



## **Consultant Army Aids Governor**

Close to a third of the money Gov. Arnold Schwarzenegger spent on campaigns last year went to a bevy of consultants. Five political pros, also paid by private clients, head a team whose scope leaves the Capitol buzzing.  
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**By Andy Furillo**

Gov. Arnold Schwarzenegger has assembled a team of political consultants the scale of which the Capitol has never seen, a network whose leading members also represent outside clients with significant interests of their own before the state.

Of the \$29 million the governor spent on six political campaigns he controlled last year, almost a third of it - \$9 million - went to about 90 consultants who handled tasks for Schwarzenegger that included devising strategy, raising money, writing speeches, polling, preparing direct mail and advance planning.

According to the governor's consultants, Schwarzenegger needs and relies on these political operatives to stay connected to what they characterize as his power base - "the people." Some political experts say consultants working for both the governor and private clients could create a problem of appearance, if not an ethical conflict.

But mostly, the modern day Arnold's Army of political consultants is an exercise in magnitude. It's an assemblage of strategic advisers and message managers that dwarfs anything that preceded it in size and scope, according to more than a dozen experts interviewed for this story.

"The governor does everything big - bigger than life," said Bob Stern, president of the Los Angeles-based Center for Governmental Studies.

Experts in political communication say the massive operation is dictated by Schwarzenegger's perpetual-motion campaign machine, his fairly recent adaptation to electoral politics and his need to mesh his celebrity with a command of the issues.

"In the case of celebrities who become politicians, they need much more coaching on the issues; they need to learn the issues quickly and how to speak about them in ways that are consistent with the images they already have that will connect with people," said Paul Herrnson, director of the Center of American Politics and Citizenship at the University of Maryland.

Then there is the matter of Schwarzenegger's celebrity itself, which has spawned a cottage industry of advance planners and technicians needed to accommodate his plunges into the public.

"He's used to big productions," said Bruce Cain, a political scientist at the University of California, Berkeley.

At the core of the team is a "Big Five" of consultants that coalesced around Schwarzenegger during the 2003 recall. The quintet stuck with the governor through last year's campaign efforts, which included a \$15 billion bond measure. This year, members of the group are involved in Schwarzenegger's expected push for ballot initiatives on redistricting, public employee pensions and state spending.

Quarterbacking the crew is Mike Murphy, one of the founding principals of DC Navigators, a firm with a list of 35 clients it posts on its Web site. The clients include the American Insurance Association, PG&E Corp. and Wal-Mart, to name a few. A prominent player in national politics, Murphy's firm set up shop in Sacramento after he helped steer the Schwarzenegger campaign to victory in the 2003 recall.

Murphy and his companies were paid \$510,000 by Schwarzenegger through the end of 2004.

Todd Harris, the vice president of Navigators and himself a gubernatorial strategist and consultant, said the public disclosure of his firm's client list establishes a level of transparency that puts the company well above any suggestion of impropriety.

"All we can do is make sure we are following the letter and spirit of the law," Harris said.

The chief fund-raiser for the governor is Marty Wilson, a longtime adviser to former Gov. Pete Wilson who now heads up a company, Wilson-Miller Communications, that Schwarzenegger has paid \$310,000.

The firm also provides strategic advice for the California Motor Car Dealers Association, which has figured prominently in the administration's controversial decision to retain the New Motor Vehicles Board despite a recommendation from the California Performance Review Commission that it be disbanded.

Wilson's firm also represents CGI-AMS, an information technology and business services company that obtained a contract to help the state improve its procurement process. American Management Systems, of Fairfax, Va., which merged with Canadian-based CGI to form the company, last year made a \$25,000 contribution to a Schwarzenegger committee two months before the procurement contract was awarded.

Wilson referred questions about the contribution to a spokesman for the company, who could not be reached for comment.

Along with Murphy, Wilson-Miller advises a California Manufacturers and Technology-led association trying to locate one or more liquefied natural gas terminals along the coast.

Wilson's partner, Beth Miller, said private clients don't hire the firm because of their relationship with Schwarzenegger. Rather, it is the duo's experience and expertise that bring in the outside business, she said.

"We don't go out there and say, 'Hey, hire us because you can have access to the governor,' " Miller said. "In fact, we make it very clear from the outset - 'Just because you hire us doesn't mean you're going to get any special "in" with the governor.' "

Jeff Randle's Randle Communications has been paid \$298,000 by Schwarzenegger's committees for ballot measure work and communications strategy. The firm's Web site provides a partial list of its clients, including the California Association of Mortgage Brokers.

"We are honored to serve on the governor's political team, and we take the responsibility very seriously," Randle said.

Longtime California political strategist George Gorton and his California Group received \$422,500 from Schwarzenegger's committees. Gorton declined to release a list of what he described as only a few corporate clients. None of the clients presents any sort of a problem for him in the political work he does for the governor, Gorton said.

"You just always disclose who your clients are," Gorton said.

Appearance of impropriety or potential conflicts are always potential problems for some political consultants, Gorton said, but "it doesn't come up in my life."

Advertising guru Don Sipple of Sipple Strategic Communications (\$859,515 received from Schwarzenegger) did not respond to requests for an interview or for information about his private client list.

Besides the "Big Five," Schwarzenegger has spent millions on some of the top political firms in the country to carry out specific assignments - \$1.3 million to Orange County direct-mail specialist Forde & Mollrich and \$1.8 million to the Michael Meyers Co. for its polling services.

Hundreds of thousands of additional dollars went to at least seven GOP fund-raising firms around the state, with smaller, five-figure sums flowing down to the remaining dozens of consultants.

"It seems like a large number, but when you consider the size of California and this governor having a history of taking his message to the people, it doesn't come as a surprise," said Marko Mlikotin, whose firm was paid about \$22,000 for working on two Schwarzenegger committees last year.

The inner-ring consultants who would comment say they operate in an environment of transparency. They say they are required by the governor to disclose to him, if not to the public, their complete list of outside clients.

Stern, the Center for Governmental Studies director, said he sees nothing untoward about consultants working for both elected officials and outside interests.

"There are no restrictions and no laws on this," Stern said. "I think that the public should know that the governor is hiring people who are also hired guns for big business interests who have matters pending before the government. The only question is, are the consultants also lobbying for them? My assumption is that they are separating the two."

But government watchdogs, academic experts and even a fellow Republican consultant who does not work for the GOP governor say that political advisers kept on retainer by officeholders while at the same time providing advice to private clients can, at the very least, create the perception of conflict.

"When you're advising a prominent public official, it's important to remember that it's not just your reputation that is being scrutinized - it's your client's reputation as well," said Dan Schnur, a consultant who worked for former Republican Gov. Pete Wilson. "So operating within the boundaries of the law is clearly necessary, but it's always important to be aware of appearances."

Consultants with an interest in drumming up business for themselves could also help nudge a politician into more activities that require their services, Cain said.

Cain, the political science professor, noted that the consultants are advising a governor who is considering bypassing the Legislature to take a laundry list of proposals to the ballot. They could benefit, he said, if they were hired in connection with the initiative campaigns.

"I worry that when Arnold is getting advice on whether to negotiate with the Legislature if he's getting good advice or if he's getting profit-driven advice," Cain said. "These guys get a share of the media buy, the campaign costs - Arnold is a cash cow to them. He's out there raising millions of dollars, putting lots of initiatives on the ballot, and these guys are making big bucks off it. I think it stinks."

The consultants scoffed at the notion they're trying to get rich off the governor. One of them said if they were ballot-obsessed, they would have pushed forward on a workers' comp initiative last year after they got the signatures to put the governor's reform proposal to the people. Instead, the matter was resolved with a legislative compromise.

"What is first and foremost in their mind is doing what is in the best interest of the governor, and it is easy to do that because they believe that the governor has in mind what is in the best interests of the people," Marty Wilson said of his fellow consultants.

Rick Claussen, another consultant whose company, Goddard Claussen Strategic Advocacy, was paid \$140,000 by Schwarzenegger's committees last year, bristled at the suggestion that a political adviser might be motivated by greed.

"The governor makes his own choices," said Claussen, who declined to disclose his private clients. "To suggest otherwise is a bit naive."

None of Schwarzenegger's principal consultants is a registered lobbyist, although Gorton has a lobbying firm registered with the secretary of state. Gorton said the company pays a lobbyist who takes on clients "that don't have anything to do with me."

Schwarzenegger's strategists also point out that it is nothing new for consultants to work for governors who also represent outside clients. They noted that two advisers to former Gov. Gray Davis, Garry South and Darius Anderson, kept corporate client lists. Anderson, moreover, doubled as the president of a lobbying firm that did millions of dollars' worth of business with private clients.

South said in an interview that he never lobbied on behalf of any of his clients. He said Davis never asked him to disclose his complete client list, but that he always informed the former governor if any issue that came up could affect his outside interests.

"I worked for Gray Davis for 10 years, and one thing I know about him, if he thought I was pumping an issue with him for a paying client, that would have been the end of my relationship with him," South said.

Anderson could not be reached for comment.

Paul Maslin, the former governor's pollster, said he was working on the side for PG&E when the energy crisis broke. He said that he and the giant utility mutually decided "for me to take a little hiatus" when the interests of the company and the governor diverged.

"There's not an easy answer here on how to handle this," Maslin said. "It's something that's part of the territory in our business. Both sides are pretty honorable about it, but there is a lot of gray area, and with more folks doing it, the more the gray area exists."

### **ARNOLD'S ARMY**

Gov. Arnold Schwarzenegger has paid about 90 political consultants to help shape his message, promote himself and aid the ballot measures he's pushed.

Some have corporate clients, which can pose the potential for conflict with state policy and business. Here's a look at the five most active consultants:

DON SIPPLE (Sipple Strategic Communications)  
Amount received from Schwarzenegger: \$859,515\*

Expertise: Produces television advertisements

Past political clients (partial list\*\*): Former Gov. Pete Wilson, former Insurance Commissioner Chuck Quackenbush

Outside/private clients: Won't disclose

MIKE MURPHY (DC Navigators, Bonaparte Films, MPGH -Murphy, Pintak, Gautier, Hudome)  
Amount received from Schwarzenegger: \$510,000

Expertise: Senior strategist

Past political clients (partial list): Florida Gov. Jeb Bush, Arizona Sen. John McCain's presidential campaign, Massachusetts Gov. Mitt Romney.

Outside/private clients (partial list): American Bankers Association; American Insurance Association; Calpine Corp.; Dickstein & Zerbi; New York Jets; Oracle Corp.; PG&E Corp.; Securities Industry Association; Sutter Health; Wal-Mart Stores Inc.; Californians for Clean, Affordable and Safe Energy

GEORGE GORTON (The California Group)  
Amount received from Schwarzenegger: \$422,500

Expertise: Strategist

Past political clients (partial list): Former Gov. Pete Wilson, former New York Sen. James Buckley, former Presidents Richard Nixon, Gerald Ford and Ronald Reagan, former Russian President Boris Yeltsin

Outside/private clients: Won't disclose

MARTY WILSON (Wilson-Miller Communications)  
Amount received from Schwarzenegger: \$310,000

Expertise: Fund-raiser

Past political clients (partial list): Former Gov. Pete Wilson, former Insurance Commissioner Chuck Quackenbush

Outside/private clients (partial list): CGI-AMS; California Infrastructure Coalition; California Motor Car Dealers Association; Californians for Clean, Affordable and Safe Energy

JEFF RANDLE (Randle Communications)  
Amount received from Schwarzenegger: \$298,000

Expertise: Media, strategist, coalition building

Past political clients (partial list): No on 66 (change "three-strikes" law), former Gov. Pete Wilson, former Insurance Commissioner Chuck Quackenbush

Outside/private clients (partial list): California Association of Mortgage Brokers, California Association of Realtors, California Building Industry Association, California Family Fitness, Galleria at Roseville, Project Pipeline: Northern California Teacher Recruitment Center, University of Phoenix

Notes: \* - The amounts paid are for 2003-04 from six campaign committees Schwarzenegger controlled;

\*\* - Except for Murphy, the consultants either did not respond or provided only a partial list of outside clients.

Sources: Campaign disclosure forms, Bee research