

Hill Eyes a Treasure Trove

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ROLL CALL

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Last June, dozens of lobbyists for some of the nation's most powerful companies took a day off from working on Capitol Hill to hit the links with Rep. Deborah Pryce (R-Ohio), one of the most high-ranking Republicans in Congress.

The day at the Army Navy Country Club in Arlington, Va., benefited a worthy cause: It helped raise \$650,000 for Hope Street Kids, a charity Pryce co-founded to fund cancer research in the name of her daughter Caroline, who died of a rare cancer called neuroblastoma at the age of 9.

But the event also gave the lobbyists a chance to hobnob with a member of House GOP leadership and to aid a cause she is passionate about.

National Association of Convenience Stores President Lyle Beckwith - who has known Pryce for years and once skied with Caroline - emphasized that "our participation has nothing to do with lobbying."

Yet Beckwith, who was presented a first-place trophy at the tournament last year during an awards reception sponsored by Pharmaceutical Research and Manufacturers of America, acknowledged that some shop talk went on at the event.

"Whenever you get people together in the same business, they talk," he said.

Cynthia Duncan, executive director of the charity, said she hopes that lobbyists in attendance "are out there for the charity and the cause, and not some other reason."

As it happens, Hope Street Kids voluntarily disclosed the sponsors of the event, and it listed in ranges the amounts given annually by corporate donors.

But under current tax laws and House rules, neither Pryce nor the charity itself had any obligation to disclose who participated and how much they contributed. For donors, contributions to the charity were tax deductible. The same is true for other charities linked to Members.

And despite recent moves by both parties to tighten lobbyists' access to Members of Congress, charitable giving to organizations affiliated with lawmakers remains one of the best ways for

lobbyists to gain chits with Members - all while giving donors the good feeling of helping people in need, not to mention a tax write-off.

Since the largely unregulated donations called soft money were banned four years ago, Member-affiliated charities have offered corporations and other groups an attractive venue for spreading unlimited amounts of cash to Members who are in a position to aid their interests.

As many as 58 current lawmakers have established charitable foundations or had others set them up in their names, according to reports compiled by the nonpartisan

PoliticalMoneyLine. That's a 21 percent leap over the number two years ago, when 48 lawmakers had connections to such organizations. And the number could well be higher, since lawmakers are not required to disclose the existence of foundations they do not directly control.

Some watchdog groups say the phenomenon simply provides lobbyists a way to skirt campaign finance and gift limits, enabling them to trade unreported sums for crucial access to Members.

"These lobbyists are paying to get face time with a Member of Congress," said Rick Cohen, executive director of the National Committee for Responsive Philanthropy. "That has consequences for the allocation of federal resources and policy. The disclosure needs to be better."

So far, the issue has received scant attention in the debate about how to reform lobbying laws. But that may be changing. Last week, The Washington Post's editorial page endorsed forcing lobbyists to disclose contributions to charities controlled or financed by lawmakers, or that they solicit.

Some Members who are leading the general reform drive are now saying the specific issue of Member-linked charities needs to be addressed.

"Anything that gives the appearance of corporate donors doing big favors for legislators is something that we should be careful about," said Sen. Barack Obama (D-Ill.), who's been tapped by his party's leadership to help craft a reform platform.

Sen. Susan Collins (R-Maine), who is set to mark up a package soon as head of the Homeland Security and Governmental Affairs Committee, said there needs to be new disclosure requirements for the groups. Such a rule is being discussed as part of the reform package.

If the question is not addressed in committee, Sen. Dianne Feinstein (D-Calif.) will offer new rules on Member-affiliated charities as an amendment to the bill when it reaches the floor.

"I think basically there should be a wall," Feinstein said. "And if you're a registered lobbyist, you give no gifts, you provide no meals, you don't get involved in the leadership of a [political action committee], you don't get involved in Member charities, because these are all ways to put in pecuniary interests, so to speak."

The issue could get added exposure from a Senate Finance Committee probe, announced by Chairman Chuck Grassley (R-Iowa) last week, into whether Fannie Mae and Freddie Mac, the giants of the mortgage-backing sector, improperly used their charitable foundations as a lobbying tool by contributing from them to Member-affiliated charities.

The current rules offer only limited guidance on how lawmakers and lobbyists can interact under the guise of a charitable organization.

For example, the Senate Ethics Committee explicitly forbids lobbyists from contributing to Senators' charities. The rules manual states that "a lobbyist or lobbying firm may not contribute to a member's charitable fund or make a contribution in lieu of honoraria to such a fund where the fund is maintained or controlled by the member."

But the committee has not drawn a clear definition of "maintained and controlled," instead determining the standard on a case-by-case basis. House rules are similar.

In the absence of clearly defined regulations, lawmakers not serving on the boards of their charities - and without any family members or aides serving in those roles - have freely hit up lobbyists for donations.

In 2004, when Sen. Ted Stevens (R-Alaska) wanted to kick-start a foundation bearing his name, he invited 400 supporters, many of them lobbyists, to a benefit dinner that netted \$2 million.

Later that year, the Republican National Convention provided philanthropic-minded lobbyists a bonanza of opportunities. Senate Majority Leader Bill Frist (R-Tenn.) pulled in \$3.5 million from corporate donors to an AIDS charity he had launched only days before. Wall Street firms cozied up to House Financial Services Chairman Mike Oxley (R-Ohio) by contributing at least \$25,000 to his charity, called the American Center for Excellence and Opportunity.

Groups representing the nonprofit sector said they will review whatever reform proposals Congress produces, but as a general matter they do not object to increased disclosure.

"We want to make sure as these provisions go into effect they don't have unintended consequences," said Diana Aviv, president of the group Independent Sector.

Added Duncan of Hope Street Kids, "It's just kind of shame that charities that are pure and accountable for everything are going to be in line with some of the bad apples. Hopefully this doesn't hurt all the good charities."

CORRECTION, February 15, 2006:

The Feb. 13 article "Hill Eyes a Treasure Trove" incorrectly reported that Sen. Ted Stevens (R-Alaska) invited 400 supporters, many of them lobbyists, to an event benefiting the Ted Stevens Foundation shortly after it was formed in 2004. In fact, the event was organized by a steering committee of 14 lobbyists, many of them former aides to the Alaskan. Neither Stevens

nor his current staff have any formal involvement in the foundation, which debuted in 2004 at a \$2 million event for which Stevens was the headline speaker.

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