

The Watchdog CREW

Good Government Group Confuses Ethics with Liberalism

By Fred Lucas

Summary: The George Soros-funded Citizens for Responsibility and Ethics in Washington (CREW) enjoys making lofty pronouncements about its nonpartisan status but it still attacks Republicans more than Democrats. The left-leaning group also has some odd ideas about public disclosure laws.

In 2010 former Bush advisor Karl Rove and former Republican National Committee chairman Ed Gillespie attracted much media attention when they launched American Crossroads, an independent political group that planned to raise \$50 million to elect conservatives to political office. Shortly thereafter they followed up by launching a spin-off 501(c)(4) lobby group called Crossroads GPS (Grassroots Policy Strategies). The mission of both groups was to elect Republicans to Congress and the White House. American Crossroads, an IRS-designated 527 political group, reported raising \$15 million in the two months before the election. In total the groups, run mainly by former Republican Party officials, raised at least \$56 million from contributors who are mostly anonymous.

This anonymity outraged a government watchdog organization called Citizens for Responsibility and Ethics in Washington, or CREW.¹ It demanded that the Internal Revenue Service investigate whether American Crossroads should be tax-exempt and whether Crossroads GPS should release the names of its donors. Melanie Sloan, CREW's executive director since 2003, urged the Senate Finance Committee to investigate the groups.

"It's sort of the Wild West of tax law," Sloan said. "Nobody seems to feel any compunction about following tax codes."²



CREW chief Melanie Sloan attacks then-Senate candidate Christine O'Donnell (R-Del.) on CNN on Sept. 17, 2010.

CREW poses as a defender of transparency and accountability, but its complaints about Crossroads GPS fail to recognize that 501(c)(4) non-profits are not required to make the names of their donors public. "CREW focuses its complaints overwhelmingly against conservative groups – ignoring that Crossroads GPS complies fully with the same laws that govern 137,000 nonprofits, all of which can legally engage in advocacy," said Crossroads spokesman Jonathan Collegio.³

As for American Crossroads, because it is a 527 political group, the sister group of Crossroads GPS, it is already required to release the names of its donors. Five donors provided two-thirds of the \$15 million it received. One of them, Texas homebuilder Bob Perry, contributed \$7 million.

Sloan thought the legal distinction governing disclosure or non-disclosure by the two groups was bunk: "It is incredibly ironic that Crossroads wants to talk about openness when they are highly secretive. I think the whole thing is a gimmick."

Liberals and Transparency

Yes, it may be a gimmick. But if both sides play the game by the same rules they are

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within their legal rights. Nonprofits should protect the privacy of their donors, when the law permits it, and they should be transparent and name their donors, when the law calls for public disclosure.

However, it's interesting that CREW, Sloan's group, refuses to disclose its donors, a policy CREW spokesman Garrett Russo confirmed to the *Washington Examiner*.⁴

What is known about CREW's funding does not cast it in an independent and non-partisan light. Two groups affiliated with George Soros have been big contributors to CREW. In a 2006 interview Sloan revealed that the Open Society Institute, a grantmaker founded by Soros, contributed \$100,000 to CREW.⁵ The Democracy Alliance, another Soros creation, helped launch CREW. The *Washington Post* reports that the Alliance's financial "blessing effectively jump-started" the organization.

The notoriously tight-lipped Democracy Alliance doesn't disclose its donors either. It is a consortium of extremely wealthy liberal political activists who rely on Alliance recommendations for funding left-wing advocacy groups. "Alliance officials see CREW as a possible counterweight to conservative-leaning Judicial Watch, which filed numerous lawsuits against Clinton

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administration officials in the 1990s," the *Post* has reported.⁶

Aside from the one-time revelation about Soros, CREW refuses to disclose the donors that support its \$2.8 million budget.⁷ However, because foundations are required to disclose the recipients of their grants we know that CREW has received grants from the Tides Foundation (\$230,290 since 2002), Barbra Streisand Foundation (\$10,000 in 2005), Arca Foundation (\$250,000 since 2003), David Geffen Foundation (\$5,000 in 2004), Open Society Institute (\$250,000 in 2008), Carnegie Corp. of New York (\$200,000 since 2007), and the Gill Foundation (\$425,000 since 2006).⁸

Although leftist donors support its activities, CREW has gone after some liberal politicians since it was founded in 2001. Conservatives opposed to out-of-control government can applaud the organization for holding wrongdoers on the public payroll accountable for their crimes and misdeeds. The organization has not been reluctant to shine a glaring spotlight on the transgressions of Democratic congressmen such as New York's Charlie Rangel, Louisiana's William (90,000 in the freezer) Jefferson, West Virginia's Alan Mollohan and the late Jack Murtha of Pennsylvania. CREW was also out front in calling for the resignation of Rep. Anthony Weiner of New York.

In a section of its website identifying the "Most Corrupt" members of Congress, the group currently lists 15 Republicans and 10 Democrats. That's more balanced than in 2006 when CREW branded 17 Republicans and only three Democrats as corrupt.

Tilting to the Left

CREW's board of directors and 15-person staff has longstanding ties to leftwing advocacy groups and Democratic politicians. As a former assistant U.S. Attorney for the District of Columbia from 1998 to 2003, executive director Melanie Sloan brings intelligence and clout to the watchdog job. She also has a solid background in Democratic Party politics. Before working as a federal prosecutor, she was minority counsel for the House Judiciary Committee under then-ranking member Rep. John Conyers (D-Mich.). She also served as counsel for the crime subcommittee chaired by then-Rep. Charles Schumer (D-N.Y.). In

1993, Sloan was nominations counsel for the Senate Judiciary Committee, chaired by then-Sen. Joe Biden (D-Del.).⁹ There are few more partisan individuals who have served on the Democratic side than Conyers, Schumer, and Biden.

In its early days, CREW believed it was out-gunned by its conservative counterparts Judicial Watch, the Rutherford Institute and the National Legal and Policy Center. "Conservative groups such as these have no real parallel in the progressive arena," CREW lamented. Liberal groups "do not use litigation to target outrageous conduct."¹⁰

How times have changed. These days CREW is continually in the news and the media takes little notice of its liberal tilt. A search of news stories from July 2006 to July 2011 finds that the *New York Times* mentioned CREW in 85 different stories, describing the organization as liberal in just five stories. The *Washington Post* described CREW as liberal in 14 out of a total of 172 stories mentioning the organization. Compare that to Judicial Watch, mentioned in 20 *New York Times* stories over the five-year period, and described as conservative in 16 of them. The *Washington Post* mentioned Judicial Watch in 37 stories and called it conservative 15 times.

USA Today mentioned Judicial Watch six times during the five-year period and called it conservative three times. By contrast, it mentioned CREW 56 times, describing it as liberal only 10 times.

CREW's Current Campaigns

Besides the attack on Crossroads, CREW is targeting other conservative non-profit groups.

* It filed a complaint with the IRS against the American Action Network, a 501(c)(4) group founded by former Minnesota Republican senator Norm Coleman and Rob Collins, former chief of staff to House minority whip Eric Cantor. CREW charges that the group spent millions in competitive House and Senate races during 2010.¹¹

* It went to the Federal Elections Committee to complain about the Commission on Hope, Growth and Opportunity, a California group founded in 2010 by consultant Steve Powell that raises money for underfunded

conservative candidates. CREW insists that Hope, Growth and Opportunity, should have filed campaign finance reports because the group advocated for the election or defeat of candidates.¹²

* In June, CREW went after House Speaker John Boehner (R-Ohio). It filed a complaint against Boehner with the Office of Congressional Ethics charging that it was wrong for him to direct the House Office of General Counsel to spend \$500,000 on outside counsel to defend the Defense of Marriage Act (DOMA).¹³

But CREW's complaint against Boehner is essentially a difference over public policy. CREW should have been going after Attorney General Eric Holder. Regardless of what attorneys at the Justice Department think about DOMA, their job is to defend existing statutes. Boehner and House Republicans would not have hired attorneys to defend the law if Holder had done his job and defended the law, which was passed by large bipartisan majorities in both the House and Senate and signed by President Bill Clinton in 1996. The law defines marriage as a civil union between one man and one woman, and it says that one state cannot be required to recognize a same-sex marriage by another state.

CREW did claim Boehner violated the Antideficiency Act, a law that prohibits federal officials from incurring obligations or making expenditures in excess of the amount available in appropriated funds. "Violators are subject to administrative discipline. Knowing and willful violations can be punished by up to two years imprisonment," a CREW news release said.

"It is ironic that Speaker Boehner – a fierce critic of government overspending – did not hesitate to pledge half a million dollars he does not have to defend a law of dubious constitutionality," Sloan said. "It seems the speaker believes fiscal responsibility starts at home, but not in the House."¹⁴

However, on July 12, CREW announced that it was withdrawing the complaint against Boehner after a report by the nonpartisan Government Accountability Office, the investigative arm of Congress, found no violation of the law CREW cited.¹⁵

* While CREW has been willing to challenge Democrats like Rangel and Jefferson, it has a soft spot for John Edwards, the one-time Democratic vice presidential nominee. After the *National Enquirer* reported Edwards's adultery during his campaign for the 2008 Democratic presidential nomination (and while his wife was ill with cancer), a federal grand jury indicted the former North Carolina senator for misusing campaign funds to pay his mistress. Sloan defended Edwards by comparing the federal indictment to the Justice Department's charges against Republican Sen. Ted Stevens of Alaska.

"It is surprising that the Department of Justice (DOJ) is following the bungled prosecution of now-deceased Sen. Ted Stevens (R-AK) with this remarkably weak case against former Sen. John Edwards. Like the Stevens case, the Edwards matter is likely to leave DOJ with egg on its face," Sloan said. "Sen. Edwards' conduct was despicable and deserves society's condemnation, but that alone does not provide solid grounds for a criminal case. DOJ's scattershot approach to prosecuting public officials is incomprehensible and undermines the integrity of the criminal justice system."¹⁶

CREW's Board and Staff

A look at CREW's board of directors and their record of political contributions should dispel the idea that CREW is a nonpartisan organization purely dedicated to good government.

Sloan's original backers were Louis Mayberg, president of ProFund Advisors LLC, a Maryland-based mutual funds brokerage, and Norman Eisen, a long-time Washington attorney who served as ethics counsel for the Obama White House before President Obama appointed him ambassador to the Czech Republic.

They approached Sloan in February 2003 about heading up the watchdog group founded two years earlier by Mayberg; Mark Penn, a Democratic strategist close to Bill and Hillary Clinton; and Philadelphia trial lawyer and Democratic donor Daniel Berger.¹⁷ Mayberg, who remains on the board of directors, gives CREW whatever nonpartisan trappings it possesses. He gave \$2,000 to President George W. Bush's campaign in 2004 and \$2,000 to the Republican

National Committee in 2006, but otherwise the \$37,100 he's given away since 1990 has gone only to Democrats.

Eisen, who cut his ties to CREW following his political appointment, has given \$58,000 to Democrats since 1990. This includes \$27,350 to the Democratic National Committee (DNC) in 2008 and maximum \$2,300 contributions to both Barack Obama and Joe Biden, respectively, during the Democratic presidential primaries in 2008. He contributed \$2,100 to Hillary Clinton's 2006 New York Senate re-election campaign and \$250 to the 2000 presidential campaign of Republican John McCain.^{18 19}

According to data from the Center for Responsive Politics, CREW board members give overwhelmingly to Democrats and liberal causes.

CREW board member Al Dwoskin, CEO of Northern Virginia commercial property developer A.J. Dwoskin & Associates and a board member of the left-wing Democracy Alliance, has given \$1,092,125 to Democrats and liberal causes since 1990. This includes \$20,000 in 2010 to the Sierra Club Independent Action fund. He gave \$30,400 to the Democratic Congressional Campaign Committee in 2009 and \$30,400 to the Democratic National Committee in 2010. He gave the maximum \$2,300 contributions to several Democrats, including Senate Majority Leader Harry Reid and Minnesota Senator Al Franken.

CREW board member John Luongo, a California venture capitalist, has contributed more than \$500,000 to the Democratic Party and Democratic candidates since 1990. He gave \$30,400 to the DCCC in 2010, \$28,500 to the DCCC in 2008, \$26,700 in 2006 and \$25,000 in 2004. He also gave \$50,000 to the DNC in 2000. Luongo contributed the maximum \$2,300 to both Barack Obama and Hillary Clinton respectively during the 2008 Democratic presidential primaries. (He did contribute \$2,000 to Republican-turned-Independent Charlie Crist's Florida Senate bid in 2010, so not all of his contributions were to Democrats.)

Board member Craig Kaplan, a New York attorney, has contributed \$264,812 to Democratic campaigns since 1990. This includes

two \$5,000 donations to the DCCC and a \$5,000 contribution to the Democratic Senatorial Campaign Committee in 2008. He gave \$2,300 to Obama's presidential campaign, and \$1,000 to the campaign of Rep. Charlie Rangel, who would later be in CREW's crosshairs.

Board member Erwin Chemerinsky is a modest political donor, but his books (*The Conservative Assault on the Constitution*) and his many opinion articles are so far to the left that the chancellor of the University of California at Irvine hired, fired and then re-hired him as dean of the law school in a tussle pitting Chemerinsky's controversial high profile against his academic freedom.

The CREW senior staff also has close ties to Democrats and left-wing advocacy groups.

* CREW Deputy Director Robin Powers previously worked for the Alliance for Justice, the group that coordinates research and strategy by Washington's liberal special interests to defeat Republicans nominated to the U.S. Supreme Court and to other federal courts.

* CREW communications director Garrett Russo worked for the Alliance for Climate Protection, an advocacy group started by former Vice President Al Gore.

* CREW policy director Jerry Miller has worked for Democratic Senators Jeff Merkley (Ore.), Ernest Hollings (S.C.), Daniel Inouye (Hawaii), Paul Wellstone (Minn.) and Barbara Boxer (Calif.).^{20 21}

A Godchild of Hillary Clinton

CREW was still a newbie when New York Senator Hillary Clinton became chairman of the Senate Democratic Steering and Outreach Committee in 2003. According to the 2007 book *Her Way: The Hopes and Ambitions of Hillary Clinton*, by *New York Times* reporters Jeff Gerth and Don van Natta Jr., Committee staff director Jodi Sakol "was involved in discussions about the formation of another nonprofit, left-leaning group, Citizens for Responsibility and Ethics in Washington, which focused on government corruption."

As a First Lady and Senator, Clinton knew all too well that non-profit government watchdogs can be effective in political warfare. She wanted to be "proactive" and "beat the GOP at their own game," the book says. It

reports that Clinton associates helped raise the money to ensure that CREW played an aggressive role in Washington.

"Sakol alerted Hillary and her staff about the newly forming group and its need for 'Democratic progressive money,'" the book says. "The hope was that CREW would prove to be a perfect counterbalance to Judicial Watch, the corruption watchdog that had tormented the Clintons with lawsuits and press conferences throughout the 1990s."

"CREW could do things the senators couldn't do," Sakol said, according to the book. "And once CREW's charges 'were out in the press,' Sakol noted, other people could cite the findings of the group, which was usually portrayed as nonpartisan in news accounts."²²

Smearing Christine O'Donnell

Last September, CREW filed a complaint with the Federal Elections Commission and with the U.S. Attorney's office in Delaware against Tea Party favorite Christine O'Donnell, who won a shocking upset in the Delaware Republican Senate primary over incumbent Rep. Mike Castle before losing in the fall. CREW made the serious charge that O'Donnell had stolen money from her campaign funds to use for personal expenses.

"Christine O'Donnell is clearly a criminal, and like any crook she should be prosecuted," Sloan said in a press release on Sept. 10 last year. "Ms. O'Donnell has spent years embezzling money from her campaign to cover her personal expenses. Republicans and Democrats don't agree on much these days, but both sides should agree on one point: thieves belong in jail not the United States Senate."

In mid-July this year, U.S. Attorney Charles Oberly III notified O'Donnell that his office had dismissed the CREW complaint. O'Donnell announced that she and her campaign committee "have requested the U.S. Attorney commence an investigation against the head of CREW for knowingly filing a false claim, Mail Fraud and Wire Fraud amongst other pending charges. CREW's frivolous federal complaints filled with what equates to libel and slander over the years have cost numerous mostly Republican congressmen

and candidates their elections, and caused their families untold harm."

Noted election and campaign finance attorney Cleta Mitchell, who represents O'Donnell, said "the CREW complaint was nothing more than yet another partisan hit job by Melanie Sloan, an ultra-liberal Democratic operative and former Joe Biden staffer posing as a non-partisan activist. This is not the first time a citizen has been unfairly maligned by CREW and Melanie Sloan, always to great press fanfare when the attacks are launched."

It could be interesting to see if the watchdog is indeed bitten.

Toppling Mark Foley

CREW's role in the scandal that toppled Rep. Mark Foley (R-Fla.) raises questions about its tactics. Foley resigned his seat in September 2006 after ABC News reported that he had sent improper e-mails to male congressional pages. After the ABC News stories, CREW revealed that it had received the e-mails on July 21, 2006, more than two months earlier. Sloan claimed CREW sent the information to the FBI.

"Since the FBI has known about Rep. Foley's emails since July, the question arises: Did the administration help to cover up Rep. Foley's conduct and leave a potential sexual predator on the loose?" Sloan asked at an Oct. 2, 2006 press conference. "The American public deserves to know not just how and why members of Congress failed to take action to protect the youngsters entrusted to the care of the House of Representatives, but also why the FBI -- an agency charged with protecting the public -- failed to safeguard other youngsters from a potential sexual predator."²³

The *Washington Post* reported "unidentified Justice and FBI officials told reporters that the e-mails provided by CREW were heavily redacted and that the group refused to provide unedited versions to the FBI." CREW responded that it provided the full e-mails.²⁴

Demonizing Tom DeLay

CREW's crowning achievement was the significant role it played in taking down House Majority Leader Tom DeLay (R-Texas). Norm Eisen picked Sloan to run the group

"because of her bedrock certainty that DeLay was headed for a fall," according to Congressional Quarterly.²⁵ Sloan said, "Since I started, the main thing I wanted to do was to go after Tom DeLay. DeLay is my top target."²⁶

CREW first targeted DeLay through a 2004 complaint to the House ethics committee. But since 1997 the House had prohibited non-members from filing complaints, which meant CREW, Judicial Watch and other groups were ineligible to file a complaint against a House member.

Under the rule, a member of the House could transmit information from an outside individual or organization, as long as the source was disclosed. CREW picked Rep. Chris Bell (D-Texas), a lame duck member defeated in a Democratic primary. *The Hill* newspaper reported that Sloan drafted the complaint for Bell. However, Bell did not disclose in the report that he received assistance from CREW or Sloan. That enabled DeLay's attorney, Ed Buthane, to allege that the complaint itself violated House rules for lack of disclosure.²⁷

The first count of Bell's complaints accused DeLay of "soliciting campaign contributions from Westar Energy in return for legislative assistance on the energy bill." The ethics committee found this charge, the most serious of the allegations, to have no merit. A second count regarding a Texas political action committee was unrelated to DeLay's official duties, and a third was dismissed. It concerned a DeLay request to the Federal Aviation Administration to locate the aircraft used by Democratic state legislators who fled the state in 2003 to avoid a vote.

However, the media went into a feeding frenzy when the committee admonished DeLay for attending a golf fundraiser in June 2002 at which Westar executives were present because it created an "appearance" of impropriety.²⁸

The DeLay ethics charges helped open liberal checkbooks. After CREW targeted DeLay, Soros, Barbra Streisand and others began writing checks to the group, whose budget rose from \$500,000 to \$1.5 million budget in a year. CREW stopped renting space in the offices of Alliance for Justice

Endnotes

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on Dupont Circle and got its own digs in Franklin Square.²⁹

CREW continued hammering away at DeLay, pushing for a criminal probe by the Justice Department and Texas state prosecutors. DeLay resigned in 2006 under pressure from Republican colleagues who believed – incorrectly as it turned out – that his departure would save the GOP's House majority. The Justice Department then began inquiring into DeLay's involvement with lobbyist Jack Abramoff. DeLay is currently appealing a conviction for violating Texas campaign laws, a prosecution prompted largely by CREW.

According to *The Hill* (March 10, 2004), Melanie Sloan had worked with House Democrats to devise "an election strategy to taint the entire Republican caucus by demonizing Majority Leader Tom Delay."

Conclusion

It is clear that CREW gleefully targets Republicans and conservatives more than Democrats and liberals. But there are also conservative government watchdogs that focus their research on the Left. That's to be expected in a free and pluralistic society with diverse interests. As long as everyone plays by the same rules, the truth will out

even though one side accuses the other of partisanship.

But it's best to own up to one's ideological preferences. For instance, Judicial Watch's website identifies itself as "a conservative, non-partisan educational foundation, promotes transparency, accountability and integrity in government, politics and the law." CREW has said it seeks to emulate Judicial Watch. It might start by following its model of transparency.

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Your contribution to advance our watchdog work is deeply appreciated.

Many thanks.

Terrence Scanlon
President

PhilanthropyNotes

Buying favor? Corporations and their lobbyists gave more than \$50 million in 2009 and 2010 to nonprofit organizations that held events honoring members of Congress and Obama administration employees, according to a report from the **Sunlight Foundation**. **Wright Andrews**, a member of the board of the **American League of Lobbyists**, said there is "no question" the gifts improve access to lawmakers. "It goes to having a direct impact on whether you get support or not." The top five on whose behalf the most was given were: **Congressional Black Caucus** (\$6.6 million); **Congressional Hispanic Caucus** (\$4.1 million); President **Obama** (\$1.7 million); the late Sen. **Ted Kennedy** (D-Mass.) (\$1.5 million); and Rep. **Donald Payne** (D-N.J.) (\$1.47 million).

New York's liberal billionaire mayor **Michael Bloomberg** is doling out \$24 million in grants from his philanthropy to the mayors of five cities in order to further his left-wing agenda. The grants will go to the Democratic mayors of Atlanta (**Kasim Reed**), Chicago (**Rahm Emanuel**), Louisville, Ky. (**Greg Fischer**); Memphis, Tenn. (**A.C. Wharton Jr.**); and New Orleans (**Mitch Landrieu**). The funds will be used to advance Bloomberg's pet issues, including gun control and environmentalism. **Bloomberg Family Foundation Inc.** reported having assets of \$2.2 billion at the end of 2009.

Stars, Stripes, and Skates, a post-9/11 charity that puts on star-studded ice-skating events to raise money for terrorism victims hasn't paid anything to those victims, the *New York Post* reports. The group, founded in 2002 by former professional skater **Tara Modlin**, reported raising \$746,000 through the nationally televised events, which showcased big-time skaters like **Nancy Kerrigan**. Modlin said all the money was spent on those events. Her charity was one of 275,000 nationwide to have its federal tax-exempt yanked in June for failing to file tax returns for three consecutive years running.

Money manager **Jonathon M. Trugman** says elite private universities should be forced to start spending down their gargantuan endowments to help cover students' expenses. In a *New York Post* op-ed he notes that private school tuition and expenses for one student can be \$50,000 or more per year. "Why should these institutions be allowed to hoard their money under a 'not for profit' education status and not be required to distribute at least some of their vast fortunes to keep tuition costs down? The top five endowments each could have bailed out Greece and still had plenty left to go around!" (**Lynne Munson** foreshadowed Trugman's arguments in the April 2008 *Foundation Watch*.)

Goldman Sachs WATCH

There's a reason they call it "Government Sachs": The revolving door between Goldman and the world's central banks is spinning again, the *New York Post* reports. Bank of England economist Andrew Benito is joining Goldman, soon after Huw Pill from the European Central Bank and Naohiko Baba from the Bank of Japan hopped aboard earlier this year. Meanwhile, Ben Broadbent, who was Goldman's former chief economist in Britain, started at the Bank of England in June. Former Goldman vice chairman Mario Draghi is scheduled to become president of the European Central Bank. Other Goldman alumni include former U.S. Treasury secretaries Henry Paulson and Robert Rubin, along with New York Fed President William Dudley and Bank of Canada Governor Mark Carney.