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Sexy & I Know It

CREW was shocked, shocked to find sex scandals ending congressional careers in 2011. Despite the transgressions of 2010, this year saw three more members of Congress resign amid sex scandals. In a bipartisan effort, Rep. Chris Lee (R-NY), Rep. Anthony Weiner (D-NY), and Sen. John Ensign (R-NV) proved that politicians just can't stay out of trouble.

Rep. Lee's downfall kicked off 2011 after he sent some ill-advised responses to a personal ad on Craigslist. In several emails to a woman, Rep. Lee billed himself as a divorced lobbyist instead of a married congressman, and sent along a shirtless picture.¹ On February 9, 2011, *Gawker* published the emails, complete with the embarrassing photo. Three hours later, Rep. Lee resigned.²

He wasn't the last member of Congress to lose his seat over some e-flirting. In May, Rep. Weiner used his Twitter account to send a lewd photo of himself to a woman in Seattle.³ Initially, Rep. Weiner claimed that his account had been hacked, but he later confessed to sending explicit images and messages to several women.⁴ Critics questioned whether he used government resources to try to manage the fallout and the House Ethics Committee began a preliminary inquiry into Rep. Weiner's conduct.⁵ He stepped down in June.⁶

Unlike these short-lived scandals, Sen. Ensign held on to his seat for nearly two years before resigning. Sen. Ensign's affair with a campaign staffer, the wife of his top aide and best friend, came to light in 2009, but he didn't resign until May 2011 when he was faced with expulsion from the Senate over his efforts to cover up the affair.⁷

Deadbeat Congressman

Self-proclaimed fiscal conservative Rep. Joe Walsh (R-IL) says he's worried "expanding government... will bankrupt our children and grandchildren," so he's decided to bankrupt his children on his own.⁸ According to a lawsuit filed by his ex-wife, Rep. Walsh owes her more than \$117,000 in child support.⁹

¹ Maureen O'Connor, [Married GOP Congressman Sent Sexy Pictures to Craigslist Babe](#), *Gawker*, February 9, 2011.

² David A. Farenthold and Aaron Blake, [Rep. Chris Lee Resigns After Reports of Craigslist Flirtation](#), *Washington Post*, February 10, 2011.

³ Jennifer Epstein and Maggie Haberman, [Anthony Weiner Admits Tweet, Will Not Resign](#), *Politico*, June 6, 2011.

⁴ Jonathan Allen and Ben Smith, [Anthony Weiner: Hackers Posted Lewd Photos on Twitter](#), *Politico*, May 28, 2011; Epstein and Haberman, *Politico*, June 6, 2011.

⁵ Susan Crabtree, [Weiner Faces Mounting Legal and Ethics Questions Over Sexting Scandal](#), *TPMMuckraker*, June 7, 2011; Larry Margasak, [AP Sources: Ethics Staff Beginning Weiner Inquiry](#), *Associated Press*, June 13, 2011.

⁶ Raymond Hernandez, [Weiner Resigns in Chaotic Final Scene](#), *New York Times*, June 16, 2011.

⁷ Senate Select Committee on Ethics, 112th Congress, *Report of the Preliminary Inquiry Into the Matter of Senator John E. Ensign*, May 10, 2011; Emily Heil and David Drucker, [Ensign Reflects, Apologizes in Farewell Speech](#), *Roll Call*, May 3, 2011.

⁸ <http://walsh.house.gov/index.cfm?sectionid=2§iontree=2>; Carol Marin, [Joe Walsh the New Tea Party Fave](#), *Chicago Sun-Times*, July 29, 2011.

⁹ Abdon M. Pallasch, [Tea Party Rep. Joe Walsh Sued for \\$100,000 in Child Support](#), *Chicago Sun-Times*, July 27, 2011.

Between 2005 and 2008, Rep. Walsh only paid a fraction of what he owed, and between 2008 and 2010, he failed to pay any child support at all.¹⁰ His ex-wife, Laura Walsh, has repeatedly gone to court to collect, asking judges to garnish Rep. Walsh's wages and suspend his driver's license until he pays the back support.¹¹

According to Ms. Walsh, Rep. Walsh claimed he couldn't pay her because he wasn't making any money.¹² Rep. Walsh, however, never produced any documentation to back up his claim, and his financial disclosure forms tell a different story. Between 2008 and 2010, Rep. Walsh reported earning at least \$125,000.¹³ As a congressman, Rep. Walsh now makes \$174,000 per year.¹⁴

In the 2010 election cycle, Rep. Walsh loaned his campaign \$35,500 – in his words, “literally every cent [he] had” – even as he was failing to pay child support.¹⁵ Rep. Walsh rented a \$3,300-a-month house with his new wife in 2009, and took exotic vacations before he re-married.¹⁶ Rep. Walsh has said America needs to get its fiscal house in order.¹⁷ Seems like he should start with his own home.

Eric Cantor (R-Wall Street)

Why does Rep. Eric Cantor (R-VA) deride Occupy Wall Street protesters as “growing mobs” while describing Tea Partiers as part of an “organic movement?”¹⁸ It's all about the money. The financial industry has showered Rep. Cantor's campaign committee and leadership PAC with donations since he was first elected in 2000.¹⁹ In fact, the financial industry has been his largest contributor, increasing donations to the congressman by 1,326% between the 2002 and 2010 election cycles.²⁰ So while Rep. Cantor may believe the Occupy Wall Street movement is “the pitting of Americans against Americans,” the reality is the movement is the pitting of Americans against his biggest campaign contributors.²¹

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Walsh v. Walsh*, Case No. 02 D2 30912, Verified Petition (Dec. 7, 2010).

¹⁴ Jordy Yager, [No Pay Raise for Congress in 2011](#), *The Hill*, May 14, 2010.

¹⁵ Joe Walsh for Congress Committee, Inc., [FEC Form 3, July Quarterly Report 2011](#), filed July 15, 2011; Joe Walsh for Congress Committee, Inc., [Amended FEC Form 3, Year-End Report 2010](#), filed April 12, 2011; Joe Walsh for Congress Committee, Inc., [FEC Form 3, October Quarterly Report 2010](#), filed October 15, 2010; Joe Walsh for Congress Committee, Inc., [Amended FEC Form 3, July Quarterly Report 2010](#), filed October 13, 2010; *Walsh v. Walsh*, Case No. 02 D2 30912, Verified Petition to Show Cause, To Modify Child Support, For Temporary Restraining Order, and Preliminary Injunction or Other Relief (Cir. Ct. Cook Co. Dec. 7, 2010); Jeff Goldblatt, [GOP Congressional Candidate Joe Walsh Fails To File Personal Financial Disclosure Form](#), *Fox Chicago News*, April 26, 2010.

¹⁶ Goldblatt, *Fox Chicago News*, April 26, 2010.

¹⁷ [Walsh: Get Our Fiscal House In Order](#), *Barrington Courier-Review*, October 28, 2011.

¹⁸ Jonathan Capehart, [Eric Cantor's Breathtaking Hypocrisy on Occupy Wall Street](#), *Washington Post*, October 7, 2011.

¹⁹ <http://www.opensecrets.org/politicians/industries.php?cycle=Career&type=I&cid=N00013131&newMem=N&recs=20>.

²⁰ <http://www.opensecrets.org/politicians/industries.php?cycle=2010&cid=N00013131&type=C&newmem=N>; <http://www.opensecrets.org/politicians/industries.php?cycle=2002&type=C&cid=N00013131&newMem=N&recs=20>.

²¹ Amanda Terkel, [Eric Cantor Condemns Occupy Wall Street 'Mobs': They're 'Pitting Americans Against Americans'](#), *Huffington Post*, October 7, 2011.

Rep. Cantor's ties to the financial industry go beyond shaking hands at fundraisers. His wife, Diana, has been a vice president at Goldman Sachs, a managing director at New York Private Bank & Trust, and is currently a partner at Alternative Investment Management, LLC, a firm that "invests mainly in hedge funds and private equity funds."²² In addition, at least five former staffers have joined either financial firms, or firms that lobby on behalf of the financial industry.²³ Economic crisis or no, it turns out Wall Street is still a great place for Rep. Cantor to make money.

Cash for Clunker

The only "green" aspect of the Obama administration's loan to solar company Solyndra was the cash the administration handed out to the company. Soon after entering office, the administration guaranteed a half billion dollar loan to Solyndra so it could serve as a poster child for the renewable energy programs included in the stimulus package. Despite evidence the company wasn't ready for primetime, the administration hammered the loan through anyway.²⁴

In March 2009, the Department of Energy announced a \$535 million loan to allow Solyndra to build a new manufacturing plant.²⁵ The administration, eager to announce the clean technology loan, pressured employees at the Office of Management and Budget (OMB) to accelerate the approval process, leading one senior employee to warn, "We have ended up with a situation of having to do rushed approvals on a couple of occasions (and we are worried about Solyndra at the end of the week)."²⁶

In December 2010, after more dire warnings from OMB officials, Solyndra defaulted on its loan.²⁷ In February 2011, the Department refinanced the loan and incentivized new investors with the assurance they would be repaid ahead of taxpayers should the company go bankrupt.²⁸

²² <https://aim13.com/management>; <http://www.linkedin.com/company/alternative-investment-management-llc>.

²³ http://www.legistorm.com/person/bio/53616/John_Gerald_Emling.html;
http://www.legistorm.com/person/bio/43228/Matthew_C_Jessee.html; <http://www.martindale.com/Lindsay-M-Pickral/44499557-lawyer.htm?b=Y&opredir=1>;
http://www.legistorm.com/person/bio/41784/Lawrence_Seyfried.html;
http://www.legistorm.com/person/bio/11295/Shimon_Stein.html.

²⁴ Matthew Mosk and Ronnie Greene, [Did Obama Administration Cut Corners For a Green Energy Company?](#), *ABC News*, May 24, 2011; Matthew Mosk and Ronnie Greene, [FBI Raids 'Connected' Energy Firm Solyndra](#), *ABC News*, September 8, 2011; Steven Church, [Solyndra, Solar-Panel Maker in California, Seeks Bankruptcy](#), *Bloomberg*, September 6, 2011.

²⁵ Steven Mufson, [U.S. Offers \\$535 Million Loan Toward Solar Energy Plant](#), *Washington Post*, March 21, 2009.

²⁶ Joe Stephens, [Investment in Failed Solar Firm Solyndra Raises Questions About Nonprofit's Purpose](#), *Washington Post*, September 27, 2011; Joe Stephens and Carol Leonnig, [Solyndra Loan: White House Pressed on Review of Solar Company Now Under Investigation](#), *Washington Post*, September 13, 2011.

²⁷ Deborah Solomon, [White House Brushed Off Solyndra's Alarms](#), *Wall Street Journal*, October 4, 2011; Joe Stephens and Carol Leonnig, [Energy Department Failed to Sound Alarm as Solyndra Solar Company Sank](#), *Washington Post*, November 11, 2011.

²⁸ Carol Leonnig and Joe Stephens, [FBI Searches Offices of Solyndra; Lawmakers Say They Were Misled About Firm's Finances](#), *Washington Post*, September 8, 2011.

Not surprisingly, on August 31, Solyndra closed its factory, laid off 1,100 employees, and on September 6, filed for bankruptcy.²⁹

SEC: The Shred Everything Commission

The Securities and Exchange Commission (SEC) destroyed thousands of records, further confirming its lackluster enforcement efforts. Starting in the early 1980s, the SEC instituted an illegal policy of destroying records related to preliminary investigations of financial firms.³⁰ Despite federal laws requiring the SEC to hold on to its records for 25 years, it was agency policy to destroy all documents for cases that didn't become full-fledged investigations.³¹ The agency changed the policy in 2010 after an SEC whistleblower alerted the National Archives and Records Administration.³² The SEC, however, didn't disclose the policy until August 2011, after the whistleblower's lawyer sent a letter to Senator Charles Grassley (R-IA) about the policy.³³

SEC investigators destroying preliminary documents is like police detectives destroying every tip about a drug dealer that doesn't immediately lead to an arrest.³⁴ It makes no sense. The SEC's policy may have led to the destruction of at least 10,000 documents relating to potential criminal conduct.³⁵ For instance, the agency destroyed documents about allegations of insider-trading and accounting fraud at several financial firms, including the now defunct Lehman Brothers, and Ponzi scheme architect Bernie Madoff's firm.³⁶

The SEC official in charge of this policy insisted that no investigations had been harmed by the policy.³⁷ In its rush to destroy documents, the SEC appears mostly to have destroyed its reputation.

Big Rupert is Watching You

Journalists working for Rupert Murdoch's News Corp. got their salacious scoops, not through in-depth reporting, but by hacking into the cell phones of murdered children, and families of terror victims and dead soldiers – and police let them get away with it for years.³⁸ In 2011, new details

²⁹ David Baker, [Feds Probe Solyndra's Upbeat July Report](#), *San Francisco Chronicle*, September 13, 2011; Tom Hals, [U.S. Solar Firm Solyndra Files for Bankruptcy](#), *Reuters*, September 6, 2011.

³⁰ David S. Hilzenrath, [SEC misled Archives on destroying records, inspector general finds](#), *Washington Post*, November 1, 2011.

³¹ *Id.*

³² Matt Taibbi, [Is the SEC Covering Up Wall Street Crimes?](#), *Rolling Stone*, August 17, 2011.

³³ David S. Hilzenrath, [SEC accused of dumping records](#), *Washington Post*, August 17, 2011.

³⁴ Taibbi, *Rolling Stone*, Aug. 17, 2011.

³⁵ Hilzenrath, *Washington Post*, Nov. 1, 2011.

³⁶ Hilzenrath, *Washington Post*, Aug. 17, 2011.

³⁷ Joshua Gallu, [SEC's Khuzami Says Document Destruction Hasn't Hurt Probes](#), *Bloomberg*, September 14, 2011.

³⁸ [Phone-hacking Police Meet Murdered Soham Girls' Parents](#), *BBC News*, July 5, 2011; [News of the World 'Hacked 7/7 Family Phones'](#), *BBC News*, July 6, 2011; [Dead Soldiers' Families 'Hacked By Newspaper'](#), *BBC News*, July 7, 2011; Don Van Natta Jr., Jo Becker, and Graham Bowley, [Tabloid Hack Attack on Royals, and Beyond](#), *New York Times*, September 1, 2010.

about the depth of the hacking emerged, leading to numerous arrests, resignations, and the closure of the tabloid *News of the World*, after 168 years in print.³⁹

Scotland Yard was alerted to the hacking in 2005, but after putting two of the perpetrators in jail, refused to investigate further despite evidence the hacking was widespread.⁴⁰ Indeed, *News of the World* had a practice of paying Scotland Yard for information, and News Corp. had also formed close ties to the British government.⁴¹ In 2009, Scotland Yard went so far as to hire a former *News of the World* editor to be a consultant, who was later arrested for phone hacking.⁴²

On July 11, 2011, the *Daily Mirror* reported that an ex-New York City police officer claimed *News of the World* asked him to hack in to the families of the victims of 9/11.⁴³ Despite News Corp.'s claims that the scandal was limited to *News of the World*, another News Corp. paper, *The Sun*, was accused of using similar tactics to target private records.⁴⁴ Amid these reports, the FBI opened an investigation into News Corp., and later expanded the probe to include the payments made to Scotland Yard.⁴⁵

As the FBI and various UK agencies continue to investigate News Corp., one can only hope that this time, police pursue the case to its end.

PACs Americana

The hits keep on coming. The impact of the Supreme Court's disastrous 2010 *Citizens United* decision grew in 2011, with wealthy special interests taking advantage of new loopholes to funnel ever-increasing amounts of money into elections.

In the wake of *Citizens United*, groups organized under section 501(c)(4) of the tax code, which allowed them to claim nonprofit status and keep donors anonymous. Such groups, including the American Action Network, Crossroads GPS, and Priorities USA, raised millions of dollars for political spending without publicly disclosing their donors.⁴⁶ With the White House and control of Congress at stake, the anonymous spending will only get worse in 2012. In 2010, 501(c)(4) organizations spent more than \$89 million on political activity.⁴⁷ Now, Crossroads GPS, along

³⁹ [News of the World To Close Amid Hacking Scandal](#), *BBC News*, July 7, 2011; [Phone-Hacking Scandal: Timeline](#), *BBC News*; [Met Police Commissioner Sir Paul Stephenson Quits](#), *BBC News*, July 17, 2011.

⁴⁰ [Pair Jailed Over Royal Phone Taps](#), *BBC News*, January 26, 2007; Van Natta Jr., Becker, and Bowley, *New York Times*, Sept. 1, 2010; [New Phone Hack Inquiry Ruled Out](#), *BBC News*, July 9, 2009.

⁴¹ Robert Hutton, [Cameron Hit By Arrest of Former Aide Coulson in News of the World Scandal](#), *Bloomberg*, July 8, 2011.

⁴² [Ex-Met Police Chief Denies 'Swipe' at Prime Minister](#), *BBC News*, July 19, 2011.

⁴³ David Collins, [Phone Hacking: 9/11 Victims 'May Have Had Mobiles Tapped By News of the World Reporters'](#), *Daily Mirror*, July 11, 2010.

⁴⁴ [Gordon Brown Attacks News International Tactics](#), *BBC News*, July 12, 2011; Dan Sabbagh and Polly Curtis, [Focus of Phone-Hacking Investigation Shifts to Les Hinton](#), *Guardian*, July 10, 2011.

⁴⁵ [FBI To Probe Murdoch's Company Over Sept. 11 Allegation](#), *CNN*, July 14, 2011; Greg Farrell, [News Corp. Said To Get U.S. Letter Seeking Information For Bribery Probe](#), *Bloomberg*, September 20, 2011.

⁴⁶ Peter H. Stone, [Fine Line Between Politics and Issues Spending by Secretive 501\(c\)\(4\) Groups](#), *iWatch News*, October 31, 2011.

⁴⁷ *Id.*

with sibling super PAC American Crossroads, hopes to raise \$240 million ahead of the 2012 election.⁴⁸ The other groups will hardly be sitting on their hands.

Donors are finding new ways to stretch the already lax laws to their limits. Super PACs have to disclose their donors, but Restore Our Future, a super PAC backing Republican presidential candidate Mitt Romney, tested those requirements, too. In April, a mysterious corporation called W Spann LLC donated \$1 million to Restore Our Future - just six weeks after the company was incorporated.⁴⁹ W Spann LLC then dissolved in July, two weeks before Restore Our Future disclosed the donation.⁵⁰ On August 5, 2011, Ed Conard, a former employee of Bain Capital, former Gov. Romney's private equity fund, revealed he was behind W Spann LCC, and the source of the \$1 million.⁵¹

Members of both the House and Senate have introduced constitutional amendments to reverse *Citizens United* after last year's efforts to set new disclosure requirements failed.⁵² So far, these amendments haven't made it out committee.⁵³ In the meantime, secret cash continues to flow into secretive groups as the 2012 campaign swings into gear.

Investigating the Investigators

In 2011, the extent to which the House Ethics Committee botched the investigation of Rep. Maxine Waters (D-CA) came to light. Bowing to public pressure, the committee hired outside counsel to investigate its own actions.⁵⁴

In 2009, the committee began investigating Rep. Waters for assisting a failing bank in which her husband had a financial stake, but over the next year, the committee descended further into

⁴⁸ *Id.*

⁴⁹ Michael Isikoff, [Firm Gives \\$1 Million to Pro-Romney Group, then Dissolves](#), *MSNBC*, August 4, 2011.

⁵⁰ *Id.*

⁵¹ Maggie Haberman, [Mystery Mitt Romney Donor Comes Forward](#), *Politico*, August 5, 2011.

⁵² Mike Lillis, [House Democrats Push Legislation to Overturn Citizens United Ruling](#), *The Hill*, September 20, 2011; Hayley Miller, [Citizens United Going Down? Democrats Introduce Constitutional Amendment to Overturn Ruling](#), *Huffington Post*, November 1, 2011; Hayley Miller, ['Citizens United' Fight: Constitutional Amendment Against Corporate Cash Introduced by House Dems](#), *Huffington Post*, November 14, 2011; Brett Neely, [Ellison Proposes Citizens United-Inspired Constitutional Amendment](#), *Minnesota Public Radio*, December 6, 2011; Meredith Shiner, [Campaign Finance Bill Fails Again](#), *Politico*, September 23, 2011.

⁵³ All Congressional Actions, *Proposing an Amendment to the Constitution of the United States to Clarify the Authority of Congress and the States to Regulate the Expenditure of Funds for Political Activity by Corporations*, H.J. Res. 78, available at <http://thomas.loc.gov>; All Congressional Actions, *A Joint Resolution Proposing an Amendment to the Constitution of the United States Relating to Contributions and Expenditures Intended to Affect Elections*, S.J. Res. 29, available at <http://thomas.loc.gov>; All Congressional Actions, *Proposing an Amendment to the Constitution of the United States Relating to Contributions and Expenditures with Respect to Elections*, H.J. Res. 86, available at <http://thomas.loc.gov>; All Congressional Actions, *Proposing An Amendment to the Constitution of the United States Relating to the Authority of Congress and the States to Regulate the Disbursement of Funds for Political Activity by For-Profit Corporations and Other For-Profit Business Organizations*, H.J. Res. 92, available at <http://thomas.loc.gov>.

⁵⁴ Press Release, House Committee on Ethics, 112th Congress, [Statement of the Chairman and Ranking Member of the Committee on Ethics Regarding the Matter of Representative Maxine Waters](#), July 20, 2011; Susan Crabtree, [Conflicted Out? Bonner to Control \\$500K For Waters Special Prosecutor](#), *TPMMuckraker*, July 20, 2011; [House Ethics Hires Billy Martin as Outside Counsel](#), *The BLT: The Blog of Legal Times*, July 20, 2011.

disarray.⁵⁵ The committee scheduled a trial for Rep. Waters' on November 29, 2010, but ten days before it was set to begin, the committee postponed the hearing indefinitely following the discovery of new evidence.⁵⁶ On the same day, the committee placed two attorneys who had worked on Rep. Waters' case on indefinite administrative leave.⁵⁷ News reports painted a picture of a committee in near chaos, with staff arguing about which documents to include in the trial, and allegations that then-chairwoman Rep. Zoe Lofgren (D-CA) had undermined staff efforts to prepare a fair and thorough case.⁵⁸

In July 2011, *Politico* obtained committee memos alleging that then-Ranking Member, Rep. Jo Bonner (R-AL) and staff members involved with Rep. Waters' investigation had breached confidentiality, failed to provide Rep. Waters' defense with all the material to which it was entitled, and engaged in partisan conduct.⁵⁹ In response, on July 20, 2011, the committee hired attorney Billy Martin to review the committee's conduct in the matter and report back by January 2, 2012.⁶⁰

It is a sad but not shocking state of affairs when the committee charged with enforcing congressional ethics is itself engaged in unethical misconduct.

The Little Agency That Can't

Money and politics have never been more closely intertwined, but the agency charged with enforcing campaign finance laws is broken. The president and members of Congress are sitting idly by as the Federal Election Commission (FEC) guts the nation's disclosure laws and deadlocks on an unprecedented number of actions. The terms of five of the six FEC commissioners have expired, yet they continue to serve. The lack of enforcement has created a wild west where few campaign finance laws apply.

Two of the worst offenders the FEC let off the hook this year are Rep. Stephen Fincher (R-TN) and Rep. Jeff Denham (R-CA).

Rep. Fincher's campaign committee concealed the source of a \$250,000 loan, claiming it was from Rep. Fincher rather than the bank where his father sits on the board of directors.⁶¹ Despite agreeing that Rep. Fincher's campaign broke federal campaign finance laws, the commission split 3-3 on whether or not to assess a penalty and closed the case without taking further action.⁶²

⁵⁵ <http://oce.house.gov/2010/08/august-2-2010---oce-referral-regarding-rep-waters.html>.

⁵⁶ Press Release, House Committee on Standards of Official Conduct, 111th Congress, [Statement of the Chair and Ranking Republican Member Regarding Representative Maxine Waters](#), November 19, 2010.

⁵⁷ John Bresnahan, [2 House Ethics Attorneys Suspended](#), *Politico*, November 30, 2010.

⁵⁸ Jeffrey Smith and Carol D. Leonnig, [Infighting Cited in Breakdown of Waters Ethics Probe](#), *Washington Post*, December 17, 2010; Paul Kane and Carol D. Leonnig, [House Ethics Panel in Turmoil As Top Lawyer Resigns](#), *Washington Post*, December 16, 2010.

⁵⁹ John Bresnahan, [Did Ethics Staff Taint Waters Probe?](#), *Politico*, July 18, 2011.

⁶⁰ Press Release, House Committee on Ethics, July 20, 2011; Crabtree, *TPMMuckraker*, July 20, 2011; *The BLT: The Blog of Legal Times*, July 20, 2011.

⁶¹ Stephen Fincher for Congress, [FEC Form 3, Pre-Primary Report](#), filed on July 23, 2010; Alex Isenstadt, [Fincher Under Fire for Campaign Loan](#), *Politico*, October 21, 2010.

⁶² Federal Election Commission, [MUR No. 6386](#), Statement of Reasons: Chair Cynthia L. Bauerly and Commissioners Steven T. Walther and Ellen L. Weintraub, July 21, 2011; Federal Election Commission, [MUR](#)

Rep. Denham's state Senate campaign loaned \$200,000 to a veteran's nonprofit during the 2010 election cycle.⁶³ Just weeks before the primary election, the nonprofit ran widespread radio and television ads featuring Rep. Denham promoting a benefit concert for the organization.⁶⁴ After Rep. Denham won the general election, he forgave the loans.⁶⁵ The FEC's own general counsel found reason to believe the payments broke campaign finance laws, but the commissioners split 3-3 on whether or not to pursue the investigation and closed the case.⁶⁶

As money floods into campaign accounts ahead of the 2012 election, we can be sure of two things: a significant surge in complaints filed with the FEC, and virtual certainty that most of these complaints will go nowhere.

Rolling in the Dough

Former presidential candidate Herman Cain tried to present himself as a different kind of candidate, but in the end, he turned out to be a walking, talking scandal. From the misuse of campaign funds to accusations of sexual harassment, Mr. Cain's ascent in the polls brought with it a raft of scandals that proved to be his undoing.

Looking to make a profit from his campaign, Mr. Cain used \$100,000 in campaign funds to buy copies of his own book and other services from a for-profit company that he runs.⁶⁷ After initially denying he profited from the deal, Mr. Cain's campaign later admitted he had in fact enriched himself.⁶⁸ Then in October, the *Milwaukee Journal Sentinel* reported Mr. Cain's campaign committee owed \$40,000 to Prosperity USA, a nonprofit organization where two of Mr. Cain's top advisors, including his campaign's chief of staff, had worked.⁶⁹ The campaign was forced to hire an outside lawyer to investigate the allegations.⁷⁰

[6386](#), Statement of Reasons: Vice-Chair Caroline C. Hunter and Commissioners Donald F. McGahn and Matthew S. Petersen, September 15, 2011.

⁶³ Jeff Denham for State Senate, [California Form 460 Semi-Annual Statement 2010](#), Secretary of State: Sacramento, California, filed July 29, 2010; *see also* <http://cal-access.ss.ca.gov/Campaign/Committees/Detail.aspx?id=1251652&session=2009&view=expenditures>.

⁶⁴ E.J. Schultz, John Ellis, and Michael Doyle, [Denham Raises Eyebrows with \\$175,000 to Charity](#), *Modesto Bee*, May 30, 2010; <http://www.youtube.com/user/RememberTheBrave>; [FEC MUR No. 6362 \(Denham for Congress and David Bauer\)](#), Factual and Legal Analysis, August 10, 2011.

⁶⁵ Jeff Denham for State Senate, [California Form 460 Semi-annual Statement 2010](#), Secretary of State: Sacramento, California, filed January 27, 2011; *see also* <http://cal-access.ss.ca.gov/Campaign/Committees/Detail.aspx?id=1251652&session=2009&view=expenditures>.

⁶⁶ Federal Election Commission, [MUR No. 6362 \(Denham for Congress and David Bauer\)](#), Certifications, August 2, 2011; Federal Election Commission, [MUR Nos. 6289 and 6362](#), First General Counsel's Report, p. 22, April 13, 2011; John Ellis, [FEC Clears Denham On Allegations He Misused Campaign Funds](#), *Fresno Bee*, August 12, 2011.

⁶⁷ Evan McMorris-Santoro and Ryan J. Reilly, [Herman Cain Spends \\$100K in Campaign Cash on Herman Cain Inc.](#), *TPM2012*, October 17, 2011.

⁶⁸ Craig Schneider and Bo Emerson, [Cain Profited from Campaign Business with His Company](#), *Atlanta Journal-Constitution*, November 1, 2011.

⁶⁹ Daniel Bice, [State Firm's Cash to Herman Cain May Breach Federal Campaign, Tax Laws](#), *Milwaukee Journal Sentinel*, October 30, 2011.

⁷⁰ Daniel Bice, [Cain Campaign Launches Internal Investigation](#), *Milwaukee Journal Sentinel*, November 1, 2011.

Finally, Mr. Cain's campaign was marred by allegations of sexual harassment. When Mr. Cain ran the National Restaurant Association in the late 1990s, two women accused him of sexual harassment, and received severance packages.⁷¹ At least two more women have since come forward with additional allegations of sexual harassment.⁷² Mr. Cain denied these allegations.⁷³

Though billed as a newcomer, Mr. Cain's actions demonstrate just how quickly he mastered the skill of morphing from promising political novice to crooked former candidate.

Indecent Disclosure

It would be quicker to name enforcement agencies that aren't investigating Rep. David Rivera (R-FL) and Rep. Gregory Meeks (D-NY) than to name the ones that are – but somehow, they're still in office instead of under indictment.

At least five different agencies at the state and federal level are investigating freshman Rep. Rivera, thanks to a host of shady schemes aimed at lining his pockets and enriching his friends and family.⁷⁴ Most prominently, federal investigators are looking into Rep. Rivera's ties to Millennium Marketing, Inc., a company co-owned by his mother, which loaned Rep. Rivera at least \$132,000.⁷⁵ In addition, state investigators are also looking into several questionable expenditures made by Rep. Rivera's campaign committee.⁷⁶

Rep. Meeks, meanwhile, is also the subject of multiple investigations. Federal investigators are believed to be looking into whether Rep. Meeks used several non-profit groups to direct money to his friends and family.⁷⁷ The House Ethics Committee is investigating a 2007 loan Rep. Meeks received from businessman Edul Ahmad which had no interest rate or payment schedule, and which Rep. Meeks failed to disclose until after questioned by the FBI.⁷⁸

Despite their sleazy résumés, these Teflon congressmen continue to represent America.

⁷¹ Jonathan Martin, et. al., [Exclusive: 2 Women Accused Cain of Inappropriate Behavior](#), *Politico*, October 30, 2011.

⁷² Sara Libby and Juana Summers, [Herman Cain Confronts More Harassment Allegations](#), *Politico*, November 2, 2011; Amy Gardner and Krissah Thompson, [Woman Accuses Herman Cain of Unwanted Sexual Advances While She Was Seeking Help Getting a New Job](#), *Washington Post*, November 8, 2011.

⁷³ Gardner and Thompson, *Washington Post*, Nov. 8, 2011.

⁷⁴ Michael Putney, [Murky Finances Limit Rivera's Effectiveness](#), *Miami Herald*, May 3, 2011; Scott Hiaasen and Marc Caputo, [Feds Investigate Congressman David Rivera on Casino Contract](#), *Miami Herald*, July 21, 2011.

⁷⁵ *Id.*; Curt Anderson, [New Fla. Congressman Quietly Reported Loans in Dec.](#), *Associated Press*, January 4, 2011.

⁷⁶ Scott Hiaasen and Patricia Mazzei, [Investigators Look into Rep. Rivera's 'Thank You' Spending](#), *Miami Herald*, January 15, 2011; Scott Hiaasen, Patricia Mazzei, and Scott Caputo, [Rep. Rivera's Fundraising Consultant Collected \\$817,000 in Fees Since 2006](#), *Miami Herald*, February 19, 2011.

⁷⁷ Kenneth Lovett, Barbara Ross, and Greg B. Smith, [Federal Grand Jury Probes Real Estate and Nonprofit Deals for Malcolm Smith, Other Queens Pols](#), *New York Daily News*, April 2, 2010.

⁷⁸ Greg B. Smith, [Queens Congressman Gregory Meeks: \\$55G in Undisclosed Loans An 'Oversight'](#), *New York Daily News*, June 21, 2010; Greg B. Smith, [FBI Looks Into Secret \\$40,000 Personal Loan to Queens Pol Gregory Meeks](#), *New York Daily News* July 8, 2010; Press Release, House Committee on Ethics, 112th Congress, [Statement of the Chairman and Ranking Member of the Committee on Ethics Regarding Representative Gregory W. Meeks](#), August 5, 2011.

The House (and Senate) Always Wins

Congress makes decisions that affect the stock market, and members often are privy to information affecting stock prices before the general public. In the corporate world, trading on such information is called insider trading. In Congress, it is business as usual.⁷⁹

Studies have documented how members of Congress have a much higher rate of return on their investments than the average Joe.⁸⁰ A new book that documents congressional insider trading in detail breathed new life into the issue this past November and triggered a *60 Minutes* exposé on the topic.⁸¹ The broadcast profiled several members of Congress who profited from investments after discovering inside information.⁸² Rep. Spencer Bachus (R-AL), for example, bought securities that would profit if the market tanked the day after meeting secretly with the Treasury Secretary and Federal Reserve Chairman.⁸³ Rep. Bachus sold the securities less than a week later, nearly doubling his money.⁸⁴

It wasn't until after *60 Minutes* exposed their high return rates that senators and representatives scrambled to show concern.⁸⁵ The STOCK Act, which would make it explicitly illegal for Congress to trade on insider information, earned more than 200 cosponsors in the weeks after the broadcast.⁸⁶ Rep. Bachus, chairman of the House Financial Services Committee, was fast-tracking the legislation through his committee.⁸⁷ But progress is not certain. Majority Leader Eric Cantor (R-VA) and other GOP leaders ordered the bill halted for further review.⁸⁸

It's too bad this needs to be spelled out, but there you have it: Members of Congress must be held to the same standard of conduct as everyone else.

⁷⁹ Jim Galloway, [Congress and a 16-Year Study of 'Insider Trading'](#), *Atlanta Journal-Constitution*, November 16, 2011; [Feds Investigating Frist's HCA Stock Sale](#), *Associated Press*, September 23, 2005.

⁸⁰ Alan J. Ziobrowski, et. al., [Abnormal Returns From the Common Stock Investments of Members of the U.S. House of Representatives](#), *Business and Politics*, April 2011; Alan J. Ziobrowski, et. al., [Abnormal Returns From the Common Stock Investments of the U.S. Senate](#), *Journal of Financial and Quantitative Analysis*, December 2004; Megan Mcardle, [Capitol Gains](#), *The Atlantic*, November 2011.

⁸¹ Steve Kroft, [Insiders](#), *60 Minutes*, November 13, 2011.

⁸² *Id.*

⁸³ *Id.*; Gene Wyler, [More Insider Trading Details: Here's How Rep. Spencer Bachus Cashed In on the Financial Crisis](#), *Business Insider*, November 14, 2011.

⁸⁴ Wyler, *Business Insider*, Nov. 14, 2011.

⁸⁵ Mike Lillis and Russell Berman, [Insider Trading Ban Gains Momentum, Pelosi Backs House Version of Bill](#), *The Hill*, December 1, 2011; Cosponsors, *Stop Trading on Congressional Knowledge Act*, H.R. 1148, available at <http://thomas.loc.gov/cgi-bin/bdquery/z?d112:H.R.1148:@@N>.

⁸⁶ CRS Summary, *Stop Trading on Congressional Knowledge Act*, H.R. 1148, available at <http://thomas.loc.gov/cgi-bin/bdquery/z?d112:H.R.1148:@@D&summ2=m&>; Cosponsors, *Stop Trading on Congressional Knowledge Act*, H.R. 1148, available at <http://thomas.loc.gov/cgi-bin/bdquery/z?d112:H.R.1148:@@N>; Lillis and Berman, *The Hill*, Dec. 1, 2011.

⁸⁷ Lillis and Berman, *The Hill*, Dec. 1, 2011; Seung Min Kim, [Spencer Bachus to Hold Investments Hearing](#), *Politico*, November 17, 2011.

⁸⁸ Jonathan Allen, [Eric Cantor Smacks Down 'Insider' Spencer Bachus](#), *Politico*, December 8, 2011.

Scott Walker: Whatcha Gonna Do When He Comes For You?

You can run, but you can't hide from Wisconsin Gov. Scott Walker, because if you do, he'll sic state troopers on you. Gov. Walker's controversial proposal to limit the negotiating rights of public employees led to protests and a takeover of the state Capitol building earlier this year.⁸⁹ Fourteen Democratic members of the state Senate went into hiding in an effort to suppress the bill.⁹⁰ In response, Gov. Walker, a Republican, sent Wisconsin state troopers to locate the Senate Democrats.⁹¹

The Wisconsin State Constitution prohibits police from arresting lawmakers while the legislature is in session, except in cases of breaches of peace, felonies, or treason.⁹² Despite reports that the Democrats had fled to Illinois, many Republicans believed the Democrats were sleeping in their own houses.⁹³ At the request of Senate Majority Leader Scott Fitzgerald, Gov. Walker dispatched the Wisconsin State Patrol to senators' homes, which Sen. Fitzgerald believed would persuade the Democrats to return for a vote, though the police couldn't arrest the senators.⁹⁴ On March 9, the bill passed the Senate without any Democrats present, and Gov. Walker signed it into law two days later.⁹⁵ Finally, after three weeks in hiding, the Democrats returned to Madison without the aid of state troopers.⁹⁶

In November, Gov. Walker's political opponents launched a campaign to recall him.⁹⁷ The campaign has to collect a total of 540,208 signatures by January 17, 2012, to initiate the recall.⁹⁸

So far, no word as to whether the state troopers are getting involved.

⁸⁹ Monica Davey and Steven Greenhouse, [Angry Demonstrations in Wisconsin as Cuts Loom](#), *New York Times*, February 16, 2011.

⁹⁰ Clay Barbour, et. al., [Senate Democrats Flee the State to Stop Vote on Bill](#), *Wisconsin State Journal*, February 18, 2011.

⁹¹ James Kelleher, [Wisconsin Police Sent to Search for Democratic Senators](#), *Reuters*, February 24, 2011; [Wisconsin Senate Republicans Send State Trooper After Democratic Leader Mark Miller](#), *Post Crescent* (Appleton, WI), February 18, 2011; Dee J. Hall, [Forcibly Returning Senate Democrats May Be Unconstitutional](#), *Wisconsin State Journal*, February 22, 2011.

⁹² Melissa Bell, [Wisconsin Democrats Boycott Vote; State Troopers Sent After Absent Senator](#), *Washington Post*, February 18, 2011; *Wisconsin Constitution*, [Article IV, §15](#), Wisconsin Constitutional Convention, March 13, 1848.

⁹³ Kelleher, *Reuters*, Feb. 24, 2011.

⁹⁴ *Id.*

⁹⁵ [Wis. Governor Officially Cuts Collective Bargaining Rights](#), *NBC News*, March 11, 2011.

⁹⁶ Lyndsey Layton, [Ralliers Welcome Back Wisconsin Democrats](#), *Washington Post*, March 13, 2011.

⁹⁷ [Michael A. Memoli, Wisconsin Gov. Scott Walker Fights Back as Recall Effort Begins](#), *Los Angeles Times*, November 15, 2011.

⁹⁸ *Id.*