

Ohio House Speaker arrested for running a \$60 million bribery scheme

Isaac Finn
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On July 21, the FBI arrested Ohio House Speaker Larry Householder for alleged connections to a \$60 million bribery scheme involving multiple state officials and the electric company FirstEnergy Corporation. Along with Householder, former Ohio Republican Party Chairman Matt Borges, Householder advisor Jeff Longstreth and lobbyists Neil Clark and Juan Cespedes have also been arrested.

Householder's arrest exposes the extensive corruption that predominates throughout the American political system. After having served as speaker from 2001 to 2004, the Republican was reelected as Ohio House Speaker in January 2019 with bipartisan support from legislators, while the Ohio AFL-CIO lobbied House Democrats to vote for him. Householder has also provided hundreds of thousands of dollars to Republican politicians loyal to him.

Those accused by the FBI are facing charges of conspiracy to commit racketeering. If convicted they could face up to 20 years in prison and a maximum fine of \$250,000. US Attorney for the Southern District of Ohio Dave DeVillers has described the crime as potentially the biggest bribery and money-laundering scheme in the state's history.

According to DeVillers, a company, which has been identified as FirstEnergy, provided millions of dollars indirectly to 21 candidates loyal to Householder running in the 2018 primary in general election. The candidates, who have been dubbed "Team Householder," used the funding to run ads and send out mailers as part of their election. DeVillers has described the campaigns of the Team Householder candidates as being very effective.

The bribery scheme was based on FirstEnergy filtering money through the non-profit Generation Now, which is classified as a 501(c)(4) and not required

to report its donors. Generation Now would subsequently transfer the money to multiple enterprises that funded Team Householder. Generation Now received \$60 million between March 2017 and March 2020.

While Householder gave political contributions totaling more than \$200,000 in 2018, many of the candidates on "Team Householder" might not have known about the true extent of his support or the bribery scheme that they benefited from. The FBI claims that money was given to candidates who FirstEnergy "believed both would vote for Householder as Speaker and, ultimately, would follow his lead as Speaker and vote for bailout legislation," benefiting the company.

According to the investigation, Householder also intervened to aid candidates sometimes using covert methods. In the Ohio's 43 District race in 2018, he is alleged to have spent \$500,000 in the final weeks in order to ensure the victory of Republican J. Todd Smith over Democratic rival Dan Foley.

Smith has claimed that he was not aware of the extent of Householder's involvement in the race. He also stated that he was not involved in the creation of an attack ad depicting Foley as a drunk driver, which Householder is allegedly involved in, until after the ad was aired. Smith won his election by just 137 votes.

Whether conscious of Householder's support or not, every member of Team Householder who was in the Ohio House voted for him to become speaker in 2019. All but two members of Team Householder also voted for House Bill 6 (HB6) that included a \$1.3 billion bailout that went to two nuclear power plants owned at the time by a subsidiary of FirstEnergy.

HB6 was signed into law last year by Ohio Republican governor Mike DeWine. The legislation

was a boon to energy corporations, providing \$150 million per year to nuclear power plants through added charges to residents' power bill, provided a subsidy to two coal plants, and gutted subsidies for renewable energy.

Since the news of the corruption scandal, DeWine has called on "legislators to repeal and replace House Bill 6" and has also called on Householder to resign. Due to the controversial nature of HB6, it is possible that the bill would not have passed without the bribery scheme.

FirstEnergy released a statement on July 21 explaining that the company had received subpoenas in relation to the ongoing investigation around HB6. While no criminal charges against FirstEnergy have been announced yet, the company's stock dropped by 41 percent between July 21 and 22.

While so far all five individuals that have been arrested have been Republicans connected to Generation Now, the scandal reflects a deep seated corruption within the American political system. On Wednesday, the *Intercept*'s Washington, D.C. bureau chief Ryan Grim told the *Hill*, "There are nuclear bailouts going on around the country, so if you kind of peeled it back with subpoena power the way the Department of Justice did in Ohio, you might find that they actually are getting away with it all over the place."

However, within Ohio politics there is bipartisan agreement to try to move past the scandal. On Sunday, Ohio House Representative and Democrat Lisa Sobecki issued a statement that Householder "must resign so we can rebuild public trust in the Statehouse." Her statement came alongside an announcement that she was donating \$1,500 that she had received from the FirstEnergy Corp. political action committee (PAC) to Lucas County Children's Services.

Completely absent from calls for Householder's resignation is any explanation of how he could rise to the top position in the state legislature twice in the last 20 years. During his first term as speaker from 2001 to 2004, he was investigated by the FBI on allegations of taking bribes and other ethical issues. While the initial investigation was dropped, it was public knowledge in 2019 when he was reelected as speaker with bipartisan support.

Borges, who works as a lobbyist for FirstEnergy, was caught in a bribery scandal in 2004 while working for

then-Ohio Treasurer Joe Deters. A former Ohio Republican Party chairman, he gained national notice last month after creating the Right Side PAC, focused on unseating Trump though a Biden victory in November.

The corruption scandal in Ohio serves as a further indictment of both the Democrats and Republicans, which elevate the most criminal elements in society to political prominence and influence.



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