



TOP LOBBYIST: Clayton Jackson in his downtown San Francisco office. "No insurance reform is possible without him unless we go directly to the voters," says Steven Miller, director of the Insurance Consumer Action Network.

New 'Big Daddy'

Towering Clay Jackson Has King-Sized Clout in the Legislature

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SACRAMENTO — Clayton R. Jackson wasn't elected to the state Legislature, nor has he ever been a member. Yet by some accounts he is one of its most powerful players.

"He really is the new 'Big Daddy' of the California Legislature," says Special Assistant Attorney General Michael Strumwasser.

Jackson, a San Francisco insurance industry lawyer, is one of the highest paid and most effective lobbyists in the state. The latter is especially significant to his clients, topped by the much-criticized insurance industry.

On this particular day, the physically imposing Jackson is smiling and chatting amiably with reporters outside the vast and crowded Assembly Ways and Means Committee hearing room. He relishes the fact that two pivotal insurance reform

bills are about to die in committee, and he's the person primarily responsible for their demise.

While he waits, the heavysset, 6-foot-6 lobbyist is asked if the insurance industry's substantial political contributions, estimated by consumer groups at

First of Two Parts

\$2.5 million in 1985-86, are related to the demise of the reform bills.

Jackson retorts in mock anger, "What kind of question is that?" He then launches into a dissertation on the complexities of no-fault auto insurance.

It is vintage Jackson, the stock in trade of a man whose livelihood depends on verbal footwork.

Inside the hearing room, committee members are preparing to face questions they have postponed as long as possible. The bills have been languishing in committees for months.

The antitrust measure, by Assemblywoman Maxine Waters, D-Los Angeles, would subject the insurance industry to state antitrust laws and prevent insurers from sharing rate-setting information — a common practice that critics say invites collusion.

The other bill, by Assemblyman Lloyd Connelly, D-Sacramento, would place a consumer advocate in the state Insurance Department and establish a "flex-rating" system that would require state review of large premium increases. The bills would impose major new regulatory obligations on an industry that critics insist has been largely unregulated in California.

Everyone on both sides knows the measures will be killed. The lawmakers worry about alienating premium-paying voters by appearing to be in the industry's pocket. They stoically deny their negative votes have anything to do with the insurers' enormous political influence

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Jackson Cuts Through Capitol Confusion

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or their generous campaign contributions.

After some speech-making and general posturing, committee members finally vote to amend the bills and refer them to other committees. Jackson watches as the proposals are effectively buried for 1987. The parliamentary maneuver is executed with dazzling efficiency, and the insurance industry has triumphed again. As usual, Clay Jackson is on the winning team.

Supporters and opponents of the bills agree that Jackson's opposition was a critical factor in destroying the legislation.

That kind of influence likely will earn his partnership, Jackson/Barish & Associates, the distinction of being the highest paid lobbying firm in the state for the third straight year. According to state records for the first nine months of 1987, Jackson/Barish received \$1.29 million in lobbying fees — including \$415,489 from its primary client, the Association of California Insurance Companies (ACIC).

He also is a name partner in the four-person San Francisco law firm of Jackson & Abrams. The dual role allows him to refer law clients to Jackson/Barish when they need help in Sacramento and lobbying clients to Jackson & Abrams for legal work. Jackson declined to discuss law firm revenues.

Like all good lobbyists, Jackson does his best work one-on-one, behind the scenes, long before bills are heard in committee. He talks to legislators and committee consultants. He waits, he talks, and he waits some more. He nearly always knows what is going to happen.

And he almost always wins. "This is a place where you make deals," observes the ACIC's general manager, Edward Levy. "Clay is in the good sense — or at least in the neutral sense — a deal-maker. He gets very good intelligence and can weave together a lot of threads. And he always goes for a win."

As government becomes more complex, the power of informed and well-funded lobbyists grows, especially in the Legislature.

'BROODING OMNIPRESENCE'

The Senate and Assembly are bedeviled by inertia and disorganization and always frenzied in their closing days, when deadlines no longer can be postponed and legislation stacks up like jetliners on a fog-shrouded runway. Confusion reigns.

Enter the knowledgeable, smooth-talking, high-pressure lobbyist to help straighten things out — to the benefit of his clients.

"Clay Jackson is a brooding omnipresence in the Legislature," says consumer advocate and Jackson opponent Steven Miller, director of the Insurance Consumer Action Network. "Ordinarily, you see him as sort of staking out a committee hearing, stalking the floor, maintaining eye contact with those members of the committee he is attempting to wield influence over. . . . No insurance reform is possible without him unless we go directly to the voters."

Jeffrey Fuller, the principal civil-division lobbyist for the attorney general's office and a Jackson opponent on the 1987 insurance reform bills, calls Jackson "a very persuasive, articulate individual. He is knowledgeable about his industry, and he knows it better than a lot of people who are in it."

"He is physically very impressive," Fuller says. "He is noticed. He is hard to ignore. He has a dominant presence."

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— Clayton Jackson



He understands the legislative process as well as anyone, and he knows and understands legislators."

Jackson also understands his corporate clients, who call on him — both as a lawyer and a lobbyist — to do whatever it takes to achieve a goal.

TOWARD POINT B

"In this day and age, particularly in the economic convulsions in which we are operating, a client is essentially interested in getting his particular project or projects done," Jackson says. "He doesn't really care, in the final analysis, nor does he want to hear about, all these lawyers' complexities. He doesn't care whether you have to file lawsuits or convince a regulator or draw up a contract or compromise. He wants to be able to move his business from Point A to Point B."

Although he specializes in insurance issues, Jackson has helped pass or defeat all kinds of major bills. One, a move to establish a mechanism to reimburse depositors at a failed thrift, was sponsored by the California Association of Thrift and Loan Companies. Another Jackson-supported bill, requiring passive restraints in new cars by 1990, was carried by the insurance industry, supported by consumer groups and hotly opposed by automobile manufacturers.

He also helped convenience stores pass a bill requiring devices to control evaporative emissions on cars as a less expensive alternative to vapor-capturing equipment on gasoline pumps. The governor vetoed the legislation.

But a lobbyist's work often is devoted to stopping bills, not pushing them through. Jackson figures that more than 70 percent of his lobbying consists of defeating adverse legislation. The firm takes credit for helping the hotel industry defeat efforts to raise the minimum wage and for helping brewers kill early versions of a bottle-deposit bill in recent years. This year, a compromise bottle bill was passed "that our client could live with," he says.

MONEY OR SKILL?

Jackson's influence is enhanced by his skill in advising clients and their political action committees on how to allocate campaign contributions — a skill that many claim is the key to his success.

Miller insists Jackson's effectiveness stems not from skill or lobbying technique, but only from the raw power of

directing campaign contributions — especially from insurers and their political action committees (PACS).

Miller's Insurance Consumer Action Network estimates that the industry contributed through various PACs, companies and individuals about \$2.5 million in the 1985-86 election cycle.

Jackson insists that figure is too high. Common Cause ranked the Insurers PAC third in campaign contributions in 1985-86, behind the Medical Association PAC and the California Trial Lawyers Association. But Common Cause says Miller's broader survey offers a more accurate picture of the insurers' influence.

"The industry has exerted tremendous influence over the [legislative] process," Miller says. "His clients don't hire him for his policy analysis. They hire him for his clout."

"He has enormous clout," says one well-placed legislative staffer who asked not to be identified. "These guys come from one source — money. It's not their personalities or their persuasive abilities. Clay Jackson is powerful because of who he represents."

"The association makes a lot of campaign contributions," notes a high-level insurance industry source who asked not to be identified. "That opens up a lot of doors." But it is absurd to base Jackson's effectiveness on money alone, the source said.

FRONT-ROW SEAT

Common Cause lobbyist Steve Barrow agrees that money is a major factor in Jackson's success, but he argues that money alone wouldn't be enough.

"He is a very bright man," says Barrow. "If he were lobbying for a public interest group, he wouldn't have the money, but he would still be very good."

Assemblyman Connelly, author of one of the insurance reform bills derailed by insurer opposition, said all major business groups exert considerable influence in the Legislature because of political financing laws and escalating campaign costs.

"The insurance industry, along with business groups, trial lawyers and the medical profession, all are significant contributors," says Assemblyman Patrick Johnston, D-Stockton, chairman of the Assembly Finance and Insurance Committee. "It would be fair to say those contributions add to the access."

Jackson agrees: "Money and politics get you in the front door, but they don't guarantee you a front-row central table."

But even if clout is all they seek, clients get big bonuses with Jackson — his stamina, his persistence and his singlemindedness.

"On the last day of the session, he got back to the office about 4 a.m. after the Legislature adjourned," recalls Jackson lobbying partner Joseph Barish, who runs the office while Jackson does the politicking. "I was waiting for him, and I asked him how we did. 'We won 'em all,' he said."

Jackson's impressive lobbying successes have not come without controversy. In 1982, he was ordered by the California Fair Political Practices Commission to pay the maximum \$6,000 fine for allegedly concealing a \$10,000 lobbying fee from Specialized Systems Inc., a San Diego-based telecommunications equipment supplier. State law requires lobbyists to disclose all payments for legislative lobbying activity.

The firm manufactured a telephone device to aid the deaf. In 1979, it sought legislation to overturn a Public Utilities Commission ruling requiring deaf persons to pay \$14, or half the monthly charge, for using the equipment. The firm said the phone company should pay the entire charge. In the final days of that year's session, a bill hurriedly was amended to make Jackson's changes.

According to the commission, Jackson said the payment was a legal fee, but the firm's president said it was solely for lobbying.

Jackson said he brought the fee discrepancy — which he insists was an accounting error, not an intentional violation of disclosure laws — to the attention of the FPPC when his staff discovered it in a routine internal audit several months later.

"We found the error, and we amended the reports and took them to the commission," Jackson said.

FPPC officials say only that they developed the investigation "independently."

A GRUFF DEMEANOR

But the incident apparently did not dampen clients' enthusiasm.

According to the secretary of state's 1987 directory of lobbyists, Jackson's 29 lobbying clients include the California Hotel and Motel Association, Apple Computers Inc., the California Association of Thrift and Loan Companies, Anheuser-Busch Cos. Inc., Marriott Corp., Intel Corp., Contra Costa County, Electronic Realty Associates Inc., the Glass Packaging Institute, GTech Corp., the Society of the Plastics Industry Inc., the Southern California Association of Governments, Stauffer Chemical Co. and more modest clients, such as the California Fire Chiefs Association, the Turlock and Modesto Mosquito ion districts and the California Mosquito and Vector Control Association.

The FPPC ranks Jackson's lobbying firm at the top in earnings in recent years. In 1986, Jackson/Barish took in \$1.27 million, including \$505,000 from ACIC. In 1985, the firm, which operated under two different names during the course of the year, received \$1.01 million, including \$350,000 from ACIC.

The success comes at a price. Jackson's present and former associates speak warily about his management style and methods. According to several colleagues, including other lobbyists, Jackson inspires respect — even fear — not only because of whom he represents, but because of his gruff demeanor.

Friday: What makes Clay Jackson run?