

United Seniors Association: Hired Guns for PhRMA and Other Corporate Interests



Congress Watch

July 2002

Acknowledgments

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About Public Citizen

Public Citizen is a non-profit 150,000 member organization based in Washington, D.C., representing consumer interests through lobbying, litigation, research and public education. Since its founding by Ralph Nader in 1971, Public Citizen has fought for consumer rights in the marketplace, safe and secure health care, fair trade, clean and safe energy sources, and corporate and government accountability. Public Citizen has five divisions and is active in every public forum: Congress, the courts, governmental agencies and the media. Congress Watch is one of the five divisions.

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As House Speaker Dennis Hastert strolled to the podium on May 1, 2002 to announce a new Republican proposal to subsidize private prescription drug coverage for seniors, a small group of United Seniors Association members sporting red, white and blue clothing gathered on the Capitol steps to cheer for the GOP plan. Images of the event made for a good photo opportunity, but looks can be deceiving.

Though the United Seniors Association (USA) is a conservative, grassroots organization for the elderly, the organization is just as likely to be flacking for corporate special interests as it is to be representing seniors. And as the debate on Medicare prescription drug coverage gears up to become a major federal election issue, the pharmaceutical industry is using USA as a front for its TV and radio “issue” ad campaigns.

The prescription drug industry is not the only corporate interest enlisting USA as a hired gun, however. In 2001, as Congress began considering President Bush’s national energy plan, USA was also used by several corporate energy front groups pushing for the GOP legislation.

The tools of these campaigns include grassroots mobilization, newspaper ads, press conferences and lobbying. But “issue” ads – both the type trying to affect a Congressman’s vote and the type seeking to elect or defeat candidates – have become multi-million dollar centerpieces of USA’s work. And they are new tools for USA: prior to March 2001 there is no evidence that the organization employed issue ads to influence policy or elections.

During the last 17 months, USA has spent \$12 million on issue ads – some that badger Democrats and others that praise Republican members of Congress for their votes on key legislation. (See Table 1 and Appendix A) Moreover, USA is the biggest ad spender so far in the 2002 election cycle¹ – not bad for a group that didn’t spend a cent on issue ads in the previous election cycle.

Fronting for PhRMA

USA’s largest issue ad war is a \$9.6 million campaign focusing on Medicare prescription drug issues. The latest wave is a \$2 million ad buy that began in early July 2002 and thanks 29 Representatives for supporting the House GOP prescription drug bill.² Just prior to these newest ads, USA ran a \$4.6 million TV ad campaign in May/June to coincide with Republican House leaders’ push for legislative action on a Medicare drug bill.³ And earlier in the legislative session, in August 2001, USA’s first set of TV ads on Medicare drug benefit issues began with a \$3 million ad buy in 19 congressional districts.⁴ (All ads are available on USA’s website at <http://www.unitedseniors.org/videos/tvads.cfm>)

**Table 1:
“Issue” Ad Spending by USA, 2001 to 2002**

Issue	Dates	Costs	Funded By
Medicare prescription drug issue	July 2002	\$2,000,000	N/A
Making \$1.3 trillion tax cut permanent	June 2002	\$200,000	N/A
Medicare prescription drug issue	May/June 2002	\$4,600,000	PhRMA
GOP energy plan	October 2001	\$160,000	N/A
Medicare prescription drug issue	August/September 2001	\$3,000,000	N/A
\$1.3 trillion tax cut	March 2001	\$2,000,000	N/A
Issue Ad Spending 2001-2002		\$11,960,000	

Source: Public Citizen analysis of USA ads reported by National Journal’s Ad Spotlight and Robin Toner, “A Health Care War Is Raging in the House,” *The New York Times*, June 18, 2002.

The brand-name drug industry’s powerful trade group, Pharmaceutical Research and Manufacturers of America (PhRMA), has admitted to funding much, if not all, of the \$4.6 million ad buy in May/June through an “unrestricted educational grant.”⁵ PhRMA and USA would neither confirm nor deny to Public Citizen that the industry paid for the entire \$9.6 million. But given the message contained in the ads and significant overlap in where they ran, it is quite likely that PhRMA’s funding and strategy is behind all of them.

USA’s ad spending appears to highlight a major expansion in the size and scope of the group’s activities. The \$9.6 million in prescription-drug related issue ad spending during the last 12 months is more than the group’s \$9 million in total expenditures in 2000 (See Table 2), the last year for which information is available.

**Table 2:
Breakdown of USA’s Budget Information, 1998 to 2000**

Year	Revenue	Expenditures	Program Services Expenditures	Management Expenditures	Fundraising Expenditures
2000	\$9,008,422	\$8,998,568	\$3,388,552	\$918,734	\$4,691,282
1999	\$8,171,261	\$8,133,349	\$3,162,756	\$1,127,806	\$3,842,787
1998	\$11,356,732	\$12,130,160	\$5,492,865	\$2,159,415	\$4,477,880
Totals	\$28,536,415	\$29,262,077	\$12,044,173	\$4,205,955	\$13,011,949

Source: Public Citizen examination of USA’s IRS Form 990s for years 1998, 1999 and 2000.

Ad spending so far in 2002 (\$6.8 million) is twice the amount spent by the group in 2000 on “program services” expenditures – the category that represents spending to meet the group’s purpose, as opposed to fundraising or management expenses.⁶ In a few months in 2001, USA spent at least \$5.1 million on TV and radio ads – a full \$1.7 million more than the organization spent on “program services” in the year before.

Not only are the spending levels unprecedented, but the use of broadcast ads also appears to be new territory for USA. An examination of media reports and the group’s IRS Form 990s, which detail non-profit groups’ financial activities, showed no signs of sponsoring issue ads from 1998 to 2000. During the most recent three years that USA’s financial information is available, the largest expenditure was for postage and shipping (\$3,056,387). Other major expenditures also revolved around mailings and included spending on printing and publications (\$2,952,392), mail house (\$945,568) and writing (\$519,497). (See Appendix B)

These days, USA may be getting most of its headlines for its ads, but these are a departure from the group’s past identity as direct mail specialists. USA was created in 1991 calling itself a “conservative alternative to the AARP.” Right-wing millionaire Richard Viguerie co-founded the group, which revolved around its direct-mail operations. In the years that followed, USA was assailed by media, prominent Republicans and Democrats and the General Accounting Office for mailings that scared seniors by claiming new Medicare rules would prevent seniors from paying for private care outside the government program. (See Appendix C)

More recently, during the 2000 election cycle, USA joined Citizens for Better Medicare (CBM), a drug-industry front group created by PhRMA. In a June 2000 report on CBM, Public Citizen revealed that its “broad-based” coalition – which, then and currently, includes USA – is a sham. CBM’s director, Tim Ryan, was the marketing director for PhRMA before joining CBM as executive director, and he admitted in interviews that CBM is overwhelmingly funded by PhRMA.⁷ As a member of the front group, USA offered cover to CBM’s political operation, which included a budget of at least \$65 million for television advertising – a large chunk dedicated to electioneering “issue” ads designed to elect or defeat candidates – during the 2000 cycle.⁸

Unfavorable media coverage of CBM’s drug industry sponsorship appears to have encouraged PhRMA to contract directly with USA to provide a veneer of “seniors” legitimacy to its advertising agenda, which promotes privatized drug coverage rather than a Medicare drug benefit that the industry fears would lead to reduced drug prices.

Political Operatives at the Helm of USA

The strong partisan, political and special interest connections of USA is not surprising given the staff and board of directors, many of whom are prominent GOP political operatives with extensive experience working for candidates, parties and large corporate interests. They include:

- USA President and CEO **Charles Jarvis** served as deputy under secretary at the Department of Interior during the Reagan and Bush administrations. His resume also includes experience as legislative director for Sen. Charles Grassley (R-Iowa) and campaign chairman for presidential candidate Gary Bauer.⁹ Jarvis was also the executive vice president of Focus on the Family.
- **Craig Shirley**, a USA board member, has long been a Republican Party public relations powerhouse. His public relations firm Shirley & Banister Public Affairs currently represents the Republican National Committee (RNC).¹⁰ During the 1984 presidential campaign, he was the director of communications for the National Conservative Political Action Committee, America's largest independent political committee.¹¹ More recently, he co-founded Conservatives for Effective Leadership, an organization devoted to defeating Hillary Clinton in her Senate bid.¹²
- *The New York Times* called USA board member **Jack Abramoff** "one of the most influential – and, at \$500 an hour, best compensated – lobbyists in Washington."¹³ The Republican Party has long relied on his fundraising prowess, and can continue to do so, as he recently boasted that he would raise \$5 million and personally give \$250,000 this election cycle.¹⁴ He was a member of the RNC executive committee from 1981-1985 and in 1985 was executive director of President Ronald Reagan's grassroots lobbying organization, Citizens for America.¹⁵
- USA board member **Jim Wootton** is president of the U.S. Chamber of Commerce Institute for Legal Reform where he advocates for tort "reform."¹⁶ a high priority of the drug industry which is increasingly being sued for manufacturing unsafe drugs. During the Reagan Administration he was appointed deputy administrator of the Office of Juvenile Justice and Delinquency Prevention.¹⁷ In 1986, Wootton was appointed to the Legal Services Corporation as director of policy, communications and legislative affairs. During the 2000 election cycle, PhRMA shoveled \$10 million to the Chamber of Commerce to run electioneering ads just before the November election.¹⁸
- USA lobbyist **David Keene** is chairman of the American Conservative Union, the nation's largest conservative grassroots organization. Keene's political background includes work as George Bush's national political director in 1980, political consultant to presidential candidate Bob Dole in 1988 and as an informal advisor to Dole in 1996.¹⁹ Keene is a lobbyist with the Carmen Group and has lobbied for the Air Transport Association, Medstar Health and Northwest Airlines.
- **Beau Boulter**, a USA lobbyist, is a former GOP congressman from Texas who served in the House of Representatives from 1985 to 1989. He formerly lobbied for the Carmen Group and represented the Major Medicaid Hospital Coalition, Northwest Airlines and U.S. Bank.
- Lawyer **Curtis Herge**, USA's corporate counsel, served as a member of Reagan's Presidential Transition Team. He later held positions as the assistant to the secretary and chief of staff at the Department of the Interior.

Below are two case studies detailing how USA has closely collaborated with its corporate sponsors.

Case Study 1: PhRMA Uses Surrogate for Ads

USA has run three rounds of issue ads – at a cost of \$9.6 million – focusing on Medicare prescription drug issues. The largest of these ad buys, a series of TV spots that ran in May/June 2002 at a cost of \$4.6 million, was funded by PhRMA through an “unrestricted educational grant.”²⁰ It is unclear how the other ads were financed, but the similar messages and targets of the three rounds of ads suggest that the powerful drug industry trade group PhRMA – or individual drug companies – could be funding USA’s entire Medicare drug issue ad campaign.

The ad campaign was kicked off in August 2001, and USA’s first set of TV ads on Medicare drug benefit issues began with a \$3 million ad buy in 19 congressional districts.²¹ The ads urged members of Congress to work with President Bush to “keep the promise and add a prescription drug benefit to Medicare.”²² But no action was taken in 2001 on Medicare drug issues because congressional attention turned toward responding to the September 11 terrorist attacks and anthrax scare.

Then, in early May 2002 after House Republican leaders announced plans for legislative action on a Medicare drug benefit bill, USA launched the \$4.6 million TV ad campaign. These ads ran in the districts of 16 Republicans and two conservative Democrats who held key votes and influence over the House Republican drug bill, said USA’s president Charles Jarvis. “They were people that had relations on both sides of the aisle so they could affect other people in the vote,” he told Public Citizen.²³

These PhRMA-financed ads were designed to promote President Bush’s and the House Republican leaders’ prescription drug plan, which would provide Medicare beneficiaries with subsidies to buy private insurance rather than create a comprehensive drug coverage program through Medicare. But the Republican scheme would not only limit coverage, it would also prevent Medicare from negotiating deeper drug price discounts. Giving Medicare such power on behalf of its 39 million beneficiaries is anathema to drug companies and their allies on Capitol Hill.

In early July 2002, USA began running a new set of TV ads in the districts of 29 members of Congress.²⁴ The ads are part of a \$2 million ad buy and thank Representatives for supporting the House prescription drug plan, which passed 221-208 along nearly party lines in the early morning of June 28.²⁵ USA said it is running the ads to build momentum for Senate action on prescription drug legislation, which is scheduled for the week of July 15.²⁶

Included among the ad’s beneficiaries are 13 Republicans and two Democrats who voted for the PhRMA-favored drug bill that passed the House and who also face tough re-election campaigns. The ads seek to aid Reps. Charles Bass (R-N.H.), Henry Bonilla (R-Texas) Shelley Moore Capito (R-W.V.), Steve Israel (D-N.Y.), Nancy Johnson (R-Conn.), Mark Kennedy (R-Minn.), Tom Latham (R-Iowa), Jim Leach (R-Iowa), Ken Lucas (D-Ky.), Jim Nussle (R-Iowa), Charles

Pickering (R-Miss.), Clay Shaw (R-Fla.), John Shimkus (R-Ill.), Rob Simmons (R-Conn.) and Heather Wilson (R-N.M.).

Neither USA nor PhRMA would disclose the full extent of the drug industry funding for the seniors group. Discussing the ad buys, PhRMA spokesman Jeff Trehwitt would not reveal the total amount given to the seniors group or discuss how the money was to be used. “What we have given them is an unrestricted educational grant,” Trehwitt told Public Citizen. “Literally, they are free to do whatever they want with it.”²⁷

USA also has not showed its true colors concerning PhRMA’s financial influence. After the \$4.6 million May/June ads began running Jarvis said, “This is not a PhRMA buy. It is a national grass-roots buy.”²⁸ But according to the Associated Press, “Several Republican officials said they understood that the Pharmaceutical Research and Manufacturers of America (PhRMA) had provided the money for the commercials.”²⁹

Charles Jarvis later told Public Citizen that he is “unabashedly thankful” that PhRMA has funded his advocacy group, but says the money has not compromised his message or influenced his work. “If I got funding from McDonalds,” he asked, “Would that mean that I am a representative for two all beef patties, special sauce, lettuce and cheese?”

Behind the ads are people with deep connections to drug industry front groups and GOP politics. The ads in August/September 2001 were produced by Cold Harbor Films, which is headed by Alex Castellanos. Castellanos showed his influence during the 2000 election as an ad maker for presidential candidate George W. Bush, the Republican National Committee and Citizen’s for Better Medicare.³⁰ The May/June 2002 USA ad wave was produced by Tim Ryan, who worked as PhRMA’s marketing director until he was tapped to lead CBM during the last election cycle.³¹

The timing of the USA ads was also well coordinated: the ad campaign was announced on May 10, 2002, just one week after House Republicans announced initial plans for bringing a prescription drug bill to the floor. The ads also followed GOP strategy outlined in a polling memo written two weeks before the ad announcement. The memo stated “Right now, voters perceive the parties as headed toward a match-up of Republicans on taxes and terrorism versus Democrats on economy, education and the elderly. We need more than just taxes/terrorism to win.”³²

And now that action on prescription drug legislation looms in the Senate, USA may start running issue ads that target members of the upper body. *The Washington Post* reported that USA plans to run issue ads “against key senators there” after the GOP bill passes the House.³³ But Jarvis says a verdict on future ads has yet to be made. “I have not made a decision whether [using issue ads] is the best way to communicate with the Senate ... I have not decided.”³⁴

Case Study 2: USA Teams Up With Energy Industry to Promote GOP Plan

USA partnered with the energy industry to help push President Bush's national energy plan – a wide ranging proposal that calls for increased domestic energy production through economic incentives and by drilling for oil and gas in the Arctic National Wildlife Refuge.³⁵ The seniors group promoted the energy bill through news releases and at Senate Republicans' press conferences, but also joined several industry-funded groups and used issue ads to target members of Congress who opposed parts of the plan.

Charles Jarvis defended USA's efforts with the energy industry saying that the issue had a long-standing value for the elderly. "Energy is a huge issue for seniors because of the costs associated with heating their houses in the winter and cooling during the summer," he said.³⁶

USA directly spent \$160,000 running issue ads beginning October 8, 2001.³⁷ The ads urged Sens. Tom Daschle (D-S.D.), Jeff Bingaman (D-N.M.), Mary Landrieu (D-La.) and Gordon Smith (R-Ore.) to vote for the GOP energy bill "to protect our country and cut dependence on foreign energy for the future."³⁸

Besides running its own issue ads, USA also lends its name to front groups established by major Washington corporate interests with business before Congress. One industry-backed group, the 21st Century Energy Project, was created by lobbyist and former Enron consultant Ed Gillespie to drum up support for Bush's energy plan.³⁹ Gillespie, head of one of Washington's most prominent lobbying firms, served as a top communications aide to Bush during the presidential campaign and was on the transition team to help Commerce Secretary Don Evans move into his new post after the inauguration.⁴⁰

USA is one of the 21st Century Energy Project's ten members, which also include the American Conservative Union, Americans for Tax Reform, Citizens for a Sound Economy and the Seniors Coalition.⁴¹ But these members did not provide funds for the project. Instead, money for the 21st Century Energy Project came from Gillespie's "corporate lobbying clients."⁴² Enron, which stood to gain from Bush's industry-friendly plan, kicked in more than \$50,000. Daimler-Chrysler, which opposed parts of the energy plan that would have increased fuel economy standards, also gave \$50,000.⁴³

The 21st Century Energy Project used this money to fund an issue ad campaign that began July 10. The first wave of ads ran in Washington, D.C. for two weeks at a cost of \$100,000.⁴⁴ Three weeks later, another \$100,000 radio issue ad campaign began targeting several Representatives including Jack Quinn (R-N.Y.), Greg Ganske (R-Iowa), Mark Kennedy (R-Minn.) and Mike Doyle (D-Penn.).⁴⁵ The ads asked Representatives to work with Bush and said, "Congress will vote soon on President Bush's comprehensive energy plan – one that uses 21st century technology to promote conservation, diversify our energy supply and generate environmentally clean, reliable and affordable energy."

The 21st Century Energy Project was not the only industry-backed group that used USA to push for the GOP energy legislation. USA is also a part of the Alliance for Energy and Economic

Growth, a coalition of business and labor groups that includes the American Petroleum Institute, Chevron Corp., Dow Chemical, Dynegy, Edison Electric Institute, Nuclear Energy Institute and Shell Oil Company.⁴⁶ Among the membership list, which includes hundreds of energy companies and trade groups, USA is one of only two “consumer” groups (CBM member 60 Plus Association is the other).⁴⁷

The Alliance for Energy and Economic Growth spent \$1.2 million on TV ads that ran in Washington, D.C. from July 9, 2001 to the beginning of August.⁴⁸ The ads were similar to spots run by the 21st Century Energy Project and invoked images of the 1970s energy crisis. The alliance’s ads said, “To keep America’s economy strong and to meet the needs of tomorrow, we need a strong energy plan today.”⁴⁹

The corporate funding of the Alliance for Energy and Economic Growth is almost as clear as the naked promotion of the Bush plan. “(O)il companies and the American Petroleum Institute are major financial backers of the Alliance for Energy and Economic Growth,” said one news source.⁵⁰ And according to a fundraising memo written by energy lobbyist Wayne Valis, “To join the coalition, you must agree to support the Bush energy proposal in its entirety and not to lobby for changes to the bill ... If you are caught attempting to lobby behind the back of the White House, you will be expelled from the coalition. I have been advised that this White House ‘will have a long memory.’”⁵¹

Yet another business-backed energy coalition, the Energy Stewardship Alliance, also received USA’s support.⁵² The alliance, described as a “pro-drilling group backed by the oil and gas industry,”⁵³ includes groups such as the American Petroleum Institute, the Independent Petroleum Association of America and the National Association of Manufacturers. Again, USA and the 60 Plus Association are the only two members of the Energy Stewardship Alliance that are not energy producers, unions or trade/professional groups.

And like the other groups, the Energy Stewardship Alliance ran issue ads conjuring up images of the 1970s and said, “Today America is more dependent on foreign oil than during the energy crisis of the 70s ... that’s why 75 percent of Alaskans support energy exploration in ANWR.”⁵⁴ The nearly \$200,000 ad buy ran in Washington, D.C. in March 2001.⁵⁵

Appendix A: United Seniors Association Issue Ads

(All ads are available at <http://www.unitedseniors.org/videos/tvads.cfm>.)

Issue Ad Start Date	Script	Targets
July 2002	<p>TV–Title: “Medicare’s Promise to Seniors” ANNOUNCER: America’s Seniors deserve the best of health. And Medicare is our promise to them. Congresswoman/Congressman <u>NAME</u> understands. That’s why she/he voted to add meaningful prescription drug coverage to Medicare for all Seniors. Under Congresswoman/ Congressman <u>NAME’S</u> plan, Seniors who now pay retail prices would see their out-of-pocket drug costs fall by as much as seventy percent and Seniors would have complete protection against catastrophic drug costs.</p>	Reps. Charles Bass (R-N.H.); Roy Blunt (R-Mo.); Henry Bonilla (R-Texas); Shelley Moore Capito (R-W.V.); Tom Delay (R-Texas); Randy Forbes (R-Va.); George Gekas (R-Penn.); Dennis Hastert (R-Ill.); Ralph Hall (D-Texas); Robin Hayes (R-N.C.); J.D. Hayworth (R-Ariz.); Steve Israel (D-N.Y.); Nancy Johnson (R-Conn.); Mark Kennedy (R-Minn.); Tom Latham (R-Iowa); Jim Leach (R-Iowa); Kenneth Lucas (D-Ky.); Jim Matheson (D-Utah); Jim Nussle (R-Iowa); Charles Pickering (R-Miss.); Collin Peterson (D-Minn.) Pete Sessions (R-Texas); Clay Shaw (R-Fla.); John Shimkus (R-Ill.); Rob Simmons (R-Conn.); Billy Tauzin (R-La.); Bill Thomas (R-Calif.); Pat Toomey (R-Penn.); Heather Wilson (R-N.M.)
June 10, 2002 and May 9, 2002	<p>TV–Title: “Chance” ANNOUNCER: America’s seniors – they have been there for us. We need to be there for them. Congressman <u>NAME</u> has always fought for <u>STATE’S</u> seniors. And now Congressman <u>NAME</u> can do it again. In the coming weeks Congressman <u>NAME</u> has the chance to work with President Bush and Congress to add prescription drug coverage to Medicare. Tell Congressman <u>NAME</u> you’d appreciate his vote. Ask him to add prescription drugs to Medicare.</p>	Reps. John Culberson (R-Texas); Ernest Istook (R-Okla.); Jim Nussle (R-Iowa); Bob Schaffer (R-Colo.); Nick Smith (R-Mich.).
Early June, 2002 and May 9, 2002	<p>TV–Title: “Thanks” ANNOUNCER: America’s seniors – they have been there for us. We need to be there for them. Congressman <u>NAME</u></p>	Reps. Mac Collins (R-Ga.); John Doolittle (R-Calif.); Ralph Hall (D-Texas); Peter

	has always fought for <u>STATE</u> 's seniors. He voted to add prescription drug coverage to Medicare in 2000. Now Congressman <u>NAME</u> is working with President Bush to pass legislation again to add prescription drug coverage to Medicare. He has always stood up for seniors -- so stand up for him now. Thank Congressman <u>NAME</u> for fighting for Iowa seniors and for fighting to add prescription drugs to Medicare.	Hoekstra (R-Mich.); Frank LoBiondo (R-N.J.); Jim Nussle (R-Iowa); Ron Paul (R-Texas); Richard Pombo (R-Calif.); John Shadegg (R-Ariz.); Christopher Smith (R-N.J.); Mark Souder (R-Ind.); Edward Whitfield (R-Ky.); Roger Wicker (R-Miss.).
October 4, 2001	Radio–Title: Too Dependent ANNOUNCER: As Americans, we will never forget September 11th. Terrorists struck our nation and opened our eyes to the threats we face from overseas extremists. They demonstrated the vulnerability Americans face from our energy dependence. Oil from Iraq fuels our Armed Forces, and that endangers our national security. We need Congress to pass a comprehensive energy bill to protect our country and cut dependence on foreign energy for the future. Senator <u>NAME</u> must help to pass this bill for America to achieve a stable supply of energy. The time to act is now. Call Senator <u>NAME</u> . Ask him to support H.R. 4 to expand America's domestic energy and cut our dependency. Encourage him to work with President Bush and lead America to become energy independent.	Sens. Jeff Bingaman (D-N.M.); Tom Daschle (D-S.D.); Mary Landrieu (D-La.); Gordon Smith (R-Ore.).
August 28, 2001	TV–Title: “How to Help” ANNOUNCER: When they had to go without, they did. When called to war, they went. Medicare is our promise to them, the generation who made America great. In the coming weeks, President Bush and Congress will work to keep the promise, with a new plan to strengthen and improve Medicare, adding a prescription drug benefit. Call Congressman <u>NAME</u> . Ask him to work with President Bush to keep the promise and add a prescription drug benefit to Medicare. TV–Title: “Keep the Promise” ANNOUNCER: When they had to go without, they did. When called to war, they went. Medicare is our promise to them, the generation who made America great. Last year, Congressman <u>NAME</u> voted to keep the promise and add prescription drug coverage to Medicare. This year, Congress is working with President Bush to finish the job – strengthen and improve Medicare – and add affordable prescription drug coverage for seniors. Ask Congressman <u>NAME</u> to keep the promise. Add prescription drug coverage to Medicare.	Reps. Bob Barr (R-Ga.); Mac Collins (R-Ga.); John Doolittle (R-Calif.); Greg Ganske (R-Iowa); Ralph Hall (D-Texas); Peter Hoekstra (R-Mich.); John Hostettler (R-Ind.); Ernest Istook Jr. (R-Okla.); Frank LoBiondo (R-N.J.); Ron Paul (R-Texas); Collin Peterson (D-Minn.); Richard Pombo (R-Calif.); Bob Schaffer (R-Colo.); John Shadegg (R-Ariz.); Chris Smith (R-N.J.); Nick Smith (R-Mich.); Mark Souder (R-Ind.); Edward Whitfield (R-Ky.); Roger Wicker (R-Miss.).

<p>March 9, 2001</p>	<p>Radio–Title: “Politicians” ART LINKLETTER: Hello there, I’m Art Linkletter. Remember my TV show a long time ago, “Kids Say the Darndest Things”? Well, these days I’m honorary chairman of a group called United Seniors Association. And let me tell you, today it seems like politicians say the darndest things – like tax cuts are a risky scheme or tax cuts will only help the rich. Nonsense. We need tax cuts right now to inject badly needed fuel into our economic engine. That’s why I’m asking you to call Congress right now. Support President Bush’s bipartisan tax cut plan. Even America’s most powerful senior citizen, Alan Greenspan, says it’s better to cut taxes than let Washington spend more of your money. Call Senator <u>NAME</u> right now. Ask him to be a hero and support President Bush’s bipartisan tax cut plan. A message in the public interest from United Seniors Association.</p> <p>Radio–Title: “Refund” ART LINKLETTER: Hello there, I’m Art Linkletter. Do you ever come back from the store and find out you’ve been overcharged for something you bought? Well, if a store takes too much of your money, you get mad. Right now the government is overcharging you -- in taxes -- and that overcharge should be refunded to you. Economists from both parties agree that the federal government is going to have a \$5.6 trillion surplus over the next 10 years. A surplus that big means the government is taking too much of the money that you worked hard to earn for your family. And higher and higher taxes are a big reason why our economy is slowing down. Tell Congress to pass President Bush’s tax cut plan. This is Art Linkletter urging you to call Congress. Tell them you’ve been overcharged -- you want a refund. Call Senator <u>NAME</u> right now. Ask him to be a hero and support President Bush’s bipartisan tax cut plan. A message in the public interest from United Seniors Association.</p>	<p>Sens. Max Baucus (D-Mont.); John Breaux (D-La.); Lincoln Chafee (R-R.I.); Max Cleland (D-Ga.); Susan Collins (R-Maine). Kent Conrad (D-N.D.), Tom Daschle (D-S.D.); James Jeffords (I-Vt.); Tim Johnson (D-S.D.); Mary Landrieu (D-La.); Blanche Lincoln (D-Ark.); Olympia Snowe (R-Maine) Bob Torricelli (D-N.J.).</p>
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Source: Public Citizen analysis of USA ads reported by National Journal’s Ad Spotlight and available on United Seniors Association website, www.unitedseniors.org.

**Appendix B:
Breakdown of USA's Program Spending, 1998 to 2000**

Year	Postage & Shipping	Printing & Publications	Writing	Mail House	Promotion	Data Processing
2000	\$969,443	\$685,919	\$216,942	\$214,672	\$117,122	\$84,185
1999	\$756,367	\$494,079	\$245,766	\$326,909	N/A	\$65,651
1998	\$1,330,577	\$1,772,394	\$56,789	\$403,987	N/A	\$199,328
Totals	\$3,056,387	\$2,952,392	\$519,497	\$945,568	\$117,122	\$349,164

Appendix C: USA's History of Deception

It is deceitful for a group to run millions of dollars worth of broadcast ads focusing on prescription drug legislation without publicly disclosing that the ads were mainly funded by the pharmaceutical industry. But USA has a history of deceitful practices that can be traced back to the group's first days when it was used to boost the profits of its founder's direct mail business.

In 1989, Richard Viguerie, president of the financially strapped direct-mail firm Viguerie & Associates, began creating organizations presumably dedicated to protecting Social Security and Medicare. While he continued to receive payment from contracts with his first organization, the Seniors Coalition, he founded a for-profit advocacy group called "The Retired Americans Legislative Lobby, Inc." To head this group, Viguerie appointed former Sen. George Murphy (R-Calif.), despite the fact that Murphy had voted against the creation of Medicare.⁵⁶

In just over a year, Retired Americans fell more than \$1.1 million into debt. Viguerie then created the non-profit United Seniors Association to take over Retired Americans' assets and liabilities.⁵⁷

Like Viguerie's other non-profit groups, his direct mail firm was a direct beneficiary of USA's activities. Although USA's members were told that contributions were for issue advocacy, in reality USA's staff was made up of direct-mail and fundraising experts (mostly former employees of Viguerie) and included no lobbyists or experts on aging issues.⁵⁸ The majority of the group's income was funneled back into direct-mail fundraising – and into Viguerie's business. Facing Viguerie on Larry King Live, Trish Butler, the Social Security Administration associate commissioner for public affairs under President George H. W. Bush said, "I want some accountability for the millions of dollars he's (Viguerie) already raised for an organization that hasn't done anything."⁵⁹

To build its direct mail empire, USA employed scare tactics that backfired on the organization. For example, it sent millions of letters in 1992 claiming that "All the Social Security Trust Fund Money is Gone," a charge that prompted the House Ways and Means subcommittee on Social Security to issue a report censuring USA for their "particularly egregious" misleading claims.⁶⁰

USA made headlines again in 1998 for their misleading direct mail. First they contacted non-member seniors thanking them for their past support and asking them to renew their dues. One widow, Lee Weiss, said, "My concern is that elderly persons receiving such notices may feel obligated to pay. In the case of my four-years deceased husband, it is clearly misleading for the letter to say thank you for your support over the past year."⁶¹

Shortly afterward, USA mailed millions of seniors a letter that said, "you may not ever be able to use personal funds to pay for your health care if you are eligible for Medicare," and asked recipients to contribute \$5-\$250.⁶² Seniors' frightened response prompted the General Accounting Office to refute these claims and senators from both sides of the aisle to censure the organization for intentionally misleading seniors. Senate Finance Committee chair Sen. William

Roth (R-Del.) said “I want to make it clear that those kind of statements are not satisfactory ... We are not here to try to scare senior citizens with respect to their health care, and I think it was a serious mistake to use the kind of statements contained in this letter that only resulted in scaring seniors.”⁶³

The organization also used members’ names on at least one petition without their knowledge. In 1995, USA submitted a petition to Sen. David Pryor (D-Ark.) signed by 246 Arkansas residents supporting a GOP Medicare plan. Of the 67 alleged signers who Pryor’s staff were able to contact, 60 percent didn’t know their names were being used.⁶⁴

Endnotes

¹ Tom Hamburger, “Drug-Industry Ads Aid GOP,” *The Wall Street Journal*, June 18, 2002.

² Peter Stone, “These Seniors Are PhRMA-Friendly,” *National Journal*, July 6, 2002; “United Seniors Association Run Ads In Support of Shaw,” *CongressDaily*, July 2, 2002.

³ “Group to Campaign for GOP’s Drug Plan,” *The Associated Press*, May 8, 2002; Tom Hamburger, “Drug-Industry Ads Aid GOP,” *The Wall Street Journal*, June 18, 2002.

⁴ Mark Rodeffer, “Seniors Group Demands Rx Coverage,” *National Journal*, Tuesday, September 4, 2001.

⁵ Public Citizen interview with PhRMA spokesperson Jeff Trehwitt, June 28, 2002; Tom Hamburger, “Drug-Industry Ads Aid GOP,” *The Wall Street Journal*, June 18, 2002.

⁶ For definitions of “program services,” “management” and “fundraising expenses” see GuideStar’s definitions at <http://www.guidestar.org/help/glossary.jsp>. Program services “must relate directly to the primary purpose for which the organization received its tax-exempt status.” Management expenses are “for the general functioning of the organization but not related to fund-raising or programs. Such expenses include the salaries of the chief officer and the chief officer’s staff for activities not related to fund-raising or programs. Other costs include those associated with meetings of the board of directors or similar governing group; legal services; accounting; liability insurance; office management; auditing ...”

⁷ See Public Citizen’s June 20, 2000 report “Citizens for Better Medicare: The Truth Behind the Drug Industry’s Deception of America’s Seniors.”

⁸ After a disclosure law passed in July 2000 required CBM to make its contributors and expenditures publicly available, the front group closed down its “527 group” and reconstituted as a non-profit 501(c)(4) organization that does not have to list donors or detail expenses. In a January 2001 filing with the IRS to apply for 501(c)(4) status, CBM said it plans to spend \$22.7 million from August 2001 to July 2003.

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¹⁶ Chamber of Commerce Biography of Jim Wootton available at http://www.uschamber.com/_About+Us/Staff/Vice+Presidents/Jim+Wootton.htm

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¹⁸ Gardiner Harris, "Prescription for Gridlock: A Look at the Competing Players in the Medicare Drug Debates Shows Why it Will be Hard to Get Legislation Passed," *The Wall Street Journal*, February 21, 2001.

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²⁰ Amy Goldstein and Jim VandeHei, "House GOP Offers Third Hill Plan for Prescription Drugs," *The Washington Post*, June 18, 2002.

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²² Ibid.

²³ Public Citizen interview with USA President Charles Jarvis, July 1, 2002.

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²⁵ See Roll Call 282 on passage of H.R. 4954, The Medicare Modernization and Prescription Drug Act of 2002.

²⁶ "United Seniors Association TV Ad: 'Medicare's Promise to Seniors,'" United Seniors Association Press Release, July 1, 2002.

²⁷ Public Citizen interview with PhRMA spokesperson Jeff Trewhitt, June 28, 2002.

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