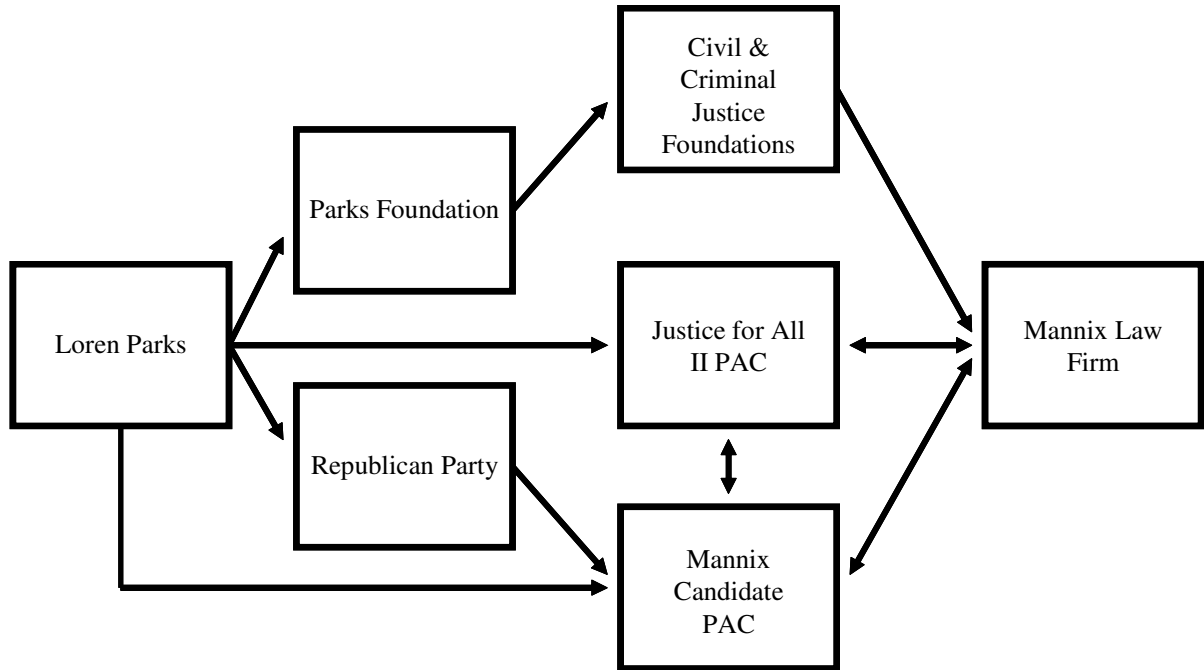


# A Political History of Kevin Mannix: A Mix of Politics and Business and One Major Patron EXECUTIVE SUMMARY

## Parks and Mannix Money Flows



Janice Thompson  
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## Democracy Reform Oregon

P.O. Box 2723, Portland, OR 97208-2723  
503/283-1922 \* 503/283-1877(fax)  
office@democracyreform.org  
www.democracyreform.org

Accessible politics, accountable government

*Democracy Reform Oregon is a non-partisan, not-for-profit group working to increase accountability and opportunities for participation in politics and governmental decision-making. Democracy Reform Oregon has been working on accountability and reform issues since 1999 and was formerly the Money in Politics Research Action Project.*

# **A Political History of Kevin Mannix**

## **A Mix of Politics and Business and One Major Patron**

### **EXECUTIVE SUMMARY**

#### **Purpose**

The purpose of A Political History of Kevin Mannix: A Mix of Politics and Business and One Major Patron is to provide the reader with a better understanding of Kevin Mannix's 20-year career in Oregon politics. The report focuses on Mannix's impact on state politics and policies as a candidate and ballot measure advocate. This includes an examination of Mannix's mixing of politics and business, his use of political advertising and his connection with his major political patron, Loren Parks. Charts 1, 2 and 3 are based on charts in the full report and provide summaries of Mannix's measures, contributions, supporters and opponents, and elections results.

#### **Introduction**

Kevin Mannix has been active in Oregon policy development as a legislator since 1988 and through the use of the ballot measure process since 1994. In addition, Mannix has vied unsuccessfully for the statewide offices of attorney general and governor. Most recently Mannix lost the May 2008 Republican primary in the 5<sup>th</sup> Congressional District.

Though unsuccessful in his statewide candidates campaigns, Mannix's "tough on crime" measures have had a significant effect on Oregon politics and may continue to do so. His Measures 61 and 62, both of which have major policy and budget implications that could cost Oregonians over \$2 billion over the coming decade, will be on the November 2008 ballot.<sup>1</sup>

Throughout his political career, Mannix has exhibited a tendency to mix politics and business in ways that, though lawful, have sparked controversy over the years. This has provided Mannix with the resources needed to sustain his political activity for many years.

Political advertising has had an impact on Mannix's candidacies, albeit sometimes in unexpected ways, as in the case of an attack ad against Hardy Myers featuring Kip Kinkel produced by Gregg Clapper, a frequent partner of Loren Parks. Parks and Clapper also collaborated on independent expenditures in Mannix candidate races in 2002 and 2006.

Kevin Mannix's relationship with Loren Parks has probably been the most important one in his political career. Parks' contributions have oftentimes been the primary funding source for Mannix's campaigns while Parks' political interests seem to have played a major role in Mannix's repeated return to crime issues.

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<sup>1</sup> [http://www.sos.state.or.us/elections/nov42008/es\\_fi/m62\\_fe.pdf](http://www.sos.state.or.us/elections/nov42008/es_fi/m62_fe.pdf) retrieved September 2, 2008

## Overview

Kevin Mannix was first elected to the Oregon House as a Democrat from Salem in 1988 and continued to serve his district until 1996 when he gave up the seat for an unsuccessful bid for Attorney General against Hardy Myers in that year's Democratic primary.

Mannix's interest in state level politics, however, began in 1994 when he successfully championed tough-on-crime Measures 10, 11 and 17. These measures, particularly Measure 11's mandatory sentencing requirements, have had a major impact on our state's criminal justice system as well as state budgets due to an increase in prison construction. As of spring 2007, Oregon was spending essentially as much for incarcerating 13,401 inmates as for educating 438,000 university and community college students.<sup>2</sup>

Kevin Mannix's move into the ballot measure arena could be viewed as an attempt to increase his statewide profile before attempting a statewide candidate campaign, which he did two years later in 1996 when he unsuccessfully ran for attorney general. However, Mannix's motivation for turning to the initiative process could be frustration with making policy gains as a legislator.

Mannix enjoyed mixed success with the voters in 1996. In addition to his loss to Myers in the attorney general primary, Mannix's Measure 19, amending the state constitution to permit regulation of child pornography and other obscene materials failed. Mannix's Measure 40, however, won. Measure 40 amended the constitution with a wide range of tough-on-crime provisions with a focus on victim rights. Two years later, the Oregon Supreme Court overturned the measure, which had been challenged in *Armatta v. Kitzhaber* for containing multiple constitutional amendments in a single measure.<sup>3</sup>

In 1998, Mannix was re-elected to his previously held House seat, this time as a Republican. During the 1999 session, he worked for passage of seven referrals containing different provisions of Measure 40 and designed to avoid *Armatta* challenges. These referrals became Measures 69 through 75 and were on the ballot in a November 1999 special election. Four of these measures won and three lost. Another attempt to regulate obscenity, Measure 31 lost.

Kevin Mannix returned to statewide candidate politics with an unsuccessful run against Hardy Myers for Attorney General in 2000. Both Mannix and Myers ran unopposed in their respective party primary races and then faced off against each other in the November general election.

Making a third attempt at statewide office, Kevin Mannix ran against Ted Kulongoski for Governor in 2002. In the Republican primary Mannix beat Ron Saxton and Jack Roberts. Mannix's major political patron, Loren Parks, only made campaign contributions, however, after Mannix's primary victory. Ted Kulongoski defeated Mannix in the November general election, indicating that Mannix's history of attempt to portray himself as more of a populist than a social conservative wasn't convincing to voters.<sup>4</sup>

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<sup>2</sup> "Prison costs shackling Oregon," *Oregonian*, April 22, 2007

<sup>3</sup> *Armatta v. Kitzhaber*, 327 Or 250, 959 P2d 49 (1998) <http://www.publications.ojd.state.or.us/S44995.htm> retrieved March 28, 2008.

<sup>4</sup> "Political fire brand gears up for hot race," *Oregonian*, September 11, 2000

In 2003, as head of the Oregon Republican Party, Kevin Mannix joined with others to speak out against a legislative referral with tax increases that became Measure 28 on a special election ballot in February. Measure 28 failed with the voters.

Kevin Mannix opposed a bipartisan bill that ended legislative gridlock during the 2003 session by balancing a state budget with a temporary tax increase. Measure 30, a referendum in a February 2004 special election, was successful with voters and overturned the tax increase legislation. Key partners with Mannix were Jason Williams of Taxpayers Association of Oregon and Russ Walker of Oregon Citizens for a Sound Economy, now called FreedomWorks.

Mannix’s major political activity in 2006 was making another gubernatorial attempt. He was defeated in the May Republican primary by Ron Saxton who ran to the right of his moderate stances in his 2002 primary while garnering support from party members concerned that Mannix would lose again with general election voters. Jason Atkinson was also in the race. Mannix tried to downplay his anti-abortion stand and opposition to Oregon’s assisted suicide law. Nevertheless Oregon Right to Life endorsed Mannix in the primary even though Atkinson was pushing his anti-abortion credentials. Saxton won the primary, but was defeated by Kulongoski.

In 2008, Mannix was defeated by Mike Erickson in the Republican primary for the 5<sup>th</sup> Congressional seat being vacated by Darlene Hooley. Campaign contributions in that race are not included in this analysis, given this report’s focus on Mannix’s statewide political efforts.

**Chart 1: Summary of Mannix Measures, Pro and Con Contributions and Vote Results with Mannix position**

Year	BM	Ballot Measure Caption	Mannix Signature Gathering	Pro Mannix dollars	Anti Mannix dollars	Yes vote	No vote	Mannix position
1994	10	<b>Amends Constitution:</b> Legislature cannot reduce voter-approved sentence without 2/3 vote	No longer available <sup>5</sup>	\$172,830	No opposition PAC	65%	35%	WON
	11	<b>Amends Constitution:</b> Mandatory sentences for listed penalties; covers persons 15 and up	No longer available		\$750	66%	34%	WON
	17	<b>Amends Constitution:</b> Requires state prison inmates to work full time	No longer available		\$11,343	71%	29%	WON
	19	<b>Amends Constitution:</b> No free speech protection for obscenity, child pornography	No longer available	\$473,451	\$337,240	46%	54%	LOST
1996	31	<b>Amends Constitution:</b> Obscenity may receive go greater protection than under federal constitution	Not applicable-Legislative Referral	\$194,889	\$489,821	48%	52%	LOST
	40	<b>Amends Constitution:</b> Gives crime victims rights, expands admissible evidence, limits pretrial release	\$384,491	\$237,269	\$37,945	59%	41%	WON Overturned in <i>Armatta</i>

<sup>5</sup> Itemized lists of contributors are not available for chief petitioner committees in 1994 and 1996 due to Secretary of State archive policies to only retain those reports for six years. It is also difficult to determine which PACs were involved in signature gathering under the laws applicable at that time.

1998	61	<b>Amends Constitution:</b> Changes minimum sentences for listed crimes, including certain repeat offenses	\$102,700	Yes and No on 61 campaigns were gearing up but stopped activity when determined that Measure 61 did not qualify for the ballot.		No votes tallied because of court determination that Measure did not qualify for the ballot. This was decided too late to remove from the ballot. but votes were not counted.		
1999	69	<b>Amends Constitution:</b> Grants victims constitutional rights in criminal prosecutions, juvenile court delinquency proceedings	Not applicable-Legislative Referral	\$468,239	\$159,995	58%	42%	WON
1999	70	<b>Amends Constitution:</b> Gives public, through prosecutor, right to demand jury trial in criminal cases	Not applicable-Legislative Referral			42%	58%	LOST
1999	71	<b>Amends Constitution:</b> Limits pretrial release of accused person to protect victims, public	Not applicable-Legislative Referral			58%	42%	WON
1999	72	<b>Amends Constitution:</b> Allows murder conviction by 11 to 1 jury verdict	Not applicable-Legislative Referral			45%	55%	LOST
1999	73	<b>Amends Constitution:</b> Limits immunity from criminal prosecution of person ordered to testify about his or her conduct	Not applicable-Legislative Referral			46%	54%	LOST
1999	74	<b>Amends Constitution:</b> Requires terms of imprisonment announced in court be fully served, with exceptions	Not applicable-Legislative Referral			53%	47%	WON
1999	75	<b>Amends Constitution:</b> Persons convicted of certain crimes cannot serve on grand juries, criminal trial juries	Not applicable-Legislative Referral			58%	42%	WON
2003	28	Temporarily increases tax rates on personal, corporate income; triggers repeal of certain state budget cuts	Not applicable-Legislative Referral			\$41,971	\$571,934	46%
2004	30	Enacts temporary personal income tax surcharge; increases, changes corporate, other taxes; avoids specific budget cuts	\$610,550	\$684,908	\$744,010	41%	59%	WON
		<b>Total Dollars</b>	<b>\$1,097,741</b>	<b>\$2,273,557</b>	<b>\$2,383,038</b>	5 Losses and 9 Wins and 1 Win overturned as unconstitutional		
			Combined signature gathering & general election <b>\$3,371,298</b>					

### Mannix Measures In 2008

Kevin Mannix is a chief petitioner on two more “tough on crime” initiatives that have qualified and will appear as Measures 61 and 62 on the upcoming November ballot. Loren Parks was the major donor during petition circulation and his support is continuing into the fall election season.

Measure 61 requires mandatory prison sentences for identify theft, forgery, and drug related burglary charges. It would increase state spending between \$361 million to \$523 million in the first four years and then between \$161 and \$274 million annually thereafter. Over ten years, total

costs would be between \$1.3 billion and \$2.2 billion. Measure 61 would also require borrowing between \$1.1 billion and \$1.3 billion to build new prisons.<sup>6</sup>

Measure 62 diverts 15 percent of lottery profits from its current purposes to criminal justice activities. According to the official statement of fiscal impact, it would reduce lottery spending on education and state and local economic development by \$100 million in the first year, then \$106 million, then \$113 million, and \$120 million in the fourth year.<sup>7</sup>

Measure 57 was referred by the legislature as an alternative to Mannix's Measure 61. It includes more options for drug and alcohol treatment. It would cost \$268 million in the first four years and \$143 million annually after that. Over ten years total costs would be \$1.1 billion. New prison construction will require borrowing \$314 million.<sup>8</sup>

"A fantasy" was Mannix's response to these fiscal estimates. An *Oregonian* editorial, however, points to the need for Oregonians take a "long, hard look" at the ballot measure decisions they will be facing in November.<sup>9</sup>

On August 11<sup>th</sup> Kevin Mannix formed the Oregon Anti-Crime Alliance PAC to support his Measures 61 and 62 and defeat Measure 57. This committee has received \$75,000 from Parks Medical Electronics and \$600,000 from Loren Parks. Overall the report, however, focuses on Mannix's financial support through the 2008 petition circulation season.

Kevin Mannix was also chief petitioner as well as a financial supporter of Initiative 54 to regulate strip clubs and Initiative 132, another anti-crime proposal. Both of these measures were withdrawn. Loren Parks was the major contributor Initiative 132 and supported Russ Walker's initiatives to limit plaintiff attorney fees and so-called frivolous lawsuits. Walker's Initiatives 51 and 53 committees also contributed to the signature gathering effort for Mannix's Measures 61 and 62. Mannix was also a financial supporter the Walker proposals, primarily through in-kind support from his law firm.

### **Top Donors For and Against Mannix Campaigns**

#### **Top donors to Mannix - aggregate totals for 1994 through August 2008**

Top contributors to Kevin Mannix's statewide candidate campaigns as well as signature gathering efforts and ballot measure committees from 1994 through August 2008 are summarized below in chart 2.

Several major donors, Lawrence Epping, Richard Withnell, James Monaghan, and brothers Frank and James Salerno, made contributions in the form of large loans. These loans have now been paid off, but a history of campaign debt and loans is a hallmark of Mannix's candidate fundraising. Contributions from Robert Randall and affiliated businesses triggered a campaign finance complaint.

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<sup>6</sup> [http://www.sos.state.or.us/elections/nov42008/es\\_fi/m61\\_fe.pdf](http://www.sos.state.or.us/elections/nov42008/es_fi/m61_fe.pdf) retrieved September 2, 2008

<sup>7</sup> [http://www.sos.state.or.us/elections/nov42008/es\\_fi/m62\\_fe.pdf](http://www.sos.state.or.us/elections/nov42008/es_fi/m62_fe.pdf) retrieved September 2, 2008

<sup>8</sup> [http://www.sos.state.or.us/elections/nov42008/es\\_fi/m57\\_fe.pdf](http://www.sos.state.or.us/elections/nov42008/es_fi/m57_fe.pdf) retrieved September 2, 2008

<sup>9</sup> "Tune in to Oregon issues," *Oregonian*, September 2, 2008

**Chart 2: Top 15 Contributors to Mannix Statewide Candidate and Measure Campaigns, 1994- August 2008, includes cash and in-kind contributions and loans**

<b>Total Contributions</b>	<b>Contributor – Parks, Affiliates and Pass-Throughs</b>	<b>Supported</b>
<p>\$3,711,207</p> <p>Does not include \$8,645 given by Parks to 1998 Mannix legislative campaign</p> <p>Does not include \$200,536 of independent expenditures paid by Parks in 2002 and 2006 governor's races targeting Mannix's opponents</p>	<p>Loren Parks - \$3,542,701</p> <p>Includes pass through contributions to: If 94 Passes, Up to 1300 of Oregon's Most Violent Criminals Will Be Released - \$62,761 to 2000 Mannix for Attorney General</p> <p>Oregon Republican Party - \$125,000 that went to 2002 Mannix for Governor</p> <p>Parks Affiliates: Conservative PAC - \$154,405</p> <p>Parks Foundation - \$14,101 – 1999 – Justice for All Yes on Measures 69-75</p> <p>Includes Initiative 51 and 53 petition circulation fundraising. If these are designated as Russ Walker measures the \$3,711,207 is reduced to \$3,375,873.</p> <p>If Mannix's 1998 legislative contribution of \$8,645 from Parks is added total from Parks increases to \$3,384,518 – the same total as in chart 9 of Loren Parks: Oregon's \$11 Million Man</p>	<p>1994 – Yes on 10, 11, and 17 1996 – Mannix for Attorney General 1996 – Yes on 40 1996 – Initiative 63 (did not qualify) 1999 – Yes on Measure 69-75 2000 – Mannix for Attorney General including in-kind pass through from no on 94 PAC 2001 – Mannix Sept. Supplemental Report 2002 – Mannix for Governor including pass through from Oregon Republican Party 2006 – Mannix for Governor 2008 – Mannix candidate PAC 2008 – Initiatives 51, 53 and 132 (did not qualify) 2008 – Initiatives 40 and 41, became Measures 61 and 62 Justice for All PAC II</p> <p>Does not include \$675,000 given by Parks and Parks Medical Electronics through September to Mannix's Anti-Crime PAC that supports Measures 61 and 62 and opposes Measure 57. This means that the \$3,711,207 will increase to at least \$4,386,207 by the November election</p>
<p>\$943,634</p>	<p>Kevin L. Mannix PC</p>	<p>1996 – Yes on 40 1996 – Initiative 63 (did not qualify) 1999 – Yes on Measure 69-75 2000 – Mannix for Attorney General 2002 – Mannix for Governor 2006 – Mannix for Governor 2008 – Mannix candidate PAC 2008 – Initiatives 51, 53, 54, 131, 132 &amp; 134 2008 – Initiatives 40 and 41, became Measures 61 and 62</p>
<p>\$624,058</p>	<p>Citizens for a Sound Economy/Oregon Citizens for a Sound Economy/OCSE PAC/FreedomWorks</p>	<p>2003 – No on 28 2004 – no on 30 2008 – Initiatives 51 &amp; 53 (did not qualify)</p>
<p>\$315,000</p>	<p>Republican National State Elections Committee</p>	<p>2000 – Mannix for Attorney General 2002 – Mannix for Governor</p>
<p>\$301,850</p>	<p>Columbia Helicopters/Wes Lematta</p>	<p>1994 – Yes on 11 and 17 1996 – Yes on 40 1996 – Mannix for Attorney General 1999 – Yes on Measures 69-75 – Victims Rights Committee 2000 – Mannix for Attorney General 2002 – Mannix for Governor 2003 – No on 28 2004 – No on 30</p>

		2008 – Initiatives 51 & 53 (did not qualify) Justice for All II PAC
\$301,562	Oregon Republican Party	2000 – Mannix for Attorney General 2001 – Mannix Sept. Supplemental Report 2002 – Mannix for Governor 2003 and 2004 – Mannix September Supplemental Reports 2004 – No on 30
\$295,060	Kevin Mannix	1996 – Yes on 31 1996 – Yes on 40 1996 – Mannix for Attorney General 2000 – Mannix for Attorney General 2002 – Mannix for Governor 2006 – Mannix for Governor Justice for All II PAC Workers Compensation Progress PAC
\$265,050	Lawrence Epping	1996 – Yes on 40 2000 – Mannix for Attorney General 2002 – Mannix for Governor 2003 and 2005 – Mannix September Supplemental Reports 2006 – Mannix for Governor
\$250,211	Mark Hemstreet/Hemstreet Properties	1994 – Yes on 11 and 17 1996 – Yes on 31 and 40 1999 – Yes on Measures 69 through 75 2000 – Mannix for Attorney General 2002 – Mannix for Governor
\$250,000	Republican Governor's Association	2002 – Mannix for Governor
\$210,250	Joan Austin	2000 – Mannix for Attorney General 2002 – Mannix for Governor 2003 – Mannix Sept. Supplemental Reports
\$207,747	Jeld-Wen/Richard Wendt/Hire Calling Public Affairs	2002 – Mannix for Governor 2004 – No on M 30 2006 – Mannix Sept. Supplemental Report
\$196,109	Richard Withnell/Withnell Motor Company	1996 – Mannix for Attorney General 1996 – Yes on 40 1999 – Yes on Measures 69 through 75 2000 – Mannix for Attorney General 2002 – Mannix for Governor 2003, 2004 & 2005 – Mannix Sept. Supp 2006 – Mannix for Governor
\$190,170	James Salerno	1996 – Mannix for Attorney General 2000 – Mannix for Attorney General 2002 – Mannix for Governor 2003 and 2004 – Mannix Sept. Supp. Reports
\$175,350	Frank Salerno	1996 – Mannix for Attorney General 2004 – Mannix Sept. Supp. Reports 2006 – Mannix for Governor

### Top donors against Mannix - aggregate totals for 1994 through August 2008

Top contributors to campaigns opposing Kevin Mannix's signature gathering efforts and ballot measure campaigns as well as his candidate committees from 1994 through August 2008 are summarized in chart 2.<sup>10</sup> The top donors over this period are public employee unions who

<sup>10</sup> 2002 contributions to Mannix opponents in the Republican primary are not factored into this aggregate total.

opposed Mannix as a candidate and supported Measures 28 and 30. Unions that have frequently opposed Mannix’s political efforts represent approximately 318,000 workers in Oregon.

Interestingly enough, some of these top donors to Mannix opponents in 2006 gave to previous Kevin Mannix campaigns. This is typically a reflection of past Mannix donors giving to Ron Saxton in his 2006 gubernatorial bid. Two top donors, Oregon Entertainment Corp. and Calistoga Mining opposed Measures 19 and 31, Mannix’s anti-obscenity regulatory attempts.

**Chart 2: Top 15 Contributors Against Mannix Candidate and Measure Campaigns, 1994-August 2008, includes cash and in-kind contributions and loans**

Total Contributions	Contributor	Supported
\$762,151	SEIU Local 503 OPEU/OPEU Local 503 PAC/Citizen Action by Public Employees PAC Current membership – 45,000 workers <sup>11</sup>	1996 – No on 31 2000 – Myers for Attorney General 2002 – Kulongoski for Governor 2003 – Yes on 28 2004 – Yes on 30
\$566,571	Oregon Education Association/OEA-PIE/National Education Association Current Oregon membership – 47,000 workers <sup>12</sup> NEA – national membership is 3.2 million	1996 – No on 31 1996 – Myers for Attorney General 2000 – Myers for Attorney General 2002 – Kulongoski for Governor 2003 – Yes on 28 2004 – Yes on 30
\$450,692	AFSCME Council 75/National AFSCME Current membership – 25,000 workers <sup>13</sup>	2000 – Myers for Attorney General 2002 – Kulongoski for Governor 2003 – Yes on 28 2004 – Yes on 30
\$325,000	Democratic Governors’ Association	2002 – Kulongoski for Governor
\$276,690	Oregon Entertainment Corp	1994 – No on 19 1996 – No on 31
\$131,100	Oregon School Employees Association/Voices of Involved Classified Employees/VOICE PACs Current membership – 20,000 workers <sup>14</sup>	2000 – Myers for Attorney General 2003 – Yes on 28 2004 – Yes on 30
\$125,000	Roderick Wendt Gave \$150,000 to Mannix for Gov in 2002	2006 – Saxton for Governor-primary
\$105,453	Democratic Party of Oregon	2000 – Myers for Attorney General 2002 – Kulongoski for Governor
\$100,000	Norman Brenden Gave \$10,000 to Mannix for Gov in 2002	2006 – Saxton for Governor-primary
\$76,292	American Association of Retired People	2004 – Yes on 30
\$75,000	Don Morissette Homes, Inc Gave \$5,000 to Mannix for Gov in 2002	2006 – Saxton for Governor-primary
\$75,000	The Swanson Group Gave \$50,000 to Mannix for Gov in 2002	2006 – Saxton for Governor-primary
\$56,050	Pacific Northwest Regional Carpenters Separate Segregated Fund Current membership – 25,000 workers <sup>15</sup>	2002 – Kulongoski for Governor

<sup>11</sup> <http://www.seiu503.org/local503/Default.aspx> retrieved September 2, 2008

<sup>12</sup> <http://www.oregoned.org/site/pp.asp?c=9dKKKYMDH&b=130916> retrieved September 2, 2008

<sup>13</sup> <http://www.oregonafscme.com/> retrieved September 2, 2008

<sup>14</sup> [http://www.osea.org/pages/About\\_OSEA/about\\_osea.html](http://www.osea.org/pages/About_OSEA/about_osea.html) retrieved September 2, 2008

\$51,000	Oregon Criminal Defense Lawyers Association	1996 – Myers for Attorney General 1999 – No on Measures 69-75 2004 – Yes on 30
\$50,000 each	James Leininger Seneca Jones Timber (Has given \$121,940 to Mannix candidate and ballot measure campaigns.)	2006 – Atkinson for Governor-primary 2006 – Saxton for Governor-primary

### Mixing Politics and Business

#### Mannix Foundations – “Boon to His Law Firm”

An August 2002 *Oregonian* article identified a legal but questionable flow of money to Kevin Mannix’s law firm from two foundations that operated primarily under his control. These foundations, in turn, received the bulk of their support from the Parks Foundation controlled by frequent Mannix political donor Loren Parks.

Mannix formed the Civil Justice Foundation and Criminal Justice Foundation in January 1998 and closed them in 2003. He served as executive secretary, handling all bookkeeping for both foundations. Analysis by the *Oregonian* in 2002 indicates at least \$327,000 went from these foundations to Mannix’s law firm and an associated business, PSA Services. Mannix says he recommended what projects the foundations will fund and bids from other firms weren’t sought. He began receiving foundation support during a period when his firm, according to a former partner, was \$217,000 in debt.<sup>16</sup>

Reporting by the *Oregonian* in 2006 indicates that an additional \$112,000 went from the Civil and Criminal Justice Foundations to Kevin Mannix’s law firm in 2002. In all, \$838,000 was reported to have been paid to Mannix personally; his law firm, or affiliated business by these foundations or political committees controlled by Mannix.<sup>17</sup>

#### Loren Parks and Parks Foundation Dollars to Mannix Foundations and PACs

The major donor to the Criminal and Civil Justice Foundations was the Parks Foundation controlled by Loren Parks. The Parks Foundation gave \$361,800 to the two Mannix groups, reportedly comprising more than 70 percent of the nearly \$500,000 raised by the Criminal and Civil Justice Foundations through 2001.<sup>18</sup>

Parks gave what was reported to be the single largest contribution to a candidate, \$250,000 to Kevin Mannix’s gubernatorial campaign. That donation check was dated October 23, 2002 and five days later Parks gave \$125,000 to the Oregon Republican Party. As reported by the *Oregonian* in the spring of 2006, Mannix hand-delivered this check to party headquarters and then, according to Darryl Howard, the party’s executive director, suggested it be given to Mannix’s Justice for All II committee. Howard refused since it seemed clear the check was

<sup>15</sup> <http://www.carpenterspnwrc.org/cms/htdocs/modules/tinycontent/index.php?id=1> retrieved September 2, 2008

<sup>16</sup> “Foundations directed by Mannix prove boon to his law firm,” *Oregonian*, August 14, 2002

<sup>17</sup> “Mannix freely mixes business, politicking,” *Oregonian*, April 19, 2006

<sup>18</sup> “Foundations directed by Mannix prove boon to his law firm,” *Oregonian*, August 14, 2002

intended for Mannix's gubernatorial committee. After taking over as Party chair in 2003 Kevin Mannix fired Darryl Howard, though Howard says that he resigned.<sup>19</sup>

### **Candidate Campaign and Company Work Intertwined**

Money flowed from Kevin Mannix's candidate campaign committees to his law firm for rent and other services in both 2000 and 2002. During Mannix's attorney general candidacy his law firm charged his campaign PAC \$10,000 for rent and \$5,000 for legal services. During Mannix's 2002 gubernatorial contest he collected \$24,000 in rent from his campaign PAC. In 2003, Mannix's candidate committee is reported to have paid \$27,000 to Mannix personally for rent and personal campaign expenses while \$8,700 was paid to his law firm for expenses in the building owned by Mannix and used by his campaign.<sup>20</sup>

The *Oregonian* coverage indicated that a political consultant who frequently works with the Senate Republican caucus, Melissa Williams, discourages the mixing of candidate campaign and business finances. "All it does is raise eyebrows," she said. "We advise a candidate there are other issues you want to talk about rather than about paying yourself rent."<sup>21</sup>

When questions about Kevin Mannix's campaign spending surfaced again during the 2006 primary, his comment was, "I lose money doing this," he said. "I'm not into politics to make money. I'm in politics to make policy." Reporters, however, pointed out that this spending included more than the routine personal expenses reimbursements frequently reported by candidates and included direct payments for rent, management fees and other services.<sup>22</sup>

### **Multiple PACs Spending Money on Services from Mannix**

Over the years Kevin Mannix has formed several chief petitioner and ballot measure committees as well as his own candidate PAC. In addition, however, Mannix established two other PACs that paid his law firm and PSA Services for numerous activities.

Justice for All II, formed in October 1997 to gather signatures for Initiative 53, was active during the November 1999 special election on Measures 69 and 75. During the 2000 election season the PAC made a \$65,087 donation to Mannix's attorney general campaign. Though not focused on any one candidate or measure campaign, Justice for All II raised another \$127,788 from 2001 until it closed in 2005. The Workers Compensation Progress PAC was formed by Mannix at the end of 2000 and filed campaign finance reports for the 2002 election season and then filed September Supplemental Reports from 2003 through 2007, when this PAC closed.

Spending by these two committees indicate the extent to which the donors were providing work for the Mannix businesses and funneling money to his candidate campaigns. Sixty-five percent of the expenditures from the Justice for All II PAC went to either Kevin Mannix, Mannix's candidate PAC, Mannix's law firm, or his business, PSA Services, over its 6 years of operation. Workers Compensation Progress PAC raised less money but an even higher 76 percent went to either Kevin Mannix, his campaign PAC, or the Mannix law firm. Under current law, these

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<sup>19</sup> "Mannix freely mixes business, politicking," *Oregonian*, April 9, 2006

<sup>20</sup> "Mannix freely mixes business, politicking," *Oregonian*, April 9, 2006

<sup>21</sup> "Foundations directed by Mannix prove boon to his law firm," *Oregonian*, August 14, 2002

<sup>22</sup> "Mannix freely mixes business, politicking," *Oregonian*, April 9, 2006

committees would be considered candidate controlled committees because Mannix was their treasurer and they operated parallel to Mannix running candidate campaigns.

### **Campaign Finance Complaint – Allegation of Contributions in a False Name**

It is illegal to make contributions in a false name or shield the identity of a campaign donor. In August 2002, Libertarian Party executive director Richard Burke filed a complaint with the Secretary of State alleging that Mannix had violated the restriction on the restriction on contributions in a false name. A subsequent investigation for the Department of Justice determined:

- Robert Randall contributed \$50,000 to Mannix’s Justice for All II and Workers Compensation Progress PACs.
- Within the same 24 hours these PACs contributed \$50,000 to Mannix’s gubernatorial PAC.
- A similar exchange pattern occurred in May 2002 with a \$25,000 contribution from Alan James.
- Kevin Mannix was treasurer of all three PACs.

No violation occurred because the law restricting contributions in a false name did not apply to contributions from one committee treasurer to the treasurer of another PAC.

A nonpartisan panel convened by Secretary of State Bill Bradley subsequently reviewed campaign finance disclosure law and made legislative recommendations to close loopholes and improve enforcement.<sup>23</sup> Legislation enacted during the 2005 legislative session included many these provisions as well requirements for electronic reporting and online availability that resulted in ORESTAR.

### **Loans and Debt but Who Gets Repaid First?**

A consistent pattern in Kevin Mannix candidate campaigns is a reliance on loans and unpaid debts. This began during the 2000 general election when Mannix was running against Hardy Myers for attorney general and appears to continue today. Pattern is composed of:

- Multiple loans. In his 2002, his gubernatorial PAC received loans totaling \$674,000 from 15 individuals and businesses.
- Delaying repayment. Mannix has routinely delayed payment or made partial payments. Between 2002 and 2004, real estate developer Lawrence Epping made loans totaling \$261,000. Loan repayments began in 2002 but the entire debt was not paid off until 2004.
- Pay old loans with new loans. On March 19, 2004, Mannix secured a \$50,000 loan, the first of several, from Frank Salerno. That same day, Mannix paid off a \$45,000 loan from multiple-lender Lawrence Torarski.
- Repay himself first. In the 2006 primary run, Mannix’s PAC received \$353,900 in loans, including \$48,900 from Mannix himself. One donor was paid off during the primary season and another past debt paid off. The bulk of payments, \$93,452, went to Mannix.

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<sup>23</sup> Janice Thompson, executive director of Democracy Reform Oregon, then called Money in Politics Research Action Project served on this panel.

### **Loan Consolidation and Run for Congress**

In late October and early November 2007, two payments were made by Mannix's candidate PAC to pay off \$100,000 due since 2003. Payments to another major donor, Frank Salerno, were made in early 2008. The pace of loan payments picked up significantly after the February 7, 2008 retirement announcement of Congresswoman Darlene Hooley. Even before this there had been speculation that Kevin Mannix was contemplating a run against Hooley.

Mannix's law firm loaned his candidate PAC money during this period of time to pay off other donors and consolidate his debt. *Oregonian* reporting in March 2008 questioned the source of money to Kevin Mannix's law firm and timing of its loans to Mannix's candidate campaign that enabled paying off other lenders. Mannix's campaign manager, Amy Langdon, said that this was feasible by "calling in accounts receivable" from his solo law practice that had a boost in income since his May 2006 race for the Republican gubernatorial nomination. Langdon did not reveal the source of those dollars, citing client confidentiality, but she did say that that none of the money came from Loren Parks. Mannix declined to be interviewed about campaign finances.<sup>24</sup>

One source of Mannix's legal income was reported on tax records for FreedomWorks Foundation indicates \$553,739 in payments with \$200,089 to the Mannix law firm for fundraising consulting reported on its 2005 tax form, \$268,650 for legal services in 2006, and \$85,000 for legal services reported on FreedomWorks Foundation's 2007 tax form.<sup>25</sup>

The *Oregonian* editorialized against Mannix's continued mixing of business and political fundraising. Though legal, the editorial characterizes his recent money shifts as "neither aboveboard nor wise." Given his run for a federal office they wonder if his opponents would run TV spots, as was done during his 2006 primary race, "asking how he expected to clean up the federal budget when he can't do the same to his own finances." Discussing the legal work for FreedomWorks they acknowledge that there is nothing wrong with those payments. But then they write, "Nothing, that is, if the money was truly compensation for legal work as opposed to campaign contributions masquerading as attorney fees. But even if the fees were entirely legitimate, doesn't the candidate owe Oregon voters an unlauded accounting of who's bankrolling his campaign?"<sup>26</sup>

The *Oregonian* article and subsequent editorial did not include information about \$312,980 in recent grants to FreedomWorks Foundation from the Parks Foundation and Parks Educational Foundation. These are private family foundations under the control of Loren Parks and his sons. If this information on grants to FreedomWorks had also been reported, it may well have increased the *Oregonian's* concerns about "campaign contributions masquerading as attorney fees."<sup>27</sup> (See chart 4 below.)

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<sup>24</sup> "Mannix pays old debt as he preps for the new race," *Oregonian*, March 18, 2008

<sup>25</sup> Earlier reports for FreedomWorks Foundation are not available via Guidestar at <http://www.guidestar.org/>

<sup>26</sup> "With Mannix, it's hard to follow the money," *Oregonian*, March 23, 2008

<sup>27</sup> "With Mannix, it's hard to follow the money," *Oregonian*, March 23, 2008

**Chart 4 – Side-by-Side Summary of Parks Foundation Grants to FreedomWorks Foundation and Payments by FreedomWorks Foundation to Mannix Law Firm**

Grants from Parks Foundations to FreedomWorks Foundation			Contract Work by Kevin L. Mannix, PC by FreedomWorks Foundation	
2006 Report for August 2006 through August 2007 grants	\$20,000		2007 Report for 2007 calendar year legal services	\$85,000
2005 Report for August 2005 through August 2006 grants	\$120,000		2006 report for 2006 calendar year legal services	\$268,650
2004 Report for August 2004 through August 2005 grants	\$172,980		2005 report for 2005 calendar year fundraising consulting	\$200,089
Total	\$312,980		Total	\$553,739

**Wearing Two Hats as Chair of Oregon Republican Party**

Kevin Mannix became chair of the Oregon Republican Party in early 2003, shortly after his first failed bid for governor. Faced with infighting between sitting chair Perry Atkinson and Senator Gordon Smith who was advocating former House Speaker Lynn Snodgrass for the position, Oregon Republicans accepted his offer to serve to bring unity to the party. Mannix was a successful leader in special election ballot measure tax increase fights in 2003 and 2004. He was re-elected in January 2005 even though there were some concerns about his lackluster performance in recruiting strong candidates to run in statewide contests in 2004.<sup>28</sup> Following critical comments of Ron Saxton, his anticipated rival for party nomination in the 2006 governor’s race, Mannix announced he wouldn’t seek re-election as party chair.

**Mannix Candidate Vendor Gets Party Work after Forgiving Accounts Payable**

Creative Strategies, the political consulting firm used by the Mannix for Governor campaign in 2002, worked for the Oregon Republican Party from the end of 2003 through 2004. Their first payment was shortly after final payment by Mannix’s gubernatorial PAC. Services provided were for general consulting, issue research, and production of a television commercial with total payments coming to \$76,122.<sup>29</sup> Beginning with a February 14, 2005 payment, Creative Strategies switched back to working for Mannix’s candidate committee and was a vendor during Mannix’s 2006 gubernatorial bid.

*Oregonian* reported in 2006 that Republican Party chairs before Mannix didn’t make such use of consultants. Executive committee members told reporters that they didn’t see any reports and consultants didn’t attend party business meetings, an assertion the current party chair disputed, saying the consultant dealt directly with Mannix or the executive director.<sup>30</sup>

**Mannix Secretary Paid by Republican Party**

Another Kevin Mannix expense as Republican Party chair was paying for a secretary. Current party chair, Vince Day, said this was not current practice nor an expense of chairmen prior to Mannix, but that Mannix needed a half-time scheduler. Mannix’s law firm secretary, Maxine Kuhlman, was reported to have been paid \$39,779 by the Oregon Republican Party.<sup>31</sup> Before and after this period of time Kuhlman had been paid by Mannix’s candidate committee.

<sup>28</sup> “Mannix re-elected as state republican leader,” *Oregonian*, January 16, 2005

<sup>29</sup> It should be noted that all the 2004 payments to Creative Strategies were after the Measure 30 election, so there work wasn’t focused on that campaign.

<sup>30</sup> “Mannix freely mixes business, politicking,” *Oregonian*, April 9, 2006

<sup>31</sup> “Mannix freely mixes business, politicking,” *Oregonian*, April 9, 2006

### **Mannix Benefits from Republican Party Fundraising**

A proposal made in 2001 by Solomon Yue, Republican national committeeman gave Mannix's law firm and political committee 70 percent of what Kevin Mannix raised for the Oregon Republican Party.<sup>32</sup> Six checks totaling \$39,900 from the Oregon Republican Party are reported to have gone to Mannix in 2001. Each check represented 70 percent of a donation to the Party that was considered to have been obtained by Kevin Mannix. Three members of the party's Executive Committee said they only learned of the arrangement after it was established. "I remember folks being upset about that," said Bob Avery, a committee member. State elections officials said that this kind of arrangement could create disclosure problems because of the possibility that some of the donations should have been reported as a contribution to the recipient of the commission.<sup>33</sup>

### **Mannix Lobbying While Republican Party Chair**

During the 2005 legislative session Kevin Mannix formed the Oregon Litigation Fairness Project to "make the litigation system fair to all concerned." Mannix told *Willamette Week* that unnamed "business groups" are behind this effort but did not name his backers. "That's one reason why you create an organization sometimes," Mannix says. "People want to come together, and they don't want to publicize themselves."<sup>34</sup> Mannix conceded that he's running for governor in 2006. The reporter drew the connection between his 2005 legislative lobbying and the opportunity it provides to enlist campaign support from large contributors. The Republican Party chair position is unpaid and the Litigation Fairness Project reported spending \$65,221 on lobbying during 2005.

## **Mannix and Political Advertising**

### **2000 Ad Invokes Kip Kinkel in Attack on Hardy Myers**

In his 2000 race against Hardy Myers for attorney general, Kevin Mannix ran ads featuring Kip Kinkel, the Springfield Thurston High School student who killed his parents and two fellow students in 1998. The ads claimed Myers supported sentencing guidelines that could have set Kinkel free in four years compared to his 111-year sentence under Measure 11. Questions were raised about the ad's accuracy and they also failed to mention Mannix's support of a pre-Measure 11 steps to toughen sentencing guidelines developed by a committee then-legislator Myers chaired in 1989.<sup>35</sup>

Mannix may have been moved to run negative ads by his top donor, Loren Parks, who was on the record as wanting "Hardy out of there in the worst way" and "you have to get people (expletive) off about something, not just boost yourself."<sup>36</sup> The Kinkel ads were produced by Gregg Clapper, who had worked with Mannix on Measures 10, 11 and 17. They were pulled after being criticized as inflammatory and unfair by editorial boards across Oregon.

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<sup>32</sup> "Mannix freely mixes business, politicking," *Oregonian*, April 9, 2006

<sup>33</sup> "Mannix freely mixes business, politicking," *Oregonian*, April 9, 2006

<sup>34</sup> "Mannix's moonlighting," *Willamette Week*, April 20, 2005

<sup>35</sup> "Political ads use Kinkel case," *Oregonian*, October 8, 2000

<sup>36</sup> "Politics one of tycoon's obsessions," *Oregonian*, October 8, 2000

### **Allies Step Away During 2002 Primary but Anti-Saxton Ad May Have Helped Mannix**

During the 2002 Republican gubernatorial primary Jack Roberts was considered the frontrunner with particular support by those who felt Mannix was too conservative to win in the general election. Political consultant Gregg Clapper, who didn't believe Mannix could win in November because of his anti-abortion views, joined the Roberts campaign as a political consultant, possibly to help persuade Loren Parks to not support Kevin Mannix.<sup>37</sup>

Parks gave contributions totaling \$115,000 to Mannix in 2001 before he entered the governor's contest, but none during the primary. However, once Mannix won the Republican gubernatorial primary, Parks made a late May donation of \$25,000 followed by general election contributions of \$250,00 and \$25,00. The \$250,000 was considered to be the largest one-time contribution by an individual to an Oregon candidate campaign.<sup>38</sup>

Gregg Clapper formed a PAC in May 2002 to run independent expenditure ads against Ron Saxton. The Let's Not Elect a Soft-On-Crime, Democrat Contributing, Liberal-Judge Backing PAC spent \$25,536, all contributed by Parks, on radio ads attacking Ron Saxton for, among other things, wanting to "take the teeth" out of Measure 11. Questions were raised about the independence of Clapper's ads given his earlier involvement in the Roberts campaign and evidence that information from Roberts was used in developing the ads.<sup>39</sup>

### **More Parks Funded Independent Expenditures against Saxton in 2006 Primary**

Independent advertising by Gregg Clapper with financial support from Loren Parks also played a role in the 2006 Republican primary. Clapper formed the Neal Goldschmidt's Real Good Friend Ron Saxon committee, receiving all of its \$175,000 in contributions from Parks. The target was again Ron Saxton, but now the intended beneficiary was Kevin Mannix. This time around, Saxton ran to the right of his 2002 campaign as a moderate and beat Mannix in the primary.

Clapper's anti-Saxton ads linked Ron Saxton to Neil Goldschmidt through connections to Goldschmidt's wife and brother. During Saxton's 2002 run in the Republican gubernatorial primary he received support from Diana Snowden, Goldschmidt's wife. Connecting Saxton to Neil Goldschmidt was damaging since two years earlier Goldschmidt had been exposed in *Willamette Week* for his sexual abuse of a 14-year-old girl. The Clapper ad also criticized Saxton for past contributions to Democratic candidates.

The Saxton campaign responded with ads focused more on Loren Parks than Kevin Mannix or issues, highlighting Parks as an out-of-state millionaire "trying to buy the Oregon governorship for Mannix" and cited references on Parks website to his past activities as an "amateur sex therapist." In response, Parks was featured in advertisements from the Clapper independent expenditure PAC defending his philanthropic and political contributions.<sup>40</sup>

### **Kevin Mannix and Loren Parks**

Kevin Mannix was introduced to Loren Parks through fellow legislator Rep. Bob Tiernan, R-Lake Oswego, who had been chief petitioner with Mannix on Measures 10, 11, and 17. Mannix

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<sup>37</sup> "Roberts' campaign gains voice of far right," *Oregonian*, October 10, 2001

<sup>38</sup> "Millionaire gives Mannix \$250,000, possibly setting an Oregon record," *Oregonian*, October 30, 2002

<sup>39</sup> "See Jack sling," *Willamette Week*, May 15, 2002

<sup>40</sup> "Negative ads from outside groups lead candidates to stray from issues," *Eugene Register-Guard*, May 14, 2006

said, “Loren wanted to support anti-crime efforts,” and reflected about Parks that “He’s one of the folks who says, ‘You can’t take it with you, so why don’t you do something good with it while you’re here?’”<sup>41</sup> So began a 14-year relationship between the social conservative and the electronics millionaire and amateur hypnotherapist.

In all Loren Parks has made contributions of \$3,711,207 since 1994 through the 2008 petition circulation season to Mannix’s attempts at statewide office as well as Justice for All II PAC and numerous chief petitioner and ballot measure committees. That includes a record-setting \$766,000 in contributions directly to Mannix’s 2006 gubernatorial primary campaign, just shy of half (47 percent) of all the money raised by Mannix’s committee. This figure includes contributions from Parks to Russ Walker’s Initiatives 51 and 53 that did not qualify for the ballot. Kevin Mannix provided in-kind support for those signature gathering efforts and Walker’s chief petitioner committees contributed to petition circulation of Mannix’s Measures 61 and 62.

Overall, Loren Parks has focused more on ballot measure politics and less on candidates and trying to influence the composition of the Oregon legislature. The notable exception, of course, is the extensive contributions to Kevin Mannix’s candidate campaigns from Parks.

Parks has demonstrated there are limits to his support of Mannix. He stepped away from supporting Mannix in the 2002 Republican primary for governor, apparently accepting Greg Clapper’s assessment that Mannix was too far to the right to win in the general election. He has also not stepped up to support Mannix measures on other issues such as efforts to regulate obscene materials, fight the repeal of Oregon’s assisted suicide program, or regulate strip clubs.

Kevin Mannix said he was talking to four national groups in search of money for his 2008 signature gathering, however, no such support materialized. Direct contributions from Loren Parks to qualify Measure 61 comprised 67 percent of that campaign’s total fundraising. Another 28 percent came from two PACs focused on signature gathering for Russ Walker’s Initiatives 51 and 53 that, in turn, received most of their funding from Parks. Loren Parks gave 73 percent of the money raised by the committee that put Measure 62 on the ballot. Most of the rest, 22 percent, came from the PACs working on Initiatives 51, 53, and 132 – each of which got most of their support from Loren Parks.<sup>42</sup> In general, there appear to be cooperative efforts between Kevin Mannix and Russ Walker.

In August Kevin Mannix formed the Oregon Anti-Crime Alliance PAC to support Measures 61 and 62 and oppose Measure 57. The major donor to this PAC for 2008 general election activities is Loren Parks. Parks Medical Electronics gave \$75,000 and Parks gave \$600,000 in September. It isn’t known, of course, if more financial support from Parks will be directed to Mannix’s campaign. But as of now the support from Parks for all of Mannix’s candidate and measure campaign activity since 1994 comes to \$4,386,207.

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<sup>41</sup> “Aloha manufacturer gives conservatives a big boost,” *Oregonian*, June 6, 1994

<sup>42</sup> “Mannix going for results, one way or another,” *Oregonian*, June 15, 2007