

Antonia Hover

From: Office of Commissioner Passidomo
Sent: Wednesday, July 27, 2022 9:41 AM
To: Commissioner Correspondence
Subject: Docket No. 20210015
Attachments: Powerbrokers How FPL secretly took over a Florida news site and used it to bash critics

Please place the attached in Docket No. 20210015.

Thank you!

Antonia Hover

From: Sarah Ward <rahward3@gmail.com>
Sent: Tuesday, July 26, 2022 5:46 PM
To: Sarah Ward
Subject: Powerbrokers: How FPL secretly took over a Florida news site and used it to bash critics

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Powerbrokers: How FPL secretly took over a Florida news site and used it to bash critics

BY SARAH BLASKEY

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When Florida Power & Light faced a spate of bad publicity and political blowback, a small but ambitious news website called the Capitolist sprang to the public utility's defense.

Taking aim at foes of FPL's proposed rate hikes and controversial attempts to buy Jacksonville's public utility, the Capitolist savaged the critics, impugning their motives and suggesting they were part of "dark money" schemes.

"Documents suggest Florida's largest companies are secretly sabotaging effort to protect power lines from hurricane damage," declared the headline of one such article from 2019.

Behind the scenes, FPL executives were back-slapping.

Unbeknownst to readers, the article — which promoted legislation to reimburse the multibillion-dollar utility for undergrounding power lines — wasn't published simply because the Capitolist was staunchly conservative and pro-business as editor Brian Burgess had proudly announced when he founded the publication in 2016.

The article was written after the FPL president and CEO, Eric Silagy, made clear he wanted it. And, as it happened, Silagy was secretly running things at the Capitolist.

While portraying itself as a feisty independent outlet, the Capitolist — which aims its content directly at Tallahassee decision makers — was bankrolled and controlled by executives of the power company through a small group of trusted intermediaries from an Alabama consulting firm, according to an investigation by the Miami Herald, based on a massive leak of documents.

The internal communications, contracts and financial records show how a team of elite communications experts consulting for FPL plucked the Capitolist from obscurity and used it as part of an elaborate, off-the-books political strategy to advocate for rate hikes, agitate for legislative favors, slam political opponents and eliminate anything — even home solar panels — that the publicly traded utility worried might undermine its near monopoly on selling power in the Sunshine State.

Never was it revealed that the Capitolist was actually a megaphone for FPL. The records, along with recent reporting by the Orlando Sentinel and Florida Times-Union on FPL setting up secret daisy chains of nonprofits

to funnel money to candidates and hire private investigators to tail reporters, highlight the extremes to which FPL will go to play kingmaker in Florida.

Hundreds of thousands of dollars in operating expenses — including Burgess' \$12,000-per-month paycheck — were funneled into the Capitolist through a network of shell companies backed by FPL, financial records and internal communications dated as early as January 2018 show.

Articles were pre-screened by a group of private communications experts consulting for FPL — a group Burgess once referred to in an email as “the whole Ed Board.”

Text messages and emails show how FPL executives maneuvered behind the scenes at the Capitolist to settle scores and bend the will of regulators, politicians and the public.

Just three days before the 2018 election, the vice president of state legislative affairs at FPL, Daniel Martell, ordered a hit piece about the Democratic candidate for governor, Andrew Gillum, who was running neck and neck with Ron DeSantis.

In a text to the consultants, the FPL executive said he wanted a story that Gillum had neglected his mayoral responsibilities, proposing the following narrative: “Since the primary xxx shootings have happened in Tallahassee.”

Less than three hours later, the Capitolist had a story up. The second sentence called out “a crime wave of murders, robberies and shootings in Tallahassee...”

“Promote the @&,\$&!!! Out of this,” Martell ordered.

Each day's news also presented more subtle opportunities.

Cellphone outages after a hurricane in the Panhandle offered an opening for the Capitolist to highlight “one more very pointed reason not to deregulate,” according to a written suggestion from FPL executives to one of the consultants. FPL favors regulations that keep competition out of the market.

The Capitolist ran with it, publishing a story the following week headlined: “Can you hear me now? Verizon hurricane troubles underscore danger of deregulating power companies.”

What the Capitolist provided was more effective than traditional PR, but it was tricky business, Burgess said in a 2020 email to his FPL-backed boss, “because ‘media’ is supposed to be ‘objective’ and pay to play is ‘icky’ to the larger corporations. They definitely don't want it known they were engaged in that sort of behavior.”

The value came from FPL's ability to use the Capitolist to shape the narrative through news coverage without anyone knowing who was behind the messaging.

So, Burgess concluded, it was important to look like “we're legit.”

While most news organizations have some corporate sponsors, what makes the Capitolist unusual is the level of editorial control wielded by FPL and the lengths to which the publication went to cover it up, said Stephen Ward, founder of the Center for Journalism Ethics at the University of Wisconsin-Madison.

“It's not just media ethics here. It's plain old morality. You're just plain old lying to people,” Ward said after the Herald shared some of the contents of the leak. “All these emails are saying ‘how do we dupe these people into believing us?’ ”

The plan to surreptitiously take over the Capitolist centered on Matrix, a Montgomery-based political consulting firm that employed the intermediaries between FPL executives and the Capitolist. Those intermediaries, led by then-CEO Jeff Pitts, established a tangle of shell companies that obscured operations it ran for FPL and others.

Financial records show at least three of them concealed the power company's involvement in the Capitolist. There was Metis Group, which a ledger shows funneled FPL money to the publication starting in 2018, and SUN Marketing & Advertising, which was funded by an FPL wire transfer and paid the salary of Tim Fitzpatrick, a former FPL executive brought in by Matrix to manage Burgess and oversee the operation.

A third company, Vision Insight Holdings, was incorporated in August 2020 "to operate media properties that focus on telling stories completely and fairly," according to an internal strategy report. Its 2021 priority was the Capitolist, to which Vision Insight paid \$200,000 that year, bank statements show.

When presented with the Herald's reporting, Burgess and representatives for FPL provided statements to the Herald but refused to answer specific questions.

"While it would be perfectly legal, FPL does not have an ownership interest in the Capitolist — either directly or indirectly," FPL spokesperson Chris McGrath said in a statement to the Herald. "We also do not have editorial control over what the Capitolist writes or publishes."

When presented with copies of the documents, McGrath suggested some had been "doctored" but refused to say which. Burgess also said the records contained "fundamental errors or omissions that paint a wildly inaccurate picture of the Capitolist and its operations," again without providing specifics.

The nearly 500 documents leaked anonymously to the Herald appear to be from a hard-drive at Matrix, which confirmed the authenticity of the records. Where possible, the Herald cross-referenced them with other publicly available documents.

Matrix owner Joe Perkins said he was unaware of his former employees' work with the Capitolist until after Pitts and his team left to start a competing communications firm, Canopy Partners, at the end of 2020.

"Matrix was not involved in any way at all with the purchase or operation of the Capitolist," said Perkins, who is suing his former employees in Alabama. Pitts, in turn, is suing Perkins in Florida for defamation, alleging his former employer threatened to leak documents to ruin his reputation and harm his business.

John Collins, a representative for Pitts and Canopy Partners, declined to answer questions, but said the documents were "manufactured and selectively-edited" and "unverifiable." He did not respond to requests for specifics.

In his statement to the Herald, Burgess said he had never "met, corresponded with, spoken to, nor do I have any relationship whatsoever with the FPL executives you mentioned."

"I have never pitched nor solicited feedback from FPL executives on any story or business venture. I have never received a story pitch from any FPL executive outside of typical corporate press releases sent to all media outlets, including the Miami Herald," said Burgess, who records show only communicated with FPL's intermediaries.

The documents obtained by the Herald included an unsigned draft of a confidentiality agreement that, if signed, would prevent Burgess from talking about his work with FPL's contracted consultants.

OLD FRIENDS

Once the spokesperson for Gov. Rick Scott, Burgess founded the Capitolist after being shown the door of the governor's office following a PR fiasco involving a rescue dog named Reagan.

Scott had adopted the Labrador in a show for cameras while on the campaign trail — and then quietly returned the canine without telling anyone after winning the election.

When a reporter at the Tampa Bay Times started asking questions about what had happened to Reagan, Burgess provided no answers, prompting the ire of animal lovers across the state.

The spokesperson broke his silence only after being asked if the beloved animal had been killed. Burgess still didn't say what happened but responded with an email acknowledging “the potential for a PR nightmare if the Tampa Bay Times doesn't receive a photo of Reagan next to today's copy of the Tampa Bay Times.”

Eventually, the governor himself clarified the situation. Reagan had been given to a good home, Scott said.

Burgess spent the next several years developing the idea for a conservative news site to counteract what he saw as the media's “negative-by-default coverage of the state's most prominent political and business leaders.”

The site went live in 2016.

It's unclear from the records reviewed by the Herald when FPL's consultants first got financially involved with the Capitolist. A copy of what appears to be an internal ledger kept by Matrix documents the first of several \$25,000 payments from FPL as being forwarded on to the Capitolist as early as January 2018.

Contracts and incorporation documents show FPL consultant Abigail MacIver is the sole owner of Metis Group LLC, the shell company that received money from FPL earmarked for the Capitolist in 2018, an internal ledger from Matrix shows. (McGrath, the FPL representative, denied the veracity of the ledgers.)

MacIver also signed the purchase option agreement with the Capitolist on Sept. 20, 2019. Per the contract, Metis paid \$50,000 for “executive control” over operations and a 1% ownership stake in the media company with the option to buy a controlling interest for a set price — \$195,000 — any time for the duration of the 18-month contract.

“Abbie has known Brian [Burgess] personally and professionally for more than a decade and was one of the earlier supporters of the Capitolist,” said Collins, the representative for MacIver in addition to other former Matrix employees. “She continues to encourage Brian, believes in what he is doing and remains a trusted friend and advisor to him.”

Collins declined to answer questions about MacIver's work as a liaison between FPL and the Capitolist.

“She will not discuss any of the work she did at Matrix — through Metis or not — as that would be a violation of NDA/Confidentiality agreements,” he said.

‘NOT IN OUR POCKET’

The FPL consultants were careful to keep their fingerprints off the Capitolist.

They registered the companies involved with the Capitolist under the names of people who were not officially employed by FPL to keep the activities off the books of the publicly traded company, records show.

Emails show they once considered listing an executive of NextEra Energy, FPL's parent company, as the owner on the incorporation documents for SUN Marketing & Advertising, an FPL-funded company used to pay

Fitzpatrick, the former executive working with the Capitolist. They listed Fitzpatrick instead after their attorney, Erika Alba, advised in an email that having a current executive for the power company could be a “potential issue.”

“This is not a legal or tax issue,” Alba said in the email dated Sept. 18, 2019. “It is an issue of whether FPL wants to risk [SUN Marketing’s] assets/liabilities showing up on their balance sheet.”

Emails show Burgess and the team of consultants often discussed the publication’s credibility and perceived independence as the operation’s true value.

To that end, MacIver weighed in to recommend a story pitched by Burgess on May 5, 2020. It was about how some utilities were gearing up to shut off some Floridians’ power during the beginning of the pandemic over unpaid bills.

“Call me about this but my gut is to let him do this story,” MacIver wrote when she forwarded Burgess’ pitch to Pitts, her boss at Matrix who served as the primary contact with FPL.

“I think it makes him look like he’s not in our pocket and it isn’t bad for FPL, especially if he highlights them as being a good actor,” she wrote.

A week later, the story ran with the headline “Floridians rack up an estimated \$335 million in unpaid utility bills. What should we do?” Within the bullet points of advice was a plug for an FPL initiative educating the public on how to reduce energy consumption.

Burgess also acknowledged the key to their business model when he wrote MacIver an email suggesting they find funding to secretly buy all of the USA Today-affiliated papers in Florida and then “let most of the clown reporters go ... and syndicate content across the entire state.”

“We could even do it stealthily so we could inject content into all those publications and nobody has to know who’s actually pulling the strings,” he suggested in the email dated April 16, 2020.

Pitts forwarded Burgess’ idea to Silagy’s gmail account.

“FYI — This is just to show you guys some of the internal conversation,” Pitts wrote to the head of FPL, calling it a “good concept.”

There is no further communication in the documents and no indication the strategy was seriously considered.

With enthusiastic approval from FPL’s top leaders, The Capitolist attacked the credibility of papers across the state, especially when they were critical of FPL. It referenced “Fake News” as often as possible, running headlines targeting individual reporters, accusing newspapers of unscrupulous funding structures and suggesting there might be corruption at play.

At Silagy’s urging, the Capitolist frequently attacked the Herald, particularly Tallahassee bureau chief Mary Ellen Klas, whose hard-hitting coverage of FPL has angered Silagy.

Klas was made the punchline to one story about the Herald’s parent company filing for bankruptcy protection as part of a corporate reorganization and another mocking coverage of a fundraiser for the Herald.

Calling it a “field day for the Capitolist,” the CEO emailed the Matrix team an idea for visuals: “Maybe a cartoon of MEK with a tin cup on the street corner would be good?!”

The Capitolist ran an image in its newsletter of Klas' face crudely photoshopped onto the body of someone holding a cardboard sign that read, "Spare change for Fake News, Miami Herald reporter needs help."

THE SHADOW EDITOR

Secrecy was policy at the Capitolist — a fact formally acknowledged as Silagy and his consultants at Matrix considered buying a controlling interest in the media company.

The rules were laid out in an email sent to the team of consultants just after 10 a.m. on the second to last Sunday in 2020 by Fitzpatrick, the former VP and chief marketing and communications officer for the power company. The subject line began: "Confidential."

A few months before, Fitzpatrick had been tapped to serve as shadow editor for the Capitolist — tasked with turning the pugnacious, hard-right politics site into a credible, center-right publication that focused on the nexus of politics and business and consistently reached some of the most influential people in Tallahassee.

Fitzpatrick's Dec. 20 email contained a script for how the Capitolist team should handle potential media questions about sponsors (which were not to be revealed) and whether the Capitolist was involved in "pay to play" with its corporate backers (to which the scripted answer was "no" followed by turning the same question back on the reporter).

"We should simply ignore any other questions," Fitzpatrick wrote, "including any questions about ownership/management structure."

While Silagy was kept informed of the overall business strategy headed into 2021, internal communications show Fitzpatrick ran the day-to-day operations at the Capitolist.

"Brian [Burgess] will be looping me into each days' (sic) plans for coverage and sending me articles before publication so I can comment as needed," Fitzpatrick explained in an email shortly after he took the reins on Sept. 18, 2020.

Fitzpatrick did not respond to the Herald's multiple attempts to contact him, which included leaving a message with his wife.

As a VP of the power company more than a decade earlier, Fitzpatrick had been Silagy's right hand, directing an "aggressive public education initiative" to assist the president's efforts during a furious battle over a proposed rate increase in 2010, according to a series of open letters by a group of anonymous employees at the time.

The whistle-blowers accused Silagy and Fitzpatrick of keeping multiple sets of books and forcing employees in the communications department to "provide false, misleading, incomplete and incorrect information to our regulators and to others in government, not to mention the media, customers and other stakeholders."

The company launched an internal investigation but found nothing illegal. Fitzpatrick left FPL in 2013 to take a job at a California utility.

Since Fitzpatrick's return from California and takeover of operations at the Capitolist in September 2020, the number of headlines mentioning FPL and other energy-related topics more than doubled, according to an analysis by the Miami Herald.

Articles started making newsletters and daily media roundups from R Street, Real Clear Politics, and the Tampa Bay Times. Articles were shared by universities, retweeted by major political operatives, and cited in the footnotes of legal journals and a recent Florida Senate bill.

A PURCHASE AGREEMENT

By the second half of 2020, the Capitolist had proven itself an increasingly effective tool for FPL’s consultants, who wanted to expand the operation.

“We have the opportunity to continue to increase its stature, credibility and influence with the state’s influencers and decision-makers,” declared a pitch deck labeled “SILAGYDISCUSSION.”

Attorneys drafted a contract that would allow FPL to purchase a majority interest in the media company through Vision Insight, the company created in 2020 by Matrix employees to operate the Capitolist.

With Silagy’s approval, the consultants planned to finance the deal using what remained of a \$250,000 wire transfer made the previous year by FPL to SUN Marketing — which up until that point had largely been used to pay Fitzpatrick, bank logs show.

It’s unclear from the documents provided to the Herald whether the deal was closed. The paper trail dried up when the consultants left Matrix. But some of the final records in the leak suggested that negotiations continued through the summer of 2021.

Burgess did not answer the Herald’s question about who currently owns the Capitolist.

McClatchy/Miami Herald data fellow Court Cox contributed..

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