

# Democracy North Carolina

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## **McCrory Got \$70,000 from Donors Tied to Sweepstakes Gambling, Including Another Operator Arrested in Florida Scandal**

### **Pattern of Donations Raises More Questions About Role of Industry Lobbyists**

New research by the watchdog group Democracy North Carolina reveals more ties between Gov. Pat McCrory's 2012 election campaign and the corruption scandal that caused Lt. Gov. Jennifer Carroll of Florida to resign two weeks ago.

Last week, Gov. McCrory said \$8,000 was being sent to a Durham charity to purge his campaign account of the \$8,000 donated by Chase E. Burns and his wife Kristin, who were both arrested for racketeering and conspiracy related to a multi-state gambling operation based in Florida.

But Bob Hall, executive director of Democracy North Carolina, says the McCrory campaign took in another \$8,000 from a second man arrested in the Florida scandal and his wife, as part of at least \$70,000 that major donors tied to sweepstakes gambling gave McCrory in 2012.

Election records show that John Patrick Fannin and his wife Dawn Brown of Little River, South Carolina, gave the McCrory campaign \$8,000 on October 5, 2012, the same day that Chase and Kristin Burns gave their \$8,000. Fannin and his partners operate numerous video sweepstakes cafés in Florida, South Carolina and North Carolina.

Fannin was arrested on March 14, 2013, for racketeering in connection with "Operation Reveal the Deal," the name used by Florida investigators for the alleged illegal gambling syndicate that took in \$300 million through sweepstakes cafés in that state.

Democracy North Carolina identified several other donors to the McCrory campaign – most giving \$4,000 each – who are connected to Chase Burns' International Internet Technologies, his registered agent in NC, or other sweepstakes operators with arrest records. Here are highlights based on reports at the State Board of Elections, Secretary of State, and other sources:

- Georgetta McGuire of Rock Hill, South Carolina, also gave \$4,000 to McCrory on October 5, the same day as the Burns, Fannin and Brown. She owns sweepstakes cafés in North Carolina and elsewhere through a variety of partnerships. Two frequent partners are William George Jr. of Rock Hill and David P. Hagie of Kernersville, NC. Both men donated to the McCrory campaign. George has a criminal record for operating illegal video game machines.

- William George Jr. and David P. Hagie each donated \$4,000 to McCrory on March 3, 2012. Hagie also runs DPH Vending and several other partnerships with video sweepstakes cafés. He gave an additional \$4,000 to the McCrory campaign on October 26, bringing his total to \$8,000 for the 2012 election cycle. In a 2011 newspaper story about Hagie's many trips to lobby the General Assembly for his industry, he said he opened 17 stores across the state and then began financing partners to open more locations. Hagie's DPH Vending has also retained contract lobbyists in Raleigh since 2010; he now uses the same lobbying firm, Nexsen Pruet, that is listed as representing Chase Burns' International Internet Technologies.

- John Frank Myers of Wilkesboro often lobbied with Hagie and told the same newspaper, “Hagie has brought more jobs to North Carolina in the past two years with the opening of Internet sweepstakes businesses than the state has created jobs.” Like Hagie, John Frank Myers also gave the McCrory campaign \$4,000 on March 3, 2012. And like many of the other McCrory donors described here, Myers uses software from Chase Burns’ International Internet Technologies in cafés he owns through JFM Enterprises.

- Neil J. Hoover and Matthew T. Lewis own multiple sweepstakes cafés across the state through their Greensboro-based H & L Enterprises Inc. and other partnerships. They each gave the maximum amount to Pat McCrory in 2012 – \$4,000 donations on March 3 for the primary and another \$4,000 each on October 26 for the general election, for a combined total of \$16,000. McCrory’s campaign report lists Matt Lewis simply as “business owner” and describes Neil Hoover as “VP, McGuire Woods Consulting.” Hoover is not an attorney or employee of McGuireWoods, but the firm did have lobbyists representing video sweepstakes software supplier VS2 in 2012 (and still does). This mistake of listing a donor as employed by a lobbying firm is similar to the candidates who wrongly identified Chase Burns as an employee of the law firm Moore & Van Allen, which lobbied for Burns’ company. (*See this Democracy NC report: <http://www.democracy-nc.org/downloads/ChaseBurnsVideoGamblingPR.pdf>.*)

- The McGuireWood PAC made a \$4,000 donation to McCrory on March 3, the same day Neil Hoover’s donation is recorded with the wrong employer. In addition to receiving donations from at least nine sweepstakes café owners on March 3, the McCrory campaign also logged in a \$4,000 donation from the Amerigroup PAC and \$4,000 from the NC State Farm Agents PAC. In March 2012, Amerigroup and State Farm Mutual were represented by three lobbyists from McGuireWoods who also represented the VS2 video sweepstakes company, a curious coincidence that raises a question of how all these checks were presented to the McCrory campaign on the same day. What role did McGuireWoods and its lobbyists play in delivering the March 3 donations? How does it compare to the role of the Moore & Van Allen lobbyists?

- Richard J. Phillips of Clemmons and Kim T. Childress of Winston Salem also gave \$4,000 each on March 3. The McCrory campaign report identifies Phillips as “retired” and Childress as “self employed,” which are frequent labels used by McCrory and often misleading. Phillips and Childress have extensive holdings in the sweepstakes industry, including over 100 stores across North Carolina according to their public statements.

- Finally, Richard Essick, Teresa T. Michael, and Freddie L. Willis, who are affiliated with the Mooresville Business Center sweepstake café, each gave McCrory \$2,000 on March 3 for a total of \$6,000. McCrory’s report gives no occupational information for Essick or Willis. Essick was arrested in 2008 for operating illegal video poker machines at his auto sales business. More recently, he’s used software from Chase Burns’ IIT for his sweepstakes machines.

Altogether, the 15 individual donors and McGuireWoods PAC gave \$70,000 to the McCrory campaign. Because of the poor quality of his reports, it would be extremely difficult to identify all his donors with a stake in video poker or sweepstakes gambling. And because of the lack of electronic disclosure or timely processing of campaign reports by the State Board of Elections, it’s virtually impossible to know which other candidates got donations from these 15 donors.

“This industry has a long and sad history of engaging in pay-to-play politics and shoveling money into the campaigns of key leaders who they expect will help them,” said Hall. “Gov. McCrory should purge his campaign of funds tied to the Florida gambling scandal and also give the public a more complete picture of all the money he’s taken from the sweepstakes and poker industry. He could be a champion of customer-friendly disclosure!”

**Key Contributions to the Pat McCrory Campaign in 2012  
Discussed in this Release, as Disclosed by the Campaign**

Date	Donor's Name	Street	City	State	Zip	Profession	Employer's Name/Specific Field	Amount of Donation
3/3/2012	McGuire Woods PAC	901 E Cary Street	Richmond	VA	23219			\$ 4,000.00
3/3/2012	David Hague	3685 Forsythia Trail	Clemmons	NC	27012	Exec	DPH vending	4,000.00
3/3/2012	Richard J Phillips	403 Highland Hills Dr	Clemmons	NC	27012	Retired		4,000.00
3/3/2012	Kim Childress	6394 Providence Church Road	Winston Salem	NC	27105	Self employed		4,000.00
3/3/2012	John Myers	PO Box 4033	Winston Salem	NC	27115	president, owner	Frank Myers Investments	4,000.00
3/3/2012	Matthew Lewis	1167 Lazell Avenue	Asheboro	NC	27205	Business owner	Self	4,000.00
3/3/2012	Neil Hoover	3704 Heritage Glenn Ct.	High Point	NC	27265	VP	McGuire Woods Consulting	4,000.00
3/3/2012	Richard Essick	158 Lucent Lane	Mooresville	NC	28117	Requested	best effort	2,000.00
3/3/2012	Teresa T Michael	108 Eastman Ct.	Mooresville	NC	28117	housewife		2,000.00
3/3/2012	Freddie L Willis	250 Apache Road	Troutman	NC	28166	Requested	Best effort	2,000.00
3/3/2012	William George Jr.	3250 Newcastle Drive	Rock Hill	SC	29732	Owner	William George Jr Family Ltd	4,000.00
10/5/2012	Dawn Brown	2276 Big Landing Drive	Little River	SC	29566	business owner	self employed	4,000.00
10/5/2012	John P. Fannin	2276 Big Landing Drive	Little River	SC	29566	business owner	self employed	4,000.00
10/5/2012	Georgetta B. McGuire	PO Box 37563	Rock Hill	SC	29732	self employed	G&M Co. LLC	4,000.00
10/5/2012	Chase Burns	PO Box 130	Anadarko	OK	73005	salesman	IIT	4,000.00
10/5/2012	Kristin P. Burns	PO Box 130	Anadarko	OK	73005		International Internet Technology	4,000.00
10/12/2012	David P. Hagie	3685 Forsythia Trail	Clemmons	NC	27012	exec	DPH Vending	4,000.00
10/12/2012	Neil Hoover	3704 Heritage Glenn Ct.	High Point	NC	27265	VP	McGuire Woods Consulting	4,000.00
10/12/2012	Matthew Lewis	1167 Lazell Avenue	Asheboro	NC	27205	Business owner	Self	4,000.00
								<b>\$70,000.00</b>
3/3/2012	Amerigroup PAC	4425 Corporation Ln	Virginia Bch	VA	23462			4,000.00
3/3/2012	NC State Farm Agents And Associates PAC	PO Box 1105	Raleigh	NC	27602			4,000.00