

THE SHADOW OVER AMERICA:

An Update on Arabella Advisors'
\$600 Million Empire in 2018

Hayden R. Ludwig



CAPITAL RESEARCH CENTER
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The Capital Research Center is a 501(c)(3) nonprofit organization. As America's investigative think tank, CRC connects the dots between the philanthropic sector and the organizations that influence public policy.

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THE SHADOW OVER AMERICA: ARABELLA ADVISORS' \$635 MILLION EMPIRE IN 2018

By Hayden Ludwig

Summary: Last year, CRC exposed the half-billion-dollar “dark money” activist network run by Arabella Advisors, the Left’s best-kept secret in Washington, DC. Our investigation into the shadowy organization’s fights over government health care, America’s courts, climate change, abortion, gun control, and the Trump administration made headlines on the Left and the Right. Now armed with never-before-seen documents obtained by public records request, we dive even deeper into the Arabella labyrinth to show how it was formed with funding from ACORN and other far-left groups and continues to grow today.

How We Changed the Narrative on “Dark Money”

Go figure that “dark money” mega-donors are most at ease in the shadows. So what happens when they are pulled into the light?

We found out last year when CRC exposed an enormous, half-billion-dollar activist network that had operated with almost no scrutiny from the mainstream media for nearly 15 years. My 30-page report “Big Money in Dark Shadows” traced hundreds of fake groups—most little more than flashy websites, running countless campaigns to savage conservatives and Republican politicians—to the same office in Washington, DC.

Hundreds of supposedly “grassroots” groups all linked back to the headquarters of Arabella Advisors, a little-known consulting company founded by Eric Kessler, a former Clinton administration staffer and one of the best-connected men in Washington.

Through this network of Arabella-run nonprofits and their numerous “pop-up” groups—so called because they can appear one day and disappear the next—Kessler and his allies control an empire of unprecedented scope and size. It’s funded by the biggest foundations on the Left and dedicated to advancing Democrats’ far-left agenda—all in secret.



Arabella Advisors created and actively manages four nonprofits: New Venture Fund, Sixteen Thirty Fund, Hopewell Fund, and Windward Fund. Each plays a slightly different role in the network, but all share the same basic functions—sponsoring pop-up groups (also called “projects”) and paying out grants to other left-wing nonprofits.

That is, until CRC busted the racket wide open.

Since “Big Money in Dark Shadows” put a spotlight on Arabella Advisors last April, this once murky operation has been attacked by politicians, criticized by experts in the non-profit sphere, and even scrutinized by the left-leaning media.

In November, Politico hammered the Sixteen Thirty Fund (Arabella’s lobbying wing) as a “massive ‘dark money’ group [that] boosted Democrats” in the 2018 midterm elections with a staggering \$141 million. That figure included an anonymous \$51.7 million donation, “more than the group

Hayden Ludwig is a research analyst at CRC.

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Defining “Dark Money”

We hear a lot from the media and politicians about the horrors of “dark money,” but what is it? As the left-leaning Center for Responsive Politics—best known for its website OpenSecrets.org—told CRC over email, “‘dark money’ in politics can be broadly defined as spending from undisclosed sources to influence political outcomes.”

The term is most often applied to 501(c)(4) nonprofits (in IRS parlance, “social welfare organizations”), which aren’t required under IRS rules to disclose their donors. The term may also extend to the 501(c)(3) nonprofits (“public charities”), with which social welfare groups are closely aligned. These two types of groups often share staff, board members, office space, and objectives and even make grants to one another, and neither type is required to disclose its donors.

The phrase “dark money” is often meant to conjure up sinister images that would lead the public to demand donor disclosure in the name of “transparency”—yet one person’s “dark money” is another person’s free speech. The freedom to support the political candidate or cause of your choice—however unpopular—is the bedrock of Americans’ First Amendment right to free speech, and the U.S. Supreme Court has upheld it in the landmark civil rights cases *Citizens United v. FEC* (2010) and *NAACP v. Alabama* (1958). Like voters using the secret ballot in elections, donors have a right not to have government reveal their choices of whom and what they support. In both instances, privacy safeguards our constitutional rights.

had ever raised before in an entire year before President Donald Trump was elected.” It was so stark that Politico labeled the group “an unprecedented gusher of secret money.”

Axios, a left-wing website, shared Politico’s concern that Arabella’s operation is “a sign that Democrats and allies have embraced the methods of [conservative] groups they decried as ‘dark money’ earlier this decade.”

Even the *Washington Post* editorial board, well known for its liberal views on such issues as gun control, illegal immigration, and soda taxes, used the Arabella example as an outrage that should lead Americans to demand new campaign finance restrictions to force groups to reveal their donors—their First Amendment rights to free speech (a “loophole,” quoth the *Post*) be damned.

“Who are these donors? The public will not find out,” the *Post* wrote, referencing two anonymous donations of \$51.7 million and \$26.7 million to the Sixteen Thirty Fund in 2018. “A good question is whether they are individual donors or whether this is part of a larger network of dark money sloshing about in politics.”

A good question indeed—and a question CRC answered in a letter to the *Post*’s editor, pointing out that the \$26.7 million grant originated with *another* Arabella-run group, the New Venture Fund. (Which means we also confirmed the *Post*’s worst fears that the Sixteen Thirty is indeed part of a “larger network of dark money.”)

In the wake of our report, conservatives pointed out that the existence of Arabella’s network definitively shatters the narrative that political spending on the Right far exceeds that on the Left. Conservatives, once on the defensive against liberal “dark money” hawks such as Sen. Sheldon Whitehouse (D-RI), now had the ammunition they needed to return fire.

In September, *Wall Street Journal* columnist Kimberly Strassel cited CRC’s research on “the Left’s lucrative nonprofits,” arguing that “powerful interests” and “dark money are mostly on the Democratic side.” (Our work exposing Arabella also appeared in Strassel’s 2020 book, *Resistance (At All Costs)* Strassel noted that

Just one of these recent “pop-up” groups is Demand Justice, a “project” of Arabella’s Sixteen Thirty Fund. The outfit got rolling in early 2018, with the express purpose of combating Republican judicial nominees, and was a major player in the drive-by hit on Justice Brett Kavanaugh. Almost nothing is known about Demand Justice beyond that it is run by former Hillary Clinton campaign spokesman Brian Fallon. Where are all those media sleuths when you need them to sniff out “dark money”?

Ken Blackwell, a former Ohio state treasurer and ex-mayor of Cincinnati, agreed with Strassel in a January op-ed:

Democrats have no good response to [President Trump’s] popularity and his accomplished record, so they turn to dark money funded smear campaigns to try and discredit him and his supporters. . . .

. . . But in reality, Arabella doesn’t organize actual grassroots opposition to the Trump administration, it creates fake groups that pump out phony opposition through subsidiaries such as the Sixteen Thirty Fund.

He concluded:

The President's actions are boosting the stock market, raising consumer confidence and drawing fresh investment in American business and industry. . . . As the election season advances into 2020, we must expose the liberal, dark money operations that threaten the progress of the Administration's last four years and jeopardize our revived free market system.

It almost makes one pity Eric Kessler and company, considering they've run their own "dark money" attack machine with virtually no media scrutiny since 2005.

Background: The Four Sisters

Arabella Advisors created and actively manages four non-profits: New Venture Fund, Sixteen Thirty Fund, Hopewell Fund, and Windward Fund. Each plays a slightly different role in the network, but all share the same basic functions—sponsoring pop-up groups (also called "projects") and paying out grants to other left-wing nonprofits.

Like so many puppets dancing to the puppet master's tune, all four feature management contracts with their parent company and overlapping boards of directors (including senior officers at Arabella itself). That includes Arabella founder Eric Kessler, who at one point or another sat on each of the groups' boards.

The New Venture Fund is the network's flagship and the largest and oldest of the "four sisters." It was founded as the Arabella Legacy Fund in 2006 by Eric Kessler, one year after he founded Arabella Advisors itself. Interestingly, New Venture was originally conceived as hosting two niche projects: one aimed at "preserving the environment from the



Credit: Change Food. License: <https://bit.ly/2WDDhyx>.

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detrimental effects of off-road vehicle use" and the other at seeding an "evangelical environmental message" in pastors' sermons (its founding document even quotes the Psalms).

Today, however, New Venture runs pop-ups targeting just about every left-wing issue area: gun control, abortion access, net neutrality, Obamacare, illegal immigration, and elections reform. It also houses the Arabella network's anti-Trump "accountability" campaign.

The Sixteen Thirty Fund is the sole 501(c)(4) advocacy group amid its 501(c)(3) siblings. And as its tax status suggests, Sixteen Thirty is the lobbying shop for the Arabella network. It was created in 2009 and typically sponsors the

Figure 1. Arabella Board Overlap

	New Venture	Sixteen Thirty	Hopewell	Windward	Arabella Advisors
Lee Bodner	x		x	x	Former Managing Director
Eric Kessler	x	x	former	former	Founder & Senior Managing Director
Harry Drucker	x			x	
Wil Priester	x	x	x	x	CFO
Andrew Schulz	x	x	x	x	General Counsel
Adam Eichberg	x			former	
Sampriti Ganguli			x		CEO
Bruce Boyd				x	Senior Managing Director

“action” arm of another sibling’s project—such as Allied Progress Action (a Sixteen Thirty Fund project), which is the action arm of Allied Progress (a New Venture Fund project).

Using these project pairs, Arabella maximizes the most useful characteristics of a 501(c)(3) nonprofit, whose donors may write off their donations as tax-deductible, and a 501(c)(4) group, which may spend significantly more on lobbying. (In addition, tax laws make the former type of nonprofit easier for private foundations to fund than the latter.)

Then there’s this clever trick: The Sixteen Thirty Fund paid \$4 million in salaries and employee benefits in 2018 but doesn’t disclose its highest-paid employees, since its payroll is paid by the New Venture Fund—effectively masking its staffers’ identities and salaries.

The Hopewell Fund was formed in 2015 and appears to sponsor projects targeting specific social issues, including abortion access and income inequality. It’s one of the fastest-growing groups in the network, spending \$50 million *more* in 2018 (\$78 million) than in 2017 (\$28 million).

The Windward Fund is the network’s environmental and conservation wing, also formed in 2015. Arabella doesn’t typically engage in full-throated climate change activism. Instead, Windward sponsors projects that advocate against genetically modified food (GMOs) or focus on ocean conservation and taxpayer funding of renewable energy.

ACORN’s Legacy Lives on in the Sixteen Thirty Fund

One of the most important discoveries about the Arabella network we have made since last year’s report is Sixteen Thirty’s original funders, discovered in documents obtained via a public records request. In its incorporating documents filed with the IRS in February 2009, Sixteen Thirty was seeded with over \$350,000 from five major left-wing groups: Association of Community Organizations for Reform Now (ACORN), Americans United for Change (AUFC), the Sierra Club, USAction, and Working America.

The corrupt ACORN declared bankruptcy in 2010 after Congress ended federal funding to the group because of revelations that ACORN employees had offered advice on running a prostitution ring to undercover conservative activists. ACORN was infamous as a machine for churning out likely Democratic Party votes in large part by paying employees bonuses for every voter registration they made. In 2008, the group claimed to register 1.3 million new voters—of which some 900,000 were thrown out as invalid by

Figure 2. Attachment to Sixteen Thirty Fund’s Form 1630

FORM 1024 ATTACHMENT Sixteen Thirty Fund EIN: 26-4486735	
Grantee Organization	Grant Amount
American United for Change	\$221,745
USAction	\$22,000
Working America	\$72,000
ACORN	\$25,000
Sierra Club	\$10,00

Source: Sixteen Thirty Fund, “Application for Recognition of Exemption Under Section 501(a),” IRS Form 1630, April 21, 2009, 16, archived at <https://www.influencewatch.org/app/uploads/2019/11/Sixteen-Thirty-Fund-Form-1024-Applicaton-for-Recognition-of-Exemption-Under-501a.pdf>.

election officials. As the *New York Times* put it, the tally was “vastly overstated.”

The *Times*’ understatement aside, by 2010 at least 18 ACORN employees were convicted or had confessed to voter registration fraud, and the group was under investigation in 11 states. Stripped of federal funding, ACORN declared bankruptcy in November 2010. (Sadly, numerous ACORN affiliates simply restarted with identical boards and addresses, some of which live on today.)

Then there’s AUFC, a group so furtive even the left-leaning Sunlight Foundation has called it a “dark money group” for its quiet support of Democrats and left-wing causes. AUFC is as secretive as they come; the multi-million-dollar group doesn’t even have a website. It was born in 2005 during the Left’s fight against President George W. Bush’s efforts to reform Social Security. It later expanded to broader efforts to aid Democrats on illegal immigration and minimum wage hikes, among other political fights.

Like ACORN, AUFC is wreathed in scandal. During the 2016 election, Project Veritas—headed by the activists who exposed ACORN in 2009—covertly recorded AUFC field director Scott Foval revealing that the group had hired homeless people and the mentally ill to provoke violence at Trump rallies. Foval organized his anti-Trump deception with felon and veteran Democratic strategist Bob Creamer, who was indicted in 2005 on 16 charges of tax violations and \$2.3 million in bank fraud. Project Veritas has claimed that Creamer’s firm, Democracy Partners, may have aided



Credit: Project Veritas. License: <https://bit.ly/3J0MTHH>.

Project Veritas covertly recorded Americans United for Change field director Scott Foval revealing that the group had hired homeless people and the mentally ill to provoke violence at Trump rallies.

AUFC in bypassing campaign collusion laws with the Clinton campaign.

Creamer and Foval's efforts coalesced into a nationwide campaign of fake anti-Trump protests designed to make the Republican nominee's supporters appear violent. For example, Shirley Teter, a 69-year-old lifelong protester, was hired by the group to infiltrate a Trump rally in North Carolina. When Teter was punched by a Trump supporter, the media relished the opportunity to expose Trump's backers as violent savages. "She was one of our activists," according to Foval. After the videos were posted online exposing the operation, Foval was immediately fired by AUFC, and Teter soon sued Project Veritas for defamation; the case was dismissed by the federal district court.

You may be familiar with Sixteen Thirty's other seed funders. Working America is the get-out-the-vote arm of the AFL-CIO and is heavily funded by that union federation. The Sierra Club, a Green New Deal supporter, is the oldest environmentalist group in America. And USAction (now People's Action) is a spin-off created by activist Ralph Nader that was a key founder of Health Care for America Now, the campaign formed to pass Obamacare (and which has since been reinstated as an Arabella project).

This new information confirms that the Sixteen Thirty Fund is a tool for the professional Left, created by Arabella Advisors with funding from some of the biggest organizations in Progressive activism—and we were the first to report on it.

Caught in the Act: Obamacare

It's worth recalling some of the biggest political fights of 2018 that Arabella's empire was involved in, as first covered in our last major report on Arabella, "Big Money in Dark Shadows."

CRC has exposed no fewer than 13 pro-Obamacare "pop-up" groups run by Arabella's nonprofits, all of which were active in targeting Republicans in the 2018 midterms. Chief among these is Health Care for America Now (HCAN), a 501(c)(4) group originally created with funding from the Bermuda-based foundation Atlantic Philanthropies to coordinate the Left's campaign to pass Obamacare with help from ACORN, Obama for America (now Organizing for Action), and MoveOn.org.

CRC discovered that HCAN—which went out of business shortly after Obama's health care law was passed in 2010—was resurrected as a joint project of the Sixteen Thirty and New Venture Funds. A slideshow created by Arabella Advisors (and spotted on a grantmaking group's website) detailed the new arrangement between the firm and the resurrected HCAN. 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.

Arabella even hired Brad Woodhouse, the original director of HCAN, to run a handful of its pro-Obamacare attack groups with names like Protect Our Care, Health Care Voter, and Get America Covered. The Sixteen Thirty Fund also ran a handful of state-based "pop-up" groups with names like Ohioans for Economic Opportunity, New Jersey for a Better Future, and Michigan Families for Economic Prosperity—each of which endorsed *other* Arabella "pop-ups" to form entire coalitions of phony organizations.

Our reporting received attention from an unlikely place: ACORN founder Wade Rathke. The aged activist and inveterate SEIU stooge has long since retired from ACORN, but he continues to complain on his own blog site about other groups' "falsehoods" concerning his discredited and disbanded organization.

Shortly after it was published online, the ACORN founder took issue with our research:

Another election cycle, brings the falsehoods about ACORN out in the open again as well. Someone named Hayden Ludwig wrote a piece for the far-right Capital Research Center, which is surely misnamed by including “research” in its name, called “ACORN’s Legacy Lives on in the Sixteen Thirty Fund” [Rathke then quotes our research on ACORN’s funding of the Sixteen Thirty Fund].

I was long gone by then, but his claim that ACORN would have put up \$25,000 for whatever this Sixteen Thirty Fund is [is] likely a stretch, unless someone gave the organization money to do so for some reason. Regardless, we were obviously in great company, so what’s the beef? Hard to say, though he thinks by using ACORN as a smear tactic and bogeyman for the right, that’s all he has to say [emphasis added].

In a brief comment we tried to post on Rathke’s website, we helpfully pointed out that the evidence is in Sixteen Thirty’s official documents and provided a link to the files themselves (a link he apparently missed, though it’s in the passage he quotes from my research). He chose not to post the comment.

Rathke’s summary of my research—“Leap first, look later. Act first, think never”—might have been talking of himself.

Mapping Arabella’s Network in 2018

By any measure, the Left’s anti-Trump “Resistance” has proven a lucrative business for Arabella Advisors.

Altogether, between 2006 and 2018 the four nonprofits that make up the Arabella network reported revenues of **\$2.4 billion** and nearly **\$1.9 billion** in expenditures, making it one of the largest—if not *the* largest—funding networks in U.S. politics.

In 2018, the network brought in \$635 million in revenues. Just the year before, its revenues were \$582 million—meaning it grew by an incredible \$54 million (9 percent) in a single year.

The Arabella network’s growth in income in *just one year* is comparable to the *entire budgets* of major groups on the Right. For example, in 2018 the conservative Heritage Foundation brought in \$82 million, while the Charles and David Koch-backed Americans for Prosperity earned \$58 million in 2017. In contrast, the Arabella network brought in almost eight times more than Heritage and 11 times more than Americans for Prosperity.

The Arabella network’s fundraising far outstrips even the two largest political networks *combined*. The Republican National Committee and Democratic National Committee raised a combined total of \$501.6 million in 2017–18. But over the same period, the Arabella network’s nonprofits raised over \$1.2 billion, more than twice as much.

In 2018, the Arabella network paid out nearly \$607 million in expenditures; in 2017, it paid out \$417 million in expenditures. That’s a \$190 million (45 percent) increase in spending *in a single year*—and for anyone counting, almost five times more than the \$40 million in grants paid out in 2018 by the conservative Lynde and Harry Bradley Foundation, a widely publicized bogeyman of the Left.



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Critically, almost *all* of the Arabella network’s spending in 2018—\$528 million—consisted of grants to other left-wing groups.

Arabella Advisors itself, a for-profit firm, also provides consulting services to foundations and major charitable groups. The company reportedly handles over \$400 million in “philanthropic investments” annually and advises on “several billion dollars in overall resources.” The combined assets of its clients totaled \$100 billion.

Arabella also raked in \$27 million in management fees from its set of in-house nonprofits in 2018. According to IRS documents, the company acts as a day-to-day manager for each of the four nonprofits, providing staff and office space to groups it effectively owns. Between 2008 and 2018, Arabella earned nearly \$103 million in such management fees from its nonprofits.

As a privately held company, Arabella doesn’t publicly report its revenues or how much its foundation clients pay the firm on top of these in-house management fees, yet a database of nonprofit filings suggests its cashflow is impressive.

From 2012 to 2018, our research documents that Arabella Advisors itself received at least \$6.1 million in payments from foundations and other nonprofits (not counting its own groups). Arabella even received grants, as if it were a

Figure 3. Arabella Network Revenues

	New Venture Fund	Sixteen Thirty Fund	Hopewell Fund	Windward Fund	Annual Total
2018	405,281,263	143,837,877	66,892,414	19,238,519	635,250,073
2017	358,858,641	79,559,836	130,616,293	12,656,323	581,691,093
2016	357,581,316	21,258,592	16,552,056	15,812,062	411,204,026
2015	318,405,056	5,617,209	6,895,271	1,297,000	332,214,536
2014	179,424,945	16,523,735	-	-	195,948,680
2013	112,942,320	5,269,965	-	-	118,212,285
2012	52,519,099	812,500	-	-	53,331,599
2011	36,542,348	93,600	-	-	36,635,948
2010	16,813,261	-	-	-	16,813,261
2009	26,812,567	4,828,000	-	-	31,640,567
2008	6,011,782	-	-	-	6,011,782
2007	1,663,363	-	-	-	1,663,363
2006	545,100	-	-	-	545,100
Totals	\$1,873,401,061	\$277,801,314	\$220,956,034	\$49,003,904	
Grand Total:					\$2,421,162,313

Source: New Venture Fund, Sixteen Thirty Fund, Hopewell Fund, and Windward Fund, IRS Form 990, 2013–2018.

Figure 4. Arabella Network Expenditures

	New Venture Fund	Sixteen Thirty Fund	Hopewell Fund	Windward Fund	Annual Total
2018	373,007,693	141,396,752	78,113,237	13,579,180	606,096,862
2017	329,784,536	46,893,083	28,843,397	11,024,111	416,645,127
2016	264,546,947	19,660,860	7,818,000	7,452,824	299,478,631
2015	214,351,188	8,660,897	839,522	58,293	223,909,900
2014	134,487,602	10,880,643	-	-	145,368,245
2013	74,982,490	2,721,133	-	-	77,703,623
2012	39,574,786	353,098	-	-	39,927,884
2011	24,722,363	93,600	-	-	24,815,963
2010	14,893,390	447,394	-	-	15,340,784
2009	13,847,145	4,380,606	-	-	18,227,751
2008	3,983,417	-	-	-	3,983,417
2007	1,315,615	-	-	-	1,315,615
2006	40,399	-	-	-	40,399
Totals	\$1,489,537,571	\$235,488,066	\$115,614,156	\$32,114,408	
Grand Total:					\$1,872,754,201

Source: New Venture Fund, Sixteen Thirty Fund, Hopewell Fund, and Windward Fund, IRS Form 990, 2013–2018.

charity, such as \$1.9 million from the Susan Thompson Buffett Foundation (a pro-abortion philanthropy funded by Warren Buffett) for a “reproductive health project” and \$487,000 from the David and Lucile Packard Foundation for “local grantmaking.”

A Left-Wing Mega-Funder

Arabella’s four “sister” nonprofits paid out over half a billion dollars in grants in 2018—the network is nothing if not a gigantic money-laundering machine for left-wing mega-donors.

The New Venture Fund (the largest of the groups) was the biggest spender in 2018, paying out over \$205 million in grants that year. That’s almost a 33 percent increase over the \$155 million grants it made in 2017.

Sixteen Thirty also broke new grantmaking records, shelling out more than \$91 million in 2018—an incredible 585 percent increase over the roughly \$13.3 million it paid out in 2017! This nearly \$80 million increase in grant payments may indicate an evolution in Sixteen Thirty’s behavior, since in years past it sponsored numerous advocacy pop-ups of its own, never spending more than \$14.6 million in grants to mostly outside groups. (The data suggest that Arabella has typically preferred using its 501(c)(3) groups to make donations, not the 501(c)(4) Sixteen Thirty Fund.)

The Windward Fund, always the smallest of the sisters, nevertheless paid out just under \$4 million grants in 2018, a modest increase over the \$2.5 million in 2017. And the Hopewell Fund reported impressive gains, spending \$60 million in grants in 2018—a 178 percent increase over the \$21.6 million paid out in 2017.

So whom do the four sisters benefit most? For one thing, themselves.

The four Funds regularly shuffle millions of dollars around the network. For example, New Venture granted \$2.3 million to Hopewell and almost \$27 million to Sixteen Thirty in 2018. The reasons behind this funding merry-go-round are inscrutable, but the vague grant descriptions suggest political activism and issue advocacy. The 2018 Hopewell grant was for “civil rights, social action, advocacy,” while Sixteen Thirty’s simply says “capacity building.” Significantly, the latter was the second-largest grant to Sixteen Thirty in 2018 and spurred the *Washington Post* editorial board’s angst over left-wing “dark money” last year.

One likely explanation for some of the tens of millions of dollars flowing from New Venture to Sixteen Thirty: As a

501(c)(3), New Venture can provide individuals with a tax deduction that the same donors could not receive if they wrote checks directly to Sixteen Thirty, a 501(c)(4). Foundations also much prefer to give to a (c)(3) rather than a (c)(4), because giving to a (c)(3) is less likely to draw ire from both IRS auditors and nonprofit watchdogs. Too bad the mainstream media—usually keen to criticize 501(c)(4) “dark money groups”—have failed to ask Sixteen Thirty whether the massive “donations” it receives from New Venture are designed to grant donors both anonymity (“darkness”) and tax advantages for their political giving.

Curiously, Sixteen Thirty granted \$778,000 to New Venture in 2018 with the description “health.” That year Hopewell also gave Sixteen Thirty \$2 million for “capacity building” and another \$2.5 million to Windward for “civil rights, social action, advocacy.”

Philanthropy or Politics?

To be fair, not all of the Arabella network’s grants go to explicitly left-wing or even political organizations. And Arabella stresses its clients’ “ideological diversity,” to quote a recent glowing profile in the left-leaning website *Inside Philanthropy*. “Because its work is so varied,” the website reports, “Arabella doesn’t position itself in the ideologically pointed terms of some of its peers.”

The company itself has tried to deflect scrutiny by claiming that the activism it sponsors is *philanthropic*, not political, yet its definition of “charity” nearly always involves changing public policy. And it’s blunt that the Arabella empire provides a model of how to push every edge of the legal envelope in order to score political victories by blending nonprofits and for-profits. Arabella tweeted on January 7, 2020: “by establishing [for-profit] LLCs as their philanthropies’ primary home and partnering with 501(c)(3) and (c)(4) intermediaries, philanthropists can support more political activities and better achieve meaningful #policy change.”

That tweet linked to an Arabella blog post entitled, “Four Promising Practices for Philanthropies to Advance Advocacy and Policy Change.” There Arabella reported on a phenomenon it no doubt hoped to encourage, both to enrich its own coffers and to advance its political ideology: “Philanthropists are increasingly willing to spend on lobbying and elections and are creating institutional structures that allow them to do so.” This is politics by any other name.

This politics-without-shame approach to “charity” was pushed even harder in Arabella CEO Sampriti Ganguli’s March 2020 interview with the *Chronicle of Philanthropy*,



Sampriti Ganguli
CHIEF EXECUTIVE OFFICER

This politics-without-shame approach to “charity” was pushed even harder in Arabella CEO Sampriti Ganguli’s March 2020 interview with the Chronicle of Philanthropy. Ganguli gushed over her clients’ political spending—and how her company helps them bypass those pesky IRS funding restrictions.

the premier philanthropy news outlet. Ganguli gushed over her clients’ political spending—and how her company helps them bypass those pesky IRS funding restrictions:

On the LLC front, what I would say is: people are thinking about social enterprises and nonprofits interchangeably, and on the nonprofit side, nonprofits are thinking about earned revenue models. So those traditional silos between grantee and grantor are really blurring, and you’re seeing an explosion, a blossoming of a lot of these platforms. Now, from my perspective, what I would say is: **these platforms are really solving for an end—I don’t want to say an end run—but they’re a work-around to the tax regime.** Structurally, it might be worthwhile to think differently about the tax regime, but nonetheless, these platforms are an evolution of some of the constraints that have been put on these respective platforms, if you will, or respective charitable vehicles [emphasis added].

One wonders what liberal critics of money in politics would say if Arabella were offering *conservative* donors a “work-around to the tax regime.”

In Arabella’s defense, it’s true that some of its clients use the company’s nonprofits to support genuinely charitable causes. In 2018, for example, New Venture donated to Akeela, a substance-abuse and mental health nonprofit in Alaska.

But that’s the point—*only a few* charitable grants are at the other end of Arabella’s “dark money” pipeline. The rest are the Left’s bread-and-butter political groups. Just consider the top five (non-foundation) grant recipients from each of Arabella’s nonprofits in 2018, listed below.

NEW VENTURE FUND’S TOP GRANTEEES

1. Sixteen Thirty Fund: \$26.7 million
2. World Wildlife Fund: \$15.5 million
3. Voter Registration Project: \$6.9 million
4. When We All Vote: \$4.2 million
5. The Nature Conservancy: \$3.5 million

The Voter Registration Project is a left-wing voter registration and mobilization group with the stated mission of boosting turnout among “African-American, Latino, Native American and low-income voters.” When We All Vote is another left-wing voter turnout group. Its co-chairs include Michelle Obama and Valerie Jarrett, a senior adviser to President Obama.

SIXTEEN THIRTY FUND’S TOP GRANTEEES

1. America Votes: \$27.2 million
2. League of Conservation Voters: \$8 million
3. Nevadans for Secure Elections: \$6.3 million
4. Count MI Vote: \$6 million
5. Raise Up Missouri: \$4.2 million

America Votes is a thinly veiled get-out-the-vote drive for Democrats, created in the wake of President Bush’s re-election in 2004 by Clinton official Harold Ickes, SEIU president Andy Stern, Sierra Club executive director Carl Pope, EMILY’s List founder Ellen Malcolm, and Partnership for America’s Families president Steve Rosenthal.

Raise Up Missouri was a 2018 campaign to raise Missouri’s minimum wage (Proposition B) that passed 62-38 percent. Count MI Vote was a successful Michigan campaign created in 2018 to “end gerrymandering” (that is, throw out Republican-favorable congressional maps) in the state and create a California-style system of “independent commissions” in redistricting. (Note: the left-wing watchdog ProPublica has published a devastating exposé of California’s commission—“How Democrats Fooled California’s Redistricting Commission”—which has produced the most partisan maps in the nation). Nevadans for Secure Elections was a nonprofit created to support the campaign to pass automatic voter registration in Nevada, a ballot measure that passed in 2018.

HOPEWELL FUND'S TOP GRANTEES

1. Upstream USA: \$4.2 million
2. Family Planning Associates Medical Group: \$4.1 million
3. FWD.US Education Fund: \$3.8 million
4. Windward Fund: \$2.5 million
5. Refugees International: \$2.4 million

Upstream USA is a former project of the New Venture Fund that has turned into a stand-alone nonprofit. It promotes birth control in health clinics in order to reduce America's population, which it argues, *à la* Margaret Sanger and eugenicists, is the key to ending poverty. Upstream has spent hundreds of thousands of dollars in conjunction with the State of Delaware to lobby for technologies that reduce childbearing.

Family Planning Associates Medical Group is a national network of for-profit abortion providers that offer second-trimester abortions up to 23.5 weeks. FWD.US (pronounced "Forward.US") is a left-wing illegal immigration advocacy group. Refugees International, as its name implies, pushes for more refugees to enter the United States; the group has received significant "press attention" for its attacks on President Trump's efforts to reduce human trafficking.

WINDWARD FUND'S TOP GRANTEES

1. California Institute of Technology: \$750,000
2. Environmental Defense Fund: \$493,000
3. Board of Regents Nevada System of Higher Education: \$461,000
4. Lower Sugar River Watershed: \$276,000
5. The Nature Conservancy: \$270,000

Except for the Environmental Defense Fund (a major climate change advocacy group), Windward's grants are the most unusual of the four sisters, because they show the least inclination toward hot-button issues. Nearly every one of its grants bears the tagline "environmental programs."

Taken together, all its grants paint a clear picture: Far from a philanthropy, Arabella operates a political machine created to funnel money from ideologically motivated clients to

political campaigns designed to change public policy. Few Americans outside professional liberal philanthropy would call that "charity."

Funding Voter Turnout and Ballot Initiatives in 2018

A slew of redistricting changes and other "reforms" to state election laws and minimum wages were on the menu in 2018. Between them, New Venture and Sixteen Thirty sent money to such activist groups in at least 20 states: Tennessee, Colorado, Michigan, Virginia, Missouri, Maine, Mississippi, Nevada, Arkansas, North Carolina, Kansas, Pennsylvania, Massachusetts, Arizona, Ohio, Alaska, Illinois, Indiana, California, and Florida.

Many of the network's grants exhibit another clear theme: higher voter turnout on one end of the political spectrum. Recall that 2018 was an election year in which Democrats seized back control of the House of Representatives, in an election widely regarded by observers as historic for large voter turnout, particularly among Democrats eager to punish the Republican Party and President Trump. Some liberals took notice of their side's huge spending. Issue One, a center-left group that reports on campaign finance, reported last year that "liberal dark money groups outspent conservative ones [in 2018] for the first time since *Citizens United*" (the 2010 U.S. Supreme Court decision). Even Sen. Sheldon Whitehouse (D-RI), the loudest "dark money" hawk in Congress, was cornered by a reporter and forced to admit that it's a problem "on both sides of the aisle."

Of course, it's impossible to pin an election result on Arabella Advisors (or any other single group on the political Left or Right), but the gobs of cash flowing from Arabella's network to leftist voter turnout operations can't be ignored.

America Votes was the biggest recipient (nearly \$27 million) of Sixteen Thirty Fund money in 2018 by a large measure. If there's any doubt that America Votes was always intended to aid Democrats with a wink and a nod, consider its founding leadership. Greg Speed, the head of America Votes, is a former staffer at the Democratic Congressional Campaign Committee, a group whose sole purpose is to elect Demo-



It's impossible to pin an election result on Arabella Advisors, but the gobs of cash flowing from Arabella's network to leftist voter turnout operations can't be ignored.

crats to the House of Representatives. Its founding president was Anne Bartley, a former aide to First Lady Hillary Clinton and a wealthy Democratic donor involved in founding numerous prominent leftist organizations, including the Democracy Alliance.

The group's board is a who's who of the Left, including at one point or another Doug Phelps, head of the activist behemoth the Public Interest Network; Gene Karpinski, president of the League of Conservation Voters; future Planned Parenthood president Cecile Richards; Center for Community Change director Deepak Bhargava; Working America head Karen Nussbaum; AFL-CIO political director Michael Podhorzer; and Rob McKay, longtime chairman of the Democracy Alliance.

Speaking of the Democracy Alliance, it's no surprise that America Votes is an original member of that shadowy collective of mega-funders and influencers who meet annually to coordinate spending on left-wing infrastructure. In fact, the Democracy Alliance even praises America Votes as "the common link between many of the largest and most influential issue and membership organizations in the country."

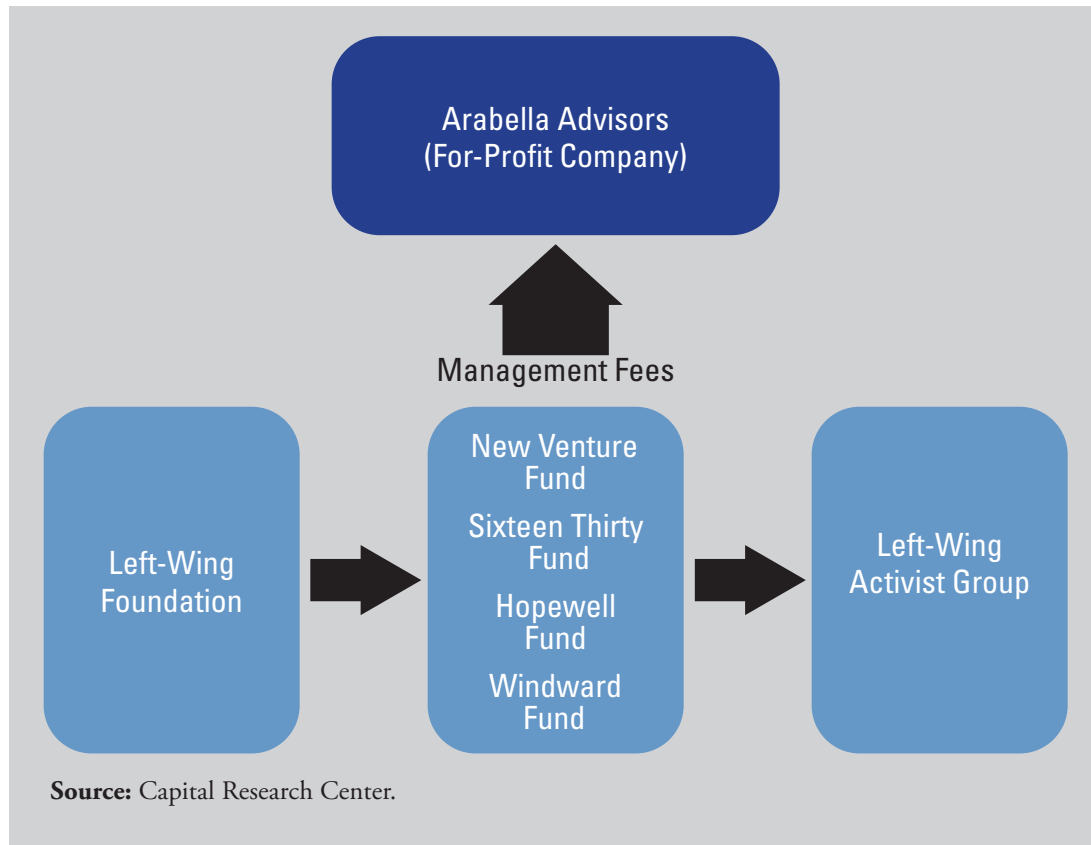
The Foundations Pumping Money into Arabella's Network

It's important to note that Arabella Advisors provides a *service* to the Left. The funds flowing from its four in-house nonprofits originated with other liberal funders, particularly wealthy foundations. What makes this money especially "dark" is how it passes through the Arabella groups—which aren't required to publicly reveal their donors—to other activist groups outside the Arabella network.

This makes it almost impossible to pin any of the Arabella network's grants or pop-up projects to funding from a particular foundation.

Not all of the money moved through the Arabella groups is intended for overtly political purposes. The Gates Foundation, for instance, notes on its website that it has gifted enormous amounts—as much as \$50 million in a single transaction—to the New Venture Fund for things such as "K–12 education" and "early learning." Presumably, the money passed through New Venture and on to another education group, though it isn't clear which one.

Figure 5. Arabella's Money-Mixing Machine



So who are these donors to Arabella's four sisters? And especially who are the donors to the Sixteen Thirty Fund, which as a 501(c)(4) advocacy group would not normally be expected to receive major funding from 501(c)(3) foundations. (Nonprofit laws are complex, but foundations face considerable hurdles and limitations to funding such advocacy groups, and most of them, especially on the conservative end of the spectrum, give little or no money to them.) Few donors to Sixteen Thirty are known, but past reporting suggests five- and six-figure grants from the AFL-CIO, National Education Association, Bermuda-based Atlantic



Almost all of the big liberal foundations are regular donors to New Venture, Hopewell, and Windward: Rockefeller, MacArthur, Tides, Kresge, Oak, Joyce, and George Soros's Foundation to Promote Open Society.

Philanthropies, venture capitalist Nick Hanauer, and Swiss billionaire Hansjörg Wyss.

The Gates Foundation has granted nearly \$222 million to the New Venture Fund since 2008. The Moore Foundation, the philanthropy of Intel founder Gordon Moore and an environmental funder, has donated over \$61 million to New Venture since 2012. The Ford Foundation has granted New Venture \$44 million since 2009. The Susan Thompson Buffett Foundation, a philanthropy associated with Warren Buffett that is a major abortion supporter, has also donated \$49 million to the group since 2012.

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Meet the Arabellans

IRS filings for the four Arabella groups show how the network grew and its leadership changed from 2017 to 2018, even as their interlocking boards of directors remained in place.

Eric Kessler, for instance, was the chairman for New Venture Fund's board of directors in 2017; in 2018, he was no longer on the board. He remains president (unpaid) and chairman of Sixteen Thirty's board of directors, though his primary job is as senior managing director of Arabella Advisors. Similarly, Arabella general counsel Andrew Schulz and chief financial officer Wilbur Priester are general counsel and chief financial officer, respectively, for each of the nonprofits.

Sampriti Ganguli is CEO of Arabella Advisors and a board member for the Hopewell Fund. Likewise, Arabella Advisors senior managing director Bruce Boyd is on the Windward Fund's board.

And New Venture Fund president Lee Bodner is a former managing director for Arabella Advisors. Bodner is also on the boards of the Hopewell and Windward Funds.

Other board members are drawn from the ranks of the left-wing elite in Washington, DC, and are either prominent activists, influential political consultants, or members of the boards of other major policy organizations and foundations. Below are some notables.

New Venture Fund. Katherine Miller is senior director of food policy for the James Beard Foundation, a restaurant and culinary arts group (Eric Kessler is a James Beard board member), and also a board member for the abortion lobby NARAL Pro-Choice America. Prior to that, she was senior managing director for the high-profile consultancy Hattaway Communications, whose founder, Douglas Hattaway, is a Sixteen Thirty Fund board member.

Adam Eichberg is on the boards of the New Venture and Windward Funds. An environmental consultant, he runs the Denver-based firm Headwater Strategies, which advises on environmental policy.

Sixteen Thirty Fund. Michael Madnick, who left Sixteen Thirty's board in mid-2018, is a senior adviser to the Albright Stonebridge Group, the strategic diplomacy consultancy co-founded by former Clinton Secretary of State Madeleine Albright.

Douglas Hattaway is founder of the high-profile firm Hattaway Communications, but he was also an adviser to and spokesman for Hillary Clinton's 2008 presidential campaign.

Hopewell Fund. Michael Slaby is a Democratic Party operative and former chief technology officer for both of Barack Obama's presidential campaigns.

Windward Fund. Harry Drucker is a trustee for the massive conservationist



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All in all, the Sixteen Thirty Fund spent nearly \$317,000 in electioneering communications to urge Democrats and Republicans in the Senate to oppose Brett Kavanaugh's confirmation. They failed.

group Nature Conservancy and a board member for both the New Venture and Windward Funds.

Charles “Chuck” Savitt is founder of Island Press, a major publisher of environmentalist books. Island Press has published books written by population control advocate Paul Ehrlich, author of the extremist book *The Population Bomb* and arguably the father of overpopulation alarmism.

Kristen Grimm is a political consultant and founder of Spitfire Strategies, a left-wing firm that has performed paid work for the New Venture Fund.

A Lobbying Giant

We’ve documented much of Arabella’s vast web of pop-up groups, but there’s another key aspect of the system: lobbying.

While the Sixteen Thirty Fund is Arabella’s in-house lobby shop and so conducts the most lobbying in the empire, the Hopewell and New Venture Funds have also spent millions of dollars lobbying Congress—about \$12 million among the three since 2009.



Arabella’s groups have lobbied for more protections of the Western sage-grouse, a bird that’s become central to a campaign by left-leaning groups for more costly environmental regulation.

As one might expect, that lobbying involves a range of issues. The groups weighed in on multiple appropriations bills over the last decade, though it isn’t clear what funding they were concerned with. They’ve also lobbied for bills affecting charter schools (the details remain unclear) and for an increase in the earned income tax credit, which is applied to low-income taxpayers.

In 2019, they were involved in short-lived efforts to institute term limits for the U.S. Supreme Court. In 2018 and 2019, Arabella’s groups lobbied for “protecting the work and role of the Special Counsel,” referring to Special Counsel Robert Mueller and his investigation into President Trump’s alleged wrongdoing in the 2016 election.

Caught in the Act: Kavanaugh Confirmation

No campaign better illustrates Arabella’s unique “pairing” approach than its campaign to derail the confirmation of Brett Kavanaugh to the U.S. Supreme Court in 2018. Demand Justice, a project of the Sixteen Thirty Fund, coordinated with the ironically named Fix the Court (a New Venture Fund project) to attack Kavanaugh, hosting numerous protests outside the U.S. Senate and Supreme Court buildings in Washington, DC.

At the beginning of 2018, Demand Justice did not exist, but given the fear that President Trump would nominate federal judges and justices, Arabella popped it into existence that spring with more than \$2.5 million from George Soros’s Open Society Policy Center. When June rolled around, Justice Anthony Kennedy announced his retirement from the Supreme Court, and overnight Demand Justice organized a protest outside the Court with the Center for American Progress Action Fund, Alliance for Justice, and the SEIU. The supposedly spontaneous protesters were prepared to “resist” anyone that Trump nominated to Kennedy’s seat—even before his or her 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 Brett Kavanaugh, Amy Coney Barrett, Raymond Kethledge, or Thomas Hardiman from his short list of Supreme Court nominees.

As Demand Justice produced the activism, Fix the Court handled anti-Kavanaugh “research”—a FOIA request for more than 1 million pages of documents from Kavanaugh’s prior government experience—though of course neither group advertised its close relationship to the other. The tag-team was so blatant that Demand Justice even *cited* Fix the Court as “a nonpartisan watchdog group” in its own propaganda.

All in all, the Sixteen Thirty Fund spent nearly \$317,000 in electioneering communications to urge Democrats and Republicans in the Senate to oppose Kavanaugh’s confirmation. They failed.

What Is Fiscal Sponsorship?

Arabella describes the relationship between its four nonprofits and their 340-plus pop-up projects as “fiscal sponsorship.” But what does that mean?

The traditional form of nonprofit fiscal sponsorship is “incubation,” when an established nonprofit houses a fledgling project—tracking and accepting its donations, helping manage its activities, etc.—while the new group awaits its tax-exemption ruling from the IRS. In exchange, the sponsoring nonprofit is generally paid a fee for administering the start-up group. The incubated group is treated as a “project” or “program” of the fiscal sponsor until it is spun off as an independent nonprofit, tax-exempt organization recognized by the IRS.

So why would a donor or campaign want to use a fiscal sponsor to create a new nonprofit? Here’s an explanation from Chris Hobbs, managing director for the Sixteen Thirty 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, fiscal sponsors like the Sixteen Thirty Fund—an IRS-compliant and tax-exempt nonprofit in operation for over a decade—are a way for donors to launch a new nonprofit entity while waiting approval from the IRS, a process that can take a year or longer to achieve.

There’s nothing nefarious about fiscal sponsorship in and of itself. 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 some liberty-minded nonprofits it’s helped to launch. It’s also the model used by the left-wing Tides Foundation, which was founded in 1976 and incubated nearly 700 new activist groups between 1996 and 2010, including Norman Lear’s People for the American Way.

But Arabella Advisors offers a unique take on fiscal sponsorship: creating websites designed to fool the casual viewer into thinking they’re all stand-alone activist groups with grassroots support. Many of these websites give the impression of depth when in fact they’re more like masks—sophisticated websites made to cast the illusion that they’re more than just a small digital space owned by a much larger entity. Yet these misleading ghost soldiers are often powerful enough to win political battles.

Because websites can disappear as quickly as they go live, their ephemeral quality makes Arabella’s pop-up groups difficult to track. That offers a huge advantage to Arabella’s clients in today’s politics, where the news cycle is driven at the speed of a tweet. Why wait for the wheels of bureaucracy to turn when you can quickly create a website for a “new” group to spread your message?

Arabella’s nonprofits have lobbied for “full funding” of the U.S. Census Bureau ahead of the 2020 Census, a key battle between Republicans and Democrats that will affect congressional representation for the next decade.

In 2017, they backed Rep. Barbara Lee’s (D-CA) EACH Woman Act, which would have mandated that private health insurance providers cover abortions and that abortion coverage be guaranteed in public health insurance programs such as Medicaid, Medicare, and the Children’s Health Insurance Program.

Arabella’s groups have lobbied for more protections of the Western sage-grouse, a bird that’s become central to a campaign by left-leaning groups for more costly environmental

regulation. The groups also supported 2017 legislation that would have reversed the Federal Communications Commission (FCC) decision to repeal “net neutrality,” a set of regulations written by the Obama-era FCC that essentially handed control of the internet to the federal government to be regulated like a 1930s public utility.

Lobbying Against “Dark Money”?

The strangest bill that the Sixteen Thirty Fund has yet lobbied for is the For the People Act (H.R. 1), the House Democrats’ celebrated bill designed to fight “dark money.” The bill, which passed the House in early 2019 and seems

destined to die in the U.S. Senate, would dramatically expand campaign finance regulations with onerous disclosure rules that severely burden free speech and open up the potential for harassment of donors that give a modest \$10,000 to organizations engaged in vaguely defined “campaign-related disbursements.” Leftists have cheered the bill as a “slate of significant reforms to get money out of politics.” The far-left website Vox wrote:

The sweeping bill is aimed at getting money out of politics and increasing transparency around donors, cracking down on lobbying, and expanding voting rights for Americans by implementing provisions like automatic voter registration. . . . [House Democrats] hope the message they are sending is one the public buys—that money and corruption in politics should be eradicated.

One would think shadowy funders like Arabella Advisors would *oppose* a crackdown on anonymous political spending, given that they exist to carry it out and do so to the tune of hundreds of millions of dollars. Nevertheless, Politico reported that the Sixteen Thirty Fund had hired a former Democratic congressional chief of staff—turned—lobbyist to lobby for “the campaign finance and ethics reform bill.” How many Democrats, one wonders, considered Arabella’s “dark money” monster when they passed the bill in March 2019 on a party-line vote.

What Comes Next?

If 2018 is any indicator, we should expect to see the Left carpet-bomb the 2020 presidential election with buckets of anonymous cash, while complaining about the evils of “dark money” the entire time.

The veil has been partially pulled back on Arabella’s scheme, with even liberal outlets beginning to report on at least some the vast sums of money pumped into and out of the Sixteen Thirty Fund. But far more is yet to be revealed about this empire’s concealed plotting. The company has already announced the opening of a new North Carolina office that it expects will grow “into one of the company’s largest.” The choice of location is understandable: The Tarheel State is a major battleground for Democrats seeking expanded power at the federal and state levels, and it has been blanketed in left-wing money.

Pop-Up Puppets

Arabella has tried to paint its 340-plus “pop-up” groups as independent from the company and its staff. Arabella CEO Sampriti Ganguli has claimed that these projects “have independent advisory boards [and] independent governance and budgetary structures,” and merely “benefit” from sheltering beneath the umbrella of Arabella’s nonprofits for financial and administrative reasons.

But is that true? Arabella’s individual project budgets are a black hole; nevertheless, Capital Research Center examined the 130-odd known Arabella “pop-ups” to see how many actually *had* advisory boards—and counted just 15 with a steering committee, advisers, or board of directors listed on their websites. (Do the math to check Ganguli’s claim: 15 out of 130 projects would mean 88.5 percent of the pop-ups lack independent governors; 15 out of 340 would mean 95.6 percent lack independent governance.)

It’s at least possible that dozens more of Arabella’s projects have hidden advisory boards. But that begs the question, why have those boards at all? It’s rare for advisory board members to be actively involved in the nonprofit’s day-to-day operations or even in setting its agenda, because advisory boards typically exist to show how well-connected a nonprofit is to its niche industry—which is why groups almost always publish the advisers on their websites. Keeping them secret defeats their purpose. Either way, Arabella’s attempts at transparency only reveals its opaqueness.

CRC revealed dozens of new Arabella pop-up groups last year bearing names such as Fund for a Safer Future, Conservative Leaders for Education, Pennsylvania Progress, and Stop Payday Predators. Their profusion suggests that dozens more pop-up groups have yet to be exposed in the year ahead. ■



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