

Limits urged on political charities Watchdogs target funds legislators helped create

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By Michael Kranish, Globe Staff | May 7, 2006

WASHINGTON -- Charities are playing an increasingly significant role as a source of politically connected money, as groups aligned with leading politicians collect tax-deductible money from special interests and then distribute it to various causes, according to watchdog groups.

One member of Congress allegedly funneled money to a charity named for his father. Another set up a charity that could boost his presidential ambitions. A third has a charity named after him that is designed to commemorate his career.

Donations to such charities -- some of which serve to boost a politician's clout, employ former aides, or promote favored issues -- are not subject to public disclosure and are not limited by campaign-finance restrictions.

But following a Thursday vote by the House to require public disclosure of all contributions made to charities controlled by members of Congress, watchdog groups are urging the Senate to approve an even tougher measure to put restrictions on charities that members help create, even if they don't control them.

Current ethics rules merely forbid members from accepting most gifts from lobbyists given to a charity that the legislators control. But members of Congress can get around the restriction by saying they don't control a charity even if they helped create it.

Rick Cohen, executive director of the Committee on Responsive Philanthropy and a leading critic of such charities, said that even if the charities spend the money on good works, the donors may be trying to buy access.

"There is nothing wrong" with many of the charities "except the donors to their charities may have a different purpose in mind" than charity, Cohen said, "such as buying face time with key decision makers."

Last month, Representative Alan Mollohan, Democrat of West Virginia, stepped down from the House Ethics Committee after questions were raised about whether he steered money to nonprofit groups he helped establish.

Mollohan is the secretary of the board of a charity named for his father, the Robert H. Mollohan Family Charitable Foundation, which provides scholarships to needy West Virginians. In September, the foundation held its annual golf tournament fund-raiser, but it won't say who contributed.

The foundation's website, however, provides a picture of a placard saying part of the tournament was "sponsored by Cassidy & Associates," Washington's largest lobbying company. The website also says that the first-place team was led by Cassidy's chief executive, former US representative Martin A. Russo.

Russo, in a telephone interview, said he didn't contribute directly. Instead, he asked a client to contribute \$10,000 to sponsor one hole at the tournament. Russo said he attended the tournament in lieu of a representative from Rush University, and thus the foundation assumed the hole was sponsored by Cassidy.

The client, Rush University Medical Center of Illinois, has received earmarked funds from the House Appropriations Committee, on which Mollohan sits.

Russo denied he suggested the contribution because Rush received the funds.

"I wanted to support something that was honoring Alan Mollohan's father, who I have a great deal of respect for and served with" in Congress, Russo said.

Russo's involvement has not been previously reported. The university has paid Cassidy \$320,000 annually for lobbying, particularly on appropriations matters, according to congressional records.

Rush University spokesman John Pontarelli said the medical center has received about \$15 million from the Appropriations Committee. He said the university gave the \$10,000 contribution to Mollohan's foundation because "Marty Russo asked us to do it."

Mollohan's ties to several other nonprofit groups have drawn the attention of the FBI, which is investigating the groups after receiving a complaint filed by the National Legal and Policy Center, an independent group that examines government integrity issues.

Mollohan "used his position on Appropriations to set up a system by which his family foundation received millions of dollars over the years because of his position in government," said the center's director, Ken Boehm.

Mollohan declined to comment. The foundation's treasurer, Raymond A. Oliverio, said in a telephone interview that while Mollohan is secretary of the board, he doesn't control the foundation, and thus a contribution from a lobbyist would be legal.

Meanwhile, the Ted Stevens Foundation, a charity named after the Republican senator from Alaska, was established to "assist in educating and informing the public about the career of Senator Ted Stevens," according to the charity's tax filing. Under law, a charity is not allowed to benefit a political candidate.

The charity's chairman, Tim McKeever, a lobbyist who was treasurer of Stevens's 2004 campaign, said in a telephone interview that while the charity commemorates Stevens's career, he is not tied to its operation.

"It is nonpartisan and nonpolitical," McKeever said. "I reject the premise that it is a political effort."

He said Stevens does not raise money for the foundation, although he acknowledged that Stevens has attended some fund-raisers. McKeever disputed the idea that there is a "connectedness" between Stevens and the foundation.

So far, the foundation has saved most of its \$2 million fund, with its biggest expense so far being the \$40,000 acquisition of a desk that belonged to a former Alaska state senator and has since been donated to the Smithsonian. The group's tax records say the foundation is "also gathering information for the only public recognition of Senator Stevens's 35 years in the US Senate to show recognition and commemoration of the career of Ted Stevens."

One of the largest charities tied to a member of Congress is World of Hope, a charity established by Bill Frist, Senate majority leader, who serves as president of the board.

World of Hope raised \$4.4 million for programs that help AIDS patients, including money from 14 drug companies and other corporations with interests before the federal government, according to a donor list first reported by the Chattanooga Times Free Press. The charity also paid \$456,125 in consulting fees to firms run by a Frist fund-raiser, according to the Associated Press. Frist's office referred questions to charity board member Barry Banker. He said that while Frist is the president of the board, the full board controls the charity.

Cohen, of the Center for Responsive Philanthropy, said the Frist charity is an example of a politically connected charity set up for a laudable purpose. But he said the contributors might be trying to influence Frist or at least get access to him -- a valuable commodity in Washington. Frist, in turn, could boost his presidential ambitions by appearing as an AIDS philanthropist.

The Reform Institute, founded in 2001 by Senator John McCain, Arizona Republican, is another example of a charity that can benefit a politician, Cohen said. The institute works on many issues espoused by McCain and employs a former staff member.

While the Reform Institute has applauded congressional restrictions on donations to advocacy groups, the organization has declined to take a position on whether greater restrictions should be placed on charities. An institute spokeswoman said McCain cut his ties to the group last year.

The focus on the ties between charities and members of Congress has intensified following the investigation into disgraced former lobbyist Jack Abramoff. Abramoff set up or utilized a number of charities to evade taxation or to supply favors to politicians, according to congressional and federal investigations.

In one example, Abramoff used a charity ostensibly designed for a youth sports program to pay for an overseas golf trip attended by members of Congress and a government official, the congressional investigation found.

Abramoff pleaded guilty earlier this year to tax evasion, conspiracy, and fraud.

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