

# In Black Caucus, a Fund-Raising Powerhouse

## Corporate Donors Buy Access, and Push Agendas, at Lavish Events

By ERIC LIPTON and ERIC LICHTBLAU

WASHINGTON — When the Congressional Black Caucus wanted to pay off the mortgage on its foundation's stately 1930s redbrick headquarters on Embassy Row, it turned to a familiar roster of friends: corporate backers like Wal-Mart, AT&T, General Motors, Coca-Cola and Altria, the nation's largest tobacco company.

Soon enough, in 2008, a jazz band was playing at what amounted to a mortgage-burning party for the \$4 million town house.

Most political groups in Washington would have been banned by law from accepting that kind of direct aid from corporations. But by taking advantage of political finance laws, the caucus has built a fund-raising juggernaut unlike anything else in town.

It has a traditional political fund-raising arm subject to federal rules. But it also

has a network of nonprofits and charities that allow it to collect unlimited amounts from corporations and labor unions that otherwise would have to obey strict guidelines on political giving.

From 2004 to 2008, the Congressional Black Caucus's political and charitable wings took in at least \$55 million in corporate and union contributions, an impressive sum even by the standards of a Washington awash in cash, according to an analysis by The New York Times. Only \$1 million of that went to the caucus's political action committee. The rest poured into the largely unregulated nonprofit network. (Data for 2009 is not available.)

The caucus says its foundation as well as its nonprofit institute are intended to help disadvantaged African-Americans by providing scholarships and internships to students, researching policy and holding seminars on topics like healthy living.

But the bulk of the money has been

spent on elaborate conventions that have become a high point of the Washington social season, as well as the headquarters building, golf outings by members of Congress, and an annual visit to a Mississippi casino resort.

In 2008, the caucus foundation spent more on the caterer for its signature legislative dinner and conference — nearly \$700,000 for an event one organizer called “Hollywood on the Potomac” — than it gave out in scholarships, federal tax records show.

At the galas, lobbyists and executives who give to caucus charities get to mingle with lawmakers. They also get seats on committees the caucus has set up to help members of Congress decide what positions to take on the issues of the day. Indeed, the nonprofits and the political wing are so deeply connected it is sometimes

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## A Fund-Raising Juggernaut

Corporations, lobbyists and special interests that want to give money to the Congressional Black Caucus or its members have a variety of venues. Some of the places the money goes:

### Political Action Committees (PACs)

Subject to limits and disclosure requirements.

**Congressional Black Caucus PAC**  
Raised \$925,000 from 2004 to 2008.

### Leadership PACs

At least 20 of the 42 members operate PACs to raise money for other candidates. The National Leadership PAC, run by Representative Charles B. Rangel, a New York Democrat, raised \$2.2 million in the 2008 election cycle.

### Charities and nonprofit groups

Can accept unlimited amounts from corporations and other groups.

### Congressional Black Caucus Political Education and Leadership Institute

Raised \$3.5 million from 2004 to 2007, the latest year for which data is available.

### Congressional Black Caucus Foundation

Raised more than \$53 million from 2004 to 2008 from nearly 700 corporations and unions. Of the top 50 donors from that period, a tally of the industries that gave the most:

Public records show only a range for each contribution. But in most cases, the donations are much closer to the maximum, the records suggest. Figures include money given by the charitable organizations associated with the corporations.

### Charities run by caucus members or their family members

A charity named for Representative James E. Clyburn, Democrat of South Carolina, received over \$300,000 in 2007.



Congressional Black Caucus members at a gospel event at the September 2007 conference.

# Congressional Black Caucus Is a Fund-Raising Powerhouse

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hard to tell where one ends and the other begins.

Even as it has used its status as a civil rights organization to become a fund-raising power in Washington, the caucus has had to fend off criticism of ties to companies whose business is seen by some as detrimental to its black constituents.

These include cigarette companies, Internet poker operators, beer brewers and the rent-to-own industry, which has become a particular focus of consumer advocates for its practice of charging high monthly fees for appliances, televisions and computers.

Caucus leaders said the giving had not influenced them.

"We're unbought and unbought," said Representative Barbara Lee, a California Democrat who is chairwoman. "Historically, we've been known as the conscience of the Congress, and we're the ones bringing up issues that often go unnoticed or just aren't on the table."

But many campaign finance experts question the unusual structure.

"The claim that this is a truly philanthropic motive is bogus — it's beyond credibility," said Meredith McGehee, policy director at the Campaign Legal Center in Washington, a nonpartisan group that monitors campaign finance and ethics issues. "Members of Congress should not be allowed to have these links. They provide another pocket, and a very deep pocket, for special-interest money that is intended to benefit and influence office-holders."

Not all caucus members support the donors' goals, and some issues, like a debate over whether to ban menthol cigarettes last year, have produced divisions.

But caucus members have attracted increasing scrutiny from ethics investigators. All eight open House investigations involve caucus members, and most center on accusations of improprieties to private businesses.

E. Clyburn of South Carolina; 4 House committee chairmen; and 18 subcommittee leaders. Among those are Representative Charles E. Rangel, chairman of the Ways and Means Committee, and Representative John Conyers Jr., chairman of the Judiciary Committee.

There are hundreds of caucuses in Congress, representing groups as disparate as Hispanic lawmakers and those with an interest in Scotland. And other members of Congress have nonprofits. But the Congressional Black Caucus stands alone for its money-raising prowess. As it gained power, its nonprofits — one an outright charity, the other a sort of research group — have seen a surge in contributions, nearly doubling from 2001 to 2008.

Besides the caucus charities, many members — including Mr. Clyburn and Representative William Lacy Clay Jr. of Missouri — also have personal or family charities, which often solicit donations from companies that give to the caucus. And spouses have their own group that sponsors a golf and tennis fund-raiser.

The board of the Congressional Black Caucus Foundation includes executives and lobbyists from Boeing, Wal-Mart, Dell, Citigroup, Microsoft, Coca-Cola, Verizon, Heineken, Anheuser-Busch and the drug makers Amgen and GlaxoSmithKline. All are hefty donors to the caucus.

Some of the biggest donors also have seats on a second caucus nonprofit — one that can help their businesses. This group, the Congressional Black Caucus Political Education and Leadership Institute, drafts positions on issues before Congress, including health care and climate change.

This means, for example, that the lobbyists and executives from coal, nuclear and power giants like Peabody Energy and Entergy helped draft a report in the caucus's name that includes their positions on controversial issues. One policy document issued by the Black Caucus Institute last

raising brochures make clear that the bigger the donation, the greater the access, including a private reception that includes members of Congress for those who give more than \$100,000.

"They are trying to get the attention of the C.B.C. members," Ms. Scott said. "And I don't think there is anything wrong with that. They're in business, and they want to deal with people who have influence and power."

She also acknowledged that if her charity did not have "Congressional Black Caucus" in its name, it would gather far less money. "If it were just the institute for the advancement of black people — you already have the N.A.A.C.P.," she said.

Ms. Scott said she, too, had heard criticism that the caucus foundation takes too much from companies seen as hurting black people. But she said she was still willing to take their money.

"Black people gamble. Black people smoke. Black people drink," she said in an interview. "And so if these companies want to take some of the money they've earned off of our people and give it to us to support good causes, then we take it."

### Big Parties, Big Money

The biggest caucus event of the year is held each September in Washington.

The 2009 event began with a rooftop party at the new W Hotel, with the names of the biggest sponsors, the pharmaceutical companies Amgen and Eli Lilly, beamed in giant letters onto the walls, next to the logo of the Congressional Black Caucus Foundation. A separate dinner party and ceremony, sponsored by Disney at the National Museum of Women in the Arts featured Marcus Johnson, the jazz pianist.

The next night, AT&T sponsored a dinner reception at the Willard InterContinental Washington, honoring Representative Bobby L. Rush, Democrat of Illinois, chairman of the House subcommittee that oversees con-

### Donations, in thousands

RANK (by maximum amount)	INDUSTRY	MINIMUM	MAXIMUM
<b>DRUGMAKERS</b>			
3.	AstraZeneca	\$3,045	\$7,801
9.	Eli Lilly	550	1,849
18.	Amgen	360	1,208
20.	GlaxoSmithKline	355	877
25.	DaVita	340	771
26.	Pfizer	250	599
32.	Novartis	260	597
33.	Johnson & Johnson	230	498
40.	PhRMA	210	457
43.	Merck	195	359
49.	Gilead Sciences	175	307
		120	279
<b>ALCOHOL AND TOBACCO</b>			
6.	Atria	1,490	3,936
8.	Anheuser-Busch	450	1,329
21.	Heineken	450	1,232
22.	Miller Brewing	290	708
		300	667
<b>FINANCE AND LENDING</b>			
7.	Fannie Mae	1,505	3,798
11.	Freddie Mac	465	1,245
19.	Citigroup	400	1,112
38.	Countrywide	350	796
50.	Prudential Financial	175	367
		115	278
<b>FOOD AND BEVERAGE</b>			
5.	Coca-Cola	1,590	3,729
14.	General Mills	800	1,807
29.	Pepsi	360	1,022
36.	Food Lion	230	517
		200	383
<b>TELECOMMUNICATIONS</b>			
15.	AT&T	1,578	3,618
16.	Comcast	360	983
23.	BellSouth Corporation	410	979
27.	Time Warner	318	662
34.	Verizon	280	547
		190	447
<b>AUTO</b>			
10.	General Motors	1,060	2,983
13.	Toyota	310	1,123
31.	Chrysler Financial Services	350	1,062
45.	Ford Motor Company	250	500
		150	296
<b>INSURANCE</b>			
2.	State Farm	1,248	2,912
28.	UnitedHealth Group	860	2,049
42.	New York Life	273	535
		115	328
<b>DEFENSE</b>			
17.	Lockheed Martin	513	1,385
35.	Northrop Grumman	300	958
		213	407
<b>OTHER LARGE DONORS</b>			
1.	Dell	1,025	2,179
4.	Wal-Mart	800	1,809
12.	U.P.S.	415	1,094

### How the Money Was Spent

The charity's mission is to help disadvantaged African-American students and to do public policy research, but a large share of the money is spent on special events.



Sources: Annual reports and tax returns filed by the nonprofits; Federal Election Commission campaign finance reports

blamed the high prices charged by vendors mandated by the Washington Convention Center.

### Legislative Interests

The companies that host events at the annual conference are engaged in some of the hottest battles in Washington, and they frequently turn to caucus members for help.

Internet poker companies have been big donors, fighting moves to restrict their growth. Caucus members have been among their biggest backers.

Amgen and DaVita, which dominate the kidney treatment and dialysis business nationwide, have donated as much as \$1.5 million over the last five years to caucus charities, and the caucus has been one of their strongest allies in a bid to win broader federal reimbursements.

AT&T and Verizon, sponsors of the caucus charities for years, have turned to it in their effort to prevent new federal rules governing how cellphone carriers operate Internet services on their wireless networks.

But few of these alliances have paid off like the caucus's connection to rent-to-own stores.

Some Democrats in Congress have tried to limit fees charged to consumers who rent televisions or appliances, with critics saying the industry's advertisements prey on low-income consumers, offering the short-term promise of walking away with a big-screen TV while hiding big long-term fees.

Faced with rules that could destroy their business, the industry called on the caucus.

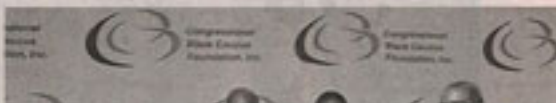
In 2007, it retained Zehra Buck, a former aide to Representative Bennie Thompson, Democrat of Mississippi and a caucus member, to help expand a lobbying campaign. Its trade association in 2008 became the exclusive sponsor of an annual caucus foundation charity event where it donated televisions, computers and other equipment were auctioned, the proceeds going to scholarships. It donated to the campaigns of at least 10 caucus members, and to political action committees run by the caucus and its individual members.

It also encouraged member stores to donate to personal charities run by caucus members or to public schools in their districts. Mr. Clay, the Missouriian, received \$14,000 in industry contributions in 2008 for the annual golf tournament his family runs in St. Louis. The trade association also held a fund-raising event for him in Reno, Nev.

"I'll always do my best to protect what really matters to you," Mr. Clay told rent-to-own executives, who agreed to hold their 2008 annual convention in St. Louis, his home district. Mr. Clay declined a request for an interview.

On a visit to Washington, Larry Carrico, then president of the rent-to-own trade association, offered to donate computers and other equipment to a nonprofit, job-training group in Chicago named in honor of Mr. Davis, the Illinois congressman who in 2002 voted in favor of tough restrictions on the industry.

Mr. Davis switched sides. Mr. Carrico traveled to Chicago to hand over the donations, including a van with "Congressman Danny E. Davis Job Training Program" painted on its side, all of which helped jump-start a charity run by Lowry Taylor, who also





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Not all caucus members support the donors' goals, and some issues, like a debate over whether to ban menthol cigarettes last year, have produced divisions.

But caucus members have attracted increasing scrutiny from ethics investigators. All eight open House investigations involve caucus members, and most center on accusations of improper ties to private businesses.

And an examination by The Times shows what can happen when companies offer financial support to caucus members.

For instance, Representative Danny K. Davis, Democrat of Illinois, once backed legislation that would have severely curtailed the rent-to-own industry, criticized in urban districts like his on the West Side of Chicago. But Mr. Davis last year co-sponsored legislation supported by the stores after they led a well-financed campaign to sway the caucus, including a promise to provide computers to a jobs program in Chicago named for him. He denies any connection between the industry's generosity and his shift.

## Growing Influence

The caucus started out 40 years ago as a political club of a handful of black members of Congress. Now it is at the apex of its power: President Obama is a former member, though he was never very active.

Its members, all Democrats, include the third-ranking House member, Representative James

Ron Nixon and Griffin Palmer contributed reporting.

cludes executives and lobbyists from Boeing, Wal-Mart, Dell, Citigroup, Microsoft, Coca-Cola, Verizon, Heineken, Anheuser-Busch and the drug makers Amgen and GlaxoSmithKline. All are hefty donors to the caucus.

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Officials from the Association of American Railroads — another major donor — used their board positions to urge the inclusion of language recommending increased spending on the national freight rail system. A lobbyist for Verizon oversaw a debate on a section that advocated increased federal grants to expand broadband Internet service. And Larry Duncan, a Lockheed Martin lobbyist, served on a caucus institute panel that recommended that the United States form closer ties with Liberia, even as his company was negotiating a huge airport contract there.

The companies say their service to the caucus is philanthropic.

"Our charitable donations are charitable donations," said David Sylvia, a spokesman for Altria, which has given caucus charities as much as \$1.3 million since 2004, the Times analysis shows, including a donation to a capital fund used to pay off the mortgage of its headquarters.

Elsie L. Scott, chief executive of the Congressional Black Caucus Foundation, acknowledged that the companies want to influence members. In fact, the fund-

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The Southern Company, the dominant electric utility in four Southeastern states, spent more than \$300,000 to host an awards ceremony the next night honoring Ms. Lee, the black caucus chairwoman, with Shaun Robinson, a TV personality from "Access Hollywood," as a co-host. The bill for limousine services — paid by Southern — exceeded \$11,000.

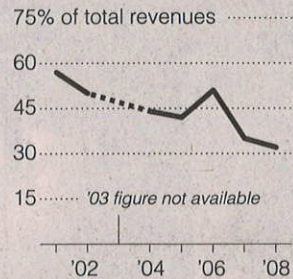
A separate party, sponsored by Macy's, featured a fashion show and wax models of historic African-American leaders.

All of this was just a buildup for the final night and the biggest event — a black-tie dinner for 4,000, which included President Obama, the actor Danny Glover and the musician Wyclef Jean.

Annual spending on the events, including an annual prayer breakfast that Coca-Cola sponsors and several dozen policy workshops typically sponsored by other corporations, has more than doubled since 2001, costing \$3.9 million in 2008, with more than \$350,000 going to the official decorator and nearly \$400,000 to contractors for lighting and show production, according to tax records. (By comparison, the caucus spent \$372,000 on internships in 2008, tax records show.)

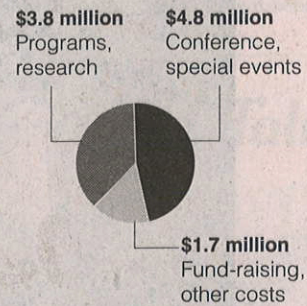
but a large share of the money is spent on special events.

### Spending on programs and research



Sources: Annual reports and tax returns filed by the nonprofits; Federal Election Commission campaign finance reports

### Breakdown of 2008 spending



THE NEW YORK TIMES



Caucus members accepting a donation to the foundation from Eli Lilly, the pharmaceutical giant and a major contributor.

The sponsorship of these parties by big business is usually counted as a donation in the caucus books. But sometimes the corporations pay vendors directly and simply name the caucus or an individual caucus member as an "honoree" in disclosure records filed with the Senate.

(The New York Times Company is listed as having paid the foundation \$5,000 to \$15,000 in 2008. It was the cost of renting a booth to sell newspapers at the annual conference.)

Foundation officials say profit from the event is enough to finance programs like seminars on investments, home ownership

and healthy living; housing for Washington interns; and about \$600,000 in scholarships.

Interns and students interviewed praised the caucus.

"The internship for me came at a very critical moment in my life," said Ervin Johnson, 24, an intern in 2007, placed by the Justice Department. "Most people don't have that opportunity."

Still, Ms. Scott, the group's chief executive, said that members of the caucus's board had complained about the ballooning bills for the annual conference. And some donors have asked that their money go only toward programs like scholarships. She

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Mr. Davis switched sides. Mr. Carrico traveled to Chicago to hand over the donations, including a van with "Congressman Danny E. Davis Job Training Program" painted on its side, all of which helped jump-start a charity run by Lowry Taylor, who also works as a campaign aide to Mr. Davis. In an interview, Mr. Carrico said support from caucus members came because they understood that his industry had been unfairly criticized and that it provided an important service to consumers in their districts.

While some caucus members still oppose the industry, 13 are co-sponsors of the industry-backed legislation that would ward off tough regulatory restrictions — an alliance that has infuriated consumer advocates.

"It is unfortunate that the members of the black caucus who are supporting this bill did not check with us first," said Margot Saunders, a lawyer with the National Consumer Law Center. "Because the legislation they are supporting would simply preempt state laws that are designed to protect consumers against an industry that rips them off."

The industry's own bill, introduced by a caucus member, has not been taken up, but it does not really matter because the move to pass stricter legislation has ground to a halt.

"Without the support of the C.B.C.," John Cleek, the president of the rent-to-own association, acknowledged in an industry newsletter in 2008, "our mission in Washington would fail."