

BEER | Group goes extra mile to get its way in Lansing

From Page 1A

mendous efforts and expenses on the part of the wholesalers and suppliers to try to hold the line."

A Free Press investigation found that the wholesalers go to great lengths to protect their turf. For example:

■ The group picks up the food and beer costs for legislators to hold political fund-raisers in a reception room at its headquarters two blocks from the Capitol. Since 2001, politicians from Wayne, Oakland and Macomb counties have raised more than \$440,000 at parties paid for by the wholesalers.

■ The beer and wine wholesalers' political action committee has donated more than \$2 million to state politicians since 1997. The PAC ranks among the top 10 in Michigan and stands out because it spreads the wealth so widely. Of the 148 people elected to the House and Senate in 2002, for instance, all but nine received money.

■ The wholesalers' representatives have met in secret with state regulators to discuss enforcement and policy issues. Legal experts said the gatherings with the Michigan Liquor Control Commission violate the state open meetings law.

Mike Lashbrook, president of the Beer & Wine Wholesalers Association, said the group operates openly and does nothing improper to protect its interests.

"Everything we do, we do above board, with the required disclosure — by the rules," he said.

But Rich Robinson, executive director of the Michigan Campaign Finance Network, a nonpartisan organization that tracks political spending, said the way the wholesalers operate could be "a case study of making government work for you."

"They invest in candidates," he said. "They wine and dine the lawmakers. They sponsor these trips. They keep the party going. It's the money, it's the ongoing contacts, that make them successful in keeping a business climate that favors them."

Political prowess

The wholesalers do their most lavish entertaining when they fly off to their annual winter conventions.

Since 2001, lobby disclosure records show, the wholesalers association — funded by its 75 members — has spent at least \$27,000 taking lawmakers along.

The wholesalers' trips are an unusual lobbying tactic. The Free Press examined the disclosure reports of more than 100 associations and corporations and found that only a few had reported taking legislators or regulators on trips that cost more than \$1,000.

The wholesalers' guest list has included Lt. Gov. John Cherry Jr., when he was a state senator, last year's House Speaker Rick Johnson, Detroit Mayor Kwame Kilpatrick, when he was a representative, and the Senate's reigning top Democrat, Bob Emerson of Flint.

Cherry has been the most frequent traveler since 1999. He took four trips with his wife, Pam Faris, at a cost of more than \$10,000 in airfare and hotels.

Spokeswoman Liz Boyd said the trips were important because they gave Cherry, who became lieutenant governor in 2003, a chance to meet with small-business owners to discuss issues of the day. "It really doesn't matter whether those meetings are at Metro Beach or Palm Beach," Boyd said.

But some politicians say the wholesalers' trips and campaign donations make a difference.

"When they're as attentive as they are and they provide the opportunities they provide, I can't tell you it doesn't have an impact," said Joseph Rivet, a Democrat who spent six years in the House before term limits forced him out. Now a Bay County drain commissioner, he raised campaign money at the wholesalers' headquarters but did not attend their conventions.

"In terms of pure money influence, it's the beer and wine guys," he said of the wholesalers' lobbying power. "They've got a really good lobbyist who sends you money, no questions asked, and they don't ask for much."

Karen Wilson, chief executive of Central Distributors of Beer, an Anheuser-Busch wholesaler in Romulus, said the wholesalers must be activists in Lansing because their products and livelihoods are heavily regulated.

"We have an association to help protect us," she said. "We have huge commitments to our employees, our communities, and we have a lot invested in our businesses."

"We have a lot to lose. That is why we stay on top of anything legislatively that can harm us."

POSTCARDS FROM PARADISE | GRAND CAYMAN



Hyatt Regency Grand Cayman Resort

In February 2004, the legislators below joined the wholesalers at the Hyatt Regency on Grand Cayman's Seven Mile Beach, where the cheapest room at that time of the year costs more than \$370 a night.



Bob Emerson



Rick Johnson



Ed Gaffney



Sal Rocca

POSTCARDS FROM PARADISE | PALM BEACH



Ritz-Carlton

In March 2001, members of the Michigan Beer & Wine Wholesalers Association flocked to the Ritz-Carlton in Palm Beach, Fla., for the group's winter convention. At left are the lawmakers who tagged along.



Bruce Patterson



Kwame Kilpatrick



John Cherry

Tropical escapes

On Feb. 26 last year, as snow fell on Lansing and the morning temperature hovered at 24 degrees, the House of Representatives was in session. But its leader was missing.

Johnson, the speaker, and two colleagues were on their way to the Caribbean as guests of the Beer & Wine Wholesalers Association.

Their destination: the Hyatt Regency on the sparkling white sands of Seven Mile Beach on Grand Cayman, where the cheapest room at that time of the year costs more than \$370 a night.

The resort's Web site describes the property this way: "The British colonial design of our Caribbean beach resort is in keeping with the British roots of the Cayman Islands: a place where lush landscaping recalls English gardens, where the staff is genteel and polite, and sea-blue stucco walls form a collection of charming low-rise British colonial buildings."

Emerson, the Senate minority leader, already was on the island when Johnson arrived with two other representatives — Sal Rocca, who at the time was chairman of the House Regulatory Reform Committee, and Ed Gaffney, then vice chair. The committee oversees the state's alcohol industry.

Disclosure reports filed with the Secretary of State's office show the wholesalers spent \$11,213 on the lawmakers' airfare and a three-



"They wine and dine the lawmakers. They sponsor these trips. They keep the party going." RICH ROBINSON, executive director of the Michigan Campaign Finance Network

night hotel stay for each person.

It was all perfectly legal. That's because the legislators spoke at the convention. As long as a lawmaker provides something of value, lobbyists can pay for trips.

Here's how the wholesalers described the trip in their June/July newsletter, Today's Wholesaler:

The Michigan group, joined by Illinois wholesalers, descended on Grand Cayman for "five days of governance, business seminars, social events, sporting activities and to just kick back from the winter doldrums of the Midwest."

Johnson, who also attended the wholesalers' 2002 winter convention, said his absence from the House while it was in session had no impact on the state agenda.

And he said the trips did not buy any special favors.

"They don't get any more access... than anyone else," Johnson said, adding that he spoke to countless groups as House speaker.

"Typically, I have a meeting in

this office every 30 minutes," the tree farmer from LeRoy said in December as his third and final term was winding down. "I'm sitting in my office right now. I'd prefer to be in LeRoy, in the cab of the tractor."

Rocca, a Sterling Heights Republican who left the House last year, said he was not influenced by a "lousy trip."

Emerson said he could understand why people might wonder if an expensive trip would lead to preferential treatment, but said, "I don't think that's true."

"I understand the criticism of that sort of thing; it's understandable, and the perception it creates. I keep a listed phone number, I come home every night, I go to the supermarket. People have reasonable access to me. I'm more than willing to see anyone at any time."

A few other trade associations also take legislators on trips — but most are to the Grand Hotel on Mackinac Island.

The best-known Mackinac get-

THE ASSOCIATION AT A GLANCE

A look at the Michigan Beer & Wine Wholesalers Association:
Members: 75 family-owned distributors that distribute approximately 98 percent of beer and 90 percent to 95 percent of wine sold in Michigan

Budget: \$2.3 million in revenues for the 2003 fiscal year (the most recent yearly figures available), including \$700,000 raised for construction of a new headquarters in 2004. Expenses were just under \$1.5 million.

Lobbying expenditures: \$232,315 from 2001 through 2004

Public relations expenditures: \$49,832 in the fiscal year that ended June 30, 2003

Money raised for PAC: \$2.84 million since late 1993

away is the Detroit Regional Chamber's annual policy conference at the Grand Hotel, where lawmakers, lobbyists and others gather on a late spring weekend for receptions and policy discussions. The chamber's disclosures since 2001 show it spent about \$82,000 on hotel bills for numerous legislators who participate in seminars at the conference.

Like the wholesalers, the chamber also lobbies in Lansing.

Sarah Hubbard, vice president of public affairs for the Detroit Regional Chamber, said the conference is an opportunity for the chamber's members and policy makers to discuss issues.

"In that environment we certainly hope that problems can be solved and that legislators understand the problems that businesses face," said Hubbard, a registered lobbyist.

Lashbrook, the wholesalers association president, said his group typically invites the Democratic and Republican leaders in the House and Senate to every wholesalers' convention.

The goal, he said, is to put on a good program for the association members. He said lawmakers are invited to discuss policies and action in the Legislature. Because they are heavily regulated, the wholesalers insist on having legislative panels at their conventions, in part so they can educate the Legislature about their concerns, Lashbrook said. He said it's also an opportunity for lawmakers to interact with constituents.

An ideal climate

During the 2004 Grand Cayman retreat, there were golf and tennis tournaments. Wholesalers and their guests also enjoyed scuba diving, snorkeling and fishing in the clear waters of the Caribbean.

"That was nice," Gaffney, the state representative, said. "If you're going to go to a meeting at that time of year, it's a nice place to go, no doubt about it."

Gaffney said the trip offered a good opportunity to network with colleagues. And what did the wholesalers get for their money?

"They get a lot of goodwill, no doubt about it," Gaffney said.

In March 2001, Cherry spent five nights at the wholesalers' convention at the Ritz-Carlton in Palm Beach, Fla. Kilpatrick, then the House Democratic leader, joined him for four nights, along with Bruce Patterson, a Canton Republican who was the House's majority floor leader.

Kilpatrick attended the conference with his wife. His spokesman, Dave Manney, said it was an important event for the House's minority leader at the time.

"He participated in a legislative panel with other top officials to discuss pending legislation dealing with Michigan's beer and wine distribution system. It also gave him an opportunity to engage and listen to the concerns of important job providers in Detroit," Manney said.

Patterson, now a state senator, did not return calls for comment.

In 2002, Cherry, Johnson and state Rep. Buzz Thomas, a Detroit Democrat who is now in the Senate, jetted to the Bahamas for the wholesalers' meeting.

The April 2002 edition of Today's Wholesaler said the getaway to the "world-renowned Atlantis Resort on Paradise Island was a wonderfully welcome break from the midwinter blues."

The newsletter added, "A distinguished panel of Michigan legislators provided a clear insight into developments in Lansing."

Records show Cherry spent four nights on Paradise Island. The others were there two nights.

In 2003, a group of legislators attended the wholesalers' meeting at the Ritz-Carlton in Naples, Fla., a beachfront resort perched above the Gulf of Mexico and 3 miles of white-sand beach.

Attending were state Sen. Alan Sanborn, chairman of the Senate Economic Development, Small Business and Regulatory Reform Committee; state Rep. Dianne Byrum, the House's top Democrat, and Rep. Steve Ehardt, then chairman of the House Health Policy Committee. They appeared on a

legislative panel.

The wholesalers, however, did not itemize expenses from that trip in reports filed with state election officials.

Lashbrook said the costs fell below the \$625 threshold for reporting travel to the state, and only involved the price of a couple of nights at the hotel for Sanborn and Ehardt, and one night at the hotel and airfare for Byrum. Sanborn and Ehardt already were vacationing in Florida and didn't have their airfare covered, Lashbrook said.

Byrum, who lives in Onondaga, declined comment on her travels. She paid her own expenses to one other winter convention — last year's event on Grand Cayman.

An aide said Sanborn, R-Richmond, would not have attended the conference had he not already been in Florida and paid his own transportation.

The wholesalers not only have flown legislators on expensive trips, they've also made substantial campaign contributions to some of the legislators.

During Johnson's six years in the House, the wholesalers' political action committee reported giving his campaign and political action committees a total of \$26,798. He failed to cash one check, however, for \$10,000.

Election records indicate that the wholesalers voided it. On Jan. 4 of this year, Johnson became a lobbyist with Dodak, Kelly & Associates, a multiclient firm in Lansing.

The wholesalers have given \$40,600 in contributions to Cherry since 1997.

Cherry's spokeswoman, Boyd, said his relationship with them is not much different from any other group that lobbies in Lansing.

"He has always taken pride in having an open-door policy, and he gave presentations to a number of organizations in a number of venues over the years," she said.

In September, Cherry was a special guest at the ribbon-cutting for the wholesalers' new, \$1.8-million headquarters in Lansing.

Summer retreats

Just as the wholesalers' winter conventions are a tradition for Lansing's political elite, so are its summer getaways to northern Michigan. The distributors play golf and relax with lawmakers and the people who regulate the flow of alcohol in the state.

Every summer, the wholesalers invite regulators and key legislators to speak to them. State records show taxpayers paid for Liquor Control Commission members to attend. They typically stayed a night.

The wholesalers say they pick up the tab for the legislators' hotel rooms, but say they don't usually have to itemize on lobbying forms how much was spent on those who attended because the individual amounts typically fall below the reporting threshold. Last year, the threshold for travel was \$650.

Last July, state Senate Majority Leader Ken Sikkema, R-Wyoming, was a guest of honor when the wholesalers gathered in northern Michigan for their annual summer convention.

Sanborn, Gaffney and Rocca also made the trip to Grand Traverse Resort, along with Liquor Control Commissioners Jim Storey and Patrick Gagliardi.

In 2003, the wholesalers invited Johnson, the House speaker, to address their board of directors during their summer convention at Boyne Highlands, a resort in northern Michigan.

Four other legislators also made the trek, while Storey did what was described in a subsequent newsletter as an in-depth question-and-answer session.

In the newsletter, Storey was pictured in a Hawaiian-style shirt, relaxing with Steve Arbaugh, president and chief executive of Bay-side Beverage Corp. of Petoskey.

James McBryde, a former liquor control commissioner, also was photographed with Lashbrook and Jim Fabiano II of Fabiano Brothers Inc., a distributor in Mt. Pleasant and Saginaw. The former commissioner smiled as he held an honor from the wholesalers: a Meritorious Service Award.

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In Michigan, 30.5 gallons of beer, or 325.34 cans, are consumed per adult per year.

Sources: Michigan Liquor Control Commission, Wayne State University