

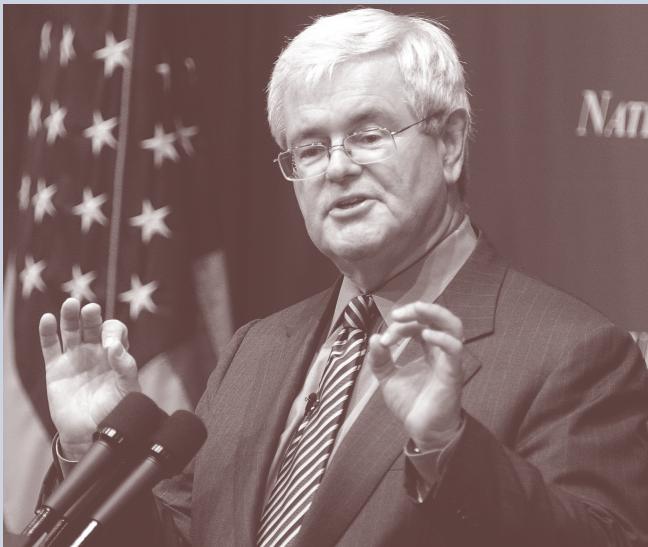
Gingrich and His Philanthropy: The Wrong Signal for the Sector and Accountability

Gingrich invited as keynoter at Council on Foundation's Annual Conference

By Rick Cohen

To its credit, the Council on Foundations is making an effort to include conservative viewpoints at its upcoming annual conference in May. There is much to be learned from the leaders of the conservative movement, whose politics have dominated our society off and on for the past two decades or more.

One of the more stirring discussions of philanthropy occurred not all that long ago at the Hudson Institute's Bradley Center for Philanthropy and Civic Renewal, during a program titled "Vision and Philanthropy." The *Weekly Standard's* Bill Kristol, the Heritage Foundation's Stuart Butler, the Manhattan Institute's Heather MacDonald, David Keene of the American Conservative Union, and several others provided remarkably erudite perspectives, hardly in lock-step agreement, on the past and future of American philanthropy. Until Linda Chavez launched into a tirade about modern rap music, waxing nostalgic for the good old music of her teenage years (she obviously didn't recall the controversy surrounding the Kingsmen's "Louie Louie"), it was a



powerful session, and the transcript available at the center's Web site¹ is well worth the read to understand conservative perspectives on the nonprofit sector.

So why—with so many powerful and thoughtful conservative thinkers to choose from—would the Council on Foundations opt to recruit former Speaker of the House of Representatives and rumored presidential candidate Newt Gingrich as an upcoming keynote speaker? There's nothing wrong

with hearing Gingrich's take on public events, but as a keynoter on philanthropy?

Gingrich's track record of philanthropic benevolence in the 1990s earned him several years of serious scrutiny from the Internal Revenue Service and a troubling ethics review by the House Committee on Standards of Official Conduct (back in the days when the ethics committee actually looked, even if halfheartedly, at members' ethical missteps). That the IRS ultimately let Gingrich off the hook, which Gingrich's people read as a clean bill of health and

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Abramoff: More Unanswered Questions

By Rick Cohen

It's hard to believe that anyone stumbling into NCRP hasn't heard the basics of Jack Abramoff's network of corruption used philanthropy. Some brief exploration of articles written about Abramoff by NCRP staff in issues of *Responsive Philanthropy*, the *Nonprofit Quarterly*, the online *Philanthropy Journal*, and shortly the *Chronicle of Philanthropy*, provides the basics on lobbyist Abramoff's misuse of his personal foundation, the Capital Athletic Foundation, in his corrupt schemes.

No matter how much we write about the Capital Athletic Foundation, Abramoff's particular uses of philanthropy raise some relatively unanswered questions that we pose (in no particular order of priority):

1. Who or what is IIA and why did IIA contribute \$500,000 to the Capital Athletic Foundation in 2003?

Whether they were given the straight story or a bunch of lies, just about every donor had a motivation for making major donations to Abramoff's foundation, few of them related to CAF's mission of promoting sportsmanship among underprivileged children. The various Indian tribes responded to Abramoff's requests for donations, as

Abramoff was their lobbyist promoting their interests on Capitol Hill, the Israeli telecommunications company that wanted the wi-fi contract through the House Administration Committee was also an Abramoff lobbying client. But IIA?

According to CAF's 2003 990PF, the IIA that gave \$500,000 to CAF was listed with an address on Weisman Street in Tel Aviv. That address is an office complex, a stunning complex modeled after the Guggenheim Museum, loaded with embassies, interna-



Rick Cohen.

tional banking firms, and major Israeli law firms. According to *The Washington Post*, IIA stands for "International Interactive Alliance" which it identified as an international gambling company pushing internet gambling. However, IIA's home base appears to be in Gibraltar, not Israel. Was it connected to Abramoff's financing of

sniper and other military equipment for radical West Bank settlers?

IIA's contributions may not have been limited to \$500,000. It apparently gave \$1.5 million to Abramoff's old firm, Greenberg Traurig, which turned some money to the right wing think tank, the National

Somehow, Abramoff's Capital Athletic Foundation spent \$6 million in less than four years.

Center for Public Policy Research (NCPPR) which gave the money to one of Abramoff's scads of wholly-owned limited liability corporations, the Kaygold LLC (Kaygold's address happens to be Abramoff's home address as well and was listed by NCPPR on its 2003 990 as one of its 5 highest paid contractors). Kaygold is then listed on CAF 990PFs as having contributed almost \$48,000 in 2003 to the Foundation. Was Kaygold simply laundering more IIA money to and through the Foundation? Was IIA supportive of or

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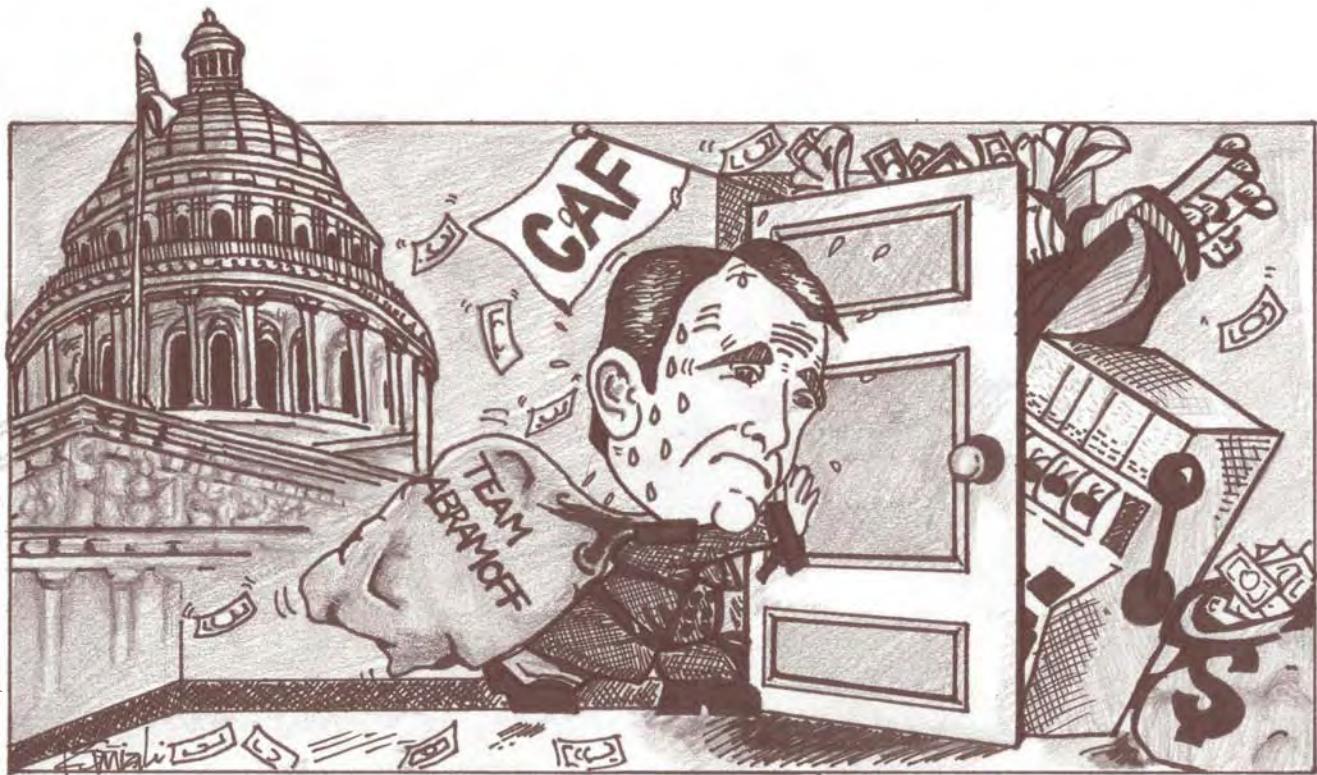
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2001 S Street, NW, Ste. 620, Washington, DC 20009
Phone 202.387.9177 • Fax 202.332.5084 • E-mail: info@ncrp.org

NCRP STAFF

Rick Cohen	Executive Director
Jeff Krehely	Deputy Director
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opposed to the tribes' interest in opening more casinos (since Abramoff used money for both pro- and anti-casino efforts, it could be either)? Wouldn't major donations of this sort from off-shore entities catch someone's eye at Treasury or the IRS?

2. What was the Capital Athletic Foundation's home schooling program, who ran it, what happened to it? In 2001, CAF apparently spent \$102,000 on a religious Jewish home schooling program, and CAF recorded tuition income from the program to the tune of \$13,420 in 2001 and \$20,180 in 2002. Yet CAF reported no staff and of course provided no detail in the 990 on the 6-figure home schooling expenditure, so what was this program, and who benefited from the expenditures and the educational process?

Abramoff's friend, Rabbi David Lapin, helped him create the religious school, the Eshkol Academy, which received \$4 million in grants from CAF. Better known for his multi-million consulting contract with the Marianas Islands (a no-bid contract to promote ethics in government, work including paying for a trip for Tom DeLay to the Marianas), another Abramoff lobbying client, Rabbi Lapin told the press that the school grew out of the home schooling program. Was Capital Athletic Foundation taking tuitions (generally at \$12,000) for Eshkol kids under the guise of income for the foundation to use for its other activities? If CAF did run a home schooling program, ostensibly in Maryland where Abramoff lived, wouldn't the state of Maryland or Montgomery County have some interest in the oper-

ations and legitimacy of the foundation's provision of home schooling services?

3. What was the story behind the creation and cancellation of the Capital Athletic Foundation fundraiser scheduled for March of 2003? As he plotted his complex web of surreptitious cash flows from donors to lobbyists to politicians and back again, maybe Abramoff enjoyed the delicious irony in planning a fundraiser for CAF at the International Spy Museum.

The foundation had planned a fundraiser at the Museum, paying the wife of Congressman John Doolittle (R-CA) a substantial sum to put together the shindig. Certainly by 2003, there were plenty of indications that Abramoff was skating on thin ice, but that didn't deter Julie Doolittle or the big-name stars she attracted to the event. The guest to be honored that night was to have been Jim Kimsey, one of the America Online (AOL) founders and head of the eponymous Kimsey Foundation. Dan Snyder, the majority owner of the Washington Redskins, was listed as a co-host of the party. Among the luminaries to attend with speaking roles, aside from members of Congress (DeLay, Santorum, Rohrbach), were Fox TV's Tony Snow and Brit Hume and MSNBC's Chris Matthews. Other big names in the event included opera star Placido Domingo on the event committee, Pittsburgh Steelers running back, Jerome "The Bus" Bettis, and Philadelphia Eagles running back Brian Mitchell. Despite being identified as the chair of the event, Snyder's people say that he wasn't involved in the event, but had only lent his name without knowing

more than that, Matthews went vitriolic implying that he had been used by Abramoff and Doolittle and called Abramoff "Satan," and the others have been quiet about the event.

The CAF's filings are a gold mine of money laundering hiding behind the mask of a charitable foundation.

We kid you not on the substance of the event, a "Spy Game Gala," in which 30 teams of 10 people would interact with 15 paid actors to get clues to solve a spy puzzle designed by a video game designer and others. The winning team would get \$50,000, but the event was intended to raise \$300,000 for the foundation. The notice of the event on the DC Social Calendar included more than Snyder in a major role:

MARCH 26

CAPITAL ATHLETIC FOUNDATION GALA SPY GAME
You have been selected for a top secret Washington, D.C. Mission. Please join Daniel M. Snyder, Dinner Chair, and Tony Snow, Master of Ceremonies, in presenting The Capital Athletic Foundation's "Interactive Spy Game" in honor of James V. Kimsey, Founding Chairman of America Online. The Interactive Spy Game, created by the writer of the Lord of the Rings video game where one victorious team will win up to \$50,000 in prizes, begins promptly at 7PM, at The International Spy Museum, 800 F Street, NW. Washington, DC Game Registration/Reception at 6pm. Come dressed to kill! (Black tie) Valet Parking. Proceeds will benefit the Capital Athletic Foundation. 6 PM, International Spy Museum, 800 F St., NW; \$1,000. Chairs: Daniel Snyder, Jack Abramoff, Jack Kemp, Joe Robert Jr., Eleanor Holmes Norton. Please report back to Special Agent Headquarters at (703) 416-6414 or rsvp@ccconsulting.net.

Who really was involved in this event? How connected to Abramoff were these luminaries? Or were they simply being good civic-minded Washingtonians volunteering to help a charity ostensibly operating to provide sports resources to kids? Were they so naïve not to recognize in 2003 exactly who and what Jack Abramoff was? Were they smart, savvy people who simply got duped or what?

4. What happened to the Capital Athletic Foundation's awards? If you were a metropolitan DC philanthropic leader or foundation sector leader and a foundation popped up announcing a bunch of awards and programs, wouldn't you take notice, keep an eye on the foundation, watch for notices of the awardees, inquire if you didn't see anything?

Somehow, Jack Abramoff's Capital Athletic Foundation was big enough to make a splash, spend \$6 million in less than four full years of operation, gather a gaggle of luminaries for a glitzy (subsequently cancelled) fundraiser, and no one asked what happened to the program?

Here was the purported statement of the Capital Athletic Foundation's mission and program (taken from CAF's now defunct website and from the information CAF supplied to Guidestar):

The mission of the foundation is to foster character development by promoting the American ideals of sportsmanship in all endeavors. Grants are made to public and private secondary schools for programs that integrate sportsmanship within the academic curriculum, and to Boy Scout troops, Girl Scout troops, and other youth organizations for programs that teach sportsmanship within the framework of organized group activities.

Program area(s): (1) National Sportsmanship Hall of Fame... (which) recognizes role models in sports, business, and civic life, who exemplify the ideals of sportsmanship... A national committee reviews nominations on an annual basis, and inducts honorees at the NSHF annual award dinner in Washington, DC... (2) Spirit of America Award... a lifetime achievement award conferred upon distinguished Americans who are role models in their respective fields and who represent the highest ideals of sportsmanship... (3) Spirit of America Certificate of Achievement for Schools:... certificates of achievement to secondary schools and colleges which do one of the following: Have outstanding records of sportsmanship in the athletic or scholastic activities; integrate the philosophy of sportsmanship within the educational curriculum; produce role models who embody the spirit of sportsmanship... (and) (4) Ambassadors of Sportsmanship Award... certificates of achievement to individual athletes, coaches, or teachers at the secondary school or the college level who are either role models or "ambassadors" of sportsmanship within their schools.

Given what is known about Abramoff's philanthropic work, it all reads like a satire from *The Onion*, but it's true. But don't you think that all of the youth-oriented and sports-oriented foundations and nonprofits in the metro Washington area might have noticed the Capital Athletic Foundation, researched its programs, and looked for information about what this foundation was actually doing? It was listed by the Foundation Center as the 29th largest foundation grantmaker in DC in 2002 and the 25th in 2003, and none of CAF's grantmaking peers or grant-seeking nonprofits wondered what had happened to these programs? What did the metropolitan Washington philanthropic sector think about and know about the Capital Athletic Foundation?

This is hardly all there is to Abramoff's star turn as a budding philanthropist. The Capital Athletic Foundation's 990PF filings are a gold mine of dubious, laughable, and horrific money laundering hiding behind the mask of a charitable foundation. NCRP noticed some of it. A number of other bloggers have

caught it. Where was the IRS? Where was the self-regulatory fervor of the nation's foundation trade associations? Maybe the IRS was so busy chasing All-Saints Episcopal Church for a guest sermonizer's mention of George Bush that they missed CAF. Maybe the foundation sector leaders missed the Capital Athletic Foundation because Jack Abramoff failed to join their organizations and sign their statements of ethical standards. Someone should have caught, called out, and convicted Jack Abramoff for his misuse and abuse of philanthropy long before his non-foundation plea bargain earlier this month.

Rick Cohen is executive director of the National Committee for Responsive Philanthropy (NCRP). Since 1976, NCRP has advocated for the philanthropic community to provide nonprofit organizations with essential resources and opportunities to work toward social and economic justice for disadvantaged and disenfranchised populations and communities.

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With the help of supporters and subscribers like you, NCRP is now celebrating its 30th year of operating as the nation's nonprofit philanthropic watchdog. Because 2006 is shaping up as one of our most challenging years yet, we need your support to continue and build our agenda.

As you know, we're promoting social change and social justice-as well as transparency and accountability in U.S. philanthropy. This year we plan to continue our work on conservative foundations and report on the use of philanthropy in the upcoming election.

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Defining Values & Freedom: How the Right's Perspectives and Strategies Win

Jeff Krehely Speaks on a Panel Discussing the Olin Foundation's Influence on American Society

The following remarks were presented at the Hudson Institute on December 8, 2005. Jeff Krehely, one of three panelists who spoke on John Miller's A Gift of Freedom, offered a historical overview of the Olin Foundation, which recently spent down its assets and closed its doors.

First, I'd like to thank Bill Schambra and Krista Shaffer for inviting me to speak. Although the politics and ideology of NCRP and Hudson are a bit divergent, our organizations have developed a very good relationship, and we at NCRP highly respect the work that Bill and Krista do. When the Hudson Institute is a progressive philanthropic watchdog organization's closest friend, you know there is something wrong with progressive philanthropy, not to mention the progressive movement itself. So until the left gets its act together, Bill, you're stuck with us, which means we'll be speaking to your audiences for years to come.

Most of all, I'd like to thank John Miller for a fantastic book. His work is, by far, the best piece written in a long time on what constitutes effective philanthropy. Although I disagree with 99 percent of the social or political ideals presented in the book, it is to be admired for its frankness, depth, and social and political contextualization. These are the very things missing from other attempts to evaluate foundations and their impact, and I'm guessing

We have to ask whether attempting to change America is a charitable activity itself.

your book was completed with a fraction of the budget other organizations have used to tell us that "an engaged board is an effective board" and that grantees appreciate it when program officers return their phone calls in a timely fashion.

I don't think John and I would ever see eye-to-eye on most of the policy positions the Olin Foundation has helped to advance and that he seems to support, so I don't want to argue about the ideas within the book. And since we've already had debates on why conservative foundations are better at policy and advocacy work than their mainstream or liberal counterparts, I don't want to present yet another analysis on the philanthrop-



Jeff Krehely

ic strategies of the left versus those of the right.

Instead, I'd like to raise larger themes and questions that this book brings to mind, particularly around one of the questions posed in this event's e-mail invite, and that is, "Should foundations be involved in trying to change America?" I want to stress that these are mostly newer ideas and ones on which NCRP's board and staff have

not taken official positions. In fact, I'm not even certain of my positions on them; they're merely worth pondering and putting out for discussion and reaction.

So, is changing America a charitable activity that foundations should be funding? From a slightly different perspective, what is the charitable sector's role in the ongoing war of ideas that is currently being fought in the United States? To answer these questions, we have to ask whether attempting to change America is a charitable activity itself, and whether the nonprofits that engage in this work—conservative or liberal—are indeed charitable organizations, as both the spirit and intent of tax law define them.

What are charitable activities? For one perspective, I'd like to turn to the Tax Foundation, based in Washington, D.C., which

recently released a report called "Charities and Public Goods: The Case for Reforming the Federal Income Tax Deduction for Charitable Gifts." The Tax Foundation is largely funded by foundations with names like Bradley, Koch, and Scaife, so I'm not lobbing some kind of crazy left-wing idea here. This policy brief basically argues that the charitable sector has evolved into something that is not exactly or even largely deserving of charitable tax deductions, which are essentially indirect government subsidies of these organizations. Especially from an economics perspective, the brief argues, only a small fraction of the nation's 501(c)3 public charities should qualify for this preferential tax treatment.

One class of organization that the brief's authors specifically cite as not being especially deserving of tax breaks is what they call "lobbying and political activist groups," such as national and state-level think tanks, grassroots advocacy groups, and other issue-advocacy organizations. The authors note that the Tax Foundation itself falls into this category. They go on to state that "because these groups primarily benefit donors and management in the same way for-profit lobbying firms benefit clients, it is unclear in what sense they provide a public good justifying tax subsidy."

Consider that view in light of a project highlighted in John's book: a 2,000-page "how-to" policy manual for what the Heritage Foundation and its funders were figuratively and literally praying for in the late 1970s: a Reagan administration. From my perspective, there is something inherently partisan and narrowly beneficial about under-

writing and undertaking that kind of work. The same can be said about much of the work of the recently established Center for American Progress, headed by John Podesta, Bill Clinton's former chief of staff. The center has brought in several million dollars in foundation, donor-advised funds, and other charitable gifts in the past couple of years, all in an attempt to push a modestly progressive policy agenda.

There are many other examples of elite organizations that claim to be nonpartisan public charities working closely with elected and appointed officials to influence policy decisions, often along partisan lines, while reaping millions of dollars in donations from foundations, individuals, and corporations, as well as direct and indirect government subsidies. To me, that kind of advocacy is very different from a 501(c)3 charter school advocating on legislation related to school privatization or an HIV health clinic lobbying for more HIV and AIDS research funding. In other words, it's one thing for a public charity to lobby or advocate on issues key to its mission, but quite another to have the mission itself be policy research, lobbying, and advocacy—especially direct lobbying that does nothing substantial to educate the public and bring it into the policy process.

Similarly, it is absurd that the same IRS that recently bestowed 501(c)3 tax status on the Center for American Progress would investigate a church in California for criticizing President Bush's Iraq policies just before the 2004 election. Although I don't personally believe churches or other charities should be engaging in electioneering activities, I think that the sheer financial size, national scope, and overt ideology of both the Center for American Progress and the Heritage Foundation—and many other charitable

organizations—did much more to influence voters in 2004 than one Sunday sermon in one California church.

I'm not saying that charitable organizations do not have a role to play in the policy process, or that the Olin, Walton, and Soros families don't have the right to give money to the organizations and causes of their choosing. What I am questioning is the real charitable intent and character of some of the nation's leading think tanks and the extent to which they and their funders deserve preferential tax treatment. Yes, I agree that speaking out on policy issues is a right enjoyed by many nonprofits, and that right should be protected and defended, but is it a universal right for all organizations currently considered charitable, and should this right be underwritten, in part,

The Center for American Progress and the Heritage Foundation did much more to influence voters in 2004 than one Sunday sermon.

by substantial tax breaks?

Here is another perspective. My experience over the past seven years working at a foundation, researching foundations, and then working as a watchdog of the foundation sector has taught me that most foundations are incredibly undemocratic institutions, nearly untouched and unmoved (and at times angered) by outside or unsolicited feedback or criticism. And I know that "collectivism" is a dirty word for most people in the audience, but from my perspective, we are all footing the tax breaks that foundations and other nonprofits receive at their inception and throughout their institutional lives. In the case of the nation's largest foundations that have been recently established and continue to grow, this lost tax revenue can easily cost billions of dollars. Yet only a handful of foundation board members or foundation trustees have any say in how that money is actually used.

This brings me to the life spans of the nation's foundations, a topic key to the Olin story. In 2003, the Bill and Melinda Gates Foundation had assets approaching \$30 billion. How much larger will their foundation become upon their deaths? What about the Walton family, estimated to be worth collectively over \$100 billion, and the family's foundations? Considering that 30 years ago no one really knew of the Waltons, it's hard to predict who in coming years could have control over this kind of tax-exempt wealth. I'm guessing many people here are comfortable with the Walton Family Foundation perhaps someday giving away about \$5 billion each year to policy advocacy nonprofits, but think about your reaction if it were a radically progressive family handing out that cash to influence policy. What if future generations of the Waltons are more progressive

than the current members of the family, and completely overhaul the foundation's program areas and giving strategies? That was a real worry for John Olin, especially after what happened at the Ford Foundation in the late 1970s.

So when it comes to foundations, how big is too big? Should we think about capping the size of foundations? Making them more democratic? Making Olin's idea of spending down mandatory? As I mentioned earlier, I'm really not sure what the answers are to these questions, but I think these conversations are important to have right now, as thousands of foundations are established yearly, and others see their assets grow at rather impressive rates.

From another perspective, might smaller foundations be more effective and have more impact than larger institutions? Some conservative critics counter NCRP's work on right-wing foundations by citing that liberal foundations have so many more billions of dollars than the conservatives, rendering our research useless, in their eyes. While I tend to disagree with these critics about how many foundations are actually liberal and how many have programs that are actually coherent enough to matter, I would certainly agree that mainstream and left-of-center foundations have more wealth than their right-of-center counterparts—and that's something we try to stress when talking about our research on right-wing foundations.

Perhaps this fact has actually aided the success of conservative foundations. In other words, is there an assets and resulting charitable spending threshold that, once surpassed, makes it difficult for a foundation to maintain programmatic focus, limit spending on itself, or be flexible enough to respond to an ever-changing policy envi-

Most foundations are incredibly undemocratic institutions, nearly untouched and unmoved by outside ... feedback.

ronment? Many people may hold the assumption that more money leads to more impact, but is that in fact the case? Might there be some sort of optimum range of foundation size that is big enough to have real impact, but small enough to maintain focus and control? I'm not aware of research into this theory, or have any idea about what this ideal range of size might be, but it would be a great contribution to the field, I think, if someone were to research it in a comprehensive way.

Here are some other questions, which have less to do with the politics or mechanics of philanthropy, and more to do with some of Olin's specific work.

What is freedom? Who defines it? For me, it's a rather dynamic, subjective term. Even on the political right, I imagine that the Cato Institute's definition of freedom is different from the Heritage Foundation's, which is probably different from that of Concerned Women for America. Cato, for example, played a key role in getting the Supreme Court to decriminalize sexual activity between two consenting same-sex adults. Yet to this day, Concerned Women for America has a section on its Web site explaining why sodomy laws need to be put back on the books.

It's one thing for tax-exempt organizations to fund or participate in a big picture debate on freedom, but something quite different for them to fund or work on specific policy agendas based on a definition of freedom held by a small, elite group of people, liberal or conservative. But that raises the thorny question of where we draw the line concerning ideas, research, policy, advocacy, politics and partisanship. Is the tax code adequately regulating these activities and organizations? Is it good or even coherent public policy to say that foundations can't fund specific lobbying campaigns—based on the IRS's specific definition of lobbying—but then give them enough leeway to fund a Heritage or a Center for American Progress? Heritage, by the way, claims on its Web site that it does no lobbying, and reports zero lobbying expenses on its IRS Form 990.

The liberal in me wants the left to get its political act together, figure out what it stands for, and then pursue its goals using as much money as it can find, taking full advantage of PACs, c(3)s, c(4)s, foundations, etc. But the philanthropic watchdog in me really questions whether it's a good idea to have elite groups of people using charities to further what are sometimes narrowly self-interested political goals.

I've asked a lot of questions, and I hope that someone here finds them as challenging and pertinent as I do, and that we can discuss them here today or at a later date.

In closing, I want to once again thank John for a terrific contribution to the field, and Bill, Krista and the Hudson Institute for providing a venue to have debates and discussions about the real accountability issues facing nonprofits and foundations. Other organizations might have more money to spend on debating the minutiae of accountability, but their fat budgets can't hide what they are lacking in substance and relevance.

Jeff Krehely is deputy director of NCRP.

Gingrich's Past Philanthropic Endeavors Raise More Shadows than Sunshine in the Land of Accountability

(Continued from page 1)

his critics read as a highly unusual IRS maneuver, can't be taken as the end of the story. An IRS tax-exempt division enfeebled by years of chronic underfunding and relatively impotent statutes has meant that many a philanthropic miscreant has escaped with hardly a question, much less official action.

At a time when the Council on Foundations and its members have to face up to its rhetoric and support bolstered federal oversight combined with putting muscle into its commitment to self-regulatory actions, recruiting Newt Gingrich as opposed to nearly any of the Bradley Center's Vision and Philanthropy right wing theorists raises some concerns. (Note: Of course, not all of those in the Hudson Institute program have survived with pristine reputations since their February 2005 presentations—notably Grover Norquist of the American Taxpayers Union, whose nonprofit has been linked to some of the highly questionable campaign finance, lobbying disclosure, and charitable funding abuses associated with Jack Abramoff.)²

A review of Gingrich's troubles with philanthropic institutions—namely the Progress and Freedom Foundation and the Abraham Lincoln Opportunity Foundation, plus his political action committee (GOPAC)³—sounds like the philanthropic precursors of how Jack Abramoff blended partisan political activity and tax-exempt charity in the form of the Capital Athletic Foundation. Gingrich's use—or misuse—of tax-exempt foundation resources might have been where he wanted to go during his implementation of the Republican Revolution, but it's not the direction where charity and philanthropy—or the philanthropic sector's trade associations and self-anointed leaders—ought to be headed, especially when the question of substantive philanthropic accountability is on the table.

Having been operated much like the CAF, it would be hard to ignore the current reverberations of the Abraham Lincoln Opportunity Foundation (ALOF), in 1990 a long inactive nonprofit that had been established by high-ranking GOPAC official Howard "Bo" Callaway with the purpose of "help[ing] inner-city children." At the time, GOPAC was running TV shows to train and mobilize Republican activists, but found the shows too expensive to operate. To save the PAC money, Gingrich endorsed moving the shows lock, stock, and barrel to ALOF, so that

they could be financed by tax-exempt charitable donations rather than precious GOPAC political contributions. It's not clear what direct benefit inner city children got from TV programs "on a citizens' movement to reform government," but GOPAC got costly item off its books, with the Lincoln Foundation contributing \$260,000 for two broadcasts in 1990.

In the words of one expert, ALOF was no more than "a slush fund for GOPAC ... a shelter for political money." Much of this got lots of attention, including a special counsel's investigation from the House ethics committee, and while Gingrich averred his innocence, he ended up being fined \$300,000 and had to acknowledge making several clearly erroneous statements to the committee's investigators.

Gingrich's troubles with philanthropic institutions sound like the philanthropic precursors of Jack Abramoff.

Although the IRS didn't specifically find Gingrich himself guilty of tax-exempt misbehavior, the IRS did revoke the tax exemption of the Lincoln Foundation in 1998 because of the obvious role the foundation played in "*how GOPAC...captured and dominated ALOF, using it to raise funds and pay costs for an ambitious cable television show featuring Gingrich. The two groups, in essence, merged, sharing the same staff, resources, and office. GOPAC went as far as offering its members the chance to pay their \$10,000 dues by contributing to ALOF, which provided the donors with the benefit of a tax-deductible expense.*"⁴

ALOF had more than a passing resemblance to Jack Abramoff's Capital Athletic Foundation (CAF). Like the nonexistent evidence of CAF's support of sportsmanship for needy children, no one can find evidence of activity supporting ALOF's original mission, "to conduct annual Land of Opportunity speech contests throughout the secondary schools of Colorado, to lend care and assistance to the needy and to provide educational services to the public,"⁵ but that didn't concern the IRS any more than GOPAC's shift of Gingrich's television lectures to ALOF. Maybe the IRS might have looked into ALOF had it recognized not only Callaway's GOPAC chair role, but also that the next GOPAC chair happened to be Kay Riddle, who was not only executive director of the Colorado Republican Party but also on the ALOF board.

It would be hard to imagine Gingrich was unaware of the relationship. In a document he wrote for GOPAC, called “Key Factors in a House GOP Majority,” Gingrich laid out the need for a “reform movement parallel to the official Republican Party because ...the nonvoters who are nonpolitical or anti-political will accept a movement more rapidly than they will accept an established party. ...”⁶ It would be equally difficult to imagine that anyone would buy any of this as nonpartisan and nonpolitical. Describing the foundation-funded TV show, Riddle owned up to the notion that “another product [of the TV show] ...would be, of course, if we got people interested . . . We hoped and believed that eventually they would vote Republican.” At a congressional briefing, Gingrich acknowledged that the ALOF/GOPAC television lectures would be “the largest focus group project ever undertaken by the Republican Party,” but then suggested that the program could somehow qualify as nonpartisan because of the participation of “a lot of former Democrats... [such as] Ronald Reagan, Phil Gramm, Jean Kirkpatrick, (and) Connie Mack.”⁷ Sure—the involvement of Ronald Reagan and Phil Gramm as recovered Democrats made the TV show nonpolitical.

Gingrich’s use of his foundations in GOPAC-originated functions or employing GOPAC consultants like Eisenach (paid \$200,000 a year at the foundation alone) sounds a bit like the DeLay and other political foundations serving as holding pens and income streams for between-cycle campaign staff. It begs credibility to imagine that all of this happened to Gingrich without his knowledge, much less direction. As his friend Callaway said about Gingrich, “Everywhere he goes he takes chances and is audacious, but he knows where he’s going.”⁸ The shifting of expenses for GOPAC’s TV shows between Gingrich’s campaign apparatus and the tax-exempt foundation that his GOPAC colleagues controlled makes the entire operation look like Abramoff’s political money laundering behind the façade of philanthropy.

It may be merely a coincidence, but after the 2000 elections that brought George W. Bush to the White House, the IRS found a way of reversing its decision about the Lincoln Foundation as the result of a campaign led by none other than GOPAC’s Bo Callaway,

who was also unhappy that his own personal foundation had lost its tax exemption because it had improperly contributed to ALOF.

In the wake of the Bush election, Callaway got the then barely known “independent review office” of the IRS, established to respond to citizen complaints, to review the ALOF and Callaway foundation issues. Callaway’s people presented their evidence to the IRS, but the review office made no attempt to contact the House ethics committee that investigated Gingrich and ALOF and uncovered the partisan nature of the founda-

[Gingrich] sends exactly the wrong signal for a sector that should be making substantive philanthropic accountability its core priority.

tion’s operations. The special counsel for the committee, James Cole, was surprised by the IRS reversal, saying, “Based on what we found about ALOF, if that’s not political and partisan, then I don’t know what is.” Other observers suggested that this IRS reversal had the earmarks of a political decision. Fran Hill, a University of Miami tax law professor, called it “an extraordinary decision,” noting that it “wouldn’t be the first time there was political influence going on at the IRS.”⁹

The core of the Progress and Freedom Foundation (PFF) controversy is similar. PFF was directed by GOPAC Executive Director Jeffrey Eisenach, who was recruited out of GOPAC to the foundation (though GOPAC paid a chunk of his initial salary) to initially raise tax-exempt money for Gingrich’s multipart “renewing American civilization” course at Kennesaw State College and then, when questions arose about doing the political fundraising of tax-exempt dollars through the university’s own foundation, shifted the fundraising and funding burden to Progress and Freedom.

PFF also had its share of questionable fundraising linkages for a sitting Speaker of the House. Like Senate Majority Leader Bill Frist’s “World of Hope” nonprofit, Gingrich’s PFF raised its share of money from pharmaceutical companies that might want to show the speaker they were friendly supporters. For example, Solvay Pharmaceuticals reportedly granted PFF \$30,000 toward a study on how to expedite drug approvals by the Food and Drug Administration. Gingrich wrote the FDA on behalf of a Solvay drug application and introduced at least three bills in support of Solvay’s inter-

ests.¹⁰ The actual House ethics inquiry into Gingrich included his intervention with the FDA on behalf of Johnson & Johnson subsidiary Direct Access Diagnostics, which had donated to the foundation.¹¹ Philip Morris, then facing scrutiny from FDA about the health effects of tobacco, also proved to be a generous funder of Progress and Freedom.

Maybe a reformed and reborn Newt Gingrich wouldn't do that stuff anymore. However, his newly chartered Gingrich Foundation—headed by his wife, Callista Bisek (currently chief clerk of the House Committee on Agriculture, chaired by Bob Goodlatte (R-VA)) — has established a Gingrich scholarship program for instrumental music majors at Callista's alma mater, Luther College. It's only coincidence, but Luther College is in Iowa, where Gingrich has been spending noticeable time preening like a 2008 presidential candidate.¹² One would hope that the Gingrich Foundation doesn't take on the fundraising dynamic of the DeLay and Frist nonprofits, serving as lodestars for influence purchasing.

No one should take this commentary as opposition to having a big time conservative at the dais of the council's annual meeting. There are plenty of conservatives who have long questioned Gingrich's conservative bona fides¹³ or get queasy with his recent health care alliance with Democratic Senator Hillary Rodham Clinton. But it isn't a question of whether Gingrich is or isn't a conservative or whether there is some imaginary ideological demarcation that philanthropic gatherings shouldn't cross.

The issue is whether Gingrich's own history of using philanthropy, in light of two years of Senate Finance Committee hearings and now the front page scandals around the philanthropic misadventures of the likes of Tom DeLay and Jack Abramoff, sends exactly the wrong signal for a sector and its trade association that should be making substantive philanthropic accountability—beyond simple minimal compliance with the letter of the law—its core priority.

NOTES

1. http://pcr.hudson.org/files/publications/Vision_Symposium_Transcript.pdf
2. Cf. http://www.texasobserver.org/showArticle_new.asp?ArticleID=13, <http://taxbiz.blogspot.com/2006/01/grover-norquist-and-tax-code.html>, and more.
3. Now chaired by former Congressman J.C. Watts, GOPAC (<http://www.gopac.com>) was run by Gingrich from 1986 to 1995, extensively used to support Gingrich's own Congressional races and ran into problems with the House Ethics Committee and the Federal Elections Commission on its own merits in addition to the connections with the Gingrich foundations in this article.
4. Damon Chappie, "IRS Reversal Could Spark 'Notorious Abuse', Roll Call, April 28, 2003, <http://www.campaignlegalcenter.org/press-571.html>
5. <http://www.westword.com/Issues/1997-01-02/news/columns.html>
6. http://www.washingtonpost.com/wp-srv/national/longterm/gingrich/report/part_ii.htm
7. Where will you find characters such as Riddle and Callaway now? The Abraham Lincoln Opportunity Foundation may not have delivered a scintilla of benefit to young people's athletics, but their new venture does. Callaway is the president of Opportunity Through Baseball, a nonprofit funded by the Howard H. Callaway Foundation to provide baseball camps and coaches for "talented boys from inner city neighborhoods". Unless the organization's 2004 990 is incorrect, Opportunity Through Baseball has all of a two-person board, comprised of Callaway himself and Kay Riddle, identified in the 990s as the treasurer though named as executive director on the website (http://www.opportunitythroughbaseball.com/board_of_directors.html). Apparently, the organization's all-boy baseball focus since its start in 1993 has not been broken by a woman ED/treasurer.
8. <http://www.pbs.org/wgbh/pages/frontline/newt/newtintwsh.html/callaway.html>
9. Chappie, <http://www.campaignlegalcenter.org/press-571.html>
10. <http://www.congressproject.org/ethics/ethrel.html>, also Phil Kuntz and Laurie McGinley, "Gingrich Interceded With FDA for Firm That Had Donated Money to Foundation", *Wall Street Journal*, February 2, 1995
11. *Inquiry Into Various Complaints Filed Against Representative Newt Gingrich*, Report 104-401, December 12, 1995.
12. Gingrich's recent trips to Iowa included Republican fundraising events in October, 2005, GOPAC-sponsored training programs earlier in August, and additional Republican party fundraisers in May, in addition to promoting his "transforming health care" writings during the May and August trips (<http://www.gwu.edu/~action/2008/iavistsQ8r.html>)
13. Cf. John Pitney's "The Many Faces of Newt Gingrich" in the February 1997 *Reason* magazine, basically calling Gingrich a 1960s vintage liberal.

New from NCRP

The Waltons and Wal-Mart: Self-Interested Philanthropy

(Sept. 2005)

NCRP's examination of conservative grantmaking continues in this report profiling the Waltons' and Wal-Mart Corporation's philanthropy. Upon closer examination of the Walton Family Foundation and the Wal-Mart Foundation, this report reveals more than just charitable intentions, as well as an increasing involvement in public policy.

Not All Grants are Created Equal: Why Nonprofits Need General Operating Support from Foundations

(Sept. 2005)

Not All Grants are Created Equal further explores the debate about foundations providing project support versus general operating support. The report examines operating support grant trends among conservative and mainstream foundations, and different types of nonprofits.

A Call for Mission-Based Investing By America's Private Foundations

(Sept. 2005)

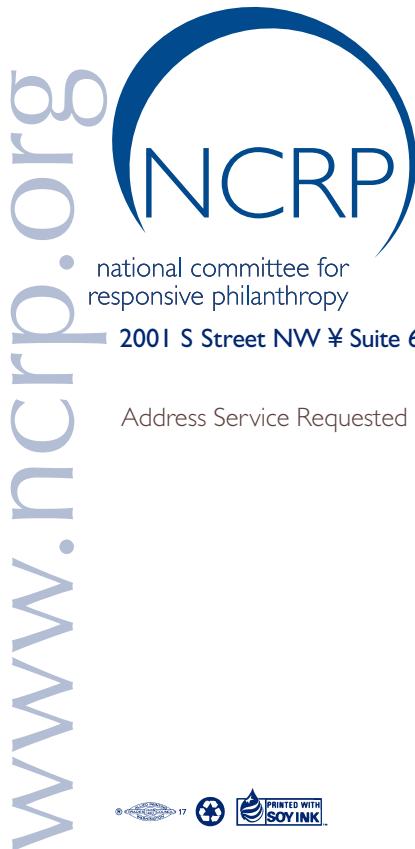
A Call for Mission-Based Investing By America's Private Foundations presents an argument for a different kind of foundation investment strategy. The report calls for foundations to be more creative in their investments and advocates for increased support for mission-related ventures of nonprofits and a benchmark of 5 percent of foundation assets to mission-related investing.

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