

Company denies it tried to influence Birmingham City Council members with offer to pay for interviews

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By **Joseph D. Bryant -- The Birmingham News**



Lashunda Scales: Birmingham councilwoman says she's still suspicious of an email she received Tuesday.

BIRMINGHAM, Ala. -- A lawyer representing a New York-based research company that **had offered to pay Birmingham City Council members for interviews about payday lending issues** denied this afternoon any involvement with payday lending companies or any effort to influence government officials.

Guidepoint Global released its statement a day after questions arose over the source, intent and legality of emails sent by the company to council members Kim Rafferty and Lashunda Scales, seeking information on **a proposed moratorium on payday lending.**

"Guidepoint Global does not work for and is in no way connected with the payday lending industry or any short-term loan company," wrote Birmingham lawyer Sam Franklin, who was retained by the company.

"Guidepoint Global is a research firm that connects its clients, who are primarily institutional investment groups and other asset management firms, with third-party subject matter experts for research consultations," Franklin's statement read. "Guidepoint Global has never been involved in any effort to lobby or influence government officials in any manner."

Scales and Rafferty said they received the email Tuesday, the same day the council began considering a proposed moratorium on payday loan, check cashing and title pawn businesses.

In that email, a Guidepoint Global senior recruiting project manager said his company had clients who wanted to consult with people familiar with the city's political climate.

"Typically compensation is between 400-500 US Dollars an hour," the email read.

Alabama Ethics Commission Director Jim Sumner, who reviewed a copy of the email Wednesday, said it presented a clear conflict of interest for public officials.

To underscore the point that the company did not intend to influence the council members, Franklin referred to a section on Guidepoint's website that specifically addresses public employees and potential conflicts. The rules disqualify any employee whose jurisdiction prohibits participation in outside consulting projects.

"Otherwise, if you are a government employee, you agree not to consult about matters presently regulated by the agency or department in which you are employed," the section reads. "Furthermore, you agree not to consult about any legislation, regulation, or policy that you are in a position to vote upon or otherwise influence, and you agree not to give or receive any item of value from or to another person or entity for the purpose of seeking influence or for any other improper purpose."

Representatives for local payday lending businesses also restated this evening their denial of connection to the email or the solicitation.

"We are pleased that Guidepoint has stepped forward to clear up these unfounded accusations against the short term lending industry," wrote Charles Hunter, spokesman for Borrow Smart Alabama, the industry's trade association. "We hope that members of the City Council will take a step back and consider that many of the accusations made against the industry over the course of the last few days are not based in reality. The reality is that the cash advance industry is comprised primarily of small business owners who are law-abiding, church-going Alabama citizens offering a needed service to the community."

Scales, who proposed a citywide moratorium on licensing such businesses, remained skeptical in spite of the denials today. She said the timing of the email and offering of payment the same day the issue was under consideration was too much of a coincidence.

"The email that was accessed was a government email address. There's no way that it could have been misunderstood as to where you were sending the email because it had to be accessed via the city's website," Scales said. "I'm inclined to believe that now that the media has gotten a copy of this information is the reason why a lawyer has been retained for this company and the allegations are denied."

Rafferty also expressed skepticism, saying the email was a clear violation of even the company's policies.

"Why did the council receive this? They're breaking the very protocol they say we have to follow on their website by appealing to city councilors to comment on an issue such as this for pay," she said. "All of their protests and all of their attorneys make me very suspicious of the situation."

The council **will revisit the proposed moratorium in three weeks.**

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