

ProPublica: Investigative Journalism or Liberal Spin?

By Cheryl K. Chumley

Summary: The press is filled with sad stories about venerable for-profit newspapers that have been forced to declare bankruptcy and shut down. So it's striking that the billionaire liberals Herb and Marion Sandler have decided now is the time to fund a new nonprofit group called ProPublica whose mission is to serve the public interest by funding independent investigative journalism. Too bad Pro Publica churns out little more than left-wing hit pieces about Sarah Palin and blames the U.S. government for giving out too little foreign aid.

Question: What's a liberal to do?

With the burgeoning popularity of Fox News, the Drudge Report website, the dominance of conservatives on talk radio (Rush Limbaugh, Sean Hannity, Mark Levin et al) and the rising tide of conservative political bloggers, it's no wonder old-line left-liberal journalists are growing anxious about promoting their message to the media. As daily newspaper circulation plummets and the audience of ABC, CBS, NBC, and CNN ages and shrinks, liberals are watching their authority fade. They can no longer set the public agenda without being challenged by conservative media voices.

Answer: Create a media outlet that will produce left-wing "investigative" hit pieces that can be given to cash-strapped newspapers at no cost.

In October 2007 the world of journalism was informed that a fledging nonprofit outfit called Pro Publica, Inc. was about to come to its rescue. The stated mission of the group, which goes by the trade name ProPublica, is



The king and queen of toxic mortgages: Herb and Marion Sandler sold their S&L and its doomed loan portfolio to Wachovia for \$24 billion, a transaction that sealed the bank's fate. Generous funders of left-wing groups such as ProPublica, the Sandlers are members of George Soros's Democracy Alliance, a billionaires' club determined to push America to the left.

to generate hard-hitting investigative journalism by pursuing stories that have "moral force." Paul E. Steiger, a former managing editor at the Wall Street Journal, was announced as the organization's president and editor-in-chief.

Steiger said ProPublica would "shine a light on exploitation of the weak by the strong and on the failures of those with power to vindicate the trust placed in them. We will be non-partisan and non-ideological, adhering to the strictest standards of journalistic impartiality and fairness."

ProPublica's website ominously declares that:

Investigative journalism is at risk. Many news organizations have increasingly come to see it as a luxury. Today's investigative reporters lack resources: Time and budget constraints are curbing the ability

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of journalists not specifically designated “investigative” to do this kind of reporting in addition to their regular beats. This is therefore a moment when new models are necessary to carry forward some of the great work of journalism in the public interest that is such an integral part of self-government, and thus an important bulwark of our democracy.

The business crisis in publishing and — not unrelated — the revolution in publishing technology are having a number of wide-ranging effects. Among these are that the creation of original journalism in the public interest, and particularly the form that has come to be known as “investigative reporting,” is being squeezed down, and in some cases out.

ProPublica acknowledges that “the number and variety of publishing platforms is exploding in the Internet age,” but it warns that “very few of these entities are engaged in original reporting.” Sources of opinion may be proliferating, “but sources of facts on which those opinions are based are shrinking.” While the flourishing of many opinions is good for society, ProPublica laments that any lack of interest in reporting actual facts is harmful.

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The ProPublica manifesto sounds reasonable enough, but what’s left unsaid is the fact that this particular nonprofit 501(c)(3) organization gets its money from donors who want to promote radical left-leaning change in American society.

The white knights are the billionaires Herb and Marion Sandler, a married couple who have committed a reported \$10 million to the cause of strengthening the left’s shaky grip on the media.

In unveiling his new organization, Herb Sandler boasted that ProPublica would be “devoted entirely to the creation of journalism in the public interest.”

ProPublica currently employs 28 journalists who are supposed to fill the nation’s gap in investigative reporting by providing budget-conscious media with in-depth prepackaged news stories. Headquartered in Manhattan, the group’s newsroom was up and running in June 2008, as the presidential campaign was in moving into high gear.

ProPublica does not publish its own reports. Instead, like a traditional news wire service it tries to place its stories in established media outlets. However, unlike a for-profit wire service like AP, it makes its work available no cost. To date ProPublica has worked with, among others, the Washington Post, Chicago Tribune, Dallas Morning News, and WNYC Radio.

In addition to the Sandlers, the group has received funding from the John D. and Catherine T. MacArthur Foundation, the Atlantic Philanthropies (whose CEO is Gara LaMarche, a former U.S. program director at George Soros’s Open Society Institute) and the now-defunct JEHT Foundation. JEHT closed its doors recently after liberal philanthropist and financier Bernard Madoff, who managed the charity’s funds, siphoned away its endowment.

ProPublica’s board of directors is packed with garden-variety liberals, including Harvard professor Henry Louis Gates, Jr., Rebecca Rimel, who heads the Pew Charitable Trusts, and Alberto Ibargüen, former publisher of the Miami Herald who heads the journalism-focused John S. and James L. Knight Foundation (2007 assets: \$2.3 billion). (Paul Steiger,

ProPublica’s president is also on the Knight Foundation board.)

Also on the ProPublica board is former Rep. James A. Leach (R-Iowa) whose transformation from milquetoast moderate Republican to flaming leftist was completed last summer when he endorsed Barack Obama for president and addressed the national Democratic convention. Herb Sandler is the board’s chairman.

ProPublica also has an advisory board that lists to port. On it are Jill Abramson, a managing editor of the New York Times, perennial pundit David Gergen, and Cynthia A. Tucker, who manages the editorial page of the Atlanta Journal-Constitution.

Subprime Sandlers

Herbert and Marion Sandler made their fortune by purchasing a humble California savings and loan called World Savings for \$4 million in 1963 and building it into mighty Golden West Financial Corp., one of the largest home mortgage lenders in the country. In 2006, they lost Golden West, which had over \$125 billion in assets, to Wachovia for \$24 billion. Wachovia, which made the terrible decision to purchase the company’s portfolio of subprime loans, teetered on the edge of bankruptcy when the housing market collapsed. It reported losing \$24 billion in the third quarter of 2008 and was subsequently acquired by Wells Fargo at the end of 2008 for a paltry \$12.7 billion.

Having gotten out of the market at precisely the right time, the Sandlers are flush with cash, and they are throwing mountains of money around in an effort to make America more liberal. In May 2006, Herb Sandler rejected the criticism that he was selling out at the top of the market: “The situation is fantastic. The expectations are fantastic, and the prognosis is fantastic,” he told the Wall Street Journal. Holding 10.24% of Golden West’s shares, the Sandlers were in line to receive a reported \$2.6 billion windfall from the Wachovia sale. They cashed in about half of it when they contributed \$1.3 billion in cash to their Sandler Family Supporting Foundation (assets: \$1.5 billion) in 2006.

In 2004 the Sandlers had contributed \$13 million to pro-John Kerry 527 organizations—including \$2.5 million to the MoveOn.org



ProPublica founders Herb and Marion Sandler were brutally lampooned on the Oct. 4 “Saturday Night Live” for their role in the subprime mortgage crisis. They sold their S&L, which was weighted down by risky mortgages, to Wachovia. When the housing market went into a tailspin, Wachovia found itself in serious financial trouble. (screen grab above from the show)

Voter Fund. After the Kerry defeat, they joined George Soros’s Democracy Alliance (of fellow billionaires), a group whose mission was to avoid future political defeats by building an organizational infrastructure of liberal think-tanks, leadership schools and media outlets to rival the imagined “vast right wing conspiracy.” (See *Foundation Watch*, December 2008.)

The Sandler Foundation has given more than \$247 million to various charities and nonprofit advocacy groups since 2003. Grants have gone to a constellation of left-liberal public interest groups and foundations, including Media Matters for America, John Podesta’s Center for American Progress, the William J. Clinton Foundation, Tides Foundation, Center for Community Change, Center on Budget and Policy Priorities, Drum Major Institute for Public Policy, Center for Responsible Lending, Natural Resources Defense Council, Environmental Defense Fund, Pew Charitable Trusts, and two ACORN affiliates, Project Vote and the American Institute for Social Justice.

No doubt the Sandlers expected to be championed as magnanimous philanthropists and

socially-aware donors. But instead, they are finding themselves vilified in the mainstream media.

But by early this year, the couple found their way onto Time magazine’s list of “25 People to Blame for the Financial Crisis.” Golden West had been a pioneer in the creation of exotic mortgage products such as the option adjustable-rate mortgages, known as ARMs. The Sandlers’ company “offered several ways to back-load your loan and thereby reduce your early payments, with increasing zeal and misleading advertisements over the next two decades,” said Time.

Last fall NBC’s late-night “Saturday Night Live” program lampooned the Sandlers, accusing them in a comedy skit of pushing bad loans onto Wachovia. Under the faces of the actors playing the real-life couple was the caption, “People who should be shot.”

Mr. Sandler did not like it. “I have been listening to this crap for two years,” Sandler told USA Today. “We are being unfairly tarred. People have been telling us to speak out for some time, but we didn’t think it was appropriate. That was clearly a mistake.”

Feeding the Liberal Narrative

In October 2007 Slate magazine’s Jack Shafer wrote a report on the Sandlers’ political contributions and theorized that the decision by the husband-wife team to fund ProPublica signaled an attempt to use their money and influence “to return us to the days of the partisan press.”

The duo has spent “millions on politics,” Shafer wrote “The Federal Election Commission database shows the two of them giving hundreds of thousands of dollars to Democratic Party campaigns. In 2004, Herbert Sandler gave the MoveOn.org Voter Fund \$2.5 million ... The Center for Responsive Politics Web site reports donations of \$8.5 million from Herbert and Marion to the 527 group Citizens for a Strong Senate in the 2004 cycle. CSS was formed by a group of strategists with close ties to former North Carolina Sen. John Edwards.”

As Slate’s Shafer posits in his expose of the Sandlers: “If I were a newspaper editor considering ProPublica copy for a future issue, the first thing I’d want is proof of the firewall preventing the Sandlers and other funders from picking – or nixing – the targets of its

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probes ... [and] I'd call upon Herbert Sandler ... to provide ProPublica with 10 years of funding, \$100 million, and then resign from his post as the organization's chairman so he'll never be tempted to bollix up what might turn out to be a good thing."

Not surprisingly, ProPublica's coverage thus far has had a distinctly liberal bent.

For example, last October ProPublica tried to undermine critics of the radical leftist group ACORN, the Association of Community Organizations for Reform Now. ACORN bills itself as a community advocate for the poor and politically disenfranchised, but it is frequently caught up in accusations of voter fraud, and over the last year it's been the subject of many voter fraud reports. (See the November 2008 issues of CRC's *Foundation Watch* and *Labor Watch* for more on ACORN.)

Let's recap some of ACORN's news coverage last year.

* On Oct. 22, CNN.com ran a story, "Ex-ACORN worker: 'I paid the price' for voter registration fraud," reporting on former ACORN worker Clifton Mitchell who falsified the registrations of nearly 2,000 voters and spent three months in jail for his crime. "Clifton Mitchell ... said ACORN threatened to close the office if he and his team didn't meet their quota to register 13 to 20 voters a day," CNN reported.

* On Oct. 27, CNN.com followed with publication of commentary by Tara Wall of the Washington Times. Wall wrote, "Under FBI investigation, with about a dozen active and open state investigations for accusations of voter registration fraud, ACORN has got some explaining to do. And now even The New York Times has chastised the organization for 'vastly overstating' its voter registration numbers."

* Other reports tied ACORN to then-presidential candidate, Barack Obama. Reporter Amanda Carpenter wrote Oct. 13 at Townhall.com that the Obama campaign was forced to "revise statements about their candidate's work for ACORN and admit the campaign paid the group \$800,000 for "get-out-the-vote activities."

ProPublica leapt to the defense of ACORN, a

group that for years has received large grants from the Sandler.

On Oct. 16, ProPublica's website linked to an ABC News story entitled, "Experts: McCain ACORN Fears Overblown." The lead sentence of the story began, "Charges of potential voter fraud volleyed by Republicans, including Sen. John McCain himself, are out of proportion to reality, according to election experts."

On Oct. 29, a ProPublica reporter ignored the ACORN voter fraud reports and wrote a story instead about the background of a public affairs group that had attacked ACORN in a prepared advertisement in the New York Times. In this piece, "'Rotten' ACORN Ad Funded by Anti-Minimum Wage Group," the reporter highlighted a "Washington lobbyist, who for several years has been fighting ACORN's efforts to increase the minimum wage at the state and federal levels" and who had placed an ad "directing readers to the Web site www.rottenacorn.com." The ProPublica story accused the anti-ACORN group of abusive labor practices.

ProPublica's response to persistent news stories about ACORN voter fraud seem geared to ignore the news and debunk ACORN's critics. In fairness, at the bottom of the "Rotten ACORN" piece, the reporter discloses that "[t]he Sandler Foundation, the primary funder of ProPublica, has given money to ACORN," including "a \$300,000 contribution in fiscal 2007 to expand ACORN field operations."

Other ProPublica stories raise questions about its agenda. The group went after vice presidential candidate Sarah Palin in a lengthy series of reports. On Sept. 3, 2008, the story was "Palin's Pork History," followed on Sept. 5 by "Palin's Pork History, Part 2." ProPublica continued with more stories on Palin infrastructure policies as Alaska's governor. On Sept. 13 the headline was "Palin Administration Still Pursuing 'Nowhere' Project," about the now-infamous Alaskan bridge development. On Sept. 17, ProPublica followed with "Palin Admin. Oversaw \$26 Million ROAD to Nowhere." (block capitals in original) On Sept. 24 it was: "Palin Defended 'Bridge to Nowhere' Spinmeisters." On Sept. 25 came "Palin Defends Construction of 'Road to Nowhere.'"

By contrast, when there was a flurry of news stories about Barack Obama's ties to Bill Ayers, the former terrorist-turned-professor, ProPublica conducted no investigation of its own but linked to a single Wall Street Journal opinion piece at <http://online.wsj.com/article/SB122212856075765367.html>. ProPublica completely ignored Rev. Jeremiah Wright whose videotaped denunciations of America figured in much speculation over his 20-year personal history with the Obama family. Search the ProPublica site for variations of Wright's name and title and the only piece this researcher could turn up was a single story by reporter Richard Tofel who wrote, on Jan. 20, 2009, "Obama Speech Analysis: The Oratory and the Promises." The story contains nothing about the issue but only names Wright in passing. (www.propublica.org/article/obama-speech-analysis-the-oratory-and-the-promises-090120)

In the months since Barack Obama took office, ProPublica has focused plenty of attention on past government failings it thinks the Obama administration should fix. But it shows little curiosity about mistakes or malfeasance in the Obama administration. For instance, an article by Sheri Fink, "Global Aid and the New President," posted on Jan. 23, 2009 seems to work from the premise that America does not provide its fair share in monetary contributions for overseas poverty eradication and health care.

Fink writes: "The U.S. currently contributes about 0.2 percent of its GDP for aid, well below the 0.7 percent target set by the European Union and United Nations." (www.propublica.org/article/global-aid-and-the-new-president-090123)

Put aside for the moment the fact that the United States doesn't take its marching orders from the EU or the UN. Measured in dollars, America's 0.2% is well above the amount other nations give. Moreover, U.S. foreign aid figures only report on government funding and do not include private contributions. The Hudson Institute's Carol Adelman has demonstrated the extensive aid supplied by American voluntary organizations, religious congregations, foundations, universities, corporations, and largest of all, personal remittances of money sent by individuals in the U.S. back to their homelands. In other words, American global assistance

transcends government program funding by a wide margin, but the reporters for nonprofit ProPublica don't seem to get it. The ProPublica article gives voice only to those who want to see the U.S. government failing to make payments to other world governments and international agencies.

Obama appointments ought to be fodder for any sharp investigative reporter. But ProPublica has only gone easy on the administration so far. For instance, ProPublica has shown relatively little interest in investigating Obama's cabinet selections. There was no independent coverage of New Mexico Gov. Bill Richardson's withdrawal from consideration for the post of Commerce secretary. The nonprofit referred readers to a New York Times article if they wanted to learn more about the controversial New Mexico procurement process that forced his withdrawal.

ProPublica did do its own reporting on the tax troubles of Treasury Secretary Timothy Geithner and prospective Health and Human Services nominee Tom Daschle, but it failed to report on Nancy Killefer and General Anthony Zinni, individuals who would seem ripe for investigative stories.

Killefer was selected as the White House chief performance officer, but withdrew after it became known she once had a \$900 lien on her home for not paying unemployment taxes on household help. Iraq war critic Zinni was "the guy President Barack Obama telephoned the other day to congratulate him on his nomination for Iraq ambassador," Britain's Telegraph reported on Feb. 5, 2009. But nobody in the White House bothered to tell Zinni that the Obama administration later "had changed its mind." Zinni publicly complained about the way he was treated and the Telegraph story characterized the faux pas as "another indication of a chaotic appointment process." The juicy story ought to have inspired some investigation but you didn't read it in ProPublica.

ProPublica also failed to describe what happened with Annette Nazareth, who withdrew her nomination for a deputy slot at the Treasury Department, or Sanjay Gupta, the CNN medical correspondent who changed his mind about an appointment as Surgeon General.

ProPublica reporters should receive high praise for their stories on Obama's stimulus package and banking bailouts, on recent business and financial scandals, and on other issues related to open records and open government. But on embarrassments closer to the liberal policy agenda the group tends to link its website to outside media reports rather than conduct independent investigations. Compare ProPublica's heavy election coverage of pork spending by Sarah Palin to its lax reporting of Barack Obama's personal associations and it is apparent that the group's reporters have little interest in offending ProPublica's founders, funders and board members.

The Left Fights On

Taking control of the media is a key element for "progressive" organizations that want to shape public opinion to promote a left-wing policy agenda.

Activists are pushing punitive media measures such as the Fairness Doctrine and other proposals to "hush Rush" and give local community groups the power to pressure broadcasters to cover stories they want covered. Left-wing watchdog groups such as Media Matters for America are zealous in their efforts to intimidate journalists to toe the liberal line. (See *Foundation Watch (FW)*, July 2007 on Media Matters and *FW* January 2009 on the Fairness Doctrine.)

Increasingly, liberal foundations and commentators are urging newspapers to reinvent themselves as nonprofit organizations. One member of Congress, Maryland Democratic Senator Ben Cardin has even introduced a "Newspaper Revitalization Act," that would exempt newspaper advertising and subscription revenue from taxation and give newspapers a nonprofit status similar to National Public Radio or the Public Broadcasting System. "This may not be the optimal choice for some major newspapers or corporate media chains but it should be an option for many newspapers that are struggling to stay afloat," Cardin said.

Arianna Huffington recently announced that her left-wing gossip website, the Huffington Post, is launching its own Huffington Post Investigative Fund. Like ProPublica, her nonprofit fund "will produce a wide-range of investigative journalism created by both

staff reporters and freelance writers." As the newspaper industry continues to contract, Huffington voices a common fear that serious investigative journalism will be a victim of the cutbacks.

Too many newspapers are "drastically reducing their investigative teams," Huffington notes. "We've had too many autopsies and not enough biopsies. The HuffFund is our attempt to change this. It will also provide new opportunities for seasoned journalists who have been laid off or forced into early retirement. [...]"

The program's startup budget will be \$1.75 million. The money will be provided by the Huffington Post and the Bermuda-based Atlantic Philanthropies headed by Gara LaMarche, the former Open Society Institute vice president.

More investigative journalism: Who could be against it? Unfortunately, what used to be called "muckraking" is likely to produce little more than left-wing ranting and conservative bashing. On the basis of what's been produced so far, ProPublica would be better known as ProLiberal.

Cheryl Chumley is a 2008-09 Phillips Foundation journalism fellow.

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Many thanks.

Terrence Scanlon
President

PhilanthropyNotes

After seeking \$11 billion in taxpayer funds for retooling and a \$9 billion credit line from the U.S. government, **Ford Motor Co.** decided to contribute to community organizer **Al Sharpton's National Action Network** 2009 National Convention that started on April Fool's Day in New York City. NAN didn't say how much Ford gave but **National Legal and Policy Center** reports that a "sponsor" designation for last year's event cost \$50,000. Ford lost \$14.6 billion last year, and recently shuttered 17 plants and laid off more than 50,000 workers. Other bailout recipients, **GM**, **Chrysler**, and **Citigroup** sponsored the 2008 meeting but not the 2009 meeting. NLPC filed a complaint about Ford squandering tax dollars with bailout Inspector General **Neil M. Barofsky**.

Luis A. Ubiñas, head of the left-wing **Ford Foundation**, announced it will streamline its far-flung operations over the next two years. The foundation, with \$11 billion in assets, is the second-wealthiest foundation in the America. It intends to focus on several issues, including access to education, natural resources, and so-called sustainable development.

The taxman is watching. In light of recent controversies over corporate executive pay at companies that have taken federal aid, the IRS warns that nonprofit organizations better be careful when setting salaries. **Lois G. Lerner**, who oversees the tax-exempt organizations division of the IRS, said nonprofits will have to justify how much they pay their executives. "If you're not looking, we're looking," Lerner said. The tax agency has upped oversight of charities recently, through disclosure changes and an overhaul of Form 990, the annual tax return filed by nonprofits.

Former **eBay** president **Jeff Skoll** has endowed his new foundation, the **Skoll Urgent Threats Fund**, with \$100 million, the New York Times reports. The new charity, which will be headed for **Larry Brilliant**, former head of **Google's** philanthropic arm, **Google.org**, will focus on international problems such as the Middle East conflict, water shortages, and pandemics.

Several former Seattle Post-Intelligencer reporters and photographers have launched a new online daily called the **Seattle PostGlobe**. The nonprofit website site went live April 13, weeks after the 146-year-old Post-Intelligencer switched to an online-only format and laid off more than 130 workers.

Philanthropist **Dorothy Cullman**, who gave to New York City arts, science, and educational institutions, died last month in Manhattan, the New York Times reports. Cullman and her financier husband, **Lewis**, have donated more than \$250 million to organizations including the **New York Public Library** and **Human Rights Watch**. Mr. Cullman is a member of **George Soros's Democracy Alliance** group, which funds liberal think tanks, activists, and community organizers. According to his personal website Cullman and "a colleague engineered the very first leveraged buyout (LBO) — with \$1,000 cash, they bought **Orkin Exterminating Company** for \$62.4 million."

Goldman Sachs WATCH

Goldman has hired legal thugs to shut down a vocal critic of the international mega-bank. The bank claims that the offending website's name, www.goldmansachs666.com, constitutes an infringement of its intellectual property rights. The (UK) Telegraph reports that the website is owned by blogger Mike Morgan, an investment adviser who has posted entries such as, "Does Goldman Sachs run the world?" It seems like a fair question.

The liberal New Republic magazine wonders if the strings attached to the bailout money that Goldman took in are hindering its ability to attract new talent. The caps that apply on bonuses to the 25 highest earners at the bank may be driving skilled employees away. This "is a real constraint for Goldman as it minted 953 millionaires last year. In fact, the restriction theoretically creates a weird situation in which Goldman's 25 highest-ranking employees could make a lot less than more junior employees," writes Noam Scheiber.