

## **Abramoff 'charity' shows regulators were asleep at wheel**

### **Jay Hancock**

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Name a practice that gives nonprofit organizations a bad image, and Jack Abramoff's Capital Athletic Foundation probably did it.

Run by one guy with no oversight? Check.

Millions spent on luxury travel and other activities unrelated to the nonprofit's official mission? Check.

A pittance given to genuine good causes to create a screen of legitimacy? Check.

Misleading and incomplete disclosure? Money steered to cronies? Sanctimonious blather spouted while engaging in all of the above? Yes, yes and yes.

From the start, the Capital Athletic Foundation has been central to the scandal that resulted in lobbyist Abramoff's guilty plea this month to charges of fraud, tax evasion and conspiracy. CAF was a key Abramoff vehicle for funneling money from Indian tribes and others into influence

peddling and pet causes, including a Columbia school he started, as first reported by The Washington Post in 2004.

Yet for all its irregularities, the Maryland-chartered foundation has become a footnote in the Abramoff saga and has been subject to no publicly disclosed penalties.

Why? The regulator most responsible for enforcing nonprofit behavior - the Internal Revenue Service - is asleep at the wheel with CAF and most other philanthropic foundations, says Rick Cohen, executive director of the liberal National Committee for Responsive Philanthropy.

Abramoff's foundation "gives \$4 million to his own school," said Cohen, who has examined CAF closely. "Nobody catches that. He gives money to groups that never got the grants. He gives money to organizations whose existence is even dubious. ... What's the IRS doing?"

IRS spokesman Jim Dupree declined to comment, saying: "It would be a violation of federal law for me to comment on IRS involvement with any specific individuals or entities."

Neither did other regulators do much about CAF, which appears to be inoperative (its old phone number is now being used by somebody else). The foundation was set up as a Maryland limited liability corporation in 1999 and also used a Washington address.

It registered as a Washington charity, but its license was revoked in November for failing to file required reports, said Susan Ousley, spokeswoman for the District of Columbia's Department of Consumer and Regulatory Affairs.

CAF never registered as a charity in Maryland, although it would be required to if it solicited Maryland residents for donations, said Marina Harrison, spokeswoman for the Office of Secretary of State, which oversees charities.

In any event, no charity regulator knew of CAF's abuses until they were exposed elsewhere.

The lack of action again underscores the fact that, as frequently noted in this space, foundations and nonprofits are accountable to almost nobody.

That funny business went on at CAF is beyond dispute. Abramoff's Jan. 3 plea agreement states that he used the foundation "in part to receive funds for his personal benefit, to conceal the destination of the funds" and as a key vehicle "to evade income taxes" of over \$1.7 million.

CAF received tax-exempt status from the IRS and advertised itself as making grants "to support programs and activities that develop sportsmanship, particularly for disadvantaged populations," according to information kept by GuideStar, the online charities database.

The only directors were Abramoff and his wife, according to IRS filings.

CAF raised millions from Abramoff and other sources, including Indian groups and business people with interests on Capitol Hill. But little if anything was spent on sportsmanship for the underprivileged, as reports by the Post and others showed.

The 2004 Post story detailed how investigators had uncovered documents showing that CAF spent \$4 million on the Eshkol Academy, a Jewish school in Columbia where Abramoff sent his kids, and \$150,000 on a golf trip to Scotland that included Abramoff, former Christian Coalition leader Ralph Reed and Rep. Bob Ney, an Ohio Republican.

Further investigation, first reported last year by Newsweek, showed that CAF was buying sniper scopes, night-vision binoculars and other paramilitary equipment through an Abramoff friend for West Bank Jewish settlers.

People close to Abramoff made hilarious attempts to clean up behind him and make the grants seem appropriate.

Some of the Indian money came to CAF through the National Center for Public Policy, a

conservative think tank. Center President Amy Ridenour kept asking Abramoff for documentation and finally offered to come up "with a great sounding phrase" for each grant, according to e-mail produced in the investigation.

"I'll promise not to tell anyone about the projects," she told Abramoff, "save if the IRS ever audits us, in which case, what I say will match exactly with what the recipients say if the IRS asks them, and everything would be on the up and up."

Ridenour declined to speak with me. But in Senate testimony she said she never got the documentation she requested and that she believed Abramoff lied to her and defrauded the National Center and the Indians.

On another occasion, first disclosed in a Senate hearing, Abramoff's accountants were trying to document the grant to the West Bank settlers as "educational," and Abramoff's friend there offered to send a receipt with his "Sniper Workshop Logo" on it.

"No, don't do that," Abramoff replied in e-mail. "I don't want a sniper letterhead."

Small donations to real charities such as the Boy Scouts and the YMCA listed on CAF's IRS returns furnished the veneer of a legitimate foundation. But this month's plea agreement says Abramoff used false financial entries for some alleged expenditures.

All of this is something the IRS should have exposed. "It doesn't take much to look at this and see a dozen red flags," said Cohen. "It doesn't even take an audit. It takes a phone call."

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