

Carmen Group's \$125,000 Penalty Latest in Increased Lobbying Disclosure Act Enforcement

August 31, 2015

On August 27, 2015, Carmen Group, one of the highest grossing Washington, D.C., lobbying firms of the past decade, reached a [settlement](#) with the United States Attorney's Office for the District of Columbia in which it agreed to pay a \$125,000 civil penalty for Lobbying Disclosure Act ("LDA") violations, the largest penalty since the LDA became law in 1995. Carmen Group also agreed to undergo a three-year period of lobbying compliance monitoring by the United States Attorney's Office, Clerk of the House, and Secretary of the Senate.

This settlement is important for two reasons: (1) it demonstrates why even an established beltway actor with years of LDA experience should periodically retain outside specialists to conduct a comprehensive LDA compliance review, and (2) it is the latest development in the broader trend toward increased LDA enforcement.

The settlement does not detail Carmen Group's alleged violations, but its terms suggest it involved repeatedly failing to file quarterly lobbying reports (LD-2s) and semi-annual political contribution reports (LD-203s) in a timely manner, and failing to properly list and terminate individual lobbyists from its registration. In 2014, Carmen Group [came under fire](#) for its vague description of its lobbying efforts on behalf of Xavier University (disclosed simply as "Hurricane Katrina related recovery issues."). While it is not clear if this attracted DOJ attention (the Clerk of the House and Secretary of the Senate also made a referral based on missed reporting deadlines), it certainly could not have helped. This is because the LDA requires disclosing the "specific issues" lobbied, and the [House and Senate have advised](#) that even listing a bill number, without adding additional information, is often inadequate.

Carmen Group has [publicly stated](#) that its failures to file resulted from a lapse by the firm's former General Counsel, and the settlement indicates the failures occurred over a period of seven years, from 2008 to 2015. An annual or biennial compliance review conducted by outside compliance specialists would very likely have identified and corrected these failures before attracting the attention of regulators and thereby averted the \$125,000 penalty and associated reputational costs.

In announcing the settlement, the Department of Justice reaffirmed their commitment to "[seek significant penalties from repeat offenders who fail to meet their reporting obligations.](#)" Additionally, last year the U.S. House of Representatives Office of Congressional Ethics referred at least one entity to the Department for purported LDA violations. Regulators appear to be ramping up LDA enforcement amidst mounting attention to the purported [increase in undisclosed lobbying activity.](#)

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