



215 Pennsylvania Avenue, SE • Washington, D.C. 20003 • 202/546-4996 • [www.citizen.org](http://www.citizen.org)

March 3, 2020

Environment & Transportation Committee  
The Hon. Kumar Barve, Chair  
The Hon. Dana Stein, Vice Chair  
House Office Bldg., 6 Bladen Street  
Annapolis, MD 21401

## **Testimony of Craig Holman, Ph.D., Public Citizen, In Support of the Conflict of Interest Act (HB 1404)**

Dear Environment & Transportation Committee:

Recent actions taken by Maryland Gov. Lawrence Hogan highlight serious shortcomings in the state conflict of interest laws, particularly Sections 5-501 (“Restrictions on participation”) and 5-502 (“Employment or financial interests – General restriction”), as well as the disclosure requirements intended to avoid such conflicts of interest. The Maryland State Ethics Commission has offered inconsistent and sometimes confusing advice to the Governor on how to comply with the Maryland Public Ethics Law, which may well have been the product of inadequate disclosures by the Governor of the scope of his financial holdings. This has resulted in allegations of egregious ethics violations and self-dealing against the Hogan administration.

The Maryland State Legislature has an opportunity to address many of the key shortcomings of the state ethics laws by approving the Conflicts of Interest Act of 2020 (HB 1404), sponsored by Del. Vaughn Stewart and others specifically in response to the recent allegations of conflicts of interest. HB 1404 strengthens the state’s conflict of interest code through enhancing the disclosure requirements of financial holdings and the sources of outside income by public officials, especially the state’s four full-time elected officials of the governor, lieutenant governor, comptroller and attorney general. It further mandates that statewide officers mitigate conflicts of interest through divestiture or the establishment of genuine blind trusts.

Public Citizen strongly encourages the Environment & Transportation Committee to send this bill to the legislature for final approval.

On February 19, 2020, Public Citizen asked the Maryland State Ethics Commission to investigate whether Gov. Larry Hogan has conflicts of interest related to his public office and private business interests that could violate state ethics laws.

Hogan founded and served as president and CEO of The Hogan Companies (now HOGAN), a Maryland real estate firm; after he took office, his brother became president of

HOGAN. Nonetheless, Gov. Hogan maintains a financial stake in the company.<sup>1</sup> These business stakes have led to concerns that the Governor may be making official decisions in public office concerning transportation, the environment, affordable housing and other development projects that have enriched himself and his family.

Gov. Hogan appears to have directly participated in making a major change to the 2015-2020 Capital Transportation Program and related 2015 transportation budget. His decision to expedite the construction of, and designate \$58 million for, a new highway interchange in Brandywine, Md., enhanced the development value of several parcels of land HOGAN acquired during the state construction project.<sup>2</sup> The Governor reportedly did not inform the Maryland General Assembly of his financial interests while seeking funding for the state project, which he is required to do under state law.<sup>3</sup>

In addition to the Brandywine interchange, his administration has advanced other improvements in the same area, including the construction of embankments, exit ramps and median piers, a new park-and-ride lot and a bridge.<sup>4</sup>

State public ethics law says that “an official or employee may not participate in a matter if ... the official or employee or a qualifying relative of the official or employee has an interest in the matter.”<sup>5</sup>

Hogan attempted to address some conflicts of interest by placing his properties into a trust. However, the trust is managed by the Governor’s business partners, and the company remains under the control of the Hogan family, leaving the Governor’s trust falling short of a genuine blind trust sufficient to avoid conflicts of interest.

On September 10, 2015, the State Ethics Commission granted Gov. Hogan a “financial interest exemption” based on what the Commission understood to be the trust arrangement. However, the Commission further advised that Gov. Hogan could, and should, identify “a specific person within the Governor’s office to act in his place on any such matters that come to the office while he continues to retain his financial interests in his businesses.” Yet, Gov. Hogan has not recused himself from any official actions as of the date of Public Citizen’s ethics complaint against the Governor.<sup>6</sup>

There appears to be considerable confusion over when Gov. Hogan may have crossed the line into conflicts of interest and how the Governor should be dealing with such conflicts. The confusion is partly based on a general lack of information on the scope of the Governor’s

---

<sup>1</sup> Luke Broadwater, “While he’s been governor, Larry Hogan’s real estate business has continued to thrive – prompting questions,” Baltimore Sun (July 13, 2008), available at: <https://www.baltimoresun.com/politics/bs-md-ci-hogan-business-20180708-story.html>

<sup>2</sup> Eric Cortellessa, “Who does Maryland’s governor really work for?” Washington Monthly (Jan/Fed/March 2020), available at: <https://washingtonmonthly.com/magazine/january-february-march-2020/who-does-marylands-governor-really-work-for/>

<sup>3</sup> Code of Maryland Regulations, 19a.02.02.05 (“Disclosure requirements”).

<sup>4</sup> Cortellessa, op.cit.

<sup>5</sup> Maryland Public Ethics Law, Section 5-501 (“Restrictions on participation”).

<sup>6</sup> Cortellessa, op.cit.

financial holdings and outside income, and partly based on a misunderstanding of what constitutes a genuine blind trust capable of mediating such conflicts.

The Conflicts of Interest Act of 2020 would mandate the personal financial disclosures necessary to track conflicts of interest, especially when such financial interests are extensive and sometimes hidden; and the Act would also mandate that the State Ethics Commission promulgate more effective rules governing the establishment and operations of genuine blind trusts.

Corruption may dominate today's political agenda of the federal government, but it need not further overwhelm Maryland's political agenda.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig Holman". The signature is fluid and cursive, with the first name "Craig" and last name "Holman" clearly distinguishable.

Craig Holman, Ph.D.  
Government affairs lobbyist  
Public Citizen  
215 Pennsylvania Avenue SE  
Washington, D.C. 20003  
(202) 454-5182