

## **Abramoff indictment falls short**

### **Stronger charitable regulations and policing needed.**

Rick Cohen for [philanthropyjournal.org](http://philanthropyjournal.org)  
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Jack Abramoff's indictment and plea agreement reveal the debilitated condition of government oversight of nonprofits and foundations.

The indictments and plea agreement acknowledge the dubious if not illegal grantmaking of Abramoff's Capital Athletic Foundation in more than one instance, but fail to penalize Abramoff for his abuse of the foundation as a personal cash reserve.

Alone among national philanthropic nonprofits, the National Committee for Responsive Philanthropy has detailed and denounced Abramoff's misuses of philanthropy and called for IRS investigations --to no avail.

Other than a Senate Finance Committee investigation, Abramoff's foundation remains an icon of blatant philanthropic abuse that has seemingly escaped the IRS's attention, and has been ignored by the even weaker self-regulatory capacities of foundation and nonprofit trade associations such as the Independent Sector and Council on Foundations.

Abramoff's foundation used only a pittance of its nearly \$4 million in grants and expenses for legitimate charities, essentially buying philanthropic bona fide with tiny \$500 grants to innocuous nonprofits like the Boy Scouts.

These grants camouflage dubious grants to Abramoff-controlled or affiliated charities, and clearly inappropriate expenses such as international golfing trips for congressmen such as Ohio's Bob Ney.

Ney's committee happened to oversee Capitol Hill contracts of interest to Abramoff's lobbying clients, who also happened to be persuaded to contribute to the Capital Athletic Foundation by Abramoff and his associates.

On Nov. 2, at a Senate Indian Affairs Committee hearing, explanations by Abramoff's philanthropic tax advisor to Senators McCain and Dorgan about the legality of some of the foundation's grants for sniper equipment and more prompted an exasperated Sen. Dorgan to conclude that "there wasn't much that wasn't permitted in these transactions...[that] it looks like the sky was the limit," and Sen. McCain to charge that the foundation's grants "didn't pass the smell test."

That the foundation's dubious grantmaking seemed to raise no red flags at the IRS underscores not only the need for stronger government oversight and enforcement, but stronger laws outlining what foundations should not be allowed to do under the guise of philanthropic grantmaking.

The IRS should investigate the Capital Athletic Foundation's grantmaking, and pursue civil and criminal actions against not only Abramoff, but also the tax professionals who conspired with him to find ways of using tax-exempt foundation dollars that violate the public's expectations from foundations.

The American taxpayer should not have to lose out on millions of dollars of tax-exempt funds due to the mispending of the likes of Abramoff, and to inadequate oversight and enforcement by the federal government and the leadership of the nonprofit and foundation sector.

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