

## Al Sharpton and the National Action Network:

### Why Do Corporations, the Media, Democrats (and some Republicans) Play Along?

By Fred Lucas

*Summary: Once reviled as a racial demagogue, the Rev. Al Sharpton has transformed himself into a national statesman—in his own eyes. Why do major American corporations, national politicians and the news media agree with him?*

The scene: the Sheraton Hotel in New York City last April.

The guests: Big Media personalities such as CNN’s Larry King, ABC’s Robin Roberts, and NBC’s Matt Lauer, executives from PepsiCo and Wal-Mart, Andy Stern of the Service Employees International Union (SEIU), and former House Speaker Newt Gingrich.

The corporate sponsors: Johnson & Johnson, American Honda, Anheuser-Busch, Colgate-Palmolive, Comcast, Pfizer and Home Depot.

The occasion: The four-day 11th Annual Convention of the National Action Network (NAN), a “Christian activist organization,” according to its tax forms, whose founder and president is the Rev. Al Sharpton.

These days Al Sharpton has trimmed down and shaped up. He no longer wears jumpsuits and gold medallions around his neck. His bouffant hair is slicked back and his rhetoric is toned-down. Once reviled as a racial demagogue, he now receives the deference of politicians. Sharpton will probably never live down the Tawana Brawley case of the late 1980s, but in 2004 he ran for the Democratic Party’s presidential nomination, where he participated in nationally televised primary debates. He answered questions about inter-



**Bashing Republicans: RNC chairman Michael Steele dropped by the annual convention of Rev. Al Sharpton’s National Action Network last month. Both leaders criticized the GOP.** (photo: [dailycaller.com](http://dailycaller.com))

national trade and whom he would appoint to chair the Federal Reserve Board while standing at a podium alongside Senators John Kerry, Joe Lieberman and John Edwards, and former Governor Howard Dean, Gen. Wesley Clark and Rep. Dennis Kucinich.

Last year, New York magazine put Sharpton on its list of the city’s “Power Dozen,” which included Mayor Michael Bloomberg and publisher Rupert Murdoch. When Sharpton threw himself a 55th birthday party, Mayor Bloomberg and New York Governor David Patterson came to offer him their congratulations and acknowledge his stature and influence. However, one notable was missing. Attorney General Andrew Cuomo began

investigating NAN’s financial dealings the year before and subpoenaed Anheuser-Busch for its records of charitable gifts to the nonprofit, a move Sharpton criticized as a “fishing expedition.” According to

#### May 2010 CONTENTS

Al Sharpton and the National Action Network  
Page 1

Philanthropy Notes  
Page 6

# FoundationWatch

its website, Anheuser-Busch contributed between \$100,000 and \$499,000 to NAN in 2007 alone. (New York Post, June 19, 2008)

Before Barack Obama became president, Sharpton vied with Rev. Jesse Jackson to be perceived as the most prominent spokesman for black America and the conscience of the civil rights movement. He was the master of ceremonies at memorial services for soul singer James Brown in 2006 and pop star Michael Jackson in 2009. He has claimed credit for preventing Rush Limbaugh from purchasing part of an NFL team and for (temporarily) running Don Imus off the airwaves.

The website of Sharpton's National Action Network says, "The NAN works within the spirit and tradition of Dr. Martin Luther King, Jr. to promote a modern civil rights agenda that includes the fight for social justice and one standard of justice and decency for all people regardless of race, religion, national origin, and gender." With 45 chapters nationwide, NAN's provocative motto is "No Justice, No Peace."

Yet all is not as it appears. The finances of the National Action Network are shaky. The group's 2007 tax return shows it had

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a negative fund balance of \$2 million and faced more than \$1 million dollars in pending tax liens. In May 2008, the Associated Press reported that Sharpton and his business entities owed \$1.5 million in back taxes: The IRS got a lien of \$931,397 against Sharpton for unpaid personal income taxes. New York City said he owed \$365,558 in municipal taxes, and New York State said his company, Rev. Al Communications, owed \$175,962 in state tax. In July 2008, Sharpton worked out a deal with federal prosecutors, agreeing to pay back \$1 million out of at least \$1.8 million he owed in back taxes, according to news reports. (Mainstreaming Demagoguery, NLPC, May 14, 2009)

Sharpton and NAN continue to attract public attention and corporate money. But one wonders how he manages to ignore media reports and defy court orders while continuing to attract large corporate contributions. For an organization that frequently supports anti-business policies and has a messy history of handling its own finances, what makes Sharpton's National Action Network so appealing to Corporate America?

## **PepsiCo, Wal-Mart, MGM: No Funding, No Peace**

In 2009 NAN was proud to give its Corporate Excellence Award to Maurice Cox, the PepsiCo Vice President for Diversity and Inclusion Development.

What a difference a decade made. In June 1998, Al Sharpton was complaining that PepsiCo did not feature African-Americans in its commercials, and he threatened to call for a consumer boycott of all Pepsi products, including Frito Lay, Tropicana, and Quaker Oats. The boycott never took place. Instead, PepsiCo hired Sharpton as a consultant for \$25,000 a year and it put him on its African-American advisory board where he served until 2007. (New York Post, June 15, 2008)

Had the job and PepsiCo donations to NAN compromised Sharpton's criticisms or persuaded him to end his boycott threat? Sharpton insisted that they had not made him less aggressive in his pursuit of social justice. "Just because Pepsi and other companies had me on their board advising them didn't mean that I wasn't blasting them all the time," said Sharpton.

The National Legal and Policy Center (NLPC), a government and corporate watchdog group, wasn't so sure. In 2006 and 2007 NLPC sponsored a shareholder proposal to require PepsiCo to disclose all its charitable giving and provide to its shareholders a business rationale for each gift. PepsiCo management opposed the proposal, which failed.

Last fall, PepsiCo shareholders tried again. They wrote the company's management and asked why it continued to give money to the National Action Network. PepsiCo lists a 2008 contribution to NAN of "\$10,000 or less." (See <http://www.pepsico.com/Purpose/Corporate-Contributions/Division-Giving-2008.html>.)

PepsiCo's bland response: "As a global consumer products company that serves all people, we support many not-for-profit organizations with a variety of missions. The leaders of these organizations may at times have points of view that do not necessarily represent those of PepsiCo. I want to assure you that this Company does not endorse those individual viewpoints, political or otherwise." (NLPC, Oct. 19, 2009)

PepsiCo is just one of many major American corporations that participate in the National Action Network's "Madison Avenue Initiative." NAN describes the Initiative this way:

"In 1999, in a united voice with African-American advertising agencies and marketing and media outlets, he [Sharpton] launched the 'Madison Avenue Initiative' (MAI) to ensure that those who do business with advertising outlets around the country deal even-handedly with agencies, media outlets and publications run by people of color," the NAN website says.

"Sharpton's work with the MAI has targeted major corporations, including PepsiCo, Colgate-Palmolive, Microsoft, and others, who have subsequently extended their advertising dollars to reach more of African-American and Hispanic communities."

Wal-Mart, the nation's largest retailer, is another NAN corporate contributor. It has contributed annually to Sharpton's group since 2005. As a result, the company that

many on the Left love to hate has received no grief from Sharpton. Instead, Esther Silver-Parker, Senior Vice President of Diversity Relations for Wal-Mart Stores, Inc., received the Corporate Executive of Excellence Award at the NAN convention last April.

In 2006, the Rev. Jesse Jackson, an ardent Wal-Mart critic, accused the retail giant of trying to “throw money at us” to buy Jackson’s silence. Sharpton said that didn’t happen in his case. “Wal-Mart has in no way tried to persuade me with money.” (New York Post, July 15, 2008)

When Wal-Mart shareholders expressed their concerns about their company’s gifts to Sharpton, they received this uninformative e-mail.

“Wal-Mart supports the National Action Network (NAN) as part of an ongoing effort to partner with national organizations that support issues and initiatives of importance to our customers, and the communities we serve,” the Wal-Mart statement said. “Our support for NAN is focused on addressing health and wellness issues and other issues important to our customers and associates. Our company will continue to support organizations that can further our mission to help people live better.” (NLPC, Oct. 19, 2009)

In 1998 NAN complained that department store giant Macy’s did not spend enough of its advertising budget on minority-owned media. Macy’s is now a NAN sponsor too, and Sharpton is on the company’s unpaid panel of diversity advisors.

Then there’s the MGM Mirage entertainment company. In 2001 and 2002 Sharpton threatened a national boycott if its officials did not meet with him to talk about racism in minority hiring at the MGM casino in Detroit. MGM management decided not to gamble. In 2003, it named NAN one of its diversity partners in Detroit.

Some might call NAN’s method of operation a corporate shakedown.

### **Detroit Auto Firms Kowtow to NAN**

The Detroit auto industry also recognized the benefits of being charitable to Sharpton. Beginning in 2000, NAN made repeated but unsuccessful requests for contributions

from General Motors, a GM spokesman told the New York Post. Then, in December 2006, Sharpton threatened to call a boycott because the company had closed an African-American owned GM dealership in the Bronx. He even led a demonstration outside GM’s New York headquarters building. In 2007 and 2008, GM gave NAN \$5,000, but it was not listed as a sponsor of the 2009 NAN convention.

Sharpton actually picketed Daimler Chrysler’s Chicago car show in November 2003 and threatened a consumer boycott because he said the company showed racial bias in making car loans. “This is institutional racism,” Sharpton said. By May 2004, Chrysler was contributing to NAN and sponsored the annual convention. In 2007, Chrysler also got an award for “corporate excellence.” (New York Post, July 15, 2008)

In 2003, the Rev. Horace Sheffield III, chairman of NAN’s Michigan chapter, co-wrote a letter with Sharpton to American Honda complaining that the company did not hire enough African-Americans in management. “We support those that support us,” the letter said. “We cannot be silent while African-Americans spend hard-earned dollars with a company that does not hire, promote or do business with us in a statistically significant manner.” (New York Post, July 15) Shortly thereafter American Honda executives began contributing to NAN and sponsored its annual convention.

Ford Motors is also a NAN sponsor, although there have been no reported NAN threats against it. Other corporate sponsors for the 2009 National Action Network conference were Ariel Capital Management, Black Entertainment Television, Entergy, Global Hue, LawCash, Omnicom Group, OraSure Technologies and Williams Capital Group. Union sponsorship came from SEIU, AF-SCME, the National Education Association and the United Federation of Teachers.

### **Financial Troubles**

Clearly Corporate America finds it easier to buy off the Rev. Al Sharpton than to endure his threat of boycotts with their inevitable bad publicity and the possibility of costly legal action.

However, a review of NAN’s tax forms dis-

closes additional difficulties. It suggests that NAN’s corporate funders support, at the very least, a financially troubled organization that may be teetering on the edge of bankruptcy. More worrisome is the possibility that major American corporations sustain a corrupt nonprofit that misuses its contributions to sustain its founder’s political ambitions and personal vanity.

In 2007, a year before the nationwide financial crisis, NAN took in \$2,379,376 in revenue but spent \$2,481,092. Its annual deficit was \$101,716. According to its 2007 IRS Form 990 (the most recent tax return publicly available), NAN ended the year with no net assets. Instead, it reported a negative fund balance of \$2,075,179.

The Form 990 reveals that at the end of 2007 NAN owed \$1,848,799 in “payroll taxes and related interest & penalties,” a slight decline from the \$1,954,200 it owed in 2006. However, the overall trend in NAN’s payroll tax-related debt has been growing: from \$939,300 in 2003 to \$1,255,218 in 2004 to \$1,553,833 in 2005.

In addition, NAN owes at least \$1,556,059 in federal taxes and \$108,489 in New York taxes, according to the Nexis tax liens database.

### **Pro-Worker?**

Sharpton claims to be an advocate for workers rights. “We will not allow you to enslave our communities, Mr. Ratner,” Sharpton said in front of a supportive crowd in 2000, according to the New York Post. “You must meet with us. You must come to terms with the poverty you are creating with public dollars.” Sharpton was denouncing New York developer Bruce Ratner for paying low wages to workers at his Atlantic Mall development in Brooklyn.

In 2004, Ratner’s company, Forest City Ratner, began making contributions to NAN, and Sharpton took credit for Atlantic Yards, another Ratner development, which included a new arena for the New Jersey Nets. “Look at Forest City Ratner,” he said. “I blasted them and they came up with one of the best community agreements for blacks and Latinos.”

NAN’s practices belie Sharpton’s words. On

July 5, 2007, the Workers Compensation Board of New York filed a \$25,000 claim against NAN. Earlier, the New York State Commissioner of Labor obtained a \$39,314 judgment against NAN on Feb. 1, 2005. The commissioner filed another \$4,279 claim against NAN on Feb. 8, 2007. News reports in 2004 said the New York State Department of Labor issued warrants against NAN for failing to pay \$15,446.31 in unemployment insurance

While claiming to help the downtrodden, NAN in 2003 ran up a \$76,000 debt with 1-800 LIMO CENTER CORP that it did not pay. It was slapped with a \$51,939 judgment. Sharpton's only comment was to object to calling the company a "limo service" because he said he never rides in limousines. The New York Times reported (Jan. 10, 2004) that in 2004 a small travel agency filed a lawsuit against both NAN and Sharpton for almost \$200,000 in travel expenses, including a trip to Sudan.

It appears that NAN's problems have forced Sharpton to forego his salary as president and CEO. Tax returns show he was paid a salary of \$90,000 in 1999, \$93,636 in 2003 and 2004, \$72,036 in 2005, \$4,860 in 2006 and zero in 2007.

However, it's far more likely that Sharpton's personal finances are entwined in NAN's. An amusing New York Times story (Dec. 21, 2000) noted that Sharpton went so far as to say that he owned no suits but had "access" to a dozen. Sharpton also said he did not own a television set but watched a TV in his home purchased by the company he runs. In a court deposition, Sharpton confused his examiner by explaining that he invests almost all his salary in his company, Rev. Al Productions, which pays the rent and utilities for his family home. Sharpton said he reimburses the company for its expenses. At another point he noted that the only items he personally owned were his watch and wedding ring.

The Center for Public Integrity, an investigative group that monitors money in politics, said of Sharpton during his 2004 campaign for president: "Sharpton has built, with the aid of a core of wealthy contributors, a small empire of tax-exempt and for-profit companies and mingles their finances to confuse creditors and tax collectors alike. When

called to account, he conflates his personal travails with his civil rights crusading, turning his own questionable practices into a vehicle for self-promotion and raising his political clout." (Mainstreaming Demagoguery, NLPC, May 14, 2009)

## **The Tawana Brawley Case**

Sharpton founded the National Action Network a few years after the Tawana Brawley case made him a national figure. In November 1987, fifteen year-old Tawana Brawley claimed she was brutally raped by six white males in Dutchess County, New York, and that one of her abductors wore a police badge. When police and prosecutors voiced suspicions that her account was a hoax, black activists became involved in the case and charged that law enforcement authorities were covering-up a police crime. Sharpton, then 33 years old, became Brawley's chief public advocate. A young protégé of singer James Brown and organizer for Jesse Jackson, Sharpton staged protest demonstrations and media events in Brawley's defense and appeared on news programs, including "Nightline" and shows hosted by Phil Donahue and Geraldo Rivera. In the course of denouncing the police and courts as racist and corrupt, Sharpton accused an assistant prosecutor in Dutchess County of participating in the abduction and rape.

Brawley's account was completely discredited after a thorough investigation. A decade later, in 1998, the falsely accused prosecutor, Steven Pagonis, won a \$345,000 libel judgment against Sharpton and Brawley's lawyers, who refused to pay it. Sharpton's share of the fine, \$65,000, was eventually paid in 2001 by his supporters, attorney Johnny Cochran, Black Enterprise publisher Earl Graves and Manhattan power broker Percy Sutton. Sharpton denies that he defamed Pagonis and has never apologized.

Even though Sharpton has been dogged by the case as he seeks to advance his career, it was the initial source of his celebrity. Sharpton founded NAN in 1991. It was incorporated as a 501(c)(4) nonprofit on April 4, 1994, the 16<sup>th</sup> anniversary of Martin Luther King Jr.'s assassination, and its headquarters building on 125<sup>th</sup> Street in the heart of Harlem was dedicated the following year. The headquarters is now located at 145<sup>th</sup> Street and Malcolm X Boulevard.

The organization was soon involving itself in high profile cases that caused great racial tension. Sharpton organized protests following the Crown Heights riots in 1991 after a black child was killed by a car that was part of a Jewish motorcade. In 1999 he protested against New York City police officers who mistakenly shot and killed African immigrant Amadou Diallo. NAN was prominent in the 2006 Jena Six controversy, where six black teens in Louisiana were charged with attempted murder in the beating a white high school student. Typically, Sharpton's comments attracted media attention, provoked controversy and seemed to inflame already tense situations.

## **Targeting Don Imus and Rush Limbaugh**

In 2007, Sharpton led the attack on radio personality Don Imus, who had stupidly joked that players on the Rutgers University women's basketball team were "nappy-headed hos." Sharpton urged Imus's employers, MSNBC television and WCBS Radio in New York, to take him off the air. Despite Imus's numerous and abject apologies, MSNBC and WCBS buckled to pressure and ditched the show. (Eventually Imus got a new radio show on WABC in New York that is now televised on the Fox Business Network.)

"We immediately went to work when CBS/NBC on-air personality Don Imus uttered disparaging remarks regarding the Rutgers women's basketball team," wrote NAN official Rachel Noerdlinger last year. "As a Black female, I was beyond offended, shocked and frustrated with such openly degrading statements." (Essence, Oct. 22, 2009)

Noerdlinger wrote that she was even more astounded when Rush Limbaugh attempted to join an investors' group to buy the St. Louis Rams, a professional football team. She noted that Sharpton sent a public letter to NFL Commissioner Roger Goodell urging him to reject any offer. It said, "Rush Limbaugh has been divisive and anti-NFL on several occasions with comments about NFL Players including Michael Vick and Donovan McNabb and his recent statement that the NFL was beginning to look like a fight between the Crips and the Bloods without the weapons, was disturbing (New York Daily News, October 9th). I commend the executive director of the NFL Players

Association DeMaurice Smith for publicly asking that the League seek to unify not divide in a letter to the executive committee.” (Oct. 12, 2009)

CNN reports attributing racist comments to Limbaugh were later retracted. But Limbaugh was blocked from buying into the team after Commissioner Goodell decided he was too controversial.

NAN’s spokeswoman couldn’t wait to gloat.

“Three days after Rev. Sharpton’s letter to the commissioner, the group vying to purchase the Rams sacked Limbaugh in what was truly a victory for all Americans,” Noerdlinger wrote. “The truth is, we have worked tirelessly to leverage relationships in television, print, radio and new media that enable us to expediently get our concerns out in the forefront.”

After dashing Limbaugh’s NFL hopes, MSNBC commentator Chris Matthews told Sharpton, “I’m just saying you are a powerful voice in this country. When you speak out, let’s face it, the buildings shake. People do listen to you. You had a lot to do with the noise level here.” (“Hardball,” Oct. 15, 2009)

## Presidential Dreams

Matthews’ point is well-taken. Sharpton has always wanted to convert his notoriety into media fame and political influence. In 1992 – a year after founding NAN – he ran unsuccessfully in New York to be the Democratic party’s U.S. Senate nominee. He tried again in 1994, and then ran for mayor of New York in 1997. These failures set him up to enter the Democratic presidential primaries in 2004.

Sharpton came in second in the Washington, D.C. primary, winning 34% of the vote, then contested Kucinich for third place in a handful of states after everyone but Kerry and Edwards dropped out. He won 10% of the Democratic vote in New York and 8% in South Carolina. In May 2004, after he formally left the race, the Federal Elections Commission ruled that Sharpton’s campaign

had to return \$100,000 in federal matching funds. FEC investigators and the FBI were unable to distinguish between his campaign funds, which were eligible for federal matching grants, from funds that were provided by NAN, which were not. In December 2007, FBI agents subpoenaed ten Sharpton associates to testify before a grand jury. They were asked if he had lied about the “co-mingling” of NAN funds with campaign dollars to leverage federal matching funds. (New York Daily News, Dec. 13, 2007)

It was subsequently determined that Sharpton ran up \$509,188 on his American Express card, that his campaign committee paid down just \$121,996 of the debt, while the bulk was paid by NAN, in violation of federal election laws. (New York Post, April 19, 2009) In April 2009, the FEC issued a report stating that “Sharpton 2004 materially misstated its receipts and disbursements, as well as cash on hand in 2004,” and further that the campaign “kept poor records of its activities and expenditures” and “comingled funds with NAN.”

There was no criminal prosecution. However, the FEC fined Sharpton and NAN \$285,000. NAN did not admit any intentional wrongdoing. (New York Post, April 19, 2009)

## ‘Skilled Entrepreneur’

Despite his personal notoriety and financial problems, Sharpton is not only appeased but is befriended by some conservatives and corporations. In 2008 the Rev. Pat Robertson agreed to appear with Sharpton in a filmed public service commercial that was part of a \$300 million campaign sponsored by Al Gore’s Alliance for Climate Protection. The commercial featured the two pastors sitting on a sofa placed on a sandy beach, and was intended to show that people who don’t agree on much can agree on saving the environment. Another team was Sharpton and former House Speaker Newt Gingrich. Last September they went on a five-city tour sponsored by Obama education secretary Arne Duncan to promote a better education for American children. Last month Republican National Committee chairman Michael Steele dropped by NAN’s annual convention in New York City and was warmly introduced by Sharpton.

Steele spent much of his speech conceding left-wing talking points and apologizing for past sins of the Republican Party.

Reflecting on Sharpton’s past activities, African-American syndicated columnist Star Parker marvels at his success.

“We see today that if Al Sharpton does not like a man, and he pulls circumstantial evidence to claim he is a racist, he can get that man’s rights to freely operate and do business in our society abrogated. It is a process no different from the past in which racists produced ‘information’ that ‘proved’ that blacks were inferior and incapable of living as free and equal citizens,” Parker wrote.

“But give credit where it’s due. Sharpton is a skilled entrepreneur and knows how to get his business done,” Parker continued. “What is pathetic is the gutless, ill informed and misguided businessmen and businesswomen, from all walks of American life, who are ready to cave to race blackmail at the drop of a hat.”

*Fred Lucas is White House correspondent for Cybercast News Service (CNSNews.com).*

## FW

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Many thanks.

Terrence Scanlon  
President

# PhilanthropyNotes

President **Barack Obama** and the First Lady donated 6% of their \$5.5 million in income to charity, according to their 2009 tax returns. By contrast, Vice President **Joe Biden** and his wife gave just 1.5% of their \$333,182 income to charitable causes. The Obamas donated \$329,100 to 40 charitable organizations including \$50,000 contributions to **CARE** and the **United Negro College Fund**. As previously reported, the president gave his \$1.4 million Nobel Peace Prize cash award to 10 charities.

Giving credit where it's due: The nonprofit media outlet **ProPublica** received a Pulitzer Prize for investigative reporting, the first time an online news outlet has won such a prize. ProPublica was honored for reporting on medical care at a New Orleans hospital following Hurricane Katrina. ProPublica is funded largely by billionaire liberals **Herb and Marion Sandler** and was profiled by **Cheryl K. Chumley** in the May 2009 *Foundation Watch*. Despite this good work, many ProPublica stories are left-wing hit pieces attacking corporations and Republican politicians.

Blurring the lines: Congress may soon consider allowing the creation of new hybrid nonprofit/for-profit entities, according to **Russell Sullivan**, staff director for the Senate Finance Committee. "We might see the emergence of some proposals to establish what I'll call, for the lack of a better term, a for-benefit corporation – something that is in-between a private taxable company, that's under our rules of C corporations or S corporations and partnerships, but also not under our rules having to do with charities," he told the Chronicle of Philanthropy. "The reality is every business really has multiple purposes." He noted that many businesses make charitable contributions in their communities, while some charities have business operations.

Meanwhile, Maryland has created a new legal structure – called a benefit corporation – for companies that mix business with social and environment-minded purposes. Gov. **Martin O'Malley** signed into law a bill providing board members with a legal shield to take social and environmental issues into consideration, the Chronicle reports.

If the 2003 tax cuts are allowed to expire, the income tax on upper-income taxpayers will increase by 10% and the capital gains tax will increase by 33%. This is sure to have a negative impact on charitable giving, write former White House aide **Scott Walter** and **Sandra Swirski** in a recent legal backgrounder from the **Washington Legal Foundation**. Households whose wealth exceeds \$1 million – 7 % of the population – provide half of all charitable contributions. Walter and Swirski observe that during the boom years 1995-2000 real income per capita increased by 12% while household giving increased by 54%. Charity will suffer as the economy slows and government deficit spending increases.

## Goldman Sachs WATCH

The U.S. Securities and Exchange Commission alleges Goldman defrauded investors by failing to disclose conflicts of interest in subprime mortgage investments it sold. The SEC's civil complaint states that Goldman did not disclose that one of its clients, Paulson & Co., which forked over \$15 million in underwriting fees to the bank, helped to create – and then bet against – the financial instruments that Goldman pawned off on unsuspecting investors. Investors lost upwards of \$1 billion in the deal, the SEC said. Goldman denies any wrongdoing.

Frequent Capital Research Center contributor Timothy P. Carney says Goldman has become a "powerful ally" of President Obama in his "self-styled war against Wall Street." In a Washington Examiner column, Carney writes that Goldman, whose alumni hold high positions in the Obama administration, told its shareholders that the planned legislative assault on the heart of capitalism will boost Goldman's profits. "Given that much of the financial contagion was fueled by uncertainty about counterparties' balance sheets," Goldman CEO Lloyd Blankfein and President Gary Cohn wrote in the bank's annual report, "we support measures that would require higher capital and liquidity levels, as well as the use of clearinghouses for standardized derivative transactions."