Legislative Laundry:



How the American Legislative Exchange Council (ALEC) funnels millions of dollars in corporate gifts to state lawmakers for the express purpose of promoting corporate-backed legislation

By Beau Hodai

DBA Press

January-July, 2011

Sidebar to "Publicopoly: ALEC and the bid to make private all that is public" (http://dbapress.com/archives/2040)

"You and a guest are cordially invited to join Arizona Lobbyists for dinners while in Washington, DC for ALEC. We have 3 dinners planned for your enjoyment and hope you will be able to join us… We will be gathering in the lobby of the Grand Hyatt, ½ hour before our reservations to organize and accompany you to the venues by taxis…"

"Wednesday December 1, 2010: Old Ebbit Grill – reservation for 6:30pm…Thurs. December 2, 2010: The Source by Wolfgang Puck – reservation for 7:30pm (you will be able to enjoy the holiday gala at the Hyatt scheduled for 6:00pm before we meet in the lobby for dinner)… Fri. December 3, 2010: Smith & Wollensky – reservation for 6:30pm."

-- Invite sent to Arizona ALEC member lawmakers for the annual ALEC States and Nation Policy Summit, Grand Hyatt Hotel, Washington, D.C., December 1-3, 2010.

Intro: The Honeymooners

In an era marked by public manipulation at the hands of false grassroots campaigns spawned by moneyed right-wing foundations and "think tanks," one such group has perfected the art of usurping the American democratic process.

The American Legislative Exchange Council (ALEC), an organization which promotes corporate-backed "model legislation" in state legislatures nationwide, funnels in excess of one million dollars annually in corporate gifts to state lawmakers. These gifts afford recipient lawmakers lavish retreats to plush resorts for the express purpose of face time with corporate lobbyist.

These lobbyists are often the very same individuals who pay for these public officials to dine at Wolfgang Puck's, spend an afternoon at the San Diego Zoo with their family, enjoy a round of golf (or a whole golf tournament), and who help these lawmakers draft, introduce and pass legislation designed

to serve the interests of their corporate patrons.

However, while the constituents of these lawmakers are the ones who have to live with these laws and their ramifications, there is no publicly available paper trail for a constituent to follow, should he or she become curious as to who has been honeymooning their representatives.

The fund which pays for these legislative holidays is a function of ALEC, known as that organization's "scholarship fund." And, as ALEC is a private entity with a poor record of transparency with either the general public or press, ALEC isn't saying where the money comes from.

What's more, ALEC is a 501 (c) (3) tax-exempt, "not-for-profit" organization, which under federal law must follow strict limitations on lobbying and political campaign activity, and which is expressly forbidden from engaging in the formation of legislation.

Perhaps more disturbing, however, is the response a constituent may get should they inquire of their representatives as to where the funding for this extracurricular fund comes from. *DBA Press*, for one, was essentially told by ALEC representatives (both private sector and public) to shove our inquiries where the sun don't shine—though sometimes in more polite terms.

Accounting for the Legislative Laundry

ALEC promotional materials advertize the group's mission as being the advancement of "the Jeffersonian principles of free markets, limited government, federalism, and individual liberty, through a nonpartisan public-private partnership of America's state legislators, members of the private sector, the federal government, and general public."

As such, the organization claims as "public sector" members more than 2,000 (roughly one third) of the nation's state-level lawmakers. While the group claims to be bi-partisan, this is only nominally true--the vast majority of its legislative members are Republicans.

The group also claims more than 250 "private sector" member corporations and special interest groups. Though ALEC refuses to make its private (or public) sector membership lists available, known members include: ExxonMobil, Blue Cross Blue Shield, Corrections Corporation of America, AT&T, Pfizer Pharmaceuticals, TimeWarner Cable, Wal-Mart, Phillip Morris International, the National Rifle Association and the Heritage Foundation (co-founded by ALEC founder Paul Weyrich)—to name a few.

The functions of ALEC (a national organization, incorporated in Illinois and headquartered in Washington, D.C.) are subdivided into state leadership teams; in each state one lawmaker serves as ALEC's "public sector chairman," and one corporate representative serves as the "private sector chairman."

ALEC is comprised of nine "task forces" on which both private and public sector members serve: 1.) Public Safety and Elections; 2.) Civil Justice; 3.) Education; 4.) Energy, Environment and Agriculture;

5.) Commerce, Insurance and Economic Development; 6.) Telecommunications and Information Technology; 7.) Health and Human Services; 8.) Tax and Fiscal Policy; and 9.) International Relations.

These task forces form the core of ALEC's legislative operations. Each task force generates "model legislation" that is then passed on to ALEC member lawmakers for introduction in their respective state legislatures.

ALEC does not make its model legislation available for public inspection.

According to ALEC promotional material, every year member lawmakers typically introduce 1,000 pieces of task force-crafted legislation. About 17 percent of which become law. In 2009, for example, ALEC claimed a total of 826 pieces of introduced legislation nationwide, 115 of which were passed into law—slightly below the average at 14 percent.

On average ALEC reports somewhere between $6 and $7 million in annual revenue. When looking at the ratio of corporate donations ALEC receives, versus the amount the group raises in legislative membership dues (currently a lawmaker may receive a two year membership for $100), it is obvious where the group's loyalties most likely lie.

To illustrate: from 1999 through 2009, ALEC reported a relatively meager $743,446 in legislative membership dues. Meanwhile, during the same 10-year period, ALEC reported $54,504,702 in "gifts," "grants" and other contributions from its corporate and special interest members. This is the price corporations are willing to pay for a seat at the ALEC table with member lawmakers.

According to ALEC tax records, in 2009 (most recent available records, filed in August, 2010) the group spent a combined $2,620,343 between organizing conferences and on membership services that year-- $251,873 of which went to "childcare" costs for conference attendees. (ALEC also holds "Kid's Congresses" during annual meetings for the children of members).

ALEC tax documents filed for 2009 show that the group spent a combined $2,620,343 on "membership" services and on organizing conferences. ALEC's membership services program manages "the recruitment and retention of ALEC state legislator members" and "provides assistance to ALEC state chairs in raising state scholarship funds..."

However, the line on ALEC's tax returns designed to hold monetary amounts paid for the "travel or entertainment expenses for any federal, state, or local public officials" is invariably blank. Instead, these funds are reported by the organization as being a "liability."

For example, for 2009 ALEC reported a $1,042,629 "liability" held by the organization as "scholarship funds"-- funds to be paid out for travel and lodging expenses to state lawmakers attending ALEC functions around the nation.

The key to maintaining 501 (c) (3) not-for-profit tax-exempt status while simultaneously disbursing millions of dollars in travel compensation to lawmakers lies in the way such funds are accounted for.

According to ALEC Senior Director of Public Affairs Raegan Weber, the accounting principle in question is Generally Accepted Accounting Principles (GAAP) of the Financial Accounting Standards Board (FASB), Statement Number 136.

Under accounting criteria laid out in GAAP FASB 136, in order for a 501 (c) (3) such as ALEC to report such funds as "liabilities" corporations and/or other donors supplying these "scholarship" funds would either have to control the flow of cash through the "scholarship" fund entirely, or the donor corporations would actually have to control ALEC (as a "recipient organization"), as well as disbursements through the fund.

Weber declined to provide any further insight on the mechanics of the fund-- other than to say that the funds are raised independently of ALEC and given to the organization to hold until disbursement is called for-- stating tersely:

"That would be a 'no comment'-- I would prefer to stick with, 'we comply with all federal and state regulations."

Just as ALEC claims "scholarship funds" disbursed to lawmakers are not "gifts"-- as 501 (c) (3)s cannot give gifts to politicians-- so too does the group deny any involvement in the formation of legislation or in lobbying activities.

On Oct. 29, 2010 (following a wave of critical coverage spurred by *In These Times'* reporting on the organization's role in disseminating model legislation closely resembling Arizona's SB 1070), in a memo addressed to its public sector chairmen, ALEC offered this explanation of how its role in creating "model legislation" does not violate the group's not-for-profit status:

"Laws are not passed, debated or adopted during this process and therefore no lobbying takes place. That process is done at the state legislatures. … Just like teachers, farmers and ranchers, senior citizens and other groups, businesses have the right to representation and to inform legislators about their industry."

The Big Takeover: Arizona as an illustrative example

By way of illustration, this article examines the mechanics of the ALEC scholarship fund in Arizona—not simply because Arizona is a state with (as of December, 2010) 38 ALEC member lawmakers (more than a third of its total number of legislators). Rather, Arizona is used here as an illustrative example because two of the most high profile pieces of ALEC model legislation to grace the headlines of the nation in the past year originated in that state.

ALEC's Freedom of Choice in Health Care Act, which according to an ALEC press release has been introduced-- or has been slated for introduction-- in 42 states since the passage of the Patient Protection and Affordable Care Act (PPACA), also known as"Obamacare." The bill is based on a failed 2008 Arizona ballot initiative asserting state's rights under the Tenth Amendment.

This piece of model legislation was drafted by ALEC's Health and Human Services Task Force, co-chaired at the time by Bayer Healthcare.

The second piece of ALEC model legislation to grab headlines out of Arizona in the past year was the "No More Sanctuary Cities for Illegal Immigrants Act," based on an early version of Arizona State Senator Russell Pearce's "Breathing While Brown Law," SB 1070.

Pearce had run this piece of legislation through the ALEC Public Safety and Elections Task Force —of which he is an executive member, along with the nation's top private immigrant detention corporation, Corrections Corporation of America (CCA)—a month and a half prior to its introduction in the Arizona Legislature at the ALEC December, 2009 Nation and States Policy Summit in Washington, D.C.

Additionally, Arizona has been a leader in ALEC initiatives aimed at the wholesale privatization of state functions.

In September, 2009, Arizona Governor Jan Brewer signed HB 2010 into law, calling for the sale of most of the state's Phoenix capitol complex (including the buildings which house both the Arizona House and Senate) to private banks in a lease/purchase agreement intended to bring much needed revenue to the faltering state.

Additionally, as part of HB 2010 the state sold of large portions of its prison system to banks in lease/purchase agreements and opened the management of nearly the entire Arizona Department of Corrections to private prison operators (a provision quietly withdrawn by the legislature in April, 2010). Additionally, HB 2010 called for the development of 5,000 new privately-operated prison "beds."

All-in-all HB 2010 represented possibly the largest bargain basement giveaway of infrastructure by a state in crisis to private interests. The primary movers behind HB 2010 were then-House Speaker and ALEC member Kirk Adams, as well as then-Senate President Bob Burns. Burns, who termed out at the end of 2010, was also the state's public sector ALEC chairman—the man whose office is responsible for handling all matters concerning ALEC scholarship fund disbursements in the state.

Further cementing the state's commitment to private interests, in January, 2010, Gov. Brewer announced the creation of the Arizona Commission on Privatization and Efficiency (COPE)-- a commission which closely resembles commissions called for through several pieces of ALEC model legislation-- to be chaired by Arizona Department of Gaming Director Mark Brnovich.

Brnovich is former senior director of state relations for CCA—a position currently held by former Arizona House of Representatives director of fiscal policy Brad Regens.

Along with Brnovich, Arizona House Speaker Kirk Adams and former Senate President Burns, other members of COPE include Reason Foundation Director of Government Reform Leonard Gilroy, as well as Chad Kirkpatrick, current director of the Arizona Government Information Technology Agency.

Kirkpatrick is also the former chair of the Arizona chapter of Americans for Prosperity and remained a registered lobbyist for the organization until January 18, 2011.

Both the Reason Foundation and Americans for Prosperity are corporate-backed policy foundations, or "think tanks" with ties to ALEC.

Americans for Prosperity was founded by oil industry billionaire David Koch, who serves as chairman of the Americans for Prosperity Foundation.

David Koch, along with brother Charles Koch, are the administrators and architects of a vast network of right-wing, corporate-backed special interest groups-- ranging from Dick Armey's FreedomWorks to the Cato Institute.

Koch Industries (Koch Companies Public Sector), the Charles G. Koch Charitable Foundation and the Cato Institute (an offshoot of the Charles G. Koch Charitable Foundation) are known ALEC members.

In addition to being chairman of the Americans for Prosperity Foundation, David Koch is also a trustee of the Reason Foundation.

Reason's current Director of Government Affairs Mike Flynn, served as a compensated director of ALEC for several years up to 2004. And Reason, as a group which advocates privatization of government functions, has received funding from ALEC member corporations, such as CCA, toward the furtherance of that aim.

Furthermore, Gilroy is very active in ALEC and is one of the chief architects behind the organization's privatization agenda.

March to Methuselah's Castle: fun with public records requests

Documents returned pursuant to a public records request submitted in November, 2010 to the office of then-Senate President Burns (who, according to respondent documents, is a paid ALEC member through the year 2,999), indicate that over the course of 2009 through 2010, 21 Arizona lawmakers (along with Burns Senior Executive Assistant Sharon Jarnagin) submitted requests for $41,216.19 in reimbursement for travel, lodging and registration fees through the scholarship fund for their attendance of ALEC functions. Records indicate that all of these requests were approved by Sen. Burns.

The average reimbursement per lawmaker during this two year period was $1,391.62—a considerable sum, given the fact that an Arizona legislator only earns $24,000 for their service per year and that the maximum allowable contribution from an individual or political action committee to legislative candidates in the state is $424—placing these free trips on par with the spending limit allotted to certain "Super PACs" in the state, which may contribute up to $1,736 per legislative candidate.

In addition to the $21,513.39 requested through the scholarship fund in 2009 by Arizona ALEC member lawmakers, documents responsive to a public records request submitted to Burns' office reveal that 14 ALEC member lawmakers were awarded an additional $23,513 in scholarship fund reimbursement over December, 2009, and January, 2010, for their attendance at the December, 2009, ALEC Nation and States Policy Summit in Washington, D.C.—the event at which Sen. Pearce submitted his draft of SB 1070 for approval as a piece of ALEC model legislation.

It is important to note, however, that these scholarship fund awards are not supposed to be used as campaign contributions, per ALEC's 501 (c) (3) status—even though, according to data compiled by the National Institute on Money in State Politics, this did not stop ALEC member lawmakers in Wisconsin, Kansas, South Carolina, North Carolina, Iowa, Mississippi, Michigan, Indiana, Missouri and Georgia from reporting ALEC funds as campaign contributions during the 2008 election cycle. These funds, distributed over 15 lawmakers in these 10 states totaled $17,113 in contributions ranging from $400 to $3,097.

What's more, according to Weber, while under Arizona law these "scholarships" must be reported in statements of financial disclosure filed by lawmakers as "gifts over $500," ALEC does not award 'gifts.'

"It's not a 'gift,' it's a 'scholarship.' We don't give gifts," said Weber.

When asked how ALEC defines a "scholarship" over a "gift," Weber responded:
"Here, in brief, 'gift' versus 'scholarship:' a gift is something given out of kindness. I'm gonna give you this. A 'scholarship' has specific specifications which must be met."

When asked if these were the legal, or official standards through which ALEC defines a "scholarship," Weber responded that these were the definitions out of "Webster's Dictionary." She declined to a elaborate further.

Loophole big enough to drive a $7 million not-for-profit through

But, according to Weber, the scholarship funds do not come from ALEC. Rather—despite the fact that the group's tax returns state that they help state chairs raise scholarship funds—Weber says that all funds are raised independently in each state by either the state's public or private sector chair. The funds, after being raised, are simply given to ALEC for the group to hold until disbursements are requested by the state public sector chairs.

When asked how these funds could be considered anything but funds raised and distributed by ALEC as travel compensation—or 'gifts'—to ALEC member lawmakers, given the fact that many of the public sector state chairs tasked with raising the funds are in fact listed as directors of the organization on ALEC tax documents, Weber stated:

"No. They are a member of a private organization—not ALEC staff. They are not ALEC. They are a member of a private non-profit organization," said Weber.

Weber's assertion that scholarship funds do not come from ALEC is correct. The key to maintaining 501 (c) (3) not-for-profit tax-exempt status and simultaneously disbursing millions of dollars in travel compensation to lawmakers lies in the way such funds are accounted for.

The accounting principal in question, according to Weber, is Generally Accepted Accounting Principles (GAAP) of the Financial Accounting Standards Board (FASB), Statement Number 136.

GAAP FASB Statement 136 lays out the accounting standards for a not-for-profit group such as ALEC in receiving and reporting transfers of assets from donor entities.

Under GAAP FASB 136, there are four possible criteria a not-for-profit entity may fall under when reporting assets from donor entities as liabilities, two of which-- given the fact that grants from donor corporations and special interest groups comprise more than 90 percent of ALEC's annual revenue-- seem to likely apply to ALEC and the scholarship fund.

Under these accounting criteria, the donor corporations would either control the flow of cash through the "scholarship" fund entirely, or the donor corporations would actually control ALEC (as a "recipient organization"), as well as disbursements through the fund.

(As such, from GAAP FASB 136: 1.) If the transfer [contribution to the scholarship fund] is subject to the resource provider's [donor lobbyist/corporation's] unilateral right to redirect the use of the assets to another beneficiary [a lawmaker of the lobbyist/corporation's choosing].

2.) The resource provider [donor corporation(s)] controls the recipient organization [ALEC] and specifies an unaffiliated beneficiary [possibly a member lawmaker]).

However, whether either criteria is the criteria used by ALEC in their accounting for the scholarship fund as a liability is yet another question Weber refused to answer.

"What I can tell you is that we comply with that area to list it [the scholarship fund] as a liability," said Weber. "As to which one of those four… we just, we comply with that."

When asked how ALEC could possibly be in compliance with all four options, Weber responded: "That would be a 'no comment'-- I would prefer to stick with, 'we comply with all federal and state regulations.'"

At the nexus of state and federal bureaucrat speak

Arizona law requires lawmakers to disclose all gifts over $500, but, according to Weber, ALEC does not give "gifts."

"It's not a 'gift,' " said Weber. "It's a 'scholarship.' We don't give gifts. A gift is something given out of kindness. … A scholarship has specific specifications which must be met."

Nevertheless, because the funds raised for the ALEC scholarship fund are donated by member corporations and their representatives, and because the identity of these donors is almost impossible to determine (with ALEC acting essentially in the role of conduit, as a necessary function of its fiscal acrobatics), ALEC may be operating in direct opposition to a provision of Arizona's "gifting" law.

Arizona Revised Statutes (ARS), title 41-1232.03, section (I), states: "a person or organization shall not make a gift to or an expenditure on behalf of a member or employee of the legislature through another person or organization for the purpose of disguising the identity of the person making the gift or expenditure."

ALEC Arizona private sector chair and ALEC Private Enterprise Board member, Russell Smoldon, is responsible for raising ALEC scholarship funds in that state.

Though Smoldon operates as handler for ALEC member lawmakers at ALEC functions and is in charge of raising funds to get the lawmakers to the functions, Smoldon operates as a registered lobbyist for the Salt River Project (SRP)—an Arizona utility company and ALEC member corporation-- and not as a lobbyist or representative of ALEC.

For example, according to state lobby reports, Smoldon, acting as SRP lobbyist, spent more than $1,300 on meals and other expenditures for Arizona ALEC member lawmakers during ALEC's annual meeting in San Diego in August 2010.

And this seems to be the way ALEC is set up in its operations nationwide—as something of a shell entity, with very few actual staff members and with many representatives from member corporations who raise the ALEC scholarship funds (along with legislative ALEC state chairs), chaperone lawmakers at ALEC events, but who, at the end of the day, are recognized as representatives of ALEC member corporations—not of ALEC itself.

"The way it works is you make a contribution of whatever amount to ALEC, and it can be designated for the Arizona scholarship account, which then goes to defray the expenses of travel for ALEC members," said Smoldon. "It'll vary from $100-- to some individual lobbyist who will kick in $10,000—depending on how much money we have to raise."

Additionally, Smoldon says former ALEC state public sector chair Sen. Burns, as well as current Arizona public sector chair Rep. Debbie Lesko (R-Glendale), have been active in raising these funds.

For himself, Burns acknowledges this role, stating that during his tenure he had met regularly with donors in order to raise funds and to discuss matters near and dear to the hearts of the corporate interests behind the cash.

But, while Arizona law calls for these "scholarships" to be reported by lawmakers as "gifts"—providing the scholarships amount to more than $500—none of the statements of financial interests filed by the 14 Arizona lawmakers who received portions of the nearly $24,000 in ALEC scholarship funds disbursed following the December, 2009 Nation and States Policy Summit indicated the true sources of the gifts-- the corporate and special interest donors. Rather, all records indicate that these funds originated with ALEC.

"*For the purpose of*:" a call for investigation

In November, 2010, the Tucson chapter of the American Friends Service Committee (AFSC), a Quaker social justice organization that works for criminal justice reform in Arizona, called on both the Arizona Secretary of State and the Arizona Attorney General to investigate what it describes as illicit "influence peddling" through the ALEC scholarship fund.

"Any rational person can look at what these corporations are doing through ALEC and on their own and know that essentially for-profit corporations are writing legislation in Arizona," said Caroline Isaacs, director of Tucson AFSC.

On November 17, AFSC met with representatives of Arizona's Office of Secretary of State Division of Elections (SOS) to voice its concerns. According to Isaacs, the group was basically told that, while the state's political process and all the influence peddling involved may not be the prettiest thing in the world, ALEC was following the letter of the law.

“The key phrase in ARS 41-1232 is ‘for the purpose of,’” said then-Arizona SOS Communications Director Matt Benson. “So, basically, that statute says that the organization has to be sending money through another organization for the purpose of disguising the original source of the money. It can’t simply be—as we believe in this instance—that basically corporations make donations to ALEC and that ALEC then in turn uses the money to fund legislative scholarships.”

“You’d have to prove that this whole setup was done for the purpose of disguising the original donor,” said Benson.

However, given the reticence of those involved with the ALEC scholarship fund-- both in Arizona and through ALEC's national office-- it seems as though anonymity is indeed a chief concern of this "setup."

Consider this: when asked for a list of individual donors to the Arizona ALEC scholarship fund, Smoldon declined, saying: “Noooo—I don’t want to start scaring people off. I have a hard enough time raising money.”

When asked for details on the identities of scholarship fund donors, then-Sen. Burns declined to provide any specific names, stating, “Well, I prefer not to do that. That might be—maybe they don’t want that information shared.” (Burns termed out of the Arizona Senate at the end of 2010.)

When asked to disclose identity of even one single, solitary scholarship fund donor, Weber declined, stating that ALEC does not give out information relevant to the identity of donors:

“Here’s what I can give you on all of this: we follow the 990 (federal tax return) standards—federal, state regulation standards—and it protects the privacy of our donors."

Following the meeting with the office of the Arizona SOS, AFSC recruited the services of attorney John Pestle and on November 30, 2010 conducted a teleconference with then-Deputy Arizona Attorney General for Legislation, Policy and Strategic Planning Greg Stanton, to assess whether ALEC is in fact operating within the letter of the law in Arizona.

Stanton told the group to resubmit their concerns to the office in the form of a memo.

In the requested memo, dated December 3, Pestle reiterated the group’s concerns, concentrating chiefly on ALEC’s apparent conflict with the money laundering clause of Arizona gifting law (ARS 41-1232 (I)).

As noted by Pestle, elements necessary to constitute a violation of the law are met through ALEC’s actions in that funds are provided by Arizona lobbyists and principals to be distributed through ALEC for the express benefit of Arizona ALEC member lawmakers. Pestle asserted that this was being done for the express purpose of concealing the source of funds.

As an offering of proof that this is being done “for the purpose of” disguising the identities of the

donors, Pestle cited the outright refusals given by Weber, Burns and Smoldon when asked by *DBA Press/In These Times* to name the sources of funds.

Additionally, Pestle cited a 1995 opinion issued by the Nebraska Accountability and Disclosure Commission (NADC), barring Nebraska state senators from accepting any contribution of over $50 from the ALEC Nebraska scholarship fund.

As noted by NADC, under Nebraska law, certain categories of public officials—including state senators—are prohibited from accepting gifts (including costs of travel and lodging) of more than $50 per month from a principal, a lobbyist, or "anyone working on behalf of either."

While not challenging ALEC claims that the group does not lobby, that it is bi-partisan, or that it does not work to influence legislation, NADC ruled that—whether intentionally or incidentally—ALEC was being used as a conduit by Nebraska lobbyists and their principals to funnel illicit gifts to state lawmakers in the form of "scholarships"—funds for travel and lodging far exceeding the legal $50 limit.

With friends like these...

Only days after speaking with AFSC, Stanton left the office of then-outgoing Attorney General Goddard. On December 7, 2010, Stanton established his own PAC, "Stanton for Mayor," officially launching his Phoenix mayoral bid.

Stanton himself, as a former Phoenix city councilman (2000 through 2009), is no stranger to special interest cash in the machinations of the Phoenix political process. Campaign finance documents on file with the City of Phoenix show that councilman Stanton received campaign contributions from several of the same donors he was asked by AFSC to investigate-- including SRP.

And, when asked by *DBA Press* how successful a Phoenix mayoral campaign might be without such special interest campaign cash, Stanton candidly stated that such a campaign would be difficult and most likely unsuccessful.

Furthermore, as a somewhat tangential aside, it is interesting to note that Stanton's wife, Nichole France Stanton, is a partner at the high-profile law firm of Quarles & Brady, LLP, where she is employed as white collar criminal and civil defense lawyer for such notable clients as Arthur Andersen, LLP (securities fraud, 2002).

Currently, Nichole Stanton is active in a racketeering case involving several Arizona real estate lenders and other parties. Such notable defendants in this case include: New York-based law firm Greenberg Taurig, LLP, and the Tucson-based law firm of DeConcini, McDonald, Yetwin & Lacy PC (DMYL).

DMYL founder and partner, former Arizona U.S. Senator Dennis Deconcini (Democrat, 1977-1995), is also a current board member of CCA-- one of the primary ALEC donors targeted by the AFSC call for investigation.

Following their submission of the December 3 memo, AFSC received no reply from the Office of the Attorney General.

ALEC's defender in the office of the Arizona Secretary of State Division of Elections, Matt *"for the*

purpose of" Benson was appointed communications director of the office of Gov. Brewer on January 21, 2011.

Benson's predecessor at the office of the governor, Paul Senseman, returned to his work with Policy Development Group, the Phoenix law firm for which Senseman had been employed as the top Arizona lobbyist for CCA from 2005 through 2009.