

Wall Street's Campaign Contributions and Lobbyist Expenditures

The financial sector invested more than \$5 billion in political influence purchasing in the United States over the last decade.

The entire financial sector (finance, insurance, real estate) drowned political candidates in campaign contributions, spending more than \$1.738 billion in federal elections from 1998-2008. Primarily reflecting the balance of power over the decade, about 55 percent went to Republicans and 45 percent to Democrats. Democrats took just more than half of the financial sector's 2008 election cycle contributions.

The industry spent even more — topping \$3.3 billion — on officially registered lobbyists during the same period. This total certainly underestimates by a considerable amount what the industry spent to influence policymaking. U.S. reporting rules require that lobby firms and individual lobbyists disclose how much they have been paid for lobbying activity, but lobbying activity is defined to include direct contacts with key government officials, or work in preparation for meeting with key government officials. Public relations efforts and various kinds of indirect lobbying are not covered by the

reporting rules.

During the decade-long period:

- Commercial banks spent more than \$154 million on campaign contributions, while investing \$383 million in officially registered lobbying;
- Accounting firms spent \$81 million on campaign contributions and \$122 million on lobbying;
- Insurance companies donated more than \$220 million and spent more than \$1.1 billion on lobbying; and
- Securities firms invested more than \$512 million in campaign contributions, and an additional nearly \$600 million in lobbying. Hedge funds, a subcategory of the securities industry, spent \$34 million on campaign contributions (about half in the 2008 election cycle); and \$20 million on lobbying. Private equity firms, a subcategory of the securities industry, contributed \$58 million to federal candidates and spent \$43 million on lobbying.

Individual firms spent tens of millions of dollars each. During the decade-long period:

- Goldman Sachs spent more than \$46 million on political influence buying;
- Merrill Lynch spent more than \$68 million;

- Citigroup spent more than \$108 million;
- Bank of America devoted more than \$39 million;
- JPMorgan Chase invested more than \$65 million; and
- Accounting giants Deloitte & Touche, Ernst & Young, KPMG and Pricewaterhouse spent, respectively, \$32 million, \$37 million, \$27 million and \$55 million.

The number of people working to advance the financial sector's political objectives is startling. In 2007,²¹¹ the financial sector employed a staggering 2,996 separate lobbyists to influence federal policy making, more than five for each Member of Congress. This figure only counts officially registered lobbyists. That means it does not count those who offered "strategic advice" or helped mount policy-related PR campaigns for financial sector companies. The figure counts those lobbying at the federal level; it does not take into account lobbyists at state houses across the country. To be clear, the 2,996 figure represents the number of separate individuals employed by the financial sector as lobbyists in 2007. We do not double count individuals who lobby for more than one company; the total number of financial sector lobby hires in 2007 was a

²¹¹ We chose 2007 as the most recent year for which full data was available at the time we conducted our research.

whopping 6,738.

Within the financial sector, industry groups deployed legions of lobbyists. In 2007:²¹²

- Accounting firms employed 178 lobbyists;
- Insurance companies had 1,219 lobbyists working for them;
- Real estate interests hired 1,142 lobbyists;
- Finance and credit companies employed 415 lobbyists;
- Credit unions maintained 96 lobbyists;
- Commercial banks employed 421 lobbyists;
- Securities and investment firms maintained 1,023 lobbyists; and
- Miscellaneous other financial companies employed 134 lobbyists.

A great many of those lobbyists entered and exited through the revolving door connecting the lobbying world with government. Surveying only 20 leading firms in the financial sector (none from the insurance industry or real estate), we found that 142

²¹² These figures do not double count within the industry group, but total more than the figure for the entire financial sector because we did not eliminate overlaps between industry sectors. Thus, for these totals, if John Smith works as a lobbyist for two accounting firms, he counts as only one lobbyist for the accounting industry. If he works as a lobbyist for an accounting firm and an insurance company, he counts as one for the accounting industry and one for the insurance industry.

industry lobbyists during the period 1998-2008 had formerly worked as “covered officials” in the government. “Covered officials” are top officials in the executive branch (most political appointees, from members of the cabinet to directors of bureaus embedded in agencies), Members of Congress, and congressional staff.

Nothing evidences the revolving door — or Wall Street’s direct influence over policymaking — more than the stream of Goldman Sachs expatriates who left the Wall Street goliath, spun through the revolving door, and emerged to hold top regulatory positions. Topping the list, of course, are former Treasury Secretaries Robert Rubin and Henry Paulson, both of whom had served as chair of Goldman Sachs before entering government.

In the charts that follow in this part, we detail campaign contributions and lobby expenditures from 1998-2008 for the overall financial sector and for the industry components of the sector. We also provide aggregated information on number of industry lobbyists and number of industry lobbyists circling through the revolving door. In the appendix to this report, we provide extensive information on the campaign contributions and lobbyists of 20 leading companies in the financial sector — five each from commercial banking, securities, accounting and hedge fund industries. For each profiled company, we identify the top 20 recipients

of their campaign contributions for each election cycle over the last decade; the lobby firms they employed each year, and the amount paid to those firms; and covered official lobbyists they employed (i.e., lobbyists formerly employed as top officials in the executive branch, or as former Members of Congress or congressional staff).



Methodological Note

Our information on campaign contributions and lobby expenditures comes from mandated public filings, and the enormously helpful data provided by the Center for Responsive Politics.

Our figures on total and annual sector, industry and firm campaign contributions and lobby expenditures are drawn from the Center for Responsive Politics.

Our campaign contribution data is organized by biannual Congressional election cycles. Thus the total for 1998 also includes contributions made in 1997.

Our data on total number of official lobbyists is compiled from data prepared by the Center for Responsive Politics. The Center for Responsive Politics lobbyist database lists all individual lobbyists reporting to the Senate Office of Public Records. We tallied up totals from that database.

Our data on number of covered official

lobbyists is drawn from the original disclosure statements filed with the Senate Office of Public Records.

Our listing of the top 20 biannual recipients of campaign contributions from our 20 profiled firms uses data compiled from the Center for Responsive Politics where possible. In four cases where the Center had not compiled the data, we compiled the information using the Center's raw data on individual campaign contributors and information on the company's political action committee (PAC) contributions. That is, we tracked donations from every person with, for example, Lehman Brothers as an employer,²¹³ compiled them into a database; added in the Lehman Brothers PAC contributions; and then list the top 20 recipients. We compiled donations for Lehman Brothers, Wachovia, Wells Fargo and KPMG.

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²¹³ Our compilation is based only on the top 1,000 largest contributors affiliated with each company.

Financial Sector
Campaign Contributions and Lobbying Expenditures
 Finance, Insurance, Real Estate

\$5,178,835,253

Decade-long campaign contribution total (1998-2008): **\$1,738,284,032**

Decade-long lobbying expenditure total (1998-2008): **\$3,440,551,221**

Campaign Contributions

2008	\$442,535,157
2006	\$259,023,355
2004	\$339,840,847
2002	\$233,156,722
2000	\$308,638,091
1998	\$155,089,860

Lobbying Expenditures

2008	\$454,879,133
2007	\$417,401,740
2006	\$374,698,174
2005	\$371,576,173
2004	\$338,173,874
2003	\$324,865,802
2002	\$268,886,799
2001	\$235,129,868
2000	\$231,218,026
1999	\$213,921,725
1998	\$209,799,907

Financial Sector
Official Lobbyists
Finance, Insurance, Real Estate

2007 total official lobbyists for financial sector: **2,996**

Covered official lobbyists for 20 profiled firms,
Decade-long total (1998-2008): **142**

Securities Firms

Decade-long campaign contribution industry total (1998-2008):
\$512,816,632

Decade-long lobbying expenditure industry total (1998-2008):
\$599,955,649

Campaign Contributions for 5 Leading Firms

Bear Stearns	\$6,355,737
Goldman Sachs	\$25,445,983
Lehman Brothers	\$6,704,574
Merrill Lynch	\$9,977,724
Morgan Stanley	\$14,367,857

Lobbying Expenditures for 5 Leading Firms

Bear Stearns	\$9,550,000
Goldman Sachs	\$21,637,530
Lehman Brothers	\$8,660,000
Merrill Lynch	\$59,076,760
Morgan Stanley	\$20,835,000

Commercial Banks

Decade-long campaign contribution industry total (1998-2008):
\$154,868,392

Decade-long lobbying expenditure industry total (1998-2008):
\$382,943,342

Campaign Contributions for 5 Leading Firms

Bank of America	\$11,629,260
Citigroup	\$19,778,382
JP Morgan Chase & Co	\$15,714,953
Wachovia Corp.	\$3,946,727
Wells Fargo	\$5,330,022

Lobbying Expenditures for 5 Leading Firms

Bank of America	\$28,635,440
Citigroup	\$88,460,000
JP Morgan Chase & Co	\$49,372,915
Wachovia Corp.	\$11,996,752
Wells Fargo	\$16,637,740

Hedge Funds*

Decade-long campaign contribution industry total (1998-2008):
\$33,742,815

Decade-long lobbying expenditure industry total (1998-2008):
\$20,252,000

Campaign Contributions for 5 Leading Firms

Bridgewater Associates	\$274,650
DE Shaw Group	\$3,100,255
Farallon Capital Management	\$1,058,953
Och-Ziff Capital Management	\$338,552
Renaissance Technologies	\$1,560,895

Lobbying Expenditures for 5 Leading Firms

Bridgewater Associates	\$855,000
DE Shaw Group	\$680,000
Farallon Capital Management	\$1,005,000
Och-Ziff Capital Management	\$200,000
Renaissance Technologies	\$740,000

* Hedge fund contributions are included in the overall securities campaign contributions and lobbying expenditure totals.

Source: Center for Responsive Politics, <www.opensecrets.org>.

Accounting Firms

Decade-long campaign contribution industry total (1998-2008):
\$81,469,000

Decade-long lobbying expenditure industry total (1998-2008):
\$121,658,156

Campaign Contributions for 5 Leading Firms

Arthur Andersen	\$3,324,175
Deloitte & Touche	\$12,120,340
Ernst & Young	\$12,482,407
KPMG LLP	\$8,486,392
Pricewaterhouse	\$10,800,772

Lobbying Expenditures for 5 Leading Firms

Arthur Andersen	\$1,900,000
Deloitte & Touche	\$19,606,455
Ernst & Young	\$25,108,536
KPMG LLP	\$19,103,000
Pricewaterhouse	\$44,291,084