

Democracy North Carolina

1821 Green St., Durham, NC 27705 • 919-286-6000 or 489-1931 • democracy-nc.org

For Release Monday, June 27, 2011

Contact: Bob Hall, 919-489-1931

Republicans Jump on Chance to Raise Money from PACs; Critics Say Fundraiser Fuels A Pay-to-Play System

While the NC General Assembly is on a 24-day recess, House Republicans are taking quick advantage of a loophole in state law to sponsor a major fundraising event this Wednesday and solicit contributions of up to \$5,000 from political action committees (PACs) that are barred from giving while the General Assembly is in session.

Two days before the legislature temporarily adjourned on June 18, Speaker Thom Tillis' general counsel sought and received an advisory opinion [attached] from the State Board of Elections indicating that lawmakers may accept contributions from "limited contributors" other than lobbyists "when the General Assembly has adjourned or recessed for a time certain that is more than 10 days."

State law [NCGS 163-278.13C] prohibits registered lobbyists from directly giving to legislators at any time, but another law [NCGS 163-278.13B] says other "limited contributors" – namely, agents and sponsors of lobbyists and their PACs – can give if the session recesses and sets a reconvening date more than 10 days later. During the break, lobbyists can also solicit campaign donations for the legislators; they just can't personally deliver the donations.

With the advisory opinion in hand, the NC Republican House Caucus is now seeking donations of \$500 to \$5,000 for a fundraising event – including donations from PACs, agents of lobbyists and others with business pending in the General Assembly.

The event is set for Wednesday at the 18 Seaboard Restaurant in Raleigh. It features Speaker Thom Tillis, Majority Leader Paul Stam and other House GOP leaders, with the theme "A New Day for North Carolina."

"This kind of fundraising symbolizes the pay-to-play culture that Republicans said they would stamp out if they won control of the General Assembly," said Bob Hall, executive director of the election reform group Democracy North Carolina. "They are already so consumed by the chase for campaign money that they are either clueless or they don't care that this event looks like cashing in on legislation delivered or still pending."

Democracy North Carolina has previously criticized Democrats when they were in the majority for holding fundraising events on the eve of the legislative session. It is unclear how many legislators are sponsoring events during the current recess.

At the end of this release is an email solicitation from Rep. Darrell McCormick (R-Yadkinville) that includes a specific appeal to lobbyists: "We are providing you with a copy of this information simply to inform you and request that you pass the information along to any interested parties and recommend support where appropriate."

“I don’t fault the individual legislator for taking advantage of opportunities to raise funds,” said Hall. “They’re trapped in a corrupting system that pushes them to fixate on raising money. What bothers me is when they don’t try to change the system or they promise they will but then just make it worse.”

Media reports have highlighted a number of examples this year where donations from PACs and special interests are linked to legislation.

- Food wholesaler Alex Lee Inc. made an unusual \$15,000 PAC donation to the Senate Republican Caucus and got a bill passed allowing it to keep a tax break worth \$2 million even though it failed to meet the job creations goals.
<http://www.news-record.com/blog/53964/entry/120921>
- The consumer loan industry donated more than \$100,000 to Republican legislative candidates in 2010, and despite opposition by military leaders, GOP leaders pushed a bill through the House to increase rates on small loans.
<http://www.charlotteobserver.com/2011/06/03/v-print/2346082/house-oks-loan-interest-hikes.html>
- The head of Wilmington’s home builders association donated \$4,000 to a state senator this spring, and the senator then introduced and pushed through the NC Senate the association’s bill to change the rental policy of the city’s convention center, despite opposition by the city council.
<http://www.starnewsonline.com/article/20110614/ARTICLES/110519819?p=all&tc=pgall>
- The top recipients of Blue Cross PAC donations now in the General Assembly sponsored successful legislation to give the insurance industry significant influence over a commission overseeing how the uninsured in NC will get coverage under the new federal healthcare law.
<http://www.the-dispatch.com/article/20110422/NEWS/304229989>
- The PAC for John Deere & Co. increased its donations by 50% in 2010 to over \$100,000 and won favorable legislation to change the state government’s contracting system for purchasing tractors and other equipment.
<http://www.newsobserver.com/2011/06/24/1296673/big-wheel-drives-policy-change.html>

Research by Democracy North Carolina shows that in the seven weeks after the 2010 election ended, PACs poured \$233,500 into Republican legislative and party committees, 30 times what they gave to Democratic committees. GOP leaders held additional fundraising events on the eve of the January 2011 session, similar to the event at the 18 Seaboard Restaurant on Wednesday, but they refused Democracy NC’s request to disclose who made the donations.

<http://www.democracy-nc.org/downloads/DisclosureRequest2011Tillis.pdf>

A bill (S-712) to require disclosure of fundraising in January by mid-February passed the state Senate unanimously but is stalled in the House.

The donations received this week won’t be disclosed until the semi-annual campaign reports are filed on July 29 - likely well after the July 13 recesses to another date certain, no doubt more than 10 days later.

##

From: Stacey Simpson [mailto:staceysimpson@embarqmail.com]

Sent: Thursday, June 23, 2011 4:09 PM

Subject: Event: A New Day for North Carolina



You are cordially invited by the North Carolina Republican House Caucus

A New Day for North Carolina

Featuring Special Guests

Speaker Thom Tillis

Rep. Paul Stam, House Majority Leader

Rep. Ruth Samuelson, House Majority Whip

Rep. Nelson Dollar, Wake County

Rep. Marilyn Avila, Wake County

Rep. Tom Murry, Wake County

On

Wednesday, June 29, 2011

5:30 p.m. to 7:00 p.m.

At

18 Seaboard Restaurant

The Gallery at Seaboard

18 Seaboard Avenue

Raleigh, NC 27604-8009

Hosts: \$5,000

Sponsors: \$2,500

Advocates: \$1,000

Attendee: \$500

Please RSVP by contacting Stacey Simpson at (919) 601-7783 or
staceysimpson@embarqmail.com or by [clicking here!](#)

Disclaimer - The North Carolina Republican House Caucus is a fund of the North Carolina Republican Party, which must comply with NC and Federal election laws. Election laws require political parties to report the name, mailing address, job title or profession and name of employer's specific field for each individual whose contribution aggregate is in excess of \$50 in an election. Election laws also prohibit any corporation, business entity, labor union, professional association, or insurance company from contributing. Only United States Citizens and Permanent Residents are allowed to make contributions. Lobbyists registered in North Carolina are not prohibited from contributing to the NC Republican House Caucus.

Contributions or in-kind contributions are not deductible as charitable contributions for state or federal income tax purposes.

From: Darrell McCormick <darrellmccormickforhouse@gmail.com>

Date: June 24, 2011 9:56:43 AM EDT

Subject: Please Support My Campaign

Darrell G. McCormick
McCormick for 92 House Campaign Committee

With the conclusion of one of the most productive and efficient legislative sessions in recent history, I am renewing my focus on my campaign and gearing up for the upcoming 2012 campaign season. The primary is only eight months away and the November 2012 elections will be here before we know it.

I strongly believe that we both share similar concerns for the future of our great state and our shared prosperity. This session was highlighted numerous piece of common-sense legislation aimed at creating a better business climate to attract new businesses and help existing ones grow. At the end of the day, we need jobs and I sincerely submit to you that the long session will create a better environment for job growth.

Between the redistricting process and the prospects of an expensive Presidential race in North Carolina, my campaign must shift into high gear sooner than later. As we, both know campaigns are expensive. In fact, they seem to be getting more and more expensive each cycle. In order for me to have a successful campaign and remain competitive to helping the majority, I must broaden my support.

That is why I am writing you today. I am committed to building the solid campaign foundation to continue to serve the constituents of my district. Your support and contribution of \$4,000, \$3,000 or \$2,000 will greatly assist my campaign as we prepare for the upcoming cycle.

Thank you and I look forward to hearing from you soon.

Sincerely,
Darrell McCormick

Please mail contributions to the following address:

McCormick for 92 House Campaign Committee

P.O. Box 815

Yadkinville, NC 27055

This committee can not accept contributions from lobbyists and are not asking for such. We are providing you with a copy of this information simply to inform you and request that you pass the information along to any interested parties and recommend support where appropriate.

North Carolina law allows any individual or registered political action committee to contribute up to \$4,000 per election. Corporate contributions and contributions from foreign nationals are prohibited. NC law also requires political action committees to report the name, mailing address, job title or profession, and name of the employer for individuals contributing in excess of \$50 in an election. Contributions are not deductible as charitable contributions for federal income tax purposes.

Pursuant to NCGS 163-278.13B, when the NC General Assembly is in session, this committee cannot ask for or receive a campaign contribution from a registered lobbyist, a lobbyist's agent, a lobbyist principal or a political action committee that employs a lobbyist. Therefore, if this request has been received by any of the aforementioned limited contributors on or after July 13, 2011 it occurred in error and this request is to be disregarded.