Rep. Rogers’ Neighborhood

Rep. Hal Rogers (R-KY), the Prince of Pork, has publicly sworn off earmarking. However, CREW found Rep. Rogers has also used less transparent tactics to steer millions of federal dollars to a complicated web of pet recipients. Additionally, Rep. Rogers’ Neighborhood details in unprecedented depth how companies and nonprofits tied to Rep. Rogers operate in tandem, sharing key personnel and awarding each other work.

This report examines the links between seven nonprofits Rep. Rogers helped start, a nonprofit venture capital firm, and eight private companies. Also included is Somerset, Kentucky-based Citizens National Bank, which is partially owned by Rep. Rogers. The report lays out how Rep. Rogers’ influence over the appropriations process and the ways he has structured federal spending in his southeastern Kentucky district leaves him positioned to continue directing money to favorite projects, regardless of the earmark ban.

Rep. Rogers’ Neighborhood includes descriptions of each of the nonprofits and companies, and describes the connections between them. The first section of the report covers the seven nonprofits Rep. Rogers helped found: The Center for Rural Development, Inc. (CRD), Forward in the Fifth, Inc. (FIF), Southeast Kentucky Economic Development Corporation, Inc. (SKED), Southern & Eastern Kentucky Tourism Development Association, Inc. (TOUR SEKY), Eastern Kentucky Personal Responsibility in a Desirable Environment, Inc. (PRIDE), Unlawful Narcotics Investigations, Treatment and Education, Inc. (UNITE), and The National Institute for Hometown Security, Inc. (NIHS). The nonprofits collectively employ 147 people, according to their most recent tax forms. The tax forms also disclose salaries for twelve paid board members – some whom work only part-time – who made an average of $104,000 per year, ranging from a high of $173,581 to a low of $69,339. CREW also included nonprofit venture capital firm Kentucky Highlands Investment Corp. (KHIC).


The Center for Rural Development, Inc. (CRD)

Rep. Rogers helped start CRD in 1995, saying he hoped to promote economic development in Southeast Kentucky. CRD operates out of a majestic 90,000 square foot building known locally as the “Taj Ma Hal,” and Rep. Rogers played a key role in garnering the $15.5 million in federal, state, and local tax dollars used to build it. Though technically owned and maintained by the University of Kentucky, the building also houses five of the other six nonprofits. CRD’s programs include a weeklong youth leadership program named after Rep. Rogers, as well as a program to improve law enforcement technology.

Connections

- Clay Parker Davis is CRD’s board chairman. Mr. Davis was previously president of Citizens National Bank and is currently president of Citizens Banshares, the bank’s parent company. Mr. Davis also set up Rep. Rogers’ political action committee (PAC), and the PAC has reported keeping its money at the bank.
  - CRD has kept millions of dollars at Citizens National Bank.
  - Robert Harris, another director at the bank, was also a member of CRD’s board.
- Jerry Rickett is a member of CRD’s board. Mr. Rickett is also the president and chief executive officer of the nonprofit venture capital fund KHIC.


7 http://www.centertech.com/about/history.php.
Mr. Rickett incorporated Center Realty, a real estate holding company wholly owned by CRD and worth more than $400,000.\(^\text{15}\)

In 2003, CRD and KHIC began jointly offering online entrepreneurial classes to aspiring Kentucky business leaders, and continued the program through at least 2009.\(^\text{16}\)

- J.C. Egnew was a county representative to CRD.\(^\text{17}\) Mr. Egnew is the chief executive officer of OVC, a tent manufacturer and defense contractor that has received millions in earmarks from Rep. Rogers.\(^\text{18}\)
- Bob Mitchell, Rep. Rogers’ district administrator, was an original CRD board member.\(^\text{19}\)
  - Mr. Mitchell either helped set up or sat on the boards of six of the nonprofits.\(^\text{20}\)
  - In 2007, Gov. Ernie Fletcher (R-KY) appointed Mr. Mitchell to the Kentucky Oil and Gas Conservation Commission after Mr. Mitchell served as an advisor to his campaign.\(^\text{21}\)
- Chris Girdler, Rep. Rogers’ deputy district director, has been a member of CRD’s executive committee.\(^\text{22}\)
- Jean Dorton, a member of the Kentucky Republican Party’s executive committee, sits on CRD’s board, and two other members, Gary Reece and Sandy Simpson, serve as county representatives to CRD’s board.\(^\text{23}\)
- Hilda Gay Legg was CRD’s first executive director.\(^\text{24}\) Ms. Legg previously worked for Sen. Mitch McConnell (R-KY), and became administrator of the Rural Utilities Service at the U.S. Department of Agriculture after leaving CRD.\(^\text{25}\)
- Rep. Rogers held his wedding reception at the “Taj Ma Hal” in 1999.\(^\text{26}\)
- Rep. Rogers’ campaign committee donated $1000 to CRD in 2007 and 2008.\(^\text{27}\)


\(^{16}\) New Program Launched to Boost Success of Kentucky Entrepreneurs, The Lane Report, August 1, 2003.

\(^{17}\) http://www.centertech.com/about/fullboard.php.


\(^{22}\) Press Release, Representative Hal Rogers, Rogers Welcomes New Deputy District Director, January 3, 2011.


\(^{25}\) Id.

• Rep. Rogers has earmarked almost $11 million for CRD.28
• The federal government has given CRD nearly $28 million in grants.29

Forward in the Fifth, Inc. (FIF)

In 1986, Rep. Rogers helped create FIF, an education nonprofit.30 FIF’s programs now appear to be run largely by CRD, and the group’s budget and presence have dwindled.31 In 2009, it operated with a budget of a little more than $150,000, compared to $473,000 in 2004.32 Most of the material on the website is at least two years old.33 The organization last reported having paid staff members in 2006.34

In December 2009, Rep. Rogers announced a $500,000 earmark for FIF.35 Yet according to the Center for Responsive Politics’ earmark database and Taxpayers for Common Sense, the $500,000 actually went to CRD.36

Connections
• FIF is housed at CRD.37
• FIF’s executive director, Jim Tackett, is also a vice president at CRD.38 Mr. Tackett’s $90,109 salary comes from CRD rather than FIF.39

Southeast Kentucky Economic Development Corporation, Inc. (SKED)

Rep. Rogers helped create SKED, a local economic development group, in 1986.40 Since then, SKED has given $18 million in loans and grants to 50 businesses.41 SKED frequently acts

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29 Id.
32 Forward in the Fifth, Inc. 2008 IRS Form 990-EZ, Response to Part I, Line 17, February 16, 2010; Forward in the Fifth, Inc. 2004 IRS Form 990, Response to Part I, Line 17, February 27, 2006.
as an intermediary, passing money from the federal government to local businesses.\textsuperscript{42} For example, on September 5, 2008, Rep. Rogers announced a $300,000 grant from the Department of Housing and Urban Development to SKED, which then loaned the money to OVC.\textsuperscript{43} OVC’s chairman and president is J.C. Egnew, a major campaign donor to the congressman, and it has benefited from more than $8 million in Rogers-supported earmarks over the past three years.\textsuperscript{44} Rep. Rogers also intervened with SBA to help SKED become a Certified Development Corporation, a designation that allows SKED to make larger loans.\textsuperscript{45}

Connections

- Mr. Mitchell, Rep. Rogers’ district administrator, was a SKED incorporator.\textsuperscript{46}
- L. Ray Moncrief and Michael Hayes, both of KHIC, have been SKED board members.\textsuperscript{47}
- KHIC and SKED have worked together to loan money to local businesses and organizations.\textsuperscript{48}
- Cy Waddle, the incorporator of SKED, is a current Citizens National Bank-board member. Mr. Waddle is also chairman of the bank’s parent company.\textsuperscript{49}
- David Ledford is a SKED general member.\textsuperscript{50} Mr. Ledford is the president of Boneal, Inc., a manufacturing company that has received $5 million in earmarks from Rep. Rogers.\textsuperscript{51}
- Although Rep. Rogers does not appear to have earmarked any money for SKED, the federal government has made more than $11 million in grants and loans to SKED.\textsuperscript{52}

\textsuperscript{42} Press Release, Representative Hal Rogers, Rogers Announces $600,000 to Create Jobs in Harlan County, October 27, 2009; Press Release, Representative Hal Rogers, Rep. Rogers Announces Grant for More Internet Connectivity, September 20, 2007; Press Release, Representative Hal Rogers, Rogers Announces SKED Financing Funds for Letcher County Job Creation Project, June 22, 2010.


\textsuperscript{48} United States: Orthopedic Surgeon Grows Practice with SKED Loan, Tenders Info, December 1, 2008; Kentucky Highlands Investment Corp. 2004 IRS Form 990, Statement C, Page 27 and Page 37, February 8, 2006.


\textsuperscript{50} http://www.southeastkentucky.com/PDFs/SKED%20Progress%20Report%202010.pdf.


\textsuperscript{52} USA Spending, Recipient Lookup, Southeast Kentucky Economic Development Corporation, Inc., 2000-2010.
Southern & Eastern Kentucky Tourism Development Association, Inc. (TOUR SEKY)

Rep. Rogers helped create TOUR SEKY in 1987 to promote tourism in southeast Kentucky. TOUR SEKY operates a number of programs, including a downtown revitalization project.

Connections
- Mr. Mitchell, Rep. Rogers’ district administrator, was secretary of TOUR SEKY’s board.
- Mr. Rickett, of KHIC, has been both vice president and treasurer of TOUR SEKY’s board.
- Birdie Watkins, an investment analyst at KHIC, is a TOUR SEKY board member.
- In 2003, TOUR SEKY borrowed $250,000 from KHIC.
- TOUR SEKY has reported paying Senture to operate its tourism information hotline for at least seven years, including a payment of more than $1 million in 2008, the most recent year for which information is available.
- Rep. Rogers has earmarked nearly $700,000 for TOUR SEKY.
- The federal government has given TOUR SEKY nearly $8 million in grants.

Eastern Kentucky Personal Responsibility in a Desirable Environment, Inc. (PRIDE)

Rep. Rogers helped create PRIDE in 1998 to promote environmental conservation in southeast Kentucky. The organization is funded primarily by earmarks and grants awarded by the National Oceanic and Atmospheric Administration (NOAA).

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53 TOUR SEKY was previously known as the Southern Kentucky Tourism Development Association, Inc. (SEKTDA); http://www.tourseky.com/about; https://app.sos.ky.gov/ftshow/(S(zh5haf55brpwnl45j3j3p5r5))/default.aspx?id=0235243&ct=09&cs=99999.
54 http://www.tourseky.com/about.
58 Kentucky Highlands Investment Corp. 2004 IRS Form 990, Statement C, Page 37, February 8, 2006.
60 USA Spending, Recipient Lookup, Southern and Eastern Kentucky Tourism, 2000-2010.
61 Id.
PRIDE’s current president and chief executive officer, Karen Kelly, a former staffer for Rep. Rogers, is also the president and chief executive officer of another Rogers-affiliated nonprofit, UNITE. 64 Ms. Kelly’s $115,323 salary comes from UNITE. 65 Ms. Kelly is the second Rogers staffer to serve as executive director of PRIDE. She follows Jeffrey Speaks, Rep. Rogers’ former projects coordinator and field representative, who was PRIDE’s executive director in the early 2000s. 66

Connections

- Mr. Mitchell, Rep. Rogers’ district administrator, was an original director at PRIDE. 67
  - In 2008, PRIDE took over the Riverwoods Environmental Education Corporation (REEC). At the time, Mr. Mitchell was a member of REEC’s board of directors. 68
- Mr. Speaks, previously PRIDE’s executive director and a former Rogers staffer, is now a lobbyist for Senture. 69
  - Mr. Speaks is closely tied to Mr. Mitchell. The two former colleagues and a third person, Thomas Smith, formed a partnership in 2008 and purchased land near Lee’s Ford Dock, Inc. 70
- Jean Dorton and Colleen Chaney, both members of the Kentucky Republican Party’s executive committee, have sat on PRIDE’s board of directors. 71
- In 2009, PRIDE named Phil Osborne to its board of directors. 72 In 1997, PRIDE had contracted with Mr. Osborne’s marketing firm, Preston-Osborne, for an education

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64 Ms. Kelly was previously known as Karen Engle. http://www.kypride.org/newsstory88cc.html?subaction=showfull&id=1182874487&archive=&start_from=&ucat=1
&cs=99999.
70 http://www.kypride.org/newsstory63f8.html?subaction=showfull&id=1199254927&archive=&start_from=&ucat=1
71 http://www.kypride.org/newsstory6e8c.html?subaction=showfull&id=1247591317&archive=&start_from=&ucat=1
72
campaign. Also in 1997, Preston-Osborne hired Mr. Speaks from Rep. Rogers’ office.

- Benny Ham was an original incorporator for both PRIDE and REEC.
  - Mr. Ham was the treasurer for Rep. Rogers’ campaign committee from 1996 to 2001.
- Rep. Rogers has earmarked more than $96 million for PRIDE.
- The federal government has given PRIDE nearly $1 million in grants.

**Unlawful Narcotics Investigations, Treatment and Education, Inc. (UNITE)**

Rep. Rogers helped create UNITE in 2003, in response to a newspaper exposé on rampant drug use in southeast Kentucky. UNITE operates a task force that coordinates police action among local, state, and federal officials, and also administers programs to keep people off of drugs.

**Connections**

- Mr. Mitchell, Rep. Rogers’ district administrator, was UNITE’s incorporator and still sits on the board.
- Karen Kelly, a former staffer for Rep. Rogers, is UNITE’s president and chief executive officer.
- UNITE holds its monthly board meetings at KHIC’s headquarters, 40 miles from its own office.
- Rep. Rogers’ campaign has donated money to UNITE, including $32,000 in campaign contributions from disgraced former lobbyist Jack Abramoff.

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78 Id.
Rep. Rogers has earmarked nearly $34 million for UNITE.86 The federal government has given UNITE nearly $15 million in grants.87

The National Institute for Hometown Security, Inc. (NIHS)


NIHS is one of the most complicated entities that Rep. Rogers set up. NIHS manages what it calls the Kentucky Critical Infrastructure Protection Program (KCI), which in turn presides over a consortium of Kentucky universities called the Kentucky Homeland Security University Consortium.91 Federal money goes through the consortium to individual universities.92 It’s not clear why the nonprofit created so many layers between the universities and the grant money.

In July 2008, Rep. Jeff Flake (R-AZ) criticized NIHS on the floor of the House, offering an amendment that would have prohibited NIHS from getting federal money in the Fiscal Year 2010 DHS Appropriations bill.93 Rep. Flake said of NIHS: “It appears that the purpose of the consortium and of the institute is to make Kentucky better at receiving Federal funds, arguably an admirable purpose. It's simply too bad that it's paid for with Federal funds.”94 Rep. Flake’s amendment failed.95

Connections

- Mr. Mitchell, Rep. Rogers’ district administrator, was NIHS’s incorporator.96
- Mr. Rickett, of KHIC, was listed as an original director and the chair of NIHS’s board in the nonprofit’s first annual report.97
- Mr. Egnew, of OVC, is the current NIHS board chair.98

86 USA Spending, Recipient Lookup, Operation UNITE, 2000-2010.
87 Id.
88 http://www.thenihs.org/about.
91 http://www.thenihs.org/kci-program.
92 Id.
97 Id.
Shannon Rickett, KHIC president Jerry Rickett’s daughter, is the commercialization director of NIHS.\(^99\)
- Ms. Rickett is a member of the executive committee of the Kentucky Republican Party.\(^100\)
- Ms. Rickett is the chairwoman of the Republican Party of Kentucky’s Fifth Congressional District, Rep. Rogers’ district.\(^101\)
- Rep. Rogers has earmarked $32 million for NIHS.\(^102\)

**Kentucky Highlands Investment Corp. (KHIC)**

KHIC is a nonprofit venture capital firm based in London, Kentucky, that has connections to almost every other entity in Rep. Rogers’ web.\(^103\) Between 1998 and 2000, KHIC received $2.5 million in earmarks, almost certainly thanks to support from Rep. Rogers.\(^104\) Since 2000, KHIC has received more than $17 million from the federal government in grants and loans and Rep. Rogers has announced many of these awards.\(^105\) Rep. Rogers has also participated in many events at KHIC, including a groundbreaking for a business incubator for which he helped secure federal funds.\(^106\) L. Ray Moncrief, KHIC’s executive vice president and chief operating officer, donated $8,000 to Rep. Rogers’ campaigns over the past two election cycles, but not to any other federal candidates during that time period.\(^107\) In 2007, Rep. Rogers also appointed Jerry Rickett, president and chief executive officer of KHIC, to the board of the Tennessee Valley Corridor.\(^108\)

Mr. Rickett and Mr. Moncrief preside over an empire which, in 2009, reported net assets worth at least $45 million.\(^109\) KHIC was founded as a community development corporation in 1968 with $15 million in grants from the federal government and now owns or directs at least 13 other entities, including for-profit venture capital funds and a real estate company.\(^110\)

\(^98\) [http://www.thenihs.org/about/board](http://www.thenihs.org/about/board); [http://www.outdoorventure.com/about_leadership_team.php](http://www.outdoorventure.com/about_leadership_team.php).
Several of these organizations are designed to oversee specific venture capital funds. For instance, Eclipse Management is a for-profit company that Mr. Moncrief, among others, set up to be the general partner of venture capital fund Meritus Ventures. Mr. Moncrief is also the president of the Southern Appalachian Fund, another multimillion dollar venture capital fund based at KHIC’s address. Mr. Egnew, chief executive officer of OVC, sits on the board of the Southern Appalachian Fund. One of the other nonprofit entities KHIC oversees is the Kentucky Highlands Community Development Corporation, which, in fiscal year 2008, paid an additional $7,011 and $3,663 to Mr. Rickett and Mr. Moncrief, respectively, for their work as president and vice president, and an additional $82,332 to KHIC’s vice president of housing, Elmer Parlier, for serving as vice president for investments.

KHIC has also set up and retains majority ownership of several small for-profit businesses. These companies include Patriot Industries, a small manufacturing company set up in 1998 that was worth at least $3 million in 2008, and American Health Management, a health care company set up in 1997 that was worth at least $1.7 million in 2008. Other investments, including some made with public money, haven’t worked out as well. For instance, in 1994, KHIC started a biscuit manufacturer named Sunshine Valley Farms. The state of Kentucky awarded Sunshine a $725,000 grant after the company agreed to create 106 new jobs in two years. In 2000, the state sued Sunshine for reneging on its agreement. When Sunshine made the agreement, Mr. Moncrief was the company’s president. Brenda McDaniel, KHIC’s chief financial officer, was the only other board member at the company. Sunshine closed in 2003.
In 1999, KHIC lent electronics company Mid-South Electronics $5 million.122 Before 2004, neither the company nor its employees had ever donated to Rep. Rogers.123 Between September 30, 2004, and March 18, 2005, however, Mid-South employees donated $11,000 to Rep. Rogers’ campaign and PAC.124 In April 2005, Rep. Rogers helped the struggling company land a $15 million federal contract.125 Nonetheless, the company moved most of the jobs from its Kentucky facility to Mexico in 2006.126

KHIC also loaned $5 million to manufacturing company Tri-County Manufacturing and Assembly.127 When Tri-County was unable to repay the money, KHIC sued one of the company’s banks, the Bank of Corbin.128 KHIC lost in court.129

**Earmarks (2000-2010): $500,000.**130

**Federal Grants and Loans (2000-2010): $16.9 million.**131

**Political Contributions (2001-Present): $14,000.**132

**Connections**

- Jerry Rickett is the president and chief executive officer of KHIC, and makes $326,245 a year.133
  - Mr. Rickett was the founding chair of NIHS.134
  - Mr. Rickett has been both vice president and treasurer of TOUR SEKY.135
  - Mr. Rickett currently sits on the board of CRD.136
    - Mr. Rickett incorporated Center Realty, a real estate holding company wholly owned by CRD and worth more than $400,000.137
- L. Ray Moncrief is the executive vice president and chief operating officer of KHIC, and makes $322,579 a year.138

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123 CQ MoneyLine, Employer Search, Mid-South Electronics, 1979-Present; CQ MoneyLine, Employer Search, Mid-South Industries, 1979-Present.
124 Id.
125 John Stamper and Bill Estep, First Fire, Now Global Pressure; Annville’s Mid-South Electronics to Send Most of 540 Jobs to Mexico, Lexington Herald Leader, February 18, 2006.
128 Id.
131 USA Spending, Recipient Lookup, Kentucky Highlands Investment, 2000-2010.
132 CQ MoneyLine, Employer Search, Kentucky Highlands Investment, 2001-Present.
Mr. Moncrief was a founding board member of SKED. Mr. Moncrief is a member of the board at OVC and was the company’s chief financial officer from 1978 to 1983.

- Michael Hayes is the special projects coordinator at KHIC. Mr. Hayes sits on the board of SKED.
- Birdie Watkins is an investment analyst for KHIC. Ms. Watkins was a member of TOUR SEKY’s board.
- UNITE holds its monthly meetings at KHIC’s headquarters.
- In 2003, KHIC loaned TOUR SEKY $250,000.
- KHIC worked with SKED to lend money to several local businesses and organizations.
- In 2003, KHIC partnered with CRD to launch the “Kentucky Entrepreneur Acceleration Network,” which operated at least until 2009.
- KHIC has invested in Senture.

Outdoor Venture Corporation (OVC)

OVC is a Stearns, Kentucky-based tent manufacturer. KHIC provided the startup money for OVC in 1972. The company has relied heavily on government contracts since then, and has received $149 million worth of federal contracts since 2000. KHIC has continued to provide support, extending a $3.15 million line of credit to OVC in 1993 and providing several loans, including a loan for $100,000 in 2006. Since 1991, OVC’s president, J.C. Egnew, and his wife, Azalie, have contributed nearly $25,000 to Rep. Rogers’ campaigns.

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140 http://www.outdoorventure.com/about_leadership_team.php; Mariam Williams, Others’ Success Is the Payoff, The Lane Report, February 2011.
143 http://www.khic.org/biographies/11.
144 https://app.sos.ky.gov/fishow/(S(xzh0s155302n4z45gn1jioe1))/default.aspx?id=0235243&ct=09&cs=99998.
145 http://operationunite.org/about/overview/.
146 Kentucky Highlands Investment Corp. 2004 IRS Form 990, Statement C, Page 37, February 8, 2006.
149 Nita Johnson, Kentucky Highlands Funds Will Help Appalachian Businesses, Sentinel Echo, October 7, 2010.
150 http://www.outdoorventure.com/.
Political Contributions (2001-Present): $10,100.157

Connections

- J.C. Egnew, OVC’s president, is the chair of the board of NIHs.\(^{159}\)
  - Mr. Egnew was a county representative to the CRD board.\(^{160}\)
  - Mr. Egnew sits on the board of the Southern Appalachian Fund, which operates under the auspices of KHIC.\(^{161}\)
- Mr. Moncrief of KHIC sits on the OVC board and used to work for the company.\(^{162}\)
- OVC has paid the lobbying firm Martin, Fisher, Thompson & Associates (MFT) more than $1.4 million to lobby.\(^{163}\)

Phoenix Products, Inc.

Phoenix Products is a McKee, Kentucky-based military aircraft interior manufacturing company founded in 1973.\(^{164}\) Like OVC, Phoenix was started with seed money from KHIC.\(^{165}\)

**Earmarks (2000-2010):** $10.1 million\(^{166}\)

**Federal Contracts (2000-2010):** $12.9 million\(^{167}\)

**Political Contributions (2001-Present):** $6,000\(^{168}\)

**Lobbying (2000-2010):** $513,000.\(^{169}\)

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159 [http://www.outdoorventure.com/about_leadership_team.php](http://www.outdoorventure.com/about_leadership_team.php); [http://www.thenihs.org/about/board](http://www.thenihs.org/about/board); [https://app.sos.ky.gov/ftshow(5fesqo4245kdzvrnnj0nddosfd)?default.aspx?path=ftsearch&id=0585139&ct=09&cs=99999].
162 [http://www.outdoorventure.com/about_leadership_team.php](http://www.outdoorventure.com/about_leadership_team.php); [http://www.thenihs.org/about/board](http://www.thenihs.org/about/board).
164 [http://www.acstuff.com/operationslocations.htm](http://www.acstuff.com/operationslocations.htm); [http://www.phoenixproducts.com/Products.htm](http://www.phoenixproducts.com/Products.htm); [https://app.sos.ky.gov/ftshow(5fesqo4245kdzvrnnj0nddosfd)?default.aspx?path=ftsearch&id=0341598&ct=09&cs=99998].

Connections

- Phoenix uses Martin, Fisher, Thompson & Associates to lobby the federal government, and paid the firm $80,000 in 2010 alone to lobby on Department of Defense Appropriations.  
  
- Phoenix used lobbying firm McCarthy Strategic Solutions in 2006 and 2007, while Mr. Speaks worked there.

Senture, LLC

Senture is a London, Kentucky-based telecommunications company founded in 2003 by businessman Bill Deaton and his son. Mr. Deaton had previously founded another company, Image Entry. After Mr. Deaton sold Image Entry in 2001, a court found he had overstated Image Entry’s earnings to earn a $25 million bonus from the buyer. Mr. Deaton pleaded guilty to conspiracy to commit wire fraud, and the court ordered him to pay a $1 million fine. Mr. Deaton also repaid $25 million to the buyer, an additional $5 million to cover the purchasing

  


173 Bill Estep, Big Employer to Plead Guilty to Fraud Scheme, Lexington Herald Leader, March 6, 2010.

174 Id.; Bill Estep, Kentucky Data-processing Company Founder Bill Deaton is Fined $1 Million, Lexington Herald Leader, November 16, 2010

175 Id.
company’s investigation, and $240,000 to the U.S. Securities and Exchange Commission.\textsuperscript{176} Rep. Rogers had helped Image Entry obtain federal contracts before the company was sold and has continued to help Senture, where Mr. Deaton’s son, Chris Deaton, is the president and chief executive officer.\textsuperscript{177}

In 2004, Rep. Rogers arranged for Senture to receive a $4 million contract from the Department of Homeland Security.\textsuperscript{178} Around the same time, Senture hired Rep. Rogers’ son, John. Shortly afterwards, Senture received a separate contract from a Virginia-based company to support testing for an identification card system, part of a program known as the Transportation Worker Identification Credentialing (TWIC) program.\textsuperscript{179} Rep. Rogers had lobbied to have the card made in Kentucky.\textsuperscript{180} Rep. Rogers had also included the TWIC program in appropriations bills.\textsuperscript{181} John Rogers claims his hiring had nothing to do with his father.\textsuperscript{182}

In 2006, Senture hired a Department of Transportation official who had supervised the TWIC program.\textsuperscript{183} The hiring skirted conflict of interest rules because Senture’s contract was too small for those rules to apply.

In 2007 and 2008, Senture announced receiving additional contracts supporting the implementation and testing of the TWIC program.\textsuperscript{184} In 2010, Senture announced upcoming federal contracts with the Veterans Administration, the Department of Education and the Transportation Administration.\textsuperscript{185} Despite Senture’s work on federal contracts, USA Spending, which dates back to 2000, has no record of Senture receiving any federal funds for contracts or grants.\textsuperscript{186} Citizens Against Government Waste’s Congressional Pig Book, the Center for Responsive Politics, and Taxpayers for Common Sense, similarly, list no earmarks for Senture since 2000.\textsuperscript{187}

Political Contributions (2001-Present): $4,200.\textsuperscript{188}

\textsuperscript{176} Estep, Lexington Herald Leader, Nov. 16, 2010.
\textsuperscript{178} Lipton, New York Times, May 14, 2005.
\textsuperscript{179} Id.
\textsuperscript{180} Id.
\textsuperscript{181} Id.
\textsuperscript{182} Id.
\textsuperscript{185} Melodie Phelps, Senture Announces 222 Jobs, The Wayne County Outlook (Monticello, Kentucky), September 14, 2010.
\textsuperscript{186} USA Spending, Recipient Lookup, Senture, 2000-2010.
\textsuperscript{188} CQ MoneyLine, Employer Search, Senture, 2001-Present.

**Connections**
- Senture pays Mr. Speaks to lobby.\(^{190}\)
  - Mr. Speaks has donated $18,200 to Rep. Rogers since 2005.\(^ {191}\)
- TOUR SEKY has reported paying Senture to operate its tourism information hotline for at least seven years, including a payment of more than $1 million in 2008, the most recent year for which information is available.\(^ {192}\)
- KHIC invested in Senture.\(^ {193}\)
- Senture employed Rep. Rogers’ son, John, until at least 2006.\(^ {194}\) His current status with the company is unknown.


\(^{190}\) JBS Communications, LLC, *Fourth Quarter 2010 Lobbying Disclosure Report on behalf of Senture LLC*, Secretary of the Senate, Office of Public Records.

\(^{191}\) CQ MoneyLine, Donor Lookup, Jeffrey Speaks, 2005-Present.


Boneal, Inc.

Rep. Rogers earmarked $5 million for Boneal, a Means, Kentucky-based manufacturing company, in 2010. The company has received $29 million in federal contracts since 2000.

**Earmarks (2000-2010):** $5 million.

**Federal Contracts (2000-2010):** $29 million.

**Political Contributions (2001-Present):** $1,500.

**Connections**
- David Ledford is Boneal’s president. He is also a general member of SKED, representing the business community.

Martin, Fisher, Thompson & Associates (MFT)

MFT is a Washington-based lobbying firm that represents several clients with ties to Rep. Rogers. The principals of the lobbying firm directed more than 50% of their federal campaign donations to Rep. Rogers during the 2010 campaign cycle.

**Political Contributions (2001-Present):** $16,500.

**Connections**
- MFT lobbies for three of the companies included in this report: Phoenix Products, OVC, and Lee’s Ford Dock, Inc.

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196 USA Spending, Recipient Lookup, Boneal, 2000-2010.
198 USA Spending, Recipient Lookup, Boneal, 2000-2010.
199 CQ MoneyLine, Employer Search, Boneal, 2001-Present.
Citizens National Bank

Rep. Rogers is a partial owner and director emeritus of Somerset, Kentucky-based Citizens National Bank. Rep. Rogers owns between $1 million and $5 million worth of shares in the bank, according to his most recent personal financial disclosure forms, and recent Federal Reserve reports show he is trying to increase his ownership share.


Connections

- Mr. Davis, a former Citizens National Bank president, is the current president of the bank’s parent company.
  - Mr. Davis is the current chairman of CRD.
  - Mr. Davis is the treasurer of Rep. Rogers PAC, HALPAC.
- Mr. Harris, a director at the bank, has been a director at CRD.
  - Mr. Harris was the treasurer for Rep. Rogers’ campaign committee in 2002 and 2003.
- Mr. Waddle, a former bank executive, is currently a board member at the bank and chairman of the bank’s parent company.
  - Mr. Waddle was the incorporator of SKED.
- William J. Wilson, the president of accounting firm Wilson & Company, is on the board of Citizens National Bank.
- Rep. Rogers’ campaign committee and leadership PAC keep their money at the bank, according to their most recent campaign finance reports.
- At least three of the nonprofits have acknowledged keeping much of their money at the bank.

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211 Help America’s Leaders Political Action Committee (HALPAC), FEC Form 1, Statement of Organization, March 27, 2009.


Wilson & Company

Wilson & Company is a Somerset, Kentucky-based accounting firm that both prepared tax returns and provided audits for four of the seven nonprofits for 2008. Wilson also prepared the 2008 tax return for FIF.

Connections
- The firm both prepared tax returns and conducted audits of CRD, UNITE, PRIDE, and TOUR SEKY in fiscal year 2008, the most recent year for which data is available.
  - Wilson also prepared the 990 for FIF in fiscal year 2008.
- The firm’s president, William J. Wilson, is on the board of Citizens National Bank.

Preston-Osborne

Preston-Osborne is a Lexington, Kentucky-based marketing and research firm. PRIDE contracted with Preston-Osborne in 1997 to launch a public education campaign.

Political Contributions (2001-Present): $8,000

Connections
- Phil Osborne, the company’s chief executive officer, is a director at PRIDE.
- In 1997, PRIDE hired Preston-Osborne to provide a public education campaign.

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221 Forward in the Fifth, Inc. 2008 IRS Form 990-EZ, Response to Part VI, February 16, 2010.


227 http://www.kypride.org/about/execcom.html; http://www.kypride.org/newsstory6e8c.html?subaction=showfull&id=1247591317&archive=&start_from=&ucat=1&.

228 http://www.kypride.org/newsstory6e8c.html?subaction=showfull&id=1247591317&archive=&start_from=&ucat=1&.
Mr. Speaks, a former staffer for Rep. Rogers who is currently a lobbyist, worked for Preston-Osborne before becoming PRIDE’s executive director.\textsuperscript{229}

Hal Rogers for Congress has paid Preston-Osborne more than $250,000 since 2005 for media buys and polls.\textsuperscript{230}

Lee’s Ford Dock, Inc.

Lee’s Ford Dock is a marina and resort in Nancy, Kentucky.\textsuperscript{231} Rep. Rogers has repeatedly helped the marina obtain federal funds. The marina’s owner and president is J.D. Hamilton, a Rogers campaign donor.\textsuperscript{232}

On July 13, 2010, Rep. Rogers wrote to the Small Business Administration (SBA) in an effort to help Lee’s Ford Dock win an increase in its SBA disaster loan after the agency had twice denied the increase.\textsuperscript{233} The SBA reversed course and granted the increase after an agency official attended a meeting with Mr. Hamilton in the congressman’s office.\textsuperscript{234} The congressman also earmarked $500,000 in the fiscal year 2005 budget for an expansion of Lee’s Ford Dock’s parking lot.\textsuperscript{235}

\textbf{Earmarks (2000-2010):} $500,000.\textsuperscript{236}
\textbf{Loans (2000-2010):} $516,384.\textsuperscript{237}
\textbf{Political Contributions (2001-Present):} $3,000.\textsuperscript{238}
\textbf{Lobbying (2000-2010):} $70,000.\textsuperscript{239}

\textsuperscript{234} Id.
Connections

- J.D. Hamilton, the owner and president of Lee’s Ford Dock, is the president of the Lake Cumberland Association.\(^{240}\)
  - Mr. Speaks lobbies for the Lake Cumberland Association.\(^{241}\) The group paid him $30,000 in fees in 2010.\(^{242}\)
- Lee’s Ford Dock uses lobbying firm Martin, Fisher, Thompson and Associates.\(^{243}\)

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\(^{241}\) JBS Communications, LLC, Lobbying Registration May 12, 2010 on behalf of Lake Cumberland Association, Inc., Secretary of the Senate, Office of Public Records.


Methodology

CREW reviewed and analyzed hundreds of public documents to create this profile. Sources included press releases, media reports, tax filings, the Congressional Record, Federal Election Commission filings, and filings made with the Kentucky Secretary of State. CREW relied heavily on earmark, grant and contract data from USASpending.gov, an official U.S. government site that tracks federal spending, and supplemented that data with information from the Center for Responsive Politics and Taxpayers for Common Sense when necessary. CREW used campaign finance data compiled by CQ MoneyLine, and public records maintained by the Senate Office of Public Records in its online Lobbying Disclosure Act Database for lobbying information.

Unless otherwise noted, all tallies of earmarks, grants, contracts, loans, and lobbying fees are from 2000 through 2010, and all tallies for political contributions date from the 2002 campaign cycle to the present. CREW included donations made to Rep. Rogers’ campaign committee, Hal Rogers for Congress, and his leadership political action committee (PAC), Help America’s Leaders PAC (HALPAC).

To determine whether federal money directed to nonprofits was a grant or an earmark, we relied on information from USASpending.gov. When information from USASpending.gov was clearly incomplete, we used data from the Center for Responsive Politics. In the case of the nonprofits, we categorized money described in USASpending.gov as “Congress” or “Earmark” as a congressional earmark. When nonprofits received funds described as “direct payments,” CREW included the payments in the “grants” category. In one obvious omission, USASpending.gov failed to list any money for NIHS, even though earmarks to NIHS have been documented by media reports, Rep. Rogers’ own statements and press releases, and other earmark databases, including the one maintained by the Center for Responsive Politics at www.opensecrets.org.244 As a result, CREW relied on www.opensecrets.org for NIHS data.

In the case of the for-profit companies, CREW used total spending data from USASpending.gov, then used data from the Center for Responsive Politics to determine the amount of the total spending that should be classified as earmarks. The earmark data from the Center for Responsive Politics only covered the years from 2008 to 2010 and the Congressional Pig Book didn’t list any earmarks for these companies before 2008, so CREW was unable to determine the amount earmarked to the companies before 2008.

Hal Rogers
for Congress

Martin, Fisher, Thompson & Associates

Preston-Osborne

Jeffrey Speaks

Lee’s Ford Dock, Inc.
Senture, LLC
Phoenix Products, Inc.
Outdoor Venture Corp.

Citizens National Bank
Wilson & Company

Kentucky Highlands Investment Corp.

Helped Create

PRIDE: Eastern Kentucky Personal Responsibility in a Desirable Environment, Inc.
TOUR SEKY: Southern & Eastern Kentucky Tourism Development Association, Inc.
UNITE: Unlawful Narcotics Investigations, Treatment and Education, Inc.
SKED: Southeast Kentucky Economic Development Corporation, Inc.

CRD: The Center for Rural Development, Inc.
FIF: Forward in the Fifth, Inc.
## Rep. Rogers' Neighborhood

<table>
<thead>
<tr>
<th>PEOPLE</th>
<th>STAFF</th>
<th>NONPROFITS</th>
<th>KHIC</th>
<th>BANK</th>
<th>FOR-PROFIT COMPANIES</th>
<th>POLITICAL</th>
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<tbody>
<tr>
<td>Rep. Hal Rogers</td>
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<td>Colleen Chaney</td>
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<td>Chris Girdler</td>
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<td>J.D. Hamilton</td>
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<td>Jeffrey Speaks</td>
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<td>Jim Tackett</td>
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<tr>
<td>William Wilson</td>
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</tbody>
</table>

The people listed on the left either worked for or sat on the board of the associated organization. 

Rep. Rogers earmarked funds for several of these organizations. 

Rep. Rogers helped several organizations acquire federal grants, loans or contracts.
# Rep. Rogers' Neighborhood

Chart represents all funds awarded from 2000 - Present.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Federal Funding</th>
<th>Pay to Play</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Earmarks</td>
<td>Grants, Loans &amp; Contracts</td>
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<tr>
<td>Nonprofits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRD</td>
<td>$11,000,000</td>
<td>$28,000,000</td>
</tr>
<tr>
<td>UNITE</td>
<td>$34,000,000</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>FIF</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>NIHS</td>
<td>$32,000,000</td>
<td>$0</td>
</tr>
<tr>
<td>PRIDE</td>
<td>$96,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>TOUR SEKY</td>
<td>$700,000</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>SKED</td>
<td>$0</td>
<td>$11,000,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$173,700,000</td>
<td>$63,000,000</td>
</tr>
</tbody>
</table>

| For Profit Companies          |          |                          |       |                                        |                      |
| Outdoor Venture Corp.         | $21,400,000 | $149,000,000 | $170,400,000 | $10,100 | $1,400,000 |
| Phoenix Products, Inc.        | $10,100,000 | $12,900,000 | $23,000,000 | $6,000 | $513,000 |
| Senture, LLC                  | $0 | $0 | $0 | $4,200 | $585,550 |
| Boneal, Inc.                  | $5,000,000 | $29,000,000 | $34,000,000 | $1,500 | - |
| Lee's Ford Dock, Inc.         | $500,000 | $516,384 | $1,016,384 | $3,000 | $70,000 |
| **Total:**                   | $36,500,000 | $190,900,000 | $227,400,000 | $24,800 | $2,568,550 |

| Kentucky Highlands Investment Corporation |          |                          |       |                                        |                      |
| KHIC                           | $500,000 | $16,900,000 | $17,400,000 | $14,000 | - |