

Democracy North Carolina

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May 31, 2013

The Honorable Elaine F. Marshall
Department of the Secretary of State
PO Box 29622
Raleigh, NC 27626

Dear Secretary of State Marshall,

I write to request that you investigate aspects of the lobbying activities related to two law firms that are associated with two public officials.

1. **Moore & Van Allen:** Three lobbyists from the Moore & Van Allen firm registered to lobby on behalf of International Internet Technologies or IIT, LLC in 2012: Thomas W. Sevier and Walter S. Price registered on May 31, 2012; and Cameron L. Henley registered on September 17, 2012. However, there are indications that the lobbying/law firm was retained as early as March 2012, according to a recent Associated Press story – see this *Henderson Dispatch* story (May 1, 2013): <http://www.hendersondispatch.com/news/state/x383679043/Sweepstakes-donors-checks-may-have-been-bundled>

The AP story quotes William George, a sweepstakes operator affiliated with IIT, saying that political donations were collected from sweepstakes vendors “early last year” and routed to Moore & Van Allen for delivery to gubernatorial candidate Pat McCrory who worked at the law firm throughout his 2012 campaign. According to McCrory’s campaign disclosure reports, he received the first collection of checks on March 3, 2012 – a total of \$34,000 including the \$4,000 check from William George referenced in the AP article and checks from nine other sweepstakes-related donors.

The State Board of Elections is investigating a number of campaign-finance issues related to these and other sweepstakes industry donations, following a complaint filed by Democracy North Carolina – see: <http://www.democracy-nc.org/downloads/SweepstakesMediaAlert.pdf>. But matters related to the registration of lobbyists fall within the purview of the Secretary of State. Therefore, I am asking your office to investigate if Moore & Van Allen properly registered as a lobbying firm for sweepstakes gambling interests in a timely matter. Should they have registered lobbyists for IIT or its vendors in February or March 2012 rather than in May? The continuing mystery surrounding Pat McCrory’s role in the lobbying/law firm may be cleared up during your inquiry. For example, the same AP story notes that, in a March 2013 interview, McCrory “denied engaging in any conversation about sweepstakes legislation while working at the Charlotte firm.” But a month later, a spokesperson for the governor said that during his campaign McCrory “met with representatives both for and against the sweepstakes issue.” Who were they – were they the Moore & Van Allen lobbying clients? When were the meetings?

2. **Shanahan Law Group:** A May 11, 2013 article in *The News & Observer* reads, “Department of Public Safety Secretary Kieran Shanahan says his law firm hasn’t represented clients who have issues before the General Assembly since he took office in January. The Shanahan Law Group’s website says that it does, but a spokeswoman for Shanahan said Saturday the website is inaccurate and that reference should have been removed after he was sworn in. A story in

Saturday's N&O said the firm handles matters that go before the legislature and governmental agencies. Shanahan is still giving legal advice to clients he had at his law firm, but his firm is no longer handling criminal cases in state courts." See the N&O story at:

<http://www.newsobserver.com/2013/05/11/2886699/dome-shanahan-says-law-firm-doesnt.html>

The statement in this article suggests that the Shanahan Law Group has not provided lobbying services in recent months; however, there are a number of other indicators that indicate the firm provides services, directly or indirectly, through the affiliated lobbying firm of Kieran Shanahan's wife, Christina (Tina) Shanahan, which is CompassNC, LLC. A subsequent *News & Observer* article reported that Kieran Shanahan announced he would no longer work for clients at the law firm bearing his name while serving in public office. The article also describes the continuing "close relationship" between the Shanahan law group and CompassNC: "Both firms share the same office suite on Hargett Street in downtown Raleigh, and records filed with the state show that through early May of this year, they shared the same fax number and listed a common administrative employee. Kieran Shanahan reported on the state ethics form he filed in January that he received more than \$5,000 in 'business income' from CompassNC in the previous year." See: <http://www.newsobserver.com/2013/05/22/2908090/shanahan-suspends-practicing-law.html>

The news article gives special attention to one of the lobbying firm's clients, Resident Lenders of North Carolina, which is pushing legislation to raise interest rates and change the state's consumer finance law. Our research indicates the consumer finance industry was a significant contributor to Gov. Pat McCrory's campaign, and consequently it is important to determine if Kieran Shanahan provided services after taking office to advance the lobbying interests of the Resident Lenders of NC, either through his law firm or in collaboration with CompassNC.

The close relationship between the law firm and lobbying firm is documented in the lobbying registration and authorization forms for CompassNC posted on your website.

- On January 7, 2013, Stephen Kouba of CompassNC submitted a registration statement as a lobbyist representing Resident Lenders of NC. The statement shows:
 - The "firm name of lobbyist" is CompassNC, LLC and the business address is listed as "128 E. Hargett Street, Suite 300, Raleigh, NC," which is the suite number and address of the Shanahan Law Group.
 - Mr. Kouba's own mailing address is also 128 E. Hargett St., Suite 300.
 - His fax number is 919-856-9499, which is the fax number for the Shanahan Law Group.
 - He lists an "optional secondary e-mail address (Example: Administration Assistant)" as dwalker@shanahanlawgroup.com – the email for Donna Walker, an employee of the Shanahan Law Group.
- On January 15, 2013, R. E. Everette Jr., submitted the authorization statement for Stephen Kouba as a lobbyist for the Resident Lenders of North Carolina. Mr. Everett is chair of legislative affairs for the association. This form also gives the Shanahan Law Group's suite number, fax number, and administrator's email as belonging to CompassNC.
- From January through April, 2013, Stephen Kouba registered as a lobbyist for a total of 14 principals and consistently provided (1) the address and suite number for the Shanahan Law Group, (2) fax number for the Shanahan Law Group, and (3) email address for Donna Walker at the Shanahan Law Group. Authorization forms filed as recently as April 26 by the National Association of Truck Stop Operators and on May 6, 2013 by the Autism Speaks lists the Shanahan Law Group suite number and fax number for lobbyist Stephen Kouba.

A similar pattern of overlapping identities occurs with the filing by CompassNC lobbyists Tina Shanahan and John Cooper.

Given this evidence, I am asking your office to investigate if Kieran Shanahan provided lobbying services this year for the Resident Lenders or other lobbying clients of CompassNC.

Finally, I also request that you review the apparent absence of authorization forms for some principals or clients of CompassNC as of May 21, 2013. Perhaps the required forms were filed and just not posted, or perhaps the principal did not submit the disclosure form in a timely manner, in violation of the registration law. The apparent missing forms include Expedia Inc.'s authorization form for Stephen Kouba and John Cooper; and No Tolls I-95 Coalition Inc.'s authorization form for John Cooper. Others authorization forms from CompassNC principals appear to have been filed weeks late.

Thank you for your attention in these matters. Upon information and belief, I affirm that the foregoing is a truthful statement of the facts to the best of my knowledge. If I can help with additional information, please let me know.

Sincerely,

Bob Hall
Executive Director

CC: Ms. Joal Broun, Director of Lobbying Compliance