

Blue Crossed Across Ohio

A case study of local and statewide corporate influence
of the Blue Cross/Blue Shield of Ohio corporation and the threat to democracy

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The American Friends Service Committee is a Quaker social action organization, which educates, advocates and organizes on issues of justice, peace, democracy and sustainability

PREFACE

Earlier this year, the AFSC issued *Blue Crossed: A case study of corporate influence in Cuyahoga Falls and Summit County government and the threat it poses to democracy*.

That report contained a timeline detailing and describing the corruption, scandal and subsequent actions in the City of Cuyahoga Falls involving the selling of insurance to that municipality by the Blue Cross/Blue Shield insurance corporation (BCBSO -- now Medical Mutual corporation), the questionable actions by Cuyahoga Falls Mayor Don Robart in the awarding of the insurance contract, and the inactions by then-Summit County prosecutor Maureen O'Connor to investigate the many illegalities of Cuyahoga Falls and BCBSO officials.

This report summarizes that scandal again but also places it in a wider context. It details in timeline format other instances of influence peddling, pay-to-play behaviors and abuses of power of a major corporation in the State of Ohio over the past decade. The timeline also shows, however, the utter failure of the relevant regulatory agency (Ohio Department of Insurance) and the Ohio State Legislature in keeping BCBSO under legal, political and financial control. State legislators were frequently bought off and the Department of Insurance either looked the other way or defended BCBSO's actions when they were clearly working against the common good.

This power of a corporation to dominate the political process to its liking was not meant to be by our forbears. The early history of Ohio was of a sovereign people through their state legislature rigidly defining and closely controlling the corporate form. Ohioans were superior while corporations were subordinate. Corporations could not do anything the state legislature did not permit -- including buying other corporations, existing as a legal entity in perpetuity, the being involved in the political process. It was illegal, in fact, for many decades for a corporation to donate to any political campaign or candidate either directly or indirectly. Corporations that exceeded their chartered authority were stripped of their corporate charter and their assets dissolved. (for more information of the legal history of corporations, see *Citizens over Corporation: A Brief History of Corporations in Ohio and Challenges to Freedom in the Future*, a summary of which can be found at www.AFSC.net/corp-dem.htm.)

If we the people ever hope to act like citizens once more by reasserting our sovereignty over the corporate form; by forcing elected officials to be accountable and responsible to us; and by fundamentally changing regulatory agencies to prevent (and not simply regulate) harms to the body politic, community and environment, then we first must clearly understand instances of abuse outlined in this case study.

While it is easy and accurate in this and many cases to point fingers at corporate officials, regulatory bureaucrats and politicians, part of the blame must lie with us -- we who have forgotten or have never known what it is like to act like responsible sovereign citizens who need to be in charge of basic political and economic decisions and institutions that affect our lives.

This case study of one corporation which over many years became out of control and corrupted elected officials and regulatory agency officials is just the kind of information that can aid in such understanding and commitment to become responsible and accountable citizens to each other, to ourselves, and to all those who follow.

INTRODUCTION

"Ohio has too long tolerated corruption in public office and misuse of public power" (Oct. 12, 1997. Beacon Journal. Point of View. "Measuring character").

The investigation of the BCBSO scandal in Cuyahoga Falls by the Don Robart Administration and then-Summit County Prosecutor Maureen O'Connor was a textbook example of this lamentable factæ government investigations of possible corruption too often are soft and incomplete.

In Cuyahoga Falls, in Columbus, in Washington, D.C., though this is never openly stated by those in government and politics; the need to protect one's old business and political relationships trumps the obligation to the taxpayer.

This explains why so many taxpayers are predisposed to distrust government and politicians. Frequently there is little or no accountability for those who abuse the public trust.

The police report vindicated the Robart Administration from any wrongdoing. Was this conclusion supported by the factual evidence? What about the collusion affidavit? The investigation was supposed to get to the bottom of what really happened and help restore the people's faith in government. Instead the exoneration of Falls officials opened the door for future unaccountable government abuses that will cause more distrust in government.

When the City of Akron retained a consultant to help select and sign a group health contract for its employees in 1999, the consultant signed a Statement of Representation that guaranteed he had "no contractual relationship with and will receive no commission, monies or broker fees from any vendor who signs with the City of Akron." Don Robart, unfortunately for the taxpayers of Cuyahoga Falls, could not make the same kind of claim for the consultant involved in that city's BCBSO scandal.

A June 2001 CNN poll asked if different branches of law enforcement could be trusted to do the right thing. Only 56% of the respondents answered affirmatively with regard to local police. It doesn't take a trained investigator to know that Charles Bilbrey, the Cuyahoga Falls police detective, made several glaring errors. One of the worst--wrongly stating in his report that the BCBSO sales representative was the boss of the employee who filed the wrongful discharge suit. How can such incompetence be explained? How was it possible for a veteran police detective, during the course of a supposedly thorough year-long investigation, to stumble so completely over such basic information?

Having allowed the statute of limitations to expire and ignoring the collusion affidavit and a steady stream of BCBSO scandals (see Timeline below) Don Robart and Maureen O'Connor did the politically expedient thingæthey let the Blues walk and kicked the taxpayers in the teeth.

A few months later (August 1995) BCBSO was found guilty by a federal judge in Cleveland of breaking the law by misleading its customers and making them pay many millions of dollars more

than they should have in medical costs by not passing along hospital discounts. What would this federal judge have thought about the “get-out-of-jail-free-card” given to BCBSO by Don Robart and Maureen O’Connor?

To restore the people’s faith in government, the BCBSO investigation should have looked at the entire series of events in the Falls.

Closure will not be achieved until Don Robart and Maureen O’Connor express a willingness to be held accountable for their mistakes.

One measure of character is fidelity with the truth, and the truth about the investigation of the BCBSO scandal in Cuyahoga Falls is that political considerations—party loyalty, ideological biases and personal connections—were rampant throughout the investigation.

It is naïve to think the investigation was not political—government is inherently political. It was an example of the private politics of connections and influence.

Given the documentation regarding the undisclosed financial dealings between the BCBSO sales representative and the BCBSO broker and the collusion affidavit submitted by the BCBSO sales representative to the City of Cuyahoga Falls that prohibited such undisclosed financial dealings, what else did authorities in the Robart administration and the Summit County prosecutor’s office need to pursue this case?

A Full Airing of the Facts?

In his report on the BCBSO scandal Cuyahoga Falls police detective Bilbrey stated "the inter-view (with the former BCBSO employee who filed the wrongful discharge suit) was fruitless in providing any useful information to this officer because (his) attorney would not permit (him) to answer any questions."

What Bilbrey astonishingly omitted from his report was the fact the former BCBSO employee had been, according to a member of Falls City Council, willing to answer his questions if ordered to do so by the judge in his wrongful discharge case.

After reading Bilbrey’s report, Cuyahoga Falls Councilperson Kathy Hummel questioned Bilbrey on this matter, saying it was her understanding the former BCBSO employee had been willing to cooperate if Judge James Williams had ordered him to testify?

Why didn’t Bilbrey and O’Connor request that Judge Williams order the former BCBSO employee to testify? Why would Bilbrey and O’Connor want to prevent the former employee from cooperating -- and why would Bilbrey misrepresent such a pertinent fact of the investigation?

The April 3, 1994 Plain Dealer article ("Insider tie in selection of health plan questioned") stated that the BCBSO broker involved in the Cuyahoga Falls health insurance scandal gave the BCBSO sales representative free use of a house. The Cuyahoga Falls police report identifies 12755 Cleveland Ave. in Uniontown, Ohio as the "personal residence" of the BCBSO sales representative.

In his deposition taken on Dec. 11, 1992, the BCBSO sales representative, in addition to admitting to a financial relationship with the BCBSO broker, offered this sworn testimony: Q. Where do you live? A. 12755 Cleveland Avenue N.W., Uniontown, Ohio 44685: P.O. Box 937, Uniontown 44685-0937.....Q. Do you own your residence? A. Yes, I do..... Q. Okay. By the way, when did you

move to Cleveland Avenue? A. Approximately a year and a half ago. Q. That would have been spring, yeah, late spring of 1991? A. I just don't.....I don't know exactly if it was the time frame but it's been within the last couple of years that I have lived there. Q. When did you purchase the property? A. The property was purchased a same period of time was when the property was purchased.

In papers filed in Summit County divorce court Nov. 23, 1994, the wife of the BCBSO sales representative involved in the Cuyahoga Falls scandal that was then under investigation, asked that her husband be "hereby enjoined from selling, encumbering, or otherwise disposing of any property of the parties, real or personal, including.....certain real property known as 12755 Cleveland Ave. NW, Uniontown, Ohio."

Real estate records in the Stark County auditor's office show that the 12755 Cleveland Ave. property was apparently transferred from a real estate trust in the name of the wife of the BCBSO broker to the BCBSO sales representative in October 1996.

As convoluted as this seems, if he had bothered to look sometime in the course of his year-long investigation would any of this have proven useful to Bilbrey?

Moderation in the Pursuit of Justice?

Corruption is a very serious problem in government and business. Why are so few employees willing to come forward and blow the whistle on illegal activity by their employers? Consider the story of Christiann Walker who worked for the American Honda Motor Co. in Arkansas.

August 23, 1998. Beacon Journal. "Whistle-blowers are not very popular people. Usually it's one person against a group of employees who want to preserve the company's reputation". "Christiann Walker was working for American Honda Motor Co. when he stumbled upon carbon copies of checks showing that top sales executives of the automaker had received thousands of dollars in exchange for their secret ownership of a Honda dealership near Little Rock, Ark. Walker.....reported the information to a regional sales executive. "I thought I was doing the company a favor, that I'd be a hero", Walker said.....the only problem: the executive was in on the scam and he alerted executives up the ladder.....after that, Walker watched his career languish.....when he realized his career was over, Walker said he went to the top executive at American Honda about the checks. Walker said he was accused by Honda officials of using the information to blackmail them.....he turned copies of the checks over to federal prosecutors and quit. In the end, 22 former American Honda executives, dealers and vendors were prosecuted in 1994. Most of them went to prison for taking millions of dollars of cars, cash and homes under the table from dealers to assure a steady supply of hot-selling cars and for taking kickbacks to open new Honda dealerships, said Steve Lynch, author of a fascinating new book about this scandal, Arrogance and Accords (Pecos press).....Lynch.....became interested in the Honda scandal while he was working as Honda's head of regional marketing. He was fired from his job when excerpts from his book were published. The case shows why it's difficult to be a whistleblower.....usually it's one person up against an organization of people who want to keep their jobs.....often whistleblowers lose their jobs and they have trouble getting new ones. It's fairly common for a company to suggest the whistleblower was threatening to bring up problems in exchange for raises and promotions.....companies try to discredit whistleblowers.....one common element of all whistleblowers is they are morally repulsed by the behavior they see.....it strikes at their core values. It goes back to their upbringing.....while some people look the other way, rationalizing what they see is not all that bad, others will risk their jobs. By going to his supervisor, who was in on the scam, Walker was toast.....it's common for whistleblowers to feel ostracized.....when an employee complains, the other employees worry the company will be harmed and, therefore, their jobs are in jeopardy.....co-workers also are uncomfortable because they know that the managers don't like the whistleblower, so they don't want to be seen with him.....Walker's case also shows how hard it can be for a whistleblower to fight back after being pushed out of a

company.....'it's really tough to be honest.'"

With the story of Christiann Walker as a backdrop it should be noted that both Don Robart's police investigator and Maureen O'Connor's lead prosecutor (who had previously run afoul of GOP Chairman Alex Arshinkoff) were only a few years away from retirement.

Does this, in part, explain their puzzling moderation in the pursuit of justice in the Falls insurance scandal?

No Good.... Just the Bad and the Ugly

Nov. 13, 1994. Beacon Journal. Pay-to-play. "Wanted: Government watchdog. Focus groups agree that state officials are corrupt and the news media aren't covering them adequately". ".....a few narrowly focused inquiries.....by investigators who are answerable to Ohio's pay-to-play politicians.....TV stations have no one assigned to watch the legislature.....newspapers have themselves become a part of the pay-to-play system they criticize.....railing against entrenched corruption on the one hand but excusing it on the other by supporting dug-in veterans.....one focus group (ages 47-64) reacted strongly when asked to say what comes to mind at the mention of the word politics. They answered with: "cheats", "shady people" and "bloodsuckers".....in 1992, the Josephson Institute of Ethics, based in Marina del Rey, Calif., released a nationwide study of 9,000 people ages 15-30 that concluded "far too many young people have abandoned traditional ethical values, especially honesty, in favor of self-absorbed, win-at-any-cost attitudes that threaten to unravel the moral fabric of American society".....the anti-government cynicism of the post-Watergate era, coupled with the growing number of scandals in virtually every profession, have helped create a "backwards moral society where cheaters prosper, honesty often costs more than it pays and it is too easy to believe that ethics is for suckers and that good guys finish last".....so where's the solution? Akron maintenance worker Allen Robinson, 49, had this advice for the news media: "Stay on it until they are proven guilty or acquitted. Anything that has anything to do with any type of corruption whatsoever. Don't start it and let it fizzle out".....according to Tom Loftus, former speaker of the Wisconsin legislature, if.....lawmakers don't fear consequences of exposure, then the press is failing its mission and becoming part of the problem. In an article for a journal of the Council of State Governments, Loftus, now ambassador to Norway, wrote, "If newspapers simply complain (about politicians), like drunks on adjoining bar stools, and reporters mistake this for the work it takes to make politicians believe someone is looking over their shoulder, they have failed".....according to Eugene "Pete " O'Grady, a former state Democratic chairman and veteran Statehouse lobbyist, newspapers are "absolutely an interest group just like anybody else in the game of government." Despite newspaper assaults on the behavior of legislators, he said, newspapers will "back off because they don't want to lose." "In every major community.....I've watched over the years how they've used their influence either editorially or in front-page stories.....when the media wants to play a hard and fast role.....they do it".....in October 1991.....an unnamed local legislator complained to a Beacon Journal reporter that the newspaper's ongoing pay-to-play series had made legislative leaders so angry that they were threatening to punish the Akron area by withholding funds for projects.....members of the Beacon Journal focus groups were adamant that they were not getting enough help if they are expected to react as informed voters.....focus groups pointed out that.....readers simply cannot be expected to remember from one election to the next all the mischief that has been reported....."

Nov. 13, 1994. Beacon Journal. Pay-to-play. "State government runs our lives. Our direct contact is infrequent but its control is broad, from the doctor to the banker to the restaurant". ".....the supposedly separate layers of local government are little more than elaborate extensions of state power."

Nov. 13, 1994. Beacon Journal. Pay-to-play. "No indictments? Here's why. Nobody will prosecute miscreants in legislature, although 10 other states aren't so constrained". ".....after six years of

shrugging off claims of corruption and avoiding the kind of scrutiny that has ruined lawmakers in other states, the Ohio General Assembly by now may have achieved for itself a reputation as America's premier Teflon legislature. While investigators in at least 10 other states have put lawmakers behind bars in a nationwide crackdown on statehouse corruption, nothing has stuck in Ohio.....in Ohio, investigation of lawmakers appears difficult on several fronts: Both state and federal law enforcement authorities report to politically connected prosecutors.....on the federal side, both of the state's two U.S. attorneys, who are in a position to decide whether evidence collected by the FBI and others will go before a grand jury, have significant political ties. The decisions on whether federal investigations or prosecutions are to go forward are made behind a wall of secrecy authorized by the U.S. Justice Department. In Cleveland, the U.S. attorney for the northern district, Emily Sweeney, is the wife of Rep. Patrick Sweeneyæthe man.... embraced as.....successor in the speaker's office if Democrats had been able to hold onto to their House majority in Tuesday's election. In Columbus, the U.S. attorney for Ohio's southern district, Edmund Sargus, is the son of a former state senator and son-in-law of an Ohio Court of Appeals judge who served five years in theHouse.....(in 1991 Sargus represented Belmont Technical College) whose former president was one of four college presidents indicted in a money laundering scheme in which tax money became campaign contributions for legislators. Sargus says he had nothing to do with terminating a related federal investigation of the matter.....the case, which had been investigated by the FBI and taken to a Cincinnati federal grand jury, was withdrawn for lack of evidence less than two weeks after Sargus was confirmed for the U.S. attorney post.....investigating lawmakers isn't easy anywhere." Too often (state) investigators will tell me they go so far and then the political people want to know what's going on, and they have to answer to them," said FBI agent James Weddick Jr. That compromises the investigation, he said. Weddick was speaking of his experience with the California state legislatureæan eight year effort that ended this summer with the conviction of the last of 14 people, including four state senators.....because state employees depend upon the legislature for funding, the task of prosecuting lawmakers with state law enforcement agents can be difficult."

Nov. 13, 1994. Beacon Journal. Pay-to-play. "Q and A on Ethics". " Q. How does legislative corruption affect me? A. In Italy, where they are right now in the midst of the biggest corruption scandal in the history of Europe.....the issue was.....there were kickbacks.....in effect, it cost the Italians a hidden tax in two ways. One, they were paying far more for their services because the people that were buying them were not buying the most efficient and best servicesæthey were lining their own pockets. And secondly, they didn't get the best services.....do you think the public has a vested interest to be certain that the state spends their money intelligently?.....if you care where your taxes go, wouldn't you like to know those people are making the decision on the basis of what's the best public welfare? That's what I call the pragmatic argument. But I also think there is a moral argument that we have to keep making over and over....because it's the right thing to do."

Did the Robart administration purchase the most efficient and best services when it came to health care coverage?

In Cuyahoga Falls.....Good Guys Finish Last

Feb. 20, 1992. Indicating it was "mandatory reading", Don Robart sent the following interoffice communication (memo) to nine department heads in his administration. "The attached article from the January 1992 Reader's Digest ("How Unions Stole the Big Apple. Public-employee unions have brought a great American city to it's knees. Could it happen where you live?") illustrates numerous union initiated programs that have led to the crippling of this once grand city. It would behoove each of you to read and re-read this article on the various component parts that have compounded to destroy New York City. It is our duty to protect our community against the ravages of union-led programs that can begin to wrought away at the very fiber of Cuyahoga Falls."

Would the residents of New York City be surprised to learn that a suburban Ohio mayor believed their city had been "destroyed"?

What could Robart have been thinking to have put such sentiments into writing? Did he really feel these were appropriate statements for him to be making?

May 22, 1997. In comments made during a homeowners' meeting in the Falls at the Calvert Drive residence of then-council candidate, and now-councilman, Ken Barnhart, Don Robart (accompanied by Law Director Geoff Kennedy) worried that a sixteen acre parcel of land in North Akron adjacent to the Falls might be developed into low-income housing and the Falls could be forced to open up the barricaded dead-end Calvert Drive as an entrance to the project:

"I've lived through the Pleasant Meadow thing (a low-income housing project in the Falls that ended up in front of the Ohio Supreme Court). I've lived through all these controversies, I know what's in your hearts, I know what's in your minds, what's in your thoughts and your feelings.....if this gets controversial there could potentially be a backlash, and let me explain that to you. The developers have.....said.....we don't want to create controversy on Calvert Drive.....let's say this thing does kick up controversy in Planning Commission. Let's say it kicks up controversy in City Council, because quite frankly, the Beacon Journal seizes these kinds of opportunities, you see it all the time. They love showing one of you in the newspaper, down here on the corner, you know, with a baseball bat in your hand. They love those kinds of things, and I can visualize three or four of you out here on the Metro front page of the Beacon Journal and all at once it becomes a controversy.....if a developer comes in and says, listen, we want to put in R-17, or heaven forbid, even something worse, I don't have any doubt that Akron would rezone that....what I don't want to see go in back there is apartments or high rises, or even worse yet, low-income housing. We fought that thing out at Pleasant Meadow. You saw how quick that thing went in at the bottom of Portage Trail. There are about 400 units down there, that's low-income housing. Did Akron bat an eye at that? Now I'm not trying to create a fear in your minds. I doubt that low-income housing's going in there.....I've tried to keep this thing quiet.....I don't want to read about it in the Beacon Journal. I don't want the developers to say, well, if they want to spite us, we'll spite them and we'll sell it to Steve Boone (Pleasant Meadow developer), and he can put in low-income housing. You see what I'm saying? These things happen, and I don't want that to happen. I'd rather see 40 units back there of condominiums or single family homes which are not gonna be a detriment to this community.....I just refer back to when we went to battle on the low-income housing, I mean, my Council turned tail and ran, and I'm the only one hanging out there with a \$50,000 lawsuit on my head.....to me, this is one where I'd rather work with the developer and say, listen, you know the sensitivity down there....."

BLUE CROSSED ACROSS OHIO -- TIMELINE

What follows is a timeline of other incidents of corporate abuse of BCBSO over the last decade.

June 10, 1991. The Ohio Elections Commission (Case No. 90R-458) found the Robart for Mayor Committee (Frank J. Fela, Treasurer) guilty of concealment/misrepresentation of contributions, late filing and failure to report all expenditures.

March 1, 1992. Beacon Journal. Pay-to-Play. "So who writes legislation? On his own, lobbyist inserted a \$1.85 million purchase of 7 Caves into a bill in Ohio Senate"....."the buyout collapsed when a senator who lived up the road from the caves found out and nearly came to blows with the lobbyist. The Ohio Highway Patrol was called in to investigate.....in the process, troopers learned how a bill REALLY becomes law in the Statehouse."

March 6, 1992. Beacon Journal. Our Opinion. "Running roughshod. Continuing revelations from Columbus show that lobbyists wield too much power in legislature. Lawmakers need to get control"....."as the Ohio Highway Patrol found out in its investigation (of the proposed 7 Caves deal).....there is in Columbus an all-too-cozy relationship between lobbyists and lawmakers."

March 18, 1992. Beacon Journal. "Delays ensnarl pay-to-play investigation. Lawyers say probe has taken so long, statutes of limitation expired." "Investigators have taken so long to ferret out whether public college money was illegally funneled to state lawmakers that strong arguments will be made.....statutes of limitation have expired, a defense attorney testified Tuesday."

The expiration of the statutes of limitation was also an important issue in the BCBSO scandal at Cuyahoga Falls.

July 20, 1992. National Underwriter. "Nunn panel is probing Blues system". "The Senate Permanent Subcommittee on Investigations is conducting a major probe of the BCBSO/Blue Shield system amid allegations that some plans are badly managed, poorly regulated and on the brink of insolvency".

July 30, 1992. City Reports. "Ohio BCBSO. Senate investigation reports on the cost of buying loges and hiring outside lawyers". "The business practices of (BCBSO) have already raised the eyebrows of a U.S. Senate subcommittee and again may be the focus of its continuing investigation of BCBSO/Blue Shield plans nationwide....."

Aug. 1, 1992. Charleston Daily Mail. "State official complains about BCBSO". "State Insurance Commissioner Hanley Clark says (BCBSO) has many of the same attitudes that helped sink the insurance plan it took over, BCBSO and Blue Shield of West Virginia."

Aug. 6, 1992. Charleston Daily Mail. "Health plans' merger called unsavory deal". "A merger between West Virginia and Ohio BC/BS plans came about through unethical and immoral methods, a former insurance executive said."

May 4, 1993. Plain Dealer. "Bill seeks forced BCBSO merger". "In a Statehouse shotgun marriage, the state would force Ohio's three BCBSO plans to merge into one new company if a bill sponsored by a key legislator (Paul Jones, D-Ravenna) becomes law."

June 1, 1993. Beacon Journal. "BCBSO at center of battle. Legislator wants to force merger to be step ahead of federal health reform". ".....the introduction of (Ravenna Democrat Paul) Jones' House bill has caused a huge stir in Columbus, with high-priced lobbyists scrambling around to line up support for their respective sides."

June 13, 1993. Beacon Journal. "Big \$\$ in BCBSO battle. Cleveland insurer is filling campaign coffers in bid for merger".

June 13, 1993. Beacon Journal. "Pay-to-play then- and maybe now. Lobbying on BCBSO merger similar to that in selective-contracting bill". "The lavishly funded lobbying free-for-all surrounding (the BCBSO) effort to force a merger with two other BCBSO companies mirrors a similarly frenzied and expensive BCBSO battle in the mid-1980'sæone that epitomized "pay-to-play" lawmaking in the Ohio General Assembly. In that fight, BCBSO pushed through Akron Sen. Roy Ray's controversial selective-contracting legislation....."

June 20, 1993. Beacon Journal. Commentary. "Pay-to-play is back again. Soon, we'll all be singing the Blues". ".....every time legislation pops up involving (BCBSO) pay-to-play springs to life like mountain streams after a heavy snow, with rivulets of cash flowing from the insurance company to a prominent law firm in Cleveland to political action committees and from there to legislators.....the voters of the great state of Ohio will be caught out of the mainstream again, their voices a meaningless echo in the valley of the big bucks along the banks of the Scioto.....pay-to-play in Ohio. If only it were a fairy tale."

June 20, 1993. Beacon Journal. Our Opinion. "Bad news Blues. Should Ohio lawmakers mandate the

merger of the state's three, private BCBSO and Blue Shield plans? No way".

June 24, 1993. Beacon Journal. "Insurer haunted by past. Critics of (BCBSO's) proposed merger point to onetime plans to cut steel workers coverage". "In the businesses of insurance and banking, character is really relevant", said Bill Batchelder (R-Medina), a longtime member of the insurance committee.

Aug. 15, 1993. Plain Dealer. "BCBSO covers Columbus. Insurer known for throwing weight around with politicians". "A 43-arm octopusæthat's the way a lobbying rival describes the State-house reach of (BCBSO)."

Sept. 5, 1993. Beacon Journal. "BCBSO cash flows, clout grows". "Much of BCBSO' clout flows from its law firm.....BCBSO relied heavily on political influence, employing lobbyists and consultants close to decisionmakers.....a case study of Ohio's pay-to-play system of lawmaking wherein campaign contributions are expected in order to get legislative action.....over the last decade (BCBSO) has enlisted the help of some of Ohio's best connected political figures to do its bidding before lawmakers and regulators in Columbus and elsewhere. During that time the company has won changes in laws that have helped move it away from the traditional BCBSO obligation to serve all individuals and hospitals. In addition, the company has captured an increasing share of business insuring state workers."

Sept. 12, 1993. Beacon Journal. Our Opinion. "Hostile bid. (BCBSO) is out to take over a rival; the legislature must not become a tool for meddling in private market". "The pay-to-play mentality is fast at work on the BCBSO takeover bill; Spare no expense, grease any palm, in order to win legislative approval of the most questionable state policies.....when lawmakers begin arranging deals like this to favor one company over another in the marketplace, the public is well-advised to be on guard."

Sept. 14, 1993. Beacon Journal. Our Opinion. "Bluetiful Ohio". "...perhaps BCBSO and its lawyers and lobbyists should just buy Ohio's state government and run the whole shebang..... '

Sept. 24. 1993. Beacon Journal. "BCBSO drops merger effort".

Feb. 1, 1994. Beacon Journal. "Lobbyists to be investigated. Announcement comes amid furor over cash gifts accepted by some legislators".

Feb. 2, 1994. Beacon Journal. Our Opinion. "In the looking glass. It's nothing new that lobbyists are liberal with cash to Ohio lawmakers. What's new is that the state's attorney general is finally investigating".

Feb. 6, 1994. Beacon Journal. "Pay-to-play turning up all over. Tales of lobbyists' cash being given to lawmakersæand being reported belatedlyæsaturate the state".

Feb. 21, 1994. Beacon Journal. "Can the legislature investigate itself? In light of scandals where lawmakers pocket \$500 payments, supporters of ethics proposals say powerful people can't police own conduct".

Mar. 13, 1994. Beacon Journal. Point of View. "Reform goes down hard in Columbus. Under glare of newspaper reports, Ohio's legislators finally are being led, some kicking and screaming, to clean up their act".

The investigation of the BCBSO scandal in Cuyahoga Falls begins in April after articles in the Plain Dealer and the Beacon Journal. Given the widespread political corruption in Ohio the chances for an aboveboard investigation are virtually non-existent without continued media coverage.

June 29, 1994. Beacon Journal. "Voters getting fed up. Beacon Journal/University of Akron survey says the state's electorate is angry with lack of honesty, the quality of elected officials and the way campaigns are run".

July 7, 1994. Beacon Journal. "Lawmakers' jobs rank low in the public's mind. Politicians aren't winning confidence. Survey finds many feel honesty, ethics are lacking".

Aug. 28, 1994. Beacon Journal. "Insurer sued over bills. Plaintiffs contend (BCBSO) overcharges customers by not passing along the discounts from hospitals". In the Ohio lawsuit attorneys say (BCBSO) is using the discounts to continue ".....the millions of dollars expended yearly.....on political lobbying, political action committee contributions and public relations campaigns."

Sept. 1, 1994. Beacon Journal. "Government investigates Ohio insurer. Labor Dept. will probe 40 plans, including (BCBSO), over their billing".

Oct. 19, 1994. Beacon Journal. "State to tell BCBSO to disclose discounts. Hospital price breaks hidden from consumers". "Officials at other BCBSO plans have said failure to disclose the discountsæand pass them alongæis illegal and unethical."

Jan. 15, 1995. Beacon Journal. "BCBSO discount decried. Hospital rebates to Cleveland giant kill competition, inflate costs, other insurers are telling federal probers". ".....investigators are trying to determine whether the BCBSO contracts violate federal antitrust laws.....BCBSO officials deny doing anything illegal....."

Jan. 27, 1995. Beacon Journal. "Lawmakers' honoraria widespread.....10 legislators accused of not reporting checks unlikely to be indicted". ".....legislators.....pocketing multiple \$500 checks and not disclosing.....as required by law.....the practice of pancaking surfaced last year when Columbus lobbyist Paul Tipps acknowledged hosting get-togethers for lawmakers and lobbying interests.....(special prosecutor James) Meeks said it was his belief that some of the checks were paid by BCBSO/Blue Shield of Ohio.....by Orion, a consulting firm of which Blue Cross/Blue Shield of Ohio was a client; and the Cleveland law firm of.....of which he believed Blue Cross/Blue Shield was a client."

Jan. 31, 1995. Beacon Journal. Our Opinion. "Sleaze guard. New legislative panel must curb Statehouse's pay-to-play attitude". ".....those involved, including Roy Ray.....deserve the shame that attaches to the pattern of accepting \$500 checks from special interests. The voters did not send their senators and representatives to Columbus to line their pockets with booty....."

Feb. 1, 1995. Plain Dealer. "Ethics panel delays ruling on jurisdiction over fees case". ".....special prosecutor James Meeks said that 10 high-ranking legislators probably broke the law in 1993 when they accepted multiple speaking fees from lobbyists for.....Blue Cross and Blue Shield of Ohio."

Feb. 1, 1995. Plain Dealer. Editorial. "The ethics punt". ".....investigating charges of corruption or ethical wrong-doing in the legislature could be a full-time job.....considering the historical reluctance of the body to investigate its own members."

Feb. 5, 1995. Beacon Journal. Commentary. "The entomological side of politicsælocal, state and national". "One of the constant katydid sounds in Ohio comes from the Statehouse, as in pay-to-play, pay-to-play, pay-to-play.....the temptations of easy money in Columbus apparently have been difficultto pass up.....we can't expect Ohio citizens to put their faith in government if government continues to act as if it is above the law and the rules of common decency."

Feb. 5, 1995. Plain Dealer. Perspective. "Ohio General Assembly immune to ethics". "One of the perks of office in the Ohio General Assembly is immunity from prosecution.....for years, the quickest

way for a lawmaker to be 'cleared of wrongdoing' was to have the case referred to the ethics committee.....this is a transparent buckpassing by the prosecutor.....now it's up to the protection racket in the House and Senate, which masquerades in the guise of ethics committees. After a diligent investigation.....the lawmakers will be cleared.....funny how those who write the laws feel so little need to follow them."

Feb. 5, 1995. Beacon Journal. Our Opinion. "Time to start digging. Won't anyone in Ohio ferret out truth about checks to legislators?". ".....the citizens of Ohio deserve a clear explanation.....why legislators are immune from the official scrutiny that would surely befall any other citizen of this state."

March 17, 1995. Beacon Journal. "Fee scandal may go to grand jury. Franklin prosecutor, under pressure to take action, is expected to make announcement soon". "The use of a grand jury would be the first time.....legislators and lobbyists would be questioned under oath about \$500 checks given by representatives of Blue Cross/Blue Shield of Ohio....."

July 5, 1995. Plain Dealer. "Senate panel urges BCBSO changes". "A Senate subcommittee has called for major changes in the operation of the nation's 67 BCBSO and Blue Shield plans, which a new report says have suffered from a pattern of gross mismanagement, ineffective oversight and regulatory failings."

Aug. 30, 1995. Beacon Journal. "BCBSO loses in court. Federal judge rules health insurer's silence on cost-cutting deals with hospitals cost consumers. Decision could mean refunds in the millions, new policies". "(BCBSO) has misled its customers and made them pay more than they should have for medical costs, a federal judge ruled yesterday. In one of the first decisions of its kind in the country, U.S. District Judge James G. Carr of Cleveland blasted the insurer....."

Aug. 30, 1995. Plain Dealer. "BCBSO billings broke law, judge rules".

Sept. 3, 1995. Beacon Journal. Our Opinion. "Blue benefit. BCBSO sees no problem in bargaining discounts with hospitals while keeping the savings. That's a less than honorable way to do business". ".....BCBSO clients should be justifiably outraged."

Jan. 9, 1996. Beacon Journal. "Blue Cross and Blue Shield has searched for right deal". "..... sources confirmed that Columbia/HCA, the nation's largest health-care chain, had begun serious negotiations to purchase all or part of (BCBSO)."

Feb. 4, 1996. Beacon Journal. Our Opinion. "Guilty in the Statehouse". ".....two of the most prominent lawmakers in state history were indicted.....the sleaziness of the operation should offend every Ohioan.....other lawmakers who received "pancakes" shouldn't crow about escaping indictment. They were part of the same corrupting game.....they.....set a miserable example that cheapened public service and eroded public confidence in government."

Feb. 8, 1996. Plain Dealer. "How honoraria data piled up". ".....a bill introduced in the Ohio House (April 22, 1993).....put everyone on notice that the Cleveland-based (BCBSO) wanted the state to muscle a rival, Cincinnati-based (CMIC), into a shotgun marriage. The BCBSO-CMIC war featured perhaps the most vicious, take-no-prisoners lobbying seen at the Statehouse for a generation."

March 22, 1996. Beacon Journal. "Focus on politics". "Recent filings with the Ohio Dept. of Insurance indicate that (BCBSO) paid its law firm.....more than \$8.6 million in 1995. That's up from \$8 million in 1994 and \$6.5 million in 1993."

April 9, 1996. Plain Dealer. "Re-examining BCBSO deal. Ohio's largest insurer sells 85 percent of company; consumer advocates puzzled why it needs the money". "The biggest red flag I see?", said

Rep. Dale Van Vyven....."That it's a deal involving (BCBSO CEO Jack) Burry."

May 10, 1996. Beacon Journal. "Blues brass gets the long green. Health insurers top executives stand to make millions of dollars from merger with Columbia/HCA. Outraged critics say policyholders are big losers in the deal."

May 31, 1996. Plain Dealer. Editorial. "More light, please. When viewed from certain angles, BCBSO' deal with Columbia/HCA casts troubling shadows".

June 21, 1996. Beacon Journal. "BCBSO deal merits challenge". "...before Jack Burry and friends run off with their millions, let them make a convincing case that the joint venture would benefit policyholders."

Aug. 12, 1996. Beacon Journal. "Lawyer for Blues threatens to sue critics of merger. Special counsel send out notice to opponents. Spokesman says they are warnings, not threats".

Aug. 13, 1996. Beacon Journal. Our Opinion. "Black and Blue. A lawyer's threatening letter suggests a certain lack of confidence at BCBSO about its proposed deal with Columbia/HCA".

Aug. 31, 1996. Plain Dealer. "BCBSO spokesman takes a beating. Mike Wallace of '60 Minutes' and angry crowd at City Club demand answers about proposed sale".

Sept. 7, 1996. Plain Dealer. Editorial. "Slippery past the sentries. Insurance regulators' failure to act for the public lets BCBSO win its battle for secrecy". "The Ohio Dept. of Insurance.....has a history of allowing those it regulates to keep their dealings under cover.....the wisdom of that custom is highly debatable, especially in a case like this one.....what a bitter disappointment for those who favor openness in important civic affairs.....BCBSO has proved that its legendary arrogance pays....."

Sept. 22, 1996. Plain Dealer. "Staying out of the Blue. Governor quiet about health insurer's sale; critics wonder why". "The day before (BCBSO) announced to the world that it was selling itself to the nation's largest hospital chain, top executives from both companies paid a visit to Gov. George Voinovich.....as the weeks have passed skepticism has grown about state officials' willingness to protect policyholders and consumers....."

Oct. 4, 1996. Beacon Journal. "Bribery case touches governor's brother. Paul Voinovich's company denies ties to Steubenville man charged with trying to buy his way into jail contract". "This is all news to me", said Frank Fela, vice president of the V Group."

Oct. 24, 1996. Beacon Journal. "For prosecutor". ".....O'Connor arrived under a political cloud of sorts. The first choice for the post.....balked at taking the position after tangling with local Republican party bosses over personnel in the office.....O'Connor added to the impression of political game-playing by selecting a party operative to run the child support agency. Her campaign treasurer.....sent two letters to employees of the prosecutor asking for contributions.....O'Connor.....sent a similar letter.....clearly, she was shaking her employees down for political money. O'Connor added to doubts.....with sloppy dismissals of employees.....O'Connor's tenure has been flawed.....(she runs risks) if she engages in further politicizing the prosecutor's office....."

Nov. 2, 1996. Plain Dealer. "O'Connor letter broke rules". "The Ohio Elections Commission yesterday found Summit County Prosecutor Maureen O'Connor and an employee guilty of violating election laws."

Nov. 2, 1996. Beacon Journal. "O'Connor, campaign aide fined. Election panel finds that prosecutor illegally solicited contributions".

Nov. 10, 1996. Plain Dealer. "BCBSO finances weaken. Insurance business is losing millions". ".....expenses for lawyers, public relations advisers and its proposed sale to Columbia/HCA have been running at a rate of \$84,000 a day."

Nov. 11, 1996. Plain Dealer. Editorial. "Blew Cross, Blew Shield? Judge's ruling on trademarks puts a big crack in Columbia/HCA deal's foundation". "BCBSO has found that it's easier to sway state bureaucrats behind closed doors than a federal judge in open court."

Nov. 22, 1996. Plain Dealer. "Lawyers seek receiver for BCBSO". "Lawyers told a Toledo federal judge this week that a receiver should take control of (BCBSO's) assets because the insurer stands on the brink of extinction.....as a consequence of a long pattern of scandalous mismanagement....."

Jan. 19, 1997. Plain Dealer. "Playing the Blues. Trio brought Ohio's largest health insurer success, power but now face criticism as it pursues a controversial merger". "(A BCBSO lawyer) is credited with making the Statehouse an integral part of BCBSO' business strategy.....one favored BCBSO tactic became hiring prominent politicians and other well-connected players. One of them, lobbyist Paul Tipps, hired Ohio Dept. of Insurance Director Harold Duryee's former secretary.....paying her \$20,000 as a "consultant", according to divorce court records. (The former secretary), who had a social relationship with (the BCBSO lawyer), left the Insurance Dept. to work for BCBSO as an \$85,000 a year administrator in 1993.....the \$48.2 million in fees that BCBSO has paid (its Cleveland law firm) since 1986 helped the firm build a formidable political war chest. The law firm now operates the 13th largest political action committee in Ohio....."

Jan. 28, 1997. Beacon Journal. Our Opinion. "Sweet deal! Why would BCBSO directors get huge increases in retirement pay just before a vote on the sale to Columbia? Take a guess".

Jan. 28, 1997. Plain Dealer. Editorial. "Selling out. What value can be placed on a person's good name? BCBSO ex-trustees can tell you, to the penny". "Even when it's split seven ways, \$3.7 million is a lot of money."

Jan. 29, 1997. Plain Dealer. "Double Cross trustees set new low for greed". "Did any of the BCBSO trustees do anything to justify a half-million dollar farewell? Not as far as anyone knows."

March 3, 1997. Plain Dealer. Editorial. "Dealing in the dark. BCBSO case shows regulator's disdain for the public that employs them". "The Dept. of Insurance.....acts.....as if it belongs to the entities it is supposed to regulate."

March 4, 1997. Beacon Journal. "Loss-plagued BCBSO still generous to executives. Big bonuses paid out despite a disastrous year". "(BCBSO) lost more than \$95 million last year, but the insurer's top executive saw his pay rise 12 percent to \$1.7 million, more than a third of it a performance bonus."

March 12, 1997. Plain Dealer. "Executives wrestle for control of BCBSO. Court blocks board's firing of Burry 1 day after he fires officers".

March 12, 1997. Beacon Journal. "Blues' coups stuff of film. Ex-senator likes plot. Fired executives fire boss, who then gets a court order blocking mutiny".

March 13, 1997. Beacon Journal. "State says no deal". "State regulators last night rejected the proposed \$299.5 million sale of.....(BCBSO)....."

March 13, 1997. Plain Dealer. Editorial. "Ka-boom at the top. BCBSO executives have a little falling out, and the state makes its disapproval official". ".....executives bent on dealing BCBSO away have done considerable damage to the company's financial health.....the greater failure, though, was

in the character at the top of the organization. BCBSO' executives started acting as if they owned the place years ago, when they lost sight of their duty to be stewards of the company for the real owners—the policyholders."

March 14, 1997. Beacon Journal. "State acts to take over embattled BCBSO. Agency asks court for control of health insurer".

March 16, 1997. Plain Dealer. "Blues slide into a fight for survival. Observers say chaos shows need for total overhaul".

Spring/Summer 1997. Insights (Medical Mutual broker newsletter). "New regional sales VP's". "Medical Mutual is pleased to announce.....recent promotions. (The BCBSO sales representative involved in the Cuyahoga Falls insurance scandal) was promoted to regional vice president of the Akron/Canton/Youngstown sales region in March....."

April 2, 1997. Beacon Journal. "FBI eyes Columbia's (Columbia/HCA) Ohio's deals".

May 1, 1997. Plain Dealer. "Insurer spent \$1 million on Columbus lobbyist". "Medical Mutual of Ohio (BCBSO), which is operating under regulatory supervision because of its precarious finances, spent \$1.36 million last year on one Columbus lobbying firm (Paul Tipps' Public Policy Consultants)."

June 20, 1997. Plain Dealer. Editorial. "Caught in the splash. Felony charges land Mifsud in the mud, spattering his ex-boss, Gov. Voinovich".

July 26, 1997. Beacon Journal. "Columbia/HCA ousts top executives". "Co-founder resumes control from CEO and president as federal probe deepens."

July 31, 1997. Beacon Journal. "Prosecutors charge health chain officials. Indictments are first in federal Medicare fraud probe of Columbia/HCA".

Aug. 26, 1997. Plain Dealer. "State audit points out \$2.7 million in abuses". "...according to a special audit of the Mahoning Valley Sanitary District, the former director (Ed Flask) got..... consulting contracts worth more than \$1.9 million.....Flask awarded the district's healthcare coverage to BCBSO and Blue Shield of Ohio (now Medical Mutual) and subsequently received \$1.6 million from BCBSO to provide undefined marketing services as an independent consultant."

Aug. 30, 1997. Electrack campaign finance main filings input balance edit report (database). Ohio Attorney General Betty Montgomery's campaign committee refunded \$17,250 in campaign contributions to eighteen Medical Mutual (BCBSO) employees. Included among those having their contributions returned was (the BCBSO employee involved in the Cuyahoga Falls insurance scandal). He had contributed \$2500 to Montgomery.

Montgomery was anxious to avoid the appearance of a conflict of interest. Why wasn't Cuyahoga Falls mayor Don Robart similarly disposed to refund the thousands of dollars in campaign contributions he received from BCBSO, its employees and broker?

Sept. 16, 1997. Plain Dealer. "Medical Mutual (BCBSO) takes brokers to visit Italy". "Some things never change. The top brass of Medical Mutual and its biggest brokers just returned from a 10-day trip to Italy, courtesy of the health insurer. The trip cost about \$10,000 for each of the 33 couples that attended."

Sept. 17, 1997. Beacon Journal. Our Opinion. "Mahoning mess". "The abuses uncovered by Petro reflect an utter disregard for public trust and confidence in government.....it is essential that a

thorough and independent investigation be completed.....Flask collected consulting fees from.....BCBSO.....almost \$2 million in payments."

Sept. 25, 1997. Beacon Journal. Point of View. "Feasting at the public trough. Aroma rising from Mahoning Valley audit indicates Ohio taxpayers taken for a ride as officials wheeled and dealt with water project affairs". "The picture of public corruption that emerges from this audit reaches far and wide across Ohio.....the audit shows that taxpayers were ripped off to benefit public officials and private companies.....companies examined by the audit that did business with the sanitary district....include.....(BCBSO) which was reorganized and is now Medical Mutual of Ohio.....known in its prior existence for its aggressive use of campaign contributions, especially in Columbus, to seek special legislative treatment from elected legislators....."

Sept. 26, 1997. Beacon Journal. Point of View. "Oh, what tangled webs.....Mahoning official's questionable 'consulting, legal services, strategic advice' extended to BCBSO and Blue Shield, and even agencies in Summit County". "Some strange and troubling events took place in the public agency called the Mahoning Valley Sanitary District.....there was, for example, Flask's unusual and perhaps illegal relationship with the big (BCBSO) health insurance company of Cleveland.....the state audit turned up the amazing information that while he was a public official in charge of an agency contracting with BCBSO he also in private life was on the company's payroll. In less than four years, between 1993 and March 1997, Flask was paid almost \$1.6 million by BCBSO.....Flask's payments from both BCBSO and Ohio Edison would appear to be clear-cut conflicts of interest....."

Sept. 28, 1997. Beacon Journal. Point of View. "A justice in the hot seat. Did Andrew Douglas meddle in the probe of Mahoning Valley corruption? He denies intervening with the investigation in behalf of key figure". "According to sworn affidavits filed with the Supreme Court, Douglas knew Flask, the central figure in the investigation, and had come to his aid in the past....."

Oct. 12, 1997. Beacon Journal. "Probe target a phantom in Summit. Former BCBSO says it paid Youngstown lawyer for a lot of Akron work, but he's a mystery to area officials". ".....in response to auditors' demands, the company (BCBSO) could produce no evidence of any formal agreements outlining what work Flask was to do in return for the lion's share of the BCBSO fees, or how much he was to be paid.....said the AMHA's O'Leary: "This looks like they ponied up things for Flask, then went through and grabbed all the public entities they were doing business with and put their names on it. We've never heard of the gentleman and we don't appreciate the bad publicity".....investigators are looking for evidence of money launderingætrying to determine if Flask was distributing the BCBSO money through campaign contributions or other avenues that disguised its original source. If so, it wouldn't be the first time. Ten years ago, a federal Tax Court judge concluded that Flask used his Youngstown law firm in 1980 to "wash" \$10,000 in cash from organized crime sources on behalf of James Traficant Jr., now a member of Congress.....substantially reliant on the public sector for business and aggressive in its hunt for more, BCBSO spent huge sums in its efforts to influence public officials.....the V Group and BCBSO told investigators that no company officials made campaign contributions at Flask's request."

Oct. 14, 1997. Beacon Journal. Our Opinion. "Millions of questions. Demise of the Blues should open files on its payments to official of troubled (MVSD)". "Why did (BCBSO) pay.....Edward A. Flask \$1.6 million between 1993 and 1997? What did Flask do.....to earn these big payments?.....can't that company and it's officers shed light on these large and unusual payments to a controversial political figure?.....BCBSO invoices and check requests.....indicated that BCBSO paid much of this money to Flask for alleged "benefits consulting" for other public bodies. Some of these public agencies are in the Akron area.....no one at these institutions recalls dealing with Edward Flask about BCBSO insurance.....someone or some investigative agency ought to resolve the questions about these unusual, large payments to a public official. It is unfortunate that Medical Mutual has chosen not to do so. Why?"

Dec. 20, 1997. Plain Dealer. "Crimes suspected in state's insurance department. Ex-official (Dave Randall), lobbyist under investigation".

Jan. 11, 1998. Plain Dealer. Editorial. "Keeping them honest". "It's been said that nothing is certain but death and taxes, but political corruption and incompetence come pretty close. Last year was a banner year for both....."

Jan. 11, 1998. Plain Dealer. "A fine mess for O'Connor". "Although Summit County Prosecutor Maureen O'Connor remains high on the list of possible running mates for Republican gubernatorial candidate Bob Taft, talk in GOP circles about an O'Connor candidacy for secretary of state is cooling off. The reason; O'Connor has an election violation on her record that would be embarrassing, particularly for a secretary of state"....." it wouldn't look good for someone running for chief elections officer of Ohio to have violated the elections law", an Ohio GOP campaign official said.

Jan. 18, 1998. Beacon Journal. Point of View. "Corrupting influences. The Mahoning Valley has long been plagued by crime and corruption. Will current investigations finally bring some measure of trust to the area?". ".....Edward Flask.....was personally paid, according to the audit, \$1.6 million by the former (BCBSO).....for services that remain a mystery. Where the money eventually went and for what purpose is still unknown."

Feb. 8, 1998. Plain Dealer. "Ohio insurance watchdog under attack. State officials shrug off complaints of leniency for BCBSO, PIE....." "BCBSO was legendary for its political contributions and for its ability to muscle bills through the Ohio legislature....."

Mar. 17, 1998. Plain Dealer. "Lobbyist OKs plea in gifts to state regulator of insurance". "A top Statehouse insurance lobbyist (Thomas Strussion) is scheduled to tell a judge tomorrow that he sought favorable treatment for his clients by trying to bribe the No. 2 official (David Randall) at the Ohio Dept. of Insurance."

March 29, 1998. Beacon Journal. Point of View. "Lifting a veil. What was a Mahoning County attorney doing in Summit County shilling insurance for a fee?....." "The auditors discovered.....

Flask was paid \$1.6 million by BCBSO to "provide marketing relations services as an independent consultant." Why was an attorney in Youngstown paid such sums to represent Blue

Cross in Summit County and with Kent State? What did he do for these fees? Who were his contacts at these agencies, especially since neither I nor our reporters who later tried could turn up anyone at the agencies who had ever heard of Ed Flask or said they had met with or talked to him?"

May 5, 1998. Beacon Journal. Our Opinion. "On task. Maureen O'Connor rightly wants an aggressive investigation of Summit County corruption. Will it be judicious, too?" "....O'Connor is an ambitious Republican.....the temptation may be.....to put.....her own fortunes ahead of the county's larger interests.....we're hardly breaking new ground suggesting Maureen O'Connor..... knows a thing or two about measuring political angles....."

May 13, 1998. Plain Dealer. "Ohio Edison paid senator \$120,000 to consult. Roy Ray initiated legislation to bill customers for plant". "Obviously he is not representing the interest of the ratepayers, he is fronting for an electric monopoly....."

May 14, 1998. Beacon Journal. "Ray denies consulting was a conflict. State senator pushes bill aiding Ohio Edison after working for utility".

May 15, 1998. Beacon Journal. Our Opinion. "More pay-to-play? Sen. Roy Ray doesn't look good taking utility big-bucks and then sponsoring a bill to aid his former employer".

June 13, 1998. Plain Dealer. "State report says office was 'for sale'". "Accused of putting the Ohio

Dept. of Insurance "up for sale", David J. Randall, the former deputy director, plead guilty yesterday to two felony charges."

June 1998. Ohio Underwriter. From the Editor. "The mighty have fallen". ".....(David) Randall, former deputy director of the Ohio Dept. of Insurance, follows in the path of Thomas Strussion.....who earlier this year pleaded guilty to bribing Mr. Randall.....certainly, these are dark days for the Dept. of Insurance and the Voinovich administration."

July 12, 1998. Sunday Beacon Magazine. "The Most Powerful Woman in Summit County". ".....the job of lieutenant governor would.....provide.....a platform for launching a future in statewide politics (for Maureen O'Connor).....she has, in the past, scorched her opponents with fiery criticism.....enemies call her "Queen Maureen"; critics regard her as cold, imperious and calculating.....in legal circles, there are concerns that O'Connor overcharges....."

July 12, 1998. Beacon Journal. "Probes focus on Mahoning". "(State Auditor) Petro said information provided by V Group Vice President Frank J. Fela was used to conclude that the V Group grossed nearly \$2.1 millionæan 80 percent profit- on its subcontracting work for the sanitary district.....one lawyer familiar with the probes said that what's most interesting about this corruption case is that the investigatory agencies and the people being investigated cross political lines. "It's not the Democratic Party or Republican Party. It's the greenback party," he said."

July 29, 1998. Plain Dealer. "Fisher says insurance head should resign". Democratic gubernatorial nominee Lee Fisher yesterday called on the director of the scandal-plagued Ohio Dept. of Insurance to resign, adding that Gov. George V. Voinovich should have fired him long ago."

July 31, 1998. Beacon Journal. "Summit Republican Party takes in \$1.2 million. Event is largest single fund-raiser ever held for local party. Texas Gov. George W. Bush appears". "I wanted to see the ultimate king of grassroots politics in action", Bush said, referring to Summit County GOP chairman Alex Arshinkoff."

Aug. 7, 1998. Beacon Journal. "Ohio sues to regain money in probe. Mahoning water district at center of investigation on \$2.5 million outlay"

Aug. 9, 1998. Beacon Journal. Our Opinion. "Deeper into Mahoning". ".....it is reassuring to see state and federal officials working to root out the long-standing stains of corruption and criminal activity there that have had statewide tentacles."

Aug. 23, 1998. Plain Dealer. "Lt. governor race a study in styles. O'Connor's verve and vigor appeal to Taft". ".....history shows O'Connor is a political climber.....after four failed attempts..... between 1987 and 1992 (O'Connor) was appointed to.....Common Pleas Court in 1993.....most bothersome to her is the increase in violence by teens. She calls them "little sociopaths". And she shows them no mercy." "When I see something that's right, I'll stick up for it. When I see something that's wrong, I'll call it," she said.

We see, of course, by O'Connor's inaction during the BCBSO scandal in Cuyahoga Falls that has not been the case.

Dec. 30, 1998. Beacon Journal. "Public scandals dominate headlines. Corruption cases involve state, county, city officials in 1998". "1998 was a disturbing year for public corruption in Ohio, with convictions sullyng the white collars of a Statehouse lobbyist, state senator, other state officials and several local government officials."

Dec. 31, 1998. Beacon Journal. "Government joins second suit against Columbia/HCA. Former worker says largest U.S. hospital chain defrauded insurance programs".

Jan. 11, 1999. Beacon Journal. "Hidden evidence has cost millions". "Prosecutors throughout the country have hidden evidence, leading to wrongful convictions, retrials and appeals that cost taxpayers millions of dollars, according to a Chicago Tribune analysis....."

Feb. 3, 1999. Plain Dealer. "Ex-worker sues Medical Mutual (BCBSO), former exec in harassment case". "Medical Mutual of Ohio faces a \$325 million sexual harassment lawsuit by a former employee.....(the suit) names Medical Mutual and a top executive who has since left the company as defendants.....the executive.....is the brother-in-law of.....a Medical Mutual trustee."

The former top executive accused in the sexual harassment suit received a five year, \$20,000 a month consulting deal from Medical Mutual after leaving the company.

Feb. 16, 1999. Plain Dealer. "Ohio gets low marks for weak ethics". "A report released yesterday by the Washington, D.C.-based Center for Public Integrity says Ohio is among 11 states that receive barely passing grades.....if this was a school grade, Ohio would get a D....."

April 13, 1999. Beacon Journal. "Whistle-blower lawsuit claims Columbia/HCA paid kickbacks. Executive tells Dept. of Justice company used Medicare to fund inflated management fees".

April 22-28, 1999. Cleveland Scene. The Edge. "The Best Story You'll Never Read". "If there's anyone in town who can make things happen with a phone call, it's political godfather Sam Miller.

But apparently Miller didn't need to kill a Cleveland Magazine story on the Medical Mutual fiasco. Publisher Lute Harmon seems to have fumbled it nicely on his own.....senior editor Audrey Chapman had spent more than a year investigating the abortive effort to sell the company and make its executives multimillionaires. Miller, installed on the Medical Mutual board by then-Gov. George Voinovich to run damage control.....offered to pay Chapman's salary if he (Harmon) deep-sixed the story. Harmon turned him down. Miller.....says....."not true".....it seems likely there will never be a full accounting of the fiasco that cost policyholders an estimated \$50 million. Chapman's story has grown well beyond magazine-length and.....is rife with legal problems. Does that mean two years of work on the juiciest business story in town will go down the drain? "I

don't know", confesses Harmon. "It's a great story. But we have to figure out what we're going to do. I don't have a clue."

The story was never published.

May 18, 1999. Beacon Journal. Our Opinion. "Justice for some. Summit County's criminal justice system is flawed. Even tough prosecutors must respect the rights of the accused". "..... court data, as well as personal horror stories, suggest that between 1995 and 1999, Maureen O'Connor's years as prosecutor, Summit County was not a good place to be a criminal, -or, for that matter, a comparatively innocent bystander."

May 20, 1999. Beacon Journal. Commentary. "Moving the mob out of the Mahoning Valley". "Surely and steadily, the fed have been catching the wiseguys in Youngstown. The result is that the mobsters and their pals.....are increasingly these days either in prison or headed there.....confessions have been flowing like the Ohio River.....there have been numerousagencies involved in this long overdue crackdown in the Mahoning Valley.....there are still the mysterious activities of the (MVSD) when it was headed.....by.....Ed Flask.....the tentacles of Flask.....reached far across Ohio.....surely, the law-abiding residents of the Mahoning Valley have to be pleased that federal agencies are cracking the wave of crime and corruption so long ignored by so many local and state agencies.....they will be able to say that the Mahoning Valley is no longer Ohio's most notorious crime-and-corruption disgrace."

March 24, 2000. In the case of State of Ohio v. Edward A. Flask (Case No. 99 CR 498) in the Trumbull County Court of Common Pleas the Medical Mutual (BCBSO) employee involved in the

Cuyahoga Falls insurance scandal was included, along with numerous other Medical Mutual employees, on the prosecution's amended witness list.

Flask, unfortunately but predictably, received only a slap on the wrist.

CONCLUSION

This case study is only a microcosm of a much larger problem in our body politic and one that increasingly undermines democracy -- corporations have become too powerful. For the first several decades of Ohio's history, corporations had no "rights" or independent powers of any kind. Corporations were subordinate to the citizenry through their elected state representatives. Corporations were chartered one at a time, for limited durations and specific purposes. If a corporation violated their charter or acted beyond their granted authority, they were either heavily fined or their charters revoked and assets distributed. The Ohio Supreme Court in case after case affirmed the rights of the state legislature to strictly control corporate actions.

An important form of democratic control over corporations concerned political involvement. Throughout much of Ohio's history, corporations did not or could not make political campaign contributions, lobby, or attempt to influence legislation or the body politic in any way. What BCBSO did in Cuyahoga Falls and in Ohio would have been out of bounds legally in several ways during much of Ohio's history.

In 1908, in fact, the Ohio General Assembly enacted legislation to prevent the corruption of elections and political parties by corporations by barring any corporation from directly or indirectly giving money or property to any political organization, party or candidate. Section 1 of that legislation, on the books for more than 50 years, reads:

That no corporation doing business in this state shall directly or indirectly pay, use or offer, consent or agree to pay or use, any of its money or property for, or in aid, of any political party, committee or organization, or for, or in aid of, any candidate for political office or for nomination for any such office, or in any manner use any of its money or property for any political purpose whatever, or for the reimbursement or indemnification of any person or persons for moneys or property so used.

A more recent example of corporate abuse of campaign finance laws, currently being challenged by Common Cause Ohio and the Alliance for Democracy, was the effort of Citizens for a Strong Ohio, a non-profit "educational" front group of the Ohio Chamber of Commerce, to channel huge sums of unregulated and unreported corporate money into defeated Supreme Court Justice Alice Robie Resnick. More than \$8 million dollars was spent by this group during the 2000 campaign season, most of it no doubt from corporations and corporate executives.

Big-money special interests have a stranglehold on our political system. As evidenced by the last national elections, big money continues to corrupt our political process and undermine electoral fairness. It is a key element in forging what many over the decades call an "iron triangle", linking lobbyists, money and legislation.

For corporate executives, political donations are an investment. When they make contributions they expect to get something in return. They may be looking for protection from lawsuits or from negative decisions by regulatory agencies. They may be looking for the creation or an extension of a lucrative tax loophole or the skewing of the tax code.

It all adds up. It affects our health, our quality of life and, as taxpayers, we end up footing the bill. People are sick and tired of seeing what should be their government dominated by special interests with their big-money clout which easily trumps the public interest even at the very government

agencies that regulate business. Citizens are also sick and tired of the double standard in criminal justice. Crime in the suits often goes either unrevealed or unpunished.

Changes in corporate law, regulatory law and campaign finance law are no longer just an option. They are an absolute necessity for increasing democracy in our time and place. A direct and indirect prohibition of corporate contributions and issue ads and full public financing of campaigns, the Clean Money reform option, are ideas whose time have clearly come. Special interests, used to buying influence, are fighting to block the spread of corporate controls and public financing laws. They use scare tactics, hide behind constitutional edicts which equate money with speech and corporations with “human beings”, and demonize public financing campaign reform activities.

There is, however, good news on the horizon. Citizens across the country are beginning to challenge the basic personhood, free speech, due process and other “rights” of corporations to define election issues, economy, agriculture, health care, education, news, and environmental protections. Citizens in Ohio and across the country are also increasingly challenging the basic set-up of regulatory agencies as being little more than fronts for corporations and unable to prevent basic corporate harms. Also, publicly financed campaigns in Maine, Vermont, Massachusetts and Arizona demonstrate that average citizens can take back control of the political process. If elections and politicians are going to be bought, then should it not be the voters, not the special interests, who do the buying? Perhaps the time has come in this county and state for citizens to answer this question with a renewed demand for citizens to reassert control over the corporate form, to redefine regulatory agencies to do more controlling of corporate conduct and for full public financing of campaigns for public office so that dismal cases like this one will be a permanent thing of the past.

The Northeast Ohio American Friends Service Committee (AFSC) has for several years been educating and organizing on issues of corporate power, democracy and campaign finance reform. AFSC coordinates the Ohio Committee on Corporations, Law and Democracy, an ad hoc group of individuals statewide concerned with the growing power of corporations to govern and harms this poses to democracy in our state, nation and world. In 1998, the Committee published *Citizens over Corporations: A Brief History of Democracy in Ohio and Challenges to Freedom in the Future*, a 52 page booklet which outlines the evolution of corporations in the state and citizen resistance to corporate “rights.” The booklet was reprinted in 1999.

AFSC in 2000 issued “Democracy for Sale,” a brief timeline describing the history of corporate campaign contributions in Ohio. Also in 2000, AFSC produced *Justice for Sale*, a report correlating decisions of Ohio Supreme Court Justices with political campaign contributions from lawyers who appeared before the state high court.

On the local level, AFSC has issued several reports since 1997 detailing political campaign contributions to Akron municipal candidates and examining the connection between municipal campaign contributions and public policy decisions. Also, in 1998 and 2000 AFSC helped organize local campaign finance reform initiatives, which appeared on the city ballot.

For information of these reports and other AFSC projects, visit www.AFSC.net