



## **Report of Random Audit of Lobbyist Tommy Haun**

**March 4, 2009**

### **Introduction**

Registered lobbyist Tommy Haun was randomly selected for audit on June 24, 2008. He was notified of his selection by letter of that same date. By letter of July 11, 2008, Tennessee Ethics Commission ("Commission") staff requested that Mr. Haun provide certain audit-related information in advance of scheduling an audit interview. Mr. Haun provided the requested information and participated in an audit interview that was held by mutual agreement on August 29, 2008. The interview took place at the offices of the Commission.

### **Audit authority and Scope**

Under the Ethics Reform Act of 2006 ("Act"), the Commission has a duty to audit each year "the registration statements, amendments to registration statements and reports of no more than four percent (4%) of all lobbyists" to determine compliance with the Act. The lobbyists are selected randomly. Tenn. Code Ann. § 3-6-308(a)(7). The documents subject to audit are those which have been on file with the Commission less than two (2) years as of the time of the audit. Tenn. Code Ann. § 3-6-301(4)(A).

### **Audit objectives**

The overall objective of the audit was to determine whether the statements, amendments, and reports filed concerning the lobbyist in 2007 and 2008 were timely, accurate, complete, and otherwise in compliance with the Act. In order to achieve this objective, the following specific objectives were identified:

1. To determine whether the lobbyist and his or her employer(s) registered timely in 2007 and 2008;
2. To determine whether the lobbyist had entered into any prohibited contingency fee agreement(s);
3. To determine whether the compensation reported by the employer(s) for the period from October 1, 2007 through March 31 2008 correlated with the compensation received by the lobbyist;
4. To determine whether the lobbyist attended and paid for the required annual training in 2007 and 2008;
5. To determine whether in-state all legislature events given by the lobbyist or the lobbyist's employer were in compliance with the requirements of the Act;

## Summary of Audit Conclusions

1. Mr. Haun had four (4) employers for the period in question. As to two (2) of his employers, both Mr. Haun and the employer registered timely. As to his other two (2) employers, neither Mr. Haun nor the employer registered timely.
2. Mr. Haun's compensation for lobbying was not contingent on success as determined by any of his employers.
3. The compensation reported by three of Mr. Haun's employers for the period from October 1, 2007 through March 31 2008 correlated with the compensation received by Mr. Haun, and the compensation reported by a fourth employer correlated with the compensation received by Mr. Haun and the seven other lobbyists employed by that employer. Mr. Haun attended and paid for the 2008 annual lobbyist training.
4. One of Mr. Haun's employers held an in-state all-legislature event but Mr. Haun did not participate.

Details regarding some or all of these conclusions follow.

### AUDIT CONCLUSIONS

**1. Mr. Haun and his employers registered timely in two instances and untimely in two others.**

A lobbyist is required to register within seven (7) days of entering into an agreement to engage in lobbying, regardless of when the lobbyist actually engages in lobbying.<sup>1</sup> On January 17, 2008, Mr. Haun entered into an agreement to lobby for the Tennessee Development District Association. Mr. Haun and the Association registered on February 21, 2008, which was more than seven (7) days after the agreement to lobby had been entered into. Likewise Mr. Haun entered into an agreement to lobby for the Tennessee Sheriffs' Association, Inc., on January 22, 2008, but neither Mr. Haun nor the Association registered until February 1, 2008. This was more than seven (7) days after the agreement to lobby was entered into.

**2. Mr. Haun's compensation for lobbying was not contingent on success as determined by any of his employers.**

**3. The compensation reported by Mr. Haun's employers correlates with the compensation reported by Mr. Haun.**

Each employer of a lobbyist is required to report "the aggregate total amount of lobbyist compensation paid by the employer."<sup>2</sup> The Act provides that the "total lobbying and lobbying-related compensation and expenses paid to the lobbyist by an employer . . .

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<sup>1</sup> Tenn. Code Ann. § 3-6-302(a)(2). See Op. Tenn. Ethics Comm'n, No. 06-01 (Dec. 12, 2006).

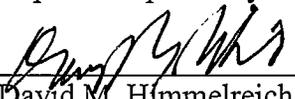
<sup>2</sup> Tenn. Code Ann. § 3-6-303(a)(1).

will be checked against the range of expenditures reported by the employer.”<sup>3</sup> Three of Mr. Haun’s employers employed no other lobbyists for the period from October 1, 2007 through March 31, 2008, and the reported compensation was consistent with the compensation paid to Mr. Haun.

A fourth employer, Blue Cross, employed seven (7) lobbyists in addition to Mr. Haun for this period of time. One cannot “check” the compensation reported by one lobbyist “against” a total reported for eight (8) lobbyists. At the auditor’s request, however, Blue Cross confirmed the amount of the aggregate compensation paid to the seven (7) other lobbyists. When this amount is added to the verified amount of compensation received by Mr. Haun, the result is within the range reported by Blue Cross.<sup>4</sup>

4. Mr. Haun attended and paid for the 2008 annual lobbyist training.
5. One of Mr. Haun’s employers held an in-state all-legislature event but Mr. Haun did not participate.

Report completed by:

  
\_\_\_\_\_  
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Date

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<sup>3</sup> Tenn. Code Ann. § 3-6-301(23).

<sup>4</sup> The amounts of the compensation paid to Mr. Haun and the seven (7) other lobbyists in the aggregate are confidential random audit information and are therefore not included in this public report. Tenn. Code Ann. § 3-6-308(c). “Random audit information” is defined in Tenn. Code Ann. § 3-6-301(4)(A). The auditor did not request individual amounts for the seven (7) other lobbyists, just a total.