; and "trade promotion authority" (better known as "fast track"). Microsoft also has lobbied heavily against the use, especially within the government, of "open source" systems such as Linux.⁷²

Stand Up for Steel (\$760,000), a labor-industry coalition, retained Quinn Gillespie to lobby for "trade relief for the steel industry." It may seem unusual for a conservative like Gillespie to have the United Steelworkers of America as a client. But their investment paid off. Gillespie arranged meetings with U.S. Trade Representative Robert Zoellick, Treasury Secretary Paul O'Neill and Commerce Secretary Don Evans (whom Gillespie had helped organize the department). Gillespie sold the administration on the idea that the pensions of thousands of retired steelworkers—concentrated in electoral swing states such as West Virginia, Pennsylvania, Michigan and Florida—were threatened by "dumping" of foreign steel.⁷³ In a move widely reviled by free-trade fundamentalists, Bush approved temporary tariff protections as high as 30 percent on foreign steel imports in March 2002.⁷⁴

Forest County Potawatomi Community (\$720,000), a Wisconsin Indian tribe, came to Quinn Gillespie in 2001 to lobby on business development, Indian gaming and mining issues. The tribe has opposed a proposal to mine ore from an adjacent property and is pushing for legislation that would ban the use of cyanide in mining. A Wisconsin businessman purchased the proposed mining site, located a few miles from the tribe's reservation, in April from BHP Billiton, a multinational mining company. The new owner, Gordon P. Connor, recently requested that the state put its review of the mining application on hold.⁷⁵ The U.S. Army Corps of Engineers also has purview over the application.⁷⁶

The tribe also has successfully sought approval to significantly expand its casino operation. Earlier this year, Wisconsin Gov. Jim Doyle, a Democrat, signed an agreement that allowed the tribe to offer more forms of gambling over longer hours in exchange for greater fees to the state. The new deal, which is being opposed in court by Republicans, would increase the tribe's annual payments to the state from about \$8 million a year to a projected \$50 million in 2005.⁷⁷

Viacom (\$720,000), the parent company of the CBS and UPN networks, paid Quinn Gillespie from 2000 to 2001 to lobby for relaxed rules on the number and reach of television stations a single network could own. Quinn Gillespie's work paid dividends in June, when the FCC voted to raise the allowable percentage of the nation's viewers within the reach of a given company's stations from 35 percent to 45 percent. The 3-to-2, party-line vote also increased the number of stations a network could own in one city and virtually eliminated a decades-old ban on one company owning a television station and newspaper in the same city.⁷⁸

Quinn Gillespie also lobbied on behalf of Viacom as part of a chorus of companies that successfully fought legislation to require media companies to include violence ratings on their content.

Enron (\$700,000) paid Quinn Gillespie \$75,000 a month to lobby the Executive Office of the President on the "California energy crisis," according to federal disclosure documents. Enron was attempting to thwart efforts to re-regulate the Western electricity markets through price controls. The Bush administration – which included nearly three dozen Enron stockholders and several paid consultants – aggressively backed the company's position.⁷⁹ Gillespie also lobbied for Bush-backed "stimulus" legislation in the House that would have given Enron a \$254 million tax break.⁸⁰

Gillespie also set up the 21st Century Energy Project, an "independent advocacy group," to push the president's energy plan. He quickly signed up a number of conservative interest groups – including Frontiers of Freedom, Citizens for a Sound Economy and the United Seniors Association – for the cause. "Administration officials generally don't ask for support directly," said David Keene, president of the American Conservative Union, which also signed on. "It's more a wink and a nod. Everybody knows Ed is close to them, so a wink and a nod is all it takes."⁸¹

Apparently, Gillespie gave the same "wink and a nod" to Enron, which made a \$50,000 contribution to Grover Norquist's Americans for Tax Reform, which then rerouted the money back to Gillespie at the 21st Century Energy Project.⁸² Gillespie used the money (along with \$50,000 that originated from DaimlerChrysler) to run ads in July 2001 attacking environmentalists and lauding the Enron-supported proposals found in Bush's plan. The TV spots, which ran on ABC, Fox and CNN, played disco music over pictures of Jimmy Carter and long lines for gas.⁸³

Once Enron went under, however, Gillespie was quick to distance himself. When a June 2002 *Washington Post* profile referred to him as a "paid lobbyist for Enron," Gillespie demanded a quick retraction. Enron had stopped paying him more than six months earlier.⁸⁴

Endnotes

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Appendix

Quinn Gillespie Lobbying Clients 2000-2002

Client and Revenue	Description of Lobbying Topic ¹
Allegiance Healthcare Corporation \$680,000	Latex glove use.
Amboy Aggregates \$60,000	Coastal water issues. (Amboy sought approval to mine sand and gravel from ocean floor off the coast of New Jersey.)
American Association of Nurse Anesthetists \$220,000	Physician supervision guidelines.
American Hospital Association \$696,000	Part of an extensive lobbying effort by the AHA to oppose cuts in Medicare payments to hospitals and to seek remedies for a shortage of nurses and other health care workers. ²
American Insurance Association \$220,000	Privacy litigation reform.
American Management Systems \$320,000	Helped to secure part of a \$100 million contract with the Department of Defense in April 2002 to consult on future investments in "business management information technology." ³
American Resort Development Association \$80,000	General representation.
Americans for Better Education \$100,000	Corporate coalition organized by Quinn Gillespie to promote Bush administration's education plan.
American Society of Composers, Authors and Publishers (ASCAP) \$100,000	Piracy prevention.
Association of Manufacturing Technology \$264,000	Workplace Goods, Job Growth and Competitiveness Act of 1999.
Atlantic Richfield Co. \$165,000	Merger with BP Amoco.
Bankruptcy Reform Coalition \$80,000	Bankruptcy reform.
BET Holdings Inc. \$60,000	General representation.

Client and Revenue	Description of Lobbying Topic ⁴
British Columbia Lumber Trade Council \$1,780,000	Reduce tariffs on Canadian lumber; trade issues.
Cellular Telecommunications Industry Association \$60,000	Tax treatment of reseller commissions.
Chubb \$340,000	Insurance license in China; Tax-related provisions for off-shore litigation reform.
Cisco Systems \$315,000	H1B visas; Permanent trade with China.
Civil Justice Reform Group \$180,000	Class action reform.
Coca-Cola \$330,000	General representation.
ContiGroup Companies \$315,000	Agriculture issues, environmental issues.
DaimlerChrysler \$1,080,000	Auto safety standards; corporate tax relief; fuel efficiency standards; employment issues; government contracts.
Diageo \$80,000	Alcohol regulations.
DirecTV \$1,240,000	Merger and spectrum issues.
Dow Chemical Company \$380,000	Sought FTC approval of merger with Union Carbide; economic stimulus; tax issues.
Enron \$700,000	Agriculture commodities trading; broadband; California energy crisis; corporate alternative minimum tax; deregulation; regional transmission organizations; telecommunications issues.
First Data Corp \$220,000	Check truncation; money transfer issues.
Forest County Potawatomi Community (FCPC) \$720,000	Environmental issues; Indian gaming; mining permit; air quality issues; business development; trust responsibility.
Friends of Cancer Research \$60,000	Cancer research funding.

Client and Revenue	Description of Lobbying Topic ⁵
Health Insurance Assoc. of America \$90,000	General representation.
ICAP \$160,000	Electronic brokering.
Instinet \$1,775,000	After hours liquidity; Regulation and restructuring of financial markets.
Intel Corp. \$37,500	STS Dinner.
International Air Transport Association \$80,000	E-commerce; Internet governance.
International Dairy Foods Association \$280,000	Opposed Northeast Dairy Compact and U.S. dairy price supports. ⁶
Ivanhoe Energy \$95,000	Seizure of property in Russia.
Kazakhstan Development Council \$20,000	Lobbied Commerce Department to aid oil industry development. ⁷
LVMH Moet Hennessey Louis Vuitton S.A. \$110,000	Lobbied against tariffs on Louis Vuitton handbags imposed in a trade dispute over bananas between the United States and European Union. ⁸
Mass Mutual Life Insurance \$60,000	Class action legislation.
Metropolitan Life \$550,000	Pension and insurance issues; legal reform; long-term health care; tax issues; asbestos litigation; medical information privacy regulations; privacy notification regulations.
Microsoft \$820,000	Anti-counterfeiting; digital rights management legislation; privacy rights; Consumer Privacy Protection Act; stock option legislation; trade promotion authority.
National Association of Realtors \$480,000	Worked to defeat proposed ruled changes at U.S. Treasury and Federal Reserve to allow banks to offer real estate services. Congress temporarily prevented rule changes and is considering measure to permanently exclude banks. ⁹

Client and Revenue	Description of Lobbying Topic ¹⁰
Network Advertising Initiative \$920,000	Online privacy.
New Rochelle Neighborhood Revitalization Corp. \$54,000	Affordable housing project.
Northwestern Mutual Life Insurance \$320,000	Repeal of Section 809 of tax code; tax issues.
Odyssey International (on behalf of Inmate Calling Services Coalition) \$80,000	Sought a 90-cent per call surcharge on inmate payphones. FCC declined the request. ¹¹
Piper Rudnick \$120,000	Asbestos litigation reform.
Powerex Corp. \$320,000	Legislative and regulatory monitoring of FERC and other agencies.
PricewaterhouseCoopers \$1,350,000	Revision of auditor independence requirements; government contracts.
Quintana, Tomas E. Carvallo \$100,000	Foreign policy; IMF Reform.
Rambus Inc. \$100,000	Intellectual property.
Recording Industry Association of America (RIAA) \$340,000	Payola.
Repeal the Tax on Talking \$377,000	A successful campaign to repeal the 3 percent federal excise tax on telephone use. ¹²
Rick Levin & Assoc. (RLA) \$60,000	Disposal of surplus government property
Sabre Inc. \$320,000	Computer Reservation System (CRS) rules. Sabre, which owns the Web site Travelocity, encouraged Department of Transportation and congressional investigations of rival Orbitz for anti-competitive behavior. ¹³
SBC Communications \$1,240,000	Broadband policy (open access).
Sony Corporation of America \$120,000	Proposed changes to Section 163J of the Internal Revenue Code.

Client and Revenue	Description of Lobbying Topic¹⁴
Stand Up For Steel \$760,000	Trade relief for steel industry.
Technology Network \$167,000	H1B visas; Permanent trade with China.
Tennessee Valley Authority \$170,000	Electricity deregulation.
Tyson Foods \$440,000	Farm aid bill; immigration amnesty proposals; poultry trade issues; wage and hour issues.
U.S. Chamber of Commerce \$860,000	Class action legislation.
USEC \$957,000	Privatization issues; nuclear energy issues; highly enriched uranium (HEU) agreement with Russia.
Verizon (formerly Bell Atlantic) \$340,000	Spectrum cap relief.
Verizon Wireless \$1,060,000	Spectrum litigation settlement; spectrum availability.
Verner Liipfert Berhard McPherson & Hand (on behalf of the American Insurance Association) \$100,000	Asbestos litigation reform.
Viacom \$720,000	Violence in media; broadcast ownership limits; media marketing issues.
Wachtell, Lipton, Rosen & Katz (on behalf of the Silverstein Group) \$540,000	The Silverstein Group, the New York company that holds a 99-year lease on the World Trade Center, sought and received protection from lawsuits in connection with the September 11, 2001 terrorist attacks. ¹⁵
Williams and Connolly \$75,000	DOJ appropriation bill -- payment of overtime to lawyers.

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House pursuant to the Lobby Disclosure Act of 1995.

Endnotes

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