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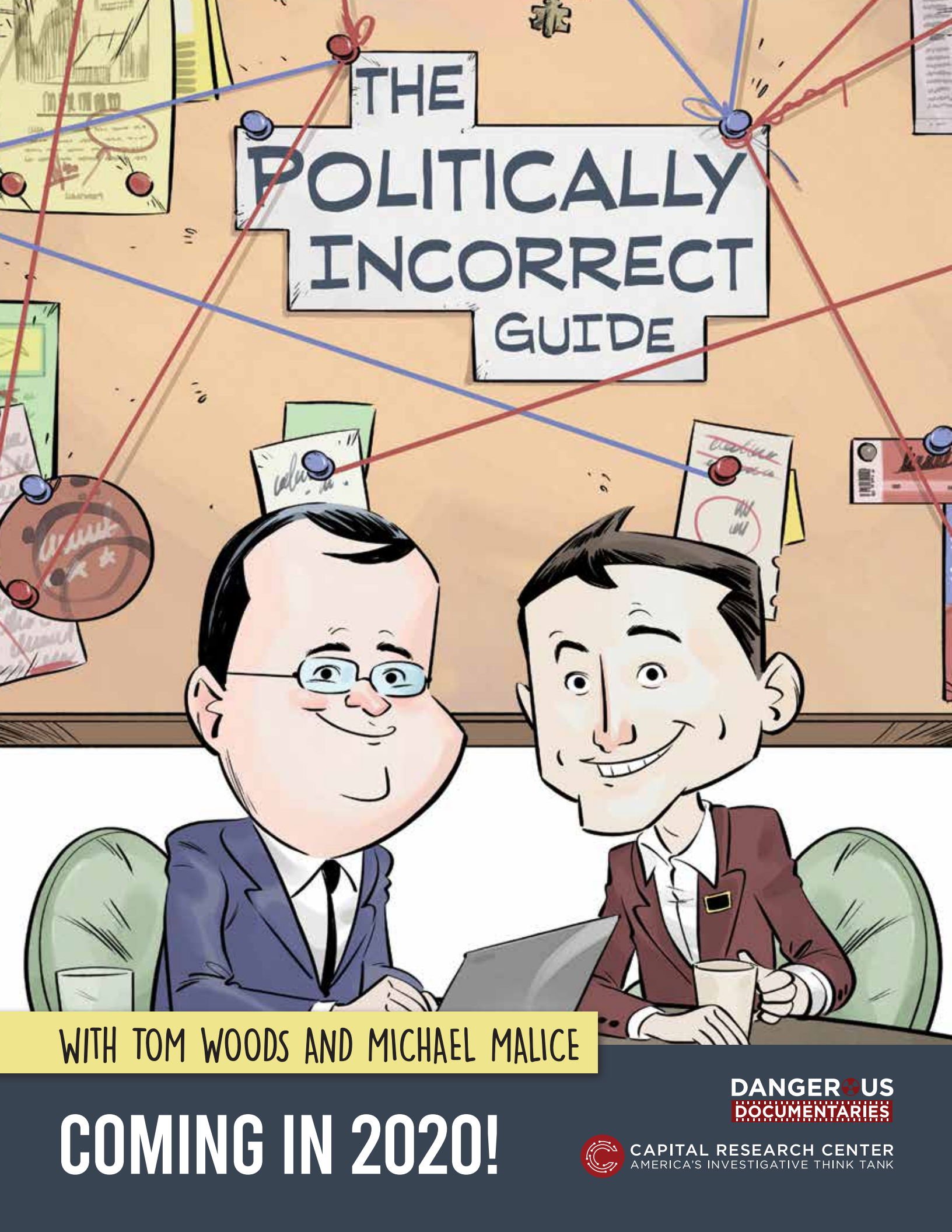
THE SHADOW OVER AMERICA:
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By Hayden Ludwig

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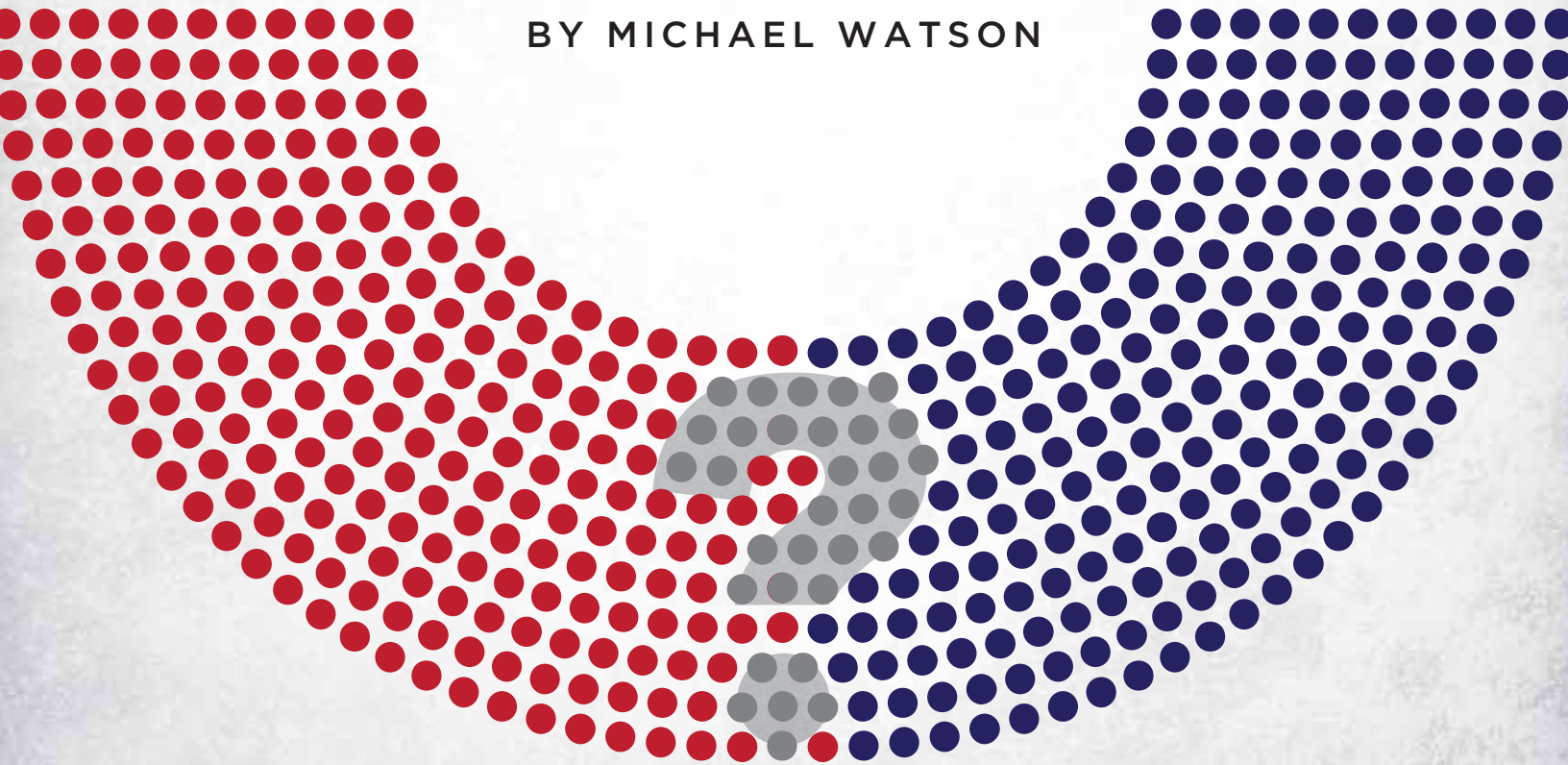


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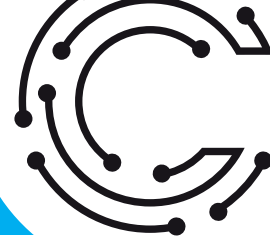
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As House Democrats push for sweeping changes to U.S. elections, CRC shows that it's impossible to create nonpartisan districts.



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AMERICA'S INVESTIGATIVE THINK TANK



VOTE BY MAIL IS A TICKET TO VOTER FRAUD IN 2020

By Hayden Ludwig

Deep in the bowels of the \$2 trillion coronavirus relief bill is a time bomb that conservatives could come to regret in the 2020 election—if the Left gets its way.

For most Americans, the unprecedented spending package is a lifeline amid the historic coronavirus quarantine. For big-spending Washington politicians, it's the pork barrel of their wildest dreams. And it includes \$400 million to bolster the 2020 elections amid the epidemic. Preserving our elections is unobjectionable, but there's more to the story.

Congressional Democrats originally clamored for an incredible \$4 billion of spending on state elections, plus bullying states to allow more early voting and expand use of mail-in ballots. When Republicans offered \$140 million, they were dismissed by leftist groups such as the Brennan Center for Justice—which demanded up to \$2 billion to fund universal mail-in ballots and free postage (at a price tag of \$593 million).

Perils of Voting by Mail

Voting by mail is far more controversial than you may think.

Currently, five states conduct elections completely by mail. Another 21 states offer vote-by-mail (absentee) options in certain elections. Proponents tout both money saved by foregoing polling places and also convenience to voters, which they argue will increase voter turnout. The coronavirus has added another weapon to their arsenal: the threat of new infections from voting. Fourteen states have already postponed their presidential primary elections until June, and some are predicting the November election will be delayed.

CC —————
Americans should be even more concerned about the enormous breach in election integrity created by vote-by-mail schemes.



Credit: Robert Sinnott. License: <https://bit.ly/3bC3BuR>

Voting by mail is far more controversial than you may think.

These concerns have some validity. But Americans should be even more concerned about the enormous breach in election integrity created by vote-by-mail schemes. Consider also the glee with which liberals have responded to the vote-by-mail handouts of tax dollars. The *Washington Post* has run a slew of op-eds calling for expanding voting by mail since state quarantines began in early March. An ACLU director declared in the *New York Times* that “voting by mail will save the 2020 election.” *The Atlantic* has even conjectured that voting by mail could stop election “interference” by Republicans who might otherwise create a Trump dictatorship.

Not far behind are former RNC chairman Michael Steele and Eli Lehrer, president of the right-leaning R Street Institute, who recently urged conservatives “to get behind vote-by-mail options in 2020 election” because “democracy depends on it.”

Hayden Ludwig is a research analyst at CRC.

Ripe for Tampering

In a vote-by-mail system, the theory is that voters will receive their ballots in the mail, fill them out, and drop them back in the mailbox to be counted by their county registrar of voters. But who ensures that the person who fills out the ballot is the correct voter? And how many ballots will the U.S. Postal Service lose, and how many intentionally lost ballots will be blamed on the Postal Service?

Mail-in voting expands the chain of events involved in casting a ballot and radically expands the opportunities for fraudsters to tamper with an election. It can also radically extend how long an election lasts, as partisans demand that ballots arriving after the official election date be counted. In 36 states, somebody else can legally deliver voters' absentee ballots with their permission, usually a family member or attorney. But 13 states allow generally anybody to collect absentee ballots—with serious consequences.

CC —————
Mail-in voting expands the chain of events involved in casting a ballot and radically expands the opportunities for fraudsters to tamper with an election.

In 2019, a Republican political operative in North Carolina was convicted of multiple counts of absentee ballot fraud on behalf of 2018 congressional candidate Mark Harris. The scandal so distorted the election that the state board of elections scrapped it and held a new election. The indictment is a warning to vote-by-mail proponents: “Ballots were collected from voters and taken into possession unlawfully . . . and the ballots were mailed in such a manner to conceal the fact that the voter had not personally mailed it himself.”

Ballot fraud is hardly unusual. The Heritage Foundation maintains a database of criminals convicted of absentee ballot fraud—roughly 150 since 2000. The Heritage Foundation's Hans von Spakovsky and Public Interest Legal Foundation president J. Christian Adams have described their chilling experience with “systematic” absentee ballot fraud:

When both of us were at the Justice Department, we worked on a case in Noxubee County, Mississippi, where systematic voter fraud was being conducted by a local Democratic Party political machine.

A central component of this fraud was mail ballots. Notaries paid by the machine would roam the county, **plucking ballots from mailboxes and voting the ballots in place of the intended voter** [emphasis added].

“Voting by mail is the single worst form of election possible,” they concluded.

No Safeguards

Without the monitoring that public polling places allow, how do we ensure that only the *correct* voters cast ballots?

State voter rolls are clogged with voters who have since moved or died, opening up the possibility for numerous ballots to be mailed to them in a vote-by-mail system. In 2012, the left-leaning Pew Center on the States reported that 24 million voter registrations—or 12.5 percent of all voters—“are no longer valid or are significantly inaccurate.”

There's no way to stop family members from returning a ballot for a deceased relative or apartment renters from casting the ballot of a previous resident.

Let Cooler Heads Prevail

There's no dispute that our elections should be safe and secure, and if the coronavirus relief package ensures that, so much the better. But we're still a long way from November, and it's unclear how much the coronavirus will plague the country then. Gutting America's election system is an overreaction on an unprecedented scale. Instead, Americans should meet the Left's election opportunism with the skepticism it deserves. ■

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



HOW AND WHY THE NAACP HARMS THE BLACK COMMUNITY

By David Hogberg

Summary: *The NAACP has a long and storied history of representing the interests of the African American community, but in recent years it has maintained its intense focus on racism—which has been declining for decades—to the exclusion of the biggest problems facing the black community. In the process, the NAACP is fostering a “victim mentality” among blacks instead of helping them improve their lives. For the NAACP leadership, shifting the NAACP’s focus to address more pressing problems such as black-on-black crime, out-of-wedlock births, and failing schools would risk losing funding and status.*



Credit: Office of Senator Michael Bennet. License: <https://bit.ly/3dJDDJk>

NAACP President Derrick Johnson. A lawyer by training, has been involved in political activism and academia almost his entire adult life.

Introduction

August 23, 2017, was one of the most surreal days for the NAACP.

NAACP President Derrick Johnson sent an open letter to National Football League (NFL) Commissioner Roger Goodell addressing the fact that free-agent quarterback Colin Kaepernick had not been signed by a team. Johnson claimed the NFL was discriminating against Kaepernick for his actions in the previous season, when he knelt during the national anthem in protest of police brutality.

Later that day local chapters of the NAACP participated in a protest supporting Kaepernick outside of NFL headquarters in New York City. Although the NFL integrated in 1946, a full year before Major League Baseball, and about 70 percent of current NFL players are black, the rally organizers demanded that the NFL “establish a unit tasked with developing a league wide plan to improve racial equality.” The distance in outer space from which that sentiment came was exceeded only by former NAACP President Cornell William Brooks’s answer in the previous year, “It’s lofty, but it’s not a stretch,” when asked if Kaepernick should be compared to Rosa Parks.

What Kaepernick’s employment status had to do with racial equality is not clear. If the attendance at the rally (only about 1,000) was any indication, most of the African American community didn’t see any connection. The sparse attendance may have also been sending a subtle but more important message: The NAACP no longer represents the interests of the African American community. Indeed, it may actively harm those interests.

NAACP History

The NAACP has a long and storied history. Founded in 1909, it spent decades fighting Jim Crow laws in the South and played a pivotal role in the landmark desegregation case *Brown vs. Board of Education*. It also pressed hard for the

1964 Civil Rights Act and the 1965 Voting Rights Act.

But over time, the idealists in the organization were replaced by opportunists. Or, as social philosopher Eric Hoffer once wrote, “Every great cause begins as a movement, becomes a business, and eventually degenerates into a racket.” In 1994, the NAACP board ousted Executive Director Benjamin Chavis when he was accused of using NAACP funds for an out-of-court settlement in a sexual harassment lawsuit. The next year, Chairman William Gibson was accused of mismanaging NAACP funds, resulting in his ouster from the organization.

While the NAACP may have rooted out corruption in its ranks, it has never regained its idealism. The NAACP today is a business that generates millions in revenue by campaign-

David Hogbert, Ph.D., is a CRC alumnus and author of Medicare’s Victims: How the U.S. Government’s Largest Health Care Program Harms Patients and Impairs Physicians.

ing against racism. But racism has long been on the decline in America and is no longer the most serious problem plaguing the black community. By keeping its focus on issues of discrimination, the NAACP no longer does much to advance the black community. Indeed, by supporting a victim mentality and opposing reforms such as charter schools, the NAACP actually harms blacks in America. Sadly, the NAACP has every incentive to maintain its current focus, regardless of how much it hurts the black community.

Biggest Problems Facing the Black Community

Taleeb Starkes, author of the bestselling book *Black Lies Matter*, lists five problems as the biggest ones facing the black community in America:

1. Victim mentality,
2. Lack of diversity,
3. Urban terrorism,
4. Proliferation of baby mommas, and
5. Unquestioning allegiance to progressive policies.

Too many blacks, he claims, view themselves as victims. They believe that they are not responsible for their own situation. Their problems are all someone else's fault, and they see little chance of improving their lives. Black churches, liberal politicians, and public schools all reinforce this mentality, according to Starkes.

Starkes claims that the black community lacks diversity of opinion and thought. The black community does not have an honest dialogue about what is holding it back because too many blacks listen only to leaders such as Al Sharpton and Jesse Jackson, while opposing voices such as Thomas Sowell and Walter Williams are often demonized as sellouts. Blacks in general are unlikely to advance until there is an honest accounting of what plagues the black community.

Crime is another major problem plaguing the black community. About 50 percent of murder victims are black. The perpetrators are also likely to be black, a group Starkes refers to as urban terrorists.

Most people refer to the next problem as out-of-wedlock births or illegitimacy, but Starkes frames it as "Proliferation of Baby Mamas" because he thinks while the absent fathers involved in out-of-wedlock births are often criticized, the mothers involved are given a pass. He notes that in 1965 about 25 percent of black babies were born to unmarried mothers. Today, that number is 75 percent. Much of the



If progressive policies worked, Detroit, Baltimore, and Philadelphia would be successful models for blacks. Instead, they are disasters.

black community exacerbates this problem by holding the mothers blameless.

Starkes finished his list by stating that, "Unwavering loyalty to progressive-liberal policies is the primary reason that these dire conditions persist." He notes that progressivism is the common link among heavily black cities that face rampant crime and poverty, fatherless children, and failing schools. He cites the cities of Detroit, Baltimore, and Philadelphia, which have been run by progressives for decades. If progressive policies worked, these cities would be a successful model for blacks. Instead, they are disasters.

One might quibble with Starkes' list, saying that problems such as lousy public schools or a lack of entrepreneurship should be on it. But what is interesting is what did not make his list: racism. That's not an oversight. "There will be no solution to the problems afflicting black America," Starkes says, "until more blacks recognize that the issues plaguing our community are ultimately self-inflicted . . . waiting until there are no more racists will mean waiting, and making excuses, forever."

Additionally, racism has been on the decline in the America for decades. Discriminatory policies such as Jim Crow laws have long since been abolished. In the past half century, survey data has found a dramatic increase among whites for support of equality in schools, employment, and public accommodations. Surveys have also found steep drops among whites in the negative stereotypes they hold of blacks and in whites' opposition to interracial neighborhoods and marriage.

This is not to say that racism no longer exists in America. It does and, to some extent, it always will. Yet racism has declined greatly in the past few decades—to the point that blacks in America face far greater problems than racism.

The NAACP's Focus

In fact, the NAACP focuses on issues that do little to help the black community and may in fact harm it. An effective way to demonstrate this is to search terms using the search engine on the NAACP's website.

Not surprisingly, terms such as “discrimination,” “racism,” and “victim” return ample results—1,902, 605, and 294, respectively. But “out-of-wedlock births” returns only one result, and “illegitimacy” returns none at all.

Putting the term “crime” into the search engine returns a respectable 520 results, suggesting that the NAACP is quite concerned about the issue. But that’s misleading. Putting in terms for specific types of crime reveals the NAACP’s true priorities. The crime “lynching” returns 98 results, and “police brutality” returns 295. But “black-on-black” crime yields a pitiful four.

Is the NAACP concerned about education for black schoolchildren? The 3,300 search results for the term education suggests the answer is yes. But again, the specific terms are important. Searching for “public schools” yields 821 results. Adding “increase funding” or “increased funding” to the term education yields 100 results combined. But “failing public schools” returns only 24 results while “school choice” yields a paltry 12. The search engine returns 95 results for “charter schools,” showing that it is an issue the NAACP addresses. But as we shall see later, the NAACP opposes charter schools.

Victims

An individual with a “victim mentality” believes himself to be at the mercy of forces beyond his control. He is not responsible for his lot in life and sees little chance of improving his own situation. Ultimately, it is a destructive mentality.

A recent Pew Research Center survey suggests that many blacks suffer from the victim mentality. The survey found that 78 percent of black respondents said that the U.S. hasn’t gone far enough in giving blacks equal rights with whites, and over two-thirds said that being white helps either a little or a lot in getting ahead in the U.S. Most tellingly, 52 percent of blacks said that being black had harmed their ability to get ahead either a little or a lot—more than double of any other racial group in the survey.

The NAACP feeds on and feeds into this mentality. For example, a fundraising appeal from the Washington, DC, branch of the NAACP states, “Thanks to your support, our fight against *all forms of racial bias continues every day*” (emphasis added). The NAACP’s membership page claims, “If you care about fighting disparities that are still too



The hate crime against Jussie Smollett turned out to be a hoax organized by Smollett himself. But the fundraising opportunities from Smollett’s case were too good to pass up: In April 2019, the NAACP nominated Smollett for one of its Image Awards.

prevalent in America, the NAACP is the place where you can make a difference.” On the surface those statements may seem empowering—join the fight! But they imply that America is a place rife with racism. That’s not an empowering message.

In January 2019, Jussie Smollett—a black, gay actor—claimed to be the victim of a hate crime. The statement by NAACP President Derrick Johnson regarding the “crime” was rife with victim mentality:

The recent racist and homophobic attack on acclaimed actor and activist Jussie Smollett is troubling. The rise in hate crimes is directly linked to President Donald J. Trump’s racist and xenophobic rhetoric. It is dangerous for any society to allow a tone of divisiveness and hatred to dominate the political discourse. As this rhetoric continues to bleed into our everyday lives, dangerous behavior will continue to place many law-abiding individuals at risk. We pray for a full physical and mental recovery Jussie Smollett and many unnamed victims of this form of hate based terrorism.

The hate crime against Smollett turned out to be a hoax organized by Smollett himself. But the fundraising opportunities from Smollett’s case were too good to pass up: In April 2019, the NAACP nominated Smollett for one of its Image Awards.

Similar themes appeared in Johnson’s letter to NFL Commissioner Roger Goodell about Colin Kaepernick:



Credit: ABC News. License: <https://bit.ly/3bB5Xq>

Derrick Johnson claimed the NFL was discriminating against Colin Kaepernick for his actions in the previous season, when he knelt during the national anthem in protest of police brutality.

Last season, Mr. Kaepernick chose to exercise his first amendment right. . . . [By] taking a knee during the national anthem, he was able to shine a light on the many injustices faced by people of color, particularly the issue of police misconduct toward communities of color . . . as the NFL season quickly approaches, Mr. Kaepernick has spent an unprecedented amount of time as a free agent, and it is becoming increasingly apparent that this is no sheer coincidence. No player should be victimized and discriminated against because of his exercise of free speech—to do so is in violation of his rights under the Constitution and the NFL's own regulations.

Kaepernick was a quarterback whose skills had been in serious decline for the previous three seasons. In 2016, his final season, he was ranked near last among starting quarterbacks in the NFL. Any team that signed him would not only have to consider his declining skills, but also that his protest of the national anthem might alienate fans. None of that mattered to the NAACP, though. Kaepernick was a victim of an NFL that had blacklisted him for protesting racism.

While the NAACP's effort on behalf of Kaepernick was likely good for the organization's fundraising, it will have a more pernicious effect on the black community. The NAACP is, in effect, sending the message that even a famous millionaire like Kaepernick is a victim of racism in America. Young black people living in the inner city will look at that and say to themselves, "If Kaepernick can't succeed against racism, what hope is there for me?" Regrettably, the NAACP will likely not stop exploiting the victim mentality any time soon.

Charter Schools

A mini-civil war broke out in 2017 between some local chapters of the NAACP and the national organization over charter schools.

Charter schools are elementary and high schools that receive public funding but operate largely outside state and local school regulations. They are usually established by parents, teachers, and community groups who are dissatisfied with traditional public schools. Private companies often run them.

In October 2016, the national NAACP passed a resolution calling for a moratorium on the expansion of charter schools. It then launched a nationwide "listening tour" on the issue. Apparently, the NAACP

didn't hear many voices supporting charter schools during the tour. The report from the tour recommended more government regulation of charter schools and elimination of for-profit charter schools.

In April 2017, three California branches of the NAACP—San Bernardino, San Diego, and South Riverside—passed resolutions opposing the national organization's call for a moratorium. The California NAACP dismissed the revolt as the product of right-wing infiltration, claiming the driving force behind it was NAACP member Christina Laster, who was supposedly funded by the Koch Brothers. The state chapter also called on the national NAACP to investigate the three local branches and their leaders' motivations.

For her part, Laster noted that she had long been a supporter of school choice. She home-schooled her children and helped enroll her grandson in a charter school. While she did work for the conservative California Policy Center, she stated that the center didn't know she was an NAACP member until she told them months after being hired. Finally, it seems doubtful that the other members of the three local NAACP branches would have bothered with Laster's efforts if they weren't also opposed to the national chapter's stance on charter schools.

What accounts for the NAACP's position on charter schools? For starters, between 2011 and 2015, the NAACP received over \$380,000 from the National Education Association and the American Federation of Teachers, both opponents of charter schools. But it was about more than just the money. The NAACP was part of a growing left-wing backlash against charter schools. For example, Democrats

in the California State Legislature had been pushing bills to stop charter school expansion, and Senator Bernie Sanders (I-VT) had stated his opposition to charter schools. The left-ist leadership of the NAACP was getting in step with their ideological brethren on this issue.

It was another example of the NAACP being out of touch with the concerns of black America. The Center for Research on Education Outcomes has found that black students in poverty who are enrolled in charter schools gain, on average, 29 additional days of learning in reading and an additional 36 days in math when compared to their counterparts in public schools. Not surprisingly, the success of charter schools has made them popular with black parents. Most charter schools in the inner cities have long waiting lists of children, whose black parents are hoping to extricate their children from failing public schools. While about 13 percent of the U.S. population is black, black students account for 26 percent of charter school enrollment. The NAACP's position on charter schools helps undermine something that is a net positive for blacks, especially black schoolchildren.

Why the NAACP Does Not Shift Its Focus

Once, when he was criticizing left-wing political activists, economist Thomas Sowell was asked why don't the activists pursue a different line of work? Sowell responded, "Why don't professional wrestlers become concert violinists?"

What Sowell meant was that people who have years of experience in one profession can find switching to a different profession very difficult. It not only means learning something entirely new, but also giving up all of the perks that come with being an employee with lots of experience, such as generous compensation, status, and respect.

Consider NAACP President Derrick Johnson. A lawyer by training, he has been involved in political activism and academia almost his entire adult life. Before he was named head of the national NAACP in 2017, he worked as a lecturer at Harvard and an adjunct professor at Tougaloo College in Mississippi. While in the Magnolia State, he was the regional organizer for the nonprofit Southern Echo and later served as president of the Mississippi chapter of the NAACP. He led two successful bond initiatives for school funding in Jackson and, in the wake of Hurricane Katrina, founded One Voice Inc. to provide training for community leaders.

Sherrilyn Ifill, president and director-counsel of the NAACP Legal Defense and Education Fund, has a similar pedigree. After receiving a law degree from New York University, she was a fellow at the American Civil Liberties Union. She then served as an assistant counsel to the NAACP Legal Defense

and Education Fund for five years during which she litigated cases involving the Voting Rights Act. In 1993 she joined the University of Maryland Law School in Baltimore, where she taught for 20 years, until she was named president and director-counsel of the NAACP Legal Defense and Education Fund.

The NAACP leadership is full of lawyers, academics, and activists who have spent their careers working on civil rights issues. They would be ill-equipped to run an organization that focuses on reducing crime, discouraging women from getting pregnant before marriage, teaching young men and women how to start and run a business, and so on.

The NAACP has become a very lucrative empire by focusing on racism and related issues. Shifting the focus of the NAACP would mean putting that at risk. According to its latest 990 tax return, the national NAACP, located in Baltimore, raised over \$33 million in 2018. Its legal arm, the NAACP Legal Defense and Education Fund, raised over \$22 million.

A list of donors to the NAACP is a who's who of left-leaning foundations (for a partial list see Table 1). Undoubtedly, they and most other contributors to the NAACP believe in the NAACP's mission of combating racism. They donate

Table 1. Foundation Grants to the NAACP, 2000–2018

Foundation	Total Grants
Annie E. Casey Foundation	\$819,000
Bank of America Charitable Foundation	\$5,775,000
Bill and Melinda Gates Foundation	\$1,006,106
Charles Stewart Mott Foundation	\$100,000
Ford Foundation	\$6,470,000
Foundation to Promote Open Society/Open Society Institute	\$3,050,000
Gill Foundation	\$305,000
John S. and James L. Knight Foundation	\$902,000
Kresge Foundation	\$925,000
Marguerite Casey Foundation	\$1,100,000
New York Community Trust	\$170,000
Northwest Area Foundation	\$210,417
Public Welfare Foundation	\$662,000
Robert Wood Johnson Foundation	\$843,650
Tides Foundation	\$1,140,000
W.K. Kellogg Foundation	\$10,512,000
William & Flora Hewlitt Foundation	\$850,000

Source: FoundationSearch.

Table 2. NAACP Compensation

	Name	Position	Compensation
NAACP	Derrick Johnson	President	\$300,000
	Bradford Berry	General Counsel	\$212,000
	Janette Louard	Deputy General Counsel	\$170,000
	Denese Carroll	Chief Operating Officer & Chief Technology Officer	\$140,962
	Eris Sims	Chief of Staff	\$136,925
NAACP Legal Defense and Education Fund	Sherrilyn A. Ifill	President & Director Counsel	\$408,692
	Janai Nelson	Associate Director-Counsel	\$267,526
	Kevin C. Thompson	Chief Financial Officer	\$195,277
	Todd Cox	Director of Operations/Director of Policy	\$222,309
	Verlette R.M. Cutting	Chief Development Officer	\$215,913
	James Cadogan	Director of TMI	\$182,659
	Melanie Newman	Chief Communications Officer	\$149,120
	Monica Madrazo	Director, H.R. & Administration	\$178,974
	Monique Dixon	Deputy Director of Litigation & Senior Counsel	\$161,986
	Jin Hee Lee	Senior Deputy Director of Litigation	\$194,396
	Coty R. Montag	Deputy Director of Litigation D.C.	\$147,152

Source: NAACP, IRS Form 990, 2018 and 2019.

because they think that racism is still one of America's biggest problems.

What would happen if the leaders of the NAACP told their donors that they no longer believed that racism is a serious problem for the black community? What if they informed their backers that it was time for the NAACP to focus on other, more pressing problems such as out-of-wedlock births, black-on-black crime, and the victim mentality? The empire would likely collapse. The \$55 million taken in by the two main organizations would shrink to a fraction of its size.

CC —————
The NAACP has become a very lucrative empire by focusing on racism and related issues. Shifting the focus of the NAACP would mean putting that at risk.

The sizable compensation of many of the NAACP employees would also be a casualty. For example, the NAACP pays Derrick Johnson, \$300,000 annually while General Counsel Bradford Berry earns over \$200,000. Sherrilyn Ifill earns over \$400,000 as head of the NAACP's Legal Defense Fund and associate director-counsel of the NAACP's Legal

Defense Fund, and Janai Nelson earns over \$260,000 as its associate director-counsel. Indeed, 16 NAACP employees make six-figure salaries (see Table 2), and those are just the ones listed on the tax returns. Incomes of that size put them among elite earners in the U.S. An individual income of just over \$158,000 puts one in the top 5 percent of earners. Thus, three-quarters of the employees in Table 2 are among the top 5 percent. And all 16 are in the top 10 percent.

Too Risky to Change

The people who run the NAACP have far too much to lose to risk changing the organization's focus. The organization's fundraising is based on fomenting the victim mentality among blacks and appealing to liberal prejudices about what ails the black community. Focusing on racism allows the NAACP and its Legal Defense and Education to raise over \$50 million annually. It enables its top employees to earn very generous compensation packages and achieve status and prestige among their liberal peers and in the media. And that gives them every incentive to ignore the real problems facing the black community. ■

Read previous articles from the Organization Trends series online at [CapitalResearch.org/category/organization-trends/](https://www.CapitalResearch.org/category/organization-trends/).



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.



Credit: CRC. License: <https://bit.ly/364k3oQ>.

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.

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>.

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.

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.



The Arabella network’s growth in income in just one year is comparable to the entire budgets of major groups on the Right.

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*,



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."

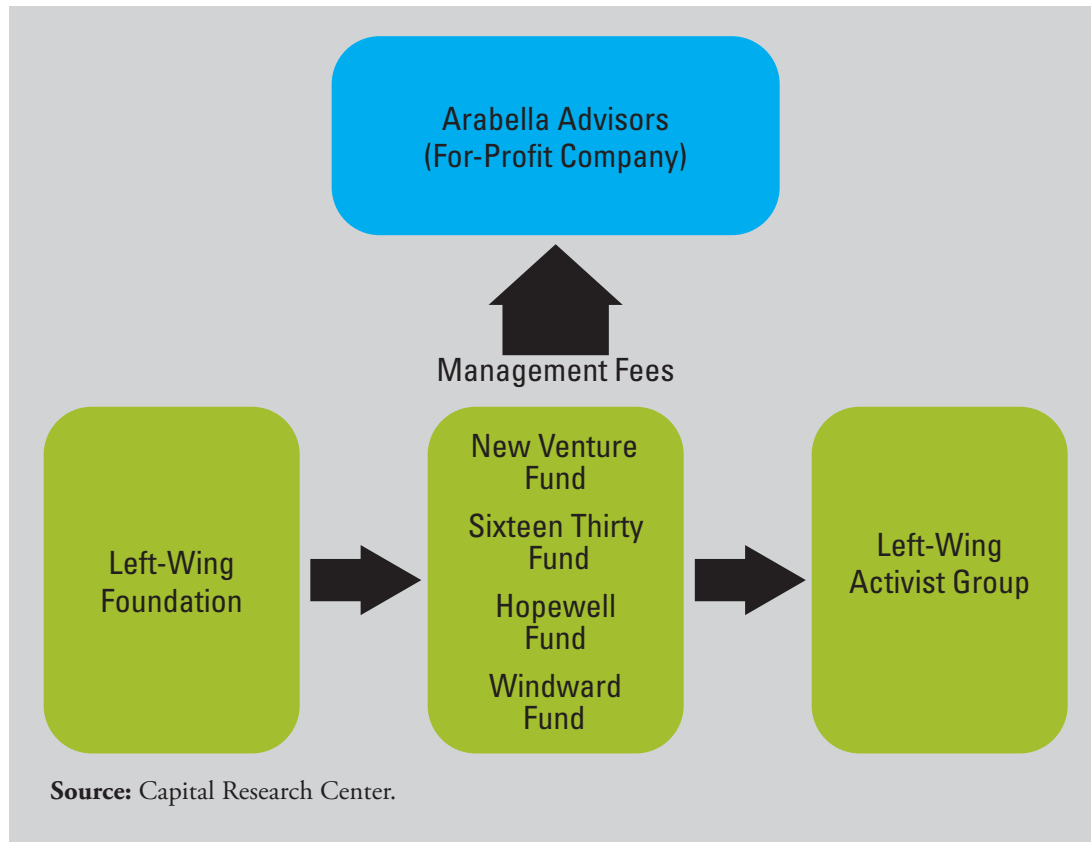
The Foundations Pumping Money into Arabella's Network

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.

In fact, 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.

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.

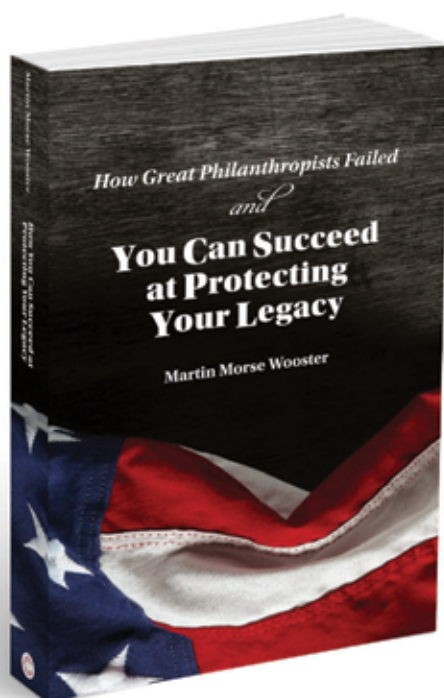
But is that true? Arabella’s individual project budgets are a black hole; nevertheless, Capital Research Center examined the 130-odd known Arabella “pop-ups” to see how many actually *had* advisory boards—and counted just 15 with a steering committee, advisers, or board of directors listed on their websites. (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 opacity.

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. ■

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

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Jaquelin Hume Foundation

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—Linda Childears,
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It is hard enough to give well when you're living. After you're gone, the odds of successful giving are stacked even higher against you. Entrepreneurial geniuses like Andrew Carnegie, John D. Rockefeller, and Henry Ford were rarely tricked out of their money in business deals. But when they gave their money away, they failed to have their intentions respected.

This fascinating book covers the history of some of the biggest philanthropic mistakes and offers practical tips on how to protect your legacy. Everyone who wants to use their money to change the world needs to read this book.

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AMERICA'S INVESTIGATIVE THINK TANK



CONSERVATIVE PRINCIPLES FOR GOVERNMENT-FUNDED NONPROFITS

By Robert Stilson

Summary: *Government-funded nonprofits are an odd creation: Charitable giving is an inherently voluntary transfer, but government's transfer of money from taxpayers to private charities is anything but voluntary. As such, government-funded nonprofits should show respect for the taxpayers' investment and the taxpayers' beliefs in how they use the funding. Conservatives should strive to ensure federal funding to private nonprofits is conducted as far as possible in a manner that respects the taxpayer at all grant levels.*

Ask a sampling of Americans what “charitable giving” means to them, and they will give varied, but broadly predictable responses. Many will go straight for examples from their own lives, perhaps what they put into the church offering plate each week or a donation to a local animal shelter. Others might reference contributions to large humanitarian organizations such as the Red Cross or Habitat for Humanity. Donations to support education and research, environmental and historic conservation, and the arts will likely be high on the list. Unifying all such examples, though, is an understanding that charity is an act of intentional benevolence—a voluntary transfer to the recipient based on a genuine need perceived by the giver.

That makes the idea of government-funded nonprofits, most of which are organized as Section 501(c)(3) charities, appear more than a little odd. After all, nothing is voluntary about paying taxes, and the taxpayers have little say in how their tax dollars are spent. Yet the federal government is a prolific source of revenue for numerous nonprofits nationwide—nonprofits that operate as private charities yet are tasked with carrying out public functions using public funding. The government, in a very real sense, decides which charities the taxpayer will support.

Two Pillars

Conservatives might be tempted to reject such an arrangement out of hand, condemning it as an improper blend of roles best delineated for either the private or public sector. Despite the merits of such an argument, it ignores two practical realities:



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Ask a sampling of Americans what “charitable giving” means to them, and they will give varied, but broadly predictable responses. Some might reference the church offering plate each week or a donation to a local animal shelter. Others contributions to large humanitarian organizations such as the Red Cross or Habitat for Humanity.

First, federal funding to private nonprofits is simply not going anywhere, at least not as a wholesale practice. Entire government programs are built around that model, and it is not realistic to expect to scrap them all. Eliminating or modifying even the most questionable programs requires a

Robert Stilson runs several of CRC's specialized projects, including a series on federal grants and nonprofits.

political will—often bipartisan—that is increasingly difficult to come by in Washington. Recent, repeated, and ultimately unsuccessful efforts by the Trump administration provide several examples.

Second, most conservatives would likely prefer that government programs be implemented through a private-sector partner, rather than directly through the federal bureaucracy. If money taxed out of the private sector must be spent on public purposes, it might be preferable to route that money back through the private sector on its way toward the public purpose. Indeed, polling indicates that Americans have a “strong preference” for using private philanthropy over government whenever possible.

These realities do *not* mean, however, that conservatives should surrender their principles to some insurmountably bloated federal grants apparatus. Rather, they should promote a taxpayer-centric approach to federally funded nonprofits.

Past investigations by the Capital Research Center have revealed that problems in this area generally arise from two sources: (1) an operational issue with the nonprofit grant recipient or the federal program itself or (2) actions by the grant recipient that evidences ideological views that do not reflect those of the average taxpayer.

Phrased a bit differently, a conservative might say that both the federal government and the nonprofit grant recipients owe a dual duty to the American people: All programs funded with public money must show respect for the taxpayers’ investment and the taxpayers’ beliefs. Exposing instances in which these two pillars are disregarded is a key mode of conservative education and activism on federally funded nonprofits.

Respect for the Taxpayers’ Investment

Ensuring respect for the taxpayers’ investment reflects the understanding that federal funding to nonprofits represents a compulsory investment in that nonprofit by the taxpayers, with the “returns” primarily being program successes. Practically speaking, this means that grant programs must be effective and grantees must operate in a responsible manner. These are intuitive tenants of good government, yet the Capital Research Center has cataloged a variety of programs and grantees that appear not to meet this standard.

Some programs simply don’t seem to work that well. The U.S. Department of Labor’s Senior Community Service Employment Program spends \$400 million a year to provide subsidized part-time work and job training to low-income

older Americans. The program is implemented by state government agencies and 19 nonprofits, some of which are almost entirely funded by the program. The goal is to eventually transition participating seniors to unsubsidized employment.

Unfortunately, the program does not appear to be especially effective at accomplishing this. According to government data, the cost per participant is over \$7,000, and nearly half of participants don’t even complete the program. Those who do still don’t fare particularly well: The employment rate four quarters after program exit in 2018 was less than one-third. The Department of Labor, under the Trump administration, has proposed eliminating the program for fiscal year (FY) 2021.



For three straight years the CNCS has produced “unauditable” financial statements, meaning they “likely contain widespread material errors and should not be relied upon.”

In other cases the government doesn’t seem to know whether a program works or not. The Department of Labor’s Susan Harwood Training Grant Program allocates about \$11.5 million each year to nonprofits to conduct workplace safety training for certain higher-risk workers. One obvious issue is that most employers are already legally required to provide appropriate safety training to their employees, which raises the question of why government should be involved at all. More pointed, though, is that program performance is measured only “in terms of the number of individuals trained,” and the government “has no evidence that the program is effective.” The Harwood program was also put up for elimination in 2021.

Sometimes problems are more systemic, in extreme cases extending to an entire federal agency. The Corporation for National and Community Service (CNCS) is perhaps the current paradigm example. The CNCS is an independent federal agency that runs the AmeriCorps and Senior Corps national service programs, which together account for approximately 70 percent of the CNCS’s \$1.1 billion budget. In 2019 the CNCS made \$560 million in grants and education awards through the largest of its three different AmeriCorps programs, which principally fund service opportunities for young adults at state and local government offices and at nonprofits.



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The Corporation for National and Community Service (CNCS) is an independent federal agency that runs the AmeriCorps and Senior Corps national service programs, which together account for approximately 70 percent of the CNCS's \$1.1 billion budget.

Remarkably, for three straight years the CNCS has produced “unauditable” financial statements, meaning they “likely contain widespread material errors and should not be relied upon.” An audit from 2018 revealed that the CNCS expected to report improper payment rates in excess of the federal limit for *all* of its programs in 2019, with rates at that time exceeding 15 percent in four of them (including AmeriCorps). Grantee oversight has also been flagged as particularly insufficient. It’s a regrettable state of affairs for programs designed to foster important community service work, and the Trump administration has proposed eliminating the CNCS in 2021.

Numerous nonprofits rely so heavily on federal grant money for their revenue that they would immediately cease to exist without that funding. One example is Experience Works, a Virginia-based 501(c)(3) that relied solely on the Senior Community Service Employment Program for 94 percent of its total revenue in 2018. Another is Southwest Key Programs, which derived about 88 percent of its \$434 million revenue in 2018 from the Unaccompanied Alien Children Program. It is among the largest nonprofit grantees of this Department of Health and Human Services program, which provides care for minors without legal immigration status and who are not accompanied by a parent or guardian.

Such extremely high levels of public funding raise important questions about outsourcing government functions to private operators, but they can also be hazardous to the recipient’s fiscal health. Overreliance on federal grant money can cause a nonprofit to collapse if it cannot secure sufficient private funding to keep up with the overhead costs of implementing government-funded programs.

This was apparently a primary issue in the case of the Youth Policy Institute, which suddenly imploded in late 2019 under intense scrutiny from the U.S. Department of Education, its largest federal benefactor. The Youth Policy Institute was a \$40 million Los Angeles nonprofit that relied on federal money for 67 percent to 84 percent of its annual revenue from 2016 to 2018. Its abrupt shuttering created uncertainties for the vulnerable children its programs were serving, put many former employees out of work, and jeopardized the cumulative impacts of tens of millions worth of taxpayer money that had accrued over its years in operation.

Finally, as with all institutions, government-funded nonprofits are not immune to executive impropriety. The Youth Policy Institute, for example, accused its former president, Dixon Slingerland, of misusing up to \$1.7 million for his own personal expenses, as well as directing that federal grant money be disbursed for programs that had not actually incurred any costs. Slingerland has called many of these allegations “incorrect and extremely misleading.” In another case from 2019, the former president and CEO of Southwest Key Programs, Juan Sanchez, resigned amid a federal investigation into his financial dealings, which a former IRS official described as “profiteering.” Sanchez received over \$3.5 million in compensation from Southwest Key—an almost entirely taxpayer-funded nonprofit—in 2018.

A common thread ties these examples together: The federal government determined that taxpayers should invest in programs operated by private charities, yet those investments yielded, at best, questionable returns. Proper respect for the taxpayers’ investment demands better—a proposition that taxpayers of all political leanings can unite behind.



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Near the top of every conservative's list of 2019's most preposterous legislative proposals would be the Green New Deal.

Respect for the Taxpayers' Beliefs

The second conservative pillar of federally funded nonprofit stewardship is respect for the taxpayers' beliefs. Specifically, conservatives might justifiably object to seeing their tax dollars flow to private groups that stake out partisan positions on divisive issues. At bottom, this is a form of compelled financial support for groups that espouse views the taxpayer may strongly oppose. This principle is considerably more difficult to translate from theory into action, due to several practical and legal considerations.

Since Americans' ideological leanings are varied and polarized, nonprofits that receive government funding would ideally operate strictly as *truly* nonpartisan charities. Advocacy on divisive political issues should be the exclusive domain of privately supported nonprofits, whose donors freely contribute in accordance with their own beliefs. Supreme Court precedent, though, places notable limits on how the government may condition federal funding on the basis of protected First Amendment activity. Accordingly, a grant condition that forbade certain forms of advocacy on behalf of the recipient would, absent particular circumstances, likely be struck down.

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The second conservative pillar of federally funded nonprofit stewardship is respect for the taxpayers' beliefs.

ular program objectives. Finally, lawmakers could weigh the information when considering whether to reauthorize a particular program.

Green New Deal. Accordingly, the Capital Research Center has made a point to document examples of government-funded nonprofits that display clear left-of-center partisan bias:

Near the top of every conservative's list of 2019's most preposterous legislative proposals would be the Green New Deal. This sweeping bid to remake the economic and environmental framework of the United States in catastrophic

ways was estimated to cost as much as \$90 trillion and died a 0-57 death in the Senate not long after being introduced.

Prior to the introduction of the actual legislation, however, a coalition of nearly 650 organizations signed an open letter to the U.S. House of Representatives detailing a series of requirements that those groups felt

"at a minimum" needed to be included in any Green New Deal bill. These minimum demands included a shift to total renewable power generation by 2035 and complete de-carbonization of the U.S. transportation system by 2040, both of which would eliminate 90 percent or more of the



*Legal Services NYC publishes an immigration guide
that advises immigrants not to “carry any documents about
your country of origin.”*

country’s existing energy sources. The letter also called for a ban on fossil fuel exports and for holding energy companies liable for damages caused by climate change.

Conservatives might be tempted to laugh off such proposals, totally unaware that their tax dollars have been supporting over 40 of the letter’s signatories. According to data from USASpending.gov, in some cases the support was in the millions of dollars. The Institute for Governance & Sustainable Development has received over \$6.4 million from the government since FY2008. Another nonprofit signatory, GRID Alternatives, has taken in about \$3.5 million just since FY2015. The Earth Island Institute, recipient of over \$900,000 in federal awards since FY2008, accounted for at least five different fiscally sponsored projects among the letter’s signatories. That’s a lot of taxpayer support for private groups that favor economic policies often described as socialist.

Susan Harwood Training Grants. Across the federal government, certain programs seem to attract a concentration of politically inclined grantees. One is the Susan Harwood Training Grants Program. In addition to major questions about its effectiveness, a number of this program’s grants flow to decidedly left-leaning organizations.

Labor unions and their affiliates are the prime examples. The Service Employees International Union, the United Automobile Workers, the United Food and Commercial Workers, the American Federation of Teachers, the United Steelworkers, and the Laborers’ International Union of North America have all received over \$1 million under the Harwood program since FY2008, either directly or through an affiliated 501(c)(3). All six of these unions are among the top Democratic contributors since the 1990 election cycle.

Other notably left-of-center nonprofit recipients of significant Harwood funding include Make the Road New York, the Workers Defense Project, and CASA de Maryland.

Education and Outreach Initiative. Another example is the Education and Outreach Initiative program, run by the U.S. Department of Housing and Urban Development (HUD). Designed to facilitate public education about rights and obligations under the Fair Housing Act, it has been funded at between \$7–8 million in recent years. Grants are made principally to nonprofits to run the education campaigns.

The largest recipient of Education and Outreach program funding is a 501(c)(3) called the National Fair Housing Alliance. According to USASpending.gov, it has taken in nearly \$2 million in program grants since FY2017. Despite this generous funding, the National Fair Housing Alliance has been markedly antagonistic to several Trump administration priorities, even going so far as to form a coalition with six other left-leaning groups to declare that “The Trump Administration is attacking civil rights protections . . . [a]nd this is just the beginning if we don’t stop this.”

Other left-leaning Education and Outreach grant recipients include New Jersey Citizen Action, whose mission is to “combine on the ground organizing, legislative advocacy, and electoral campaigns to win progressive policy and political victories,” and the Mississippi Center for Justice, which recently described federal immigration enforcement as “morally reprehensible.” A grant of \$125,000 was even provided to Asian Americans for Equality in 2019, a left-leaning activist group that in its early days was reportedly associated with the Communist Workers’ Party, a radical Maoist political movement.

Legal Services Corporation. One conduit through which large sums of public money flow to several nonprofits that display ideological bias is the Legal Services Corporation (LSC). A 501(c)(3) nonprofit created by Congress in 1974, the LSC provides civil legal aid to clients at or below 125 percent of the federal poverty level. Despite its independent status, the LSC is essentially a vehicle for federal grant-making and is almost entirely funded by the government. Its FY2020 congressional appropriation was \$440 million. Most of this money is in turn distributed to a network of over 130 local legal aid nonprofits, which rely to varying degrees on this support.

Civil legal aid is a genuinely unmet need for many of the poorest Americans, but conservatives have questioned whether the federal government should fund it. The Trump administration proposed completely eliminating the LSC in its FY2020 budget. Another objection has centered on the persistent tendency of some LSC grantees to litigate and advocate on issues of political importance or to otherwise evidence ideological biases in their activities. This activist-attorney approach to legal aid was championed by none other than Hillary Clinton, who chaired the LSC’s board of

directors for a portion of her four-year term in the late 1970s and early 1980s.

For some LSC grantees, this legacy continues unabated. Legal Services NYC, which has averaged over \$12 million in annual LSC funding in recent years, intervened against a 2019 challenge to New York's extensive (and much-maligned) rent control laws and publishes an immigration guide that advises immigrants not to "carry any documents about your country of origin." It has also recently provided substantial funding to left-wing activist groups such as Make the Road New York and New York Communities for Change, which declares its mission to "fight against capitalism and centuries of oppression." Indiana Legal Services, which was 74 percent funded by the LSC in 2018, sued to overturn that state's Medicaid work requirements framework at the federal level in 2019.

The Legal Aid Foundation of Los Angeles, recipient of over \$32 million in LSC grants from 2014 to 2018, has filed a series of lawsuits against local governments that many contend have made it much more difficult to address the problems arising from Los Angeles's homelessness crisis. California Rural Legal Assistance, which receives about 60 percent of its funding from the LSC, has in recent years given over \$100,000 to a "reproductive justice" nonprofit that co-sponsored legislation requiring that all public universities in California provide medication abortion as part of on-campus health services. Such activities, while not violating any legal requirements, are likely not what taxpayers conceptualize as legal aid.

This sampling of left-leaning nonprofits that receive substantial federal grant money highlights the central issue raised by the concept of respecting the taxpayers' beliefs: Conservative taxpayers are being compelled to support private charities that openly advocate for views that likely run counter to their own. If the government programs that make use of these levies are indeed worth continued funding (because, for instance, they are demonstrably effective at their intended purpose), true ideological neutrality on the part of the grantee charities would demonstrate the proper respect for taxpayers' beliefs warranted by their forced contribution.

The Peculiar Issue of Grantee-Plaintiffs

At least one phenomenon blends issues related to both the taxpayers' investment and the taxpayers' beliefs: federal grantees that file lawsuits against the federal government, sometimes against the very same agency that provided the



Earthjustice, which represents many grantee-plaintiffs free of charge despite not being a federal grant recipient itself, touts its success in battling "the Trump administration's worst environmental attacks."

funding. Such groups may be termed "grantee-plaintiffs," and their implications for taxpayers are troubling.

In the first place, lawsuits cost money—often a great deal of money—which must come from somewhere. Some grantee-plaintiffs pay their own legal costs while others might enlist the services of pro-bono litigation nonprofits such as Earthjustice. Still, even groups that receive no-cost representation must direct staff time and other resources toward preparing their case. Federal grant money that flows to grantee-plaintiffs for unrelated purposes can free up funding for litigation—a monetary concept known as fungibility. Because the government is obligated to pay its own legal costs, this can place the taxpayer in the unfortunate position of subsidizing both parties to a case.

Some grantee-plaintiffs sue the government with remarkable frequency. The Natural Resources Defense Council, recipient of about \$4.3 million in federal money since FY2008, managed to record its 100th lawsuit against the Trump administration by the end of 2019. The Environmental Defense Fund has collected about \$3.8 million since FY2008, yet was involved in nine different climate change lawsuits filed against four different federal departments in 2018 alone.

Six of the ten nonprofits that sued the government over Grand Staircase-Escalante National Monument have been federal grantees or contractors in recent years, for a total in excess of \$6.2 million. So were five of the seven plaintiffs in

the 2019 lawsuit over revisions to the Endangered Species Act, to the tune of about \$9.6 million. The National Fair Housing Alliance and Texas RioGrande Legal Aid have each filed a prominent lawsuit against HUD within the last two years, and both are also recent HUD grantees.

Perhaps more galling to the conservative taxpayer than the money involved are the politics. These grantee-plaintiffs are not suing federal agencies because one of their staffers slipped and fell while on government property. In fact, the ideological underpinnings of lawsuits are openly professed in many cases. The Natural Resources Defense Council, for example, maintains a “Taking the Trump Administration to Court” database of its prolific litigation record against the administration. Earthjustice, which represents many grantee-plaintiffs free of charge despite not being a federal grant recipient itself, touts its success in battling “the Trump administration’s worst environmental attacks.” Of course, grantee-plaintiffs that don’t explicitly tie their litigation to a political agenda may still display overt partisan biases in other activities.

The implications for conservative taxpayers are clear: Federal funding that flows, or has flowed, to grantee-plaintiffs suggests public support for private agendas that a conservative may strongly oppose. It is a strange situation indeed when Americans elect a government, which then taxes them and distributes a portion of the proceeds to private nonprofits, which then sue the government over policies it enacted as part of implementing the very platform that got it elected in the first place.

In some cases it is that simple. In others, nonprofit grantee-plaintiffs might exist primarily (or exclusively) as grantees under a Democratic administration and as plaintiffs under a Republican one, or vice versa. Neither the Natural Resources Defense Council nor the Environmental Defense Fund, for example, have received any federal grant money since FY2016, according to USASpending.gov. In an era when political power bounces back and forth between two increas-

ingly polarized parties, today’s grantees may become tomorrow’s plaintiffs. In all cases, taxpayers of every partisan shade foot the bill fiscally and ideologically.

The Conservative Path Forward

Most Americans, left or right, would undoubtedly agree that respect for the taxpayers’ investment and beliefs are sound principles to apply to federal spending. But these concepts touch on issues of particular importance to conservatives. Astonishing annual deficits and the many trillions of dollars in concomitant national debt rightly vex the millions who despair at how such profligate government spending will affect future generations.

Fundamentally, enlisting private tax-exempt charities to carry out programs conceived, directed, and funded by the public sector raises serious questions: Many would argue that free-market principles provide no more justification for government intervention in the nonprofit sphere than they do in the for-profit one. Of course, how can a nonprofit that derives virtually all its income from the federal government really be called a “charity”?

Important as these issues are, real world impacts are achieved in more incremental ways. Conservatives should strive to ensure federal funding to private nonprofits is conducted as far as possible in a manner that respects the taxpayer at all grant levels: agency, programmatic, and recipient. Exposing examples where this is not the case may prompt positive changes that might gradually lead to a more efficient, accountable, and ideologically benign federal grantmaking operation. That is a worthy and attainable conservative endgame. ■

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The implications are clear: Federal funding to grantee-plaintiffs suggests public support for private agendas that a conservative may strongly oppose.

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

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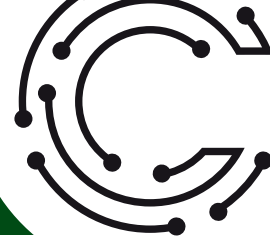


CLIMATE DOLLARS

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

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

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



MICHAEL MOORE'S *PLANET OF THE HUMANS* CONFRONTS ENVIRO-LEFT WITH A TOUGH CHOICE

By Ken Braun

Summary: Michael Moore's most recent documentary, *Planet of the Humans*, is an honest criticism of "green energy." It exposes wind and solar energy as little more than desperately fake measures aimed "not to save the planet but to save our way of life." Wind turbines and solar arrays simply cannot possibly power anything resembling our current industrial civilization. The documentary also exposes the green movement's hypocritical leaders, who personally profit from the comfortable myths (and subsidies) they have been peddling for decades to credulous left-leaning upper-middle-class Americans.

More than a dozen years ago I was living in a middle-class neighborhood in Lansing, Michigan, near a left-leaning neighbor who piously collected rainwater that fell on his roof and trimmed his immaculately groomed yard with an electric mower. Visible a quarter mile away, across the Grand River from a spacious city park, stood the Eckert Power Station. It is the largest of two coal-fired plants that at the time electrified the city—and thus belched the electric lawn-mower exhaust from the smokestacks that towered over our neighborhood. Performing with similar irony, Eckert Station is an uncredited star in the early moments of *Planet of the Humans*, a new lefty environmentalist documentary from Michael Moore's Rumble Media.

Directed and narrated by Jeff Gibbs, a left-wing Michigan environmental journalist and frequent collaborator with Moore, *Planet of the Humans* is an honest criticism of "green energy." The movie proves that wind turbines and solar arrays cannot possibly power anything resembling our current industrial civilization. This presents upper-middle-class lefties with a problem. By stripping away the false belief that pleasant breezes and sunshine can provide a viable alternative to carbon emissions, it requires them to instead give up their comfortable way of life.

Planet of the Humans stakes out a position on the far left, against capitalism and saving modern civilization, and leaves no wiggle room for those hoping to have it both ways. In one soliloquy, Gibbs concludes that what falsely passes for "green" energy is little more than desperately fake measures aimed "not to save the planet but to save our way of life."



Credit: Wikipedia. License: <https://bit.ly/2WVtuxk>

Directed and narrated by Jeff Gibbs, a left-wing Michigan environmental journalist and frequent collaborator with Michael Moore, Planet of the Humans is an honest criticism of "green energy."

Running Cars on Coal

Early on, the film heads to Lansing to meet the Chevy Volt, the plug-in electric hybrid vehicle brought to life by General Motors and the U.S. government in 2011, following their prior collaboration on the automaker's 2009 taxpayer bailout. When a GM official showing off the car to media is asked to identify its fuel source, she lamely identifies the building it is plugged into. Pressed further, she states that the electricity comes from the Lansing Board of Water &

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Credit: mathiaswank. License: <https://bit.ly/3yDd73>.

Michael Moore—executive producer of *Planet of the Humans*, a new lefty environmentalist documentary from Rumble Media—at an anti-Trump rally in New York City in 2016.

Light (operator of the aforementioned Eckert Station). A power company official is nearby to clarify that 95 percent of the utility’s electricity was being generated from coal.

So, the celebrated future of “green” energy transportation turned out to be . . . a coal-gasoline hybrid.

Clearly uncomfortable with the direction of these questions, the Board of Water & Light executive notes his utility is soon switching over to natural gas. He invites Gibbs to visit the firm’s nearby solar farm, which turns out to be an array of panels about half the size of a football field that a Board of Water & Light tour guide says provides enough juice for just eleven homes. This hilariously honest docent gener-

ously volunteers that to power all of Lansing, a city of less than 40 square miles and a little more than 100,000 residents, the solar farm would need to cover up 15 square miles—obviously not a workable solution.

From the Volt jump-off point, the film embarks on a relentless debunking of the cleanliness and effectiveness of all forms of supposedly “green” energy. Similarly, it exposes the movement’s hypocritical leaders, who personally profit from the comfortable myths (and subsidies) they have been peddling for

not pushed beyond their small corner of renewable energy’s small fraction of total American energy consumption. At a combined 3.8 percent of the total in 2019, wind and solar were doing almost nothing to provide reliable energy or reduce carbon emissions. They were needed even less.

Debunking Wind and Solar

Planet of the Humans exposes a literally dirty secret: Producing solar panels and wind turbines requires a lot of energy (usually from fossil fuels), and they do not last very long or accomplish much.

The related concern revealed in the film is the insurmountable and critical problem of energy storage. Fossil fuels and nuclear fuel rods are natural batteries, having already stored dense packets of the energy. Similarly, from water falling from higher elevations and then running downhill, rivers have already stored the potential energy we unlock with hydroelectric dams.

But the wind and sun rarely make appearances when and where their energy is needed. And no manmade storage to save unnaturally captured wind and solar energy compares

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*No manmade storage to save
unnaturally captured wind
and solar energy compares even
remotely to the natural options.*

even remotely to the natural options. Without a massive leap in battery technology and cost competitiveness, even the best wind and solar capturing technology is destined for very limited usage.

Ozzie Zehner, the co-producer of *Planet of the Humans*, is a visiting scholar and lecturer at Northwestern University and the University of California at Berkley. He is a reviewer for the Intergovernmental Panel on Climate Change (IPCC), and his specialty is energy policy. Within the first half hour of the movie Zehner explains that solar panels are produced from “high quality quartz” and “high quality coal,” which are fused together in arc furnaces fired by voracious amounts of . . . yet more coal.

Zehner and Gibbs visit a much-celebrated mirrored solar array in the Mojave Desert. Then they go just down the road to the site of an earlier solar farm project, long since abandoned and producing no power at all. Zehner notes that, in one of the sunniest spots on the planet, solar arrays have been built and dismantled for four decades. The pair also show the desert trees destroyed to clear room for these experiments.

Several critics have claimed the film unfairly portrays solar energy by relying on only the performance of outdated technology. Report on the latest and greatest solar panels, these critics argue, and you’ll find a far better picture than what is presented in *Planet of the Humans*.

Ironically, this reinforces the point that solar is a throwaway technology with comparatively high development costs. In 2019, after all that quartz mining, arc furnace blasting, coal burning, and clearing trees for solar farms, solar contributed just a bit more than a measly 1 percent to American energy consumption. How much real estate must be ripped up and how many obsolete panels replaced before this technology hits just a low double-digit percentage of penetration in the nation’s total energy mix?

We are a long way off from that.

Swift obsolescence is also true of wind energy, which requires large land use that sometimes pollutes otherwise gorgeous vistas. In *Planet of the Humans*, an environmental activist tromps through a proposed wind farm in Vermont’s Green Mountains and informs the audience the turbines atop the metal monsters have a shelf life of just 20 years. This is confirmed by many sources such as Renewables First, a for-profit United Kingdom wind power provider.

All machines wear out, of course, including the turbines that create electricity from coal, natural gas, nuclear energy, and so forth. As with these more reliable options, the true measure



Credit: Talks at Google. License: <https://bit.ly/3JNY5y>

Ozzie Zehner, the co-producer of Planet of the Humans, is a visiting scholar and lecturer at Northwestern University and the University of California at Berkley. He is a reviewer for the Intergovernmental Panel on Climate Change (IPCC), and his specialty is energy policy.

of the value of wind power is how much energy is delivered to users in exchange for the ultimately disposable parts.

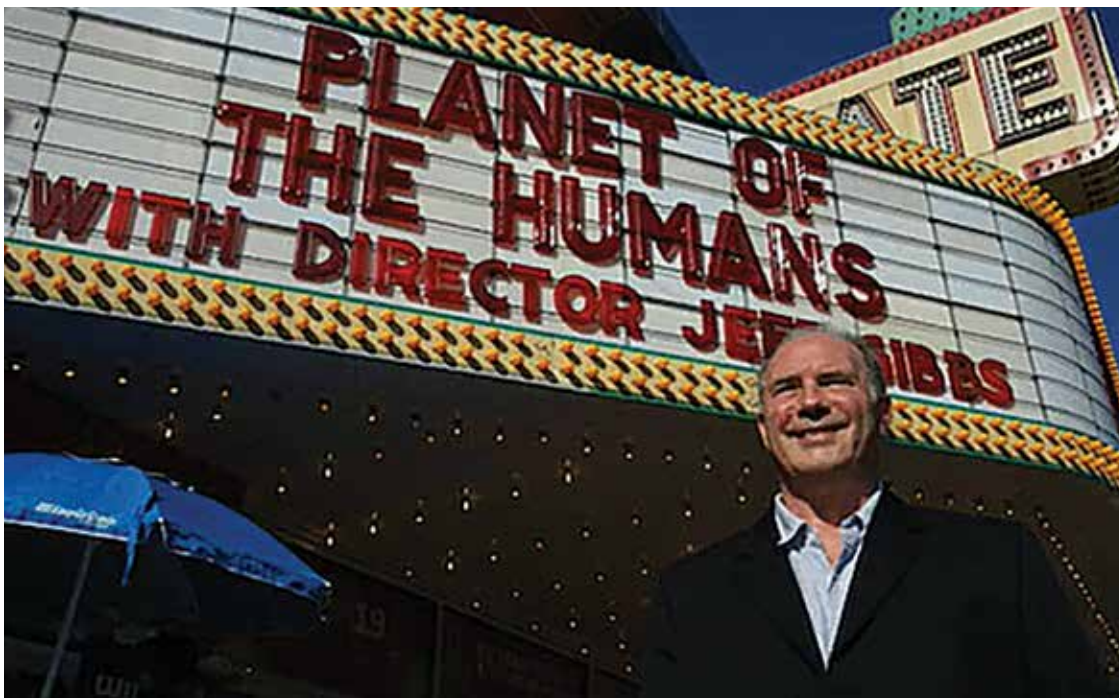
Have the spoiled landscapes and disposable turbines been worth it?

U.S. Department of Energy data show wind energy contributed substantially less to total U.S. energy consumption in 2019 (2.7 quadrillion BTUs) than zero-carbon-emissions hydroelectric dam turbines generated back in 1975 (3.2 quadrillion). Meanwhile, natural gas alone contributed nearly 12 times what wind produced in 2019 (32.1 quadrillion), petroleum kicked in 13.5 times that of wind (36.7 quadrillion), coal four times (11.3 quadrillion), and nuclear three times (8.5 quadrillion).

Not a dozen minutes into *Planet of the Humans*, Robert F. Kennedy Jr. is shown promoting his renewable investment group’s wind and solar power systems. Build their stuff, he claims, and you will have “free energy forever.” The film and the facts overwhelmingly demonstrate this boast to be as bankable as the faith healings conducted by a crooked televangelist.

Hugging Trees to Burning Trees

Gibbs saves the longest section of the film to reveal that the negligible renewable revolution has mostly been the work of biomass—the burning of trees, trash, and plants to produce



Credit: Filmuax Radio. License: <https://bit.ly/3f0b6Vi>.

Jeff Gibbs's answer to the problem is that those with "more," therefore, must end up with less: less income growth, which means much less in the 401k, less for the college fund of the kids, few to no restaurant visits, and less for the family vacation.

electricity and ethanol. Data from the U.S. Department of Energy confirm his assertion. Biomass fed nearly 5 quadrillion BTUs into total U.S. energy consumption in 2019, versus the 2.7 quadrillion from wind and 1 quadrillion from solar.

And this is not just an American trend. The film asserts that nearly "70 percent" of the global "renewable" portfolio comes from biomass, not wind turbines and solar panels. That checks out with International Energy Agency data, which show that "biofuels and waste" made up 68.6 percent of the global renewable energy contribution in 2017, versus just 13.2 percent for wind and solar.

Even the supposed European renewable energy success stories (particularly the often celebrated one in Germany) are debunked by *Planet of the Humans* as merely biomass bait and switch scams perpetuated on a credulous base of left-leaning Americans. Here again, the International Energy

consider the burning of wood to be a renewable fuel alternative. Unsurprisingly, these stereotypical "tree-huggers" are all hostile to the idea of mowing down forests for fuel.

Burning wood obviously releases lots of carbon dioxide. As the film points out, this is clear to anyone who has ever sat near a campfire. Yet critics of the movie have asserted that wood is still a carbon-neutral fuel because trees can be regrown.

True enough, as far as it goes, but that is not very far. Because even as it provides just a small minority share of U.S. and European fuel needs, wood is already not plentiful enough to go around. If somehow burning trees, trash, and jungles on a breathtakingly unimaginable scale became acceptable to the tree-hugging movement, *Planet of the Humans* shows it will never be the answer to win the battle to reduce carbon.

Agency confirms that biofuels and waste comprised 65 percent of even the German renewable contribution in 2018. The film reveals that to meet their renewable targets the Europeans have been importing wood from the United States. (This was reported back in 2013 by the *Economist*).

About an hour into *Planet of the Humans* the movie portrays a march against natural gas drilling. Demonstrators wearing buttons showing support for left-leaning environmental organizations (most prominently the Sierra Club) are asked whether they



Planet of the Humans, an unapologetic allusion to Planet of the Apes, relentlessly argues that humanity and its technology have become too large to remain sustainable.

The Real Alternatives

Planet of the Humans, an unapologetic allusion to *Planet of the Apes*, relentlessly argues that humanity and its technology have become too large to remain sustainable. More than just our carbon dioxide output is out of control, Gibbs concludes. He states that everything about us is too big and too much, and that like the fictional humans who lose the Earth to the apes, we are in for a “fall from an unimaginable height.”

Those even modestly high up are poised for a huge crash. Upper-middle-class professionals who have been banking on the false hope of power from pleasant breezes and sunshine to bail out their lifestyle are left badly exposed by the options the film leaves them. “Less must be the new more,” says Gibbs, who argues the only way out is to “accept that infinite growth on a finite planet is suicide.”

Gibbs’s answer to the problem is that those with “more,” therefore, must end up with less: less income growth, which means much less in the 401k, less for the college fund of the kids, few to no restaurant visits, and less for the family vacation. If you have more than one child already or more than one small car in the garage, you have done it all wrong, no matter how many carbon offsets you purchased.

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Left-leaning environmentalists living a remotely comfortable existence can no longer have it both ways, thinking wind and solar energy will preserve their comfort while cutting out the carbon.

The choice the film demands is a real one. Left-leaning environmentalists living a remotely comfortable existence can no longer have it both ways, thinking wind and solar energy will preserve their comfort while cutting out the carbon. The strength of *Planet of the Humans* is that it logically and factually eliminates the myths and makes them face the reality.

The film’s weakness is that it fails to consider what is possible outside of that choice. Giving up on the renewable energy

illusion does not require surrendering capitalism or even giving up the goal of sharply reducing carbon emissions.

U.S. carbon emissions were 14.5 percent lower in 2017 than in 2007. The biggest contributor to this drop was not a shift to renewable energy, but a shift from coal to natural gas. This occurred because natural gas became cheaper to extract and burn, relative to coal. It is a trend that will continue if left alone, as more electric powerplants will convert from coal to natural gas. *Planet of the Humans* frequently denounces this shift and the hydraulic fracturing technology (“fracking”) that made it possible, but never notes the impact this made on carbon emissions.

Similarly, the United States achieves almost as much from nuclear energy as wind, solar, and biomass *combined*. Nuclear power is 100 percent carbon emissions free—unlike the trendy renewables—and 100 percent reliable, not dependent on whether the wind is blowing or the sun is shining.

Nuclear is currently more expensive than what Americans can pay for petroleum, natural gas, or coal, but other industrial nations with less access to these conventional options have shown a heavier use of nuclear power could be attainable in America. The French obtain 71 percent of their electricity from nuclear power plants, versus only 20 percent in the United States. An environmental left that argued to cancel the wind and solar subsidies and send the money instead to nuclear power development would leave critics with a far more challenging debate.

If it’s still prowling the streets of Lansing, the Chevy Volt hybrid featured at the start of *Planet of the Humans* will soon be running on a mix of gasoline and natural gas, thus spitting out far less carbon dioxide than in 2011 when Lansing was almost entirely a coal-powered town. Similarly, my old neighbor’s lawnmower will be kicking the coal as well, as will his house, my old house, and all the others.

Most of those on the environmental left still cling to the myths of wind and solar, so the difficult choice presented in *Planet of the Humans* is a real one for them. But fortunately for them, and all of us, the price of just giving up on wind and solar is even smaller than their miniscule energy contribution. ■

Read previous articles from the Green Watch series online at CapitalResearch.org/category/green-watch/.

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Twitter, and Instagram.



We've
reached...

15

MILLION PEOPLE
and counting...

LETTERS TO THE EDITOR



Editor's note: CRC recently received a letter to the editor criticizing the article on the Legal Services Corporation by Robert Stilson, published in the January 2020 issue. The second letter is the author's response. Both letters were previously published on [CapitalResearch.org](https://www.capitalresearch.org).

Dear Editor:

We were disappointed by your recent series on the Legal Services Corporation (LSC) that strings together decades-old allegations that have long been addressed, confuses what LSC grantees are and are not permitted to do by statute, and overlooks the work these dedicated legal aid programs do. We agree with Mr. Stilson that legal aid funds “should help the poorest in society with their personal legal problems.” In fact, LSC grantees do exactly that, working on over 700,000 cases annually involving the day-to-day legal needs of millions of people living in poverty.

The preponderance of LSC grantee cases involve family law matters (such as child custody, child support, and protective orders for victims of domestic violence), housing matters (such as evictions, foreclosures, and housing conditions), and access to health care. These are cases about life-altering issues—safety, subsistence, and family stability.

Since 1996, Congress has placed broad and clear restrictions on LSC grantees' involvement in political activities, lobbying, class actions, and many other types of advocacy. These restrictions expanded on the ones in place since 1974. All LSC grantees must follow the restrictions regardless of the size of their grant, and the restrictions limit how they can use their federal funds, state funds, other public funds, and funds donated by individuals and foundations. LSC has enforced those restrictions with a comprehensive oversight and enforcement process involving both an Office of Compliance and Enforcement and an independent Office of Inspector General established in 1988. Both offices conduct extensive on-site reviews of LSC grantees followed up with required corrective actions for any violations. Both houses of Congress also do oversight of LSC.

Congress is aware of the critical constituent services provided by LSC grantees. As a result, LSC has strong bipartisan support from Congress. Indeed, Congress just appropriated \$50 million for pandemic relief work by LSC

grantees, and Congress has steadily increased funding for LSC throughout the last decade.

Mr. Stilson's articles discuss, often incompletely, cases from over forty years ago. One example involves a 1979 Michigan case brought by a legal aid program that LSC has not funded for over 20 years. Representing students in need of an education, the attorneys in that case succeeded in securing a federal court order that a public school must teach four, five, and six-year old students “how to read standard English.” 473 F. Supp. 1371, 1383 (E.D. Mich. 1979).

Where it cites more recent examples, the series discusses at least seven legal aid and community organizations that do not receive any funding from LSC and are therefore not subject to the restrictions on political activities Congress has created and LSC enforces. Where it does focus on LSC funding recipients, the series labels as “political” representation of individuals and families with dire legal problems. For example, Indiana Legal Services represented people who completed work requirements but were nonetheless wrongfully terminated from critical Medicaid health care. This is exactly the type of non-political cases LSC grantees bring on behalf of individuals every day to ensure that their clients continue to receive the benefits Congress enacted to protect their health and safety and that of their families.

The series also overlooks how LSC grantees protect liberty and justice through equal access to the law. It criticizes advocacy for rental housing tenants living in poverty as “in direct opposition to the interests of property owners seeking new construction, investment, and revitalization.” The rule of law, however, is intended to ensure fairness to all parties and provide a stable foundation for economic growth. LSC grantees enable tenants to settle litigation, saving both time and money for landlords and tenants while ensuring that laws, leases, and health and safety rules are followed. The Conference of Chief Justices and the Conference of State Court Administrators have consistently recognized the value

that legal aid programs bring to the fair, effective, and efficient operations of the courts by repeatedly endorsing robust funding for LSC.

Our grantees are actively pursuing what the articles describe as “civil legal aid to the indigent—something that addresses

a genuine and unmet need . . .” LSC would be pleased to provide a briefing to Capital Research Center on the scope of our work and how congressional restrictions are enforced.

Ron Flagg, President, Legal Services Corporation



Dear Editor:

I appreciate the letter from the Legal Services Corporation (LSC) in response to the Capital Research Center (CRC) series on the LSC. Important public issues benefit from respectful discourse from all viewpoints, and I genuinely value your feedback. Your letter does not appear to allege any factual errors or misrepresentations, though CRC would of course quickly correct any that are brought to our attention. I am responding to your letter to highlight a number of our shared values, but also to point out some apparent misunderstandings arising from the series.

Apparently, on many issues we are in considerable agreement. As the series recognizes, the LSC helps “to address a genuine problem faced by the poorest members of society,” and its “impressive” annual case load “undoubtedly represents a considerable number of people whose lives were positively impacted.” I do not have the slightest objection to civil legal aid and consider the pride that the LSC takes in such work to be well deserved.

The series focused instead on ways in which some LSC grantees have engaged in activities that are, in my opinion, more aptly described as advocacy than as aid. Nowhere in the series do I allege any malfeasance, wrongdoing, or legal non-compliance by the LSC or its grantees. I tried to make this clear in the final paragraph of the fourth part of the series.

I scrutinized the LSC as a federally funded program—paid for with money taxed from all Americans—in the same way I would any other congressional appropriation, with a particular emphasis on the ideological leanings of the groups that receive the public money. The entire series should be read through this specific taxpayer-centric prism, a distinction I explicitly made in the series’ very first paragraph, and again at the end. With that in mind, I briefly respond to the specific issues raised in your letter:

First, your letter mentions “decades-old allegations” and a case brought by a former LSC grantee “that LSC has not funded for over 20 years.” I included these examples in the history section of the series, which provides the reader a

context for the issue. I corroborated these examples from multiple sources during my research, but to the extent any are materially misrepresented in the text, I would welcome further information in order to present them in the most accurate light possible.

Second, your letter refers to “at least seven . . . organizations that do not receive any funding from LSC.” Presumably, this refers to those nonprofits that have received funding from LSC grantees in recent years, but are not LSC grantees themselves. While you are correct to point out that these organizations “are therefore not subject to [LSC restrictions],” I never claimed that they were. Grant information is a critical indicator of organizational priorities and values—perhaps the best one that exists—and a publicly funded LSC grantee that in turn funds a partisan activist group is certainly an item of public concern. This is especially true when these activist groups take positions that I suspect do not comport with the views of the average American taxpayer.

Third, your letter mentions two specific lawsuits in which LSC grantees were recently involved and which I referenced in the series. Respectfully, we differ in our characterizations of those suits.

The first, brought by Indiana Legal Services over Medicaid work requirements and other changes, was not filed simply to assist plaintiffs “who completed work requirements but were nonetheless wrongfully terminated from critical Medicaid health care.” Indeed, as I read pages 37–44 of the complaint, all four plaintiffs were covered by Medicaid at the time of the filing, and Indiana was not due to begin suspending coverage for another three months. In any event, the filing sought to invalidate the entire Medicaid work-requirements framework at the federal level. The purpose in using this example was not to weigh in on the merits of the case, or even the merits of Medicaid work requirements in general, but to question whether taxpayers would want legal aid funded with their tax dollars to support attempts to strike down policies promulgated by their elected officials.

The same issue arises in the second case identified in your letter, which dealt with Legal Services NYC's intervention in support of New York's rent control laws. Again, the issue here was not so much the merits of the case, or even the merits of rent control as policy. Rather, I cited this example to make the broader point that taxpayers may not exactly see this as legal aid activity from an organization that their tax dollars subsidize. I explained that rent control is particularly controversial in order to support this argument.

The LSC is understandably proud of the legal aid work its grantees do and all the people that LSC grantees help on a daily basis. And of course, litigation attacking or defending laws that a LSC grantee sees as harmful or helpful to the needs of its clients can be an effective way of advocating for those clients. The same goes for other, out-of-court activities.

That said, as a federally funded operation, another party with legitimate interests in the LSC's activities is often

overlooked: the American taxpayer. Were the LSC privately funded, virtually everything I wrote in the series would become a non-issue. But I doubt that the ordinary American would point to the examples given in the series when they conceptualize publicly funded legal aid to the poor. And I have deep concerns with *any* federal grantee that evidences ideological or partisan leanings through its activities or its grantmaking, because I see that as compelled financial support by the taxpayer for views he or she may strongly oppose.

Finally, on a personal note, I sincerely thank the LSC for its feedback and for presenting a valuable counterargument. I hold no illusions that my points are the only valid ones, much less the objectively "correct" ones, and readers will always make better judgments on public issues when they have heard from both sides.

Robert Stilson, Research Specialist at Capital Research Center



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BIG MONEY IN DARK SHADOWS

Arabella Advisors' Half-billion-dollar
“Dark Money” Network

Hayden R. Ludwig

According to media personalities and politicians, nameless, faceless donors wield outsized influence over the American political process due to the so-called “dark money” they use to fund think tanks and advocacy groups. But that’s far from the whole story. “Dark money” exists on both sides of the aisle. In fact, the Left seems to have deeper and darker pockets of cash than anyone suspected.

Learn more about liberal “dark money” in CRC’s original report.



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