

CITIZENS BLINDSIDED: SECRET CORPORATE MONEY IN THE 2010 ELECTIONS AND AMERICA'S NEW SHADOW DEMOCRACY

With a Foreword by Jamie Raskin



**JUSTICE FOR ALL.
NO EXCEPTIONS.**
That's the American Way



Table of Contents

Foreword by Jamie Raskin	1
“We the Corporations”: America Gets A First Taste in the 2010 Elections	2
A Wall of Propaganda: What Corporate Money Paid For	3
Health Care Reform	3
American Clean Energy and Security Act	4
Debt, Budget Deficits, and the Stimulus Plan	4
The Players	5
60 Plus Association	5
American Action Network & American Action Forum	6
American Crossroads & Crossroads GPS	7
American Future Fund	9
Americans for Job Security	10
Americans for Limited Government	11
Americans for New Leadership & Liberty.com	12
Americans for Prosperity & Americans for Prosperity Foundation	12
Americans for Tax Reform	13
Center For Individual Freedom	15
Club for Growth & Club for Growth Action	15
Coalition to Protect Seniors	16
Commission on Hope, Growth and Opportunity	17
First Amendment Alliance	18
The New Prosperity Foundation	18
U.S. Chamber of Commerce	19
Corporate Defenders and Mouthpieces	20
Conclusion	21

Foreword

By Jamie Raskin

In the see-saw of American electoral politics, the parties regularly alternate landslides and trumpet realigning events and new eras. That is why, as substantial as the Republicans' immediate political gains were in the 2010 mid-term elections the true tectonic shift in our politics took place last January when the Supreme Court altered the meaning of the United States Constitution in a way that dramatically expanded the political role and power of corporations. Thus, from the standpoint of the American public, the year should be remembered for the fact that these were the first federal elections held after the Supreme Court transformed the American political system in the *Citizens United* case. In that fateful 5-4 decision, the Court decided to "open the floodgates" on unlimited corporate cash in the political process, as President Obama observed in his 2010 State of the Union address, and the first results are indeed breathtaking to behold.

This detailed report documents that, in the 2010 elections, an ocean of corporate cash—hundreds of millions of dollars at least—flooded the political process. Some of the money was disclosed and much of it was not, but it is strikingly impressive how well-organized the newly minted "corporate Americans" were in promoting their company bottom lines and how well-spent and effective their investments were in key Senate and House contests. Health insurance companies, the Wall Street financial industry, pharmaceutical companies, energy companies and many others pumped hundreds of millions of dollars into non-profit corporations, trade associations and other entities to actively promote pro-corporate candidates and malign those deemed insufficiently pliant friends of their lobbyists in Washington.

What is all this money paying for? Unlike actual voters, who can bring not only self-interest but an interest in the broader community and the common good to the ballot box and the campaign, private corporations that intervene in politics are bound by law to spend corporate resources to promote only those candidates whose election will serve to increase company profits and serve the company agenda. As Justice Stevens put it in his passionate dissenting opinion in *Citizens United*, "corporations have no consciences, no beliefs, no feelings, no thoughts, no desires." But they do have a legally defined purpose to follow, which is to make as much money as possible for their shareholders. Expenditure for any other purpose constitutes "corporate waste" in all of the states. For the first time in our history, the Court has thus transformed

single-minded profit-making corporations into full-fledged political citizens armed with the rights of the people.

Based on the election results, it looks like the first wave of investment of corporate political venture capital has paid off handsomely for major investors. In an economy still reeling from the mortgage crisis and trillion-dollar collapse on Wall Street, at a time when millions of citizens are still out of work and millions more are facing home foreclosures, when big bailouts for big banks and budget austerity for everyone else is the order of the day, mere citizens proved to be no match at all for the organized wealth of large corporations and the negative ads the companies underwrote. Even in the wake of corporate disasters like the BP oil spill, the collapsing West Virginia coal mines of the Massey corporation, and the trillion-dollar subprime mortgage debacle provided by AIG, Goldman Sachs and others, will either of the two major political parties and their elected officials now have the courage to stand up to the awesome economic might of our largest corporations?

This edifying and often horrifying report names the names of the key players who channeled the corporate cash, received it and spent it on building a wall of propaganda in the 2010 campaigns, freely mixing truth and falsehood along the way, as is the right of citizens—and now corporations—under our First Amendment. Beyond known facts, the report also tells us what we do not know, and cannot know, about corporate political spending unless and until Congress moves to pass the DISCLOSE Act, which is the very least that can be done to give the public a sense of who is paying for the wall of propaganda that just got erected across America.

But the 2010 off-year elections is obviously just a little taste of what is in store for us in 2012 and beyond. This is why we cannot simply chalk the Court's decision up to experience and roll over and play dead. *Bush v. Gore* (2000) was about one election; *Citizens United* is about all of them.

Thus, to my reading, the most provocative and important passage of this report comes when, in the chorus of praise cited for the Roberts Court's judicial activism among sympathetic politicians, Alabama Senator Jeff Sessions, the ranking Republican on the Senate Judiciary Committee, is quoted as comparing the majority's 5-4 decision in *Citizens United* to the unanimous ruling of the Court in 1954 in *Brown v. Board of Education*. Senator Sessions likened the desegregation of public schools to the integration of corporations into the political process.

The analogy is seductive because both decisions indeed

took down walls of different kinds. But upon inspection it is deeply flawed and must be challenged at every turn.

Brown v. Board struck down the “separate but equal” Jim Crow regime in public education, tearing down the wall of racial apartheid in America and declaring that all citizens must be treated equally under the Constitution. Demolishing this wall integrated, improved and upheld American democracy.

Citizens United tore down the wall of separation between corporate wealth and public elections, a wall that has protected popular democracy against the tyranny of fat cats and plutocrats for a century at least. The 5-justice majority in the case overthrew decades of precedent to declare that billion-dollar corporations have the same political rights as citizens do, meaning that while all citizens can write campaign checks from the same personal accounts that we buy groceries and pay utility bills from, CEOs can spend tens of millions of dollars from their corporate treasuries to get pliant politicians elected to serve the corporate will.

I suppose that one could think of this new plutocratic system as “integrated,” but from the standpoint of ordinary human democracy it may be better described as ushering in a new Orwellian regime of “separate but equal” politics. For how many of us believe that our modest contributions, even in concert, can ever match the blinding power of right-wing corporate America and its mountains of cash and blizzard of attack ads?

At this point, it will take a constitutional amendment to get us back on track to securing government of the people, by the people and for the people. Let us hope that we can summon up the democratic strength to make it happen.

Jamie Raskin is a professor of constitutional law at American University, a Maryland State Senator and a Senior Fellow at People for the American Way.

“We the Corporations:” America Gets A First Taste in the 2010 Elections

The Supreme Court’s 5-4 ruling in *Citizens United v. FEC* (2010) held that the First Amendment right of free speech applies with little distinction to both individuals and corporations. Since *Buckley v. Valeo* (1976) established campaign spending as a form of protected speech, the Court’s decision allows for corporations to engage in political spending and to donate unrestricted funds from their general treasuries to other political organizations, effectively overturning decades of state and

federal campaign finance laws. Fearing effects of greater corporate influence on American political democracy, Justice Stevens in his dissenting opinion warned that corporations can “amass and deploy financial resources on a scale few natural persons can match,” but are not “themselves members of ‘We the People’ by, whom, and for whom our Constitution was established.”

Although “we the corporations” now have a constitutional right to contribute money to independent expenditure groups, they are not bound to publicly disclose the sources of their funding. Even though the majority opinion in *Citizens United* upheld Congress’s right to enact disclosure laws, acknowledging that such “transparency enables the electorate to make informed decisions” without “impos[ing] a chill on speech or expression,” today’s 501 (c)4 and (c)6 organizations are under no obligation to disclose their financial backers but are increasingly engaged in electioneering advocacy across the country.

While we do not know who is funding such organizations, we do know that the groups which played a significant role in the 2010 elections are overwhelmingly backing right-wing candidates. “Outside groups raised and spent \$126 million on elections without disclosing the source,” according to the Sunlight Foundation, which “represents more than a quarter of the total \$450 million spent by outside groups.” Republican candidates largely benefited from the downpour of undisclosed money, as pro-GOP groups that did not reveal their donors outspent similar pro-Democratic groups by a 6:1 margin. The nonpartisan Center for Responsive Politics reports that of the top ten groups which did not disclose their sources of funding, eight were conservative pro-GOP organizations.

A post-election report by *Politico* found that organizations such as Crossroads GPS, the US Chamber of Commerce, the 60 Plus Association, and the American Action Network, “backed by millions in corporate cash and contributions by secret donors,” coordinated with each other and the National Republican Campaign Committee to ensure that “vulnerable Democrats got the full brunt of GOP spending.” By coordinating their political activities, many of these groups were able to increase the number of Democrats facing a deluge of negative advertisements, making Democrats in once-safe seats more vulnerable to defeat.

Citizens United and related judicial and administrative decisions have also allowed for the emergence of so-called Super PACs, which can take in unlimited amounts of money from corporations and individuals. A number of the new political organizations have been exposed as front groups for the oil and gas and insurance industries and Wall Street moguls, and new revelations reveal

that some groups even receive substantial funding from federal government contractors and foreign businesses. Corporate dollars are also financing many Tea Party and other conservative “grassroots” organizations, giving “astroturfing” an even more prominent role in American politics.

The Center for Responsive Politics reported that conservative outside groups spent \$188.8 million in 2010, while left-leaning groups spent less than half that amount. In the last ninety days of the election, the twenty largest conservative outside groups ran 144,182 television ads, and seventy-seven percent of those ads came from organizations which do not disclose their donors.

Legislative remedies, most notably the currently stalled DISCLOSE Act, will bring more transparency to the process while still leaving corporate intervention in electoral politics mostly intact. Due to the sweeping language of the Supreme Court’s ruling in *Citizens United*, only a constitutional amendment can effectively overturn the decision.

This report looks into the groups that, armed with the 5-4 *Citizens United* decision, promoted their pro-corporate agenda and built a wall of conservative propaganda across America during the recent election cycle. Many groups originated in the aftermath of *Citizens United* and directly cite the ruling as essential to their founding; others had been active for years but gained new funding, energy and prominence as a result of the decision. What they all had in common was a relentless desire to discredit progressive ideas and elect pro-corporate candidates to office across the country. As discussed below, they also shared an alarming tactical bent for deceitfulness and distortion in the campaign process.

A Wall of Propaganda: What Corporate Money Paid For

Not only were huge amounts of corporate and special interest money poured into the elections this past cycle, but the ads underwritten had a recklessly loose relationship with the truth. As Greg Sargent wrote in *The Washington Post*, “the sheer scale and dimension of dishonesty and distortion coming from the conservative” groups was both astonishing and irresponsible. *PolitiFact* even declared that ads “from ‘super PACs’ and other political groups targeting the 2010 midterm election [were] overwhelmingly spreading exaggerations and falsehoods.” Indeed, television stations in Pennsylvania, Illinois, Connecticut, Colorado, and Kentucky refused to run attack ads for carrying a patently false message. Unfortunately, however, due to the enormous amount of

spending by pro-corporate groups and the pervasiveness of the distortions let loose in the land, many of the falsehoods found in these ads went unchallenged before Election Day.

The sixteen groups profiled in this report frequently employed the same dishonest, deceptive, and misleading claims in their ads, which were bankrolled by multimillionaire donors and corporations, and in some cases, secret donors. Especially with respect to health care reform, energy reform, and budget and jobs issues, the lavishly funded deception was apparent.

Health Care Reform

Critics of health care reform frequently claimed that the law would reduce Medicare benefits for seniors, cut Medicare funding, create a government-run health care system, fund drugs for erectile dysfunction to registered sex offenders, kill jobs, use taxpayer funding for abortion, and produce an army of IRS agents looking to throw uninsured individuals in jail. However, FactCheck said that such contentions were “badly misleading” as none of these assertions are accurate:

- The AARP maintains that the reform law actually lowers costs by closing the doughnut-hole in the prescription drug benefit plan, and that the law does not cut benefits or increase “out-of-pocket costs for Medicare services.”
- According to *PolitiFact*, health care reform does not cut \$500 billion from Medicare, but does restrain “the growth in Medicare spending by more than \$500 billion over 10 years.” Therefore, Medicare benefits won’t be reduced, and the savings will come from cuts in waste, restructuring the program, and alterations in payment plans.
- Many critics of reform said that the new law would lead to “government-run” health care or the “government takeover” of health care. However, FactCheck points out that the law preserves the private-sector insurance system and “doesn’t come anywhere close to a system in which the government is the insurer or provider of health care. Instead, the law keeps the country’s primarily private health insurance system in place—in fact, it creates a lot more business for private insurers since it requires individuals to have a policy.”
- One of the most offensive and ludicrous allegations, one levied most notably by the

American Action Network, has been that health care reform uses taxpayer money to subsidize drugs like Viagra for sex offenders and rapists. In the Senate, Tom Coburn of Oklahoma proposed an unserious Amendment with the sole purpose of derailing the bill. FactCheck claims that “there’s nothing in the legislation that supports, requires or even mentions such prescriptions,” and Political Correction said the charge is “outrageously deceptive.”

- Studies show that the health care reform law will actually create jobs in the health-industry and create an improved business climate. Two studies by economists from Harvard University and the University of Southern California found that health care reform “could slow the growth of medical costs, allowing employers to create 250,000 to 400,000 new jobs a year over the next decade.”
- Allegations that health care reform leads to taxpayer subsidized-abortion are patently false, as *PolitiFact* says that the health care reform law “does not provide full federal funding of abortions — and that’s clear.” However, that hasn’t stopped pro-GOP outside groups and Republican politicians from making untrue claims about the reform law with regards to abortion coverage.
- Conservative groups also floated the conspiracy theory that individuals without health coverage could be thrown in jail and that the new law will add thousands of IRS agents. FactCheck disputed both those claims, saying that the charge about the IRS is “wildly inaccurate” and that uninsured individuals will not face criminal prosecution or imprisonment.

American Clean Energy and Security Act

Right-wing groups argued that the American Clean Energy and Security Act, which includes the “Cap and Trade” provision, would create a new energy tax, destroy job growth, and lead to skyrocketing energy costs for families. But objective studies show otherwise:

- Republican contentions that the law would increase energy costs for American families by over \$3,000 point to a MIT study. However, John Reilly of MIT who conducted the analysis maintains that the GOP’s interpretation of his report is “just wrong” and a “misrepresentation” of his study by immensely exaggerating the

projected costs to each family.

- According to *PolitiFact*, if the bill becomes law, low-income families will see lower energy costs while the average consumer will pay “about 22 to 30 cents a day,” or the price of one postage stamp a day.
- A study by the University of California-Berkley found that the bill would neither destroy the economy nor hamper job growth. In fact, “full adoption of the ACES package of pollution reduction and energy efficiency measures would create between 918,000 and 1.9 million new jobs, increase annual household income by \$487-\$1,175 per year, and boost GDP by \$39-\$111 billion.”
- *PolitiFact* makes clear that the “Cap and Trade” provision in the American Clean Energy and Security Act does not lead to energy taxes: “calling it a ‘energy tax’ is not an accurate way to describe the measure.”

Debt, Budget Deficits, and the Stimulus plan

Many ads by independent expenditure groups suggested that Democrats in Congress and President Obama were almost wholly responsible for the national debt and the budget deficit. The stimulus plan was knocked for wasting billions of dollars, doing nothing to combat job losses, and financing bizarre scientific studies instead of putting people back to work. However, such charges badly distorted the facts about the history of the country’s budget woes and the record of the stimulus plan:

- President Obama was left with a record budget deficit created by the Bush administration. On January 7, 2009, the CBO estimates that Bush left the country with an astounding “\$1.186 trillion budget deficit for fiscal year 2009” even though he “inherited a record surplus from President Clinton.”
- The national debt is not a result of the actions of either the Obama administration or Congressional Democrats. While President Clinton put the country on the path towards paying off the national debt, President Bush’s tax cuts alone “directly added \$2.5 trillion to the national debt in the full 10 years that they have been law.” *PolitiFact* confirms that “when Bush took office, the national debt was \$5.73 trillion. When he left, it was \$10.7 trillion.”

- Most economists agree that the Stimulus was successful in preventing an economic meltdown and saving millions of jobs. Prominent economists Mark Zandi of Moody and Alan Blinder of Princeton in their comprehensive report claim that the Stimulus is responsible for “raising 2010 real GDP by 3.4%, holding the unemployment rate about 11.5 percentage points lower, and adding almost 2.7 million jobs to U.S. payrolls.”
- Groups have misleadingly claimed that officials who voted for the Stimulus wanted to finance studies on “ants” and “cocaine” instead of creating jobs. However, the stimulus plan simply provided funding to the National Science Foundation, which later funded an array of peer-reviewed scientific studies. Members of Congress did not vote to specifically fund any particular projects.

The Players



60 Plus Association

Where: AZ-01; AZ-05; AZ-07; AZ-08; CA-11; CA-18; CA-20; CA-47; CO-03; CO-07; CT-04; CT-05; FL-02; FL-22; FL-24; GA-02; IL-14; IL-17; IN-02; MA-04; MA-10; MI-09; MN-08; MO-03; NC-02; NH-02; NM-01; NV-03; NY-01; NY-20; NY-23; NY-25; OH-16; OR-05; PA-03; PA-08; PA-10; PA-11; SC-05; TN-08; TX-23; TX-27; VA-05; VA-11; WA-02; WA-09; WI-03; WI-07; WI-08; WV-01; WV-03

Successful: AZ-01; AZ-05; CO-03; FL-02; FL-22; FL-24; IL-14; IL-17; MN-08; NC-02; NH-02; NV-03; NY-01; NY-20; NY-25; OH-16; PA-03; PA-08; PA-10; PA-11; SC-05; TN-08; TX-23; TX-27; VA-05; WI-07; WI-08; WV-01

The 60 Plus Association spent over \$7 million in campaign ads attacking Democrats, typically by criticizing the health care reform law, in fifty-one congressional districts. Democrats went down to defeat in 56% of the races the 60 Plus Association ran ads in.

Who:

Founder and Chairman James “Jim” Martin was honored by the right-wing Human Events newspaper as “The

Man Who Put Death Tax on the Political Map,” after he coined the phrase “death tax” during the debate over the estate tax. When he worked for Republican Congressman Ed Gurney’s successful campaign for the US Senate in 1968, Martin gave George W. Bush “his first job” and Bush later gave him the nickname “Buddha.” Martin was also the vice president of conservative activist Richard Viguerie’s direct mail firm, a centerpiece of right-wing electioneering that has also done work for 60 Plus. Most recently, he joined the Tea Party Express Bus Tour, where he criticized Rep. Steve Cohen for “shamelessly pander[ing] to the African Americans in his congressional district by charging the Tea Party folks with being ‘racist,’” and promised “political pain at the polls in 2010” to supporters of health care reform.

An unapologetic proponent of privatizing Social Security, Martin referred to privatization as “the way of the future,” and wrote in 2001 that Social Security was “a burden, not a blessing” and an “antiquated relic of a bygone era.” 60 Plus is the self-declared “conservative alternative” to the AARP, which Martin refers to as the “Association Against Retired Persons.”

60 Plus supports Jim DeMint’s and Paul Ryan’s proposals to privatize (“personalize”) Social Security; blamed “enviros” for the BP Gulf Oil Spill; says the American Clean Energy and Security Act will have a “serious negative impact” on seniors; believes that abolishing the Estate Tax for the wealthy will “help Katrina victims,” and argued that health care reform will be the “death knell” of senior citizens.

About:

The 60 Plus Association is a 501(c)4 organization founded in 1992. In 1999, it joined the corporate front-group Citizens for Better Medicare, which aggressively lobbied against prescription drug benefit legislation. Citizens for Better Medicare received the majority of its funding from Pharmaceutical Research and Manufacturers of America (PhRMA) and the U.S. Chamber of Commerce.

60 Plus was named one of PhRMA’s “stealth PACs” by Public Citizen, and 60 Plus does not have to disclose its donors to the public. In 2003, Pfizer paid the disgraced firm Bonner & Associates to lobby against prescription drug plans in Minnesota and New Mexico, which in turn used 60 Plus as a front group to directly advocate against the proposals. 60 Plus has also been tied to lobbyist and convicted felon Jack Abramoff.

Election Attacks:

Their campaign ads heavily focused on the purported \$500

billion “Medicare cut” in the recent health care reform law. The Medicare “cut” actually represents significant savings through the reduction of waste, subsidies, and overpayments as part of health care reform, and *PolitiFact* writes that the “government-run Medicare program will keep paying medical bills for seniors.” According to the AARP, “none of the health care reform proposals being considered by Congress would cut Medicare benefits or increase your out-of-pocket costs for Medicare services” and that “rather than weaken Medicare, health care reform will strengthen the financial status of the Medicare program.” Moreover, the 60 Plus Association referred to the reform law as “Big Government Health Care,” even though the law, of course, keeps the private insurance system intact. The group’s closing ad went as far as to compare the fight against Nazi Germany in World War II to its own apparently valiant opposition to health care reform, stating that the mid-term election was just like D-Day.



American Action Network & American Action Forum

Where: FL-SEN; IL-SEN; NH-SEN; WA-SEN; WI-SEN; WV-SEN; AR-01; AR-02; CO-07; CT-04; CT-05; IL-10; IN-02; MA-10; MI-07; MN-01; NH-02; NM-01; NV-03; OH-06; OH-12; OR-05; PA-06; PA-07; PA-10; PA-12; PA-15; SD-At Large; VA-05; VA-09; VA-11; WA-08; WI-08; WV-01

Successful: FL-SEN; IL-SEN; NH-SEN; WI-SEN; AR-01; AR-02; IL-10; MI-07; NV-03; OH-06; OH-12; PA-06; PA-07; PA-10; PA-15; SD-At Large; VA-05; VA-09; WA-08; WI-08; WV-01

The American Action Network spent over \$19 million on advertisements targeting Democratic candidates and, in a handful of cases, directly buttressing Republican incumbents. The group competed in six Senate races and 28 House races, and had a 58% success rate. In their biggest expenditures, the American Action Network spent close to or over \$1 million against Democratic Reps. Gerry Connolly, Ed Perlmutter, Mark Critz, Charlie Wilson, Chris Murphy, and Martin Heinrich. Towards the end of the campaign, the group joined American Crossroads and the Commission on Hope, Growth,

and Opportunity as part of what the *Wall Street Journal* called a “\$50 million advertising blitz” to influence a “few dozen competitive races where Democratic candidates have significantly more money in the bank than their Republican opponents.”

Who:

Former Republican US Senator Norm Coleman and McCain-Palin policy advisor Douglas Holtz-Eakin founded the American Action Network, the 501 c4 political arm, and the American Action Forum, a 501 c3 organization designed as a conservative think tank. The American Action Network’s President is the former chief of staff to House GOP Whip Eric Cantor. Other leading right-wing figures involved in the group’s establishment include Fred Malek, the controversial Finance Chair of McCain-Palin ’08 and a longtime Republican fundraiser; Robert Steele of Goldman Sachs and Wachovia; right-wing tobacco heir C. Boyden Gray; and Home Depot founder Kenneth Langone.

Other board members of the two groups include former RNC head Ed Gillespie, RGA chief and Governor Haley Barbour (R-MS), former Governors Jeb Bush (R-FL) and Tom Ridge (R-PA), former Senators George Allen (R-VA) and Mel Martinez (R-FL), and former Congressmen Jim Nussle (R-IA), Vin Webber (R-MN) and Tom Reynolds (R-NY).

About:

Norm Coleman explicitly pointed to the *Citizens United* decision as a reason for the American Action Network’s ability to emerge as a potent force this election year, saying that it “greatly enhanced” the group’s fundraising. Moreover, the group does not have to disclose the identity of its donors to the public, and sees left-leaning groups such as the Center for American Progress and Democracy Corps as models. While the American Action Network focuses primarily on political advertisements attacking Democrats, the American Action Forum concentrates on policy work and polling competitive congressional districts. The sister organization focuses on the traditional conservative criticisms of health care reform, Wall Street reform, and the Obama administration’s handling of the economy.

Election Attacks:

The negative advertisements attacking Democratic Senate candidates were centered on the issues of economic policy and spending. The American Action Network launched its premier negative ad against Patty Murray of Washington (Norm Coleman’s former aide was the campaign manager

for Sen. Murray's Republican opponent, Dino Rossi). In the ad, the narrator says Murray wore her "tennis shoes out on our backs" and shows a woman walk over a man, woman and child, claiming that she "raised taxes on small businesses" and "cost us jobs" without citing any specific legislation. However, the Senator had a perfect 100% rating from the National Association of Small Businesses and even at times voted the same way as Norm Coleman on small business legislation. The American Action Network's ad against New Hampshire's Paul Hodes incorrectly claimed that the American Clean Energy and Security Act would raise energy prices and kill jobs. The ad against Russ Feingold of Wisconsin absurdly blamed the Senator for the entire growth of the national debt, even though the group supports the Bush-era policies that produced huge deficits and increased the debt.

A notorious American Action Network's ad showed an online video chat between two women, where one asserts, "apparently convicted rapists can get Viagra paid for by the new health care bill... Viagra for rapists, with my tax dollars?! And Congresswoman Dina Titus voted for it." Ads using the same charge were used against Congressmen Chris Murphy, Jim Himes, and Charlie Wilson. This charge is a result of an attempt by Oklahoma Republican Tom Coburn to pass an Amendment to stop health plans from subsidizing drugs that treat erectile dysfunction to registered sex offenders. However, this was not a serious Amendment, but actually a transparent procedural ploy to make the language of the Senate bill different from the House bill and therefore completely derail the legislation. FactCheck described a different ad making the same accusation "bogus," and dubbed it a "false and misleading ad." Some television stations even refused to air the ads because the American Action Network could not verify its claims.

In Connecticut, television stations pulled an American Action Network ad off the air which said that health care reform would lead to "thousands of new IRS agents" and "jail time for anyone without coverage." FactCheck called the IRS agent allegation "wildly inaccurate" and as Greg Sargent of the *Washington Post* reports, FactCheck also confirmed that people "will not be subject to criminal prosecution" under the new law.



American Crossroads & Crossroads GPS

Where: AR-SEN; CA-SEN; CO-SEN; FL-SEN; IL-SEN; KY-SEN; MO-SEN; NH-SEN; NV-SEN; OH-SEN; PA-SEN; WA-SEN; CA-03; CA-08; CA-20; CO-03; CO-07; FL-22; GA-02; HI-01; IN-02; MN-08; MO-03; NC-11; ND-At Large; NV-03; NY-20; NY-22; NY-25; OH-16; TN-04; TX-17; TX-23; WA-02; WA-03; WV-01; WV-03

Successful: AR-SEN; FL-SEN; IL-SEN; KY-SEN; MO-SEN; NH-SEN; OH-SEN; PA-SEN; CA-03; CO-03; FL-22; MN-08; ND-At Large; NV-03; NY-20; NY-25; OH-16; TN-04; TX-17; TX-23; WA-03; WV-01

American Crossroads and its sister organization, Crossroads Grassroots Policy Strategies (GPS), was on the air in almost every top-tier Senate race. American Crossroads, the 527 "Super PAC," spent more than \$21.5 million, and the shadowy Crossroads GPS spent close to \$17 million. Combined, the two groups had a 59% success rate.

Who:

Notorious Bush adviser and Republican strategist Karl Rove founded American Crossroads and Crossroads GPS, and he openly identified *Citizens United* as they key to its fundraising prowess. Ed Gillespie, the former chair of the Republican National Committee, was also a major figure in the groups' establishment. Another former RNC head, Mike Duncan, is the Chairman of American Crossroads, and Steven J. Law of the U.S. Chamber of Commerce is its President and CEO.

Other staff members from GOP network include: Carl Forti of the Mitt Romney presidential campaign and the National Republican Congressional Committee is the Political Director; RNC policy aide Steven Duffield is the Issues Director; the deputy research director of Romney's campaign Chris McInerney is the Research Director, and the NRCC's Jonathan Collegio is the Communications Director.

About:

Of the \$32 million raised between the two groups, Crossroads GPS gathered the bulk of the funds. Crossroads GPS is a 501(c)4 "social welfare" organization that is not obligated to disclose sources of its funding to the public; American Crossroads, on the other hand, is a 527 organization that is required to report its donors to the FEC because of its express advocacy in federal elections. Crossroads GPS has come under fire from clean-campaign groups, who maintain that Crossroads GPS was unlawfully "organized to participate and intervene in the 2010 congressional races while providing

donors to the organization with a safe haven for hiding their role.”

Politico reports that Crossroads GPS planned to spend “\$18 million on ‘issue advocacy,’ \$15 million on ‘targeted grassroots advocacy,’ \$3 million on ‘issue research,’ \$2 million on polling and \$5 million buying, renting and enhancing lists.” The twin-groups also prepared “a monster \$10 million national get-out-the-vote campaign that [included] 40 million pieces of political mail and 20 million phone calls to voters in key states,” according to Michael Crowley of *Time*.

Crossroads GPS appears to be the vehicle for the vast majority of corporate donations since the group does not have to disclose their contributors. Sources in Crossroads told *Politico* that “most of the GOP corporate money is believed to be moving through [Crossroads GPS], so that it isn’t disclosed publicly.” After the election, NBC News found that “a substantial portion of Crossroads GPS’ money came from a small circle of extremely wealthy Wall Street hedge fund and private equity moguls.”

According to FEC reports, American Crossroads received \$1 million from the Dixie Rice Agricultural Corporation and \$1 million from Southwest Louisiana Land LLC (both owned by conservative billionaire Harold Simmons). Robert Rowling and his company TRT Holdings Inc., which owns Omni Hotels and Gold’s Gym, each donated around \$2.5 million. American Crossroads also received \$2 million from Alliance Resource Group, which is tied to the coal industry, \$400,000 from the American Financial Group, Inc. (owned by billionaire and GOP-advocate Carl Linder), and \$25,000 from Universal Health Care. Multimillionaires funding the group include Bob Perry of Perry Homes, who gave \$7 million; Bradley Wayne Hughes, the founder of Public Storage, donated \$2.55 million; and Jerry Perenchio of Univision and Trevor Rees-Jones of Chief Oil & Gas each donated \$1 million.

Election Attacks:

Even though Crossroads GPS secretly received significant financial support from “extremely wealthy Wall Street hedge fund and private equity moguls,” the Crossroads groups chastised Democrats who voted in favor of the Wall Street bailout. Even though the bailouts were signed by President Bush and had support from members of both parties, including the Republican leadership, Crossroads attempted to link the Wall Street bailouts into its anti-government ads criticizing President Obama and congressional Democrats. Ads against Harry Reid, Joe Sestak, and Joe Donnelly include their support for the

“Wall Street bailout” or “bailouts for banks” in a list of their supposed wrongdoings.

Crossroads GPS ads accused Democrat Joe Sestak of “voting to gut Medicare” and “higher insurance premiums” by supporting health care reform, charges that FactCheck dubbed “a wild exaggeration” and “not true,” respectively. According to the AARP, the health care reform law prevented an increase in premium costs, and that health care reform does not “cut Medicare benefits or increase your out-of-pocket costs for Medicare services.” In fact, the law cracks down on waste while closing the prescription drug “doughnut hole.” The Crossroads GPS ad also relied on false claims that the health care reform law will lead to “big government health care,” when in fact the new law leaves the private insurance system in place. The Crossroads groups employed the same bogus and deceptive attacks regarding health care reform in ads targeting Barbara Boxer, Robin Carnahan, and Jack Conway. In American Crossroads’ ad against congressional candidate Dr. Ami Bera, the group claims that health care reform will “reduce [Medicare] benefits for over 1.5 million California seniors,” but the AARP points out that “none of the health care reform proposals being considered by Congress would cut Medicare benefits or increase your out-of-pocket costs for Medicare services.”

PolitiFact claims that an American Crossroads ad against Harry Reid and the stimulus plan misleadingly “cherry-picked” data and rated the ad “False.” Their ad against Michael Bennet inaccurately blamed the Stimulus for the budget deficit and higher unemployment rates, even though the deficit in fact resulted from President George W. Bush’s squandering of the surplus achieved under President Bill Clinton and the rise in job losses began during the economic collapse during Bush’s second-term. In fact, the stimulus plan is responsible for staving off an even higher jump in unemployment.

When attacking New Hampshire’s Paul Hodes, American Crossroads alleges that Hodes voted to finance “to study ants in Africa” instead of creating jobs. Because the stimulus plan provided funding to the National Science Foundation, which in turn financed peer-reviewed scientific studies, American Crossroads misled viewers to think that Hodes voted to directly fund the project. According to *PolitiFact*: “It’s true that Hodes voted for the [Stimulus], but at the time he had no way of knowing that those particular projects would be funded.” Crossroads also used the same deceptive charges about science funding against Michael Bennet.



American Future Fund

Where: AL-02; AR-02; CO-07; GA-08; IA-01; IA-02; IL-11; IL-14; IL-17; IN-05; IN-09; MA-04; MA-06; MI-01; MI-07; MS-01; NJ-03; NM-01; SC-05; SD-At Large; TX-17; WA-02; WA-03; WV-01

Successful: AL-02; AR-02; GA-08; IL-11; IL-14; IL-17; IN-05; IN-09; MI-01; MI-07; MS-01; NJ-03; SC-05; SD-At Large; TX-17; WA-03; WV-01

American Future Fund spent more than \$10 million in this year's election to attack Democratic congressmen and challengers running in open Democratic seats. The group was successful in defeating Democrats in 71% of the twenty-four general election races they targeted, and the AFF spent \$1.8 million against Iowa Rep. Bruce Braley alone. Although Braley survived the election by fewer than 4,000 votes, a 2% difference, it was widely expected to be a safe Democratic seat.

Who:

The American Future Fund is based in Des Moines, Iowa, and was founded by GOP staffer Nick Ryan, a former aide to Iowa Congressman Jim Nussle who managed his unsuccessful 2006 gubernatorial bid. Ryan's lobbyist firm has ties to Big Agriculture, especially Iowa's large ethanol industry. The AFF's director, Katherine Polking was previously a staffer for Republicans Chuck Grassley and Tom Latham, and now works for Ryan's lobby firm, the Concordia Group. The AFF paid Ryan's firm \$300,000 for consulting fees.

The New York Times found that while Ryan's Concordia Group lobbies on behalf of the ethanol industry, the AFF received its seed money from Bruce Rastetter, the "chief executive of one of the nation's larger ethanol companies, Hawkeye Energy Holdings." As a 501(c)4 organization, the AFF does not have to disclose the sources of its funding to the public (in this case, Rastetter's lawyer confirmed his connections to the group). Now Ryan, who works as a "lobbyist for four Rastetter businesses," receives money to attack Democrats with ties to agriculture policy: "Of the 14 'liberal' politicians singled out in a list [the AFF] released last month, nearly every incumbent sits on a panel with a say over energy or agriculture policy. Five sit

on the Agriculture Committee; four others are on related committees with say. One candidate was a staff member on a related panel." When Bruce Braley, a Congressman in the crosshairs of AFF attacks, tried to visit the AFF's offices, he "found only a rented mailbox."

Iowa State Senator-Elect Sandra "Sandy" Greiner currently serves as the President of the AFF. Greiner was a member of the Iowa State House from 1992 to 2008 and is the former head of the right-wing American Legislative Exchange Council's state chapter. Like Ryan, she has close connections to Big Agriculture. While in the legislature, Greiner received 100% ratings from the Iowa Family Policy Center, a leading Religious Right group, the anti-choice Iowa Right to Life Committee, and the pro-corporate Iowa Association of Business and Industry. Greiner's predecessor at the AFF, Nicole Schlinger, was the former executive director of the Republican Party of Iowa, a staffer for Mitt Romney's presidential campaign, and a fundraiser for gubernatorial nominee Terry Branstad.

About:

According to Stuart Rothenberg, GOP stalwarts such as Ben Ginsberg, Ed Tobin, and Jan Van Lohuizen played key roles in AFF's founding. Larry McCarthy, who produced the infamous "Willie Horton" ad, was the group's media consultant. In 2008, the Minnesota Democrats filed a complaint with the FEC against the AFF, claiming that it improperly engaged in political electioneering by "expressly advocating" for Republican Senator Norm Coleman, rather than running "issue advocacy" ads. Potential Republican Presidential candidates including Newt Gingrich and Rick Santorum both addressed AFF events while in Iowa.

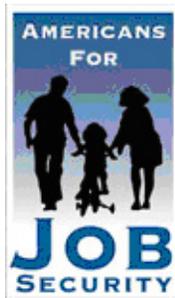
When the AFF spent over \$600,000 attacking Martha Coakley in her race against Scott Brown earlier this year, the firm McCarthy Marcus Hennings produced the ads. McCarthy Marcus Hennings also lists the American Hospital Association, the American Insurance Association, the U.S. Chamber of Commerce, and the National Federation of Independent Business as clients, in addition to the Republican Governors Association, the NRSC, the NRCC and numerous Republican officials such as Senate Republican Leader Mitch McConnell.

As a 501(c)4 non-profit, AFF does not have to disclose its donors to the public. Dan Morain, the senior editor of the *Sacramento Bee*, wrote that groups like the AFF "operate in the shadows. Their donors are anonymous. The power behind them is rarely apparent. It's impossible to track the exact amounts they spend on campaigns in any timely fashion." The editorial board of Iowa's *Quad City Times*

asked the AFF “to let 1st District residents know who is paying for the billboards and ads in our community” after the group began attacking Congressman Bruce Braley, “Our request: Tell Quad-Citians who you are.”

Election Attacks:

Following a slew of ads smearing the health care reform law, the AFF ran an ad trashing Rep. Bruce Braley for refusing to oppose the Park51 Islamic Community Center near Ground Zero. The AFF’s “Mosque” ad compared the project to “the Japanese building at Pearl Harbor,” employed discredited attacks against Park51’s organizer, and tied Braley to the project simply for saying that Iowans shouldn’t make decisions about the zoning of New York City property. In ads targeting vulnerable Democratic incumbents and Democrats running for open seats, AFF knocked the candidates’ support for Nancy Pelosi, and even blamed Democrats who voted against health care reform for the law because they voted for Pelosi as Speaker. Furthermore, the ads utilized debunked and misleading attacks against the Stimulus, the American Clean Energy and Security Act, and health care reform’s impact on Medicare.



Americans for Job Security

Where: AR-SEN; CO-SEN; PA-SEN; WV-SEN; CO-03; IN-08; NC-02; NC-08; NC-11; NM-02; NY-24; OH-18; PA-04; PA-07; VA-09

Successful: AR-SEN; CO-03; IN-08; NC-02; NM-02; NY-24; OH-18; PA-07; VA-09

Americans for Job Security (AJS) spent over \$8.5 million this year, uniformly to support Republican candidates during the general election. In the four Senate races and eleven House districts the group focused on, AJS had a 60% success rate.

Who:

Utilizing hefty and anonymous corporate donations to run a misleading and deceptive ad campaign, Americans for Job Security is almost the epitome of pro-corporate

astroturfing. AJS is registered as a 501(c)6 trade association, and consequently does not have to disclose its donors to the FEC. Former Montana Governor Marc Racicot, who also served as the Chair of the Republican National Committee and President of the American Insurance Association, helped found the organization. Stephen DeMaura, a former executive director of the New Hampshire Republican Party, recently replaced prominent Republican consultant Michael Dubke as President. The organization even sublets its office space from Dubke’s GOP consulting firm Crossroads Media.

About:

Americans for Job Security is an authentic corporate creation: founded in 1997, it initially received two \$1 million contributions from the American Insurance Association (previously led by founder Marc Racicot) and the American Forest and Paper Association. Proud of its support from corporate backers, the group hailed the Supreme Court’s decision in *Citizens United* as an “unequivocal victory.”

The *New York Times* profiled AJS and its history of controversial and shadowy political work on behalf of business interests. While the group “avoids disclosure by reporting all its revenue as ‘membership dues’... a review of its tax returns shows membership revenue fluctuating wildly depending on election cycles.” In fact, AJS reported \$0 in “membership dues” in 2007 but \$12.2 million in 2008. *The Washington Post* writes that even though AJS classifies itself as a trade association, it “spends the vast majority of its budget on television and radio ads before elections,” and the ads are overwhelmingly negative attacks against Democrats.

According to a Public Citizen report, “Americans for Job Security is a sham front group that would be better called Corporations Influencing Elections.” Public Citizen also maintains that AJS is “one of the most egregious offenders” in circumventing FEC rules on “electioneering activity.”

Election Attacks:

The group’s ads compared Democrats Zack Space, Jason Altmire, Bryan Lentz and Trent Van Haften to burglars and pickpockets. Many of their ads slammed the Stimulus, which actually improved job growth and Real GDP and prevented total economic collapse, and dishonestly maligned progressive legislation. When criticizing Rep. Space for backing the American Clean Energy and Security Act, the group baselessly claimed the bill would “kill Ohio jobs.” However, a University of California, Berkeley study found that ACES “would create between 918,000 and 1.9 million new jobs, increase

annual household income by \$487-\$1,175 per year, and boost GDP by \$39 billion-\$111 billion.” In the group’s ad against Bryan Lentz of Pennsylvania, who ran to replace Joe Sestak, AJS alleged that health care reform cuts \$500 billion from Medicare, a claim FactCheck.org forcefully

Americans For Limited Government

debunked as a gross distortion.

Americans for Limited Government

Where: CA-SEN; AL-02; AR-01; AZ-07; AZ-08; CA-11; CA-18; CA-20; CA-47; CO-03; CO-07; FL-02; FL-22; GA-02; GA-08; IL-17; KY-06; MA-10; MI-01; MO-03; MS-01; NC-08; NC-11; NJ-03; NY-19; NY-23; NY-24; NY-25; OH-18; OR-05; PA-08; TN-04; TX-23; VA-09

Successful: AL-02; AR-01; CO-03; FL-02; FL-22; IL-17; MI-01; MS-01; NJ-03; NY-19; NY-24; NY-25; OH-18; PA-08; TN-04; TX-23; VA-09

Americans for Limited Government (ALG) spent close to \$1 million on the election, exclusively on expenditures opposing vulnerable Democratic candidates. Although their biggest target, Senator Barbara Boxer (D-CA), won reelection, the group had a 50% success rate.

Who:

Howard Rich, a multimillionaire real estate magnet, is the Chair of Americans for Limited Government. Through ALG, Rich funded ballot initiatives throughout the country promoting his extreme anti-government agenda. He is also the founder of the Fund for Democracy, which the San Francisco Chronicle found to be an “organization [that] is not incorporated and has no publicly stated aim,” but like the ALG funds state-level organizations pushing Rich’s agenda. He has pledged to oppose what he refers to as Obama’s “two years of full-blown socialism” and also called for “privatizing” the public education system.

About:

Americans for Limited Government does not reveal its donors to the public and opposes campaign disclosure laws. Since its founding, ALG has contributed millions of dollars to fund initiatives to radically alter eminent domain rules in order to bar communities from encouraging economic development and environmental protection. The group also supports the “Taxpayer Bill of Rights” (TABOR), which sharply cripples the ability of states to generate revenue. When TABOR passed in Colorado, the Republican Governor successfully advocated for

its suspension after TABOR contributed to “a looming fiscal crisis and the inability to pay for essential services.” The Center for Budget and Policy Priorities found that ALG-backed TABOR laws led to a “permanent revenue shortage” in Colorado as “TABOR pits state programs and services against each other for survival each year and virtually rules out any new initiatives to address unmet or emerging needs.”

Along with supporting proposals such as TABOR through state initiatives, ALG advances a pro-corporate agenda in Washington concentrated on attacking President Obama and government oversight. According to ALG, President Obama’s chief adviser Valerie Jarrett is a “radical leftist with a ruthless agenda” and is “responsible both for originating and orchestrating his most egregious attempts to impose a socialist regime upon the American people.” An opponent of workers’ rights, ALG criticized New York’s Wage and Hour Watch program, which helps enforce workplace fairness laws, and baselessly charged that “it could turn tens of thousands of ‘community organizers’ into raving vigilantes nationwide.” ALG strongly opposes measures to protect the environment and combat Climate Change, which it dubs the “Global Warming Fraud,” and is also part of a coalition of pro-corporate and Religious Right groups which strongly oppose Net Neutrality.

Election Attacks:

The group extensively employed direct mail as part of their election campaign, mailings which frequently used unsubstantiated and false criticisms of progressive legislation. In its mailing against Rep. Bill Owens (D-NY), ALG described the Stimulus as “wasteful,” even though economists credit it with saving the economy from a severe Depression and ending the wave of job losses. The mailer also said that the health care reform law “could cost 700,000 jobs.” However, economists from Harvard University and the University of Southern California found that health care reform “could slow the growth of medical costs, allowing employers to create 250,000 to 400,000 new jobs a year over the next decade.” The two studies show that health care reform will significantly curb health care costs for businesses, and other reports demonstrate that by increasing access to health services by covering the uninsured and making significant investments in community health centers, health care reform is advantageous to job growth.

AMERICANS
★★FOR NEW★★
LEADERSHIP

Americans for New Leadership & Liberty.com

Where: NV-SEN, DE-SEN; NV-03

Successful: NV-03

Americans for New Leadership claims to have spent only \$300,000 on ads attacking Senate Majority Leader Harry Reid (D-NV) and supporting his far-right opponent, Sharron Angle. After its first ad, the group was mocked for misspelling Sharron Angle's name. Although it did not air any ads in the Delaware primary, the organization's website Liberty.com did create an infamous online video which said that Christine O'Donnell's primary opponent Mike Castle has a male lover.

Who:

The Tea Party-backed group was founded by Tea Party activists Eric Odom and Yates Walker. Both worked on Christine O'Donnell's successful senatorial campaign against Mike Castle in Delaware's GOP primary, where Walker served as her spokesman and Odom was involved in online organizing. Previously, Odom and Walker worked for Doug Hoffman's failed 2009 campaign for Congress. A Tea Party activist, Odom is involved with a plethora of Tea Party groups: he founded the website TaxDayTeaParty.com and the American Liberty Bus Tour, and runs the Liberty First PAC and the American Liberty Alliance, a for-profit organization. Erik Erikson, founder of the prominent conservative blog RedState, criticized Odom's "tangled web" of Tea Party organizations.

Republican activist and Fox News Commentator Dick Morris helped engineer the organization's growth. Morris asked viewers of Hannity and his email list to donate to Americans for New Leadership, and said in an email solicitation that "the campaign in Nevada to replace Harry Reid is in a desperate situation and needs your help." Conservative activists Jen Harrington, who worked in the Bush administration, and Brent Husson, the former executive director of the Nevada Republican Party, are also managing the organization.

About:

Spokesman Yates Walker told *Politico* that the group intends to capitalize on the Supreme Court's *Citizens United* ruling: "January's *Citizens United* Supreme Court ruling, which struck down the law banning corporate spending in elections, paved the way for the new group's formation, Walker said." The organization can also raise and spend unlimited amounts of money as an independent committee.

Calling itself the right-wing version of MoveOn.org, Americans for New Leadership is attempting to

strengthen the conservative "netroots" with its independent expenditure effort and website Liberty.com. Their website says that the organization's mission is to "keep the American electorate informed and vigilantly guarding against the forces on the left who seek to redefine individual liberty, redistribute wealth, and remake America into a socialist, cradle-to-grave nanny state." Moreover, the group decries the mainstream media as "infiltrated by the activist left" and says that the "fourth estate has become an accomplice to the progressive left's assault on individual liberty." It is focusing most of its resources on opposing Harry Reid's reelection, and manages the website DumpReid.com.

Election Attacks:

In a Liberty.com video, an anchorwoman criticizing Delaware Congressman and then-Senate candidate Mike Castle responded to an anonymous questioner asking "isn't Mike Castle cheating on his wife with a man?" by saying, "That's the rumor." Americans for New Leadership has launched two ads in Nevada. Their first ad not only originally misspelled Sharron Angle's name, and also asserted that "Sharron Angle won't 'phase-out' Social Security" and called the charge a "lie." However, Angle explicitly said in a debate that "we need to phase-out Medicare and Social Security out in favor of something privatized" and that Social Security "can't be fixed." In its second ad, Americans for New Leadership repeated the Medicare funding distortion and grossly misrepresented the Stimulus and the American Clean Energy and Security Act.



Americans for Prosperity & Americans for Prosperity Foundation

Where: NV-SEN; AR-01; FL-02; FL-08; NC-07; ND-At Large; NH-01; NH-02; NY-23; OH-18; PA-12; VA-09; WI-03; WI-07; WI-08

Successful: AR-01; FL-02; FL-08; ND-At Large; NH-01; NH-02; OH-18; VA-09; WI-07; WI-08

In August, Americans for Prosperity began running advertisements against Democratic incumbents and leading Democratic candidates for Congress. Since the summer, Americans for Prosperity spent \$6 million on issue ads in competitive Democratic districts criticizing the Obama administration's stimulus plan and economic policies. According to Political Correction, Americans for Prosperity aired over 10,000 ads since June.

Who:

Americans for Prosperity and its sister organization, Americans for Prosperity Foundation, have 31 state chapters and are active players in organizing Tea Party demonstrations and training activists. Industrialist David Koch is the Chairman of the Americans for Prosperity Foundation, and a recent article in *The New Yorker* detailed the millions of dollars Koch has invested in right-wing causes and the Tea Party movement. David Koch and his brother, Charles, have a combined net worth of \$4 billion and control the corporate behemoth Koch Industries, which was founded by their father and is based in Wichita, Kansas. Richard Fink, Koch Industries' chief Washington lobbyist, co-founded the group with David Koch.

The organization's President Tim Phillips was the founder of the firm Century Strategies along with Religious Right leader Ralph Reed. Peter Stone of the *National Journal* found that Century Strategies not only assisted GOP campaigns, but also became a leader in corporate astroturfing, and "raked in millions of dollars by mounting grassroots lobbying drives and other campaigns—as well as doing some inside-the-Beltway advocacy—for two dozen or so Fortune 100 companies and lesser-known enterprises." Century Strategies is also tied to disgraced lobbyist Jack Abramoff and its clients included Bush-Cheney '04 and the RNC. Americans for Prosperity's Vice President was the "director of Kansas Public Affairs for Koch Industries," and its Policy head led two pro-corporate groups: the Free Enterprise Fund and the Internet Freedom Coalition.

Nancy Pfotenhauer is the past CEO of Americans for Prosperity, and was the director of Koch Industries' Washington Office. Along with her role as an activist for Koch Industries and energy corporations, she led the Independent Women's Forum, which works against both feminism and environmental protection laws, and was a senior adviser to McCain-Palin '08.

About:

Citizens for a Sound Economy, which supported pro-corporate political causes, split up in 2004 into two conservative organizations: Americans for Prosperity and FreedomWorks, which is led by former House Republican Leader Dick Armey. Koch said that he, his brother, and their partners "envisioned a mass movement, a state-based one, but national in scope, of hundreds of thousands of American citizens from all walks of life standing up and fighting for the economic freedoms that made our nation the most prosperous society in history." As a 501(c)4 group, Americans for Prosperity does not have to disclose its donors, and the group primarily airs "issue-ads."

During the debate over health care reform, Americans for Prosperity launched the anti-reform group Patients United Now. The group is also a chief critic of the Stimulus and the American Clean Energy and Security Act.

Jane Mayer of *The New Yorker* writes that "Americans for Prosperity, in concert with the [Koch] family's other organizations, has been instrumental in disrupting the Obama Presidency" and is a frequent presence behind Tea Party rallies, organizing sessions and leadership trainings. Americans for Prosperity's thirty-one state branches are key components of its political muscle. Americans for Prosperity-Wisconsin is involved in a "vote caging" operation with Republican and Tea Party groups to challenge minority and young voters, and the group's Texas chapter gave its "Blogger of the Year" Award to a blogger who called President Barack Obama "cokehead in chief" and said that he is a schizophrenic possessed by the devil.

Election Attacks:

Before Congress voted on health care reform, Americans for Prosperity gained notoriety for spending \$750,000 on an ad claiming that "government-run health care" would harm cancer patients, especially women with breast cancer. *PolitiFact* gave the ad its "Pants on Fire" rating for distorting both the new recommendations on mammograms and the health care reform bill, which has a provision to "ensure that mammograms for women aged 40 to 50 would be covered," and FactCheck called it "very misleading."

The organization's other ads concentrated on the Stimulus, the American Clean Energy and Security Act, and health care reform. Americans for Prosperity's ads pushed the fictitious claim that health care reform creates "Government Healthcare." *PolitiFact* points out that "Obama's plan leaves in place the private health care system, but seeks to expand it to the uninsured." In addition, the group also misled viewers by interpreting savings from waste and overpayment in the Medicare program as cuts affecting seniors. Americans for Prosperity also employed false attacks against the American Clean Energy and Security Act, and groundlessly blamed the Stimulus for increased unemployment, even though studies show that the Stimulus stopped the prolongation of the massive job losses which began under the Bush administration.



Americans For Tax Reform

Where: PA-SEN; AZ-01; AZ-07; GA-02; GA-08; IN-02; KYO-6; MI-09; NM-01; NV-03; OH-18; PA-12; SD-At Large; TN-04; TX-23; VA-09; VA-11; WI-03; WI-07; WI-08; WV-03

Successful: PA-SEN; AZ-01; GA-08; NV-03; OH-18; SD-At Large; TN-04; TX-23; VA-09; WI-07; WI-08

Americans for Tax Reform (ATR) spent over \$3.8 million this election cycle, all in opposition to Democratic candidates in competitive races. The group was competitive in twenty House races and the top-tier Pennsylvania Senate race, and had a 52% success rate.

Who:

Grover Norquist is the founder and President of Americans for Tax Reform, which he launched in 1985 in order to defend Reagan's tax policies. He has been called the "gardener of the conservative grass roots" for his work in building coalitions among rightwing groups and assisting in the formation of state and local conservative organizations. In 1993, he organized the Wednesday Meeting groups which feature prominent conservative activists, lobbyists, and politicians. Originally, the meetings were formed to coordinate opposition to Clinton's health care reform plan, but have since continued in order to implement an aggressive, rightwing agenda. A fervent partisan, Norquist dubbed moderate Republicans "evil" and said that "bipartisanship is another name for date rape." He opposes all and any tax increases, supports the privatization of Social Security, rollbacks in labor and environmental protections, and has said that he believes government should be reduced "down to the size where we can drown it in the bathtub."

About:

Focused primarily on fighting legislative efforts to raise taxes, ATR even started a pledge for candidates for office to promise never to support a tax increase. ATR receives significant financial and political support from corporations, which have provided for one-fifth of the group's budget, but as a 501(c)4 group it does not disclose its donors. In return for corporate contributions, ATR readily advocates against government oversight, fights the rights of workers to organize and bargain collectively, and funds pro-corporate astroturfing campaigns.

In 2006, the US Senate Indian Affairs Committees found that ATR served as a front group for Indian casino magnates in its investigation of the Jack Abramoff lobbying scandal. Abramoff, who was convicted on

multiple felony counts for defrauding clients, was a close friend of Norquist through their days working in College Republicans. Abramoff steered his gambling clients to donate millions of dollars to ATR, who in turn did their bidding by "surreptitiously" financing "Christian anti-gambling groups," led by Religious Right activist Ralph Reed, which were "working to defeat lotteries and casinos that would have competed with Abramoff's tribal and Internet gambling clients."

Norquist and ATR's work in corporate astroturfing also surfaced in the Council of Republicans for Environmental Advocacy (CREA). Norquist is the co-founder of the CREA, which was largely funded by "mining, chemical and chlorine industries" and pushed for weaker regulations on air and water pollution, drilling, logging, and mining. Like the ATR, the CREA received hundreds of thousands of dollars from Abramoff's clients "in exchange for its efforts lobbying the Interior Department." The head of the CREA, Italia Federici, was also implicated in the Abramoff scandal and "pleaded guilty to tax evasion and lying to Congress and agreed to cooperate in the ongoing Jack Abramoff investigation."

Despite their close ties to the Abramoff schemes, Norquist and ATR continued their pro-corporate lobbying and began running ads to influence the election. ATR has spearheaded efforts to maintain strict and uniform Republican opposition to all of President Obama's proposals, and focused on bringing down Democratic incumbents in Congress by spending heavily on negative ads in 2010.

Election Attacks:

ATR launched exclusively negative ads against Democratic incumbents and at least one Democratic Congressman running for US Senate, Joe Sestak. In the group's ad targeting Sestak, it referred to the American Clean Energy and Security Act as a "job killing...great big tax." However, studies show that the bill would actually help "create between 918,000 and 1.9 million new jobs," especially green-collar jobs in the alternative energy field, and *PolitiFact* confirms that the bill is not an energy tax. Their other ads alleged that Democratic Congressmen support the "biggest tax increase in history." However, Democrats support an extension of the Bush tax cuts for 98% of families, while returning the rates for the top 2% of taxpayers to Clinton-era levels. In fact, Republicans themselves "wrote tax cuts to expire in 2010 in order to hide their true cost," and taxes are currently at "historically low levels."



Center For Individual Freedom

Where: CA-20; FL-02; GA-08; KY-06; MS-01; NC-08; NC-11; NJ-03; NY-24; PA-11

Successful: FL-02; GA-08; MS-01; NJ-03; NY-24; PA-11

The Center For Individual Freedom (CFIF) spent over \$2.5 million attacking incumbent Democratic Congressmen in the organization’s first endeavor in federal races. The CFIF’s targeted Democrats lost in six of the ten races, although North Carolina’s Larry Kissell, who faced a barrage of around a half-a-million dollars in attacks by the CFIF, survived his challenge.

Who:

W. Thomas Humber founded the CFIF in 1998 after leading the National Smokers Alliance, a front group for Phillip Morris, as its President and CEO. An employee of Burson-Marsteller, he coordinated the Public Relations strategies for the Tobacco Institute, which lobbied on behalf of the tobacco industry and its interests. He also worked for Philip Morris in Switzerland and Brown & Williamson Tobacco. In 1998 the *Los Angeles Times* reported that while the National Smokers Alliance claimed to be a grassroots organization, it collected very little in membership dues even though it had \$45.9 million in funding. The funding mostly came from tobacco companies. When Phillip Morris stopped contributing to the National Smokers Alliance, Humber left to establish the Center For Individual Freedom and immediately requested support from the Lorillard Tobacco Company.

The CFIF’s current President, Jeff Mazzella, accused Nancy Pelosi of trying “to set up separate relations with a terrorist government,” and is also one of the most vigorous opponents of Net Neutrality. Mazzella is responsible for making the CFIF active in congressional races this year, as in earlier elections the CFIF was only involved in state and local campaigns, especially judicial contests.

About:

The CFIF is a 501(c)4 organization that is not required to disclose its donors. In fact, the organization sued to dismantle disclosure rules in West Virginia and Illinois and vehemently opposes the DISCLOSE Act. The

group aggressively lobbies against oversight and taxes on businesses, it even called the American Clean Energy and Security Act “a bailout of BP” since the legislation attempts to generate more revenue from American energy companies. The pro-corporate organization backed the Supreme Court’s *Citizens United* ruling, fights Net Neutrality, promotes Climate Change denialism, endorses expanded offshore drilling, and wants to permanently extend the costly \$700 billion Bush tax cuts for the wealthiest Americans.

Election Attacks:

The CFIF’s attack ads called the stimulus plan is a “failed” policy, despite the assertions of economists that the Stimulus prevented a further economic decline and economists Mark Zandi of Moody and Alan Blinder of Princeton credit the Stimulus with helping to stabilize a perilous economic situation and saved millions of jobs. Economist Rob Shapiro’s analysis of unemployment suggests that once President Obama’s policies began to impact the economy, the number of job losses significantly contracted. Even though the CFIF blamed Democrats in Congress for the rise in the national debt, the group fails to mention that massive spending and tax cuts by the Bush administration drove the country from surplus into record deficits and added trillions to the debt. According to the Center for Budget Policy and Priorities, the costs of the stimulus plan “pale next to other policies enacted since 2001 that have swollen the deficit,” such as the Bush tax cuts, the wars in Afghanistan and Iraq, and the prescription drug benefit plan, whose costs “easily dwarf the stimulus and financial rescues.”



Club for Growth & Club for Growth Action

Where: AK-SEN; CO-SEN; FL-SEN; NV-SEN; PA-SEN; WI-SEN; AZ-05; CA-11; SC-05

Successful: FL-SEN; PA-SEN; WI-SEN; AZ-05; SC-05

Combined, the Club for Growth and Club for Growth Action spent over \$7 million this election year, with the majority of spending coming from Club for Growth Action. While the Club for Growth immersed itself in Republican primaries, as it has done in past election cycles, Club for Growth Action was greatly involved in opposing Democrats in general election races. Pennsylvania’s Pat Toomey, the former head of the Club for Growth, was the

biggest beneficiary as Club for Growth Action spent over \$2.5 million to boost Toomey and criticize his Democratic opponent. The two groups won five of the nine general election races they participated in.

Who:

Established in 1999 by a group of economic conservatives who sought to overhaul the country's regulatory system and dramatically reduce the role of government, the Club for Growth has emerged as a serious force in conservative politics. Steve Moore founded the Club for Growth along with Ed Crane, the president of the libertarian Cato Institute, conservative economist Larry Kudlow, Richard Gilder of the right-wing Manhattan Institute, and National Review magazine President Dusty Rhodes. Other conservative institutions tied to the Club for Growth include the Heritage Foundation, the National Taxpayers Union, and Americans for Fair Taxation. The Club's past President is former Congressman and recently elected GOP Senator Pat Toomey of Pennsylvania, and the Club is currently led by former Indiana Republican Congressman Chris Chocola.

The organization frequently engages in competitive Republican primaries by attacking the candidates who depart from conservative economic orthodoxy. For example, it spent \$175,000 attacking Republican Senator Bob Bennett of Utah, and spent over \$1.1 million combined in the seven Republican House races where it endorsed candidates.

About:

With its ability to forward huge sums to candidates and run attack ads against their opponents, "the Washington-based advocacy group is a political force to be reckoned with in Republican circles," writes *The Los Angeles Times*. Following the *Citizens United* ruling, the Club for Growth set up Club for Growth Action, an independent expenditure committee which accepts "unlimited individual and corporate contributions."

The Club for Growth is a vocal proponent of privatizing Social Security, establishing private school vouchers, reducing regulations, and lowering and ultimately eliminating corporate, income, and capital gains taxes. The group calls on officials to "embrace" the idea of privatizing Social Security, even exclaiming: "Privatize Social Security? Hell Yeah!" The Club also opposes the DISCLOSE Act, which would require political organizations to publicly report their donors.

Along with running attack ads, USA Today described Club for Growth's practices of forwarding pooled contributions

to candidates: "Since Jan. 1, 2009, for instance, the Club for Growth has tapped its members for \$3.8 million that it has passed on to candidates, including nearly \$850,000 for Republican Pat Toomey, the Club's former president, who is running for the Senate in Pennsylvania."

Election Attacks:

Club for Growth Action's ads generally highlighted issues such as the budget and health care reform. Blaming Senators like Russ Feingold and Michael Bennet for the country's debt and deficit, the Club ignored the most significant factors behind the budget shortfalls: the economic downturn that began under the Bush administration, the Bush tax cut scheme, and the wars in Iraq and Afghanistan.

The Club for Growth supported many of these policies, such as the Bush tax cuts that mostly benefited the wealthiest Americans. In fact, Democratic President Bill Clinton's administration left the country with a budget surplus and a path towards paying off the national debt. Regarding health care reform, Club for Growth Action repeated the myth that the policy leads to "Big Government Health Care" and "job killing taxes."



Coalition to Protect Seniors

Where: AR-SEN; CO-SEN; IN-SEN; NV-SEN; WA-SEN; IN-09; NV-03; TX-23

Successful: AR-SEN; IN-SEN; IN-09; NV-03; TX-23

The Coalition to Protect Seniors spent over \$400,000 in ads and mailers criticizing health care reform in the districts of Democratic members of Congress. Although the group won six of the eight races it targeted, Harry Reid, who faced over \$200,000 in attacks by the Coalition, won his race for reelection.

Who:

The Coalition to Protect Seniors neither discloses its donors nor lists any information about who founded or manages the organization on its website, and it is unclear if the Coalition even has any members. "The address on the coalition's filings was a suite in a large office building in Wilmington that seemed to be shared by an array of other businesses involved in the health care, financial

services and energy industries,” writes Mike McIntire of *The New York Times*, and “calls to several of them turned up none that acknowledged knowing anything about the coalition.”

About:

The group was established in June of this year and is based in Wilmington, Delaware. It appears to be solely focused on denouncing the recently passed health care reform law. *The New York Times* reports that the bulk of the Coalition’s advertising funds go to the Fenwick Group, which shares an office with “a broker for seven large health insurance providers, including Aetna, Blue Cross, Humana and United Healthcare.” The Center for Media and Democracy has classified the Coalition as a “front group” for the health insurance industry.

Election Attacks:

The Coalition’s two ads can be found on its website, and the most notable ad featured a talking baby criticizing health care reform. Both ads claimed that the reform law cuts “\$455 Billion from Medicare,” and the group’s website alleges that the law “hurts Medicare beneficiaries” and “will cut Medicare benefits.” According to the AARP, however, health care reform would actually lower Medicare costs for seniors while cutting waste in the program: “health care reform will strengthen Medicare by eliminating billions of dollars in waste while lowering prescription drug prices.” The dubious and discredited claim that cuts in Medicare waste would take “money out of seniors’ pockets” has been used by other pro-GOP groups that disapprove of the reform law.

COMMISSION ON
HOPE, GROWTH & OPPORTUNITY

Commission on Hope, Growth and Opportunity

Where: CO-03; FL-02; FL-24; IN-09; MD-01; MD-02; NY-04; NY-25; PA-03; PA-11; SC-05

Successful: CO-03; FL-02; FL-24; IN-09; MD-01; NY-25; PA-03; PA-11; SC-05

The Commission on Hope, Growth and Opportunity has not reported anything to either the FEC or FCC about its ad-buys, and NPR found that the group told the IRS that it does not plan to spend money to influence the election. However, the group ran ads criticizing Democrats across the country and *Politico* reports that the group intended to “raise as much as \$25 million” and air TV ads in more than 27 House districts and three Senate races. Moreover,

the Commission partnered with American Crossroads and the American Action Network in what the *Wall Street Journal* called a “a \$50 million advertising blitz” to help Republicans win a majority in the House. In races reported by the Journal as the targets of the Commission’s ads and where its advertising is available, the group won in nine of its eleven races.

Who:

Veteran GOP operative Scott Reed, who in 1996 served as campaign manager for Bob Dole’s presidential bid, founded the Commission in the summer of 2010. Reed is a lobbyist who also worked under Mississippi Governor and RGA head Haley Barbour at the Republican National Committee. He also led the American Taxpayers Alliance, a front group for Reliant Energy and Duke Power that worked to defeat politicians who favored greater regulation and oversight of the energy industry.

Like the American Taxpayers Alliance, the Commission appears to be a front group for corporations. Reed said that his group and others rely on “the big three stepping into the batter’s box,” which “are the financial services industry, the energy industry, and the health insurance industry.”

About:

According to Reed, “*Citizens United* opened the door for the unparalleled participation by corporations at the financial level.” As a 501(c)4 organization, the Commission does not have to disclose either the corporate or individual sources of its funding. Apparently, the Commission did not even notify the FEC about its spending in key congressional races, which is required by law. The Commission’s website says that it plans to “communicate its public welfare message” through “print advertising, cable television and radio messaging, as well as e-mail and direct mail communications.”

The group has partnered with American Crossroads and the American Action Network in what *The Wall Street Journal* described as “a \$50 million advertising blitz” to attack vulnerable Democratic members of Congress and some Democratic incumbents whose races have only recently become competitive. The Journal also maintains that the three groups together planned on outspending the National Republican Congressional Committee in supporting Republican candidates for the House.

Election Attacks:

Political Correction says that the Commission’s new ads, which concentrate on the increasing national debt, make it appear as if “President Obama and Congressional

Democrats are wholly responsible for the debt.” According to *PolitiFact*, the national debt grew by almost \$5 trillion during the Bush Presidency: “When Bush took office, the national debt was \$5.73 trillion. When he left, it was \$10.7 trillion.” The budget deficit and the national debt grew rapidly under Bush, even though he inherited a budget surplus and the country was on track to pay down the debt.

1st Amendment Alliance

First Amendment Alliance

Where: CO-SEN; DE-SEN; KY-SEN; NV-SEN; WV-SEN

Successful: KY-SEN

The First Amendment Alliance spent close to \$1.5 million in ads against Democratic candidates in high-profile races for the US Senate. However, only one of their five targeted candidates lost their race.

Who:

The First Amendment Alliance is a front group for the energy industry and was founded by Anthony Holm, who established the organization in October of 2008 as a 527 political organization. Holm is a principal at the Texas-based conservative consulting firm the Patriot Group. He represents Texas Governor Rick Perry’s campaign and also serves as a spokesman for major Republican fundraiser Bob Perry and his company, Perry Homes. Most recently, Holm was tied to a GOP scheme to place a Green Party candidate on the ballot for governor in order to take away votes from Rick Perry’s Democratic opponent. The First Amendment Alliance received “seed money” from Bob Perry, who also contributed \$4.45 million to Swift Boat Veterans for Truth in 2004 and recently donated \$2.5 million to the Republican Governors Association.

About:

On its website, the organization says “we communicate instances of waste, fraud, hypocrisy, and general disregard for standards of civility in society,” and its contact information only lists a mailbox in Alexandria, Virginia. The First Amendment Alliance, like American Crossroads, is a “Super PAC” which is allowed to raise unlimited funds from individuals and corporations, and can “explicitly urge voters to oppose or support a candidate in an election.”

According to a review of the group’s recent FEC filings, it’s clear that the First Amendment Alliance is a sham group for the energy industry. Nearly every single donor, including businesses and individuals, has links to the

energy industry. Of the 73 contributors, 39 are businesses and 34 are individuals, and 70 of the donors are tied to the oil and gas industry. Around a third of their fundraising came from businesses tied to the energy industry.

The group’s most generous donors include oilman Russell Gordy, who contributed \$150,000, and Clayton Williams of Clayton Williams Energy and Earl Rodman of Rodman Petroleum, who both donated \$100,000. The Anschutz Corporation donated \$50,000, and Melange Associates and Chisos LTD, which are both involved in oil and gas exploration, gave \$25,000 each. This year, Bob Perry gave the group a \$50,000 contribution.

Election Attacks:

The First Amendment Alliance’s ad against Jack Conway was so misleading that one TV station pulled it from the airways. In the ad, the First Amendment Alliance used information showing the increased numbers of meth-labs shut down by police officers as evidence that the number of meth-labs increased while Conway was Attorney General. In essence, it used statistics pointing to increased effectiveness by Kentucky law enforcement to deceptively claim that Conway was unsuccessful in fighting drugs. Conway actually presided over the largest drug-bust in state history, and the Kentucky Fraternal Order of Police cited Conway’s achievements in cracking down on drugs as one of the reasons the group endorsed him. The *Glasgow Daily Times* reports that “Barren County Sheriff Chris Eaton says law enforcement ‘would be lost’ in the war on drugs if it weren’t for federal help, funding assistance opposed by Republican Senate candidate Rand Paul.” Paul, Conway’s Republican opponent, also asserted that drug abuse was not “a pressing issue” in the state.

In its Delaware ad, the First Amendment Alliance accused Democratic Senate candidate Chris Coons of “bankrupting New Castle County,” even though the county under Coons’s leadership received a triple-A bond rating, which Moody’s Investors Services said “reflects the county’s strong financial operations bound by conservative policies.” Despite such proof of sound fiscal leadership, the First Amendment Alliance falsely claimed that Coons is responsible for an “economic train wreck.”



The New Prosperity Foundation

Where: IL-SEN; IL-10; IN-02; IN-03; IN-09; WI-07

Successful: IL-SEN; IL-10; IN-03; IN-09; WI-07

Focusing on defeating Democrats in the Upper Midwest, the New Prosperity Foundation spent almost \$1.5 million in competitive races in Illinois, Indiana, and Wisconsin. The group spent over \$1 million to support Republican Mark Kirk, the GOP's successful Senate nominee.

Who:

The New Prosperity Foundation is Co-Chaired by Gregory W. Baise, the head of the Illinois Manufacturers Association, and prolific GOP fundraiser and Bush Pioneer Ronald J. Gidwitz. The New Prosperity Foundation shares an office with the Economic Freedom Alliance, a pro-corporate political organization backed by Gregory Baise's Illinois Manufacturers Association and other corporate lobbies. Ronald Gidwitz is also the Chairman of the Americans for Prosperity's Illinois Chapter, and was Campaign Chairman for unsuccessful 2010 gubernatorial hopeful Republican Kirk Dillard.

About:

Established in 2009, the New Prosperity Foundation is committed to defeating Democrats in Upper Midwest states: Michigan; Ohio; Indiana; Illinois; Wisconsin; Minnesota; Iowa; Missouri; North Dakota and South Dakota. Purportedly focusing on economic issues, the organization says it will use "resources to educate voters about issues and candidates having a direct effect on economic growth." The New Prosperity Foundation can barely hide its partisanship, as the group's Facebook page links to the House Republican Leadership's "Pledge to America."

As a 527 organization the New Prosperity Foundation can accept unlimited funds from individual and corporate donors, but their financing sources must be disclosed. According to their most recent FEC filing, the group received \$50,000 from the Hunter Engineering Company, a car-parts company; \$50,000 from Republican mega-donor Ethelmae Humphreys; \$25,000 from Sam Fox (who in 2004 helped finance the smear-group Swift Boat Veterans for Truth), and \$20,000 from the Illinois company FTC Services.

Election Attacks:

The group was forced to pull their latest ad criticizing Democratic Senate candidate Alexi Giannoulias of Illinois due to blatant factual inaccuracies. Although the New Prosperity Foundation claimed that it focuses solely on economic issues, the ad criticized Giannoulias for "playing basketball" while his opponent, Republican

Mark Kirk, was "serving in Iraq." However, Kirk lied on the House Floor when he said he had served in Iraq. He never actually served in Iraq, which was one of many occasions that Kirk lied about his military record.

In their ads attacking Indiana Congressmen Baron Hill and Joe Donnelly, the group blamed Democrats for increasing the country's national debt by \$3 trillion. But the Center on Budget and Policy Priorities claims that "legislation enacted since 2001 added about \$3.0 trillion to deficits between 2001 and 2007," all under the Bush administration, "with nearly half of this deterioration in the budget due to the [Bush] tax cuts (about a third was due to increases in security spending, and about a sixth to increases in domestic spending)." Consequently, the ads put the onus for the country's burgeoning national debt on Democrats in Congress, while ignoring the significant role of the Bush administration and Congressional Republicans who increased the debt by \$3 trillion and squandered the budget surplus created under the Clinton administration.



U.S. Chamber of Commerce

Where: CA-SEN; CO-SEN; CT-SEN; FL-SEN; IL-SEN; IN-SEN; KY-SEN; MO-SEN; NH-SEN; OH-SEN; PA-SEN; WI-SEN; AL-02; AR-04; AZ-07; AZ-08; CA-11; CA-47; CO-04; FL-08; FL-24; FL-25; GA-08; IA-01; IA-03; ID-01; IL-11; IL-14; IN-02; KS-03; MA-10; MD-01; MS-01; NV-03; ND-At Large; NM-01; NM-02; NJ-12; NY-19; NY-23; NY-24; OH-15; OH-16; OH-17; OH-18; OK-02; PA-03; PA-07; PA-08; PA-10; PA-12; UT-02; VA-02; VA-05; WA-01; WA-03; WI-07; WI-08

Successful: FL-SEN; IL-SEN; IN-SEN; KY-SEN; MO-SEN; NH-SEN; OH-SEN; PA-SEN; WI-SEN; AR-04; CO-04; FL-08; FL-24; FL-25; IL-11; IL-14; KS-03; ND-At Large; NM-02; NY-19; NY-24; OH-15; OH-16; OH-18; OK-02; PA-03; PA-07; PA-08; PA-10; UT-02; VA-05; WA-03; WI-07; WI-08

The U.S. Chamber of Commerce has commenced a massive influx of spending into nearly all of the top-tier Senate races and major House races. The Chamber was successful in 57% of its targeted races, and it spent \$16.1 million in races won by Republicans.

According to the *Washington Post*, 93% of the Chamber's spending has benefited Republican candidates and the Chamber spent over \$32 million on ads this cycle.

Who:

A presence in American public life and the private sector for almost 100 years, the U.S. Chamber of Commerce is the country's largest trade association with thousands of state and local chapters. Thomas J. Donohue has led the Chamber since 1997, and under his leadership the Chamber's lobbying and campaign efforts have tremendously increased. In 2009 alone, the Chamber spent \$144 million on lobbying, more than double than the year prior. According to Donohue, "People seem to listen to you more when you've got a bagful of cash."

Donohue fiercely yet unsuccessfully opposed Wall Street Reform, and under his tenure the Chamber has engaged in debates over "trade, tort reform, union organizing rights, financial regulation and health care." The Chamber is also a fierce opponent of bills that attempt to combat climate change, promote environmental preservation, strengthen workplace protections, and ensure equal pay for equal work. Donohue claimed that BP should not have to pay for the entire cleanup of BP's oil spill in the Gulf, and that taxpayers should also pay a price; supports the privatization of Social Security; and opposed Al Franken's Amendment to "prevent the Pentagon from doing business with contractors who force employees into binding arbitration over rape and sexual assault charge."

About:

When the Supreme Court's ruling in *Citizens United* opened up the floodgates for increased and anonymous corporate financing of political activity, the U.S. Chamber of Commerce was already established as the principal agent in raising and disseminating corporate money. Under 501(c)6 law, trade associations like the Chamber "can take large contributions from companies and wealthy individuals in ways that will probably avoid public disclosure requirements." "The chamber has developed that into something of a specialty," Tom Hamburger writes in *The Los Angeles Times*, "under a system pioneered by Donohue, corporations have contributed money to the chamber, which then produced issue ads targeting individual candidates without revealing the names of the businesses underwriting the ads." The Chamber's grassroots organization, Friends of the US Chamber, claims to have "roughly equivalent" the amount of members of Barack Obama's Organizing for America.

Recently, ThinkProgress found that the Chamber's "Business Councils" fundraise abroad and collect membership dues from foreign-owned corporations. Such money goes to the 501(c)6 "trade association" entity that is responsible for airing political ads. So far, the Chamber has raised at least \$885,000 from foreign

corporations. However, ThinkProgress reports that the Chamber has not provided "any documentation or proof to demonstrate foreign money is not being used for electioneering purposes," and "refuses to divulge any of the funders for their ad campaign."

Election Attacks:

The U.S. Chamber of Commerce was one of the first groups to launch campaign ads in the 2010 election season, and the vast majority of the Chamber's ads have been negative attacks on Democrats. The Chamber used inaccurate data in what FactCheck called its "untrue" ad campaign against Barbara Boxer that focused on California's water supply, and Pennsylvania television stations even pulled the group's ads criticizing Joe Sestak because of their errors. In the Chamber's ads knocking Democrats Brad Ellsworth of Indiana and Paul Hodes of New Hampshire, the Chamber grossly misrepresented health care reform as a "government takeover of health care," and falsely maintained that the new law would "ration services" in its ads against Michael Bennet of Colorado. When attacking Kentucky Democrat Jack Conway over health care reform, the Chamber said that premiums would increase, even though the bill actually helps avert a massive hike in premiums, and repeats the erroneous claim that the law cuts \$500 billion from Medicare.

While attacking Colorado Congresswoman Betsy Markey, the Chamber called the American Clean Energy and Security Act a "national energy tax costing families nearly \$2,000 a year." However, Reuters reports that according to experts, the "climate legislation moving through Congress would have only a modest impact on consumers, adding around \$100 to household costs in 2020." Moreover, the Congressional Budget Office says that the bill will "provide energy rebates and tax credits" for low-income families.

Corporate Defenders and Mouthpieces

The aggressive growth of pro-corporate independent expenditure committees naturally required an intensified effort to justify corporations' astonishing new role in our politics. Jeff Sessions (R-AL), the ranking Republican member of the Judiciary Committee, said that the Supreme Court's landmark decision in *Brown v. Board of Education* is "akin in my view to the *Citizens United* case," and that desegregating public schools was similar to allowing corporations greater access to the political process. Senate Republican Leader Mitch McConnell (R-KY), who The Hill described as "a longtime and vehement opponent of campaign finance reform," even filed an amicus brief in the case in support of Citizens United. Business interests, Tea Party groups, and pro-

corporate advocacy organizations have staunchly opposed legislation intended to check corporate power in elections and bring more transparency to politics. They often argue that regulations on corporate involvement in elections are an attack on free speech itself.

The U.S. Chamber of Commerce is one of the leading opponents of attempts to quench corporate influence in politics. The Hill profiled the Chamber's intense lobbying against the DISCLOSE Act which one Hill aide called "borderline thuggish," saying that "the Chamber has threatened [multiple vulnerable members] with ads against them if they vote for the bill." FreedomWorks, a Tea Party mainstay led by former House Republican leader and corporate lobbyist Dick Armey, is rallying Tea Party groups against legislation like the DISCLOSE Act. FreedomWorks has ties to Americans for Prosperity, as both groups used to be a part of Citizens for a Sound Economy, and received significant funding from the pro-corporate Sarah Scaife Foundation and the Dick and Betsy DeVos Foundation. In fact, the DeVos Foundation helped finance Citizens United's successful legal challenge to restrictions on corporate electioneering.

The leading advocacy organization against all campaign finance reform efforts is the Center for Competitive Politics. The group's main purpose is to legalize greater and more direct corporate involvement in politics, and to thwart public financing systems. The CCP filed an amicus brief in support of Citizens United and actively resists state and federal steps towards the public financing of elections, which it blasts as taxpayers' "subsidizing political campaigns." The Brennan Center for Justice described the group's research as "unscientific and unsupported." The CCP was founded by Bradley Smith, a former FEC head and long-time champion of corporate money in public elections. *The Washington Post* referred to his views as "quite radical," and Senator John McCain (R-AZ) said that "sending Brad Smith to the FEC is akin to confirming a conscientious objector to be Secretary of Defense." The CCP's President, Sean Parnell, previously worked at The Heartland Institute, a pro-corporate 'think tank' that promotes Climate Change denialism and combats regulations on the tobacco, agriculture, and insurance industries, and receives financial support from the fossil fuel industry and the rightwing Olin, Koch, Scaife, and Walton Foundations.

Pro-corporate activists define any restrictions on corporate involvement in politics as a form of speech censorship. The head of Citizens United, David Bossie, wrote that since Elena Kagan argued *Citizens United* on behalf of the government as Solicitor General, she effectively believes that "the government has the authority to ban books and other forms of communication." The

Center for Competitive Politics said that the *Citizens United* ruling was about preventing "government bans on books." Essentially, they argue that the avalanche of corporate financing in campaigns benefits the democratic process, and any restrictions are a form of government speech suppression. They ignore the fact that corporate contributions in federal campaigns have been banned since 1907 in the Tillman Act and that an unbroken chain of precedent treated corporations as "artificial entities," not citizens, before the Roberts Court invented the new right.

Justice Sandra Day O'Connor, when reacting to the *Citizens United* decision, said that "no state can possibly benefit from having that much money injected into a political campaign." Because of their massive financial and legal resources, corporations already have significant sway over public officials, and their clout has only increased as a result of *Citizens United*. With the ability to drown out the voices of real individuals and ordinary citizens, corporations in the post-*Citizens United* era have more ways to promote their agenda and silence their critics.

Conclusion

The flood of money the nation just witnessed in the 2010 off-year elections likely presages a full-blown tidal wave in 2012. The Supreme Court has indeed "opened the floodgates" in a way that threatens to fundamentally alter the character of American democracy. Unless the Supreme Court reverses the *Citizens United* decision, only a constitutional amendment will be able to limit the sweeping damage done to the principle of popular government. Multiple opinion polls show that the public, including commanding majorities of Republicans, Democrats and Independents, overwhelmingly oppose the Court's decision and believe that *Citizens United* was wrongly decided.

Legislation that can dilute the impact of the *Citizens United* ruling includes the DISCLOSE Act, which would tighten campaign spending disclosure rules for outside groups, the Shareholders Protection Act, which would require shareholder approval of political spending, and the Fair Elections Now Act, which provides public financing for federal candidates.

Ultimately, however, a constitutional amendment is the most comprehensive way to reverse *Citizens United* and prevent continuing corporate takeover of our elections and the rapid erosion of popular democracy. ■



People For the American Way is dedicated to making the promise of America real for every American: Equality. Freedom of speech. Freedom of religion. The right to seek justice in a court of law. The right to cast a vote that counts. The American Way.

© Copyright 2010 People For the American Way.
All rights reserved.

People For the American Way
2000 M Street, NW, Suite 400
Washington, DC 20036
202-467-4999 or 800-326-7329

WWW.PFAW.ORG