A Loophole Allows Lawmakers to Reel In Trips and Donations

By ERIC LIPTON JAN. 19, 2014 New York Times

VAIL, Colo. — After some time in the hot tub, an evening cocktail reception and a two-and-a-half-hour dinner in a private dining room named Out of Bounds, Representative Adrian Smith, Republican of Nebraska, made one last stop, visiting the lounge at the Four Seasons Resort hotel here to spend more time with the lobbyists and other donors who had jetted in from Washington, D.C., to join him for the weekend getaway.

On the other side of the Rocky Mountains, in Utah, Senator Kelly Ayotte, Republican of New Hampshire, kicked off the new year in the equally upscale resort town of Park City by hitting the ski slopes in the morning with her chief of staff. She then joined a roomful
of corporate executives and lobbyists at a mountaintop resort for lunch, her face flush from the mountain sun.

“Anyone who wants to do some runs with me, I would love to,” Ms. Ayotte told her guests, many of them also in ski gear.

This is the world of destination fund-raisers, where business interests blend with pleasure in exclusive vacation venues. Lobbyists go to build relationships with lawmakers, Democrats and Republicans alike, seeking action — and often inaction — in Washington for their clients and companies, with millions of dollars at stake. While approval ratings are at historic lows for members of Congress, their allure to those seeking influence in the nation’s capital is as strong as ever.

Neither the lawmakers nor the lobbyists attending the events want to talk about them, even though such trips are permitted under the law. They allow members of Congress to hit hot spots like the Napa Valley wine country, famed golf courses and hunting preserves, as well as five-star hotels in Puerto Rico, Las Vegas, South Florida and even Bermuda.
Congress, after a corruption scandal that involved golf trips to Scotland and other getaways paid for by lobbyists, passed legislation in 2007 prohibiting lobbyists from giving lawmakers gifts of just about any value. But as is the norm in Washington, the lawmakers and lobbyists have figured out a workaround: Political campaigns and so-called leadership PACs controlled by the lawmakers now pay the expenses for the catering and the lawmakers’ lodging at these events — so they are not gifts — with money collected from the corporate executives and lobbyists, who are still indirectly footing the bill.

Even if no explicit appeals for help are made, the opportunity to build a relationship with the lawmakers, staff members and family — far from the distractions of Washington — is worth the price of admission, the lobbyists said. The donors and lobbyists, 50 to 100 of whom typically attend the events, generally donate individually or through a corporate political action committee between $1,000 and $5,000 apiece, in addition to paying their own hotel bills and airfare. There is no public disclosure that specifically shows how much is raised at each event, and lawmakers are generally unwilling to say.

“An informal setting is an effective way to build a better relationship,” said a health care lobbyist who attended the fund-raising weekend in Vail this month. The event included five House Republicans, none of them from Colorado and two of whom serve on the powerful Energy and Commerce Committee, which oversees the health care industry. “It’s a way to get some large chunks of a lawmaker’s time,” the lobbyist said.

One Republican campaign consultant, Mike Gula, sent lobbyists a save-the-date summary in December that featured 30 trips in 2014, such as a “Spa Weekend Trip” in Las Vegas in March sponsored by Representative Ann Wagner, Republican of Missouri.

On the Democratic side, both Representatives Steny H. Hoyer of Maryland and Xavier Becerra of California have picked the Ritz-Carlton’s Dorado Beach hotel in Puerto Rico for their destination events, while Representative John Conyers of Michigan is scheduled to be at the Beverly Hilton in Beverly Hills, Calif., this weekend, for a fund-raising event tied to the Grammy Awards. Mr. Hoyer’s political action committee alone spent $91,000 at the Puerto Rico resort in 2013, records show.

“This is an event Mr. Hoyer holds to support Democrats and help Democrats win back the House majority,” said Stephanie Young, a spokeswoman for Mr. Hoyer, who is the second-ranking House Democrat.

A New Kind of ‘Norm’

Lobbyists who participate in destination events, and campaign consultants who are paid to organize them, say they are happening more often.
“It has become kind of the norm,” said Vic Fazio, a Democratic lobbyist and former congressman from California, whose Blue Chip client list now includes Anheuser-Busch and UPS. He and his wife attended the fund-raiser that Mr. Hoyer hosted in Puerto Rico last year.

“To the average citizen, it might seem like there is a disconnect between the reality of life in America and these getaways,” Mr. Fazio added, saying he supports changes in campaign finance laws to eliminate the need for such trips.

The events at high-end resorts in Park City and Vail, which a reporter for The New York Times attended without a formal invitation, are popular even among lawmakers like Ms. Ayotte and Mr. Smith, who won their seats in Congress by wooing voters with calls for limited government and populist appeals tuned to the Tea Party-inspired. Mr. Smith said there was no disconnect.

“This was a good way to raise some funds,” he said as he emerged from the Flame restaurant at the Four Seasons Resort and Residences Vail. The meal, with campaign donors and lobbyists, included kimchi brussels sprouts, bacon-wrapped prawns, Wagyu strip steak and Franciscan Estate Cabernet, a Napa blend that cost $60 a bottle.

“With the holidays here it seems to be a good critical mass,” he added.

The fund-raising events that are not in the lawmakers’ home states often dovetail with their hobbies. Representative Aaron Schock, Republican of Illinois and an avid skier, made the trip this month to Vail, for example, while Representative Collin C. Peterson, Democrat of Minnesota, has hunted turkeys in Florida, geese in Texas and quail in Georgia over the last three years, according to invitations sent to lobbyists. (Neither lawmaker responded to a request for comment.)

A spokesman for Representative Smith said that the lawmaker had bought his own ski pass in Vail, but that his travel, lodging and meals had been provided to him at no personal expense. Those at the event included Representative Edward Whitfield, Republican of Kentucky, and Katie Ott, a lobbyist for PPL Corporation, the single biggest contributor to Mr. Whitfield.

Mr. Whitfield is chair of the Energy and Commerce subcommittee that regulates energy utilities, making him one of the most important players in Congress for the industry. Only days after the Vail trip, he introduced legislation that would allow utilities like PPL to build new coal-burning power plants, overriding environmental restrictions recently imposed by the Obama administration.
In just the first evening of the two-day event in Colorado, lobbyists spent nearly six hours with Mr. Whitfield or other co-sponsors of the trip, time that would be all but impossible to arrange in Washington, with conversations ranging from health care legislation to energy issues and the coming elections.
“The most important thing is we want all of you to have fun, because I know we’re going to have a lot of snow tomorrow,” Mr. Whitfield said as he greeted a room packed with lobbyists in the $8.75 million penthouse suite at the Four Seasons, which featured a candlelit rooftop terrace with panoramic views of Vail Mountain, as waiters struggled to keep up with the demand for drinks. “Thank you again for your support,” he said, “and continue your celebrating tonight.”

Play and Work, in Utah

For Ms. Ayotte, a first-term senator who does not face re-election until 2016, the trip to Utah mixed business and pleasure.

She held her first fund-raiser in Park City at the multimillion-dollar home of Gordon Smith, the former senator from Oregon. Mr. Smith is now a lobbyist and chief executive of the National Association of Broadcasters, which has a long list of high-stakes matters before the Senate Commerce Committee, of which Ms. Ayotte is a member. One of those matters includes the planned auction of television broadcast spectrum.

Just three weeks before her fund-raising event, Ms. Ayotte spoke in favor of the industry at a Senate hearing. She raised concern that the auction could be handled in a way that hurt television broadcasters, an objection also stated in a letter to federal regulators that she co-signed in September.

Ms. Ayotte’s chief of staff, John Easton, said that her actions were unrelated to any financial support she has received and that “numerous constituents have raised the interference issue” with her. “Viewers could see service disruptions” if the auction were not handled properly, Mr. Easton said.

After the reception at Mr. Smith’s house, Ms. Ayotte went to a hotel bar, at Chateau Deer Valley, and spent more than an hour chatting with two aides and a donor who is a lawyer and who had attended the party. The senator’s aides would not identify the lawyer. They talked about the Obama health care initiative, Mitt Romney’s presidential campaign, and what it was like to have lunch with senior Republican senators at the Capitol Hill Club.

The next morning and afternoon, before and after the fund-raiser at the Montage Deer Valley resort, she went skiing.

“I hope to make this an annual event,” Ms. Ayotte said during the luncheon.

More Raised Than Spent
Lawmakers and organizers said holding such fund-raisers made business sense, as the successful ones, while more expensive to stage than at a restaurant in Washington, raise much more than they cost.

A typical event that might cost $25,000 would raise about $75,000 after expenses, said Alissa McCurley, a spokeswoman for Representative Howard P. McKeon, Republican of California. Mr. McKeon, the chairman of the House Armed Services Committee, has hosted an annual golfing and fishing fund-raiser at the Ocean Reef Club in Key Largo, Fla., which his donor list suggests is largely attended by defense contractors, who have relied on Mr. McKeon to help block cuts in spending for new weapons systems. He held the event last year — with his travel costs provided — though he announced last week that he is not running for re-election.

“We would also need to have numerous events to come close to raising what we do from the Key Largo event, and it’s a fun and popular event for supporters,” Ms. McCurley said.

But even some lobbyists who are invited said that going to such events makes them uncomfortable.

“Everybody is embarrassed about it,” said a prominent lobbyist at a major Washington firm who frequently receives invitations. “Although not so embarrassed that they don’t do it.”

To campaign finance experts, the fund-raisers illustrate why the public has so little respect for Congress.

“As they say, the shocking thing in Washington is not what is illegal — but what’s legal,” said Meredith McGehee, policy director at the Campaign Legal Center, a nonprofit watchdog group. “This is a system that is corrupting.”

David O. Williams contributed reporting.
Influence in Paradise: An Annotated Tour

By ERIC LIPTON  JAN. 19, 2014

Lawmakers from Washington travel to resorts across the United States for multiday fund-raising events that often mix business and pleasure. They get a chance to ski, hunt, golf, or even sample wine — while collecting tens of thousands of dollars from lobbyists and other donors, who indirectly foot the bill.

The following interactive documents can be found online at the New York Times site: