

## Campaign Finance “Reform” Exposed Once Again

*Donors and activists on the left claim they just want “fair” elections but the IRS scandal reveals the same old political agenda*

**By Fred Lucas**

***Summary:** Donors who crusade under the radar for campaign finance reform still fund activist groups like Public Campaign. And those activist groups still fight for a panoply of left-wing causes while pretending to political neutrality. But every so often, a scandal reveals the truth.*

Campaign finance “reform,” long a hobby horse of left-wing foundations, is back in the news, thanks to a top staffer at the nonprofit Public Campaign (PC). The group recently gained unwanted news coverage when its senior program advisor, Susan L. Anderson, had some of her old tweets become a hot news topic, thanks to the IRS scandal that occurred under the watch of her husband, former IRS Commissioner Douglas Shulman. He presided over the agency from 2010-2012, precisely the period when, the world recently learned, the IRS targeted conservative and Tea Party groups seeking tax-exempt status.

In other words, when her husband’s agency appears to have surreptitiously waded into the political process and favored one side of the political spectrum, Anderson herself—whose own organization pretends that it’s politically neutral and opposed only to “special interests”—was wading into various political fights on the same side as the IRS.



**Left-wing activist Susan L. Anderson (shown above) of Public Campaign is an outspoken Occupy Wall Street supporter. While Anderson was crusading for radical causes, her husband, Douglas Shulman, was leading the IRS as it unfairly discriminated against Tea Party groups.**

Anderson wrote on the micro-blogging website Twitter on Oct. 18, 2011, that she was at the Occupy DC protests listening to Harvard Law professor Lawrence Lessig’s “teach-in,” Breitbart News reported. A couple of months later, Dec. 6, 2011, Anderson tweeted, “DC, good morning! Come down to the Mall and tell your 99% story!”

The chant, “We are the 99 percent,” was the

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famous rallying cry of the Occupy Wall Street (OWS) movement. Anderson and Public Campaign were active in Occupy—which the Left once hoped would be the counterweight to the Tea Party movement, the same movement the IRS targeted for harassment. Before joining Public Campaign, Anderson worked with other organizations to lobby for publicly financed political campaigns in states across the country.

## Funders

None of this would surprise observers who track the group of donors that have supported campaign finance “reform” ever since those same donors were disappointed in the political outcome of the 1994 elections (when Republicans took both houses of Congress for the first time in a half-century).

Public Campaign’s funders are predictable left-wing powerhouses, many of them long-term supporters of campaign finance reform. First, the Arca Foundation, a public policy group that opposes the death penalty and is involved in international human rights

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matters, strongly supports campaign finance reform and contributed more than \$250,000 to Public Campaign in 2006; it donated \$50,000 in 2011. The foundation used to be run by Rep. Donna Edwards (D-Md.).

The Campton Foundation, which advocates for peace, welfare programs, and so-called social justice gave \$65,000 to Public Campaign. The Carnegie Corporation of New York, which says its mission is to promote “international peace and the health of our democracy,” contributed \$500,000 to the organization in 2007. The Ford Foundation, which professes “to strengthen democratic values, reduce poverty and injustice, promote international cooperation, and advance human achievement,” gave \$115,000 in 2004.

From 2001 through 2006, the George Soros-funded Open Society Institute contributed between \$100,000 and \$275,000 every year to the organization. The Rockefeller Brothers Fund, which drafted the “Earth Charter” for the Earth Charter Commission and Earth Council, gave \$100,000 to Public Campaign in both 2009 and 2008. The Earth Charter largely blames capitalism for the world’s environmental and socioeconomic problems. The Kohlberg Foundation, which says it focuses on “health and medical research, education, and the environment,” contributed \$125,000 in 2010 and \$100,000 in 2009.

What four of these donors have in common is their involvement with the cabal of funders who are responsible for the McCain-Feingold campaign finance bill. As a former senior program officer at the Pew Charitable Trusts has admitted, a handful of big donors quietly poured a fortune into an effort to fool, as the program officer put it, their “target audience” of “535 people in Washington,” i.e., members of Congress. “The idea was to create an impression that a mass movement was afoot,” he continued. “That everywhere they looked, in academic institutions, in the

business community, in religious groups, in ethnic groups, everywhere, people were talking about reform” (For the complete story and an interview with the program officer, see *Foundation Watch*, June 2005; for a more recent effort by the same funders to control Americans’ speech, see *Foundation Watch*, April 2011).

The nonpartisan Political Money Line studied this years-long campaign and found that \$140 million was spent from 1994-2004 to secure the passage of McCain-Feingold. Of that sum, fully \$123 million, or 88 percent, came from just eight donors. Public Campaign continues to enjoy funding from fully half of those eight: George Soros (through his philanthropies), the Carnegie Corporation, the Ford Foundation, and Jerome Kohlberg.

To understand the impetus behind campaign finance reform, recall that just weeks after the 1994 election, Soros publicly decried the outcome of that election, which he blamed largely on the “excessive use of TV advertising” during the campaign. He was thinking of the famous “Harry and Louise” ads that helped stop the Clinton Administration’s unsuccessful effort to take over health care. Eight years later the McCain-Feingold law delivered the goods by gagging groups that wanted to place TV ads before elections (though the Supreme Court later rolled back some of the unconstitutional regulations).

These fights over Hillarycare in the 1990s make a perfect parallel to the more recent fight engaged in by donors like Soros and groups like Public Campaign (and, apparently, the IRS) who have worked to prevent the Tea Party from stirring opposition to the Obama Administration’s effort to take over health care.

## Origins and Causes

Public Campaign, founded in 1997, describes itself as “a non-profit, non-partisan organiza-

tion dedicated to sweeping campaign reform that aims to dramatically reduce the role of big special interest money in American politics.” But PC has frequently made clear that it’s not a neutral group that opposes all “special interests,” by throwing its support behind a variety of left-wing causes.

For example, on April 25 this year, Anderson tweeted “#stopthenra [stop the NRA] rally in McPherson Sq. in Washington,” in the midst of Public Campaign’s participation in a rally against the National Rifle Association, an organization hated by most statists.

But surely all Americans can agree that it’s “intolerable,” as President Obama has said, for a federal agency to use the power of the state to target opposition political opinions. And that means a group that exists to ensure fair and balanced elections would care deeply about the IRS scandal, right?

Yet Public Campaign co-founder and president Nick Nyhart did not express much concern and offered only a measured statement after an inspector general’s report exposed the IRS abuse.

“The IRS must be absolutely unbiased in its investigations, with the rule of law—not politics—the only criteria in decision-making,” Nyhart said in a May statement. “If there are congressional hearings, they need to be bipartisan, even-handed, focused on the facts, and aimed at improving the oversight system. It’s not a time for political grandstanding.”

He added, “There are legitimate questions to be asked about political organizations posing as social welfare groups. The IRS needs a thorough review of its policies so it can fairly ask these questions and enforce the law.”

The lack of outrage might be explained by his fawning references to Occupy Wall Street in Public Campaign’s 2011 annual report (the most recent available on its website). Nyhart reserved his outrage for the Supreme Court’s ruling in the *Citizens United* free speech case, which he vehemently opposed. This ruling was in some ways the genesis of the IRS targeting scandal, because President Obama and other Democrats have histrionically claimed the ruling somehow threatens to allow moneyed interests and conservative nonprofits to undermine the democratic process.



As Nyhart put it in the annual report, “The upsurge in activity began with the response to the *Citizens United* ruling in 2010 and swelled as the Occupy encampments captured the nation’s attention and spread across the country in 2011.”

“The Occupy protesters have dramatized the inequality of income and power in our society in ways we have not seen in decades,” Nyhart continued. “Whether the problem is spiraling student debt, home foreclosures, unemployment, or an energy policy that favors Big Oil, the underlying problem is

the same—a democracy that works for the few at the expense of the many. ... Our research is more targeted and focused on the divide between the 1% and the 99%. We do research in tandem with policy and advocacy organizations to weave a collective narrative about how to fix our democracy.”

Public Campaign says it is “laying the foundation for reform by working with a broad range of organizations, including local community groups, around the country that are fighting for change and national organizations whose members are not fairly represented under the current campaign finance system.” The organization adds, “Together we are building a network of national and state-based efforts to create a powerful national force for federal and state campaign reform.”

The end goal for this group is the enactment of the proposed “Fair Elections Now Act” (FENA) at the national level, which would entail taxpayer-funded elections. The law would bar candidates for federal office from accepting campaign contributions exceeding \$100. Each dollar privately donated would be matched with \$5 from the federal government. Sen. Dick Durbin (D-Ill.) is leading the charge for this bill in the Senate. Reps. Walter Jones (R-N.C.) and John Larson (D-Conn.) co-sponsored the legislation in the House.

But all of the other 52 co-sponsors in the House are Democrats—and some of the most far left at that, including Reps. Rosa DeLauro of Connecticut, Keith Ellison of Minnesota, Barbara Lee of California, Jim McDermott of Washington State, Jim McGovern of Massachusetts, Raul Grijalva of Arizona, Charles Rangel of New York, Henry Waxman of California, Jan Schakowsky of Illinois, and Washington, D.C. Delegate Eleanor Holmes Norton.

A version of this law has already been enacted in 11 states and four cities: Maine, Vermont, Arizona, Massachusetts, North Carolina, New Mexico, New Jersey, Connecticut, Wisconsin, West Virginia, and Hawaii, as well as Portland, Ore.; Albuquerque, N.M.; Chapel Hill, N.C.; and Santa Fe, N.M.

Another victory for the organization came in 2012 after it successfully lobbied the Federal Election Commission to allow campaign contributions via text message on the grounds that more people would donate small amounts over their cell phones.

The organization operates in both red and blue states, according to its tax return: Alaska, Arkansas, Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Kansas, Kentucky, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, New York, and North Carolina.

## Left-wing Advocacy

But Public Campaign shouldn't be viewed as a single-issue group, because it uses campaign finance reform to connect to other favorite causes of its left-wing donors, such as gun control, environmentalism, prison reform, and the recall of a Republican lawmaker in Arizona.

In late April, Public Campaign joined other groups to oppose the lobbying efforts of the NRA after the Democrats' gun control initiatives failed to pass even a Democrat-controlled Senate. An assorted collection of activists gathered at McPherson Square near the White House to "name and shame" six lobbying firms that had received a total of \$650,000 from the NRA, AFP reported.

"It's not just the NRA that's responsible for the proliferation of hundreds of millions of guns in this country," Nyhart told the gather-

ing. "It's also the big money lobbyists right here in Washington."

Public Campaign played a major role in the recall against Arizona state Sen. Russell Pearce, a Republican known for strong opposition to illegal immigration. In this case, his offense was taking a stand against Arizona's "Clean Election" law, as Public Campaign explained in its annual report.

Pearce was under investigation for receiving prohibited gifts from executives with the Fiesta Bowl, a college football game played annually at the University of Phoenix Stadium in Glendale, Ariz. Numerous interest groups raised and spent nearly \$60,000 in the district for mailings and advertising (not bad for groups that supposedly hate money in politics). The effort ensured the ouster of Pearce, said Randy Parraz, president of Citizens for a Better Arizona, which led the recall effort.

"Russell Pearce's anti-immigration stance was brazen and embarrassing to the people of our state," Parraz said. "But on its own, it might not have been enough reason for voters to toss him out. Campaign Money Watch and Public Campaign Action Fund recognized that Pearce's ties to corrupt interests and his stance against Clean Elections might be salient concerns at the ballot box."

Nyhart gleefully took credit as well.

"The Russell Pearce effort in Arizona speaks volumes about the value of a separate 501(c)(4) organization and a political action committee," Nyhart said, seeming oblivious to the irony of his praise for a political action committee (PAC). "Public Campaign cannot engage in political campaigns. Yet, it advances our cause when politicians are held accountable for their ties to monied interests. Now that Pearce is out of office, the Clean

Elections law in Arizona is on more stable footing. For the first year since Arizona voters passed the Clean Elections initiative in 1998, there was no major legislative effort to repeal it."

Public Campaign has also come to the assistance of the anti-drilling Oil Change International, according to OCI executive director Steve Kretzman, who said, "I turned to Public Campaign when I was looking for smart and effective allies in campaign finance reform."

The two organizations launched the Dirty Energy Campaign and even took credit for President Barack Obama's job-killing decision to block the Keystone XL Pipeline.

"We created a web site. It shows how much money flows from big energy companies into Congress—in the form of campaign contributions—and how much money flows out—in the form of taxpayer subsidies to energy companies," Kretzman said. "The president's decision on the Keystone pipeline shows the growing strength of the environmental movement. But having said that, I don't think we will win in the long term on these issues without seriously addressing campaign finance laws."

Public Campaign joined with the far-left, faith-based community organizing group People Improving Communities through Organizing (PICO) on another unusual issue for the organization—prison reform. The two organizations released a report entitled, "The Unholy Alliance," in November 2011.

"The report showed how lobbying, campaign contributions, and privileged access among private prison officials have led to a growth in private prisons and harsh incarceration policies for nonviolent offenders," Public Campaign says.

The group's annual report says it worked with the Chicago-based, in-your-face street protest group National People's Action to advocate for stricter regulation of banks and "organizing spirited protests at shareholder meetings across the country, seeking to remove tax loopholes that benefit a select few and place a greater burden on nearly all Americans."

## Democracy Initiative

In January, the leftist *Mother Jones* magazine reported that Public Campaign was among the organizations that met to plot the progressive future under Obama's second term. The other organizations were the National Education Association, Sierra Club, Greenpeace, Communications Workers of America, and the NAACP. The activists called this the "Democracy Initiative," according to *Mother Jones*. The magazine called it the largest coalition of liberal groups formed to deal with a collection of issues rather than an election. As a matter of full disclosure, the magazine said, "a non-editorial employee of *Mother Jones* also attended."

"According to a schedule of the meeting, the attendees focused on opportunities for 2013," the magazine reported. "On money in politics, Nick Nyhart of Public Campaign, a pro-campaign-finance-reform advocacy group, singled out Kentucky, New York, and North Carolina as potential targets for campaign finance fights. In a recent interview, Nyhart said the Kentucky battle would likely involve trying to oust Senate Minority Leader Mitch McConnell (R-Ky.), Public Enemy No. 1 for campaign finance reform, who faces reelection in 2014."

That was in January. In April, a liberal group used Watergate-style tactics against

McConnell's campaign, causing a scandal. The uproar occurred when the activist group Progress Kentucky recorded McConnell and his staff talking about movie star Ashley Judd, who had hinted at challenging McConnell for the Senate seat next year.

Who broke the story of what McConnell and staff were talking about? None other than *Mother Jones*.

The connection certainly raises questions, since a *Mother Jones* employee was part of the "Democracy Initiative" that listed as one of its initiatives—as discussed by PC's Nyhart—taking down McConnell.

## Left-wing Staff and Board

As much as Public Campaign deplores the influence of "special interests," the board and staff are made up of people who are or have been activists on abortion rights, organized labor, and LGBT (lesbian, gay, bisexual, and transgendered) issues.

Nyhart began serving as president and CEO of Public Campaign in 2000. Before that, Nyhart was the director of the Northeast Action Money and Politics Project, which was a six-state venture in the 1990s pushing limits on campaign spending in the north. This group was responsible for Maine's enacting a version of the Fair Elections Now Act in 1996. Maine voters supported the "Clean Elections Act" by 56 percent, and now the law provides taxpayer money to state politicians.

"In January 1997, Nyhart joined scores of state and national money and politics activists to found Public Campaign, where he served as National Field Director and Deputy Director before assuming the group's helm in 2000," PC's website says. "At Public Campaign,

Nyhart has worked to win cutting edge state reform efforts across the country and has organized a number of innovative national collaborations to promote publicly financed elections at the federal level." Nyhart receives compensation of \$155,418, according to Public Campaign's 2011 tax form.

Betty Ahrens, the Public Campaign vice president for outreach and operations, previously served as the director of Iowa Citizen Action Network for nine years, where she led the organization's campaign to pass a law allowing election-day voter registration in the state. Further, she pushed for health care reform in Iowa.

Anderson, the wife of the former IRS director, has worked in various organizations and in congressional offices since 1997, promoting taxpayer-funded elections. She also worked on democracy issues for the African-American Institute in New York.

The group's research director since 2011 is Tam Doan, who previously worked at the far-left Center for Community Change as an analyst supporting proposals such as Obamacare and the American Reinvestment and Recovery Act (the "stimulus" bill). She was also the program manager for a low-wage worker financial services project, according to the Public Campaign website.

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Many thanks.

Terrence Scanlon  
President

Jeanette Galanis, the national field director, previously worked in the field staff of the AFL-CIO in Colorado. On the national front, she was the advance team coordinator for Jesse Jackson's National Rainbow/PUSH Coalition. She went on to be the policy director for the Colorado Progressive Coalition before becoming the executive director of 9to5 Colorado: National Association of Working Women, which advocated for low-wage female employees to organize unions.

Johnny Papagiannis, the field communications manager for Public Campaign, was previously the field director for Progressive Maryland—an organization pushing an already left-wing state further left. In Maryland, “he ran successful field operations to raise the minimum wage, increase public school funding and an electoral effort to elect the organization's former Executive Director to the Maryland House of Delegates,” the Public Campaign website said.

Beth Schulman, Public Campaign's development director, is the former publisher of *In These Times*, a nonprofit magazine that describes itself as “dedicated to advancing democracy and economic justice.” The magazine was founded in 1976 with the mission to “identify and clarify the struggles against corporate power now multiplying in American society.” Schulman was also the co-founder of the Independent Press Association in 1996, an organization that “supports free speech and social justice.” The association provided business services to left-wing publications such as *Mother Jones*, *Sierra*, *Utne Reader*, and *The Nation*, but is now defunct, according to the liberal group Reclaim the Media, which advocates for stricter regulations on ownership of media corporations. Schulman was also previously the director of development for the ACORN-like Advancement Project, a self-professed “multi-racial civil rights

organization” that opposes voter ID laws and advocates for restoring the rights of felons to vote, for election-day registration, and for “helping organized communities of color dismantle and reform the unjust and inequitable policies that undermine the promise of democracy.”

Public Campaign communications director Adam Smith previously served on the board of Fairness WV, a statewide lesbian, gay, bisexual, and transgender advocacy group in West Virginia.

The group's research associate Kurt Walters previously worked in communications for the environmentalist group Friends of the Earth, an organization that “strives for a more healthy and just world.”

The Public Campaign board of directors also contains a number of people who work or have worked for various far-left groups.

The board chairman is Joan Mandle, who is the full-time executive director of Democracy Matters, which like Public Campaign focuses on college chapters and describes itself as “a non-partisan campus-based national student organization [that] works to get big private money out of politics and people back in.”

Richard Romero, the vice chairman, is the former Democratic New Mexico state Senate president.

The secretary/treasurer of the board is Dan Petegorsky, who is the former executive director of the Western States Center, a group that says it “has been at the forefront of building a progressive movement and just society since 1987.” The organization focuses on “social, economic, racial and environmental justice in the eight western states: Alaska, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.”

Ilyse Hogue, the president of NARAL Pro-Choice America, is also on the Public Campaign board of directors, but Public Campaign's website says Hogue is on leave. Hogue is a veteran MoveOn organizer.

Another board member, Becky Glass, is part of an organization seeking to reconcile often conflicting lobbies on the Left: environmentalists and organized labor. Glass is the deputy director of the Madison, Wisconsin-based Labor Network for Sustainability, which is “dedicated to engaging trade unions, workers and our allies to support economic, social, and environmental sustainability.”

Heather McGhee, vice president for policy and outreach at the left-wing think tank Demos, is also on Public Campaign's board. Demos claims it has three objectives, “1.) Achieving true democracy by reducing the role of money in politics and guaranteeing the freedom to vote; 2.) Creating pathways to ensure a diverse, expanded middle class in a new, sustainable economy, and 3.) Transforming the public narrative to elevate the values of community and racial equity.” Demos is reportedly the brainchild of Charles Halpern, then-president of the left-wing Nathan Cummings Foundation; its original board included then-state senator Barack Obama.

The only Republican on the board is Whitney North Seymour, Jr., who was a former Republican state senator in New York before becoming U.S. Attorney for the Southern District of New York under President Richard Nixon.

## ‘Fair Elections’

“Fair” has historically been the Left's favorite euphemism for governmental control. In this case, it's the desire for government to control speech during political campaigns.

In its work for “fairness,” Public Campaign also provides funding for other campaign finance reform advocacy groups, mostly on the state level; for instance, the FENA law that is supposed to take special interests out of politics and lead to better decisions among lawmakers. Public Campaign boasts that states that have adopted the law have seen success.

“In Maine, the first state to adopt full public funding of elections, nearly 80 percent of the state’s lawmakers were elected with public funding in 2010,” the Public Campaign website brags. “In Connecticut, which has a much newer program, 145 out of 187 General Assembly seats (77 percent) are filled by ‘Clean Elections’ candidates. In Arizona, about one third of Legislative seats, the Governor’s office, and several other statewide elected positions are held by ‘Clean Elections’ candidates.”

But these so-called measurements of success are based on the crude calculation of how many office-holders collect their campaign donations from the public trough.

The Center for Competitive Politics describes such laws as “welfare for politicians.” As for whether these welfare payments lead to sound policy, consider that Arizona—a red state that adopted this law in 1998—has one of the highest budget deficits in the country, according to the Center.

“Tax-financed campaigns are often lauded as ways to increase competition, promote candidate diversity, and reduce interest group influence,” the Center’s website observes. But “despite the continuous insistence by the ‘reform’ community that this system is beneficial, there really is no credible research

to support these claims. In fact, it stands for reason that lawmakers would vote in favor of ‘special interest’ groups more when they participate in tax-financing programs. While at first this seems preposterous, there is a fairly simple reason this might occur. Rather than raising so many small donations to qualify for public funding on their own, candidates often rely on ‘special interest’ groups with ready-made donation lists and ‘bundling’ capabilities to provide the infrastructure necessary for this kind of fundraising. States already mired in debt need to focus on dealing with their budget woes [rather] than adding to them by subsidizing candidates for office.”

According to Discover the Networks, “To qualify for public funding, a candidate for the U.S. House of Representatives would have to collect, from donors in his or her state, a minimum of 1,500 small contributions with an aggregate value of at least \$50,000. A U.S. Senate candidate, meanwhile, would be required to collect a base of 2,000 small donations, plus 500 additional contributions per each congressional district in his or her state. For example, a candidate running for the U.S. Senate in Maine, where there are two congressional districts, would require 3,000 qualifying contributions before receiving Fair Elections funding.”

Public Campaign abhors big money from corporations or Tea Party groups, but it seems to have no problem with, say, the National Education Association blocking any meaningful education improvements and the environmental lobby inhibiting economic growth. In general, Public Campaign is not so different from other “good government” or “watchdog” groups in Washington, all of which have an agenda but insist they are

nonpartisan. What’s interesting about this group is that it detests the evils of money in politics—except for the big money that is underwriting the causes it supports.

PC is indeed an appropriate ally for the tiny group of big donors who have long sought to use campaign finance reform to stealthily achieve their own political agenda.

*Fred Lucas is the White House correspondent for CNSNews.com and the author of The Right Frequency: The Story of the Talk Radio Giants Who Shook up the Political and Media Establishment.*

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# PhilanthropyNotes

**Warren Buffett** has allocated \$2 billion worth of stock in his massive holding company, **Berkshire Hathaway**, to the **Bill & Melinda Gates Foundation**, making this the largest contribution he has made in his eight years of annual gifts to the largest charity in the world, according to reports. The new gift of 17.5 million shares is worth more than last year's gift of 19.3 million because the price of the company stock has risen since 2012. To date, Buffett has donated 168 million shares to the Gates philanthropy, worth \$19.4 billion at the current price.

President **Obama** has created a **National Service Task Force** to help federal agencies find new ways to squander tax dollars on efforts to radically transform America. According to the *Chronicle of Philanthropy*, the group will be headed by **Wendy Spencer**, CEO of the **Corporation for National and Community Service** (CNCS), and **National Council of La Raza** veteran **Cecilia Muñoz**, now director of the White House Domestic Policy Council. The perpetually scandal-ridden **AmeriCorps** is part of CNCS, a federal "service" agency that doles out millions of dollars to left-leaning groups. "Representatives of 12 Cabinet agencies—from environment and energy to homeland security and labor—have 180 days to determine how they can use volunteers, how to evaluate the effectiveness and cost of such partnerships, and how those relationships can create a pipeline to employment for volunteers," the newspaper reports.

Sen. **Charles Grassley** (R-Iowa) complained that he is "getting stonewalled" by **New York University** which refuses to cough up vital information he needs on compensation and financial assistance for top university officials. Grassley, the senior Republican on the Senate Finance Committee, launched a probe in the springtime after he learned that Treasury Secretary **Jacob J. Lew** accepted mortgage subsidies and a \$685,000 parting bonus as an executive vice president at the school. The senator also investigated unusual spending at **Harvard** and **Yale**. NYU is "a nonprofit organization, they ought to act like a nonprofit organization," he said. "They've got to justify their tax exemption."

Hungarian immigrant **Paul Soros**, the older brother of radical philanthropist **George Soros**, has died at 87. He had reportedly been in treatment for cancer, renal failure, and Parkinson's disease. Apart from a few grants here and there, such as a \$55,000 grant in 1999 to **People for the American Way**, very little of the New York-based **Paul & Daisy Soros Foundation's** giving was ideological in nature. The philanthropy focused on assisting new immigrants to the U.S. The elder Soros, an engineer, made his fortune as an innovator in the bulk shipping industry.

## Goldman Sachs WATCH

National Australia Bank Ltd. claims in a \$230 million arbitration proceeding that Goldman Sachs Group broke industry rules in a transaction involving mortgage-related securities that went sour, the Wall Street Journal reports. Goldman disclosed the existence of the case in a filing with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority. Goldman packaged the mortgages and sold them to investors such as the bank. Exact details of the claim have not yet been made public.