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**From:** Ed DeVilbiss <eddevilbiss@gmail.com>  
**Sent:** Saturday, December 17, 2016 9:33 AM  
**Subject:** Fwd: Another December surprise...

Friends,

We have seen how looking the other way on ethics issues with public officials leads to considerable favoritism and waste in Washington through the Clintons. To be fair they are not the only ones. We need to look no further than our own state legislators to see signs of favoritism and waste that if left unchecked will only grow larger. You may wish to subscribe to updates from SCPC, a key player in shining light on these issues.

The following is a recap of current situations that need to be dealt with to make our government more efficient.

In addition to the potential Constitutional crisis we're facing with the succession of our Lieutenant Governor, another bomb was dropped on Wednesday by prosecutor David Pascoe: State Rep. Jimmy Merrill (R-Berkeley) was indicted on 30 counts of ethics violations – essentially using his office to enrich himself and his business.

*The Nerve* was cited [in this week's Post and Courier article](#) as an organization that has been exposing this type of fraud for years. Ashley was also quoted in several mainstream media outlets yesterday pushing out our research. As we [outlined in The Nerve today](#) (I copied the article below for your convenience), Merrill is far from being the only legislator to do what he's being accused of doing – other lawmakers have hatched similar schemes.

So, will there be more indictments? TBD, but [Ashley was forceful in her interview with the Post & Courier this morning](#):

*“They should have not only nailed (Merrill) but every other one if that's going to be the standard,” Landess said of the single dose of indictments. “If they're really going to enforce the law ... then they have to do it across the board. They have not done that, absolutely have not done that.”*

And, just as important, will there be a behavior change in the Statehouse? Depends on pressure from citizens.

To be clear, the “ethics reform” passed in the Statehouse and touted on the campaign trail by politicians this year will NOT stop what Merrill is accused of doing. Legislators can still use their LLCs as shields for where

they truly derive income. As constituents, we have a right to know who is paying our representatives to determine if there is a conflict of interest. Under the current Ethics Act, we can't make that determination.

However, one thing is for sure: without your support for the Policy Council, none of this would be occurring. *The Nerve's* consistent exposure of corruption has led the law enforcement community to once again take action on a systemic problem in the Statehouse and [get us one step closer to a freer South Carolina](#).

I'll continue to update you as news breaks. As always, please don't hesitate to send feedback and questions!

Best,

Dave Schwartz

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"Identifying barriers to freedom, empowering citizens to eliminate them"

## It's not just Merrill

By ROBERT MEYEROWITZ

### ***One lawmaker gets indicted while many do just fine***

The sweeping indictments of Representative Jim Merrill announced late Wednesday gave proponents of reform something to cheer about. But if they're diligent, the game has only just begun.

Merrill, the former majority leader, is charged with two counts of misconduct in office and 28 counts of ethics laws violations, after a Richland County grand jury found that he and his business did not report several million dollars that he took from groups with interests in legislation.

That seems to be a textbook case of corruption. The South Carolina statehouse is fertile ground for it.

Lawmakers spend hundreds of thousands of dollars to win jobs that pay less than McDonald's. The ethics laws that ensnared Merrill are lax, making his indictment all the more notable. Couple that with legislators' unchecked power, and they can enrich themselves.

Members of the South Carolina General Assembly earn \$10,400. Even when you add the per diems (payments of which some lawmakers take full advantage even though they can see the statehouse from their homes), take-home pay only amounts to around \$32,000 at most.

There are several ways for lawmakers and their families to profit handsomely. As *The Nerve* has made clear over the last several years, many lawmakers have done it by directing state dollars to their own businesses, abusing campaign funds, appointing their family members to sinecure appointments, and handicapping business competition.

### **Securing state contracts**

A common way for lawmakers like Merrill to boost their bottom lines is to secure government contracts for themselves or their own firms. Clearly, by doing business with a state lawmaker's company, a business stands to gain influence with state government – and lawmakers know this. From office supplies for local governments to multi-million dollar road projects, lawmakers can make easy money – and the public often knows nothing about it.

- Thomas Alexander from Oconee has made over \$830,000 since 2010 through government contracts by selling office supplies to local governments in his district, Clemson University, and other industries that he oversees as a legislator.
- Hugh Leatherman's company, Florence Concrete, has made millions off of state contracts as a subcontractor. Since Florence Concrete is a subcontractor, Leatherman is not required to disclose the money he makes from these projects.
- John Scott took in \$49,500 from the city of Columbia for consulting on the city's unsuccessful attempt to secure funding from the State Transportation Infrastructure Bank.

### **Using campaign accounts as a slush funds**

Current law allows legislators to use campaign funds on expenses "incurred in connection with an individual's duties as a holder of elective office" – phrasing that members have interpreted to mean just about anything. Despite a few high-profile cases in which lawmakers went too far (and in the case of former Speaker Bobby Harrell, it took a complaint filed with the attorney general, since the House Ethics Committee was hopelessly conflicted), lawmakers continue to treat campaign cash as though it were their own.

- Twelve legislators took a trip to Israel and some used their campaign funds to cover travel costs and expenses.
- From 2008 to early 2014, Rep. Alan Clemmons spent \$29,297 on scarves, neckties, and other apparel items, apparently as gifts to friends and constituents.
- Over a six-year period, Sen. Hugh Leatherman spent \$16,569 on meals and receptions for "staff," "teachers," and "consultants" at members-only clubs in Columbia and over \$90,000 on Christmas gifts for constituents.
- Members can and do use campaign money for legal defense in those rare instances when they run afoul of the state's weak ethics laws.
- Bill Sandifer, chairman of the powerful House Labor, Commerce, and Industry Committee, spent \$18,000 over three years on unspecified "conference" expenses.

These "campaign expenditures" probably don't go directly into the elected official's pocket. But they secure the official's position, extend his influence and prestige, and in some cases benefit him personally, as with expensive meals.

## Putting family first

South Carolina's nepotism law states, "No public official, public member, or public employee may cause the employment, appointment, promotion, transfer, or advancement of a family member to a state or local office or position in which the public official, public member, or public employee supervises or manages."

By either ignoring the law or interpreting it in the loosest possible way – that is, by pretending that the General Assembly's oversight power is different from supervision and management – lawmakers allow themselves to appoint family members to lucrative boards and commissions, and as agency heads.

- Four members of the Medical University board of trustees are related to legislators. In South Carolina higher education, it has become common for legislators to nominate and elect relatives.
- Brian White regularly used his campaign account to contribute to a technical college where his wife works as a development director and a nonprofit where she's a board member.
- For years, former Speaker of the House Bobby Harrell appointed his brother to the powerful Judicial Merit Selection Commission, which screens state judges.
- Hugh Leatherman appointed his son-in-law to the powerful Department of Transportation board.

## Regulating the competition

Every year legislators introduce and pass legislation that makes it harder for businesses to compete against those legislators' firms.

- In 2016, Senator Danny Verdin introduced a bill that would have established a competition free zone for his brother and father, who are veterinarians. The legislation would have made it illegal for a mobile pet clinic to operate within two miles of a veterinary practice.
- Pharmacist-legislator Kit Spires regularly introduces pharmacy legislation and new regulations that increase the burden on pharmacists.
- Representative Bill Sandifer, a funeral director, has authored numerous laws that place onerous regulations on firms in his industry, making it more difficult for them to compete against established companies like Sandifer's.

## Diverting money to projects

Every year the state budget contains wasteful spending on unnecessary projects and programs with poor track records. The state's opaque budget process makes it easy for lawmakers to slip in these items and in some cases the benefit to individual lawmakers is laughably obvious. Lawmakers can also send appropriations to their friends and business partners.

- Representative Gilda Cobb-Hunter is a longtime member of the House Ways and Means Committee. In 2013, she inserted a \$200,000 earmark for her own nonprofit organization.
- Senator Hugh Leatherman hid his business connections to partners that he appointed to state boards. One of those appointments went on to make a controversial \$22 million investment with state funds benefiting one of his clients.
- Bill Stern, longtime friend of legislative leaders and at the time chairman of the State Ports Authority, purchased a piece of property near Columbia for a cut-rate price. Soon afterward the state purchased an adjacent tract, thus dramatically increasing the value of Stern's land, which he then sold to the state for a much higher price. Legislators who questioned the arrangement were pressured to accept the deal.

These are just some of the ways in which the concentration of power and secrecy in the General Assembly makes it easy for lawmakers like Merrill to treat state government as a profit-making enterprise. And the consequences for South

Carolynians are severe: public money wasted on unnecessary and poorly performing projects, contributions to campaigns and PACs used as pay-to-play bribe money, incompetent appointees on powerful state boards, and businesses regulated out of the market.