

ROLL CALL

Big-Firm Lobby Revenues Fall

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The biggest players in the Washington lobbying business stumbled in the first half of 2004 as lawmakers shifted their attention away from legislation on Capitol Hill and toward re-election campaigns across the country.

In the first half of the year, the 10 largest lobbying firms on K Street saw a rare decline in business, according to a semiannual survey of lobbying revenues conducted by Roll Call. In all, the top 10 reported a 1 percent drop in total lobbying receipts to \$100.7 million.

The income picture appears somewhat brighter once more mid-sized firms are taken into account. The 25 biggest lobbying firms in Washington grew by an average of 8 percent — a healthy increase, though still below the 15 percent annual growth rate that many on K Street have grown to expect.

Lobbyists blamed the lackluster results on the presidential election. Typically, Congress shies away from enacting major laws during a presidential race. Hard votes are always seen as risky during election years, and both Republicans and Democrats tend to spend more of their time during the session trying to score political points with voters.

"Not a lot of stuff gets done in an election year," said John Raffaelli, the managing partner at the Washington Group. "In a presidential election year, you try to hold your own and hope you have picked up 5 percent growth."

Still, this year appears to be worse than others. K Street's top 10 firms saw business rise 19 percent between the first half of 1999 and the first half of 2000 — the last presidential election year, according to figures compiled by the nonprofit PoliticalMoneyLine.

This year, half of the top 10 lobbying firms saw a decline in lobbying revenues, led by Greenberg Traurig, which saw lobbying revenues sliced in half after federal investigators began looking into the million-dollar contracts signed by its former star lobbyist, Jack Abramoff.

Greenberg Traurig reported \$7 million in lobbying revenue in the first half of the year, down sharply from the \$13.8 million reported for the first half of 2003.

Other major firms that reported a drop in lobbying revenue include No. 3 Cassidy & Associates (-5 percent), No. 5 Piper Rudnick (-5 percent), No. 6 Williams & Jensen (-3 percent) and No. 9 Hogan & Hartson (-1 percent).

The rankings were assembled by obtaining the revenue numbers reported to Congress by each lobbying firm under the Lobbying Disclosure Act. Most of these figures were obtained directly from the firms after they had filed their forms, but before the figures were published by the House and Senate.

To come up with the final list of 25 biggest firms, Roll Call obtained figures from firms that reported revenues in excess of \$2 million during the second half of 2003 — about 65 firms in all.

Even in a presidential election year, it's possible to find individual success stories.

Akin Gump Strauss Hauer & Feld LLP became the second-largest lobbying firm in Washington for the first time, posting \$13.8 million in lobbying revenues during the period. That's a 5 percent increase over the first half of 2003.

Akin Gump surpassed Cassidy & Associates, which had been the top-earning firm on K Street until it was surpassed by No. 1 Patton Boggs last year.

The Dutko Group shot into the Top 10 for the first time in years, ending up at No. 7. The firm boosted lobbying revenues 69 percent to \$8.6 million in the first half of 2004.

"Needless to say, we are thrilled," said Steve Perry, vice chairman of the firm.

Mark Irion, Dutko's chief executive officer, credited much of the climb to a newly created global-markets practice that helps foreign-based clients in Washington and assists North American businesses in building relationships overseas.

"We are getting the bigger, more important assignments," Irion said. "We have on average 15 clients more per month at somewhat higher fees than last year."

Dutko was ranked No. 13 with \$5.1 million in revenues during the first six months of 2003, according to PoliticalMoneyLine.

Barbour Griffith & Rogers joined Dutko in jumping back into the top 10 after a brief absence.

Even as founding partner Haley Barbour was sworn in as governor of Mississippi — necessitating his departure from the firm — Barbour Griffith added \$1.1 million in revenue and climbed into the No. 10 position. Last year, it was ranked No. 12.

The Republicans-only firm recorded its "best quarter of growth in the firm's history," said Vice President Loren Monroe. The firm re-signed nearly every client after Barbour left Washington, he said.

"With Republicans expected to maintain control of both Houses of Congress and the re-election of President Bush, we are confident our all-Republican lobbying firm will continue to help clients achieve the results they seek in Washington and state capitals," Monroe said.

Another all-GOP firm boasted the highest percentage growth of any large lobbying firm in Washington, thanks to a strategic merger.

By merging with lobbyist Wayne Berman earlier this year, the Federalist Group more than doubled its lobbying revenues to \$5.8 million — enough to earn it the No. 16 spot in the rankings.

After the first half of 2003, the Federalist Group was ranked No. 47, followed by Berman Enterprises at No. 281, according to PoliticalMoneyLine.

Several other firms saw revenues grow significantly during the period including: No. 15 PodestaMattoon (+51 percent), No. 18 Mayer Brown Rowe & Maw LLP (+64 percent), No. 19 the Carmen Group (+24 percent) and No. 23 the Livingston Group (+87 percent).

In all, the 25 largest lobbying firms reported \$180.6 million in lobbying revenues in the first half of 2003, an 8 percent increase over the first half of 2002.

That's a sharp decrease from the growth rates of the 25 largest firms in 2002 and 2003 when they increased 15 percent and 16 percent, respectively.

The growth picture is only expected to get worse this fall as Congress leaves Washington to campaign.

"Historically, in a presidential election year, we have seen that our lobbying revenues drop off in the second half of the year," said Missi Tessier of Podesta Mattoon.

"I suspect there might be a little fall off around the election," said Piper Rudnick's John Merrigan. "But I expect next year to be a heavier year for everybody."

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