

Clay Jackson

**Lobbying: The Fall and After  
Part 2**

**Oral History: Clay Jackson  
Sacramento Lobbyist**

**Interviewed by Sigrid Bathen  
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Bathen: You were at the pinnacle of your profession in the late 1980s, when the early so-called FBI sting investigations hit the state capital. Legislative offices were raided in 1988 and multiple legislators and staffers were ultimately convicted. Arrests continued for several years and some defendants cooperated with authorities in return for lighter sentences. You were indicted in February 1993, and then tried and ultimately convicted in December 1993.

Jackson: And they raided my office in 1991.

Bathen: Right, on federal racketeering, conspiracy and mail fraud charges, largely on the basis of wiretapped conversations with a legislator, Senator Alan Robbins, who had also been indicted and agreed to wear a wire to record you, a series of conversations in 1991, in return for a lighter sentence. You're the only lobbyist among the 14 sting convictions. You served six and a half years, one of the longest sentences. Describe your reaction when you learned of the indictment and when you learned that your offices were being raided.

Jackson: My real reaction occurred when my office was raided, because they waited until I was in LA. I was down in LA that day, attending a board meeting of an insurance company of which I was the general counsel. And I got a call in the afternoon during the course of the board meeting from my office up in Sacramento in a panic, said the FBI was raiding me. And I went into a panic, and why in the world is this going on? And I wasn't about to tell anybody in the board meeting, and so I checked out of the board meeting mentally and tried to figure out what was happening, and I couldn't do it. So when the board meeting was over, I told the CEO, who was the chairman of the board, what had happened. And then all of a sudden it hit me: I wonder if this is Alan Robbins, because he had already been convicted or indicted or whatever. He was already out in the open as being attacked by the federal government.

So I placed a call to his district office, and nobody answered. It was in the middle of the afternoon, and I knew that when a member's office doesn't answer in the middle of the afternoon in the middle of the week, something's going on. And right then I knew. And then I started thinking about all the conversations he had had with me trying to shake me down, and I said, "This has got to be it."

Bathen: The Robbins tapes were played during your trial in U.S. District Court in Sacramento. How did you feel, and I know this is difficult to talk about, when you heard about and had to listen to those tapes?

Jackson: Well, we had obtained those tapes through discovery...

Bathen: Right.

Jackson: So I had heard them the first time when we first got them. And I have to say when I got ready for trial, I came up here to Sacramento six months before the trial, and I got an apartment and I sat in that apartment and got prepared. I listened to those tapes six times over.

Bathen: That must have been painful.

Jackson: It was difficult rather than painful, because listening to yourself saying things, and what you had to do was listen for things that weren't there because I knew there were a lot of things that weren't there. For example, when Robbins first started this, he called me, and I was on my way up to Sacramento from San Francisco, and he said he wanted to meet at the El Rancho Hotel, which was a place where, sort of like Frank Fat's for the prior generation. And it was still used somewhat for legislative meetings, and some members stayed over there and so forth. I hadn't been over there on business with a legislator, sure, out having dinner or something, yes, but not on business ever. So we're having breakfast, and that's where he shook me down. That wasn't on tape, and I kept looking for that. Once I knew that was missing, then I knew there would be other things missing.

So that's why I listened for six times, trying to find out what was missing, what was ejected. Eventually, we found out that the first two tapes were taken according to FBI procedure. They were transmitted so they came right off a transmitter on his body right out to the FBI recordings. After that, all the tapes were taken by Alan Robbins who had an on/off switch in his pocket, which is contrary to FBI procedure, was then anyway. And there was all sorts of things that we're missing off of them, and that's what I was looking for to see if there were little bits and pieces of it that I could connect, we could do cross examination, that sort of thing.

As to the original reaction when I first heard the tapes, it was embarrassing because they were just normal conversations. I knew Alan Robbins. I've known Alan Robbins since he was elected. He was a crook. Everybody knew that. But I had spent years when Jim Mills was Pro Tem of the Senate, urging Jim to keep him off finance and insurance committees because the last thing he needed was a guy like that shaking down the banks and insurance companies of the state, and he did. But when the Senate revolted and David Roberti took over; in a caucus, when there's a revolt, the successful candidate, or the unsuccessful one, tries to build his majority out of his loyalists, out of the ne'er-do-wells, and out of all the new people. And Alan Robbins was one of the ne'er-do-wells, and so he was on David's team. And the last thing I could afford to do if David's going to put him on there is have David tell him that I was trying to keep him off the very position that he was going to be in. So I didn't talk to David about that.

Bathen: So chair of the Insurance Committee.

Jackson: Right. So what I did is, I went and talked to a number of my friends which was common in those days in dealing with crooks in the legislative body, and made sure that the people on the committee, the other members on the committee, had enough votes to outvote him if he ever tried anything, and that worked for a long time.

Bathen: You say Alan Robbins was a crook. I mean, he was convicted, served a lesser term than you did. You served one of the longest terms. And did the FBI come back to talk to you after you

were convicted?

Jackson: Well, they asked to. Unless there's an open investigation, the FBI can't come into a federal prison and start talking to people. And there was no open investigation on me, so all they could do was ask. They did that twice, I said no.

Bathen: What were they asking?

Jackson: You don't know 'cause all you do is talk to the prison people.

Bathen: OK. But it's unusual.

Jackson: It is unusual.

Bathen: OK. And you mentioned Robbins having an unsavory reputation in the Legislature, particularly among women working in the Capitol long before the Me Too Movement, which is very current today. Was that an issue then? I mean, he was on trial at one point in 1981, a 36-day trial for underage sex with a couple of young women he had met, 16-year-olds he had met at the Capitol.

Jackson: Right.

Bathen: He was acquitted after a 36-day trial, but it was generally known.

Jackson: He was. He was known for that sort of thing. I mean, it was just... But it was the Legislature, there was a lot of things going on that shouldn't have gone on then of that ilk, not maybe as bad as him. But when Robbins was elected, he was elected to his seat, it was the seat of Tom Carroll, who was a senator from San Fernando Valley, and Tom was getting old and ill, and he died a couple of years later. And he came in, and he was a young guy, and there were no young guys in the Senate. I think he was 36. And there was no young guys in the high-powered end of the lobbying business, except for me and Mike Allen. And here he was, they put him on my committee, the insurance committee. So I talked to Dave Oliver and he says, "You're going to have to go on to meet him." And I said, "Yeah, but." My answer is every member has a vote. You have to talk to every member unless it's impossible. And if the member is a crook, you have to figure out how to get away from their grasp. So in my career, I lobbied every member that was elected save four, and those four were all ideologues. Tom Hayden was an example. People you knew that whatever you said wouldn't impact them one way or another. So I started talking to Robbins and that's how I got to know him.

Bathen: Your arrest and trial were heavily covered by major media although you had long avoided such contact with reporters and rarely granted interviews despite your high profile. Why did you, do you, prefer to avoid media coverage?

Jackson: Well, in those days, it was the end of the era of the beat reporter, people with deep knowledge of the generic area, which everybody is operating in subject to press interest. And many of the reporters didn't really understand what was happening, and if you tried to talk to them, they didn't get it.

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Bathen: Well, many reporters who covered the sting trials were political reporters, primarily...

Jackson: Right.

Bathen: With some legal background.

Jackson: We had a person, the press person that was ours that sat in the press pool during that trial, who reported back to us every day what the reaction of the press guys were. So we had a fair idea what they were thinking.

Bathen: Someone posing as a reporter?

Jackson: It was a person with real press credentials.

Bathen: OK, but was employed by your lawyer.

Jackson: No, they did this as a favor to me.

Bathen: OK. I'm not going to ask who that was, but...

Jackson: I wouldn't tell you.

Bathen: OK. [chuckle]

Jackson: The interesting thing was, what he reported to me in the beginning, most of them thought I was guilty, and at the end, most of them thought the exact opposite.

Bathen: But you were convicted.

Jackson: But I was convicted. Press doesn't vote when you get convicted.

Bathen: Without discussing all the legalities of the case at this late juncture, did you feel singled out as the biggest fish in the pond? Some political observers said privately, some publicly, that the conduct described in your prosecution was commonplace, part of the daily give and take of political discussion. But there was no actual bribe.

Jackson: No, there was no actual bribe. What there was, was me trying to, in the vernacular, "shuck and jive" Robbins until the Legislature would close down and get rid of him. All the techniques that you use to stay away from dishonest legislators in the past, were because of the change of politics and the change of the personnel in the Legislature pretty much disappearing. I mean, the last vigorous one was you talk to senior members, particularly of the Senate, and they'd go see the person who was giving you trouble and get him to knock it off. But when those kind of defenses go away, you're off on your own. In this battle, that the sting tape occurred over, was over the destruction of the California worker's comp industry. My partner, Joe Barish, told me it was my downfall that I should have cared so much for the worker's comp industry, but I couldn't help it, I did. I mean, it was a huge industry. This was one of the three major insurance centers in the United States, and it was all destroyed, all of it. Within two years after I was convicted, the entire industry was gone from California.

Bathen: With what results?

Jackson: The insurance now is all provided by people that California doesn't have any control over because they're headquartered in Chicago, New England, and New York, and places in the South.

Bathen: And what does that mean for people who are injured?

Jackson: How do you regulate them? I mean, all the bodies out here, the people... We used to have these regulatory and industry bodies. The people who used to sit in those chairs were CEOs, executive VPs, general counsels, and now you have assistant VPs, because the guy in Chicago doesn't really care about some regulation thing here going on in California.

Bathen: So what happens to the people who need worker's compensation who apply for it?

Jackson: Well, it all went to hell in a hand basket until the State Chamber of Commerce reorganized itself and got Arnold (Schwarzenegger) to help him pass a bill and fix it. But there was all kinds of disasters that went on. And I used to work a hand in glove with Jack Henning, the head of the AFL-CIO, trying to do something, and it got to a point where even Jack couldn't get anything done. And so the system just broke down, and that's what I'm afraid is going to happen with the fire insurance, because we don't have a system where people are interested in finding out how do you fix the fire insurance system?

Bathen: Or the health insurance system.

Jackson: Or the health insurance system. We just have to deliver something for our constituents. I mean, some things you can't deliver, some things you have to fix.

Bathen: And that requires legislative action.

Jackson: It does. It requires governance.

Bathen: Governance. You lost your case on appeal, although some say there might be a different result today based on current law following the unanimous recent US Supreme Court decision overturning the conviction of Virginia Governor Robert McDonnell in an alleged political corruption case. According to the Washington Post report, that decision, "Will significantly limit prosecutor's ability to bring cases against politicians suspected of malfeasance." Whether it would apply to lobbyists is unclear, but do you think it would have changed the result? This is 20/20 hindsight.

Jackson: Well, the legal theory will. The question is whether the courts allow that to happen. If you go back to when we were kids, you had people on the Supreme Court like Black, who had been a United States senator. The advantage of having people like that on the United States Supreme Court as opposed to everybody having come from Ivy League colleges, many of whom never really practiced law, is monumental for interest in cases like this. For example, how do you tell what's legitimate financial transaction in the political system? Only if you're in the political system do you understand that, and then hopefully that gets entombed in some sort of regulatory or judicial policy. You can't make it up as you go along, which is what they did in the McDonnell case. There's no

specialization in the Department of Justice, so you really don't have any for this kind of stuff. There is for counter-terrorism and that sort of thing, but for this kind of stuff, you don't have people **who** understand what goes on in the political system, so how can you know what's legal or not legal when you get around the edges of something like this? There was no money in my case. It was just a guy asking me for a bribe and I said, "Sure. I'll talk to Fred about it."

Bathen: A bribe in terms of a campaign contribution.

Jackson: That's what he wanted.

Bathen: Yeah. This oral history is the first interview you've granted since 1995, when I interviewed you at Nellis Federal Prison Camp near Las Vegas for a lengthy article in the California Journal. You had lost 100 pounds, were working as a law clerk at the prison, and working on an MBA, which you completed. You had just lost your appeal. You seemed at peace with your largely, sharply reduced circumstances, if not contrite. Describe your time in prison, its effect on your life, your family, how you survived it, what you learned.

Jackson: Well, when all this happened to me, I knew that if I didn't get rid of this charge, my life as I knew it would be over because I would lose my law degree, I'd be practically prohibited from lobbying...

Bathen: You don't lose your law degree, do you? You lose your Bar license.

Jackson: Pardon, my law license, that's correct. You're right, I lose my Bar license. I would lose my ability to lobby. And more importantly, there's so many statutes around, so you've been convicted of anything, you can't do this, that, or the other thing. And in the insurance business, like there is in the banking business, there's a statute that says if you've been accused, blah, blah, blah, convicted of felonies, you can't work in that business, you can't be employed in that business. But I had such a high profile case; I talked to a number of insurance people, I said, "How about an independent contractor? That's not within terms of the statute." "But yet you are, because you're too high profile." So I had to start all over again.

And fortunately, for me, when I came back to San Francisco, the place had had a facelift. I didn't recognize the corporate world at all because the corporate headquarters were all gone, it was all replaced by IT. Fortunately for me, however, the IT people were all young, they knew all about IT, they didn't know anything about all these other things you have to do to have a corporation, or to have a business, which I did. And so I built a consulting practice based on that, and that flourished pretty well until the dot.com bubble, and that blew up about half these companies. And fortunately, I had a friend who had a software company up in Grass Valley, then he hired me to be his COO, and that saved my bacon. So I went up there, I drove up here, and every morning, stayed with my lady friend in Sacramento, and then on Thursday or Fridays, I came back down here, and I did that for two years until I couldn't stand it anymore.

And then Mike Allen set up a software company. He'd been in that business. He quit the lobbying business when he saw what they did to me. He had a software company, which he sold. He and I set up another software company to do industrial safety software for worker's compensation for large employers and state funds and the like, and off we went.

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Bathen: You had a lot of supporters during your trial and your incarceration. There was a newsletter, there was fundraising, a legal defense fund. What did that mean in terms of your relationships, your friendships with colleagues from before you were convicted? Did people just take off or were they still...

Jackson: Well, some people take off and some people don't. It's a very interesting experience. You can read about it in other people's books, the people that stick with you sometimes surprise you, and the people who leave you sometimes surprise you. Mostly, I wasn't surprised. The people that left were people from the political world. Well, you'd expect that. Here I'm charged with a felony, I get convicted. It's dangerous for anybody around the political world to be in the environment that we were developing to be around me. So that I understood. Some didn't.

Bathen: Ed Davis?

Jackson: Yeah, Ed Davis, Nick Petris, all my good friends didn't. And when I was first incarcerated, it was down in Dublin in East Bay, and then Nick used to come down once a month and come down and flash his card as my lawyer, 'cause he still practiced law, and he'd come in and he'd bring in books for me to read. And in those days, you met with your lawyer in the prison library, so I stick them on the shelf. And we sit and talk for a couple hours and he'd go home, and after dinner, I'd come back and get the books and bring them back to my bunk. And there was... A lot of guys came down to see me. I mean, Clint Reilly came down a half a dozen times to see me in the visiting room. I had a lot of visitors. Their limit, I think it was 12, but I had visitors almost every... 12 people every other weekend. I had visitors almost... Loaded up every time I had a visiting day. So...

Bathen: Several other lawyers **were** serving time at Nellis at that time, and **you** sort of created your little law firm inside the prison, and advised other inmates on their cases, did some legal research, with some success. How was that regarded by the prison administration?

Jackson: They didn't mind that. The prison people only cared about that you shouldn't attack them and their enterprise, but to exercise your rights as long as you played it fair and square, it didn't bother them. We had six guys, we called our law firm down there. We overturned two convictions and cut 12 sentences back, and finally, the DOJ in DC traced us back and blew us up. [chuckle]

Bathen: So what did they have you doing after that?

Jackson: I used to go out on the air base, like all the other inmates...

Bathen: Nellis is also an Air Force base.

Jackson: Yeah, that's the big fighter defense Air Force base for the southwest of America. So I was at the Thunder Birds, which is the Air Force equivalent of the Navy, the blue planes...

Bathen: The Blue Angels.

Jackson: Blue Angels. Then I also worked at a squad bay for A-10 Warthog squadron, that's the combat support plane.

Bathen: So the prison, it was a white-collar prison essentially, quite a few drug defendants, I guess,

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high-level drug defendants, but it was a small part of the Air Force Base.

Jackson: I was... We didn't know this until later, but in the back was a munitions bunker; it's where they stored everything from regular bombs and nuclear weapons.

Bathen: Oh.

Jackson: And we were in old barracks left over from the World War, and then down in front of us was the regular Air Force Base, and that's where you're allowed to go to school if you wanted to.

Bathen: Well, you've got an MBA. Did they allow you to use computers?

Jackson: No. They allowed... These were in the days when the military started requiring people who wanted to climb the ladder in terms of promotions, had to have advanced degrees. So we were there with the captains and the majors getting advanced degrees. And the group we were in, there was 12 Air Force officers plus me and a guy by the name of Dave. Dave was a guy, was in for a drug charge, but he owned a frozen food company in Long Beach and I was me.

Bathen: What was Dave getting?

Jackson: Dave had about five years.

Bathen: No, no, I mean what was...

Jackson: Oh, he got an MBA also.

Bathen: He also got an MBA. OK. All right. Before we leave the prison environment, what did you learn about the federal prison system from the inmate's point of view?

Jackson: Well, the federal system is a lot different than... The citizen's understanding of prisons is basically it comes out of the state and local system, it often comes off of TV. It really isn't relevant to the federal system. The federal system is a lot cleaner. They spend more money on it. But the behavior of the people isn't much different. There are still guards' beatings and all that sort of stuff, even in camps. It's an ugly system. The difficulty with being in prison is not all the things you hear about, it's not seeing Bubba in the showers and all that stuff, which mostly doesn't happen. What it is, it's the isolation. You're isolated from everybody you care about, except maybe at visiting time, and those people on the outside do not understand what's going on, what's happening to you, and they think the worst. And of course, the worst is not happening to you, at least if you use your head.

Bathen: If you use your head, in what way?

Jackson: Well, I mean, don't get into fights, don't pick on some guy if you're 5-foot-6 and he's 6-foot-8. Somebody tells you "Stand on this side of the line," and he's wearing a gun, stand on that side of the line. Just common sense stuff.

Bathen: You're close to your family, your brother and sister and your parents, who still lived where you grew up in Garden Grove, and it was very difficult for your parents to get to Nellis. It was easier for them to get to Dublin. And your dad died while you were in prison. Were you allowed to

leave?

Jackson: They give you a choice between whether you want to spend, what they call "last days", or go to the funeral. And after consulting with my mother, I decided to go to the funeral, which respected him, but also dealt with the family.

Bathen: How did your arrest and conviction affect your family?

Jackson: I really don't know how to answer that question. We have a pretty tough family. We've been through a lot of things together and apart. Our families, both sides of our family, have been in this country for a very long time, and been through a lot of really tough stuff. So everybody took it for what it was worth.

Bathen: Your sister, Carol Pfeiffer, ran the Legal Defense Fund and published the newsletter while you were in prison. Yeah.

Jackson: Right, she did. She had help from some of my junior lawyers.

Bathen: OK. Financially, it also affected you and...

Jackson: It wiped me out. I spent over \$2 million on lawyers.

Bathen: Wow.

Jackson: And I had Don Heller in trial. On appeal, I had Dennis Riordan and Mike Tigar and Robert Bork. And then when we went up for Cert, to the Supreme Court, it was Tigar and Bork, none of that stuff was... I mean Tigar and Riordan, none of that stuff was cheap.

Bathen: Yes.

Jackson: And the money that came from the fundraising, that helped out. And then one of my friends who was in the political business put a big chunk of money in to pay for a brief once.

Bathen: You also... You lived in San Francisco when you were not in Sacramento, during your lobbying days, but you were a member of... You were very interested in sailing and San Francisco Yacht Club, I believe.

Jackson: I always had a lot of hobbies. I mean, a lot of people in the political world didn't really know me, because I did what I did. I did the things I was interested in. I raced yachts for 30 years **all** over the world. When they did this to me, I had four of them myself. I had season tickets to the opera and symphony for a very long time. I had a 15,000-book library, which I still have, although it's all boxed up 'cause I have no place to put it. [chuckle] And I'm a city person as well, so I like the culture and the activities of cities and the people you meet in them and so forth.

Bathen: You still live in the Bay Area and you still have a very active life.

Jackson: I do. I live in Marin County, where I've lived for a long time, and I have a lot of friends and... One of my hobbies is cooking, and so I have a dinner party at my house about once a month.

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In fact, I just had one right before Labor Day.

Bathen: Right after you were released, there was a release party at the Bankers Club on top of the 51-story B of A building in San Francisco, right?

Jackson: Yeah, so...

Bathen: How many people came to that?

Jackson: Over 200. It was put on by a friend of mine whose family owned an insurance company, and I had been their general counsel once. So he put this whole thing together, and then everybody paid a little bit to go to the thing. And it was in the boardroom of the Bank of America, with over 200 people. We had a good time that night.

Bathen: Yeah. So your life has changed, but not in many substantive ways. Are you bitter or...

Jackson: Oh, I mean, if I was to dwell on this, I could get mad.

Bathen: Yeah.

Jackson: But I don't dwell on it, and I go about my affairs and I have a good time with life, as good as you can have when you're 75. And I can honestly say, at the end of it, would you do anything different? I've thought about this a lot, starting when I was in jail, and the answer is no, I wouldn't, because a lot of people, including a lot of my friends, find that to be odd, and I explain it this way: Number one, I was committed to the insurance industry, I had worked for those people, I knew that industry inside out, the families, the executives, I knew what they did and so forth, and I knew what was going to happen, if what happened happened. Secondly, I could have pled or something like that, but that wouldn't stop... That still wouldn't have stopped me from being prohibited to be a lawyer or a lobbyist.

Bathen: What kind of a plea agreements did they offer you?

Jackson: They didn't. The only thing... My trial counsel asked them once right before a trial, and they said, "Well, certainly, you have to get as much as Robbins." And that was just a question, it wasn't a part of any strategy.

Bathen: So you would have had to provide information on...

Jackson: Presumably, and I would have gotten at least five years. Well, what the hell, I got six and a half technically, and I only served five and a half 'cause that's the federal system. If you don't get into trouble during the prison, you get up to 15 percent of your time reduced.

Bathen: And Robbins didn't lose his real estate license or his real estate fortune.

Jackson: No, he didn't. He kept \$25 million, and he only served a year and a half in jail. For that they took him out and kept him in hotel rooms and so forth, and he's traveled around as a sort of a witness for them.

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Bathen: So when you come back to Sacramento, do you come back often or is this...

Jackson: Well, I probably come back three or four times a year, always to see friends.

Bathen: Mm-hmm. You don't go to the Capitol?

Jackson: No.

Bathen: OK.

Jackson: Sometimes I'll go to funerals, 'cause it's that time.

Bathen: OK. Thank you very much for...

Jackson: My pleasure.

Bathen: Making the trip and for sharing all of this great information. Thanks very much.

Jackson: You betcha

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