

State &  
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COMMUNICATIONS

COMPLIANCE NOW



E-News from State and Federal Communications, Inc.

May 2009

## Selling to the Government?

## Make Sure You Know the 3 Rs

You know the situation. John has been an office supply sales representative for years, and he takes pride in servicing his customers well and selling quality products. One of his customers happens to be the sheriff's department in a very large county. John had sold the department products for years and was, in fact, sending the department a shipment of staplers when he received a call from the compliance officer of his company. The officer informed John he had to file some reports, follow certain procedures, and adhere to strict practices – as required by lobbyists.

"What? I'm not a lobbyist," John replied. "I'm an office supply sales person."

The fact is – John is both. Many governmental authorities – on the local, regional, and state levels – are passing laws and putting new regulations in place to redefine who is a lobbyist and what activities are affected by lobbying laws.

I sat with Nola Werren from my staff to discuss this in more detail. She deals extensively with procurement issues for our clients. "Procurement – the purchase of goods and services by governments of every level – is of major importance to any company, organization, or individual selling to the government, from office supply firms to military contractors," said Werren.

The federal government, and local and state governments, will purchase trillions of dollars in goods and services this year. City councils, state legislatures, and others are passing laws to regulate the purchase discussions between government officials in a position to make decisions and those suppliers trying to sell goods and services. And these rules are re-defining just who is considered a lobbyist under the law.

John, for example, is considered a lobbyist in the particular county where the sheriff's department is located, but not in another county where he sells office supplies to the court system. "This is one of the more difficult aspects about the procurement issue

for companies, associations, and individuals: Laws, rules, and regulations are not consistent in municipalities or in the states. Rules can be different on the city, county, and state levels in the very same state," said Werren, who noted half the states have procurement lobbying laws on the books.

Unfortunately, the onus is on you to understand and know what the laws and regulations are in each jurisdiction.

Because of well-publicized scandals, the general public and corporate boards have demanded transparency in the procurement process leading to a flood of legislation. Laws and procedures are constantly changing and any entity or individual involved in selling to governments must know their three Rs – registration, reporting, and restrictions.

Many sales and marketing professions, for example, must now follow restrictions they never had to contend with before. Said Werren: "Here's just one example. In the past, sales people might have been able to take a state transportation engineer, involved in a new bridge project, to an NFL game with dinner and drinks beforehand. Today, under the laws of many jurisdictions, this is simply illegal. Many of these practices have occurred for decades, and companies and individuals need to have timely and accurate information about staying compliant before they act, not afterward."

The penalties for not registering as a lobbyist, missing reporting deadlines, or violating restricted activities include:

- Fines (some of which are very costly);
- Debarment (losing the right to bid on government contracts); and
- Criminal sanctions.

On top of all this, negative exposure in the media can be very damaging to a company's image and business interests, and take years to overcome.



Here are important points to implement—

Educate all employees involved in selling to any level of government about compliance issues in the jurisdiction or jurisdictions they deal with. The training needs to be thorough and continually updated as laws and regulations change. You might think you know all the rules, but bills are pending in legislatures and councils and the regulations change all the time.

Make sure company leadership knows of procurement issues, agrees with procurement policies, and provides proper oversight.

Audit the activities of any employee involved in selling to governments, and take corrective action to deal with violations. Re-design training programs to deal with new problems or situations.

Have accurate, timely, and comprehensive information available to all parties involved in procurements. Corporations, associations, and individuals need to have this information in one place where they can access it easily and quickly with a few clicks of the mouse or a phone call.

Until next month, remember this isn't your father's sales job anymore. You need to make sure your 2009 activities are not following 1959 sales practices.

**Elizabeth Z. Bartz**  
President and CEO

## Summary of Changes UPDATE

### Make Note of These Recent Changes to Compliance Regulations

by: John Cozine, Esq.  
Research Manager



Government affairs professionals need to be aware of recent changes – and upcoming changes – in compliance laws for several states, including:

**Arkansas:** On April 6, 2009, the governor of Arkansas signed Senate Bill 867 into law. The bill, among other things, prohibits lobbyists from providing payment for food or beverages at any location or event where the lobbyist is not physically present. The bill will take effect 90 days after the sine die adjournment of the Arkansas Legislature, which was May 1, 2009.

**Pennsylvania:** The final version of the lobbying regulations has been published in the Pennsylvania Bulletin. The regulations have been published at: Pennsylvania Code, Title 51, Public Officers, Part III, Lobbying Disclosure.

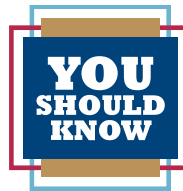
**Kentucky:** Lobbyists and employers will soon be able to electronically file their legislative reports with the legislative ethics commission. This service will be free of charge. When it becomes available, the electronic filing system will be located on the commission's website, <http://klec.ky.gov>. This new system is expected to be functioning by the September 15th filing deadline. Log-in information and instructions for the filing system will be mailed this summer.

**Ohio:** On April 14, 2009, the Ohio Tenth Appellate District Court decided UAW Local Union 1112 v. Brunner, 2009-Ohio-1750, affirming the 2008 Franklin County judgment invalidating Ohio's pay-to-play laws codified in O.R.C. sections 3517.093 and 3517.13. These pay-to-play provisions restricted campaign contributions from state contractors, their affiliated PACs, and labor unions. The Ohio Attorney General's office was granted a stay pending the appeal and the provisions have remained in effect during the pendency of the appeal. The Ohio Attorney General's office is currently considering whether to appeal the Tenth District decision to the Ohio Supreme Court and whether to file for a further stay.

**Tennessee:** On April 15, 2009, the governor of Tennessee signed Senate Bill 2233. The bill increases the value of purchases which can be made without requisitioning such goods or services through the department of general services. The threshold has been increased from \$5,000 to \$25,000 for procurements for which a source of supply has not otherwise been established.

## You Should Know ...

### New Electronic Filing in Ohio Requires Planning of Notifications to Public Officials



It is going to be easy to get tripped up in the new Ohio electronic filing, so planning of the reports is very important. Itemization is required when \$50 or more is going to be reported on a public official. In addition, notification must be given to the public official named 10 days before the report is filed.

How will this affect you? If you are disclosing a benefit to a public official and do not send the notification 10 days in advance, the new electronic filing program will not permit you to submit the report.

There truly isn't anything wrong with what is being done because the Legislative Ethics Commission wants to make sure public officials are properly notified...It just was easier to miss the 10 day deadline when the report was filed on paper.

If you indicate in your May filing that you did not send the notification by May 21st, you will not be able to file your report by the May 31st due date. That will lead to late filing and a late filing fee of \$12.50 per day. Plan your work and work your plan to avoid missing the notification requirement in Ohio.



## State and Federal Communications Expands Coverage of Municipalities

In a continuing effort to better serve the needs of its clients, State and Federal Communications, Inc. is continually expanding coverage of laws and regulations for political contributions, lobbying, and procurement lobbying to more municipalities.

This month, we have added six municipalities for which our customers will find comprehensive, timely, and accurate information that includes: complete calendar of reporting deadlines; critical statutory citations; extensive directories of contact information; copies of laws and ordinances; reference charts on political contributions; and much more.

The new municipalities are:

Springfield, IL  
Raleigh, NC  
Harrisburg, PA

Baton Rouge, LA  
Salem, OR  
Richmond, VA

## A Demonstration of Our Online Source Guides

State and Federal Communications is a trusted adviser to you, our clients, by providing comprehensive, accurate, and timely information you need to stay compliant with laws and rules in regard to lobbying, political activities, and procurement lobbying.

Clients access this information through three online services: The Executive Source Guide on Lobbying Laws™, The Executive Source Guide on Political Contributions™, and The Executive Source Guide on Procurement Lobbying™.

Perhaps you only receive one, or two, of these information services, and would like a demonstration of what is contained in the others.

We invite you to take a free tour. Simply go to our website, [www.stateandfed.com](http://www.stateandfed.com), and click on the "Free Live On-line Demo" in the lower left corner of our home page. Once you click

there, you will open a page where you will see three more hyperlinks in the middle:

***Executive Source Guide on Lobbying Laws***  
***Executive Source Guide on Political Contributions***  
***Executive Source Guide on Procurement Lobbying***

By clicking on any one of these, you will be able to read the comprehensive information we provide clients regarding the state of Alaska's laws, rules, and regulations, along with every Alaska government contact you need. We have this same information for all the states, the federal government, and 126 municipalities – and the information is updated continually.

If you are interested in adding one or two of these services, give us a call and we can talk about special value for existing clients. We are your partner in government compliance – and we want to serve all your needs.

# SPECIAL FEATURE

## China – Grab on for the Ride! [part 1]

**EDITOR'S NOTE:** Two employees from State and Federal Communications joined 75 people from the Greater Akron Chamber of Commerce on a recent trip to the Far East to gain cultural and business awareness and understanding in the Peoples Republic of China. The group left Ohio on April 13th and returned on April 21st. This is the first of two articles about the China trip. Look for the next article in your June issue of Compliance Now.

by: Dave McPeek  
IT Systems Analyst

Whether it is a nation's desire for foreign currency, or for satisfying basic human needs, or simply a heavily orchestrated exercise in image management on a scale the modern Disney Corp. could never have imagined, it's hard to dispute the impact China had on those who participated in a recent Greater Akron Chamber of Commerce tour to China.

State and Federal Communications' Comptroller, Jeff Roberts, and I recently had the opportunity to visit Beijing, Shanghai, Hangzhou, and Suzhou with others from the Akron Chamber. These are areas with significant government-supported and foreign joint-venture economic development.

The trip was impressive in every way. I was impressed by the size and age of the historical sites, the enormous level of ongoing commercial and infrastructure development, and of the warmth and optimism of the people.

Historical sites were on a scale of size and quantity that I could not have imagined. Our Chinese hosts and others took obvious pride in the culture and historical sites that are among the oldest, and best preserved, that I have ever seen available to the public. It must be related to my impression of the 1949 Revolution, where much of the past was lost, but I was surprised to see how capable and interested this country is in now preserving its ancient culture and history.

Commerce and foreign investment are greatly valued and sought after at every opportunity. Private enterprise is reported to account for nearly 70 percent of national output since the efforts toward economic

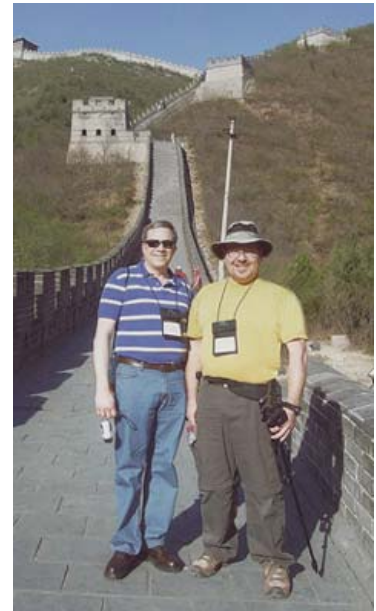
liberation began in 1978. Of course, the government still controls critical industries such as energy.

The people we encountered were confident and proud – proud of their country, their accomplishments, and their prospects for a better future.

The famous handshake between Chairman Mao Zedong and President Nixon in 1972 was referenced often as the start of a great awakening. Greater advancements were referenced in the late 1970s under reformer Deng Xioping, and recently under leaders Jiang Zemin and Hu Jintao. Living standards and freedoms have dramatically increased for many Chinese during this time frame. The national government retains control of politics, but seems to enjoy the respect and appreciation of the people for the improvements, or "corrections," that have been implemented recently.

The official sanctioning of personal rewards (rewards I associate with capitalism and innovation) and the acknowledged goals for the good of the people's state, is an interesting balance. Regardless of ideology, the efforts at what has been called mixed-market socialism is a tight-rope-walk that is currently bringing much wealth and opening to a country so recently impoverished and closed to outside influences.

It is commonly understood the past 30 years in China have been an economic phenomenon the world has never seen before. Even as the Chinese export-driven momentum has slowed to less-than double digit growth, efforts to prime their domestic economic engine continue (already reported to be one



Jeff Roberts, left, and Dave McPeek at the Great Wall.

of the world's largest markets for luxury goods). An explosion of Chinese culture and influence across the globe is certain to follow. Even if we don't grab on to enjoy the ride now, at least we should try to understand it.

With nearly one in five of the world's population within its borders, the challenges for China are great. With our increasingly integrated commercial and financial futures sharing a common fate, I wish them well. I hope to return soon – perhaps to see the oceanic mascot Haibao at the 2010 World Expo in Shanghai!

## See Us in Person

Plan to say hello at future events where State and Federal Communications will be attending and/or speaking regarding compliance issues.

- May 13 – 15 Ohio State Bar Association, Annual Convention, Cleveland, OH
- May 18 – 21 BIO International Convention, Atlanta, GA
- June 2-4 Public Affairs Training Seminar, Alexandria, VA
- June 25 WASRG Meeting, Washington, DC
- July 20 – 24 NCSL 2009 Legislative Summit, Philadelphia, PA [Booth #738]



The photographs above show The Temple of Heaven, left, which is a complex of Taoist buildings in southeastern urban Beijing. The complex, built from 1406 to 1420, was originally used for annual ceremonies of prayer for good harvest. In the center is one of the many modern government buildings in Beijing. At right is a portion of the Great Wall of China, a series of stone and earthen defenses in China, built and rebuilt between the 5th century BC and the 16th century. The Great Wall, with all its various branches, stretches 5,500 miles. Two employees from State and Federal Communications, Inc. joined 75 people from the Greater Akron Chamber of Commerce on a recent trip to China and visited these and many other sites.

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## State and Federal Communications, Inc. Scrapbook



Kent Dellinger and Ember Rosenberg [American Honda Motor Company] with Elizabeth



Pat Hayes [Procter and Gamble] with Elizabeth



From left: Senator Richard Moore, MA; Kevin Thompson and Jean Cantrell [both of Hewlett Packard]; and Joanne Moore



Jennifer Mendez [Carpet & Rug Institute] and Troy Flannagan [International Franchise Association]

## Landmark Series – Presidential Libraries

This article is one of an ongoing series that focuses on historical and/or significant landmarks. The information below was gleaned from <http://www.jfklibrary.org/>, <http://www.whitehouse.gov/about/presidents/johnfkennedy/>, and [http://en.wikipedia.org/wiki/John\\_F.\\_Kennedy\\_Library](http://en.wikipedia.org/wiki/John_F._Kennedy_Library).

There are currently 13 libraries in the United States dedicated to the work of a past U.S. President. They are Herbert Hoover, Franklin D. Roosevelt, Harry S. Truman, Dwight D. Eisenhower, John F. Kennedy, Lyndon B. Johnson, Richard M. Nixon, Gerald R. Ford, Jimmy Carter, Ronald Reagan, George H.W. Bush, William J. Clinton, and George W. Bush [currently at Southern Methodist University.] During 2009, we will be sharing a little bit about each of these Libraries. They are each a tribute to one of 44 men who have taken on the role of President of the United States.

### John Fitzgerald Kennedy [1917-1963] 35th President of the United States

"Ask not what your country can do for you; ask what you can do for your country." This

35<sup>TH</sup> PRESIDENT OF THE UNITED STATES  
VICE PRESIDENT  
LYNDON B. JOHNSON [1961-1963]  
PRECEDED BY DWIGHT D. EISENHOWER  
SUCCEEDED BY LYNDON B. JOHNSON

unforgettable statement by John Fitzgerald Kennedy during his inauguration speech in 1961 stirred a country into optimism and

received the Navy and Marine Corps Medal. Back from the war, he became a Democratic Congressman from the Boston area, proceeding in 1953 to the Senate. He married Jacqueline Bouvier on September 12, 1953. In 1955, while recuperating from a back operation, he wrote Profiles in Courage, which won the Pulitzer Prize in history. On November 22, 1963, when he was hardly past his first thousand days in office, John Fitzgerald Kennedy was killed by an assassin's bullets as his motorcade wound through Dallas, Texas. Kennedy was the youngest man elected President; he was also the youngest to die.



The John F. Kennedy Presidential Library and Museum is located on Columbia Point in Boston. Designed by the architect I. M. Pei, the building is the official repository for original papers and correspondence of the Kennedy Administration, as well as special bodies of published and unpublished materials, such as books and papers by and about Ernest Hemingway. The library and museum were dedicated in 1979 by President Jimmy Carter

and members of the Kennedy family. action. As president, Kennedy set out to deliver on his campaign pledge to get America moving again. His economic programs launched the country on its longest sustained expansion since World War II; before his death, he laid plans for a massive assault on poverty.

Kennedy, of Irish descent, was born in Brookline, Mass., on May 29, 1917. Upon graduating from Harvard in 1940, he entered the Navy. In 1943, when his PT boat was rammed, cut in half, and sunk by a Japanese destroyer, an injured Kennedy used his teeth to clench a life jacket strap to tow one of the survivors to two different islands and eventual rescue. Kennedy re-

