

K STREET CONFIDENTIAL

These days, everyone needs eyes,
ears and a voice in Washington.
Here's how to find yours.

BY DAN FISHER

ONCE UPON A TIME, BILL GATES BUILT

Microsoft into a software colossus from his home base in Seattle with only a single lobbyist to watch after his interests in Washington D.C. Then, Washington taught Gates a hard lesson.

As competitors like Netscape and Oracle complained to Congress about Microsoft's hardball business tactics, the Justice Department opened an antitrust investigation and eventually sued to break the company up in 1998. By 2000, Microsoft was spending millions of dollars a year on a small army of lobbyists to counter attacks by competitors and regulators and elect a more sympathetic president in George W. Bush.

The late-breaking offensive worked—Microsoft settled without being broken up—but the company's ordeal taught the tech industry it was no different than the railroads, steel mills and automakers that came before it. In Washington, clout counts. And the only sure way to acquire clout is to hire lobbyists who know how to convince, cajole and threaten lawmakers into seeing things their way.

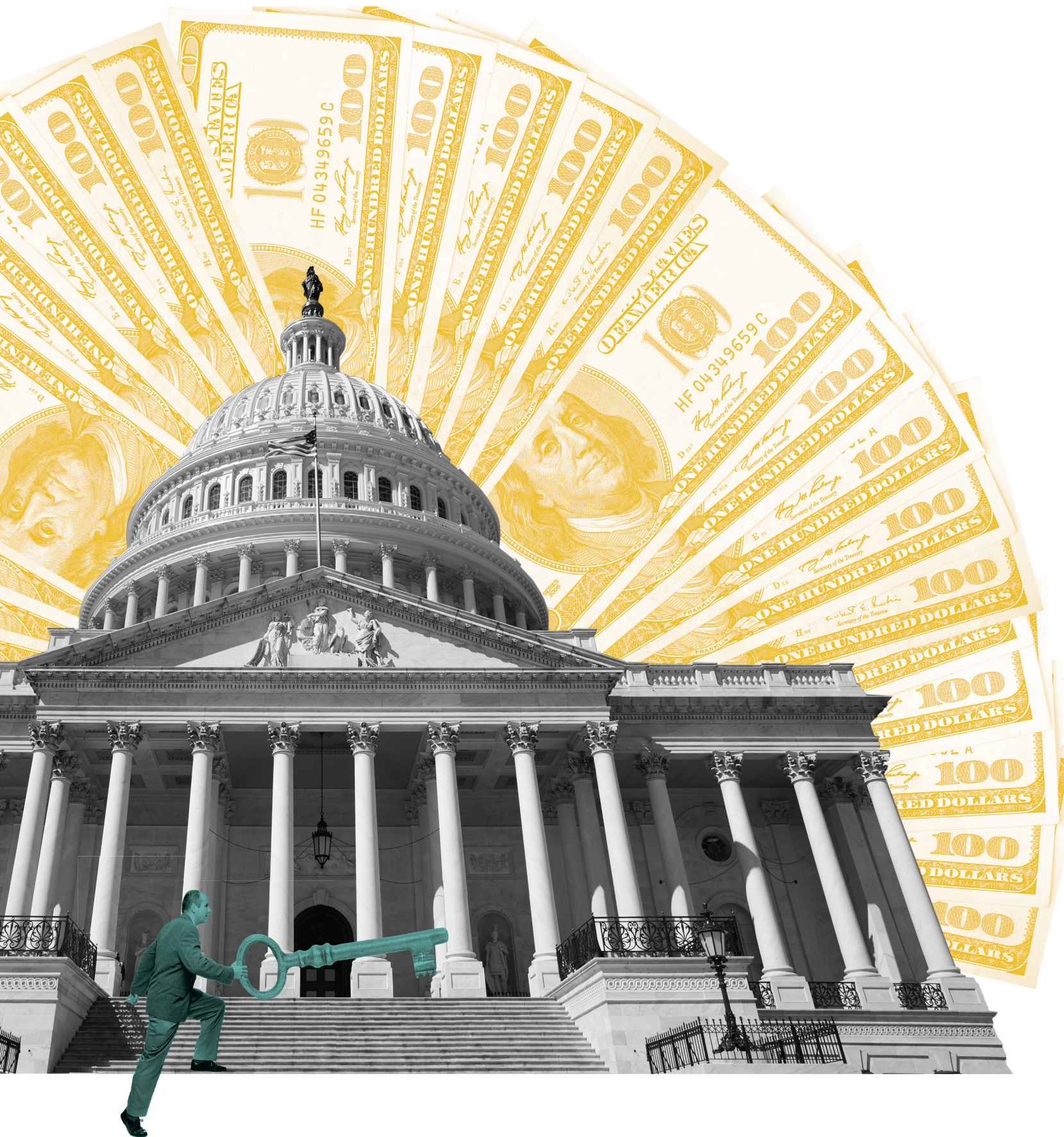
Detroit has automobiles, Los Angeles has the movies, but in Washington, the signature industry is lobbying. The public-interest reporting organization ProPublica lists 17,138 current “lobbying representations,” according to federal records, each one representing a company, a nation or an individual who thinks it necessary to pay somebody else to plead their case before Congress or the regulators.

These days, Microsoft lists at least 20 different lobbying firms it pays as much as \$110,000 a quarter to advise on everything from tech policy to immigration, while embattled former Nissan chief Carlos Ghosn reported paying BGR Group, a Republican-affiliated shop run by former Mississippi Gov. Haley Barbour, \$300,000 last year for help in “resolving an international legal issue.”

“At some point, the game is on, and you can't know and don't know if that's next month, next year or three years from now. But you have to be on the field,” says Joel Johnson, a former Clinton administration senior adviser who now runs Glover Park

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Group, a 170-employee D.C. firm whose clients include Disney, Apple, Fox and Lyft. “You can’t just come off the bench in overtime and hope to influence the outcome.”

Tech, once again, is the biggest game on K Street. With Congress turning its attention to Google, Facebook and Amazon, and whether they hold too much power over the Internet economy and how people receive the news, lobbyists, naturally, are raking in tens of millions of dollars to advise these new tech titans how not to become the next Microsoft.

Some of the money is going to traditional firms like international law firm Akin Gump, for years the highest-billing lobbying outfit in Washington, with five former members of Congress in its policy shop. But they’re also hiring newcomers like Fulcrum Public Affairs, a Democrat-oriented firm run by Obama administration alumnus Oscar Ramirez and by Dana Thompson, a former chief of staff to Democratic Congresswomen Maxine Waters and by Sheila Jackson Lee. In total, Google spent more than \$3 million on outside lobbyists last year, according to government records, on top of more than \$11 million it spent on its internal Washington operation.

As Microsoft demonstrated, the risk of going it alone in the nation’s capitol is too high. The classic example of a lobbying fail may be the 10 percent tanning-bed tax that appeared in the Obamacare bill sometime in 2009. The bill’s architects were looking for non-essential services they could tax to help pay for the Affordable Care Act’s expansive benefits. At one point, they focused on Botox injections, but the dermatologist lobby killed that idea. So then they targeted the largely mom-and-pop business of tanning salons—and at the last minute exempted “qualified physical fitness facilities,” which in plain English are corporate health-club chains. This wasn’t an accident.

Capitol Counsel Partner Shannon Finley, a former senior staffer for Democratic Sen. Max Baucus, even brags about the

tanning-bed coup on her website bio. Capitol Counsel’s longtime clients include the American Academy of Dermatology, Amgen and Bayer, and the firm cites more recent success, including helping to defeat changes in Medicare Part B drug reimbursement.

Pharmaceutical companies have traditionally been the biggest spenders in Washington, which is natural given their vulnerability to regulations and even tiny changes in government healthcare spending programs. They spent \$295 million last year, according to OpenSecrets, multiples of the \$75 million Internet companies spent.

The growing power of Google, Facebook and Amazon is forcing them to spend more to monitor and influence legislators and regulatory agencies, however, as disgruntled competitors and public-interest groups stoke the fires of grievance and suspicion. Some describe the latest battle as “Google versus the world,” with Facebook and Amazon lumped in on the Google side, and a broad array of competitors, from Netflix to Internet startups, on the other. A recent hearing in Colorado demonstrates the challenges these new industry leaders face as their power and wealth draw the attention of Congress. At that hearing, lawmakers heard a number of smaller competitors, including Sonos, Tile and PopSockets, complain that Google, Facebook et al were trying to squelch them with anticompetitive tactics.

“I think it’s clear there’s abuse in the marketplace and a need for action,” said GOP Rep. Ken Buck of Colorado. That looks like a win for Erik Huey of Platinum Advisors, which charged Tile \$10,000 in the fourth quarter of 2019 for advice on “issues related to the technology industry,” according to federal lobbying records. Sonos is advised on competition policy by Mehlman Castagnetti Rosen & Thomas, which is stocked with former officials from Republican and Democratic administrations. Both firms declined comment.

WASHINGTON'S 10 TOP LOBBYISTS

IT IS EASY TO CALCULATE THE TOP-GROSSING LOBBYING firms in Washington, thanks to detailed records they submit to Congress on a quarterly basis. But to construct our list of top lobbyists, we went behind the dollars to identify the firms and individuals who get the call when a company needs to buy the influence only years in the Capitol and a thick Rolodex can provide. Some firms have been around for decades and work both sides of the political aisle. Others, like Ballard Partners, have surged to prominence thanks to their Republican Party credentials and ties to Trump. One thing is common to all of them: Count on spending a minimum of \$10,000 a quarter for eyes and ears in Washington—and probably a lot more.

Akin Gump

With \$31.2 million in 2019 billings, international law firm Akin Gump is the biggest lobbying firm, according to the Center for Responsible Politics' OpenSecrets database. Bipartisan staff includes Brian Pomper, former chief international trade counsel for the Senate Finance Committee; Hunter Bates, former counsel to Sen. Mitch McConnell, and Arshi Siddiqui, former policy adviser to Sen. Nancy Pelosi. Top clients include Amazon, Altria, Indian tribes, Philip Morris International. Recent victory: representing AARP to help repeal a 2017 provision of the tax code that required non-profits to pay taxes on benefits like parking and transportation.

Brownstein Hyatt Farber Schreck



Denver real estate attorney Norman Brownstein built this regional law firm into a D.C. lobbying giant with \$28.7 million in revenue last year. Brownstein's edge comes from deep, bipartisan connections with legislators and bureaucrats

(Norman Brownstein reportedly was feted at a 2016 party by Democratic Rep. Nancy Pelosi and GOP Sen. Mitch McConnell). Prominent partners include former Justice Dept. assistant attorney general William Moschella and former Senate staffer Al Mottur. Clients include Altria, the American Gaming Assoc., Anheuser-Busch, FedEx and PricewaterhouseCoopers.

BGR Group

Bills itself as "bipartisan" but this firm brought in \$21 million last year mostly thanks to its close ties to the Republican Party. Founded in 1991 by former Mississippi Gov. Haley Barbour and Edward Rogers, a Reagan White House official, BGR also employs former Reagan and Bush administration official Lanny Griffith and Loren Monroe, who served on the George H.W. Bush campaign. Blue-chip client list includes the nations of Azerbaijan and Bahrain, American Beverage Assoc., Physicians for Fair Coverage, the American Healthcare Association, Caesars, Airbus and Impossible Foods.

Squire Patton Boggs

With former GOP Sen. Trent Lott and Democratic Sen. John Breaux on the masthead, this Washington law firm ranks among the most powerful lobbying outfits with special clout in the defense and energy industries. Squire Patton advises Airbus on military helicopter contracts, BAE Systems on defense and took in \$150,000 a quarter last year from Americans for Carbon Dividends, an industry-backed group pushing for a carbon tax.

Ballard Partners



Veteran Florida Republican operative Brian Ballard opened Ballard's Washington office in 2017, just in time to ride the Trump wave to \$14 million in lobbying revenue last year.

Important clients range from the American Kitchen Cabinet Conference, which pays \$50,000 a quarter for advice on China trade regs, to General Motors, British American Tobacco and DISH Network.

CGCN Group

Prominent partners include Matt Rhoades, who managed the Mitt Romney campaign, and Sam Geduldig, a former staffer for Speaker of the House John Boehner. Blue-chip client list includes Microsoft, Bloomberg, MasterCard and Grant Thornton.

American Continental Group

The headliner here is David Urban, a former chief of staff to Sen. Arlen Specter who joined the Trump campaign and led the candidate to his crucial victory in Pennsylvania. Clients include 7-Eleven, Amgen, Bayer, News Corp. and Nike.

Glover Park Group



Run by former Clinton communications official Joel Johnson, this once-unabashedly Democratic shop specializes in legislative strategy, advertising and crisis communications with strength in the tech industry. Clients

include Apple, Cisco Systems, Coca-Cola, Keurig and Lyft.

Subject Matter

Co-founder Steve Elmendorf was chief of staff to House Democratic Leader Dick Gephardt and a senior adviser to the Gephardt, Kerry and Clinton presidential campaigns before turning to lobbying. Clients include Nestle, Ford, Orbitz and MetLife.

Fierce Government Relations

Kirk Blalock and Kirsten Chadwick, both former George W. Bush aides, are said to be very close to House and Senate Republicans. Clients include Delta Air Lines, eBay, Home Depot and Stanford University.

HOW TO HIRE A VOICE IN WASHINGTON

WASHINGTON IS AWASH IN LOBBYISTS. But hiring the right one requires more than a thick wallet. Some firms specialize in getting close to influential politicians, others with finessing the regulatory process. Here are some tips on pairing the right lobbyist with your company's needs.

- **Lobbying is relationships.** There's a reason so many firms are stocked with former members of Congress, legislative staff and regulators. They understand how the system works, and they know who they can get on the phone. A compelling argument isn't worth much if nobody listens.
- **Politics matter—but not as much as they used to.** If your issue hinges on support from the executive branch, by all means seek out lobbyists aligned with the party in power. Not only do they have the right relationships (see above), but they were probably deeply involved in getting the president elected, either as campaign officials or by having close ties to the big contributors. For four years, at least, those connections can be essential.
- **Both parties count.** Most legislation is a long, slow crawl, and it helps to have a lobbying firm that can work with Republican and Democrat majorities in Congress. If your issue involves specific legislation or is perennial like tax or trade policy, better hire lobbyists from both sides of the aisle.
- **Power is diffuse.** Fifty years ago, lobbyists traded on their tight relationships with a few key figures in Washington: committee chairs, regulatory chiefs or the president's staff. But power is far less concentrated today. A successful lobbying campaign might involve a crafting a compelling policy argument, followed by sophisticated social media messaging, grassroots activism and good old-fashioned arm-twisting in Congress. A firm that can't do it all might not be able to deliver the result you need.

- **Bring your checkbook.** Ex-Congressmen aren't cheap, and neither are the experienced corporate lawyers or campaign-finance chiefs who stock most lobbying firms. The most influential outfits in Washington charge a minimum of \$10,000 a month for important assignments, and big corporate clients frequently pay \$500,000 a year or more.



Donald Trump's surprise victory in 2016 shook up the political establishment and created opportunities for new entrants. Just weeks after Trump's inauguration in January 2017, longtime Florida Republican lobbyist and key Trump fundraiser Brian Ballard opened a Washington office and signed up clients from Amazon to Uber who were willing to pay tens of thousands of dollars a month to gain access to the new occupant in the White House.

From a Washington nonentity, Ballard vaulted to one of the biggest lobbying firms in the Capitol with more than \$18 million in revenue last year, according to OpenSecrets. Ballard's newly signed clients included MGM Resorts International and private prison operator GEO Group, which got a multimillion-dollar contract to operate an immigrant detention facility soon after signing a \$100,000-a-quarter lobbying contract with the firm.

Ballard's ascent was rapid, but he is already hiring Democrats to help position the firm for the future. A company that is new to Washington might do well by hiring a lobbying firm aligned with the current regime, but over time it's important to have influence over every element of government—and constantly shifting public opinion. With Congress divided and power diffuse, lobbying for a piece of legislation or regulatory change has become similar to running a political campaign, says Johnson of Glover Park. Firms devise sophisticated policy, communications and social media programs to undergird any high-stakes Washington lobbying effort.

"There are very few single-party solutions or one-target solutions, where you say, 'All we need to do is get somebody to get to Trump, or the majority leader of the Senate, or the Speaker of the House,'" says Johnson. "The days of hiring the former chief counsel of the chairman of a committee to fix your issue are gone." **CBM**