

How charity's spending reflected Fumo interests

A painting, a bank, and a Bucks County memorial are among the examples. His supporters call them sound investments

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State Sen. Vincent J. Fumo holds no official position with the charity Citizens' Alliance for Better Neighborhoods. But the charity's spending has at times mirrored Fumo's personal and political interests.

Consider its decisions to invest in a painting, in a bank, and in community endeavors outside the Philadelphia neighborhoods it was founded to help.

To prosecutors, this sort of spending supports their argument that Fumo really controls Citizens' Alliance - something they may need to prove if they try to make a case that he was part of a conspiracy to defraud the charity.

To Fumo's supporters, the expenditures were good investments - and the scrutiny of them merely demonstrates an overreaching zealotry among federal agents and prosecutors.

The Inquirer has already reported many key activities of the charity, such as helping charter schools and providing loans to Fumo's political allies on City Council. Here are details of other spending, disclosed here for the first time:

A painting

Fumo is an aficionado of a painter named John Stobart, who specializes in historical nautical scenes. Stobart's paintings of ships have hung on the walls of Fumo's Senate office in Harrisburg and at his bank's headquarters in Philadelphia.

Stobart's nostalgic canvases and prints are well-regarded and command handsome sums.

In 2004, at Fumo's suggestion, Citizens' Alliance commissioned a Stobart painting depicting the tall ship Gazela in full sail.

The charity paid Stobart \$150,000. According to documents provided to The Inquirer by Fumo's lawyers, the plan was for the painting to hang at the Independence Seaport Museum at Penn's Landing. A limited run of prints would be sold to raise money for Citizens' Alliance and the museum. The Gazela is docked near the museum.

In written answers to Inquirer questions, Fumo lawyer Richard A. Sprague said Fumo had "put together the principals" of the two organizations and proposed the idea.

"Apart from the gratification arising from helping two very worthy causes and helping to enhance the cultural resources of the city, the senator did not benefit personally from any aspect of this transaction," Sprague said.

In an interview, Stobart, 77, said federal agents had quizzed him about the painting.

The painting was never put on display, and is now in the Independence Seaport Museum's archives.

A bank investment

In past years, Citizens' Alliance has invested some of its considerable wealth in such stock as Intel, IBM and Merck.

In 2003, it also invested \$1 million in PSB Bancorp, the banking company chaired by Fumo and founded by his grandfather in South Philadelphia.

The investment accounted for about a third of the charity's stock portfolio that year, records show. In all, the charity had about \$27 million in assets at the time.

According to financial records obtained by The Inquirer, Citizens' Alliance bought the stock in November and December 2003. The charity sold the stock in mid-2004, making a profit of \$24,000. The news of the federal investigation broke in January 2004.

The charity bought the stock when dissidents were challenging Fumo's leadership of the bank. The purchase may have solidified his position by placing an additional block in friendly hands.

[Rick Cohen, former executive director of the National Committee for Responsive Philanthropy, questioned the stock buy as one that seemed to "benefit an insider."](#)

Sprague said Fumo had not benefited from the stock buy.

"Citizens' Alliance made a profit on the investment," Sprague wrote. "And indeed, the profit would have been greater had Citizens' Alliance not decided to sell the stock prematurely due to potential negative publicity surrounding the investment."

If Citizens' Alliance had held on to the stock, it would now be worth about \$1.7 million, a profit of 70 percent.

A memorial

In its filings with the IRS to obtain tax-exempt status, Citizens' Alliance said its mission was to "promote public health and safety in the City and County of Philadelphia."

Still, Citizens' Alliance and its subsidiaries have also funded projects outside the city. In a court filing last year, prosecutors cited a \$50,000 gift they said had been designed "to shore up political support for a candidate for public office there that the senator was supporting."

That 2001 gift went to a memorial in Bristol Township honoring dogs that assist the military. Fumo attended the dedication last fall.

In another case of out-of-city assistance, Citizens' Alliance provided \$50,000 in short-term, no-interest loans to improve pools in Monroeville, a town 14 miles from Pittsburgh. The loan was arranged by the town's state senator, Sean Logan, a Fumo ally.

Sprague said there was nothing improper about those expenditures.

"Fumo takes pride in introducing these worthy charities to Citizens' Alliance and suggesting that they seek funding or a loan," Sprague wrote. "It is wholly consistent with what he has done for 29 years, which is to attempt to help people throughout Pennsylvania."

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