



OUT OF DARKNESS, CASH

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and "Pop Up" Activists
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Brush with the Mob

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CRC was established in 1984 to promote a better understanding of charity and philanthropy. We support the principles of individual liberty, a free market economy, and limited constitutional government—the cornerstones of American society, which make possible wise and generous philanthropic giving.

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DENNIS PRAGER

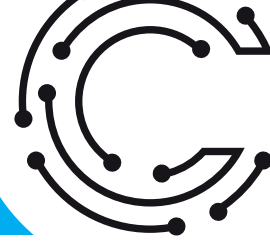


***No Safe Spaces*, a film starring Adam Carolla and Dennis Prager and a project of CRC's own Dangerous Documentaries, will expose the safe space culture that is undermining American universities. *No Safe Spaces* will expose the sad state of free speech, the unwillingness of students to be challenged by new ideas, and "the grievance culture" of "safe spaces" that are undermining the intellectual foundations of American higher education.**

Carolla—a well-known stand-up comedian, podcaster, and radio personality—and Prager—a syndicated radio talk show host who has been on the air for more than four decades—will travel to college campuses across the country interviewing students, professors, and commentators from both sides of the political spectrum.

***No Safe Spaces* is set to release in Spring 2019. It is directed by Justin Folk and produced by Mark Joseph. Scott Walter and Jake Klein are executive producers.**

NOsafespaces.com



ANTI-ICE, ANTI-COP GROUP WINS NFL-FUNDED GRANT FROM PLAYERS COALITION

Valerie Richardson for the *Washington Times*, January 31

The Super Bowl isn't until Sunday, but already several winners have emerged from the 2018 NFL regular season, including a George Soros-funded activist group that takes a dim view of the border patrol and police.

The NFL-funded Players Coalition announced Wednesday that it had awarded \$2 million in grants to six nonprofit organizations, a list that included the Advancement Project National Office, which has received millions from Mr. Soros's Open Society Foundations, according to InfluenceWatch, a project of the conservative Capital Research Center.

The 20-year-old Advancement Project, known for fighting voter-identification laws, rallied for "police-free schools" at a December protest featuring a poster of a pig in a police hat.

The group also participated in last year's school gun-control walkout, blasted CNN for firing commentator Marc Lamont Hill over a speech criticized as anti-Semitic, and called for making Immigration and Customs Enforcement "unnecessary" by "decriminalizing immigration."

The other five groups receiving grants were the National Juvenile Defender Center, Communities in Schools, the Justice Collaborative, Year Up, and the Center for Policing Equity.

Players Coalition public-relations manager Lindsay Means defended Advancement Project, saying the players were "honored to work with them."

"For decades, The Advancement Project has been a pillar in ensuring that kids of color are treated with dignity and that they receive the same opportunities as their peers," she said in an email. "Their work on issues like the school-to-prison pipeline is essential to ensuring that our country meets its promise of fairness and equality, and we are honored to work with them."



Credit: Players Coalition. License: <https://goo.gl/P77eb>

The Players Coalition emerged at the end of the 2017 NFL regular season as team owners grappled with the national-anthem protests roiling the league, ultimately agreeing to a \$90 million, seven-year initiative for social-justice causes.

The Players Coalition emerged at the end of the 2017 NFL regular season as team owners grappled with the national-anthem protests roiling the league, ultimately agreeing to a \$90 million, seven-year initiative for social-justice causes.



The Players Coalition has been credited with helping move the focus away from on-the-field protests to in-the-community service—only three players knelt during the national anthem during the 2018 regular season.

The coalition, founded by Philadelphia Eagles safety Malcolm Jenkins and retired player Anquan Boldin, received \$3.2 million from the NFL in 2018, as well as funding from

Valerie Richardson for the *Washington Times*.



"The fight to #AbolishICE is inseparable from the fight to abolish the police," tweeted the Advancement Project in July. "We're here for both."

<https://goo.gl/7By4tI>



<https://goo.gl/kw47VR>

Fwd.US, Open Philanthropy, and other groups, according to its press office.

The grants were aimed at boosting nonprofit organizations working in communities "where players work, reside and play," with a focus on the issues of "juvenile justice and bail reform; police transparency and accountability, equal educa-



It's sad to see this money going exclusively to groups that are liberal to far-left, because if their ideology actually worked, America's big cities would have great schools and little crime or poverty.—CRC President Scott Walter

tion and economic advancement opportunities for low-income communities," according to the press release.

"Our goal has always been to work hand in hand with groups that can provide evidence-based solutions to achieve change and make a lasting difference on impacted citizens," Mr. Boldin said in a statement.

The coalition, which has both a 501(c)3 charitable arm and 501(c)4 advocacy arm, has been credited with helping move the focus away from on-the-field protests to in-the-community service on issues such as cash-bail reform, charging fewer kids as adults, and restoring the voting rights of most convicted felons.

The effort paid off for the league. Only three players knelt during the national anthem during the 2018 regular season, resulting in a huge drop in media attention, while the NFL reversed its ratings slide with a 5 percent increase in television viewership.

Judith Browne Dianis, executive director of the Advancement Project National Office, said Wednesday that the grant would be used to help "re-imagine public safety," adding that the "current criminal legal system is the legacy of slavery and Jim Crow."

"Through our partnership with Players Coalition Charitable Foundation, we aim to dismantle the institutional systems that fuel mass incarceration, criminalize poverty and funnel students from school to prison," she said in a statement.

The Advancement Project received \$3.9 million from the Soros-funded Open Society Project from 1999–2012, as well as \$552,775 from the Foundation to Promote Open Society, according to InfluenceWatch.



Credit: Players Coalition. License: <https://goo.gl/P7Feb>.

The AP has also taken stands on NFL-related issues, calling for renaming the Washington Redskins and cheering the take-a-knee protests led by former San Francisco 49ers quarterback Colin Kaepernick.

“While its stated objective is to address race and civil rights issues through the legal system and community activism, AP is in fact a key left-wing agitation group that organizes

opposition to voter identification laws,” said the Influence-Watch description.

The AP has also taken stands on NFL-related issues, calling for renaming the Washington Redskins and cheering the take-a-knee protests led by former San Francisco 49ers quarterback Colin Kaepernick. His foundation gave the group a grant in January 2017.

CRC president Scott Walter said it was unfortunate that the Players Coalition only awarded grants to groups promoting liberal solutions to social ills.

“America has a great tradition of the wealthy funding causes they believe in,” Mr. Walter in an email. “NFL multimillionaires have every right to support these grantees, and are understandably concerned about failing schools, crime, and poverty. But it’s sad to see this money going exclusively to groups that are liberal to far-left, because if their ideology actually worked, America’s big cities would have great schools and little crime or poverty.” ■

Read previous articles from the Commentary series online at <https://capitalresearch.org/category/commentary/>.

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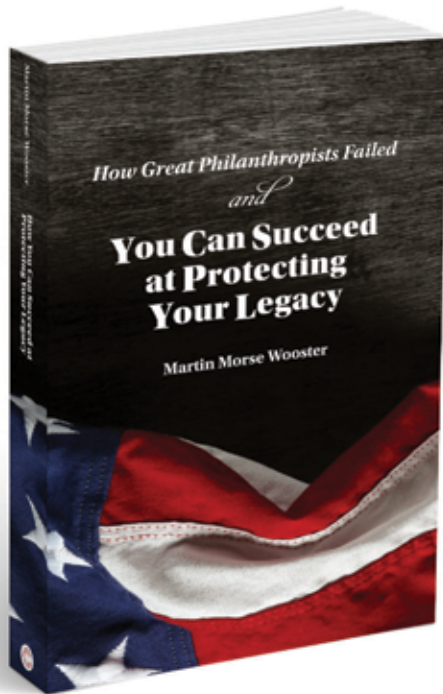
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Is Your Legacy Safe?



An instructive and cautionary tale for our time.

—W.J. Hume,
Jaquelin Hume Foundation

This is a must read for anyone thinking about establishing a private foundation.

—Linda Childears,
President and CEO, The Daniels Fund

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CAPITAL RESEARCH CENTER
AMERICA'S INVESTIGATIVE THINK TANK



A CONVERSATION WITH STEPHEN M. SCHUCK

Michael E. Hartmann talks to the successful Colorado developer, education reformer, and philanthropist

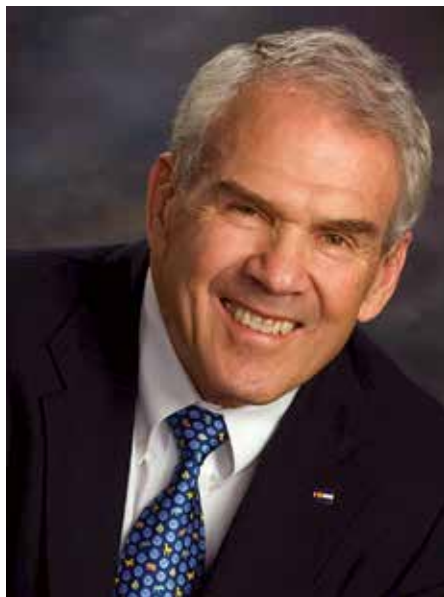
Following his graduation from the Wharton School at the University of Pennsylvania, Stephen M. Schuck was the head football coach for a year at The Manlius School, the West Point prep school in upstate New York, and then got his first job in business at a large manufacturing firm in New York City. "I got caught up in the bureaucracy," Schuck remembers. "You're on a sort of predetermined schedule and I chafed under that kind of regimentation, and I got fired on Christmas Eve."

When he had been coaching upstate, some players on the football team taught Schuck how to ski. "I just absolutely fell in love with skiing. It became an absolute passion," he said. So, when he was at the job he so disliked in New York City, he would walk over to the New York Times building and purchase a copy of the Denver Post and Rocky Mountain News. Schuck, with a new son and pregnant wife at the time, would "apply for every job in Colorado."

Schuck had never been west of Philadelphia, but he knew he wanted to go west, specifically to Colorado. While nothing ever came of his responses to the help-wanted ads in the Colorado papers, through a series of other coincidences, he found a potential job in Colorado Springs. It would be as assistant to the owner of a small department store. He was invited to Colorado Springs so the two "would test each other out for a couple of weeks," as the winsome Schuck tells the story, "to make sure it was a good fit before moving my family out."

It was February 1961. "I was wearing a heavy wool suit and heavy overcoat. I thought I was going to the Arctic Circle. I got off the airplane, and it was a typical Colorado day—you know, 50 to 60 degrees, blue sky. Just like it is today."

Schuck was going to live in the basement of the man's house, next to Colorado Springs' famous Broadmoor Hotel. "I unpack and he said, 'Why don't you take the dog up for a walk around the hotel?' I do that, and there are guys playing golf in shorts,



Stephen M. Schuck.

Photo courtesy of Schuck Communities.

people are swimming in a pool behind plexiglass, and I could see people skiing all within walking distance of where I was going to be living."

"I went to the drug store, called my wife, and said, 'I've been here for about an hour,'" Schuck said laughing, "and I don't give a damn if he fires me tomorrow morning. I'll find a job sweeping floors. You can't imagine how beautiful this place is.' That started the love affair."

Schuck and his family took the risk. He worked for the man for about 18 months before quitting. More risk. "I've got to be my own boss," Schuck says engagingly. Since then, as his own boss, the now-82-year-old "blue-sky" Schuck has been a successful real-estate developer, a candidate for the state's Republican gubernatorial nomination in 1986, an aggressive education-reform activist and founder of the Parents Challenge organization in Colorado Springs, a philanthropist in his own right and onetime board member of the Daniels Fund in Denver.

The colorful Coloradan's breadth and depth of experience in business and entrepreneurship, in politics and policy, especially in education, and in philanthropy are difficult to match. His wisdom and insights are well-earned, well-expressed, and well worth reading—and heeding.

Below are edited excerpts from a conversation Schuck was kind enough to have in January with Michael E. Hartmann, director of the Center for Strategic Giving at the Capital Research Center.

Michael E. Hartmann is a senior fellow and director of the Center for Strategic Giving at the Capital Research Center in Washington, D.C. He is a former program officer and director of research at The Lynde and Harry Bradley Foundation in Milwaukee.

In Real Estate, More Risk

Hartmann: How did you begin to generate your wealth?

Schuck: Real estate is the only field I knew about in which you could control your own destiny and could enter without any money, without any capital. By that time, I started as a salesman, I met a few people, had some relationships, and got a real start brokering commercial properties. The natural evolution is to progress from doing it for other people to doing it for yourself or for groups as a principal, so I started setting up investment groups doing our own development. I became focused on land, only because the guy who sort of took me under his wing was a land player.

I became very comfortable with and successful at assembling small groups of private investors to invest in and develop land. I'd be active and they'd be passive. They put up the money and I did the work. I got a piece of the action and I found out that I was a natural at that because so much of that activity is relationship-driven—relationships with investors, with municipalities, and with users of the properties. My personality made this all a good fit. And for 50 years, we've done it in Colorado Springs, Denver, Phoenix, and Portland.

Hartmann: What is the nature of your business, and how did it affect your financial stability?

Schuck: It is extremely high-risk. Land developers make a commitment to acquire property and then spend hundreds of thousands, if not millions, of dollars, on what we call “soft work”—planning, engineering, zoning, all of that long before we know whether government will approve us. And you don't know what the final product will be until you've gone through the entire process. We have to anticipate what the market might want years before our finished product will be ready for the market.



“I don't skate to the puck. I skate to where the puck is going to be.”
—Schuck quotes Wayne Gretzky

Wayne Gretzky used to say, “I don't skate to the puck. I skate to where the puck is going to be.” Yeah. Well, we don't plan for what's going on in the market today or even tomorrow. We have to plan for what the market will want when our product is finally completed or when our approvals are



Credit: DanielsFund/YouTube screenshot. License: <https://goo.gl/R9M91z>.

“The person who influenced me most was Bill Daniels,” says Schuck “He was a friend, partner, and mentor from whom I learned much about life and what is really important.”

granted, and that's measured in years, not weeks or months or quarters, as is more typical for other businesses.

All the money goes out in advance, before any comes back. It isn't like you can spend 20 percent or 30 percent of your money and get 10 percent or 20 percent of it back incrementally. It's all out and nothing back for a long time. The rule of thumb in our world is that you make 80 percent of your profit on the last 20 percent of your sales, so it's extremely high-exposure.

Hartmann: How did all this affect, or how is this all related to, your overall worldview?

Schuck: Most people don't have an appetite for that high level of risk. In our world, there's a disconnect between when you create the value and when you monetize it, when it is actually realized in dollars and cash flow. You have to be comfortable with that. Most people aren't, because they don't like to or just don't think that way. You have to have a very high tolerance for risk. So we fill a niche. We play an important intermediary role.

We can get the timing wrong, which I have done three or four times now. I've been on the wrong side of the curve, so that when our product was finally ready for the marketplace, the marketplace had no interest in it. The market demand for our product is not elastic. When there is demand, the market will pay whatever it has to, but when there is no demand, the market will not pay anything. I've gone broke several times. Doing so doesn't bother me a bit, though it can be embarrassing and humiliating, and very tough on my family. I could not have survived without a supportive wife.

We developed a fairly high profile at one point. We had about 150 employees. We had the largest commercial brokerage company in Colorado Springs. We had 60 percent to 70 percent market share in our brokerage operation. Today, we outsource much of what we formerly did organizationally and are compact, mean, and lean.

Hartmann: From whom did you learn in the business?

Schuck: While I always sort of marched to my own drumbeat, the person who influenced me most was Bill Daniels. He was a friend, partner, and mentor from whom I learned much about life and what is really important.

A Higher and Higher Profile, Leading to Politics

Hartmann: Why and how did you get into politics?

Schuck: So I started getting involved in all kinds of civic activities and they, along with my business activities that required extensive interaction with elected and appointed public officials, dragged me into politics. I was familiar with many political types because they're the ones who vote on approvals for our projects, so I naturally developed some political acumen.

Dick Lamm was elected governor as a Democrat in 1974. He tried to implement what he called his "Human Settlement Policy," which was an attempt to disperse population around the state on the basis of criteria that some egghead elites in the capital came up with, a bunch of stuff that had nothing to do with the marketplace, reality, and what individuals wanted.

He asked for a local meeting with some business leaders, which I convened, to which he could present his plan. After listening to his presentation and then candidly telling him just what I thought, he called me the next day and said, "I've never had an experience quite like what you did to me yesterday. Would you sit on my business advisory council?" So I did and that was my first real exposure to statewide politics and policy.

Hartmann: What did you think of politics and policy, and politicians and policymakers too?

Schuck: I was almost offended by the lack of respect by his advisors for regular individuals making their own decisions and how those ordinary people and their decisions, exercised in a market, would collectively develop the wisdom needed to set good policy. It was just a total disconnect between two

different ways of thinking. There was not one person around that table besides me who signed the front of paychecks. There was not one of them who was not going to get paid if the policies they promoted turned out to be ill-advised.

That started me down the path of thinking about who's making major policy decisions, on what basis are those decisions being made, and with what qualifications or real-world experience? I quickly concluded that the right people aren't in office, or at least in executive leadership. Dick Lamm is a



I quickly concluded that the right people aren't in office, or at least in executive leadership. —Steve Schuck

great guy, a college professor, more than ten times brighter than I am. But one day in private conversation, I asked him, "What have you ever created? What have you ever built? What have you ever taken from nothing to something?" Our system needs more doers who have experienced the real-life roller coaster and have a track record of accomplishment in the competitive world.

Hartmann: How did your '86 gubernatorial campaign come about?

Schuck: It was the mid- to late-80s, when the national economy was in trouble and the Colorado economy was in the toilet. With a couple other people, I'd created an economic-development program in Colorado Springs in the 70s and it became one of the most-successful primary job-creating programs in the country, receiving all kinds of notoriety. I was invited to travel around a bit to help others emulate it. Denver asked me to be a co-founder of its new economic-development program.

Then, some guy came to me and basically said, "It's your turn. Get in the game." I didn't have a clue, but he was sort of soliciting me to run. That's how it started.

Hartmann: How did you go about the campaign, not having done anything like that before?

Schuck: As a candidate with no political experience, I could see no other way to go about dealing with this new undertaking than to build a business plan. Well, that had me look at all the challenges facing the state. I created an issues team and they briefed me and then I ended up writing position papers—very serious, very deep papers on all the



Credit: Free To Choose Network/YouTube screenshot. License: <https://goo.gl/BzWfj>.

“The problem was and is the way K-12 is organized, with all the power in the hands of the provider rather than the consumer,” says Schuck. “My solution was to turn the system on its head, as proposed by Milton Friedman, by empowering parents with vouchers.”

issues facing the state. All my campaign advisors considered it a waste of effort, as the papers would not generate a single additional vote. My response was that they were not done for “them,” they were done for me.

I lost. I guess I wasn’t as good a politician as I thought. I lost to a politician. I didn’t know how to work the system. I was an outsider, kind of like the current president. It was close, but I lost in the primary to Ted Strickland, who then lost the general to Roy Romer. People told me I’d probably win the general if I ever got there, but I didn’t.

By necessity, my wife—who is very private—became a public figure. She did a great job and she was probably more popular than I ever was.

Hartmann: What did you learn from the campaign effort?

Schuck: Most politicians are good at getting elected, but have no clue about why (like that movie *The Candidate* with Robert Redford). Their motivations are self-serving. Very few are willing to take the risk, pay the price, or have the mindset to lay out clearly defined goals, build a road map to accomplishing them, and live with the consequences of success or failure. To most of them, public office is their

career, an end in and of itself, a way to satisfy their personal ambitions and narcissistic needs, not a means to get something meaningful done.

Hartmann: What do you think you could perhaps have done better?

Schuck: I should have ignored the flacks, pundits, consultants, etc., and followed my own drumbeat—doing what had worked so well for me in business, not following conventional political wisdom that had me campaign like a traditional political candidate. [Longtime successful Colorado politician and onetime U.S. Sen.] Bill Armstrong’s answer to my question about who ran his campaign was “me.” If I had not been so inexperienced, I would have followed Bill’s example. As an outsider, I should have campaigned more like one.

The People Promoting Parental Choice, and the Paths Toward It

Hartmann: So then you became quite heavily involved in school choice ...

Schuck: When we were doing the position papers for my campaign and it came time to do K-12 education, it was sort of pretty simple. Results are disgraceful, unacceptable, and the problem was and is the way K-12 is organized, with all the power in the hands of the provider rather than the consumer. My solution was to turn the system on its head, as proposed by Milton Friedman, by empowering parents with vouchers. After losing the election, my wife, Joyce, and I decided that I should not seek public office again, but rather focus on advancing school choice.

One day I get a message from a guy named Bill Schambra at the Bradley Foundation in Milwaukee. I don’t have a clue who he is, or what Bradley is. He said, “I’ve been talking to Bob Côté and he told me you’re someone I should talk to.” Côté founded Step 13, a group that helps homeless addicts gain sobriety in Denver that was supported by both Bradley and me. Schambra asked, “Would you come out and speak to some philanthropy group about why you support Step 13?”

While I didn’t really know anything about Bradley or the group, my response was that if it’ll help Step 13, I’ll do it. Bill sent me a program for the whole event. I see John Walton was on a different panel. So I called back and said, “I’m reneging on my commitment unless you get me an audience with John Walton,” who was a big backer of choice nationally, of course. “If you can just get me 15 minutes with him, I’ll come and pay my own way.”

With Ted Forstmann, John had just put the Children's Scholarship Fund together and I had been reading all about it, tens of thousands of kids in the program getting privately funded scholarships to go to the schools of their parents' choice. John and I met and hit it off immediately.

Hartmann: What did you learn from John Walton?

Schuck: John thought and operated strategically, long-term, with laser-like focus, and operated with a heart as big as all outdoors. He was comfortable making moves despite the absence of any assurance of their success. He took heavy-duty body blows publicly for his efforts, but his courage, vision, and humanity kept him on course. He was an extraordinary man who, like Bill Daniels, provided me with megadoses of inspiration.

Hartmann: Whom else did you meet along the way, and what happened with choice in Colorado?

Schuck: A little after I'd met John, Fritz Steiger called to tell me that John would like me to be on the board of CEO America—a great, great group of incredible human beings,

including Howard Fuller, John Gardner, David Brennan, Peter Flanigan, Jim Leininger, Bill Oberndorf, Bob Woodson, Mike Joyce, and many others. I considered it the highlight of my life to just be there in the room with those fabulous guys.

John Saeman, Alex Cranberg, Ed McVane, and I teamed up with Gov. Bill Owens to help pass robust, landmark tax-credit legislation. But as night follows day, the teachers' union litigated. A liberal state supreme court ultimately rescinded it.

Hartmann: But you and your allies stuck with the issue there nonetheless, albeit in a necessarily different way, didn't you?

Schuck: When it became clear that there was no chance of seeing vouchers or tax credits in Colorado for the foreseeable future, Alex Cranberg and I just looked at each other and said, "Okay, let's start privately funded programs. He started the ACE Scholarships program in Denver and I started Parents Challenge in Colorado Springs.



Credit: Parents Challenge (<https://goo.gl/5QCCQb>).

Parents Challenge is the only privately funded school-choice program in the country that helps support parents who choose public schools.

When I put Parents Challenge together, I didn't copy anybody else's model. Some people, very protective of the status quo, accused me of being anti-public education. My reaction was, "That's B.S." I've got kids who went to public schools. My wife and I are public-school products. My son is a public-school teacher. I'm agnostic about what type of school parents choose, but I'm passionate about them making the choice.

When I ran for office, my primary platform plank was privatization. But I'm not in the education-privatization battle. I'm in the parental-empowerment battle. I want parents to choose what *they* think is best, not what *I* think is best. So we built a matrix that supports kids whose parents choose public schools, who can use the money for tutoring, transportation, activity fees, or for the purchase of a computer. If parents choose a private school, they can select any of the above plus use some of the money for tuition.

CC —
I'm agnostic about what type of school parents choose, but I'm passionate about them making the choice. —Schuck

Parents Challenge is the only privately funded school-choice program in the country that helps support parents who choose public schools. That is important for two reasons. One, we truly empower parents by providing them with a full menu of school choices—traditional public, charter public, private, and homeschool—while all other programs limit choice to only private schools. This leads to the second reason, which is political. Most opponents of school choice accuse us of being anti-public schools, so by empowering low-income parents with funds they can use if their kids attend public schools, we neutralize claims that we are trying to destroy public education.

Specifically, for those parents choosing traditional or charter public schools, or who homeschool, grants up to \$1,000 can be used to pay for a variety of academic-enhancement programs—such as tutoring, online programs or software, or a computer—or for education-related expenses like required uniforms or transportation. For those parents choosing private schools, scholarships up to \$2,000 can be used, again, for all the aforementioned as well as for partial tuition payment.

Hartmann: Is Parents Challenge replicable and do you think it would be worth trying to replicate elsewhere?

Schuck: Those who want to bring school choice to their communities should be attracted to the Parents Challenge model, as they will not have to defend themselves against charges that they are anti-public school. In actuality, they become champions of public schools and can, like us, create partnerships with local public districts.

We conduct 15 to 20 parent-empowerment meetings throughout the school year. They are open to the general public, take place at a YMCA facility located in the community's lowest socio-economic neighborhood, include free dinner and child care, and cover subjects the parents themselves identify each spring as being important to them and which they would like to better understand.

Parents Challenge solves the political problem that other choice programs encounter. We've put a manual together for those who are interested in pursuing a Parents Challenge program for their own community, and we'd love to share it.

A Call for Common Sense and Discipline in Philanthropy

Hartmann: What have you learned from your experience with and in philanthropy?

Schuck: My experience and interactions with many foundations have taught me that much of the decisionmaking is not driven by results and outcomes. Rather, it is too often driven by the seriousness of the need, the quality of the grant request, and the extent to which there's social pressure applied on both the professionals and the board members to support individual causes or organizations. There's precious little focus on measurable, quantifiable results, then holding the donee accountable for achieving those results.

When raising money for Parents Challenge, a foundation might commit to give us, say, \$100,000 and then just write a check out for \$100,000 at the beginning of the grant period. Experience tells me that's the way most operate, to which my reaction is, "What sense does that make?"

Using my example, donors should tell Parents Challenge to break our request into two or three increments—requesting 40 percent or 50 percent up front in order to get the program started and under way, but then withhold subsequent disbursements until previously negotiated benchmarks are achieved. After both parties buy into that arrangement, and as long as you stay on course, we're good and subsequent tranches get funded. By funding in phases, donors can adjust their giving, up or down, based on performance.



There's precious little focus in philanthropy on measurable, quantifiable results, then holding the donee accountable for achieving those results. —Schuck

Hartmann: Isn't that in at least a little bit of tension with the way in which you operated in the real-estate business, where you'd be willing to take the risk of all the money being laid out at the beginning and wouldn't even be able to evaluate the results, or in that case monetize them, until years later? What's the time horizon on the assessments?

Schuck: So if we're developing a piece of land and it's going to cost a million dollars to put in utilities, pave streets, install landscaping and fencing, and then all the rest, the people who provide the capital, the lenders, don't give us the entire million bucks up front. They give us the portion of the million that's required to put in the first phase, water and sewer lines. If and when that is done, and we're ready for the next phase, they give us the next tranche of funding to pave the streets. It's sort of self-policing.

Why not use the same approach with philanthropy?

Hartmann: What kind of reaction do you get to that suggestion?

Schuck: The reaction was, "It's punitive. We can't do that." My reaction is, "Wait a minute. We have two guys. One is doing half of what he represented he'd get done, and the other is doing twice what he represented he'd do. Should we not give serious consideration to shifting some of the money to the second guy if the first guy's never going to get on track? We probably made a mistake in judgment when we started. Don't throw good money after bad. Do you keep funding the mistake or do you redirect those funds from the underperformer who has little chance of improving to somebody who's overperforming?"

How complicated is that? That's just plain common sense.

Doing that really helps both the donor and the grantee stay disciplined and stay on course. Some grantees with the best of intentions underperform, so why not sit down with them and discuss why they've been off course, why they were underperforming, and try to remediate before continuing

the funding? Don't take money away from anybody for no reason. I just want resources directed where they will do the most good. That's just being a responsible philanthropist.

Hartmann: Is it possible to over-rely on metrics, or to rely on the wrong metrics? Some people argue that is happening in a giving area with which you have experience, education.

Schuck: In the education world, plenty of people criticize metrics and test scores. That's fine—but what is their alternative? Do they favor the subjective judgment we've used for 60 or 80 years? You can't improve what you don't measure, so if the tests we're using now aren't satisfactory, give me better tests. But in the meanwhile, I'd rather use what we have than nothing. Absent that, the system is not being held accountable against any standard.

Hartmann: What other advice, given your experience, can you offer to those who give money away?

Schuck: One more idea is to have donors articulate their missions and goals in terms sufficiently specific to allow those who are trying to address a challenge to go into the community, to the streets if you will, to seek out practitioners who are actually doing good work in pursuit of those goals they defined. Too many donors are passive, mushy in defining their objectives, and either invite or await solicitations rather than being proactive seekers of successful social entrepreneurs. Being mostly reactive has the unintended consequence of rewarding those with the best grantwriting skills, rather than those who may be operating below the radar, but doing the most-effective work.

Hartmann: Any final thoughts on philanthropy, Steve?

Schuck: Too often, the mindset that generated the wealth is set aside when it is time to give it away. Donors use a different thought process. Heart over head. They soften their values, their standards, their expectations, their discipline, when they move from wealth creation to philanthropy. I used to have this conversation with Mike Joyce a lot. He, Schambra, Woodson, Coté, and Walton, along with my own experiences, have taught me that it's a hell of a lot more difficult to donate money effectively than it is to make it. Any jackass can give money away, but it takes an enormous amount of energy, discipline, rigor, and effort to give it away strategically and successfully. ■

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10

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GOVERNMENT RELIANT NONPROFITS FAIL TO HELP SENIOR CITIZENS

By Robert Stilson

Summary: Many government programs boast laudable goals from reducing hunger, to protecting natural resources, to aiding the elderly. However, these lofty goals come at a price: federal government agencies spend billions of taxpayer dollars every year through grants to nonprofit organizations which are supposed to administer these programs. But many of these nonprofits exist only to capture this government grant money. Many rely on taxpayer funds for as much as 90 percent of their operating budgets. Isn't it time the federal government evaluated its spending and audited nonprofit organizations which are overly reliant on federal grants?

Capital Research Center gratefully acknowledges the assistance provided by OpenTheBooks.com in compiling the federal grant data for fiscal year 2017, which provided the impetus for this research.

Government-Funded Nonprofits: The Best Way to Help Seniors Find Work?

As of January 2019, the total U.S. federal debt is nearing \$22 trillion which, according to usdebtclock.org, equates to a per-citizen liability of over \$66,000 and a per-taxpayer liability of nearly \$180,000. These are shocking and, many feel, unsustainable levels of debt. It's a road to fiscal mismanagement built through years of borrowing, with each un-balanced budget representing another paving stone in the Appian Way of deficit spending. Of course, the highway to national debt is often paved with the best intentions.

The ends to which government spending is to be directed may at once appear clear and pressing, and Congress may feel it has found just the programmatic means to address it. But what happens if those means become the ends



Why do the same 19 nonprofits show up as top recipients of both Labor Department and EPA grants?



Credit: SCSEP homepage screenshot. License: <https://goo.gl/SyQV3>.

The Senior Community Service Employment Program is a \$400 million/year effort to provide subsidized, part-time work, and job training to low-income Americans age 55 or older, with the intention of transitioning them to unsubsidized employment once their skills and experience are more competitive in the job market.

themselves? Can the inertia of long-term streams of federal money eventually twist the priorities of government programs so much that their actual effectiveness is no longer the paramount consideration? Does the existence of independent nonprofits that rely entirely on one or two federal programs for their funding compound this problem? A fine case study for these and other questions can be found in two similar and little-known federal programs: the Department of Labor's Senior Community Service Employment Program (SCSEP) and the Environmental Protection Agency's Senior Environmental Employment Program (SEEP).

The programs themselves are simple enough. The SCSEP is a \$400 million/year effort to provide subsidized, part-time work, and job training to low-income Americans age 55 or

Robert Stilson is CRC's research specialist focusing on building a library and sophisticated resource database that helps uncover hidden connections among nonprofit funders, activists, and other entities.

older, with the intention of transitioning them to unsubsidized employment once their skills and experience are more competitive in the job market. It's not a new idea—the program was first implemented in 1965—and the need for job training is undoubtedly even more pressing today, when possibly as many as 85 percent of jobs in the not-so-distant future have yet to even be created. SCSEP participants are placed at a local nonprofit or government agency where they work for the highest of either the local, state, or federal minimum wage. The EPA's SEEP is a similar program, but it differs in that it is not limited to low-income individuals. SEEP participants are also placed directly in EPA offices and supervised by EPA employees, yet they are not themselves considered federal employees. Instead, their salary and benefits are administered by one of the SEEP's grantee nonprofits. Such an arrangement is necessary in order to avoid running afoul of federal laws that prohibit agencies from targeting a specific age group for hiring.

Federal grant money for both the SCSEP and the SEEP is administered through a network of 19 501(c)(3) nonprofit organizations that recruit, place, and manage program participants. These organizations are:

1. The National Association for Hispanic Elderly (Asociacion Nacional Pro Personas Mayores)
2. The WorkPlace
3. The AARP Foundation
4. The National Caucus & Center on Black Aging
5. Easterseals, Inc.
6. National Able Network
7. Senior Service America
8. Goodwill Industries International
9. Operation A.B.L.E. of Greater Boston
10. The National Urban League
11. VANTAGE Aging (formerly Mature Services, Inc.)
12. SER-Jobs for Progress National
13. The National Older Worker Career Center
14. Experience Works
15. The National Council on Aging
16. Vermont Associates for Training and Development
17. The National Asian Pacific Center on Aging
18. The Institute for Indian Development
19. The National Indian Council on Aging

An analysis of 2017 federal grant data compiled and provided to the Capital Research Center by OpenTheBooks.com



Credit: U.S. Department of Agriculture. License: <https://goo.gl/CbblLW>.

Lab coordinator Kelly Stewart works with Earl Garner and Jessie Marcle. Both are enrolled in the “Generations” program from Senior Service America that teaches seniors the computer skills they need to re-enter, or advance in the workforce.

shows that all 19 nonprofits received SCSEP funds in fiscal year 2017; six of them also received grants for the SEEP.

Further analysis of recent tax filings indicates that 13 of the 19 are entirely or mostly funded solely by these two programs—meaning many would cease to exist if the programs were to be canceled. For example, the National Association for Hispanic Elderly, the National Caucus & Center on Black Aging, and the National Asian Pacific Center on Aging received approximately 94 percent, 98 percent, and 84 percent of their total respective revenue from the programs—to the tune of almost \$50.5 million. Experience Works, the largest single program recipient, took in over \$91 million in SCSEP money for 2016, accounting for over 93 percent of its revenue. Additionally, the SCSEP and SEEP represent a sizable portion of the budgets of the six organizations receiving less than half of their revenue from the two programs. Included among this group are large and familiar names like the AARP Foundation, Goodwill Industries International, and the National Urban League. All receive millions for their SCSEP work.

It may be surprising, given the relative anonymity of these programs, that they each represent a significant portion of both Labor and EPA's grantmaking to nonprofit organizations. In fact, CRC's analysis of fiscal year 2017 grant data found that the top ten nonprofit recipients of grant money from the Department of Labor were organizations that administer the SCSEP. Of the EPA's top 15 nonprofit grant recipients, five were organizations that administer the SEEP. And, reflecting the fact that funding for these programs is

channeled through the same group of 19 501(c)(3)s referenced above, four organizations were among the top nonprofit grant recipients for *both* Labor and EPA: Senior Service America, the National Caucus & Center on Black Aging, the National Asian Pacific Center on Aging, and the National Association for Hispanic Elderly. It's a surprising revelation, considering how different the missions of Labor and EPA are.

Of course, none of this would be of much interest if the programs effectively delivered on their stated goals. Unfortunately, at least with respect to the SCSEP, the evidence appears to suggest otherwise.

In its 2019 Budget in Brief, the Department of Labor declined to request any funding for the SCSEP, stating instead that the program is “ineffective at meeting its purpose of transitioning low-income unemployed seniors into unsubsidized jobs.” Elaborating, it explained that “[a]s many as one third of SCSEP participants fail to complete the program and, of those who do, only half successfully transition to unsubsidized employment.” Undoubtedly, this is a repudiation of the program by the Trump administration, but it is not one without some bipartisan precedent. In 2015, President Obama submitted a budget proposal that would have reduced the program's budget by just under 13 percent. While this is a far cry from calling for the program's elimination, it perhaps reflects a growing understanding of the program's inefficiencies. Such conclusions appear to be supported by recent tax filings of the grantee organizations examined by CRC.

One 501(c)(3) nonprofit almost entirely funded by the SCSEP is Vermont Associates for Training and Development. In its 2017 IRS Form 990, it claimed to be a “top performing grantee” of the program due to its 52 percent transition rate to unsubsidized employment, with a subsequent 70.8 percent retention rate. Another, VANTAGE Aging (formerly known as Mature Services, Inc.), reported in its 2016 Form 990 that “[i]n 2016, 141 people found work as a result of training they received in the program.” According to an audit covering the same period in 2016, VANTAGE received over \$8.7



At the cost of \$62,000 in program funds per successful job seeker, those “top performing” figures represent a high cost to the taxpayer.

million for the SCSEP during that period. This would translate to a cost of \$62,000 in program funds per successful job seeker. Even allowing for the possibility that these numbers don't fully reflect some of the other ways participants may have benefited from the program, or that perhaps there is a year-over-year delay between program participation and a job-seeker's ultimate success, those figures still represent a high cost to the taxpayer when the ultimate goal is worker self-sufficiency.



Credit: census.gov website. License: <https://goo.gl/NdPnUL>.

The National Urban League—a major recipient of SCSEP funds—is headed by Marc Morial, the former Democratic mayor of New Orleans. (Tax filings report Mr. Morial's total President/CEO compensation was a whopping \$900,000 in 2016—a year in which the National Urban League received over 30 percent of its revenue from the government).

It shouldn't come as too much of a surprise that the Department of Labor has suggested that the broad objectives of the SCSEP could be better-met through other means. Specifically, they point to the Workforce Innovation and Opportunity Act (WIOA). This legislation, which went into effect in 2015, authorizes a number of program activities aimed at multiple demographics with a broad goal of helping to train job applicants and then match them with prospective employers. In recent years WIOA-authorized programs have received funding in excess of \$3 billion, though the Department's request for 2019 was closer to \$2 billion.

Despite the lack of support from the Department of Labor, the SCSEP has continued to be included in the budget every year. Congressional support for its continuance is evidenced in a May 2017 letter signed by 23 Democratic Senators urging “robust” funding of the program in fiscal year 2018. This effort was spearheaded by Senator Chris Murphy (D-CT), and prominent supporters include Senators Bernie Sanders (I-VT), Tim Kaine (D-VA), Elizabeth Warren (D-MA), Kirsten Gillibrand (D-NY), and Dianne Feinstein (D-CA). It should be noted that, according to Congressional disclosures, a number of the 19 nonprofits



Credit: Adam Bierman/YouTube screenshot. License: <https://goo.gl/p5MW7m>.

The National Council on Aging, an organization that relies on government grants for over 70 percent of its revenue, is a client of Lake Research Partners, headed by “one of the Democratic Party’s leading political strategists,” Celinda Lake, and whose mission is to “work with our clients to advance progressive ideals.”

that administer SCSEP funds are engaged in lobbying, including four that are majority-funded by either the SCSEP or the SEEP—Experience Works, Senior Service America, the National Older Worker Career Center, and the National Council on Aging.

This is not in and of itself a problem; 501(c)(3) tax-exempt organizations may engage in a limited amount of lobbying, provided it does not rise to become a “substantial part” of that nonprofit’s overall activities. One might also quite reasonably expect an organization whose very existence depends on the continuance of one or two government programs to lobby for those programs’ continued funding. Still, when taxpayer dollars are at issue, the overriding question must be whether the money is being spent in the most effective way to achieve the desired objectives. In the case of the Senior Community Service Employment Program, the answer is likely “no.”

Finally, while the nonprofit organizations that administer the SCSEP and the SEEP are themselves nonpartisan, in some cases their leadership is decidedly less so. The National Association for Hispanic Elderly counts among its leadership two board members who have had roles in the Democratic

National Committee, as well as the former President of the Los Angeles County Federation of Labor (AFL-CIO). Senior leadership at the National Caucus & Center on Black Aging have, between them, worked at one point or another for at least four Democratic members of Congress. The National Urban League—a major recipient of SCSEP funds—is a member of several large progressive coalitions and is headed by Marc Morial, the former Democratic mayor of New Orleans (as an aside, tax filings report Mr. Morial’s total President/CEO compensation was a whopping \$900,000 in 2016—a year in which the National Urban League received over 30 percent of its revenue from the government). Even the National Council on Aging, an organization that relies on government grants (including tens of millions in SCSEP/SEEP money) for over 70 percent of its revenue, is a client of Lake Research Partners—a left-wing consultancy headed by “one of the Democratic Party’s leading political strategists,” Celinda Lake, and whose mission is to “work with our clients to advance progressive ideals.” While not the case in every instance, many of these nonprofits appear to skew leftward in practice.

It’s important to remember that criticism of a particular government program does not equate to criticism of that program’s objectives. We live in the most dynamic employment environment in our history. Basic skills that many would consider indispensable to an applicant’s employability in 2019 might not seem so basic when one remembers those skills may have been highly specialized or even nonexistent just a generation or two ago. Senior citizens, especially those with inconsistent work records, are among the most vulnerable workers in today’s labor market. The question isn’t whether they could use the help; it’s whether the help they’re receiving is making the best use of far over-stretched government resources. And, while efficiency and effectiveness often play second fiddle to expediency and appearances in the Beltway, that doesn’t mean we shouldn’t remain vigilant for situations where vested interests—like government-funded nonprofits—might be the life support behind an ailing program that, if allowed to die, could potentially be born again and help more people in the process. ■

Read previous articles from the Special Report series online at CapitalResearch.org/category/special-report/.



TRENDING ON GOOGLE: INFLUENCEWATCH TOPS THE SEARCH RESULTS

By Kristen Eastlick

Summary: Thanks to CRC's signature project, InfluenceWatch.org, left-wing organizations are no longer able to manipulate the news cycle and pull political strings with impunity. The media may ignore the paid professionals and mega-donors responsible for mobilizing "grassroots" campaigns, but with the click of a button, concerned citizens can learn the truth about the Left that goes unreported.

Outsized Influence

Since its launch in August 2017, visits to CRC's InfluenceWatch.org have skyrocketed. Over 200,000 visitors have relied on InfluenceWatch as a resource about groups and movements on the left. Some of our most popular entries include Pueblo Sin Fronteras (over 17,000 visits), Antifa (over 10,000 visits), and Black Lives Matter (over 9,000 visits).

What's more, InfluenceWatch appears on the first page of Google search results for over 950 queries, including "SEIU," "aft union," "black lives matter soros," "women's march," and "environmental defense fund criticism." In some cases, Google pulls text from InfluenceWatch automatically as a featured "snippet" which appears above the search results. Some of our entries even rank higher than organizations' own websites! This prominent placement on Google ensures that more and more Americans will have access to important information about political actors and movements that media outlets often choose to ignore.

Already in 2019, curious users have viewed 85,349 pages on the InfluenceWatch website.

As "America's Investigative Think Tank," the Capital Research Center studies the organizations, foundations, and movements on the Left, which operate with the specific mission of influencing the public policy process. But as the media becomes more polarized and special interests capture more and more of the airwaves, retweets, and clicks, it's increasingly difficult to



Some of InfluenceWatch's most popular entries include Pueblo Sin Fronteras (over 17,000 visits), Antifa (over 10,000 visits), and Black Lives Matter (over 9,000 visits).

separate good information from partisan propaganda. That's why the Capital Research Center's signature project, InfluenceWatch, is so important.

Why InfluenceWatch.org?

When a reporter at an establishment media outlet uses Google to research any free-market or conservative-leaning organization, he or she almost immediately finds an unflattering profile of the group on the website SourceWatch. Described sometimes as a "watchdog," and other times cited with no descriptive at all, SourceWatch is maintained by the Center for Media and Democracy (CMD) a group we explained—and exposed—in a June 2017 Organization Trends. CMD uses their website as a secret smear campaign to negatively brand those generally right-leaning organizations with which it disagrees.

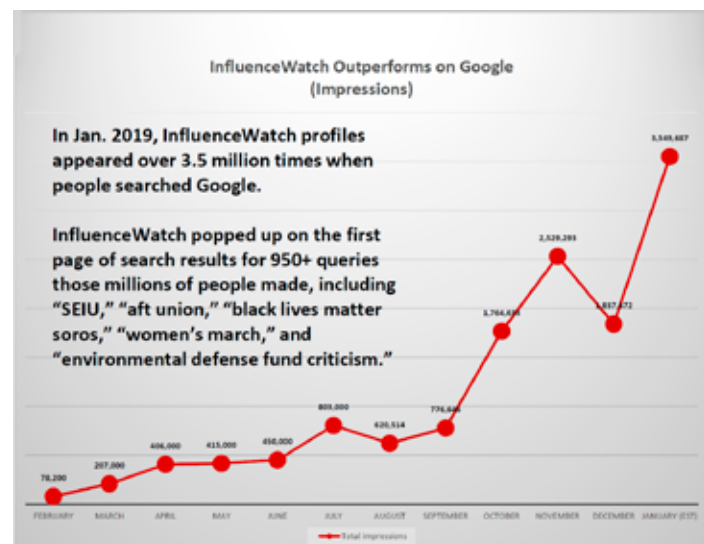
Kristen Eastlick is vice president of programs and communications at the Capital Research Center.



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InfluenceWatch appears on the first page of Google search results for over 950 queries, including “SEIU,” “aft union,” “black lives matter soros,” “women’s march,” and “environmental defense fund criticism.”

Several efforts have been made by groups on the right to create a similarly authoritative source that provides a fair-minded view of left-wing organizations. But no single effort has been completely effective and accessible to the general public. InfluenceWatch is designed to be comprehensive, regularly updated, and written in a manner that’s accurate and measured—while still accurately documenting the radicalism of the individuals and groups profiled. InfluenceWatch will bring unprecedented transparency to the history, motives, and networks of any and all entities involved in the Left’s advocacy movement.



CRC has accrued over 30 years of data on left-wing advocacy organizations, the labor movement, environmental activists, anti-American foundations and donors, and other key influencers and pundits. In an effort to make InfluenceWatch.org as effective as possible, CRC has tapped into our deep well of knowledge to help create both the infrastructure and the individual profiles that will power the site.

What you’ll find on InfluenceWatch.org:

Charitable organizations: Many groups are set up as public charities. As a part of their activities, they are allowed to engage in awareness campaigns to educate a variety of audiences. These groups, organized under section 501(c)(3) of the Internal Revenue Code, are subject to strong regulations governing their activity—including a ban on political messaging. In exchange for accepting these rules, donors deduct contributions from their taxable income to the extent permitted by law. For example, CRC is a charitable organization, as is the Center for American Progress. InfluenceWatch will profile thousands of such organizations.



InfluenceWatch entries on groups like Demand Justice or Pueblo Sin Fronteras even rank higher than organizations’ own websites!

Private foundations: Charitable organizations that do not receive a substantial portion of their income from the general public or government (defined by IRS rules) are private foundations. These 501(c)(3) organizations must report all information about their assets to the IRS and are generally prohibited from lobbying government entities. They do, however, provide significant funding to other organizations for public education and other types of advocacy. InfluenceWatch will examine those connections. The Bradley Foundation, for example, is a well-known donor in the free-market movement, while George Soros’s Foundation to Support Open Society is known for donating to radical left-wing causes.

Social welfare organizations: Groups that focus on legislative and grassroots advocacy (also known as 501(c)(4)s) are allowed to lobby without many restrictions. However, contributions to these organizations cannot be deducted from the donor’s taxes. These organizations have increasingly engaged in political advertising—lawful as long as political activity is not the group’s primary purpose. For these organizations, InfluenceWatch will look at both types of activities

and analyze the funding streams that enable them to pursue their goals.

Labor unions: Organizations that represent workers in specific industries are set up to engage in collective bargaining on behalf of those workers over wages, benefits, and working conditions. Unions regularly engage in lobbying and are allowed to intervene in elections as long as that election activity isn't the primary focus of the organization. InfluenceWatch will particularly focus on the legislative and political activity of these organizations.

For-profit organizations: InfluenceWatch will profile companies that regularly engage in political or legislative activity (like Goldman Sachs) as well as firms usually hired by candidates and issue advocacy organizations for services—like Catalist, a “grassroots” group started by former Clinton advisor Harold Ickes.

Political campaign organizations: Political parties and political action committees exist to elect candidates; InfluenceWatch will explore the various connections between campaign employees, donors, and other organizations. InfluenceWatch will also look at the activity of SuperPACs.

Government agencies: Over time, many agencies have become increasingly powerful in regulating massive sections of the American economy. InfluenceWatch will look at those agencies, their activities, and the officials who have directed policy—and how outside organizations are connected at all levels.

CC —————
InfluenceWatch is available to help the public learn the truth about the people and movements shaping the lives of everyday Americans.

Trade associations: Business leagues and trade organizations are designed to serve the industry or the profession that unites their membership. These groups regularly engage in policy and political activity—whether through traditional lobbying or through openly supporting/opposing candidates or parties.

Individuals and activists: The complex nature of issue advocacy today includes what are called revolving doors. In other words, individuals often move between and among



Movements like Black Lives Matter, Occupy Wall Street, and Fight for \$15 reflect the joint efforts of multiple charitable organizations, social welfare groups, activists, foundations, and sometimes even government agencies. InfluenceWatch exposes those connections.

the various entities described above, and many political operatives—think David Brock—are connected to multiple organizations and candidates. InfluenceWatch will explore all of these connections in depth.

Movements: Movements like Black Lives Matter, Occupy Wall Street, and Fight for \$15 reflect the joint efforts of multiple charitable organizations, social welfare groups, activists, foundations, and sometimes even government agencies. InfluenceWatch will link together the various organizations and individuals that collaborate to form these influential and potentially disruptive radical movements.

InfluenceWatch.org includes basic information on a wide variety of organizations and individuals in roughly 3,000 entries—including a description, an image, and (for non-profit organizations) information publicly available from the IRS or FEC. CRC is always looking for new individuals and groups to profile and connect to the larger network of left-wing influencers. This free source is available to help the public learn the truth about the people and movements shaping the lives of everyday Americans. Feel free to link to our research. ■

Send tips or corrections to influencewatch@capitalresearch.org.

InfluenceWatch is online at <https://www.influencewatch.org/>.

Credit: SEIU Local 99/Education Workers United. License: <https://goo.gl/XvzgUt>.

A project of Capital Research Center



CLIMATE DOLLARS

HOW ONE FLAWED STUDY FOOLED THE MEDIA AND
POISONED THE DEBATE ON CLIMATE CHANGE

In a widely cited 2014 study, sociologist Robert Brulle purportedly exposed a “climate change counter-movement” of center-right groups “distort[ing] the public’s understanding of climate change.” He calculated that from 2003 to 2010, these nonprofits recorded revenues averaging “just over \$900 million” annually—a number that led to media claims that, “Conservative groups spend \$1bn a year to fight action on climate change.”

A Capital Research Center study cuts Mr. Brulle’s calculations down to size: Not only is Brulle’s assessment off by 93 percent, the resources of environmentalist groups and government agencies overwhelmingly dwarf those of skeptics. To learn more about the climate debate, visit www.ClimateDollars.org.

ORGANIZATION TRENDS



OUT OF DARKNESS, CASH

“Pop-up” activists, “dark money,” and the Sixteen Thirty Fund

By Hayden Ludwig

Summary: With key conservative victories in the Supreme Court have come a host of new left-wing activist groups. But while most of these groups try to pass themselves off as independent organizations, many in the mainstream media fail to look behind the curtain at the professional paid activists who specialize in fake grassroots activism. Meet the Sixteen Thirty Fund, the “dark money” mega-funder behind dozens of “pop-up” protest campaigns propping up Obamacare, backing government control of the Internet, and attacking Trump’s judicial nominees.

If there’s one game the professional Left is good at playing, it’s fake “grassroots” activism. Nonpartisan, supposedly neutral groups with provocative names seem to pop up almost every week “demanding” this and “protesting” that—and always against conservatives and libertarians.

After President Trump successfully passed a Republican tax reform bill in 2017 and ended Obamacare’s individual mandate to buy health insurance, left-wing protesters rushed to save the dying healthcare bill, creating groups designed to look like they’re run by citizen activists. But the network those activists built is housed in one of Washington’s best-kept funding secrets: the Sixteen Thirty Fund, a “dark money” mega-funder run by a philanthropy consulting firm, Arabella Advisors.

The Geppetto of Washington

The Sixteen Thirty Fund is essentially a subsidiary of Arabella Advisors, a Washington, D.C.-based firm and a veritable Geppetto, the fictional woodcarver and puppeteer whose creation, Pinocchio, involves him in all sorts of mischief. Besides offering consulting services to wealthy left-leaning clients, Arabella provides a unique service to the professional Left through four major nonprofits.

Of these four nonprofits, the Arabella-run advocacy group—the Sixteen Thirty Fund—might be called the darkest of “dark money” nonprofits.



Credit: Change Food. License: <https://goo.gl/KQCSLg>

Arabella Advisors is the brainchild of Democratic Party operative Eric Kessler, who first conceived of the company in 2005 after serving as a special assistant in the Clinton administration to then-Interior Secretary Bruce Babbitt.

Because the Sixteen Thirty Fund is an IRS-designated 501(c)(4) nonprofit, it may spend more money on lobbying than its 501(c)(3) counterparts and it isn’t required to disclose its donors. To this end, Sixteen Thirty caters to wealthy Democratic Party donors, funneling tens of millions of dollars in grants to left-wing nonprofits, providing services to create new “pop-up” groups intent on lobbying Congress and influencing the news cycle.

The Fund works in the shadows, aiding the professional Left and raking in millions of dollars each year in virtual anonymity. Even as the Sixteen Thirty Fund garners little attention, though, it advances its agenda through high-profile “pop-up” campaigns. It is this obscurity combined with an impressive portfolio of fiscally sponsored projects that allows the Sixteen Thirty Fund to operate as one of the leading—and least-visible—“dark money” funders on the Left.

Hayden Ludwig is an investigative researcher at CRC.



Besides funding many left-wing organizations, the Sixteen Thirty Fund provides fiscal sponsorship services to help incubate—or “pop-up”—new activist groups.

While that term is poorly defined, “dark money” is best applied to 501(c)(4) nonprofits like the Sixteen Thirty Fund, whose donors are virtually impossible to identify and may include foundations and individual donors alike. Using financial vehicles that obscure funding sources is often denigrated by leftists like the *New Yorker’s* Jane Meyer, who accuse conservatives and libertarians like Charles Koch of “weaponiz[ing] philanthropy” and corrupting elections with their nonprofits, conveniently ignoring money spent by left-wing funders like the Sixteen Thirty Fund.

But the Sixteen Thirty Fund doesn’t operate on its own. It’s part of a network of four major nonprofits that provide similar “pop-up” services in tandem with the Sixteen Thirty Fund. At the top of this network is a single puppet master: Arabella Advisors.

Arabella is the brainchild of Democratic Party operative Eric Kessler, who first conceived of the company in 2005 after serving as a special assistant in the Clinton administration to then-Interior Secretary Bruce Babbitt. Kessler is also tied directly to the Clintons, serving as a member of the now-defunct Clinton Global Initiative. Prior to that, Kessler was an environmental activist for the League of Conservation Voters, where he worked as national field director.

Arabella Advisors has grown significantly since its 2005 founding. Today, it’s the largest philanthropy consulting firm in the country, servicing major clients like the Bill and Melinda Gates Foundation. From its Washington, D.C., headquarters, Arabella Advisors pulls the strings of the Sixteen Thirty Fund, a 501(c)(4) funding and fiscal sponsorship nonprofit, along with three 501(c)(3) “sister” nonprofits. “Simply put,” Arabella Advisors wrote in 2015, “to effect change, more philanthropists need to advocate.” That’s a good summary of the company’s services, which revolve around what it terms the “strategic incubation” of new leftist groups.

Arabella couches most everything it does in philanthropic terms, but its “philanthropy” looks strikingly like the kind of political activism advanced by Democratic mega-funders like George Soros and Tom Steyer.

It’s impossible to grasp the work of the Sixteen Thirty Fund and its affiliates without illustrating their connection to Arabella Advisors. Unlike most large funders on the Left (such as the Tides Foundation and NEO Philanthropy, both of which offer incubation services), the four Funds operate as virtual subsidiaries of Arabella Advisors. The firm itself makes clear to prospective clients that it manages these “four nonprofit entities . . . that serve as incubators and accelerators for a range of philanthropy initiatives.” When you sign up for Arabella’s fiscal sponsorship services, in other words, you’re signing up to work with one or more of these Funds.

The Sixteen Thirty Fund has grown rapidly since it was founded in 2009, and earned \$21.2 million in 2016, according to its latest IRS filing. Much of that money has gone to aid Democrats. In the 2018 midterm election, the Sixteen Thirty Fund spent \$724,000 supporting Democrats and attacking Republicans, according to the Center for Responsive Politics. And in 2016, the Sixteen Thirty Fund paid out

Eric Kessler comes from a wealthy Chicago family whose fortune originated with the 1998 sale of Fel-Pro, their auto-parts manufacturer and “fifth-generation family-owned business,” for a reported \$750 million. He’s a board member of the Family Alliance Foundation, his family’s grantmaking nonprofit, which largely funds medical causes. The foundation also funds the World Resources Institute, an environmentalist nonprofit created with startup capital from the MacArthur Foundation that has hailed an extreme carbon tax proposal as “good starting point” for “cut[ting] emissions in line with the goals of the Paris agreement.”

Kessler co-owns three ritzy restaurants in the District of Columbia, one of which, Graffiato, closed in July 2018 following a sexual harassment settlement against co-owner and chef Mike Isabella. He’s also active on many boards, including the Chefs Action Network, the Washington Regional Association of Grantmakers, and the James Beard Foundation, which promotes liberal education and healthcare policies under the guise of “good food for good.”

nearly \$15 million in grants to a bevy of left-wing lobbying or political groups: the Democratic Party's House Majority PAC, environmentalist League of Conservation Voters, David Brock's Media Matters Action Network, Norman Lear's agitation group People for the American Way, the Center for American Progress Action Fund, and its own affiliated New Venture Fund.

Even the Sixteen Thirty Fund's name is mysterious. While neither Arabella nor Sixteen Thirty seem to disclose their "nominal" origins, it's plausible that both names have

unlikely historical roots: the Puritans of the 17th century. In April 1630, John Winthrop, founder of Boston and leader of the second wave of Reformed *émigrés* to flee Episcopal England, delivered his famous sermon, "A Modell of Christian Charity," in which he expounded upon Matthew 5:14, reminding his flock "that we shall be as a city upon a hill." Winthrop and his followers then crowded aboard 11 ships—their flagship the *Arbella* or *Arabella*.

Pulling Strings

But funding is only half the picture, and the Sixteen Thirty Fund's *real* value to the Left is in its fiscal sponsorship services. At a glance, these campaigns are spontaneous or "grassroots" groups of concerned citizens rallying together to protest the policies of the Trump administration and the Republican Party. But a closer inspection reveals these groups for what they really are: facades meant to disguise the cabal of wealthy and influential special interests quietly pulling the strings.

"Fiscal sponsorship" is less arcane than it sounds. Why would an organization or campaign want to use a fiscal sponsor? Take it from Chris Hobbs, managing director for the Fund:

Fiscal sponsors facilitate collaboration by providing an immediate, yet reputable and established, vehicle for different constituencies . . . provid[ing] infrastructure and expertise including financial management, compliance, disbursement of funds, grants management, reporting, and human resources.

In other words, organizations like the Sixteen Thirty Fund—an IRS-compliant and tax-exempt nonprofit in operation

for a decade—are a way for donors to launch a new non-profit entity while waiting to obtain IRS tax exemption, a process that can take months or even years to complete. In exchange, the sponsoring nonprofit is paid a fee for administering the startup group. Most of these fiscally sponsored projects eventually spin off as independent nonprofits once they receive their much-coveted "IRS determination" letter.

There's nothing necessarily nefarious about fiscal sponsorship in and of itself, and groups that perform this service for donors and foundations are often called "incubators." As the

National Network of Fiscal Sponsors puts it, the process "has evolved as an effective and efficient mode of starting new nonprofits, seeding social movements, and delivering public services." A number of conservative charities provide such services, such as DonorsTrust,

which advertises the handful of liberty-minded nonprofits it's helped to grow.

But the Sixteen Thirty Fund offers a unique take on fiscal sponsorship: creating websites designed to fool the casual viewer into thinking they're standalone activist groups.

Unlike DonorsTrust—or even the left-wing Tides Foundation, which was founded in the 1970s to incubate new activist groups—the groups that Sixteen Thirty Fund sponsors are arguably never intended to become standalone nonprofits. Instead, Sixteen Thirty specializes in "pop-up" groups featuring a slick website and a targeted appeal designed to make the most of the latest policy scandal: *reject hate! stop Brett Kavanaugh! don't take my Obamacare!*

These "pop-up" groups further act as a veil hiding the Fund's involvement in each supposedly "grassroots" group. That's certainly the case with the 45 groups that CRC has identified as fiscally sponsored by the Fund, 44 of which don't appear to be IRS-registered nonprofits as of early 2019.

These "pop-up" groups are perhaps best described as Potemkin projects—like the eponymous phony mobile villages built for Russian Empress Catherine II to make her 1787 trip to the Crimea feel like home. Sixteen Thirty Fund's projects pop up out of nowhere then vanish almost as quickly as they appeared.

So the Sixteen Thirty Fund—along with its three 501(c)(3) sister groups New Venture Fund, Hopewell Fund, and Windward Fund—serve as "mercenary" nonprofits for Eric Kessler and Arabella Advisors, creating "pop-ups" tailored to



Credit: Deci Minyan. License: <https://goo.gl/yCnWY>

Protect Our Care has called itself a “dedicated war room for [Obamacare]” and a heroic defender of “affordable coverage for all Americans,” but it might be better labeled the Obamacare campaign 2.0.

specific left-wing causes. They’re so closely connected that all four funds share Arabella’s address on Connecticut Avenue in Washington, D.C.

All that wealth has proved highly profitable to Arabella Advisors. The Sixteen Thirty Fund paid the company nearly \$1.6 million between 2009 and 2016 to oversee its operations—\$790,000 of which it paid out just in 2016. The Fund also paid \$435,000 to the Democratic consultancy Precision Strategies and another \$400,000 in consulting fees to the Democracy Alliance—a complex network created by high-ranking Democratic influencers like George Soros to coordinate funding to hand-picked campaigns and causes.

Between 2009 and 2016, the even larger New Venture Fund paid Arabella a whopping \$50.5 million since 2007—nearly 49 percent of the \$112.7 million its paid in contractor fees in that period.

Each of four Arabella-run Funds plays a slightly different role. The New Venture Fund, for instance, provides millions of dollars each year to a vast range of left-wing nonprofit

abortifacient drugs,” according to CRC’s Michael Watson.

Taken as a bloc, Arabella Advisors’ four funds represent a major part of the Left’s political infrastructure. Altogether they raked in a staggering \$417 million in 2016, according to their latest tax filings. Were they combined into a single organization, the Funds would be the 29th-wealthiest public charity in the United States, according to *Forbes*’ 2016 figures, earning more than the Planned Parenthood Federation

of America, American Civil Liberties Union Foundation, and the Clinton Foundation.

The boards managing each of these nonprofits reflects this tightknit relationship. Sixteen Thirty Fund’s board, for example, consists of Kessler, Arabella Advisors chief financial officer Wilbur Priester,

and Andrew Schulz, the firm’s general counsel. Its remaining two board members further tie the Fund to the Democratic Party: Douglass Hattaway, spokesman for Hillary Clinton’s 2016 presidential campaign, and Michael Madnik, a senior adviser to the Albright Stonebridge Group, a consultancy co-founded by former Clinton administration Secretary of State Madeleine Albright.

Were they combined into a single organization, Arabella Advisors’ four funds would be the 29th-wealthiest public charity in the United States, according to Forbes’ 2016 figures.

Shadow Campaigns and Puppet Shows

Arabella Advisors doesn't like to advertise just how influential its Sixteen Thirty Fund really is. In 2015, for instance, the firm detailed the work of the Media Democracy Fund, a key funder of the Obama administration's push for net neutrality regulations that year. The Media Democracy Fund is actually part of Arabella Advisors' 501(c)(3) New Venture Fund and operates alongside an advocacy arm called the Media Democracy Action Fund. Left unmentioned is that the Action Fund itself isn't a real organization—it's a project of the adjacent Sixteen Thirty Fund, Arabella's go-to advocacy group.

This kind of obfuscation is par for the course with Arabella Advisors, which often advertises the accomplishments and goals of one organization or another—either a group hosted by the New Venture Fund or a group hosted by the Sixteen Thirty Fund—but rarely both. One possible explanation is that the company wants to be viewed as prestigious philanthropy advisers and not as string-pulling schemers—or worse, grubby campaign hacks.

Regardless, that distance frees Arabella from playing electoral politics by shifting its political and lobbying agenda (and that of its clients) to its mega-nonprofits, most notably Sixteen Thirty Fund.

Nowhere is that better illustrated than with Demand Justice, the Fund's judicial agitation group and an "Astroturf" case-in-point. It was created in early 2018 to protest the Trump administration's judicial nominees. Demand Justice presents itself as an independent group, unlinked to Arabella Advisors or the Sixteen Thirty Fund. CRC first reported on the group in July, before it earned national prominence, later identifying it as a project of the Sixteen Thirty Fund.

Following the June 2018 announcement of Justice Anthony Kennedy's retirement from the Supreme Court, Demand Justice sprang into action. It organized protests outside the Court with professional activists from the Center for American Progress Action Fund, Alliance for Justice, and the Service Employees International Union (SEIU). As we noted at the time, the supposedly "spontaneous" protesters were prepared to "resist" anyone that Trump nominated to Kennedy's seat—even before their name was announced. Protesters sported glossy signs reading "Stop Kavanaugh," "Stop Barrett," "Stop Kethledge," and "Stop Hardiman," pre-printed propaganda created in the event that President Trump nominated judges Brett Kavanaugh, Amy Coney Barrett, Raymond Kethledge, or Thomas Hardiman from his shortlist of Supreme Court nominees.



"Ultimately," Brad Woodhouse claimed, "Americans don't support or trust the GOP when it comes to healthcare." He's been making that claim for over a decade.

Arabella Advisors said nothing after President Trump nominated Judge Brett Kavanaugh. It remained quiet throughout Kavanaugh's confirmation process and in the run up to 2018 midterm elections. The Sixteen Thirty Fund (under the guise of Demand Justice) was anything but mum, though, railing against Kavanaugh and spending nearly \$317,000 in electioneering communications to support vulnerable Democratic Senators and attack vulnerable Republican Senate candidates.

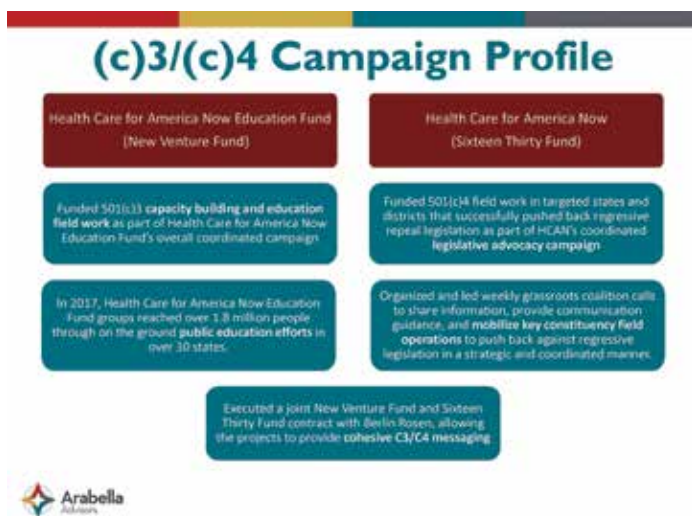
Obamacare's Support Network

The Demand Justice campaign, however, pales in comparison to the Sixteen Thirty Fund's latest endeavor: defending Obamacare from efforts to undo it by legislation or litigation. CRC has exposed no fewer than *thirteen* pro-Obamacare organizations that aren't really organizations at all, but fronts for Arabella-run Funds.

President Obama's signature 2010 healthcare law was threatened by President Trump's 2017 tax reform law, which undercut its individual mandate to buy health insurance. Faced with the subsequent collapse of Obamacare, left-wing activists have rushed to stop efforts to repeal the law as well as a Texas federal judge's ruling that Obamacare is unconstitutional without the individual mandate.

Much of that activism has been led by the Sixteen Thirty Fund. The group created multiple websites and state-level "front groups" pushing the same pro-Obamacare talking points, effectively cloning a single healthcare argument.

Credit: American Bridge 21st Century. License: <https://goo.gl/j7tBD1>.



License: <https://goo.gl/TX2owJ>.

Democratic-controlled Congress in March 2010 and then to protect it before the law took full effect in 2014. (Most of that funding, \$47.2 million, was spent between 2008 and 2010.)

A full \$27 million of HCAN's war chest came from Atlantic Philanthropies, a Bermuda-based foundation whose website still brags about its "sizeable investment" in HCAN—in fact, one of the largest grants in history for advocacy, according to then-foundation President Gara LaMarche.

Atlantic Philanthropies's "investment" proved critical to HCAN's success, as "fundraising for HCAN was almost unanimously considered a disappointment," according to a later evaluation commissioned by Atlantic Philanthropies:

This may seem strange to say in the context of a national advocacy campaign that raised more than \$47 million, (\$27 million came from The Atlantic Philanthropies, \$6 million from other foundations, approximately \$9 million from organizational partners, and the remaining \$6 million from individual fundraising.) HCAN did attempt to aggressively fundraise. Still the general consensus is that HCAN could have done a better job soliciting additional resources—especially from organizations, other foundations, and individual donors.

HCAN, in other words, was largely the child of Atlantic Philanthropies. As Matthew Vadum wrote last May, the 2010 passage of Obamacare was nothing less than "the culmination of a campaign' by Atlantic Philanthropies and its allies."

It was also the perfect "dark money" scheme. Because Atlantic Philanthropies isn't based in the U.S., it doesn't file the same public documents with the IRS that would reveal its grants, as U.S.-based foundations are required to do. As

CRC President Scott Walter pointed out, even the foundation's very existence was kept secret for 15 years, allowing Atlantic Philanthropies "to pour hundreds of millions of offshore dollars into American [501(c)(4) groups], with never a peep of criticism from the usual quarters, then or now."

HCAN dissolved in December 2013, with national campaign manager Richard Kirsch declaring victory in the pages of the *Washington Post*, but the group was far from finished.

These "pop-up" groups were made to look like standalone entities, obscuring the tight connection between each other and the Sixteen Thirty Fund. It's a vast campaign run by professional activists through the nonprofit infrastructure established by Arabella Advisors.

In December, CRC identified one such group: Protect Our Care, an enigmatic campaign that savaged Republican politicians ahead of the 2018 midterm election for supposedly "dismantling Medicare" and Obamacare. "Republicans' war on healthcare has turned into a political liability for them," it confidently asserted in May.

Protect Our Care has called itself a "dedicated war room for the ACA [Obamacare]" and a heroic defender of "affordable coverage for all Americans," but it might be better labeled the Obamacare campaign 2.0. Take Brad Woodhouse, the group's executive director. "Ultimately," Woodhouse claimed, "Americans don't support or trust the GOP when it comes to healthcare."

He's been making that claim for over a decade. Woodhouse was part of the steering committee for Health Care for America Now (HCAN), the 501(c)(4) group that helped pass Obamacare with the help of MoveOn.org, the AFL-CIO, Obama for America (later renamed Organizing for Action), and the now-defunct Association of Community Organizations for Reform Now (ACORN). From 2008 to 2013, HCAN ran a \$60 million national campaign to ram the healthcare bill through the

CC —————
Get America Covered's national co-chair list reads like a grab bag of (mostly) glamor activists: e.g., actors Alyssa Milano and Bradley Whitford (of The West Wing TV show).

In January, CRC discovered that HCAN has been revived as a project of the Sixteen Thirty Fund. A slideshow created by Arabella Advisors (and spotted on a grantmaking committee's website) detailed the new arrangement between the firm and the “zombie” HCAN. While the main advocacy group would operate as part of the Sixteen Thirty Fund to “mobilize constituency field operations to push back against regressive legislation” (e.g., anti-Obamacare bills), the HCAN Education Fund—formerly part of the liberal Tides Center—would conduct “capacity building and education field work [to reach] over 1.8 million people . . . in over 30 states.” Further greasing the wheels was Arabella’s contract with

BerlinRosen, a Democratic communications strategy firm best known for propelling Bill de Blasio into the New York mayor’s office and coordinating the SEIU’s Fight for \$15 minimum wage campaign.

Among the myriad groups trying to prop up the drooping healthcare law is Get America Covered, which was formed in late 2017 by two Obama administration alumni, Lori Lodes and Josh Peck, both of whom served in the Centers for Medicare & Medicaid Services. (Lodes is also personally connected to Protect Our Care, having served as its campaign manager prior to forming Get America Covered.)

In 2016, Lodes served as chief of staff for communications in Hillary Clinton’s presidential campaign; prior to that, she was a senior vice president for the Center for American Progress (CAP) and its advocacy arm, CAP Action, as well as deputy communications director for the SEIU. From 2016 to 2017, Peck had the unfortunate position of chief marketing officer for HealthCare.gov, the Obamacare sign-up website launched in October 2013 with so many technical issues it earned the nickname “Nightmare.gov.” Peck also worked for the Democratic National Committee and Obama’s 2008 campaign, and he runs his own consultancy—For Good Strategies—which has catered to left-wing groups like Planned Parenthood, NARAL, and the Citizen Engagement Laboratory.

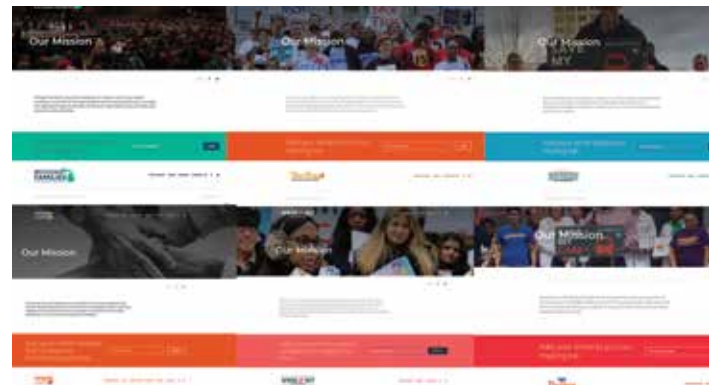
Get America Covered is a good illustration of how Arabella hides its connections to these interlaced Obamacare defense groups. A web search for Get America Covered will reveal



Lori Lodes (pictured right) cofounded Get America Covered, but in 2016, Lori Lodes served as chief of staff for communications in Hillary Clinton’s presidential campaign. Prior to that, she was a senior vice president for the Center for American Progress (CAP) and its advocacy arm, CAP Action, as well as deputy communications director for the SEIU.

a lot about what Lodes and Peck want to advertise—that they’re former Obama administration officials pushing Obamacare enrollment, and that their national co-chair list reads like a grab bag of (mostly) glamor activists: Democratic operative Van Jones, Bipartisan Policy Center senior adviser Andy Slavitt, former insurance CEO Mario Molina, and actors Alyssa Milano and Bradley Whitford (of *The West Wing* TV show).

A glance at GetAmericaCovered.org from November 1, 2017 reveals a “Donate” button that has since been deleted as well as a privacy policy that can no longer be accessed. The former linked to the group’s page on the website of ActBlue, a major fundraising platform for liberal nonprofits.



Many of these “pop up” healthcare groups are so similar that they share carbon copy websites.”

ActBlue’s website reports that it no longer fundraises for Get America Covered, but the webpage’s source code suggests the organization once used the services of ActBlue Charities, the arm that services tax-deductible 501(c)(3) nonprofits. A web search further reveals a webpage on the fundraising platform DonationPay.org entitled “Get America Covered | Hopewell Fund.” Although that page no longer exists, the WayBack Machine shows that it was live in January 2018, while the grantee group listed in the page’s source code implies it is sponsored by the Hopewell Fund—one of the four Funds operated by Arabella Advisors.

For reference, another webpage on DonationPay.org—this one live—entitled “Armada | Hopewell Fund” shows the same pattern: no reference to the Hopewell Fund on the page, but the same relationship to the Fund listed in the source code.

Yet another pro-Obamacare group and Sixteen Thirty Fund project, Health Care Voter, is even more deceptive. Besides including Brad Woodhouse as a co-chair (from Protect Our Care), Health Care Voter lists a few dozen coalition members—at least nine of which are also projects of an Arabella-run Fund: Tax March, Save My Care, Ohioans for Economic Opportunity, New Jersey for a Better Future, Michigan Families for Economic Prosperity, SoCal Health Care Coalition, Keep Iowa Healthy, Keep Birth Control Copay Free, and Floridians for a Fair Shake.

In fact, many of these groups—including other ostensibly state-based groups not on the coalition list—are so similar that they share carbon copy websites.

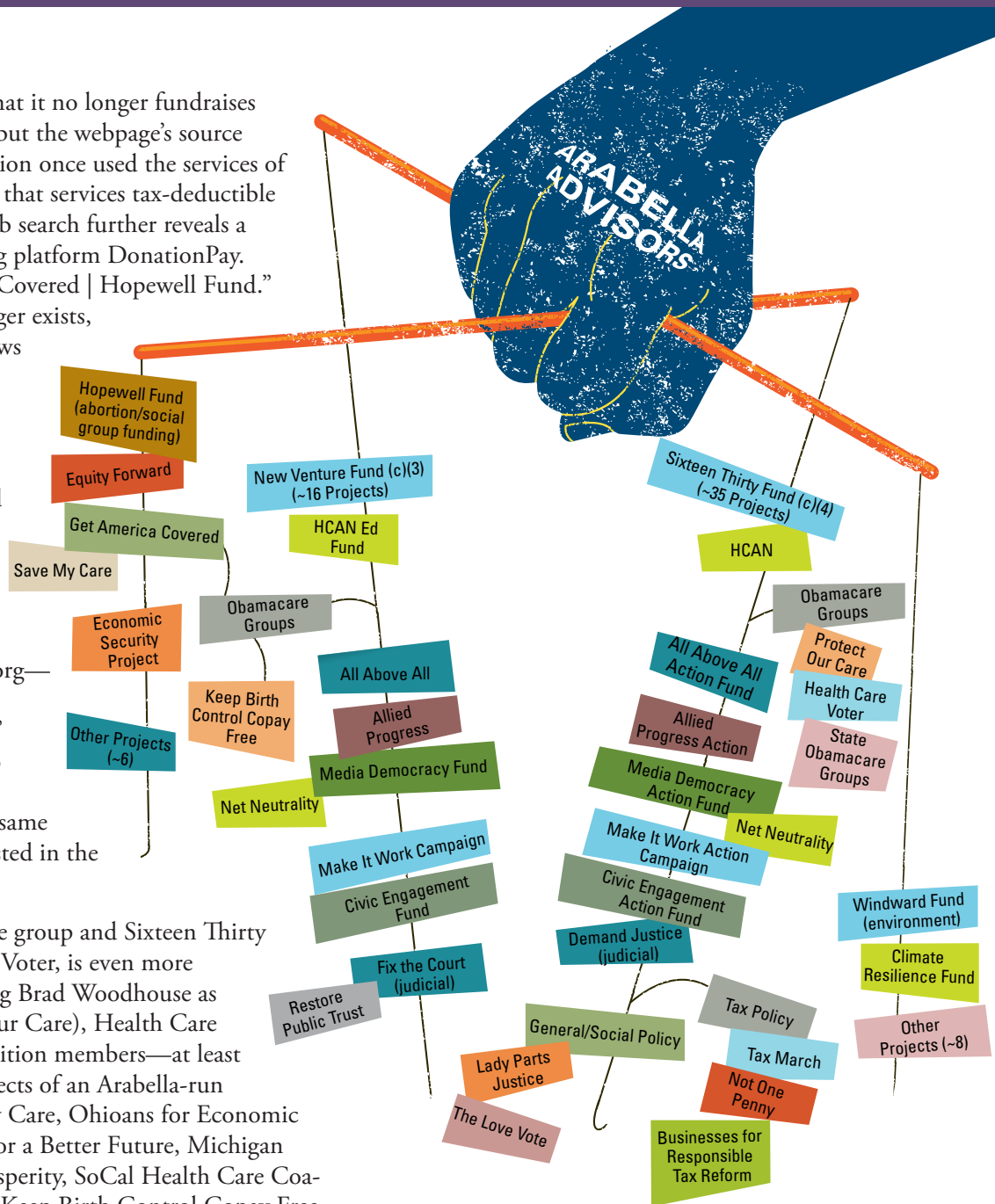
“Dark Money” Philanthropy

Pulling back the curtain on the Sixteen Thirty Fund reveals an impressive network of some 45 activist groups run through this “dark money” giant. The real puppeteer, though, is Arabella Advisors, which has managed to largely

conceal its role in coordinating so much of the professional Left’s infrastructure under so-called “philanthropy.”

Arabella Advisors may advertise its “strategic philanthropy” services, but the company and the Sixteen Thirty Fund should be seen for what they really are: left-wing activists playing professional politics. ■

Read previous articles from the Foundation Watch series online at [CapitalResearch.org/category/foundation-watch/](https://www.CapitalResearch.org/category/foundation-watch/).



DECEPTION & MISDIRECTION



REV. AL SHARPTON: THE LEFT'S STREET BOSS

By Ken Braun

Summary: Empowered by political luminaries from the Obama administration, the Rev. Al Sharpton fancies himself a presidential kingmaker among Democratic hopefuls. Already, he's announced he'll entertain meetings from Elizabeth Warren and other 2020 candidates. Sharpton's previous business dealings include informing on mobsters for the FBI and threatening to ruin successful recording artists and businesses unless they gave him "a piece of it." Is this the man Democrats want to vet their candidates?

In 1980, according to a 1988 *Washington Post* report, the Rev. Al Sharpton presented himself as the majority stakeholder in a trash hauling company seeking a minority "set-aside" contract from the Con-Edison electrical utility. The venture failed when the real owner was revealed to be Matthew "Matty the Horse" Ianniello. Leaving aside that Mr. Ianniello did not fit the desired profile for a minority entrepreneur, the real problem was his rumored prominence in the Genovese crime family. Sharpton responded to the setback by saying he had never met Ianniello. Ianniello would later go to prison in 1988 and again in 2006 for racketeering offenses related to businesses silently under his control.

There was a time when the *Washington Post* might remind you that Sharpton once conducted business with criminals. But the troubling details of that history rarely make it into media accounts of the history Sharpton is writing today. Given who Sharpton has become, this is a huge oversight the political media needs to correct.

The January 21, 2019, *Washington Post* featured a photo of Sharpton seated between former Vice President Joe Biden and former New York City Mayor Michael Bloomberg at



There was a time when the Washington Post might remind you that Sharpton once conducted business with criminals. But the troubling details of that history rarely make it into media accounts of the history Sharpton is writing today.

a Washington, D.C., breakfast commemoration of MLK Day hosted by Sharpton's National Action Network. At another gathering in New York City later that day, U.S. Sen. Kirsten Gillibrand (D-NY) would get her own opportunity to appear with the Reverend. In the early days and weeks of 2019, Sharpton also met or announced he would meet with Elizabeth Warren, Bernie Sanders, and half a dozen other Democrats eyeing a White House run.

Political junkies gazing at this burgeoning field of potential 2020 Democratic Presidential contenders may think it safe to put off wondering how the early primaries might begin

Ken Braun is CRC's senior investigative researcher and authors profiles for InfluenceWatch.org and Capital Research Magazine.

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Credit: Gage Skidmore. License: <https://goo.gl/99efNo>.

Sharpton, along with his then-buddy, boxing promoter Don King, put the squeeze on the King of Pop—Michael Jackson—during the mega-star’s 1984 concert tour, threatening a boycott of the tour if “black promoters” didn’t “have a piece of it.”

to sort it all out by this time *next* year. But that’s the rookie mistake: the “Sharpton Primary” is happening now.

It’s hard to overestimate the influence of this man who nearly went into the garbage business with the mob. Powerful politicians now speak of him as if he’s a hybrid of Generals Washington and Eisenhower.

“Thank you, Rev. Al Sharpton, for saving America,” said soon-to-be Speaker of the House Nancy Pelosi at a National Action Network event in mid-November, one week after the 2018 midterm election

A January 14 story in *The Atlantic* declared “[except for Obama] there is no better-known black leader in the country, nor one with bigger reach.” The headline read: “Al Sharpton’s Bid to Be a 2020 Kingmaker.”

But back in 1988 the *Washington Post* was still telling a different story. Rather than a “kingmaker,” Sharpton, along with his then-buddy, boxing promoter Don King, put the squeeze on the King of Pop—Michael Jackson—during the mega-star’s 1984 concert tour. The result was that Sharpton landed a \$500,000 contract (\$1.2 million in 2018 dollars) as the Jackson tour’s “community relations director,” after he and King had threatened a boycott of the tour if “black promoters” didn’t “have a piece of it.”

It wasn’t clear why anyone of any race who hadn’t directly contributed to Michael Jackson’s success deserved a piece of anything. What is easier to comprehend is why Sharpton critics at that time (and not for the last time) referred to one of his business arrangements as a “shakedown.”

Yet, by early 2008, to borrow one of Sharpton’s phrases, he had moved “from the streets to the suites,” already something of a kingmaker who could wait for the Democratic Presidential contestants to knock on his door. Barack Obama asked and ultimately received Sharpton’s endorsement over Hillary Clinton that year. Then President Obama repaid the kindness with White House access and appearances at National Action Network events. By the end of 2014 Sharpton had visited the White House 61 times, for everything from major policy events to intimate Super Bowl parties with the First Family.

Obama cabinet officials were dispatched as well. In April 2012, U.S. Attorney General Eric Holder praised Sharpton from the podium at the National Action Network’s annual convention.

But two years later, in April 2014, The Smoking Gun (TSG) posted an exhaustive investigative report titled “Al Sharpton’s Secret Work As FBI Informant.” Relying on a mountain of FBI documents and confidential interviews with the law enforcement agents and the officers involved, TSG portrayed Sharpton’s failed 1980 garbage-collecting enterprise as a part of Sharpton’s standard operating procedure—not a one-off misfortune with gangsters.

TSG’s analysis is uncompromising:

In fact, by any measure, Sharpton himself was a Mafia “associate,” the law enforcement designation given to mob affiliates who, while not initiated, work with and for crime family members. While occupying the lowest rung on the LCN [La Cosa Nostra] org chart—which is topped by a boss-underboss-consigliere triumvirate—associates far outnumber “made” men, and play central roles in a crime family’s operation, from money-making pursuits to more violent endeavors.

It all made the spectacle of Holder, the nation’s “top cop,” giving a U.S. Department of Justice public relations coup to Sharpton—by speaking at his National Action Network



Speaking at a National Action Network convention made Eric Holder look as silly as when Elvis received a U.S. Bureau of Narcotics and Dangerous Drugs honorary agent badge from President Richard Nixon.

convention—look as silly as the day Elvis visited the Oval Office to receive a U.S. Bureau of Narcotics and Dangerous Drugs honorary agent badge and credentials from President Richard Nixon.

Sometime in the early 1980s another mysterious twist of entrepreneurial fate placed Sharpton in a room discussing whether or not he would be purchasing cocaine for an unnamed acquaintance. A high-end drug dealer named Victor Quintana offered Sharpton a 10 percent commission for facilitating the purchase of several kilos of “pure coke,” and the Rev. Sharpton—supposedly a preacher since before he learned to read—stipulated to Quintana that his associate would want “much more than that” if terms could be reached.

“Mr. Quintana” was really an undercover FBI agent hoping to worm his way into a relationship with Joseph Pagano, who the TSG investigation reveals as an acquaintance of Sharpton and a Genovese family associate. The FBI videotaped Sharpton’s tryout as a recreational pharmaceutical.

The federal agents confessed to TSG they probably could not have convicted Sharpton from what they had on the video. But they were confident Sharpton didn’t know this, so they confronted him with their evidence (such as it was) and implied they would prosecute him if he didn’t cooperate. According to the agents, Sharpton didn’t even consult a lawyer, and “flipped”—agreeing to work with them to avoid prosecution.

There is the marvelous irony of the man accused of shaking down Michael Jackson himself getting bluffed into cooperating with the FBI to save his own hide. It should come as no surprise that Sharpton has a more “nuanced” explanation.

Speaking with *Vanity Fair* in 2016, Sharpton conceded the drug deal negotiations caught on the video occurred, but he never thought himself in legal jeopardy: “They tried to entrap me on tape—and by their admission, they didn’t—to commit a crime.” In his interview with TSG, Sharpton claims a lawyer did advise him of his strong legal position, but he wouldn’t name the lawyer.

According to the *New York Observer*, a defiant Sharpton admitted to taping conversations for law enforcement, though not as a “rat,” but instead as part of some heroic role as a crimefighter: “I wasn’t with the rats. I’m a cat. I chase rats.”

Whether one believes Sharpton, or the FBI agents and the legal paperwork unearthed by TSG, the rest of what TSG reveals portrays the reverend—*aka*: “confidential informant number seven”—to have been a peculiarly well-placed asset for the government.



Credit: Gatcha Pull/YouTube screenshot. License: <https://goo.gl/51QrEj>.

[Gotti with unknown men] Organized crime figures have often remarked on the similarity between their line of work and that of politicians. On turning against Gambino boss John Gotti in 1991, Sammy “The Bull” Gravano announced to law enforcement: “I want to switch governments.”

In early debriefings, before sending Sharpton out to secretly record FBI targets, the FBI discovered just how useful he would become. They already knew about his alleged connections to Joseph Pagano (through Sharpton’s friendship with Pagano’s son, Daniel, also a reputed underworld figure), but then they discovered his relationship with Robert Curington.

According to TSG, Curington received a two-year federal prison sentence in 1978 on a narcotics-related charge, and was professionally connected to an alleged Gambino crime family figure named Joseph Buonanno.

In Curington’s telling, he was also the “vice president of industrial affairs” for the National Youth Movement (predecessor to Sharpton’s National Action Network). The business model back then was to persuade concert and music promoters—under threat of pickets and boycotts from Sharpton—to spend more in the black community. As with the Michael Jackson tour arrangement, the TSG/Curington account says this often translated into contributions to Sharpton’s organizations.

Either Curington or Daniel Pagano would introduce Sharpton (now carrying recording equipment for the FBI) to Joseph Buonanno of the Gambino crime clan. Another mysterious twist: multiple crime figures disputing who exactly it was that introduced the Reverend to yet *another* crook. TSG notes Curington claims credit, but that “several” Genovese family members argue it was Daniel Pagano.

In any case, the FBI *really* wanted to get Buonanno talking, and Sharpton delivered. Buonanno gabbed on and on about all manner of murder plots, crookedness, and wickedness committed from within both his own crime family and the Genoveses.

The details would give the government probable cause to obtain wiretap authorizations for many suspects, among them the legendary “Oddfather”—Genovese boss Vincent “The Chin” Gigante—and top men in his organization. Gigante had eluded suspicion of involvement as a mob boss for many years by pretending to be senile, and forbidding mobsters within his own family and others from even mentioning his name out loud—under penalty of death. This helped keep Gigante’s involvement hidden should law enforcement happen to be listening.

No matter: Buonanno, with the tape rolling, told Sharpton all about “the Chin” and the Genoveses. The resulting evidence even led to the tapping of phones at the residence of Gigante’s mistress—Olympia Esposito—who is not to be confused with Olympia Gigante, Vincent’s wife. The many wiretaps led to indictments and guilty pleas of several mob suspects.

CC —————
Our political media has mostly failed with regards to politicians cozying up to Sharpton, by granting a free photo op and plush media placements for those who crave Sharpton’s attention.

Organized crime figures have often remarked on the similarity between their line of work and that of politicians. On turning against Gambino boss John Gotti in 1991, Sammy “The Bull” Gravano announced to law enforcement: “I want to switch governments.” Lucky Luciano once described the purpose of government as organizing “public virtues,” while his job was to do similarly with “private vices.”

TSG reports some in the law enforcement task force as being amazed at how easily Sharpton established such a trusting relationship with Buonanno.

But was it so surprising he could succeed in smooth-talking a gangster, when sometime within the year after the TSG report Sharpton would rack up his 61st visit to the Obama White House?

Or, when two years earlier, the U.S. Attorney General was praising Sharpton in a speech reproduced and still posted on the U.S. Department of Justice website?



Credit: NYWT's staff photo. License: <https://goo.gl/V8m5FC>.

The legendary “Oddfather”—Genovese boss Vincent “The Chin” Gigante—had eluded suspicion of involvement as a mob boss for many years by pretending to be senile, and forbidding mobsters within his own family and others from even mentioning his name out loud—under penalty of death.

Once upon a time the White House was a hard place for Sharpton to get into. The secret taping of Buonanno occurred alongside Sharpton’s convoluted business arrangement with the Michael Jackson tour, which included a visit by Jackson to meet President Reagan. The investigators speaking with TSG couldn’t recall how (or whether) they prevented Sharpton from tagging along, but did recall great discomfort at the notion of letting an active confidential informant bounce around in the White House.

The TSG report shows Sharpton to be so close to the gangster who was receiving favors from him.

In 1984, as he was befriending and betraying Buonanno to the FBI as a *paid* informant, TSG says he borrowed money from the reputed mobster so as to travel with the Jackson tour.

And as late as 1988, according to an Englewood, N.J., police officer quoted by TSG, Buonanno acted as an enforcer to help both Sharpton and Curington collect a debt allegedly owed to them from a multi-million-dollar record deal gone bad. The officer was called to the scene by a studio owner

claiming he was being hassled, and found Buonanno who “didn’t look like” the sort of person the detective expected to find at a rapper’s studio. TSG reproduces a letter sent by Sharpton to the officer, detailing his (and Curington’s) version of the dispute.

Sharpton told TSG he had no recollection of sending the letter nor of any enforcers sent to the studio, while Curington told TSG that he—along with Buonanno, Daniel Pagano, and one other man—did indeed make the menacing visit.

Twenty years later, unpleasant allegations about Sharpton’s business affairs continued to pop up in criminal court proceedings.

In October 2013, James “Jimmy Henchman” Rosemond was sentenced to life in prison for cocaine trafficking. Rosemond was then best known as a hip-hop music mogul, but the U.S. Attorney supervising the case, Loretta Lynch, declared the music business a cover story for a mere “thug in a suit.” (Ms. Lynch would later be named U.S. Attorney General by President Obama.)

During Rosemond’s trial in 2012, court transcripts posted by TSG report at least two allegations of business dealings between Sharpton and the so-called “thug in a suit.” The defendant himself told an investigator he had given a \$10,000 contribution to Sharpton (a donation the reverend could not remember, according to the *New York Post*). Another witness stated that in 2009 Henchman unsuccessfully attempted to help Sharpton secure a place as host of a “Judge Judy”-style TV show. The TV show assistance reportedly included paid travel expenses for a trip to Los Angeles.



The National Action Network is the organization Nancy Pelosi says Sharpton used to “save” America in 2018.

Whatever his associations may or may not have been with shady businesses, the National Action Network (NAN) is Sharpton’s supposedly legitimate enterprise.

It’s the civil rights organization that commanded respect and personal appearances from the last Democratic President and his administration.

It’s the organization that now induces groveling from most of those hoping to be the *next* Democratic President.

It’s the organization Nancy Pelosi says Sharpton used to “save” America in 2018.

And ... it has been a hot mess of financial controversies for decades:

- *Vanity Fair* states that in 2007 the FBI and IRS visited the homes of top NAN staffers, serving them with subpoenas as part of investigation into potential non-payment of payroll taxes. The result was a nearly \$2 million tax bill assessed against NAN.
- In 2014, a *New York Times* investigation revealed that with unpaid taxes still outstanding against NAN, Sharpton “traveled first class and collected a sizable salary, the kind of practice by nonprofit groups that the United States Treasury’s inspector general for tax administration recently characterized as “abusive,” or “potentially criminal,” if the failure to turn over or collect taxes is willful.
- The *Times* 2014 article also quoted a U.S. Treasury report which said that “only 1,200 organizations in the nation owed more than \$100,000 in unpaid payroll taxes,” which would put Mr. Sharpton’s group among the most delinquent nonprofit organizations in the nation.”
- *Vanity Fair* also reported he was charged by New York state officials in 1989 with “67 counts of fraud and larceny, including misappropriating National Youth Movement funds.” He was acquitted on all of those charges, but according to CNN he pleaded guilty to the “misdemeanor charge of failure to file state income tax for 1986.”
- The Federal Election Commission hit Sharpton with a \$285,000 fine in 2009 after discovering he had *illegally diverted NAN money into his 2004 Presidential campaign*.
- At the end of last year NAN—legally a 501(c)(3) charity that is supposed to be doing charitable stuff—purchased the movie rights to Sharpton’s life story for \$531,000. (Presumably this is the Sharpton version of the tale, rather than The Smoking Gun’s account.) Responding to critical questions hinting that this could be construed as just a scheme to line his own pockets, Sharpton characterized the sale as a gift from him to NAN, claiming it had been appraised at triple what he sold it for. He told the *New York Post* two NAN board members had thought up the idea, but would not name them.

Among the assets tossed in with his life story was reportedly video footage of Sharpton with Michael Jackson, an ironic reminder that the late pop superstar’s 1984 concert tour was but one of many alleged targets of Sharpton’s predatory fundraising model.

There is also Robert Curington's description of his work with Sharpton, as told by TSG:

Curington said that he worked closely with the activist when Sharpton was "young and stupid and broke" and seeking to pressure large music labels and concert promoters into spending more money in the black community. Sharpton threatened to organize pickets and boycotts unless a target handed over money—usually in the form of a contribution to the National Youth Movement, the predecessor organization to Sharpton's National Action Network. Sometimes, a block of concert tickets could also quash a protest.

Similarly, a 2008 *New York Post* report was titled "Rev. Al Soaks Up Boycott Bucks." It noted NAN's many big-name corporate sponsors (Pepsi, GM, Anheuser-Busch, Wal-Mart, etc...), but then explained some difficult coincidences:

- A General Motors spokesperson stated NAN had until 2006 unsuccessfully asked GM for support. Then Sharpton threatened a boycott, and began picketing GM headquarters in Manhattan. Surprise: GM donations flowed to NAN in both 2007 and 2008.
- In 2003, Sharpton accused (what was then known as) Daimler-Chrysler of "institutional racism" in its lending practices, and picketed its car show. Less than a year later Chrysler had miraculously reformed: money was moving from Chrysler to NAN, and Sharpton was handing the carmaker an award for what the *Post* characterized as "corporate excellence."
- In 1998, Sharpton threatened a boycott of PepsiCo over the alleged lack of diversity in its advertising. The problem conveniently went away after Pepsi diversified its staffing by giving Sharpton a \$25,000 consulting job.

When the *Post* asked the reverend to address the suspicions, Sharpton blamed "anti-civil-rights forces" for spreading the "shakedown theory."

And yet ... the *Post* noted that the year after Wal-Mart began sponsoring NAN, the Rev. Jesse Jackson accused the retail giant of attempting to silence critics by throwing money at them.

The Rev. Jackson is many things, but probably not a stooge for what Sharpton called "anti-civil-rights forces." Indeed, showing a crystal-clear understanding of who Jackson was talking about, Sharpton retorted: "Wal-Mart has in no way tried to persuade me with money."

Sharpton also challenged the *Post* reporter to find one of NAN's corporate donors who was accusing him of shakedowns, as if the lack of complaints equals innocence.

It's an argument that fails the Tommy Lucchese test.

The original godfather of the Lucchese crime family, Tommy ran a window washing business when he was a young man. His sales pitch to local merchants was very effective: *The windows we wash never get broken!* And sure enough, the local vandals ... ahem ... whoever *they* were ... seemed to coincidentally never break the windows Tommy's boys had cleaned. The fee was worth the peace. To anyone who asked, Tommy's customers all raved about how pretty their windows looked.



Sharpton also challenged a Washington Post reporter to find one of the National Action Network's corporate donors who was accusing him of shakedowns—as if the lack of complaints equals innocence.

Organized crime figures engage in shakedown scams directed at innocent victims. They also bleed their own supposedly legitimate enterprises dry with self-serving spending irregularities and lavish living. And they are notorious for cheating on their taxes.

Up until now our political media has mostly failed with regards to politicians cozying up to Sharpton. They've largely granted a free photo op and plush media placements for those who crave Sharpton's attention. That's as lazy as it is harmful.

The free pass should end. Politicians seeking Sharpton's praises should be pestered with questions about the serious and convincing allegations regarding the Reverend and the criminal underworld. They should also answer for his ongoing business affairs that so coincidentally resemble the irregularities of the gangsters with whom he claims not to have been associated.

The Speaker of the House said this man saved America. If he's *that* important, then she and others like her need to answer some hard questions about who he really is. ■

Read previous articles from the Deception and Misdirection series online at CapitalResearch.org/category/deception-and-misdirection/.



AMERICA UNDER SIEGE

ANTIFA

FREE SPEECH DIES UNDEFENDED

The communist movement known as Antifa (short for Anti-Fascist Action) has sparked violence across the nation. In the wake of their battling white supremacist in Charlottesville, Antifa has begun to gain mainstream popularity. But unbeknownst to much of the public, the vast majority of Antifa violence isn't targeted at genuine fascists, but mainstream conservatives and civilians. With help from those who have encountered Antifa, Trevor Loudon guides us through the history and ideas behind the Antifa movement, starting with Leon Trotsky and going all the way through the events in Berkeley, CA and Charlottesville, VA.

WATCH AT:

DangerousDocumentaries.com/film/America-Under-Siege-Antifa/



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