

STATE ETHICS COMMISSION
January 1, 2002 - December 31, 2002
Twenty-Fourth Annual Report

GENERAL STATUTORY IMPLEMENTATION

The State Ethics Commission met 10 times during Calendar Year 2002 and considered issues related to all areas of its statutory mandate: financial disclosure, conflict of interest, lobbyist disclosure and conduct restrictions, local government ethics laws, school board ethics regulations, advisory opinions, enforcement matters, employee training, lobbyist training and public information activities.

In July 2002, the Commission was able to increase its staff from 7.6 to 9.0 full time employees: returning our .6 lobbying coordinator position to full time status, and hiring an additional attorney position, who primarily assists General Counsel.

The implementation of HB2 (Chapter 641, Acts of 2001) required the Commission staff to amend existing informational memoranda and conduct lobbyist training to familiarize new and experienced lobbyists with the changes in the law. Public Ethics Law, § 15-205(e) requires that we conduct lobbyist training session twice each year, at least one of which must be held in January. Additionally, the new lobbying provisions required that we create new reporting forms for lobbyists to report meals and receptions for legislative units, and part of the lobbyist training involved instructions related to the completion and submission of those forms. We conducted the training sessions in the Calvert Room of the State House, and 251 attended the 2002 sessions. We provided evaluation forms to the attendees, and their responses were overwhelmingly positive with regard to the content and presentation.

By the middle of January, we became aware that the legislature had additional lobbying issues it needed to address. Several Ethics bills were introduced with regard to lobbyists who wish to serve on Boards and Commissions, attorneys who participate in the legislative process as a function of their positions on Committees of the Maryland State Bar Association; the possible capturing of high earning individuals who come to Annapolis for a day during the legislative session to talk to legislators about pending bills that may affect their businesses or other interests; and the low level compensation and spending thresholds that trigger the registration requirement. In the end, it was HB 1076 that prevailed, and the Ethics law had once again undergone a major revision. On May 6, 2002, the Governor signed HB 1076 as emergency legislation. The net effect of this bill on the lobbying provisions are discussed below in the Legislation 2002 section of this report.

The Commission staff conducted 18 general ethics training programs, in Baltimore and Crownsville, for employees who are required to file financial disclosure statements. Five hundred nineteen employees attended those sessions, and the attendees' evaluation forms were overwhelmingly favorable with regard to content and presentation. In addition to the 18 scheduled ethics training programs, we were requested by and made ethics presentations to: the Maryland State Bar Association Directors; the Maryland Chamber of Commerce; Maryland State Department of Education supervisors; the Personnel Management Group; a Nigerian Delegation for the Department of Commerce; the Cecil County Sheriff's Office; TEDCO; the State Leadership Challenge Group; the Harford County Sheriff's office; the Department of Labor Licensing and Regulation; Maryland Department of Housing and Community Development; Board of Trustee of the Maryland State Retirement and Pension System; the Financial Regulation Division of the Department of Labor Licensing and Regulation; new members of the Medical Boards and Commissions; and the Governor's Leadership and Awards Conference. In December, we also provided ethics training to the newly elected members of the Legislature. We joined Counsel to the Joint Committee on Ethics for a presentation during the new legislators' orientation training sessions. Our part of the program focused on the financial disclosure requirements.

On June 30, 2002, Commissioner April Sepulveda's second term expired, and the Governor appointed Julian Lapedes, who had been nominated by the President of Senate, to serve in the vacated position. As a former State Senator, he brought with him an enormous amount of knowledge and experience that has enriched and enlivened Commission meetings. He attended all scheduled meetings and participated fully in all aspects of the Commission's responsibilities.

Our fiscal year 2003 budget was approved for \$706,227, which in June was reduced by \$75,000 when the cost containment measures were put into effect in June 2002. The \$75,000 was specifically identified for the development of electronic financial disclosure filing and electronic lobbyist reporting and public access to lobbyists' reports. The Commission had planned to hire a contract employee to work with the Executive Department's Informational Technology unit to begin the in-house development of programs that would enable Public Officials the ability to file their financial disclosure forms electronically and permit lobbyists to file their reports electronically and permit the public to access the lobbyists' information. Although we realized that the funds would probably not be sufficient to complete the project, we were confident that we could at least meet one of the statutory mandates and get a good start on the other. One of the impediments to electronic filing was the requirement for a sworn oath on both the financial disclosure forms and the lobbyists' reports. Delegate Woods submitted legislation that amended our statute to permit electronically submitted reports to be submitted under penalty of perjury rather than requiring a sworn oath. (See Public Ethics Code § 15-602(e) for financial disclosures and § 15-709(b) for lobbying reports) The removal of the \$75,000 from our available funds required us to halt all further work on the electronic filing projects.

Due to the dramatic increases in the number of lobbyist registrations and the amount of resources required to meet our statutory mandates set forth in the lobbying provisions of the Public Ethics Law, we submitted draft language for a Departmental Bill for the 2003 Legislative Session to raise our current \$20 per registration lobbying fee to \$50 per registration. If that increase is approved, our special funds appropriation will increase from approximately \$46,000 to a possible \$114,000, based on 2002 lobbyist registration figures.

After meeting with the Executive Director of the Department of State Documents, Dennis Schnepfe, we agreed that Formal Advisory Opinions would continue to be published in the Maryland Register, but they would no longer be published in the Code of Maryland Regulations (COMAR). The Formal Opinions will be available on line, and they will be available in print by request to this office. Mr. Schnepfe explained that the cost of continuing to publish the Formal Advisory Opinions and the sheer volume of the opinions in COMAR have become burdens on, and, therefore, Ms. Schnepfe and the Commission agreed that the Formal Opinions will appear in the Maryland Register rather than be added to the hard bound publication of COMAR.

Because of the limitations on our space, it was of utmost importance to devise a system that would enable us to keep the most current and important documents in our office, maintain our historical files with State Archives, and create room to house current and future filings until such time as we can establish and efficient and reliable electronic filing system for both financial disclosure and lobbying records. The Commission rewrote our document retention procedures and submitted them to State Archives. Our procedures were accepted, and we began the labor-intensive project of culling our files, shredding some dated and extraneous documents and sending other documents to State Archives. This is an ongoing process and hopefully will enable us to maintain easily accessible and orderly records pending our ability to implement and utilize electronic filing to the fullest extent possible.

Additionally, in 2002, working in conjunction with the Governor's legal staff and State Documents, we were able to join in a contract for electronic research through West Law. The contract provides unlimited electronic research into legal data basis for the Executive Director, General Counsel, Staff Counsel, and our new Legal Officer position. We also have access for one user into the public documents database. The addition of this resource has improved our efficiency significantly as we can now perform almost 100% of our legal and public documents research within the confines of our office.

Advice Activities

The Public Ethics Law (§15-301 through §15-303) provides that the State Ethics Commission may issue formal advisory opinions in response to requests from officials, employees, lobbyists, and others who are subject to the Ethics Law. These formal opinions generally follow an appearance before the

Commission by the requestor and are published in the Maryland Register. The Commission regulations allow for informal staff advice and informal Commission consideration of requests (See COMAR 19A.01.02.05). The informal advice generally results in an advice letter to the requestor and references prior opinions of the Commission addressing similar facts and issues as those presented in the request.

The State Ethics Commission has the responsibility of interpreting the Public Ethics Law. When the Commission was first established in late 1979 most advice requests resulted in a published formal opinion. During its first full five years of operation (1980 –1984), the Commission issued a total of 205 opinions. This was an average of 41 per year. During the next five years (1985 – 1989) another 128 opinions were issued. This was an average of over 25 per year. As a result, there is a large body of published opinions available to the Commission staff to provide informal advice in response to advice requests. During the twenty -four years of its existence, the Commission issued a total of 482 formal opinions. During the past five years the number of formal opinions decreased to 31 while informal reviews and letter advice increased. A major factor reducing the need for formal opinions issued by the Commission is the large number of existing opinions that can now be used for informal guidance by the Commission or staff thus expediting advice.

During Calendar-Year 2002, the Commission considered 4 formal requests resulting in two formal published opinions. Two requestors, after appearing before the Commission, withdrew their request for a formal opinion and accepted letter advice. The two published formal opinions issued in 2002 dealt with application of §15-502 secondary employment restrictions. The first opinion addressed the application of the outside employment restrictions to the private practice of a psychiatrist in the Mental Hygiene Administration. The second opinion addressed a private mediation practice by a director of a county department of social services and service on the boards of directors of two community service organizations.

During 2002, the staff implemented a data information system for advice requests that result in informal advice being provided to the requestor by either the Commission staff or the Commission itself. This does not include telephone advice or answers to routine questions provided by the Commission staff. The Commission and the Commission staff received and considered requests in the following areas during calendar year 2002:

<u>Subject Matter of the Advice</u>	<u>Number of Requests</u>
Lobbying Registration, Reporting & Conduct	53
Secondary Employment Advice	269
Participation Advice	13
Procurement Restrictions	10
Post-Employment Advice	6
Gift Questions	8
Other	28

During the last few months of 2001 and in early 2002, much of the informal advice in the lobbying area addressed the implementation of HB2 (Chapter 631, Acts of 2001, effective November 1, 2001). At its meeting on February 6, 2002, the Commission considered 32 questions involving interpretation of HB2. When HB 1076 (Chapter 405, Acts of 2002) was enacted during the 2002 legislative session and signed as emergency legislation (May 6, 2002) various lobbyists sought additional informal advice.

Many advice inquiries involved secondary employment questions. A large number of the requests came from employees of county departments of social services through the Department of Human Resources headquarters. The Department established procedures for approval of secondary employment that were circulated to the county departments of social services, and resulted in a large number of secondary employment request reviews to the Commission. Forty-two (42) requests came to the Commission between October and December 2001 and were pending with the Commission at the start of calendar year 2002. The 269 secondary employment requests considered in 2002 came from the following Departments:

<u>Department</u>	<u>Number of Requests</u>
Department of Human Resources	219
Department of Health & Mental Hygiene	20
Department of Transportation	4

Department of Public Safety & Correctional Services	4	
Department of Labor, Licensing & Regulation	3	
University of Maryland Executive Department		2
Department of Budget & Management	2	2
Other Agencies	13	

A review of the requests from the Department of Human Resources indicates that about two thirds (66%) of the requests came from employees in county departments of social services located on the Eastern Shore, and in Western and Southern Maryland. This may be the result of State employee salary limitations in some agencies that have required State employees to supplement their incomes in order to meet their expenses.

Advisory opinions are now available on the Internet through the Commission web site (<http://ethics.gov.state.md.us>) and the website of the Secretary of State, Division of State Documents (<http://www.sos.state.md.us/>).

University of Maryland Public-Private Partnership Exemptions

In 1990, the General Assembly enacted legislation allowing the University System of Maryland (USM) to grant to university faculty certain exemptions from the conflict of interest provisions of the Public Ethics Law. The exemptions were for “sponsored research and development” activities. Sponsored research and development was defined in the law as an “agreement to engage in basic or applied research or development at a public senior higher education institution, and includes transferring university-owned technology or providing services by a faculty member to entities engaged in sponsored research or development.” Faculty members were not fully exempted from all Public Ethics Law requirements and public disclosure of the interest or secondary employment was required. The institution granting the exemption was required to maintain the exemption as a public record and to file a copy with the State Ethics Commission.

In 1996, the General Assembly enacted the Public-Private Partnership Act. This law expanded the exemptions beyond faculty to include vice-presidents and presidents of institutions as well as the chancellor and vice-chancellors of the USM. The legislation also broadened the exemption from the conflict of interest provisions to include USM officials, faculty members, and employees. The USM Board of Regents and the USM institutions adopted procedures pursuant to §15-523 to allow the conflict of interest exemptions. The USM Board of Regents and seven of the affiliated institutions adopted policies, and the Commission’s authority was limited to comment on the policy’s conformity to Public-Private Partnership Act.. The definition of “sponsored research” was expanded to include “participation in State economic development activities.”

The records filed by the institutions with the Commission reflect a total of 34 faculty exemptions granted by university presidents between 1996 and 2001. These included exemptions at the University of Maryland at Baltimore (UMB), University of Maryland at Baltimore County (UMBC), and the University of Maryland Biotechnology Institute. During calendar year 2002, USM institutions granted an additional 25 faculty exemptions. The exemptions were from the following institutions:

<u>Institution</u>	<u>No. of Exemptions</u>
University of Maryland, Baltimore	8
University of Maryland Biotechnology Institute	6
University of Maryland, College Park	9
University of Maryland Center for Environmental Studies	2
Total Faculty Exemptions	25

During 2002, the Board of Regents granted its first exemption under the Public-Private Partnership Act to a university president. The President had been hired by the Board of Regents in April 1999 and had disclosed the fact that he was on the Board of Directors of EduFund, Inc. and owned an interest in the company. Global Student Loan Corporation is a wholly owned subsidiary of EduFund, Inc. and specializes

in making loans to international student and part time distance learning students. At the time of the hiring, the Board advised that it was permissible to continue the relationships with EduFund, Inc. Subsequently, Global Student Loan Corporation was listed on the financial aid resources website at the university. The President's interests were brought to the Commission's attention in April 2002.

In response to a Commission inquiry, the Board of Regents granted the president an exemption for his financial interest and service on the Board of Director of EduFund, Inc. in July 2002. The Board made the following findings:

- EduFund is an entity which is engaged in research or development, or which has a direct interest in the outcome off research or development;
- The president's interest/employment will not improperly give an advantage to EduFund, lead to a misuse of UMUC students or employees for EduFund's benefit, or interfere with the President's ability to carry out his duties as President;
- The interest/employment is not one which, when examined by the Board, was found to be so influential as to impair the president's impartial judgment in the conduct of his professional and employment priorities;
- The interest/employment is necessary to the success of EduFund's research or development activity; and
- Any conflict of interest can be managed consistent with the purposes of §15-523.

The Board concluded that the President's interest and service on the Board of Directors of EduFund was activity with an "entity engaged in research or development." The Board found that EduFund was developing financial products to support the enrollment of international and on-line students who do not qualify for guaranteed or conventional student loans. It was therefore engaged in market and economic research in regard to various nations and developing borrowing plans to benefit students. The Commission expressed to the Chancellor serious concerns about the Board of Regents' interpretation of the research and development requirements to justify the exemption.

Financial Disclosure

The financial disclosure program continued to process the identification of those required to file, provide technical assistance to filers, and monitor compliance with the Law. The Commission reviewed a large number of requests by various agencies to add or delete positions from the financial disclosure filing list, and the net result was an increase in the number of filers from 7652 in 2001 to 8557 in 2002. During 2002, the Deputy Sheriffs and Assistant State's Attorneys, who were added to the list of those who must file, expressed displeasure with regard to their new responsibility. Through training and active communication, the Sheriffs' offices accepted the Commission's position with regard to their need to file, but the Assistant State's Attorneys were not unanimous in their acceptance of the filing requirement. As a result, in July 2002, 47 Assistant State's Attorneys, from Anne Arundel County, Talbot County and Harford County, filed suit in the Circuit Court for Anne Arundel County asking for a Declaratory Judgment that they are not Public Officials and therefore are not required to file financial disclosures statements with the State Ethics Commission. The case, *Miles et al v. State Ethics Commission*, Case No. C-2002-81420, is scheduled for hearing in 2003. The State Ethics Commission has entered into an agreement with the Plaintiffs to stay any enforcement proceedings based on failure to file the statements pending a resolution of the legal action.

The Commission reviewed the Ethics Law status of new boards and commissions and considered and acted upon requests by advisory boards to be exempted from the requirement to file financial disclosure statements. This activity has significantly increased in recent years due to a substantial increase in the number of boards and commissions created by the General Assembly.

Currently there are more than 8,500 public officials required to file financial disclosure forms, and the number of filers continues to grow. Individuals who are public officials only as a result of their participation on boards or commissions are required to file a limited form of financial disclosure. In addition, copies of all judicial official financial disclosure forms are kept on file at the Commission office. When the Commission conducts compliance reviews of financial disclosure statements and finds errors or omissions, it sends letters advising them to provide further information to correct or complete the documents.

The Commission also has the responsibility for financial disclosure program for appointees to

executive boards or commissions who seek limited conflict of interest exemptions from the appointing authority. The board or commission members must file a request for the "time of appointment" exemptions with the Commission and the appointing authority and the Senate. The request forms publicly disclose existing conflicts and exempt the individuals only from those conflicts that are disclosed on the forms. The Commission staff coordinates this process with the appointing authority, reviews the forms and, throughout the year, assists a large number of appointees in completing the disclosures forms. In 2002, the Commission processed 145 requests for "time of appointment" exemptions.

Beginning in calendar year 2000, the Commission began monitoring the requirement for legislators to file preliminary financial disclosure forms in January noting any changes from their immediately previous filings. The Commission's experience since 2000 suggests that some legislators, who had significant changes and should have filed, have not been compliant with this process.

As 2002 was an election year, the Commission also provided had the responsibility of receiving and reviewing financial disclosure forms for all candidates for State elected offices. In total 546 candidates filed financial disclosure statements, 188 of whom were incumbents. Staff reviewed each statement and sent letters to each person whose statement was either incomplete or had obvious discrepancies.

Lobbyist Disclosure and Regulation

During the lobbying year ending October 31, 2002, 2,339 lobbying registrations were filed with the Commission. This represents an increase from the 1,988 registrations filed in 2001. Seven hundred twenty-two lobbyists registered for 1,030 employers. (Some employers have more than one lobbyist and many lobbyists have more than one employer.) This compares to 591 lobbyists who registered on behalf of 929 employers in 2001. The growth in the number of lobbyists has been slower than the growth in registrations, employers and expenditures. For example, in 1988 there were 415 registered lobbyists, 545 employers and 744 registrations spending \$9,405,759. This data reflects a trend of a growing lobbying business concentrated within a smaller group of lobbyist and firms. Although the largest number of lobbyists is registered during the legislative session, registrations begin and end at various times throughout the lobbying year, which begins on November 1 and ends on October 31 of the following year. Most persons registered to lobby had a single registration representing one employer. However, 123 lobbyists had two or more registrations during this time period; 82 registrants had four or more employers; and 55 lobbyists had eight or more employers. The Ethics Commission monitors lobbyist registration, reporting, conduct, and certain aspects of campaign finance activity.

The \$26,439,229 in lobbying expenditures reported for the period of October 31, 2002, represents an increase of \$4,049,148 from the previous year. A further decrease in individual meals reflected changes in the law, as did an increase in special events. Lobbyists' compensation continued to increase. Lobbying expenditures have very significantly increased since the \$2,864,454 reported expenditures in 1979; the first year the Ethics Commission administered the filing program. Expenditures for gifts and entertainment in 2002 increased from \$883,747 to \$914,702. The total for gifts and entertainment was higher than the record level of \$824,685 reported in 1993. The amount for food and beverages, other than special categories, decreased from \$3,486 to \$1,690. The amount in this category was dramatically lower than the \$416,924 reported in this category for 1992, reflecting the stronger disclosure laws of recent years and an increasing reluctance of officials to accept this type of entertainment. Entertainment at legislative organization meetings resulted in \$12,298 in lobbyists' expenditures. Lobbyists' expenditures for special events increased from \$814,161 in 2001 to \$865,128 in 2002, a substantial increase from the \$245,288 reported for special events in 1994. Under current law, special events include events to which all members of the General Assembly, either house, standing committees, or geographic delegations are invited. There were 112 "all members" of the General Assembly events reported in 2002 totaling \$657,023, an increase over the \$622,365 spent for the previous year. The total expenditure for special events may be misleading, as the reporting requirement is for the total cost of the event rather than funds expended directly on General Assembly members. There were 79 events reported for the House of Delegates Standing Committees and 57 for the Senate Standing Committees. The total of 136 committee events was higher than the 99 events in 2001. The most entertained committee in the House of Delegates was the Environmental Matters Committee with 23 events. The least entertained Standing Committee in the House was the Judiciary Committee with 7 events. In the Senate, the most entertained committee was the Finance Committee with 21 events and the least entertained committee was the Judicial Proceedings Committee with 11 events. The regional delegation with the most events reported was the Montgomery County Delegation with 13 events.

A detailed analysis of special events spending is contained in Appendix C of this report. Lobbyists are also required to file gift reports naming individuals receiving tickets or other gifts above certain thresholds. Fifteen lobbyists filed 15 gift reports in 2002 compared to 11 in 2001. Gift reports may name one or more gift recipients. Gift reports tend to be concentrated among the higher spending employers. New gift limitations, effective October 1, 1999, and the fact that gift reports are no longer required in some situations have resulted in the very substantial decline in gift reports.

For the year 2002, 139 lobbyist employers reported total lobbying expenditures of \$50,000 or more, and 324 lobbyist employers reporting total expenditures of \$25,000 or more. This compares to 297 employers reaching \$25,000 in expenditures in 2001. Ninety-nine individual lobbyists, registered on behalf of one or more employers, reported \$50,000 or more in compensation for services as compared to 81 in 2001. Forty-four lobbyists reported compensation of \$100,000 or more compared with 39 in 2001. There is a growing trend toward firms employing several lobbyists, ranging from groups within large law firms to government relations groups unassociated with the practice of law. In 2002, each of the top three fee-earning firms earned over \$1,000,000. This information is outlined in Appendix D.

Examples of topic areas involving large total employer expenditures during the reporting period included business, utilities, racing, labor, health, banking, energy, communications, technology, attorneys, real estate, construction and insurance. Employer lobbying spending continues to increase. In 1988, only 5 employers spent over \$100,000 on lobbying. In 1999, 35 employers exceeded \$100,000. Lists of those employers spending \$25,000 or more and those lobbyists reporting \$50,000 or more in compensation are included in Appendices A and B of this report.

The following expenditure data summarizes lobbying expenditures for the last three lobbying years:

	<u>10/31/00</u>	<u>10/31/01</u>	<u>10/31/02</u>
1. Expenditures for meals and beverages for officials or employees or their immediate families.	\$ 4,067	\$ 3,486	\$ 1,690
2. Expenditures for special events, including parties, dinners, athletic events, entertainment, and other functions to which all members of the General Assembly, either house thereof, or any standing committee thereof were invited. (Date, location, group benefited, and total expense for each event are also reported.)	\$ 688,176	\$ 814,161	\$ 865,128
3. Expenses for food, lodging, and scheduled entertainment of officials and employees and spouses for a meeting given in return for participation in a panel or speaking engagement at the meeting.	\$ 8,356	\$ 17,608	\$ 5,702
4. Expenditures for food and beverages at approved legislative organizational meetings.	\$ 25,543	\$ 32,811	\$ 12,298
5. Expenses for a ticket or free admission to attend charitable, cultural or political events where all members of a legislative unit are invited.	\$ 3,122	\$ 3,337	\$ 15,320
6. Gifts to or for officials or employees or their immediate families (not			

included in B-1 through B-5).	\$ 10,202	\$ 12,344	\$ 14,564
<u>Subtotal of items 1, 2, 3, 4, 5 and 6</u>	<u>\$739,466</u>	<u>\$883,747</u>	<u>\$914,702</u>
7. Total compensation paid to registrant (not including sums reported in any other section).	\$18,947,901	\$19,282,080	22,461,621
8. Salaries, compensation and reimbursed expenses for staff of the registrant.	\$ 721,006	\$ 690,167	\$ 898,943
9. Office expenses not reported in items 5 and 6.	\$ 772,104	\$ 785,917	\$ 829,315
10. Cost of professional and technical research and assistance not reported in items 5 and 6.	\$ 229,265	\$ 90,530	\$ 310,151
11. Cost of publications which expressly encourage persons to communicate with officials or employees.	\$ 598,429	\$ 209,633	\$ 434,924
12. Fees and expenses paid to witnesses.	\$ 57,123	\$ 49,970	\$ 28,541
13. Other expenses.	\$ 528,976	\$ 398,037	\$ 561,032
<u>Total of items 1 through 13</u>	<u>\$22,594,270</u>	<u>\$22,390,081</u>	<u>\$26,439,229</u>

(NOTE: At the time the Annual Report was compiled, some lobbyist expenditure information may have been subject to adjustment based on the staff review program.)

Enforcement Activities

In calendar year 2002, the Commission issued twenty new complaints. Seventeen complaints involved lobbying issues, two complaints involved conflict of interest issues and one complaint involved a financial disclosure issue. The Commission also closed twenty-four complaints during 2002. Five complaints were closed when the Commission accepted a cure proposal from the complaints' respondents, three Stipulations of Settlement were accepted by the Commission, eleven complaints were dismissed after a preliminary investigation, one matter went to a hearing and four other complaints were closed for other reasons. The Commission collected \$500.00 through Stipulation of Settlement Agreements in two of the lobbying complaints.

At the end of 2002, the Commission had ten pending complaints under investigation. The pending complaints included six financial disclosure matters, three conflict of interest matters and one lobbying matter.

The Ethics Law provides that any person may file a complaint with the Commission. Complaints filed with the Commission must be signed under oath and allege a violation of the Ethics Law by a person subject to the law. The Commission may file a complaint on its own initiative, and, at its discretion, may proceed with preliminary inquiries of potential Ethics Law violations.

The Commission divides preliminary matters into two categories: Preliminary Consideration Matters and Preliminary Inquiry Matters. The latter involves more extensive investigation. In 2002, the Commission opened eighty-nine Preliminary Consideration Matters, including forty-seven conflict of

interest matters, thirty-nine lobbyist matters and three financial disclosure matters. The Commission entered into nine Late Filing Agreements with seven lobbyists during 2002, resulting in payments of \$2,250.00 to the State of Maryland. All enforcement payments are deposited in the State's general fund and cannot be used by the Commission. The Commission closed a total of ninety-six Preliminary Consideration Matters in 2002, including many backlogged matters.

The Commission opened eighteen Preliminary Inquiry Matters in 2002. These matters involve more investigation than Preliminary Consideration Matters, which are often upgraded to this docket after the Commission's initial review. Seventeen of the 2002 Preliminary Consideration Matters involved conflict of interest issues. One matter involved a lobbying issue. During 2002, the Commission closed twenty Preliminary Inquiry Matters, including many of the pending matters from 1999, 2000 and 2001.

In 2002, the State Ethics Commission was involved in two enforcement matters on appeal in the Maryland court system. A 1997 conflict of interest complaint was appealed by the respondent to the Circuit Court after the Commission conducted a hearing and concluded that the respondent had violated the Ethics Law. The Circuit Court found in favor of the respondent and the Commission appealed the judgment to the Court of Special Appeals. After the Court of Special Appeals decision on September 13, 2000, the Commission filed a Petition for Writ of Certiorari with the Court of Appeals. The Court of Appeals granted the writ and heard arguments on April 11, 2001. The Court of Appeals issued an opinion on September 11, 2001 (See *State Ethics Commission v. Antonetti*, 365 Md. 428 (2001)), reversing the judgment of the Court of Special Appeals, and held that the respondent violated §15-501, §15-506 and §15-607 of the Ethics Law. The case was remanded to the Circuit Court with directions to affirm the Commission's order in the case. This case is currently before the Circuit Court regarding the amount of the civil fines to be imposed by the court.

A 2002 lobbying complaint is also currently on appeal in the Circuit Court. The Commission held a hearing on September 19, 2002 and revoked the respondent's lobbying registrations pursuant to §15-405 of the Public Ethics Law. The respondent filed a petition for judicial review in the Circuit Court for Anne Arundel County. The appeal is pending in *Evans v. State Ethics Commission*, Civil Action No. C-2002-84356AA.

Local Government Ethics Laws

The Ethics Law requires Maryland counties and cities to enact local laws similar to the State Law. In addition to the requirement that counties and cities enact ethics laws, in 1983, the General Assembly amended the Law to require local school boards either to promulgate ethics regulations similar to the State Law or be covered by county ethics laws. As part of its responsibilities, the Commission reviewed new or revised ethics laws for 11 localities during 2002. Criteria for evaluating similarity to the State Law are defined in Commission regulations. Municipalities, based on size and other factors, may be exempted from all or part of the requirement, though an exemption may be granted only in response to a written request.

The Commission has held several statewide local government ethics seminars since 1979, the last of which was in the autumn of 2000 at which 152 people representing 61 ethics agencies attended the full day program addressing all phases of the Ethics Law and administration. The Commission determined to increase its education programs in this area as soon as staff resources allowed. At this time another conference has been planned for the fall of 2003. The Commission also anticipates reviewing all municipalities that received an exemption from ethics law requirements to determine if the exemption is still warranted.

The Commission also received and reviewed reports from Prince George's County and Montgomery County regarding special land use ethics reports required in those jurisdictions.

With the Commission's regulations in COMAR 19A.04 and .05, the *Maryland Register* will publish an annual listing of local governments having ethics laws.

Educational and Informational Activities

The Commission staff has been active in providing information to State employees, lobbyists and local jurisdictions. A substantial daily staff workload has involved advising and assisting employees, officials, candidates and lobbyists on completion of forms, and providing informal advice regarding possible conflicts of interest. The Commission staff has assisted local government and school board officials in drafting their ethics laws and regulations. The staff has also provided technical advice to local government ethics boards. Legislation passed in 1999 requires new financial disclosure filers to receive 2 hours of Ethics Law training (§15-205(d)). The Commission began implementation of this mandate in calendar year 2000. The staff gave numerous formal briefings and training programs to groups of employees and officials and provided employees of several agencies and departments special briefings at their offices. During calendar year 2002, the Commission staff conducted 18 training sessions for State employees at various locations throughout the State. The commission provided training to a total of 519 employees.

In accordance with § 15-205(e) of the Public Ethics Law, which mandates the Ethics Commission to provide a training course for regulated lobbyists and prospective regulated lobbyists at least twice each year, the Commission staff provided training to 251 lobbyists during calendar year 2002.

Part of the Commission's public information activity involves distribution of lists of registered lobbyists and provision of assistance to persons inspecting various forms filed with the Commission. The Commission's staff distributes, through interagency mail, a special two-page summary of ethics requirements and other applicable memoranda to State agency managers. Staff also distributed special memoranda regarding the impact of the ethics law on gifts, procurement, post-employment, employment, and on political activity. On a limited basis, the Commission is also distributing another pamphlet covering ethics requirements for part-time members of State boards and commissions. Fiscal limitations have essentially reduced the ability to develop new materials in printed form. The staff provides memoranda on lobbying laws relating to private colleges, lobbyist political activity, and a memorandum regarding adjustments to the procurement ethics provisions by request and on its web site. We have also developed a special memorandum to advise potential new members of boards and commissions of the impact of the Ethics Law.

The Ethics Commission maintains a complete and up-to-date home page on the Internet. The home page includes a program summary, a lobbyist list and related data, the Annual Report, special explanatory memoranda, and a bi-monthly bulletin. Also included are copies of lobbying and financial disclosure forms and the ability to access these forms. A new feature of this site, established in 1999, is the provision of a list of State vendors that can be queried by agency or vendor. Another feature is an ethics question of the month, which answers hypothetical questions based on past Commission opinions. The Internet provides a cost effective mechanism for providing ethics information and training to those covered by the Ethics Law and public access to ethics information. The volume of persons using this website has been steadily growing. The staff is also very frequently involved in assisting the public and press in inspecting public records of lobbyists and officials and providing access to other ethics law information in media appearances or other means.

2002 Legislation Report

House Bill 1076

The Maryland General Assembly passed HB1076 during the 2002 session. This law, now codified in Md. Code Ann., State Gov't Title 15 (Supp. 2002) ("Public Ethics Law") became effective November 1, 2002, and January 1, 2003 and affected several provisions of the lobbying law:

- raised the threshold of compensation earned from lobbying employers for "in-the-presence-of" lobbying from \$500 per client to \$2,500 cumulatively from all lobbying employers and provides that calculation of the \$2,500 include all such communication and activities relating to the communication during the reporting period;
- raised the expense threshold per client from \$100 to \$500 requiring the person to register as a lobbyist;
- changed the calculation of the \$5,000 of compensation earned from lobbying employers for "not-in-the-presence-of" lobbying to include all such communication and activities relating to the

- communication during the reporting period;
- changed the amount of expenditure by an entity as compensation for lobbying activities from \$500 to \$2,500;
- exempted from the expense threshold requirement to register an elementary, secondary, or postsecondary school student or student organization that communicates as part of a course or student activity;
- exempted from registration volunteer and pro bono activities by attorneys, who are not employed by the organized bar as regulated lobbyists, in the course of serving as an officer, committee or section chair, or representative designated to represent a section, committee, of the organized bar at large, including: testimony before either the Senate or the House of Delegates; testimony before a committee or subcommittee of the Senate or the House of Delegates; communication with an official or employee of the Legislative Branch or Executive Branch in the presence of that official or employee; or communication with an official or employee of the Legislative or Executive Branch not in the presence of that official or employee;
- for an individual who is not otherwise registered as a lobbyist for any employer or any purpose and who does not engage in any other acts during the reporting period that would require registration, exempted that individual from registering as a lobbyist for seeking to secure for an employer a business grant or loan for the purpose of locating, relocating or expanding a business in or into the State; and
- required the Commission to conduct a public hearing with respect to the issue of lobbyists serving on boards and commission and to promulgate regulations providing guidance in this area.

In accordance with the mandate to conduct a public hearing and promulgate regulations application to regulated lobbyists serving on boards and commissions, the Commission conducted the public hearing on June 4, 2002, and drafted regulations that were published in the Maryland Register as proposed regulations (29:20 Md. R. 1605 – 1611 (October 4, 2002)) and as emergency regulations (29:20 Md. R. 1584(October 4, 2002)). Comments were requested through November 30, 2002, and Emergency Status extended to April 2003. Other than one comment approving of the regulations as drafted, the Commission received no other comments related to the proposed/emergency regulations. As the Commission did not have any prior published regulations related to its lobbying program, the proposed/emergency regulations covered the entire gamut of the lobbying program as set forth in Md. Code Ann., State Gov't §§ 15-701 through 15-715 (Supp. 2001). The proposed/emergency regulations, to be included in COMAR as 19A.07.01 et seq. represent the first comprehensive lobbying regulations promulgated by the Commission and were scheduled to be finalized on January 10, 2003 in the Maryland Register, 30:1Md.R.27 (1/10/03).

House Bill 1355

The General Assembly also enacted HB 1355 that permits electronically filed financial disclosure forms and lobbying statements to be filed under the penalties for perjury rather than the current notarization requirement.

Increase in Lobbying Registration Fees

Due to increased costs in administering the lobbying program, the Commission submitted legislation to increase lobbying registration fees from \$20 per registration to \$50 per registration for consideration during the 2003 legislative session. All lobbying registration fees are directed to the Lobbyist Registration Fund, a continuing, nonlapsing fund that is subject to § 7-302 of the State Finance and Procurement Article. This fund is used to defray the expenses of administering Subtitle 7 of the Public Ethics Law.

The need to increase fees results from increased costs attendant to the mandatory training programs for lobbyists and the general cost increases involved in administering the program, such as printing, postage, and general overhead. The Commission's proposal was accepted as Departmental Legislation, and it met with no vocal opposition from the lobbyist community. If the bill is passed and the fees increase accordingly, the result will be an additional \$50,000 to \$60,000 in the Commission's Special Fund budget allocation. The Commission is hopeful that the additional fees will enable us to proceed with our legislative mandate to develop electronic filing for lobbying reports. Our next annual report will provide the results of the proposed legislation.

LEGISLATIVE RECOMMENDATIONS

During 2002, HB 1076 further amended the lobbying provisions of the Public Ethics Law by raising the thresholds for compensation and gifting, relaxing the prohibition against lobbyists serving on boards and commissions, and further clarifying the distinction between attorneys acting on behalf of the organized Bar and participating in lobbying activities. Additionally, the Commission drafted legislation to increase lobbying registration fees from \$20 per registration to \$50 per registration. These changes, considered together with the 2001 HB 2 legislation that became effective in 2002 have significantly changed the administration and enforcement of the lobbying provisions of the Public Ethics Law.

Proposed Changes To The **Financial Disclosure** (Subtitle 6) Provisions

In the coming year, the Commission will focus its attention on several of the financial disclosure provisions in subtitle 6 of the Public Ethics Law. Now that the State Ethics Commission has had 24 years of experience, it has had the opportunity to review the reporting requirements and recognize those areas which appear to be the root of most conflicts and those areas which, since the Commission's inception, have not caused any discernable problems. Additionally, the law in other areas has developed so there are additional retirement and deferred compensation plans that should be included in the exemption granted to 401K and 501K plans.

With electronic filing quickly approaching, the Commission has closely reviewed the filing requirements, and it has concluded that some discreet changes in requests for information would be helpful in simplifying the reporting requirements without jeopardizing the benefits of public disclosure.

- New officials should file a financial disclosure statement covering their holdings as of the time they come into their position rather than for the previous calendar year.
- In the 1999 Session of the General Assembly, the Harford County Liquor Board and its employees were placed under the authority of the State Ethics Commission. However, the employees of the Board, regardless of salary or duties, were excluded from financial disclosure requirements. This general exclusion should be withdrawn to make the disclosure requirements for these employees the same as other employees subject to the State Ethics Law.
- Disclosure of interests in all State deferred compensation plans should be added to the exemption now provided for those who have interests in 401K and 501K plans (§ 15-102(t)(2)(iv)). The exemption is warranted as the State provides a discreet list of investments into which employees may invest, and there is no latitude for the employee to select investments other than those provided by the State.
- Consideration should be given to eliminating the need for reporting of investment in any mutual fund in which there are more than 25 members on the basis that the employee has no control over the trading of the individual holdings of the mutual fund, and, therefore, it is improbable that an employee could effectuate any change in value of the mutual fund by his or her official act as a State employee.
- The provisions of §15-608 regarding attributable interests should be studied with the idea of reducing the burden caused by the disclosure requirements when a person has a small share in a large diverse testamentary trust.
- Judicial candidates should be required to file financial disclosure in each year of their candidacy in the same way as other candidates for State office.
- In election years, improperly filed candidate's disclosure forms create unique enforcement problems. Before the Commission can find a violation and make it public, a variety of confidential administrative and adjudicatory processes have to occur. In most cases this process extends beyond the primary election and, likely, beyond the general election. This

means that serious completion problems or even false disclosure could exist unknown to the voting public. A very large percentage of non-incumbent candidates have substantial financial disclosure statement completion problems. The General Assembly should review this matter and determine whether confidentiality should be eliminated at an earlier point in the enforcement process with regard to candidates' financial disclosure enforcement cases.

- Section 15-205(a)(5) should be revised by substituting a provision for review consistent with standards to be established by the Commission. The submission of documents requiring Commission review has expanded almost exponentially, and it is not possible that the current staff and resources would permit review of each document filed.

Proposed Changes To The **Conflicts Of Interest** (Subtitle 5) Provisions

The next priority for legislative consideration is Subtitle 5, **Conflicts of Interest**. Once the financial disclosure requirements have been addressed, the Commission will turn its attention to the following issues related to conflicts of interest:

- Specific provisions should address membership by high State officials on boards or directors of private corporations having sensitive business or regulatory involvement with the State.
- The post-employment provisions (§ 15-504) should be revised to more specifically address the problems that are common to higher level management positions.
- There is a need to consider granting the Commission at least minimal civil penalty authority in conflict of interest matters in order to provide a formal alternative to expensive court proceedings.
- Like legislators, legislative and other employees should be prohibited from lobbying for one legislative session after leaving their State employment.
- The law prohibiting misuse of confidential information should be extended to cover former officials and employees as to confidential information acquired during their State service.

Proposed Changes To The **Local Jurisdictions** (Subtitle 8) Provisions

Subtitle 8 of the Public Ethics Law, which address local jurisdictions and boards of education, are the next priority. The Commission is looking at the following issues:

- The provisions covering school board ethics regulations need strengthening to assure that there are adequate sanctions for violations by board members, candidates for board membership and lobbyists.
- Local jurisdictions should be able to use lobbying registration and reporting with the State Ethics Commission as an alternative or substitute for local filing.
- The bi-county agency ethics regulations requirements should require that sufficient penalty provisions are provided and that the current ethics regulations of these agencies meet the intent of the Public Ethics Law.
- The Commission has informally determined that the bi-county agencies are to be treated as State or local agencies for the purposes of exemptions under the State lobbying registration requirements. The Law should be amended to specifically clarify their status under these provisions.
- In order to avoid uncertain and confusing application and administration of the Law, the special provisions of §15-807 making members of State boards funded in whole or in part by Baltimore County subject to the county disclosure law instead of the State Law should be considered for elimination, or at a minimum copies of these forms should be filed with the State Ethics

Commission.

Proposed Changes To The **Lobbying** (Subtitle 7) Provisions

The Commission also supports and would seek an amendment to the lobbying provisions of the Public Ethics Law (subtitle 7) with regard to two of the reporting requirements in the HB2 legislation of 2001:

- §15-708 should be revised in order to more correctly reflect lobbyist spending for legislative meals and receptions. As the requirement reads now, the process is cumbersome and may inadvertently inflate the actual amount spent on lobbying legislators. The provision causes significant confusion as to what costs should be included and how the costs should be reported.
- §15-705 currently provides that regulated lobbyists must file a separate report disclosing the name of any State official of the Executive Branch or member of the immediate family of a State official of the Executive Branch who has benefited during the reporting period from gifts of meals or beverages from the regulated lobbyist, whether or not in connection with lobbying activities. The lobbyist must file this report accounting from Dollar One spent on a meal or beverage for an official of the Executive Branch or a member of the official's immediate family. This reporting requirement is difficult to administer and is not in keeping with other gift reporting requirements, which general require such a report only when the amount spent is \$20 or greater or \$100 cumulatively from one donor. This provision should be revised to require a report only when the amount spent is \$20 or greater or \$100 cumulatively from one donor.

Proposed Change To The **Enforcement** (Subsection 4) Provisions

The Commission and staff continually review the Public Ethics Law in order to determine if the administration and enforcement are consistent with the intent of the law and the mission of the Commission.

- The Commission recommends that it be granted civil penalty authority in conflict of interest matters in order to provide a formal alternative to expensive and time consuming contested case proceedings. This alternative would also provide the Commission with an additional potential income source that would, to some extent, alleviate the State's burden in meeting the Commission's increasing need for resources and personnel to accomplish its mission.
- In the current law, § 15-406(b) provides that a final order of the Commission is stayed automatically until the time for seeking judicial review has expired, and, if a timely appeal is filed, the order is stayed until final disposition by the court. We recommend that this provision be revised to permit the respondent to request, in writing, a stay of the order, and that it would be in the discretion of the Commission whether or not to grant the stay. In the even the request for a stay is denied, the respondent may appeal the ruling to the court.

APPENDIX A

EMPLOYER SPENDING \$25,000 OR MORE - ALL REGISTRANTS ALL TYPES OF EXPENSES

November 1, 2001 - October 31, 2002

<u>\$ AMOUNT</u>	<u>EMPLOYER</u>
1) 373,536.97	MedChi, The Maryland State Medical Society
2) 372,406.28	CareFirst Blue Cross Blue Shield
3) 344,828.09	Cable Telecommunications Assn. Of MD.DE & DC
4) 338,656.87	Maryland Association of Realtors
5) 316,938.21	Maryland Jockey Club of Baltimore City
6) 278,209.17	Constellation Energy Group, Inc.
7) 267,129.00	Maryland Retail Merchants Association
8) 236,623.87	Maryland Chamber of Commerce
9) 222,725.95	Maryland State Teachers Association
10) 199,769.67	Maryland Bankers Association
11) 187,337.80	Laurel Racing Association, Inc.
12) 187,012.25	Maryland Hospital Association.
13) 180,552.47	Count Program, The
14) 180,000.00	Hawthorn Group, The
15) 167,163.00	Potomac Electric Power Company
16) 165,433.53	MedStar Health
17) 162,976.36	Verizon-Maryland, Inc.
18) 161,917.12	American Cancer Society
19) 157,080.58	Comcast Cablevision of Maryland, L.P.
20) 156,921.00	Maryland State Bar Association
21) 155,157.00	MAMSI (Mid-Atlantic Medical Services)
22) 152,825.10	Washington Area NEW Automobile Dealers Association
23) 152,721.97	Johns Hopkins Medicine
24) 151,850.37	AT & T
25) 149,678.78	League of Life and Health Insurers of Maryland
26) 145,532.04	Maryland Trial Lawyers Association
27) 141,430.80	Lifebridge Health
28) 140,987.60	Mirant Mid-Atlantic, LLC
29) 135,936.07	Suburban Hospital Healthcare System, Inc.
30) 135,723.64	Chemical & Industrial Technology Alliance
31) 134,466.59	Adventist Healthcare, Inc.
32) 129,876.99	Pharmaceutical Research & Manufacturers of America

33)	128,088.54	AFSCME AFL-CIO
34)	126,887.63	Association of Maryland Pilots
35)	121,797.44	Allegheny Energy
36)	121,323.16	Duke Energy North America
37)	121,044.30	State Farm Insurance Companies
38)	121,003.21	Dimensions Healthcare System
39)	113,824.75	Centex-Taylor LLC
40)	113,500.00	Community Education Partners
41)	112,819.40	Allegany Racing LLC
42)	111,185.76	St. Joseph Medical Center
43)	109,657.81	Philip Morris, Inc.by its service corp.Philip Morris Management Corp.
44)	107,988.74	Baltimore Marine Industries, Inc.
45)	102,330.87	IGT Online Entertainment Systems, Inc.
46)	100,791.54	Baltimore Building & Construction Trades Council, AFL-CIO
47)	100,741.12	Greater Baltimore Medical Center Healthcare, Inc. (GBMC)
48)	98,866.43	Schaller Anderson of Maryland LLC
49)	97,618.07	Apartment & Office Bldg.Assn.of Metro Washington
50)	96,298.71	Children's National Medical Center
51)	96,145.35	Baltimore Jewish Council & Maryland Jewish Alliance
52)	96,108.48	MAXIMUS
53)	95,695.99	AT & T Wireless Services, Inc.
54)	93,435.14	Progressive Insurance Company
55)	92,126.99	Maryland New Car and Truck Dealers Assn.
56)	91,102.41	ESP, Inc.
57)	89,883.00	NCO Group, Inc.
58)	88,940.94	Law Offices of Peter G. Angelos
59)	86,976.28	Maryland Tort Reform Coalition
60)	86,596.71	Alcoa Eastalco Works
61)	84,888.99	Anne Arundel Medical Center
62)	84,214.13	Administaff, Inc.
63)	83,547.20	Mettiki Coal Corporation
64)	82,221.31	General Motors Corporation
65)	81,618.00	Maryland State & D.C. AFL-CIO
66)	79,813.08	Greater Capital Area Association of Realtors
67)	79,579.71	St. Agnes Health Care
68)	78,513.44	Advocates for Children & Youth
69)	78,105.80	American Heart Association
70)	76,490.22	Norfolk Southern Corporation
71)	76,060.56	National Aquarium in Baltimore, Inc.

72)	75,286.28	Maryland Independent College & University Association
73)	73,996.50	Maryland Citizens Health Initiatives
74)	72,210.85	American Petroleum Institute
75)	71,993.27	Maryland Catholic Conference
76)	70,974.32	Luk Flats, LLC and Luman LLC
77)	70,289.00	Washington Gas
78)	69,662.54	Rite Aid Corporation
79)	68,008.00	Allfirst Bank and Allfirst Financial, Inc.
80)	67,538.22	Maryland Farm Bureau, Inc.
81)	67,330.22	Chimes, The
82)	66,847.76	NEXTEL Communications
83)	66,738.40	Kraft Foods, Inc.
84)	66,493.20	Marriott International, Inc., The
85)	66,331.45	Clark Enterprises, Inc.
86)	66,273.55	Allstate Insurance Company
87)	66,091.04	Maryland State Dental Association
88)	66,090.40	Conectiv
89)	66,000.00	Desert Counseling Clinic
90)	65,670.47	Nationwide Insurance Company
91)	65,479.00	Peterson Companies, The
92)	65,317.05	Maryland Bail Bond Association
93)	65,000.00	Maryland State Builders Association
94)	64,331.27	Mid-Atlantic Lifespan
95)	64,239.79	Maryland Community Health System LLP
96)	63,892.95	Baltimore Ravens, Inc.
97)	63,723.54	Maryland Association of Boards of Education
98)	63,596.11	Maryland Insurance Council
99)	63,500.00	Washington Metropolitan Transit Authority
100)	63,349.20	Association of Maryland Docking Pilots
101)	62,895.14	American Lung Association of Maryland
102)	62,756.51	Magellan Health Services
103)	62,726.83	USAA
104)	61,814.00	Johns Hopkins University
105)	61,643.31	Williams
106)	61,500.00	Policy Studies, Inc.
107)	61,033.21	ACCENTURE
108)	60,362.53	Rouse Company, The
109)	60,090.81	University of Phoenix
110)	60,062.27	Prison Health Services, Inc.

111)	60,061.60	UST Public Affairs, Inc.
112)	59,434.94	National Association of Independent Insurers
113)	59,000.00	Ketchum Communications
114)	57,803.72	Household Financial Group, Ltd.
115)	57,742.15	American Insurance Association
116)	57,729.55	Smoke Free Maryland
117)	57,560.90	Dupont, Inc.
118)	57,472.59	Associated Builders & Contractors, Metro Washington Chapter
119)	56,603.13	Core Communications, Inc.
120)	55,795.32	Segway LLC
121)	55,498.43	Catholic Charities
122)	55,055.54	Sempra Global Enterprises
123)	54,945.69	Marylanders for Better Transportation
124)	54,789.000	WorldCom, Inc.
125)	54,040.00	Microsoft Corporation
126)	53,170.04	Maryland Association of Mortgage Brokers
127)	52,860.40	Maryland Association of Chain Drug Stores
128)	52,529.10	Cingular Wireless
129)	52,488.85	HMS Host Corporation
130)	52,389.40	R. J. Reynolds Tobacco Company
131)	52,275.74	Maryland Association of Tobacco & Candy Distributors
132)	52,020.00	Dental Network, The
133)	51,870.85	SCI Mid-Atlantic Region
134)	51,715.72	EPIC Pharmacies/Maryland Professional Pharmacies, Inc.
135)	51,481.47	Teachers Insurance & Annuity Assoc.-College Retirement Equities Fund
136)	51,332.00	Maryland Credit Union League
137)	50,725.00	Owens Illinois, Inc.
138)	50,102.27	MIE Properties
139)	50,062.27	Coalition of Maryland Golf Facilities (CMGF)
140)	49,778.71	Bearing Point
141)	49,746.74	Almost Family-Caretenders
142)	49,562.27	Maryland Optometric Association
143)	49,086.98	GlobeGround North America, LLC
144)	48,998.10	Maryland Association of Non-Profit Organizations
145)	48,960.00	AARP
146)	48,913.10	Maryland State and DC Professional Firefighters Association
147)	48,819.37	American Academy of Pediatrics, Maryland Chapter
148)	48,515.00	Discovery Communications, Inc.
149)	48,439.00	Maryland Industrial Group

150)	48,069.27	Greenbelt Metropark L.L.C
151)	47,833.00	Sunoco, Inc.
152)	47,826.48	Maryland Association of Certified Public Accountants
153)	47,583.64	Insurance Agents and Brokers of Maryland
154)	47,443.56	Health Facilities Association of Maryland
155)	47,324.19	WMDP Service Station & Automotive Repair Assn.
156)	46,995.50	AOL Time Warner
157)	46,617.02	US Filter Operating Services, Inc.
158)	46,484.24	Ramsay Youth Services, Inc.
159)	46,000.00	CTB Government Relations, LLC
160)	46,000.00	Maryland Association of Mutual Insurance Companies
161)	46,000.00	National Federation of Independent Businesses
162)	45,866.30	Cloverleaf Standardbred Owners Association
163)	45,356.76	ACLU of Maryland (American Civil Liberties Union)
164)	45,155.33	CIGNA Corporation
165)	44,727.68	Long Term Care Pharmacy Alliance
166)	44,419.35	Eli Lilly & Company
167)	44,191.00	Baltimore Teachers Union
168)	44,113.25	Hudson Group
169)	44,046.00	University of Maryland Biotechnology Institute
170)	43,768.63	Maryland Association of Community Colleges
171)	43,628.60	Maryland Disability Law Center
172)	43,377.45	Home Builders Association of Maryland
173)	43,308.08	Maryland Society of the American Institute of Architects, Inc.
174)	42,995.11	Variable Annuity Life Insurance Co. (VALIC)
175)	42,810.94	Waste Management, Inc.
176)	42,750.00	Fraternal Order of Police - Maryland State Lodge
177)	42,262.17	Multi-State Association, Inc. on behalf of Community Financial Services Assn.
178)	42,207.72	National Association of Insurance & Financial Advisors-Maryland
179)	42,178.93	Mental Health Association of Maryland
180)	42,166.40	Anheuser-Busch Companies
181)	42,084.85	Maryland Motor Truck Association, Inc.
182)	42,000.00	United Healthcare of the Mid-Atlantic
183)	41,877.72	Johnson Controls, Inc.
184)	41,718.22	Alliance of Maryland Dental Plans
185)	41,625.00	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
186)	41,538.12	Columbia Gas of Maryland, Inc.
187)	41,379.46	Smart, Inc.
188)	41,232.98	Maryland State Licensed Beverage Assn.

189)	41,196.89	Maryland Citizens for the Arts, Inc.
190)	40,851.67	Maryland Highway Contractors Association
191)	40,647.00	Evangelical Lutheran Church in America/DEL-MD Synod
192)	40,499.98	City of Annapolis
193)	40,194.52	Maryland Classified Employees Association
194)	40,106.49	Pfizer, Inc.
195)	40,014.76	Cloverleaf Enterprises
196)	40,000.00	Brown & Williamson Tobacco Corporation
197)	40,000.00	Lorillard Tobacco Company
198)	40,000.00	Prince George's County Government
199)	39,998.00	Maryland Thoroughbred Horsemen's Association
200)	39,600.00	KOBA Institute
201)	39,182.00	Northrup Grumman Corporation
202)	39,166.64	Pepsi Bottling Group
203)	39,087.00	Delmarva Poultry Industry, Inc.
204)	39,013.22	Merck & Company
205)	38,971.78	Government Affairs-Maryland
206)	38,769.12	Maryland Motor Coach Association
207)	38,686.00	Motorola, Inc.
208)	38,673.74	Bethlehem Steel Corporation
209)	38,500.00	Assurant Group
210)	38,402.48	Cellco Partnership, a Delaware Limited Partnership
211)	38,400.00	Advance PCS
212)	38,000.00	Manufacturers' Alliance of Maryland
213)	37,811.00	Agency Insurance Company of Maryland
214)	37,470.67	Planned Parenthood of Metropolitan Washington
215)	37,188.55	Genesis Health Ventures
216)	37,000.00	CASA of Maryland, Inc.
217)	36,760.98	ACA Financial Guaranty Corp.
218)	36,400.00	Medco Health Solutions
219)	36,320.96	Medical Mutual Liability Insurance Company
220)	36,080.00	Avaya, Inc.
221)	36,020.00	Cedar
222)	36,015.88	Maryland Chiropractic Association
223)	36,000.00	APS Healthcare
224)	36,000.00	Cigar Association of America, Inc.
225)	36,000.00	Maryland Coalition for Local Telephone Competition
226)	36,000.00	Quest Diagnostics
227)	35,975.00	Maryland Taxicab, Sedan & Paratransit

228)	35,854.20	American Share Insurance Corporation
229)	35,854.20	Credit Union Insurance Corporation
230)	35,840.49	Planned Parenthood of Maryland
231)	35,242.15	Aetna U.S. Healthcare, Inc.
232)	35,000.00	CA One Services, Inc.
233)	35,000.00	Correctional Services Corporation
234)	35,000.00	US Chamber Institute for Legal Reform
235)	35,000.00	Walmart Stores, Inc.
236)	35,000.00	Westvaco Corporation
237)	34,648.35	Kennedy Kreiger Institute
238)	34,515.00	M.A.D.E. in Maryland
239)	34,383.66	Maryland Society of Eye Physicians & Surgeons
240)	34,315.55	Motion Picture Association of Maryland
241)	34,295.46	Chesapeake Bay Foundation
242)	34,145.15	Port Discovery, The Children's Museum in Baltimore
243)	33,850.00	Alliance of American Insurers
244)	33,579.46	Powhatan Development Co. LLC
245)	33,487.00	Baltimore Symphony Orchestra
246)	33,438.69	Marine Trades Association of Maryland
247)	33,039.67	Correctional Medical Services
248)	33,000.00	DGS, Inc.
249)	32,899.64	MD/DC/DE Soft Drink Association
250)	32,520.00	Southern Maryland Hospital, Inc.
251)	32,500.00	Amerigroup Corporation
252)	32,203.07	Insurance Information Coalition
253)	31,988.74	Committee to Save the Trail (COST)
254)	31,058.98	Maryland Chapter of the American College of Emergency Physicians
255)	31,000.00	Wash Works
256)	30,729.91	Montgomery County Chamber of Commerce
257)	30,500.00	AFT Maryland (American Federation of Teachers)
258)	30,176.20	Washington Monroe, LLC
259)	30,127.23	Maryland Securities Industries
260)	30,113.85	Prince George's County Association of Realtors
261)	30,104.00	Best Buddies International, Inc.
262)	30,098.11	Jerome J. Parks
263)	30,083.00	Foster America, Inc.
264)	30,062.27	Channel One Network
265)	30,000.00	American Physical Therapy Association of Maryland
266)	30,000.00	Centex Homes

267)	30,000.00	Golden Rule Insurance Company
268)	30,000.00	Prince George's County Council
269)	29,966.22	Enterprise Group Development Corporation
270)	29,873.12	Maryland Tourism Council
271)	29,565.00	American Council of Life Insurance
272)	29,550.00	Recording for Blind & Dyslexic
273)	29,500.00	MD/DC/DE Press Association
274)	29,498.00	Amerix Corporation
275)	29,300.00	Corner Clinic, Inc., The
276)	29,227.44	Schering-Plough External Affairs, Inc.
277)	29,184.48	Sprint Corporation
278)	29,102.27	BSC America Companies
279)	29,000.00	Allstate Check Cashing
280)	28,956.41	Greater Washington Board of Trade
281)	28,649.12	Restaurant Association of Maryland
282)	28,635.70	Marijuana Policy Project
283)	28,580.00	AFSCME Council 92
284)	28,560.00	Bank of America
285)	28,403.33	One Call Concepts, Inc.
286)	28,375.69	Sherwin-Williams Co., The
287)	28,091.92	Alzheimer's Disease & Related Disorders Assn. Inc.
288)	28,004.26	Alliance of Automobile Manufacturers
289)	28,000.00	Philip Morris Management Corporation & Miller Brewing
290)	28,000.00	Prince George's County Planning Board
291)	27,884.00	United Way of Central Maryland
292)	27,873.00	Maryland Society of Anesthesiologists
293)	27,835.09	Smarte Carte, Inc.
294)	27,800.00	Home Care, Inc. d/b/a Blue Heron Assisted Living
295)	27,562.48	Maryland Science Center
296)	27,545.69	Atlantic Richfield Company (ARCO)
297)	27,545.68	NL Industries, Inc.
298)	27,508.99	Maryland State Funeral Directors Association
299)	27,379.46	Poole and Kent Company, The
300)	26,951.74	Maryland Works, Inc.
301)	26,868.94	Southern Maryland Electric Cooperative, Inc.
302)	26,496.68	Maryland Radiological Society
303)	26,259.66	Maryland Podiatric Medical Association
304)	26,171.92	Marylanders Against Handgun Abuse, Inc.
305)	26,115.90	Explore Information Services

306)	25,862.15	Maryland Association of Green Industries, Inc.
307)	25,579.00	Amports
308)	25,575.16	Gordian Group, The
309)	25,562.74	Sheppard Pratt Health Systems
310)	25,431.30	Smokeless Tobacco Council
311)	25,274.60	Second Genesis Foundation, Inc.
312)	25,204.00	Mid-Atlantic Petroleum Distributors Association
313)	25,146.26	Jacoby Development, Inc.
314)	25,093.75	Express Scripts, Inc.
315)	25,062.67	Envirotec
316)	25,062.27	Culver Amherst LLC
317)	25,060.90	Sheetz, Inc.
318)	25,046.46	Stone Street Financial, Inc.
319)	25,020.00	Ocean City Chamber of Commerce
320)	25,000.00	AMS-ESG
321)	25,000.00	Maryland Land Title Association
322)	25,000.00	Maryland Psychological Association
323)	25,000.00	MBNA America
324)	25,000.00	Spherix

APPENDIX B

LOBBYISTS RECEIVING **\$50,000** OR MORE IN COMPENSATION ONE OR MORE EMPLOYERS

November 1, 2001 - October 31, 2002

	<u>\$ Amount</u>	
1)	881,693.78	Alexander, Gary R.
2)	824,800.00	Rozner, Joel D.
3)	723,620.75	Rifkin, Alan M.
4)	648,149.85	Bereano, Bruce C.
5)	584,604.35	Schwartz, Joseph A.,III
6)	539,650.00	Rasmussen, Dennis
7)	512,996.00	Enten, D. Robert
8)	491,946.76	Stierhoff, John R.
9)	476,728.91	Johansen, Michael V.
10)	451,355.00	McCoy, Dennis C.
11)	450,810.96	Popham, Bryson F.
12)	444,583.39	Shaivitz, Robin F.
13)	438,527.77	Tiburzi, Paul A.
14)	384,678.00	Pitcher, J. William
15)	290,295.82	Lanier, Ivan
16)	258,314.57	Cooke, Ira C.
17)	252,912.00	Winstead, David
18)	246,914.00	Miedusiewski, American Joe
19)	233,251.84	Doherty, Daniel T. Jr.
20)	232,500.00	Manis, Nicholas G.
21)	210,287.00	Levitan, Laurence
22)	200,405.74	Collins, Carville B.
23)	197,908.24	Wayson, Edward O. Jr.
24)	193,500.00	Doyle, James J., Jr.
25)	184,191.00	Burridge, Carolyn T.
26)	180,000.00	Aery, Sheila
27)	179,277.04	Brocato, Barbara Marx
28)	177,101.64	Rivkin, Deborah R.
29)	163,000.09	Carroll, David H. Jr.
30)	163,000.00	Johnson Robert C.
31)	157,300.00	Canning, Michael F.
32)	155,416.60	O'Dell, Wayne
33)	152,447.25	Powell, Michael C.
34)	136,000.00	Boston, Frank
35)	131,362.10	Goldstein, Franklin
36)	130,101.10	Doolan, Devin John

37)	127,500.00	Carter, W. Minor
38)	123,030.86	Neil, John B.
39)	118,478.00	Winchester, Albert III
40)	113,471.00	Wyatt, Joseph Richard
41)	113,444.48	Douglas, Robert C.
42)	110,000.00	Pica, John A. Jr.
43)	106,000.00	Valentino-Benitez, Ellen
44)	103,833.33	Gally, Eric
45)	97,800.00	Fowlkes, Lyle
46)	97,035.88	McDonough, John P.
47)	96,821.45	Ornstein, Chantel
48)	95,686.85	Holloway, Wendell M.
49)	95,535.00	Binderman, Mindy Koplan
50)	94,405.00	Burner, Gene L.
51)	90,000.00	Hill, Denise
52)	89,883.00	LaFaver, Mary Faye
53)	88,644.50	Wilkins, Barbara J.
54)	85,998.00	Kasemeyer Pamela Metz
55)	82,822.00	Johnson, Deron A.
56)	81,333.00	Billingsley, Lance W.
57)	79,518.00	Sheehan, Lorraine M.
58)	78,200.00	DiPietro, Christopher V.
59)	76,923.00	Jews, William L.
60)	76,795.00	Kress, William A.
61)	75,000.00	Robbins, Earl H. Jr.
62)	74,164.00	Evans Gerard E.
63)	73,839.34	Antoun, Mary
64)	73,500.00	Shaw, Carolyn R.
65)	73,279.03	Hoover, Lesa N.
66)	72,500.00	Opara, Clay C.
67)	71,500.00	Arrington, Michael
68)	70,000.00	Hawk, Wynee Elizabeth
69)	69,883.24	Saquella, Thomas S.
70)	69,498.00	Neily, Alice J.
71)	66,500.00	Proctor, Gregory S.
72)	65,108.00	Valentino-Smith, Geraldine
73)	65,000.00	DiPietro, Robert J.
74)	65,000.00	McHugh, Kathleen
75)	64,353.41	Davey, John P.
76)	63,932.56	Gunther, Robert
77)	60,750.00	Conwell, John F.
78)	60,625.00	Landon, Harry Raymond
79)	60,475.00	Doherty, Frances
80)	60,197.31	Richardson, Lawrence A. Jr.
81)	60,000.00	DeJuliis, Connie

82)	60,000.00	Thomas, David Wayne
83)	57,500.00	Goslee, Georgia H.
84)	57,300.12	Jacobson, Jonas A.
85)	56,378.17	Marks, Isaac H.
86)	56,000.00	Townsend, Pegeen
87)	55,550.00	Ciekot, Ann T.
88)	55,250.00	Manis, George N.
89)	55,000.00	DeFrancis, Joseph A.
90)	55,000.00	Nathanson, Martha Dale
91)	54,784.25	Murphy, Kathleen M.
92)	54,442.50	Gisriel, Michael U.
93)	53,900.00	Buckingham, Stephen C.
94)	52,918.50	Harting, Marta D.
95)	52,000.00	Counihan, Gene W.
96)	52,000.00	Piccotto, John A.
97)	51,808.00	Cormeny, George F. Jr.
98)	51,150.00	Woolums, John R.
99)	50,000.00	Lakin, Steven S.

APPENDIX C

EXPENDITURES ON SPECIAL EVENTS November 1, 2001 - October 31, 2002

<u>Group Invited</u>	<u>Number of Times Invited</u>	<u>Total</u>
All General Assembly	112	\$657,022.50
House Only	0	0
Anne Arundel County Delegation	8	25,650.57
Baltimore City Delegation	12	23,673.84
Baltimore County Delegation	8	16,227.97
Carroll County Delegation	4	3,060.80
Harford County Delegation	4	3,437.64
Howard County Delegation	4	35,622.94
Lower Eastern Shore Delegation	10	4,041.84
Montgomery County Delegation	13	69,922.69
Prince George's County Delegation	12	62,351.96
Southern Maryland Delegation	6	35,442.74
Upper Eastern Shore Delegation	10	20,397.45
Western Maryland Delegation	9	9,100.27
 <u>HOUSE</u>		
Appropriations	9	8,160.27
Commerce & Governmental Matters	9	11,688.19
Economic Matters	17	24,498.99
Environmental Matters	23	31,652.04
Judiciary	7	6,920.24
Ways and Means	14	17,726.85
 <u>SENATE</u>		
Budget and Taxation	13	10,310.68
Economic & Environmental Affairs	12	10,146.22
Finance	21	21,644.41
Judicial Proceedings	11	6,504.79

TOTAL: \$1,115,205.89

(NOTE: Where more than one committee was invited to the same event for the purposes of this report, there may be a proportionate allocation.)

APPENDIX D

LOBBYING FIRMS EARNING \$1,000,000 OR MORE

November 1, 2001 - October 31, 2002

<u>Name of Firm</u>	<u>Amount of Compensation Reported</u>
Rifkin, Livingston, Levitan & Silver	\$2, 427,600.66
Alexander & Cleaver, P.A.	1,853,194.44
Funk & Bolton, P.A.	1,212,445.80