

Testimony before the U.S. Senate Finance Committee

Subcommittee on Taxation and IRS Oversight

Hearing on
“Laws and Enforcement Governing the Political Activities of Tax Exempt Entities”

Scott Walter
President
Capital Research Center

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Chairman Whitehouse, Ranking Member Thune, and distinguished members of the Subcommittee, thank you for the honor of testifying, especially on problems connected to the intersection of politics and tax-exempt entities—something we at Capital Research Center have studied for decades. When I first heard the hearing’s title, I assumed it referred to current scandals raging in both the tax-exempt sector—such as so-called “Zuck Bucks”—and also in the IRS itself—such as the illegal leaking of confidential tax returns to ProPublica.

Just in the last few months, many more scandals have erupted. For instance, the political activities of billionaire Hansjörg Wyss, a non-U.S. citizen, has caused a watchdog group to launch an FEC lawsuit. As *The Hill* summarizes the suit, Wyss allegedly

used two nonprofit organizations, the Wyss Foundation [a 501(c)(3) private foundation] and the Berger Action Fund [a 501(c)(4) group], to contribute millions of dollars to the Sixteen Thirty Fund and the New Venture Fund, two so-called dark money groups that fund liberal causes through operations like The Hub Project and Demand Justice.¹

The Hub Project funded by this foreign billionaire was started, the *New York Times* reports, “in 2015 by one of Mr. Wyss’s charitable organizations, the Wyss Foundation, partly to shape media coverage to help Democratic causes.”² The *New York Times* report adds that

¹ Brett Samuels, "Watchdog group sues FEC over citizenship of liberal donor," *The Hill*, April 25, 2022, <https://thehill.com/news/campaign/3461903-watchdog-group-sues-fec-over-citizenship-of-liberal-donor/>.

² Kenneth P. Vogel and Katie Robertson, "Top Bidder for Tribune Newspapers Is an Influential Liberal Donor," *New York Times*, April 13, 2021, <https://www.nytimes.com/2021/04/13/business/media/wyss-tribune-company-buyer.html>.

The Hub Project is part of an opaque network managed by a Washington consulting firm, Arabella Advisors, that has funneled hundreds of millions of dollars through a daisy chain of groups supporting Democrats and progressive causes. The system of political financing, which often obscures the identities of donors, is known as dark money, and Arabella's network is a leading vehicle for it on the left.³

Another recent controversy, exposed by Capital Research Center, involves the Arabella network's support for two secretive groups, Governing for Impact and Governing for Impact Action Fund, which are fiscally sponsored projects under, respectively, a 501(c)(3) and a 501(c)(4) nonprofit managed by Arabella. The groups have surreptitiously worked with Biden Administration officials to re-shape dozens of controversial regulations, with \$13 million of funding from one of billionaire George Soros's foundations.⁴

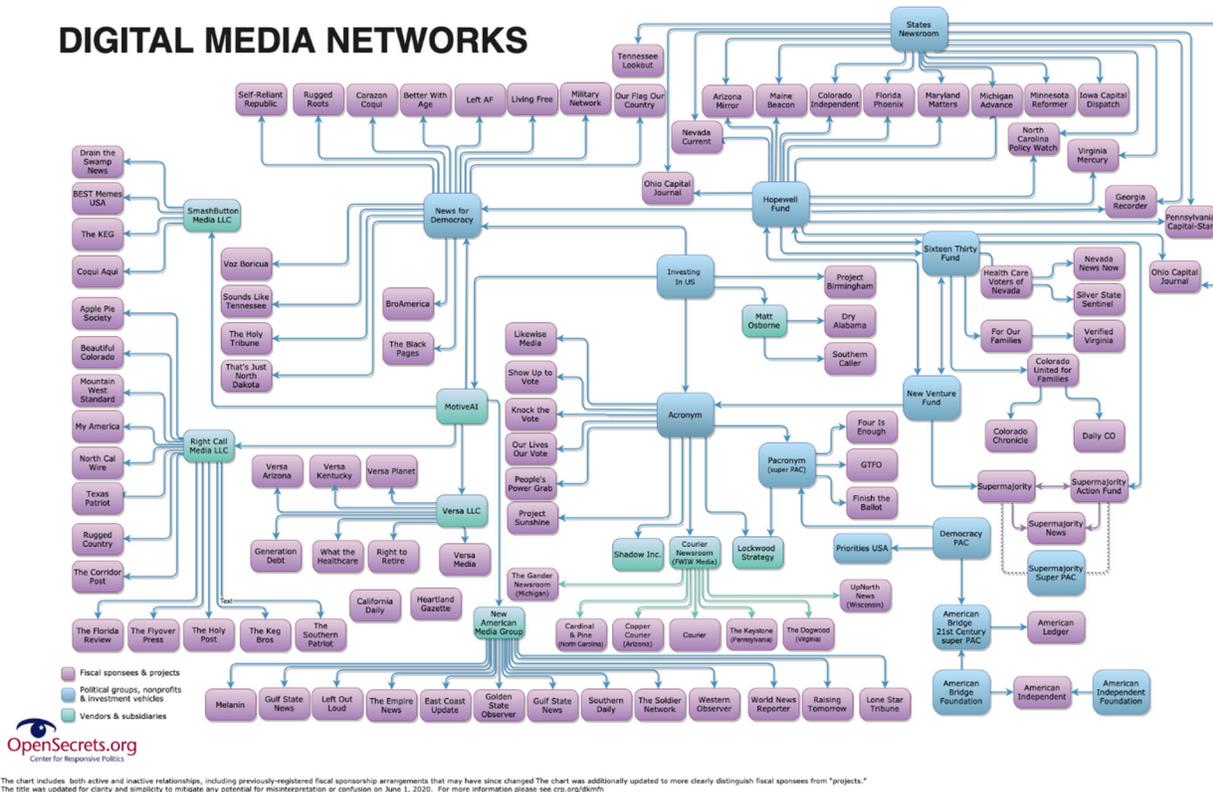
Other recent exempt-organization scandals include the exposure of ostensible news networks designed to appear as local news outlets but actually efforts supported by mega-donors like Kathryn Murdoch and Reid Hoffman that are designed to influence the public's political views. As the left-leaning website OpenSecrets reports, "'Dark money' networks hide political agendas behind fake news sites." OpenSecrets reports that "ACRONYM, a liberal [501(c)(4)] dark money group with an affiliated super PAC called PACRONYM," is "behind Courier Newsroom, a network of websites emulating progressive local news outlets. Courier has faced scrutiny for exploiting the collapse of local journalism to spread 'hyperlocal partisan propaganda.'" I note that an accompanying OpenSecrets chart describing this political influence operation lists three of Arabella Advisors' umbrella nonprofits, the 501(c)(3) New Venture Fund and Hopewell Fund, and the 501(c)(4) Sixteen Thirty Fund:

³ Ibid.

⁴ See Joe Schoffstall, "Secretive Soros-funded group works behind the scenes with Biden admin on policy, documents show," *Fox News*, April 26, 2022, <https://www.foxnews.com/politics/secretive-soros-funded-group-works-behind-scenes-biden-admin-policy-documents> and "Governing for Impact - Influence Watch," *Influence Watch*, accessed April 29, 2022, <https://www.influencewatch.org/non-profit/governing-for-impact/>.

⁵ Anna Massoglia, "'Dark money' networks high political agendas behind fake news sites," *OpenSecrets*, May 22, 2020, <https://www.opensecrets.org/news/2020/05/dark-money-networks-fake-news-sites/>. See also Scott Walters, "Democratic Donors' Disinformation Ops - UPDATED," *Capital Research Center*, June 22, 2021, <https://capitalresearch.org/article/democratic-donors-disinformation-ops/>.

DIGITAL MEDIA NETWORKS



These kinds of political operations by exempt organizations disturb many Americans. Across the political spectrum, people see exempt organizations enjoying elite power and wealth, and employing it in anti-democratic ways. This concern has even led a Democrat-invited witness today, professor Philip Hackney, to call for abolishing private foundations entirely, an admittedly extreme reaction, but perhaps one that will grow if Congress continues to dig into the true history of the sector—something that could happen whichever party has control of Senate and House next year.⁶ I can document, mostly from left-leaning sources, that both the problems with the sector, and also the IRS’s dangerous tendency to selectively enforce its rules, go back decades.

I especially want to show how (c)(3) private foundations and (c)(3) public charities violate limits on their political activities. Let me begin with the Ford Foundation, because soon after I criticized it before Chairman Whitehouse at a Judiciary subcommittee hearing he held last

⁶ “I think we ought to eliminate tax benefits for the private foundation form.” Philip Hackney, "The 1969 Tax Reform Act and Charities: Fifty Years Later," *Pittsburgh Tax Review* Volume 17 (2020): 246, <https://doi.org/10.5195/taxreview.2020.116>.

year,⁷ he told a legal podcast that the Ford Foundation is “an amazingly well-established public interest foundation that doesn’t seem to have much in the way of a political motive or purpose.”⁸

Those words are jarring in this room, where many recognize that the Ford Foundation’s half-century of left-wing activism has significantly shaped the laws governing political activities of tax-exempt entities. Ford’s grants for partisan voter registration in 1967 so outraged Congress, both of whose houses were under Democratic control, that it passed the landmark Tax Reform Act of 1969, whose restrictions still largely shape what’s legally permissible for private foundations and public charities.

As professor Karen Ferguson explains in a book-length history of Ford, the so-called “McGeorge Bundy amendments”—named for the antagonism the foundation’s president directed toward the House Ways and Means Committee—“put strict new controls on philanthropies’ political involvement.” Another legal scholar adds, “The concerns of Congress at which the law struck had roots reaching back for more than two decades....” The Democratic staff of the Joint Committee on Internal Revenue Taxation, in their “General Explanation of the Tax Reform Act of 1969,” stated at the time: “In several instances called to Congress’ attention, funds were spent in a way clearly designed to favor certain candidates. In some cases, this was done by financing registration campaigns in certain areas....”⁹ As we shall see, these abuses, especially involving voter registration with partisan results, continue through our day.

How to respond to these serious problems? First, of course, Congress and the relevant Executive Branch authorities should investigate the details much more thoroughly, so that Members and Americans at large have a richer understanding of the facts. Beyond that, I urge you, first, not to go down several wrong roads.

Don’t focus on 501(c)(4)s, for several reasons. Actual law-breaking by (c)(4)s should, of course, be punished appropriately, but (c)(4)s are not very significant in American politics, especially in terms of money. In the 2018 election cycle, contributions to political parties, candidates, and other FEC-reporting groups that OpenSecrets did not classify as “dark money”

⁷ Scott Walter, "Scott Walter Testifies to a Senate Judiciary Subcommittee on "Dark Money," *Capital Research Center*, March 11, 2021, <https://capitalresearch.org/article/scott-walters-testimony-before-the-u-s-senate-subcommittee/>.

⁸ Sheldon Whitehouse, "Tsunami of Slime," transcript April 12, 2021 from *Strict Scrutiny* podcast, <https://strictscrutiny.com/wp-content/uploads/2021/04/Tsunami-of-Slime.pdf>.

⁹ Michael E. Hartmann, "The Ford Foundation, the 1967 Cleveland mayoral election, and the 1969 Tax Reform Act," *The Giving Review*, February 3, 2021, <https://www.philanthropydaily.com/the-ford-foundation-the-1967-cleveland-mayoral-election-and-the-1969-tax-reform-act/>.

amounted to around \$5 billion,¹⁰ whereas OpenSecrets-classified “dark money” spending was only \$123 million—a *rounding error*.¹¹ And more importantly both those rivers of cash *combined* are dwarfed by money flowing to 501(c)(3) “charities” that are active in public policy (think tanks, media watchdogs, advocacy groups). We at Capital Research Center calculated that river of money at approximately \$20 billion for the 2018 cycle, with a left-wing dominance of almost four to one.¹²

If someone still insists (c)(4)s are a major plague, I can only reply that the problem comes mostly from the blue side of the spectrum, since in the 2018 cycle, OpenSecrets calculated blue “dark money” was \$81 million vs. \$42 million for red money (around two to one),¹³ while in the 2020 cycle, blue dominance grew to \$85 million vs. \$21 million (four to one).¹⁴ The *New York Times* agrees with this conclusion; see its recent report subtitled, “A New York Times analysis reveals how the left outdid the right at raising and spending millions from undisclosed donors to defeat Donald Trump and win power in Washington.”¹⁵ The *Times* added, “While the Kochs pioneered the use of centralized hubs to disseminate dark money to a broader network, the left has in some ways improved on the tactic —reducing redundancy, increasing synergy, and making it even harder to trace spending back to donors.”

Every year, one of the loudest complaints about 501(c)(4) activity is the annual “Captured Courts” report that’s closely identified with this Subcommittee’s chair and Sen. Stabenow. This year’s edition at least does not claim, as last year’s did with no evidence

¹⁰ See OpenSecrets.org, “Most expensive midterm ever: Cost of 2018 election surpasses \$5.7 billion,” *OpenSecrets*, February 6, 2019, <https://www.opensecrets.org/news/2019/02/cost-of-2018-election-5pnt7bil/>. Note the \$5 billion includes contributions to party committees and outside groups that OpenSecrets classifies as FEC reporting, not “pure” pre-BCRA “hard money.”

¹¹ See “2018 Outside Spending, by Group,” *Open Secrets*, accessed April 28, 2020, <https://www.opensecrets.org/outsidespending/summ.php?cycle=2018&chrt=V&disp=O&type=U>. The total is for the two-party split (“other viewpoint” groups excluded) for “non-disclosing groups,” which OpenSecrets explains are “501(c) nonprofits that are not required to disclose their donors. Others are committees that do disclose their donors to the FEC, but receive nearly all their money from non-disclosing entities. The groups are spending money on independent expenditures and electioneering communications by using funds from their undisclosed donors.”

¹² Shane Devine and Michael Watson, “Political and Policy-Oriented Giving After Citizens United: An Update to CRC’s 2017 Analysis,” December 17, 2020; <https://capitalresearch.org/article/political-and-policy-oriented-giving-after-citizens-united-an-update-to-crcs-2017-analysis>.

¹³ <https://www.opensecrets.org/outsidespending/summ.php?cycle=2018&chrt=V&disp=O&type=U>

¹⁴ *Ibid.*

¹⁵ Kenneth P. Vogel and Shane Goldmacher, “Democrats Decried Dark Money. Then They Won With It in 2020,” *New York Times*, January 29, 2022, <https://www.nytimes.com/2022/01/29/us/politics/democrats-dark-money-donors.html>.

whatsoever, that “dark money” was “originally a Republican political device.”¹⁶ But this year’s edition continues the refusal to acknowledge the existence of a left-wing network that more honest observers, such as the just-cited *New York Times* report, have highlighted, namely, the Arabella network that fiscally sponsored the groups that lead the Left’s battles to shape the courts.¹⁷ This omission is even more bizarre, given that this year’s “Captured Courts” devotes itself almost entirely to criticizing the legal structure of a conservative network of nonprofits, without mentioning that the founders of this network—in an Axios news story “Captured Courts” itself cites—have explicitly stated that they patterned their network’s structure after that of Arabella.¹⁸

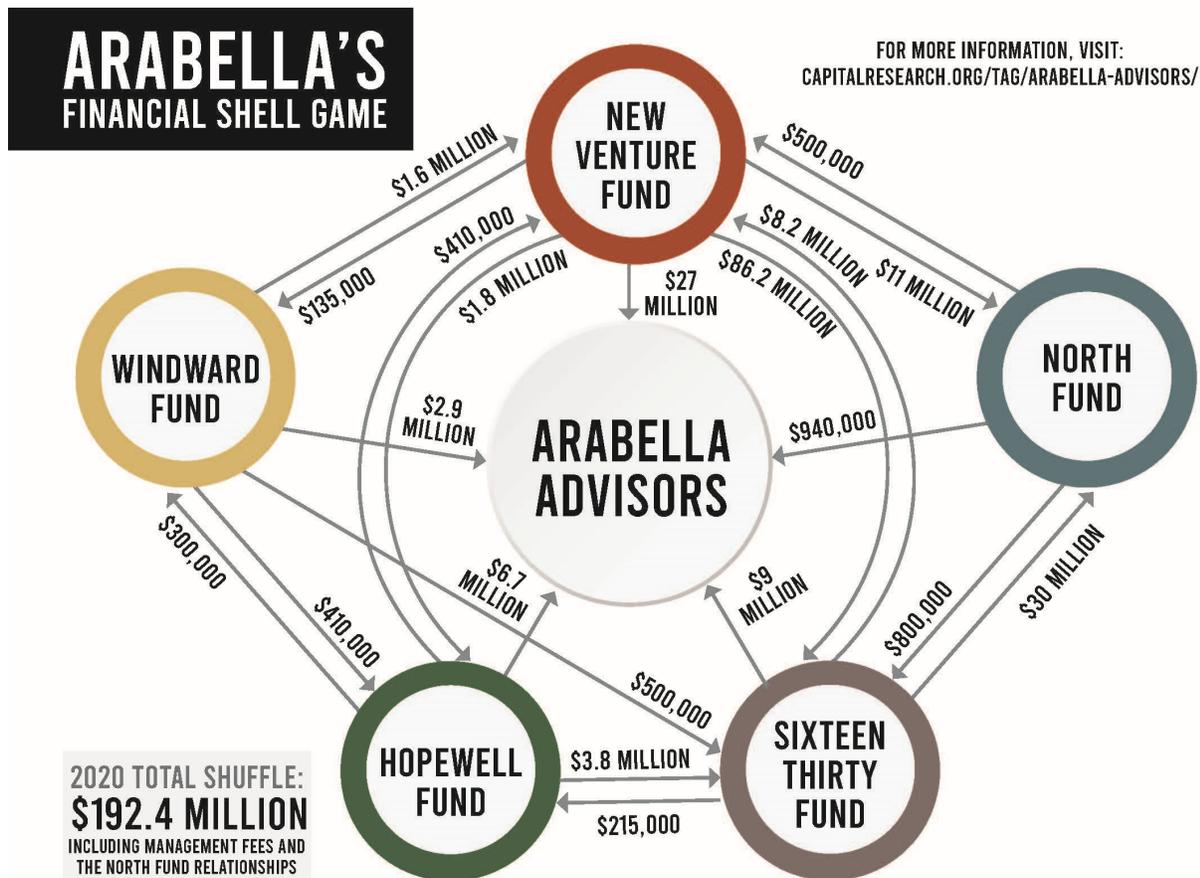
Of course, one understands why “Captured Courts” prefers to keep Arabella in the dark: If tax-exempt “dark money” is all bad, Arabella is much badder than the conservatives being targeted. “Captured Courts” laments \$400 million raised by the conservative network from 2014-2018, but hides the fact that Arabella’s network raised \$2.16 billion in the same years. “Captured Courts” also complains that the conservative network’s groups “move money back and forth,”¹⁹ but in just *one* year, Arabella’s network shuffled among its groups a sum equal to almost half the conservative network’s entire revenues for *four* years:

¹⁶ Senator Debbie Stabenow, Senator Chuck Schumer, Senator Sheldon Whitehouse, “Captured Courts: The GOP’s Big Money Assault On The Constitution, Our Independent Judiciary, And The Rule Of Law,” *Senate Democrats*, May 2020, p. 20, <https://www.democrats.senate.gov/imo/media/doc/Courts%20Report%20-%20FINAL.pdf>.

¹⁷ Those groups active in judicial battles are the (c)(4) Demand Justice and the (c)(3) Fix the Court. After years as fiscally sponsored projects of Arabella’s umbrella nonprofits, in 2021 the groups spun off as independent exempt organizations. See “Demand Justice - Influence Watch,” *Influence Watch*, accessed April 29, 2022, <https://www.influencewatch.org/non-profit/demand-justice/> and “Fix the Court - Influence Watch,” *Influence Watch*, accessed April 28, 2022, <https://www.influencewatch.org/non-profit/fix-the-court/>.

¹⁸ Jonathan Swan, Alayna Treene, “Leonard Leo to shape new conservative network,” Axios, January 7, 2020, <https://www.axios.com/leonard-leo-crc-advisors-federalist-society-50d4d844-19a3-4eab-af2b-7b74f1617d1c.html>, cited in note 35 of the 2022 “Captured Courts.”

¹⁹ Senator Chuck Schumer, Senator Sheldon Whitehouse, Senator Debbie Stabenow, et al., “Captured Courts: The Impact of the Judicial Crisis Network’s Dark-Money Scheme on Our Courts,” *Senate Democrats*, April 2022, p. 6, <https://www.democrats.senate.gov/imo/media/doc/Captured%20Courts%20Report%204-5-22.pdf>.



While conservatives have criticized Arabella, non-conservatives have especially critiqued the network's (c)(4) components. Politico, for example, called the (c)(4) Sixteen Thirty Fund a "massive 'dark money' network,"²⁰ and the *Washington Post* editorial page, after reading Politico's report, was outraged that Sixteen Thirty's top donors anonymously gave \$51.7 million, \$26.7 million, and \$10 million. The Post judged that Sixteen Thirty caters to "big campaign donors who want to have impact but hide their identity."²¹ Last November, an *Atlantic* interview with Arabella's then-president carried the headline, "The Massive Progressive Dark-Money

²⁰ Scott Bland and Maggie Severns, "Documents reveal massive 'dark-money' group boosted Democrats in 2018: A little-known nonprofit called The Sixteen Thirty Fund pumped \$140 million into Democratic and left-leaning causes," *Politico*, November 19, 2019, <https://www.politico.com/news/2019/11/19/dark-money-democrats-midterm-071725>.

²¹ Editorial Board, "Big campaign donors have exploited a loophole. Congress must change the law.," *The Washington Post*, November 21, 2019, https://www.washingtonpost.com/opinions/big-campaign-donors-have-exploited-a-loophole-congress-must-change-the-law/2019/11/21/ab31cf3a-0bd6-11ea-bd9d-c628fd48b3a0_story.html.

Group You've Never Heard Of: Over the past half decade, Democrats have quietly pulled ahead of Republicans in untraceable political spending. One group helped make it happen."²² The *Atlantic* asked Arabella's president, "Do you feel good that you're the left's equivalent of the Koch brothers?" The president replied, "Yeah."

Don't think beefed-up IRS enforcement will cure the ills. Another wrong road to fixing the tax-exempt sector would be to imagine that more IRS enforcement of rules will eliminate all the problems. While some routinely broken rules do need more enforcement, that must be balanced against the terrible temptations the IRS places before administrations of both parties. From FDR through Nixon, the IRS repeatedly used selective enforcement as a political weapon, and entire books have been needed to chronicle this ugly abuse of governmental power.²³

One would think this Subcommittee's chair would be especially alive to this danger. After all, he chaired a hearing similar to this one in April 2013, the culmination of more than a year's efforts by him and leaders of his party to repeatedly demand heightened IRS enforcement of political abuses by exempt groups.²⁴ At that April 2013 hearing, these demands were highlighted yet again, with Chairman Whitehouse complaining the IRS "rarely challenges a group's 501(c)(4) designation based on political activity."²⁵ After the hearing, the chairman's staff sent the Justice Department examples of conservative groups he had in mind for prosecution.²⁶ But the very next month, the scandal surrounding IRS exempt organizations' then-head Lois Lerner erupted, after she had a question planted at a Bar Association meeting²⁷ that allowed her to apologize for improperly targeting conservative groups seeking IRS recognition. She did this just ahead of the appearance of a damning report by the Treasury Inspector General

²² Emma Green, "The Massive Progressive Dark-Money Group You've Never Heard Of," *The Atlantic*, November 2, 2021, <https://www.theatlantic.com/politics/archive/2021/11/arabella-advisors-money-democrats/620553/>.

²³ For instance, David Burnham, *A Law Unto Itself: Power, Politics, and the IRS* (Oregon: Book News, Inc., 1990)

²⁴ See for example their February 2012 letter, <https://www.bennet.senate.gov/public/index.cfm/2012/2/senators-call-for-irs-investigations-into-potential-abuse-of-tax-exempt-status-by-groups-engaged-in-campaign-activity>; their March 2012 letter, <https://dailycaller.com/2013/05/17/flashback-schumer-franken-urged-irs-to-target-tea-party-in-2012/>.

²⁵ https://www.judiciary.senate.gov/download/hearing-transcript_-_current-issues-in-campaign-finance-law-enforcement, p. 12.

²⁶ Paul Caron, "The IRS Scandal, Day 1241," TaxProf Blog, October 1, 2016, https://taxprof.typepad.com/taxprof_blog/2016/10/the-irs-scandal-day-1241.html.

²⁷ Abby D. Phillip, "IRS Planted Question About Tax Exempt Groups," *ABC News Network*, May 17, 2013, <https://abcnews.go.com/blogs/politics/2013/05/irs-planted-question-about-tax-exempt-groups/>.

for Tax Administration,²⁸ which in turn caused Chairman Whitehouse to address the Senate on “the scandal that the IRS appears to have targeted organizations for inquiry based on Tea Party affiliation. Obviously, that’s wrong.”²⁹

This wrongness may have had a considerable political effect: A study by academics from Harvard’s Kennedy School, Stockholm University, and AEI compared voter turnout in the 2010 election, when Tea Party groups did not face IRS suppression, with turnout in the 2012 election, after the IRS’s scandalous obstruction blunted such groups’ ability to organize. The study observed that the 2010 success largely occurred because of “grassroots activities” involving 501(c)(4)s, and it estimated that similar functioning in 2012 “would have brought the Republican Party as many as 5 - 8.5 million votes compared to Obama’s victory margin of 5 million.”³⁰

Alas, despite the scandal, Lois Lerner received little accountability for her actions, including for being held in contempt by the U.S. House of Representatives, and she continues to succeed at keeping a lengthy deposition of her in a major lawsuit under court seal.³¹ In a more recent IRS misconduct scandal there is also little accountability; namely, the publishing by ProPublica of private tax information possessed by the IRS, and then either leaked by IRS employees or illegally accessed by persons outside the IRS.³² This follows other scandals of leaked information, used as a political weapon, such as a case in which the IRS admitted it illegally disclosed the Schedule B donor list of the National Organization for Marriage.³³ It is

²⁸ Treasury Inspector General For Tax Administration, "Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review," *Treasury.gov*, May 14, 2013, <http://www.treasury.gov/tigta/auditreports/2013reports/201310053fr.pdf>.

²⁹ <https://www.whitehouse.senate.gov/news/press-releases/the-two-scandals-at-the-irs>. After this brief co Sheldon Whitehouse, "The Two Scandals at the IRS: As Prepared for Delivery on the Senate Floor," *Whitehouse.Senate.gov*, <https://www.whitehouse.senate.gov/news/press-releases/the-two-scandals-at-the-irs>. After this brief concession, the Senator went on at much greater length about the “other scandal,” i.e., “allowing big shadowy forces to meddle in elections anonymously.”

³⁰ Stan Veuger, "Yes, IRS Harassment Blunted The Tea Party Ground Game," *RealClearMarkets*, June 20, 2013, https://www.realclearmarkets.com/articles/2013/06/20/yes_irs_harassment_blunted_the_tea_party_ground_game_100412.html. “Obama's margin of victory in some of the key swing states was fairly small: a mere 75,000 votes separated the two contenders in Florida, for example. That is less than 25% of our estimate of what the Tea Party's impact in Florida was in 2010.”

³¹ *On Petition for Writ of Mandamus*, Norcal Tea Party Patriots, et al. v. Lois Lerner, et al. (Case No. 22-3357, 6th Cir.), filed April 19, 2022.

³² See <https://www.finance.senate.gov/ranking-members-news/crapo-brady-demand-update-on-criminal-breach-of-taxpayer-data>, accessed April 28, 2022.

³³ Editorials, "IRS Admits To A Smidgeon Of A Felony," *Investor's Business Daily*, June 27, 2014, <https://www.investors.com/politics/editorials/irs-admits-guilt-pays-settlement-to-national-organization-for-marriage/#:~:text=The%20National%20Organization%20for%20Marriage%20has%20been%20awarded,to%20the%20pro-gay%20marriage%20group%20Human%20Rights%20Campaign>.

especially disturbing to see the Chairman of the Finance Committee recently sit with ProPublica for an interview and never raise the issue of that media outlet's use of confidential tax information that they almost certainly possess only because someone committed a crime.³⁴

There are more reasons to think increased IRS enforcement won't solve all the tax-exempt sector's issues: First, as Brad Smith and the lawyer Gregory Colvin argued at the 2013 version of this hearing, the IRS is not well-designed for understanding and regulating political activities.³⁵ That explains why the Service has never been able to give guidance on the topic that is even remotely clear. Demanding more from the IRS will only further confuse matters and deserve to be called, "The DC Election Lawyers Full Employment Act." As Mr. Colvin stated, "the fundamental problem affecting enforcement on 501(c)(4) nonprofits" is that "the tax rules are vague, unpredictable, and unevenly applied."³⁶ That was a decade ago and is likely to be true a decade hence.

Heightened disclosure is another false path. Brad Smith at the 2013 hearing and today is perhaps America's most eloquent explainer of the grave limitations on donor disclosure's ability to improve the political activities of private groups.

Coerced donor disclosure is now clearly seen as a weapon by many in politics, as was made clear when I testified last year to the Judiciary Subcommittee on the Federal Courts. After the hearing, I received a personal letter from Chairman Whitehouse, asking me to disclose Capital Research Center's donors. I replied that in our day, in addition to the traditional moral reasons for respecting anonymous giving, "The practical reason for opposing disclosure arises from the very real threats, felt across the political spectrum, of mob harassment and worse. And Mr. Chairman, just as your side has more groups, active for more years, and possessed of far more 'dark money,' so does your side have more mobs." I prefer to "stand with the NAACP of Bull Connor's Alabama, and with the NAACP of today, and with the ACLU and the Human

³⁴ Jesse Eisinger, Jeff Ernsthausen, and Paul Kiel, "When Billionaires Don't Pay Taxes, People "Lose Faith in Democracy," *ProPublica*, February 28, <https://www.propublica.org/article/when-billionaires-dont-pay-taxes-people-lose-faith-in-democracy>.

³⁵ See https://www.judiciary.senate.gov/download/hearing-transcript_-current-issues-in-campaign-finance-law-enforcement

³⁶ *Ibid*, p. 20.

Rights Campaign, in opposition to government schemes to force private citizens to disclose their donations.”³⁷

Later, in Questions for the Record, I was asked why, if I claim the Left has more “dark money,” I object to all sides having their donors disclosed equally? I replied that this question fit with the testimony given by the head of People for the American Way (incidentally, a 501(c)(4) incubated by the Tides Foundation),³⁸ who said, “The hypocrisy that you see from the right is, they claim that there’s more dark money on the left, and yet they refuse to be transparent. Well, it would seem that if the first were true, then the second would be a no-brainer.” The logic behind this argument is clear: Forced donor disclosure harms both the donors and the groups forced to disclose; therefore conservatives should support laws that will harm their opponents more than themselves.

As I replied then, this question reveals the central disagreement between the party of forced government disclosure, and the party of citizens’ privacy: “I do not wish to harm donors and groups I disagree with, and I respectfully urge you to end your campaign to harm donors and groups you disagree with.”³⁹

Rather than take these wrong roads to improving the exempt sector, we should recognize that the biggest reason politicized money is pouring into tax-exempt groups of all varieties is because of what is wrongly called campaign finance “reform.” I sympathize with those across the spectrum who do not like dollars going into politics because they do not trust politicians, and who do not like to see exempt dollars playing a big political role. But would there be nearly so many dollars going to exempt groups if campaign finance “reform” hadn’t squeezed money out of parties and candidates? In *The Blueprint*, a book that reports with sympathy on the Democratic takeover of Colorado’s politics in the years after the Bipartisan Campaign Reform Act of 2002 (BCRA), the authors explain how big donors became more important than the traditional party apparatus:

³⁷ Joe Schoffstall, "Conservative Group Defends Donor Privacy as Sheldon Whitehouse Demands Disclosures," *Free Beacon*, April 1, 2021, <https://freebeacon.com/democrats/conservative-group-defends-donor-privacy-as-sheldon-whitehouse-demands-disclosures/>.

³⁸ "People for the American Way - Influence Watch," *Influence Watch*, accessed April 28, 2022, <https://www.influencewatch.org/non-profit/people-for-the-american-way/>.

³⁹ Scott Walter, "Highlights from Scott Walter's Answers to Questions for the Record from Sen. Whitehouse," *Capital Research Center*, April 14, 2021, <https://capitalresearch.org/article/highlights-from-scott-walters-answers-to-questions-for-the-record-from-sen-whitehouse/>.

campaign finance reform had completely changed the rules of the game. By limiting the amount of money candidates and political parties could raise and spend, the new law had seriously weakened candidates—and all but killed political parties.⁴⁰

Similarly, the liberal journalist Sasha Issenberg in his 2012 book, *The Victory Lab: The Secret Science of Winning Campaigns*, reports how private foundations like Carnegie escape the campaign finance strictures that throttle political actors under FEC rather than IRS regulation:

Because the tax code allowed nonprofit organizations to run registration and turnout drives as long as they did not push a particular candidate, organizing “historically disenfranchised” communities (as Carnegie described them) became a backdoor approach to ginning up Democratic votes *outside the campaign finance laws that applied to candidates, parties, and political action committees*.⁴¹

It should be no surprise that a billionaire foundation like Carnegie reveled in escaping BCRA, because billionaire foundations pushed the Act through, weakening other political actors and greatly strengthening their own political roles. In “Astroturf Politics: How liberal foundations fooled Congress into passing McCain-Feingold,” John Fund reported in 2005 that a study by Political MoneyLine “found that of the \$140 million spent to directly promote liberal campaign reform in the last decade, a full \$123 million came from just eight liberal foundations,” including Carnegie, Ford, and Soros’s Open Society.⁴² Fund quotes a talk given by a former executive of Pew Charitable Trusts, the biggest donor among the foundations at \$40 million, who confessed after the bill passed that the target of those millions was “535 people” in Congress, in whose minds the foundations hoped “to create an impression that a mass movement was afoot.”

Pew’s strategist is clear that he aimed to fool you Members of Congress: If, he confesses, you “thought this was a Pew effort, it’d be worthless.” So the conspiracy had “to convey the impression that this was something coming naturally from beyond the Beltway.” Fund concludes there was never a grassroots drive for campaign finance reform. And Pew knew it: two months

⁴⁰ Rob Witwer and Adam Schrager. *The Blueprint: How the Democrats Won Colorado (and Why Republicans Everywhere Should Care)* (Colorado: Fulcrum Publishing, 2010), 72.

⁴¹ Sasha Issenberg. *The Victory Lab* (New York: Crown Publishing, 2013), 86. Emphasis added.

⁴² John Fund, “Astroturf Politics: How liberal foundations fooled Congress into passing McCain-Feingold,” *The Wall Street Journal*, March 21, 2005, <https://www.wsj.com/articles/SB122512338741472357>.

before the bill passed, Pew Research Center polled Americans, asking them to rank 22 issues in order of importance: campaign finance reform came in dead last.⁴³

So, policymakers' aim should be to reverse this harmful trend that currently moves money out of the FEC realm—where, I note, disclosure is much less controversial—and into the IRS realm of exempt groups. This should be done not only because the IRS is not the proper regulator of political activity, but also because the 501(c)(3) realm of charity is a critical pillar of civil society, strengthening all of us when it nobly allows us to help each other outside politics. Government, and the politics that surround it, are supposed to *serve* civil society, not take over this private realm which charity requires to flourish.

The two best levers policymakers have to move politically motivated money back to the FEC's world and out of the IRS exempt world are, first, much higher limits—or none at all—on “hard” dollar donations. Second, no (c)(3) entity—private foundation or public charity—should be allowed to fund or execute voter registration and get-out-the-vote (GOTV). Those activities are only legal now if (c)(3)s carry them out in nonpartisan fashion, but in this age of microtargeting, there is far too high a risk that they will not be carried out in such a fashion. Some years back, a panelist at a think tank talkfest urged that these voter turnout activities continue to be legal. When I asked her if she could name a single (c)(3) in America that actually conducts them on a nonpartisan basis, the room full of (c)(3) leaders, mostly left-leaning, laughed knowingly, while another panelist, Democratic pollster Celinda Lake, nodded. Even the woman I asked grinned for a moment before delivering a non-answer.⁴⁴

In the interest of full disclosure, I admit that (c)(3) voter turnout work is an unusual instance in the political world where the two sides don't use the same weapons. While (c)(3) voter turnout operations are common among the blues, they are rare among the reds. I recently asked Karl Rove about this. He has done more red registration and GOTV than any person alive, much of it through 501(c)(4)s that Chairman Whitehouse urged the IRS to prosecute a decade ago. But asked if he had ever used (c)(3) foundation money to fund, or (c)(3) public charities to execute, registration and GOTV, Rove said he never had, and seemed shocked at the thought.

⁴³ Scott Walter, “Pew and the Gang Ride Again,” *Foundation Watch*, April 2011, <https://capitalresearch.org/article/pew-and-the-gang-ride-again-citizens-free-speech-still-in-danger/>

⁴⁴ Scott Walter, “Lies, damned lies, and polls,” *Philanthropy Daily*, October 7, 2014, <https://www.philanthropydaily.com/lies-damned-lies-and-polls/>.

I would prefer this practice be forbidden to (c)(3)s, but failing that, it should be declared clearly permissible to all. Currently, the uncertainty that surrounds it leads reds to fear the next Lois Lerner if they dare try it, while blues use fig leaves like “civic participation” to cover their naked partisanship as they pursue it with gusto.

Other Exempt Organization Problems

I must add brief sketches of some of the many problems raised by exempt groups that we at Capital Research Center have documented.

The Page Gardner empire. Ms. Gardner, a former Sen. Ted Kennedy staffer, has launched multiple interlocking groups, including the (c)(3) Voter Participation Center and (c)(4) Center for Voter Information. The left-leaning groups’ work has drawn criticism from the *Washington Post* (for confusing voters and not being nonpartisan),⁴⁵ National Public Radio (for allegedly illegal automated calls that seemed aimed to suppress African-American votes for Barack Obama in a primary against Hillary Clinton),⁴⁶ and ProPublica, whose headline explains, “A Nonprofit With Ties to Democrats Is Sending Out Millions of Ballot Applications. Election Officials [in both parties] Wish It Would Stop.”⁴⁷ That “nonprofit with ties to Democrats” is the (c)(3) Voter Participation Center, whose partisanship is confirmed by *Victory Lab*’s liberal author: “Even though the group was officially nonpartisan, for tax purposes, there was no secret that the goal of all its efforts was to generate new votes for Democrats.”⁴⁸

The Voter Registration Project. This (c)(3), co-located with the for-profit, Democratic-aligned consulting firm Grassroots Solutions, oversaw a secretive, multi-year, \$100+ million plan to use (c)(3)s and (c)(4)s to turn out millions of Democratic voters in battleground states. The project began in 2015, when a Democratic for-profit consultant sent a draft plan to a Democratic-aligned PAC (EMILY’s List), who bounced it to Hillary Clinton’s campaign manager, John Podesta. The scheme fermented with help from the president of the (c)(3) Wyss

⁴⁵ Antonio Olivo. “Mail-in ballot applications in Virginia tap into worries about fraud with faulty instructions.” *Washington Post*. August 6, 2020. [https://www.washingtonpost.com/local/virginia-politics/virginia-absentee-ballot-mixup/2020/08/06/5\(c\)\(4\)029ee-d764-11ea-930e-d88518c57dcc_story.html](https://www.washingtonpost.com/local/virginia-politics/virginia-absentee-ballot-mixup/2020/08/06/5(c)(4)029ee-d764-11ea-930e-d88518c57dcc_story.html)

⁴⁶ “Group with Clinton Ties Behind Dubious Robocalls.” NPR. 2008. Accessed June 19, 2017. <http://www.npr.org/templates/story/story.php?storyId=90114863>

⁴⁷ Rosenthal, Lauren, Joshua Eaton, and Thy Anh Vo. “A Nonprofit With Ties to Democrats Is Sending Out Millions of Ballot Applications. Election Officials Wish It Would Stop.” October 23, 2020. <https://www.propublica.org/article/a-nonprofit-with-ties-to-democrats-is-sending-out-millions-of-ballot-applications-election-officials-wish-it-would-stop>.

⁴⁸ Sasha Issenberg. *The Victory Lab* (New York: Crown Publishing, 2013), 305.

Foundation, who also sent Podesta a plan version in an email with the subject line, “new (c)(3) version.” That email’s Microsoft Word attachment has tracked changes that revealed how the original, partisan plan, which would only be legal for “hard dollar” entities to execute, had been re-worded lightly into something (c)(3) foundations could fund and (c)(3) “charities” could conceivably get away with. A sample editing change: an “enormous” difference in “potential political outcomes” in the original version became an enormous difference in “potential voter participation outcomes” in the “new (c)(3) version.”⁴⁹

The plan was executed, with the help of numerous (c)(3)s and (c)(4)s, including the Civic Participation Action Fund, America Votes, States Voices, Center for Popular Democracy,⁵⁰ and the Tides Foundation. Despite all the millions of dollars—and votes—and dozens of nonprofits involved, no mainstream media story on this project has ever appeared, nor as far as we know, any IRS investigation.

“Zuck Bucks.” This term is used to describe the roughly \$400 million that one billionaire family, Mark Zuckerberg and Priscilla Chan, used to “help” government election officials in nearly every state conduct the 2020 election. The funds originated from donor-advised funds at the Silicon Valley Community Foundation and were sent to two (c)(3)s, the Center for Tech and Civic Life and the Center for Election Innovation and Research, which in turn sent them to Secretaries of State and local election offices. (Let me note an additional \$25 million was contributed by an Arabella-managed (c)(3).) The two Centers were founded and still run by persons with strong Democratic and left-wing ties. CEIR’s founder/leader was hired as an election attorney at the Justice Department in the Clinton Administration and left in 2005 under an ethics complaint cloud. He later worked at the Pew Charitable Trusts and the (c)(4) People for the American Way, which inaugurated our modern political battles for Supreme Court nominees with its famous, multimillion-dollar smear campaign of Robert Bork’s nomination in 1987.⁵¹

⁴⁹ See Parker Thayer, “The Left Weaponizes Charitable Cash to Win Political Battles,” *Capital Research*, October 2021, pp. 13-19, <https://capitalresearch.org/publication/capital-research-october-2021/>. The Podesta emails were, unfortunately, likely hacked by Russian intelligence agents, but the same is true of the hack of the Bradley Foundation whose contents are used frequently by Sen. Whitehouse and the Center for Media and Democracy.

⁵⁰ CPD is best known for the time one of its leaders, protesting the Brett Kavanaugh nomination, blocked the elevator doors for Sen. Jeff Flake. Elise Viebeck, “Ana Maria Archila reflects on confronting Jeff Flake over Kavanaugh nomination,” *Washington Post*, September 28, 2018, [https://www.washingtonpost.com/politics/i-was-demanding-a-connection-ana-maria-archila-reflects-on-confronting-jeff-flake-over-kavanaugh-nomination/2018/09/28/7593b4fe-\(c\)\(3\)81-11e8-97a5-ab1e46bb3bc7_story.html](https://www.washingtonpost.com/politics/i-was-demanding-a-connection-ana-maria-archila-reflects-on-confronting-jeff-flake-over-kavanaugh-nomination/2018/09/28/7593b4fe-(c)(3)81-11e8-97a5-ab1e46bb3bc7_story.html).

⁵¹ “Center for Election Innovation & Research (CEIR) – Influence Watch,” *Influence Watch*, accessed April 29, 2022, <https://www.influencewatch.org/non-profit/center-for-election-innovation-research/>.

CTCL's founders/leaders came from a now-defunct (c)(4) so politically powerful that the *Washington Post* dubbed it, "the Democratic Party's Hogwarts for digital wizardry."⁵²

These partisans, operating in (c)(3) garments in 2020, distributed in effect the largest political donation in American history. Their grants went to over 2,000 government offices in nearly all states. In many states, most of the offices receiving grants were in local jurisdictions won by the Republican presidential candidate. Yet with minimal analysis of the money flows, a clear pattern of Democratic partisanship appears. Capital Research Center has detailed state-level analysis for all of the battleground states, with all of our data publicly posted.⁵³ Even a few data points reveal the partisanship:

- In Pennsylvania, the highest per capita funding of a Biden county (Philadelphia) was \$6.56, while the highest per capita funding of a Trump county (Berks) was \$1.10.
- In Arizona, the unfunded parts of the state saw Republican presidential turnout increase even higher than Democratic presidential turnout (46% to 40%). But where Zuck Bucks flowed, that pattern completely reversed, with Democrats increasing turnout 81% to Republicans' 66%.
- In my home state of Virginia, average per capita funding for Democratic counties was about double the funding for Republican counties, and 90% of funding went to Democratic counties.

In short, the funding went disproportionately to the most vote-rich areas for Democrats, and the margins in the funded parts of the battleground states were always larger, often far larger, than the margin for the state as a whole: In Pennsylvania, Zuck Buck localities went for the Democratic presidential candidate by 692,000 votes, compared to the state's margin of 81,000; in

⁵² Fung, Brian. "Inside the Democratic Party's Hogwarts for Digital Wizardry," April 24, 2019. <https://www.washingtonpost.com/news/the-switch/wp/2014/07/08/inside-the-democratic-partys-hogwarts-for-digital-wizardry/>

⁵³ Hayden Ludwig and Parker Thayer, "Shining a Light on Zuck Bucks in the 2020 Battleground States," *Capital Research Center*, January 18, 2022, <https://capitalresearch.org/article/shining-a-light-on-zuck-bucks-in-key-states/>.

Georgia, the difference was 604,000 to 12,000. Zuck Bucks, as one wit put it, were “the real Kraken.”⁵⁴

The simple way to understand Zuck Bucks is to imagine the reaction if the partisanship were reversed: Picture the response to the news that Charles Koch had sent nearly a half-billion dollars to a (c)(3) staffed by alumni of a (c)(4) Karl Rove group like Crossroads GPS. The *New York Times* and CNN would report every unsavory detail with outrage, and Chairman Whitehouse would make an impassioned speech on the Senate floor to decry this abuse—and I would cheer him on. Because as I have testified to state legislatures, this kind of nonprofit abuse is a threat to *both* parties.⁵⁵ And it opens the door to foreign election interference, because if Zuck Bucks are legitimate, then there’s nothing to stop a Russian oligarch, or a Communist Chinese princeling, or an oil sheik from donating the same way, because (c)(3)s have no restrictions on foreign donations, nor any campaign finance limits.⁵⁶ Surely all Americans can agree that letting billionaires privatize our elections using charitable organizations is wrong. No wonder 18 states have enacted restrictions on such funding. And if you doubt that funding’s partisanship, consider that six gubernatorial vetoes have been issued on similar bills in other states, all by Democratic governors.⁵⁷

The growth of (c)(3) foundation grants to (c)(4) groups. While it is not in all cases illegal for a private foundation to give to a (c)(4) group, the high legal hurdles are serious enough that for many years, very little foundation money was risked in this way. This is certainly a more dubious type of grant than the more often discussed grants from foundations to donor-advised funds, and anyone who seeks less politicization of exempt organizations should resist this practice. The Atlantic Philanthropies, based in Bermuda, has spent itself out, but before the end it

⁵⁴ J. Christian Adams, “The Real Kraken: What Really Happened to Donald Trump in the 2020 Election,” PJ Media, December 22, 2020, <https://pjmedia.com/jchristianadams/2020/12/02/the-real-kraken-what-really-happened-to-donald-trump-in-the-2020-election-n1185494>. Other useful statistical analyses have been made by the Caesar Rodney at <https://www.rodnevinstitute.org/> and the Foundation for Government Accountability at <https://thefga.org/election-integrity/>.

⁵⁵ For instance, my testimony before the Virginia Senate Committee on Privileges and Elections, Jan. 25, 2022: <https://capitalresearch.org/app/uploads/Scott-Walter-Written-Testimony-to-VA-Senate-Jan-25-2022.pdf>.

⁵⁶ Parker Thayer, “Zuckerberg’s Election Meddling Could Be Emulated by Foreign Interests,” *Capital Research Cente.*, November 23, 202, <https://capitalresearch.org/article/zuckerbergs-election-meddling-could-be-emulated-by-foreign-interests/>.

⁵⁷ Sarah Lee and Hayden Ludwig, “States Banning or Restricting “Zuck Bucks” – UPDATED 4/28/22,” *Capital Research Center*, April 28, 2022, <https://capitalresearch.org/article/states-banning-zuck-bucks/>.

created politically active (c)(4)s like the Atlantic Advocacy Fund⁵⁸ and the Civic Participation Action Fund,⁵⁹ and it strongly encouraged other foundations to up their giving to (c)(4)s.

Atlantic's own (c)(4) giving was utterly unrestrained, because its offshore base meant it never had to disclose its giving, nor was it bound by any U.S. restrictions on giving. And so it gave millions to Democratic-aligned PACs like Color of Change PAC and Immigrant Voters Win PAC, as well as super PACs like the League of Conservation Voters Victory Fund. Above all, Atlantic was the driving monetary force behind Health Care for America Now (HCAN), the (c)(4) umbrella group created to pass Obamacare. Atlantic supplied \$27 million of HCAN's \$60 million campaign, leading Atlantic's then-leader Gara LaMarche to brag that the bill's passage was "the culmination of a campaign" by Atlantic and its allies.⁶⁰ Oddly, the usual opponents of "dark money" never seem to have complained about a "dark money" group funded largely by an offshore donor that did not have to file standard disclosures.

A related item: sometimes (c)(3) public charities make grants to (c)(4) "dark money" groups, which again is not simply illegal but should receive scrutiny. One fascinating recent example involves one of the Chairman's favorite public charities, the Center for Media and Democracy (CMD) that supplies much of the material for his famous charts. In recent years, CMD was one of the largest donors to American Family Voices, a 501(c)(4) whose director, Lauren Windsor, helped the Lincoln Project fan the flames of racism and deceive voters in Virginia's 2021 gubernatorial contest, as I noted in the *Wall Street Journal*.⁶¹

Open Society funding in elections abroad. Leaked internal documents from the Open Society Foundations, headquartered in New York City, appear to show an intention from the top to deliberately alter election outcomes in other countries, particularly in the 2014 elections for

⁵⁸ See "Atlantic Advocacy Fund – Influence Watch," *Influence Watch*, accessed April 29, 2022, <https://www.influencewatch.org/non-profit/atlantic-advocacy-fund/>

⁵⁹ See "Civil Participation Action Fund – Influence Watch," *Influence Watch*, accessed April 29, 2022, <https://www.influencewatch.org/non-profit/civic-participation-action-fund/>.

⁶⁰ Gara LaMarche, "A Big Bet on Advocacy Helps to Make History on Health Care," *The Atlantic Philanthropies*, March 22, 2010, <https://www.atlanticphilanthropies.org/news/big-bet-advocacy-helps-make-history-health-care>.

⁶¹ Scott Walter. "Virginia's Dirty Trick, Dark Money and Sen. Whitehouse: The senator should investigate his friends' dark financial ties to race-baiting election interference." *Wall Street Journal*. Nov. 7, 2021. <https://www.wsj.com/articles/virginia-dirty-trick-lincoln-project-youngkin-tiki-torch-whitehouse-dark-money-11636144990?page=1>. See also <https://www.influencewatch.org/non-profit/american-family-voices/>.

the European Parliament and some national parliaments in Europe.⁶² In the early 2010s, OSF became increasingly worried that trends in Europe were creating a hostile environment for OSF. To counter and even reverse these trends, OSF adopted “a two-level strategy to reduce the number of opponents of the open society who get elected.” Open Society Initiative for Europe (OSIFE) distributed \$5.7 million to organizations to “to turn out the vote” in sympathetic constituencies. Open Society European Policy Institute (OSEPI) was assigned to “engage pan-European parties to influence their manifestos and campaigning tactics.”⁶³ These efforts to achieve particular election outcomes appear hard to reconcile with U.S. tax law on nonprofits.

Possible Democracy Alliance “coordination” between types of groups not allowed to coordinate. The Committee on States is a partner organization to the Democracy Alliance, which is a collective of wealthy Democratic and left-wing individual and institutional donors. In a slide presentation at a 2014 Alliance meeting that the Free Beacon obtained, the Committee staff “noted that there is a ‘legal firewall’ between, on the one side, nonpartisan 501(c)(3) groups and independent expenditure political groups, and, on the other, state political action committees, political parties, and campaign committees.” But, the Beacon report continues,

Subsequent slides explain how that firewall can be circumvented, illustrated by arrows traversing the visual “firewall.” Political “investors” can give to all categories of groups, one slide notes. Another slide details Committee donors’ roles as *coordination*, strategy, targeting, and accountability. Political vendors operating as for-profit corporations that focus on “data, analytics, and research” can also work with all categories of groups, another slide explains. A state Democratic Party cannot share information with a super PAC operating there, for example, but a private corporation that controls extensive voter data can work with both. One such group, Catalist, is among the Democracy Alliance’s core network of supported groups. The company, a limited liability corporation, is the data hub of the Democratic Party, providing extensive voter information to political groups, parties, and candidates, some of which are legally prohibited from coordinating their efforts.⁶⁴

⁶² Edited by Jon Rodeback, “Mapping Soros’s “Philanthropy” at Home and Abroad,” *Capital Research Center*, November 2020, <https://capitalresearch.org/app/uploads/Mapping-Soros-Philanthropy.pdf>.

⁶³ <https://capitalresearch.org/app/uploads/OSEPI-strategy-2014-2017-EU-advocacy.pdf>

⁶⁴ Lachlan Markay, “Democracy Alliance State Spending Plans Revealed,” *Washington Free Beacon*, November 12, 2014, <https://freebeacon.com/politics/democracy-alliance-state-spending-plans-revealed/>. Emphasis added.

The slides indicating all these connections or “coordination” made by donor-investors plus a Catalist-type LLC should generate considerable scrutiny. Surely a congressional committee interested in examining the political activities of tax-exempt groups would want to learn more about these arrangements.

Open Society coordination of voter registration/GOTV with other foundations. A January 2011 memo appeared in the DCLeaks archive that was addressed to George Soros; Sherilynn Ifill, the incoming head of his main (c)(3) foundation; and the rest of its board. The authors were Andy Stern, then-head of the politically powerful Service Employees International Union and the most frequent outside visitor to Barack Obama’s West Wing, and Deepak Bhargava, head of the (c)(3) Center for Community Change.⁶⁵ Entitled, “New Thinking on 2012 Election and Beyond,” and written at the very beginning of that election cycle, the memo stresses voter registration in “OSF’s priority constituencies,” and “focusing resources in cities and states where OSF issue priorities ... will be on the ballot or featured prominently in public discourse.” Another priority includes “experimenting with more collaborative models for campaign communications.” The memo urges \$3.5 million in funding to “Win Pre-Determined Substantive Changes in Open Society Priorities that will be Resolved in 2012 City and State Elections,” with a narrow focus on “key places such as California, Maryland, Ohio, and Wisconsin.”

If anyone wonders whether Open Society and similar left-of-center funders collaborate on this kind of electoral work, the memo has a budget, “Currently Projected Voter Engagement Funder Budgets for 2012,” which lists Ford at the most generous, with a hoped-for \$20 million; Open Society next at \$16.3 million; Wellspring Advisors, \$10 million; Carnegie, \$5.6 million; and nine more sources for a total desired budget of \$84.4 million.⁶⁶ Recall the *Victory Lab* observation in 2012 that Carnegie aimed at “ginning up Democratic votes outside the campaign finance laws that applied to candidates, parties, and political action committees,”⁶⁷ and consider

⁶⁵ For more on the Center, see “Center for Community Change – Influence Watch,” *Influence Watch*, accessed April 29, 2022, <https://www.influencewatch.org/non-profit/center-for-community-change/>.

⁶⁶ For more on the memo, see Ken Braun, “Big Left Foundations Fund Biased Barely-Legal Voter Programs,” *Capital Research Center*, June 3, 2021, <https://capitalresearch.org/article/big-left-foundations-fund-biased-barely-legal-voter-programs/>.

⁶⁷ Sasha Issenberg. *The Victory Lab* (New York: Crown Publishing, 2013), 86. Emphasis added.

whether this Open Society memo does not also deserve the interest of a committee concerned about political activities of exempt groups.

Conclusion

Political participation by Americans is a wonderful gift and to be encouraged, but it is best pursued in the traditional political avenues of campaigns, candidates, and parties, *not* the exempt sector, and especially not the charitable (c)(3) world. I urge you to protect America's civil society by protecting the charitable space under your oversight. Like prof Philip Hackney, "I believe deeply in the power of a fiercely independent and courageous civil society that empowers the voices of all in our communities."⁶⁸

One way to do that is to refrain, on the political or FEC side of giving, from using campaign finance "reform" to throttle support for groups or interests. I heartily agree with Chairman Whitehouse in his 2013 hearing when he praised a point made by Ranking Member Cruz and declared,

I want the record of the hearing to reflect that I think we have agreement amongst everyone that it is never the government's position or proper role to determine based on the amount of influence that a political group or interest or individual has that they have too much. That is a role, I think, for the voters to determine.⁶⁹

⁶⁸ Philip Hackney, "The 1969 Tax Reform Act and Charities: Fifty Years Later," *Pittsburgh Tax Review* Volume 17 (2020): 245, <https://doi.org/10.5195/taxreview.2020.116>.

⁶⁹ Transcript citation used above; p. 16.