



## **Shadowy 527 Groups Continue Soft Money Grab As 2002 Election Approaches**

### *Groups Collect Nearly \$108 Million During 2002 Election Cycle*

New disclosure reports filed by “527” organizations just weeks before the November 5 election show a continued race for unlimited “soft money” contributions that are used to pay for issue ads, direct mail, campaign organizers and other electioneering activities. Though only a limited number of the most recent third quarter filings are available, Public Citizen’s analysis of 527 groups’ fundraising shows that some of the most active groups have raised at least \$107.7 million during the 2002 election cycle.

527 groups get their name from the section of the Internal Revenue Service (IRS) code that governs them. They can accept unlimited amounts of “soft money” directly from corporations, unions and individuals. The groups are chartered to influence elections and can be broken down into two types: those controlled by members of Congress, “politician 527s,” and organizations created to promote specific special interest goals or ideological principles, “non-politician 527s.” While only a handful of the most recent reports are available on the IRS online disclosure system, Public Citizen collected scores of reports by going directly to groups’ offices and requesting copies of the filings for public inspection [as is allowed under 26 USC 6104(d)].

An analysis of these new reports and past filings show:

- During the 2002 election cycle so far, 170 of the largest 527 groups identified by Public Citizen as active in federal elections have raised at least \$107.7 million and spent \$109.1 million. (See Table 1) However, the recent third quarter 2002 disclosure reports covering July 1 to September 30, 2002 are only available for 74 of the 170 groups as of October 23, 2002, which means the total raised will likely be much higher.
- 25 of the top 527 groups during the 2002 election cycle have raised at least \$76 million and spent \$76.4 million. The total is likely higher as third quarter reports were unavailable for six of these groups. (See Table 1) Included in the list of the top 527 groups during the 2002 election cycle are 15 Democratic/liberal and 10 Republican/conservative organizations. Twenty-two groups have collected more than \$1 million during the 2002 cycle.
- Third quarter reports covering July 1 to September 30 show that the top 25 groups collected \$19.9 million and spent \$19.2 million. During the second quarter, the top 25 groups raised \$14.4 million and spent \$10.5 million.
- Since disclosure of 527 groups’ finances was first required in July 2000, 527 organizations active in federal elections and identified by Public Citizen have taken in \$187.8 million and spent \$213.8 million.

- The biggest donors during the third quarter include the Pharmaceutical Research and Manufacturers of America (\$315,000); Republican Leadership Coalition (\$300,000); Hollywood producer Steve Bing (\$300,000); investor S. Robert Levine (\$250,000) Democratic National Committee (\$200,000); philanthropist and investor John Hunting (\$150,000); Democratic Senatorial Campaign Committee (\$124,600); and financial holding company manager Ian M. Cumming (\$105,000). Six donors gave \$100,000 and include plaintiffs' attorneys Ronald Motley and Wayne Reaud; plaintiffs' law firms Nix, Patterson & Roach and the Law Offices of Shernoff, Bidart & Darras; Rep. Martin Frost's (D-Texas) Lone Star Fund and Jacqueline Mars, an heir to the Mars candy fortune.
- The industries/interest groups that contributed the most money during the third quarter include public sector unions (\$5,166,851) lawyers/law firms (\$1,700,000); securities & investments (\$862,500); Pharmaceuticals/Health Products (\$545,000) party committees (\$490,747); TV/movies/music (\$400,000); air transportation (\$205,000); and telephone utilities (\$146,560).

The most active 527 groups during the third quarter include two unions, liberal and conservative advocacy groups and several congressmembers' soft money leadership accounts (known as politician 527s). Some of the most active 527 groups during the third quarter include:

- The American Federation of State, County and Municipal Employees maintained two 527 groups (AFSCME Special Account and AFSCME People), making it the largest 527 group in the second quarter with \$6.1 million in receipts and \$5.6 million in expenditures. The union group, which includes 1.3 million public service and health care workers, collected all its contributions directly from the union. Other unions with large fundraising hauls during the third quarter include the AFL-CIO (\$2.4 million) and Communication Workers of America (\$1.3 millions)
- The Sierra Club Voter Education Fund received a \$1.7 million transfer from the organization's parent account to use for voter mobilization and issue ads. The group is the oldest national environmental organization and has 700,000 members in local chapters around the U.S. and Canada.
- Sen. Edwards' 527, New American Optimists, took in \$1.3 million from July to September – the most money raised by any politician 527 group during the quarter. Wealthy individuals, primarily plaintiffs' lawyers from all over the country, account for the large donations to Edwards' group. Entertainer Steven Bing was the largest contributor with a \$300,000 donation. Three other donors gave \$100,000 and include Ronald Motley, Wayne Reaud and the Law Offices of Shernoff, Bidart & Darras.
- The New Democrat Network (NDN), a “moderate,” business-friendly party faction, raised \$507,250 during the third quarter. Two donors – Intuit and the plaintiffs'-oriented Williams Bailey Law Firm – gave \$50,000 to the organization. NDN, which represents 74 House members and 20 Senators, offers training sessions, helps with campaign fundraising and develops election and legislative strategies.

- EMILY's List, which aides Democratic, pro-choice women candidates, raised \$1.2 million and spent \$1.5 million during the third quarter. The group uses issue ads and a hard money bundling operation to help its preferred candidates.
- IMPAC 2000 remained among leaders in contributions received as the Democratic redistricting group continued to fund a legal operation in states where congressional boundaries are being redrawn. The group raised \$470,597 with the help of \$225,000 from national Democratic committees.
- The Republican Leadership Council raised \$456,500 and spent \$337,463 in the last quarter. The organization supports socially moderate candidates through issue ads and direct mail. Two investors were the group's top donors during this last quarter: S. Robert Levine, an executive with Armstrong Investments, gave \$250,000 and Stephen Distler, a partner at EM Warburg Pincus, contributed \$95,000.
- GOPAC, a group that trains Republican campaign staff, raised \$451,237 and spent \$426,943. The organization employs political operatives who teach seminars on fundraising, attracting Hispanic voters and communication techniques. The Republican Leadership Coalition, an organization seeking to bring Hispanic voters into the GOP fold by promoting health-care savings accounts, contributed \$300,000 to GOPAC in the third quarter.

**Table 1:  
Top 100 of the Largest 527 Groups Active in Federal Elections,  
January 1, 2001 to September 30, 2002**

<b>527</b>	<b>Affiliated Politician/ Group Purpose</b>	<b>3<sup>rd</sup> Quarter Contribs</b>	<b>2002 Cycle Contribs</b>
AFSCME Special Account	Labor organization	\$5,166,821	\$15,922,879
Impac 2000	Democratic redistricting project	\$470,597	\$6,573,695
EMILY's List	Fundraising for pro-choice, Democratic women candidates	\$1,207,340	\$5,265,326
New American Optimists	Sen. John Edwards (D-N.C.)	\$1,269,243	\$3,630,593
New Democrat Network	"Moderate," business-friendly party faction	\$507,250	\$3,503,721
Prairie State Committee	Rep. Rod Blagojevich (D-Ill.)	NA	\$3,315,640
League of Conservation Voters	Pro-environment group	\$285,000	\$3,224,800
AFL-CIO COPE	Labor organization	\$2,448,501	\$3,197,320
Bush-Cheney Recount Fund	Pres. George W. Bush and VP Cheney	NA	\$3,024,566
Club for Growth	Free-market ideologues	\$150,183	\$2,857,405
DASHPAC	Sen. Tom Daschle (D-S.D.)	\$361,900	\$2,389,650
College Republican National Committee	Young Republicans organization	NA	\$2,343,015
United Food and Commercial Workers	Labor organization	\$108,000	\$2,278,427
Sierra Club Voter Education Fund	Pro-environment group	\$1,757,500	\$2,277,500
GOPAC	Trains Republican campaign staff	\$451,237	\$1,950,956
ARMPAC	Rep. Tom DeLay (R-Texas)	\$292,383	\$1,911,083
Republican Leadership Council	Socially-moderate election advocacy group	\$456,500	\$1,906,827
CWA Committee on Political Education	Labor organization	\$1,336,385	\$1,874,957
Republican Main Street Partnership	Think tank for "moderate" GOP legislators	\$146,350	\$1,790,548
AFSCME People	Labor organization	\$930,000	\$1,724,400
Sheet Metal Workers International Association	Labor organization	\$236,250	\$1,179,925
Bob Ehrlich for Maryland	Rep. Bob Ehrlich (R-Md.)	NA	\$1,066,163
Missouri Senate 2002	Joint fundraising for Sen. Jean Carnahan (D-Mo.)	NA	\$920,916
Rely on Your Beliefs (RoyB Fund)	Rep. Roy Blunt (R-Mo.)	NA	\$917,214
KOMPAC	Rep. Dennis Hastert (R-Ill.)	\$123,556	\$914,386
Ridge Leadership Fund	Homeland Security Director Tom Ridge	NA	\$905,038
Searchlight Leadership Fund	Sen. Harry Reid (D-Nev.)	\$418,000	\$882,000
WISH List	GOP female candidate recruitment and training	\$95,466	\$824,713

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Blue Dog Non-Federal PAC	Rep. Collin Peterson (D-Minn.)	\$219,147	\$807,073
Texans for a Republican Majority	Rep. Tom DeLay (R-Texas)	\$322,700	\$801,193
Illinois Senate 2002	Joint fundraising for Sen. Richard Durbin (D-Ill.)	NA	\$771,050
Tom Davis Virginia Victory Fund	Rep. Tom Davis (R-Va.)	NA	\$753,632
Iowa Senate 2002	Joint fundraising for Sen. Tom Harkin (D-Iowa)	NA	\$752,624
Lone Star Fund	Rep. Martin Frost (D-Texas)	\$398,237	\$719,241
Republican Majority Fund (RMF)	Sen. Don Nickles (R-Okla.)	\$225,114	\$694,659
Congressional Black Caucus	Congressional Black Caucus	NA	\$672,523
21st Century Democrats (formerly Democrats 2000)	Backs progressive candidates and trains campaign staff	\$299,525	\$653,657
Conservation Strategies	Pro-environment group	NA	\$650,000
Together For Our Majority PAC	Rep. Tom Reynolds (R-N.Y.)	\$50,516	\$626,474
Georgia Senate 2002	Joint fundraising for Sen. Max Cleland (D-Ga.)	NA	\$599,900
Working Families 2000	Labor-backed election advocacy organization	\$0	\$599,021
America's Foundation	Sen. Rick Santorum (R-Pa.)	\$248,000	\$581,938
Reform Voter Project	Public Campaign/campaign finance reformers	\$185,675	\$565,675
Committee for Quality Education	Conservative group working on educational issues	\$75,000	\$524,000
National Leadership PAC	Rep. Charles Rangel (D-N.Y.)	\$197,150	\$507,565
National Federation of Republican Women	GOP candidate recruitment and training	\$53,750	\$505,180
Effective Government Committee	Rep. Richard Gephardt (D-Mo.)	\$183,500	\$499,500
Lincoln Fund	Republican redistricting project in Illinois	\$92,500	\$481,500
Citizen Soldier Fund	Sen. John Kerry (D-Mass.)	\$182,000	\$474,500
Pro-Choice Vote	Abortion-rights group	NA	\$456,200
Campaign for America's Future	Sen. Orrin Hatch (R-Utah)	NA	\$453,332
Republican Leadership Coalition	Minority-vote seekers for GOP	NA	\$452,545
Battle Born State PAC	Sen. John Ensign (R-Nev.)	\$70,000	\$414,786
Participation 2000	Trains Democratic campaign workers	\$115,500	\$414,150
Glacier PAC	Sen. Max Baucus (D-Mont.)	\$97,600	\$409,850
Mainstream America PAC	Sen. John Breaux (D-La.)	NA	\$403,324
Great Lakes 92 Fund	Democratic redistricting project	NA	\$357,500
Gordon Smith Oregon Victory Committee	Sen. Gordon Smith (R-Ore.)	NA	\$343,750
Gay and Lesbian Victory Fund	Candidate recruitment and campaign training	NA	\$337,704

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American Success PAC	Rep. David Dreier (R-Calif.)	\$87,000	\$337,028
Arkansas Senate 2002	Joint fundraising for Democratic senatorial candidate Mark Pryor	NA	\$326,897
New Century Project	Ex-Rep. John Kasich (R-Ohio)	NA	\$321,364
Committee for a Democratic Majority	Sen. Ted Kennedy (D-Mass.)	\$119,800	\$310,203
Louisiana Senate 2002	Joint fundraising for Sen. Marl Landrieu (D-La.)	NA	\$304,636
New Hampshire Senate 2002	Joint fundraising for Democratic senatorial candidate Jeanne Shaheen	NA	\$301,400
Democratic Majority PAC	Rep. Frank Pallone, Jr. (D-N.J.)	NA	\$297,771
Volunteer PAC	Sen. Bill Frist (R-Tenn.)	NA	\$289,400
Alabama Republican Majority Fund	Sen. Richard Shelby (R-Ala.)	NA	\$268,500
Republican Majority Issues Cmte	GOP voter-mobilization group	NA	\$267,355
McAuliffe for Chair	DNC Chairman Terry McAuliffe	NA	\$266,377
Majority Leader's Fund	Rep. Richard Armey (R-Texas)	NA	\$235,360
Campaign for a Progressive Future	Gun-control proponents	\$0	\$231,536
George Allen Committee	Sen. George Allen (R-Va.)	NA	\$228,793
Friends of the Big Sky	Sen. Conrad Burns (R-Mont.)	\$1,500	\$226,161
National PAC	Helps candidates who support Israel and Jewish causes	NA	\$225,574
New Republican Majority Fund	Sen. Trent Lott (R-Miss.)	NA	\$224,500
New Jersey Senate 2002	Joint fundraising for Democratic senatorial candidate	NA	\$205,000
Committee for Honest Politics	Election monitors	NA	\$195,228
Progressive Majority	Helps elect progressive candidates	NA	\$194,764
Florida 19 PAC	Rep. Robert Wexler (D-Fla.)	NA	\$188,450
Americans for Equality	Civil rights org.; NAACP's election advocacy arm	NA	\$178,650
Committee For Leadership and Progress	Rep. Nita Lowey (D-N.Y.)	NA	\$178,500
National Tax Ltd. Cmte.	Tax-cutting Reagan devotees	NA	\$175,548
M-PAC	Sen. Patty Murray (D-Wash.)	\$27,500	\$175,000
Washington Fund	Rep. Jennifer Dunn (R-Wash.)		\$172,200
United Victory Fund	Joint fundraising for Cong. Black Caucus & DSCC	\$116,200	\$166,200
Recount Fund	Recount services for Democratic candidates	NA	\$156,979
DAKPAC	Sen. Kent Conrad (D-N.D.)	\$36,000	\$151,759
American Renewal PAC	Rep. J. C. Watts (R-Okla.)	NA	\$149,446
Holt Pac For Responsive Government	Rep. Rush Holt (D-N.J.)	NA	\$147,100
Political War.com	Training and political education based on free-market ideology	\$0	\$146,700

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Committee for a United Republican Team	Rep. Curt Weldon (R-Pa.)	NA	\$145,853
Republicans Abroad	GOP party building in foreign countries	NA	\$144,434
South Carolina Senate 2002	Joint fundraising for Democratic senatorial candidate Alex Sanders	NA	\$136,500
Holding Onto Oregon's Priorities	Sen. Ron Wyden (D-Ore.)	\$0	\$128,000
Young Republican National Federation	Young Republicans organization	NA	\$127,957
Citizens for a Competitive America	Sen. Ernest Hollings (D-S.C.)	\$25,000	\$123,000
Torch PAC	Sen. Robert Torricelli (R-N.J.)	NA	\$122,200
People For Enterprise, Trade And Economic Growth	Rep. Pete Sessions (R-Texas)	\$70,824	\$115,924
HILLPAC NY	Sen. Hillary Clinton (D-N.Y.)	NA	\$112,350

<b>Subtotal for Top 100</b>	<b>\$21,718,200</b>	<b>\$104,258,306</b>
<b>Totals</b>	<b>\$21,886,613</b>	<b>\$107,723,500</b>

Source: Public Citizen's analysis of IRS form 8872 disclosure reports available at <http://efforms.irs.gov>.