

# The New York Times

## Rand Paul and Wealthy Libertarians Connect as He Weighs Running

By Nicholas Confessore

APRIL 24, 2014

Frayda Levin, a New Jersey libertarian activist and former small-business owner, is a woman of many passions: promoting liberty, ending marijuana prohibition and opposing her state's [recent minimum-wage increase](#). But Ms. Levin has added another cause as well. At gala benefits for free-market research institutes and at fund-raisers for antitax groups, she has urged like-minded donors to help send Senator Rand Paul, Republican of Kentucky, to the White House.

“I consider that one of my main goals,” said Ms. Levin, who has met with Mr. Paul several times and in February introduced him at a private conference in Florida hosted by the Club for Growth, a conservative advocacy group. “I tell people he’s the Republican of the future. He’s got both the intellectual heft and the emotional understanding.”

As he has risen in prominence as a Republican presidential contender, Mr. Paul is avidly courting a small but influential cluster of wealthy libertarians. His pursuit offers an intriguing window into an eclectic network of potential donors who have made fortunes in Silicon Valley start-ups and Wall Street hedge funds, a group that could form a vital donor base if he makes a bid for the Republican nomination. A tight-knit tribe of philanthropists and entrepreneurs, they have exerted enormous intellectual influence on conservative policy. But they have historically spent more on nonprofit groups and endowing college economics departments than they have on backing candidates.

Now Mr. Paul is seeking to nudge them into the comparatively messier world of presidential campaigning.

He has recruited libertarian-leaning financiers and money managers from across the country, including Kenneth M. Garschina, [founder of a \\$5.4 billion New York hedge fund](#) and a contributor to The Review of Austrian Economics, and Donald G. Smith, an investor and board member of the Cato Institute, a libertarian research organization based in Washington. Mr. Paul's nascent finance team includes Joe Lonsdale, a Silicon Valley venture capitalist who helped start an organization dedicated to [building new sovereign cities](#) on floating ocean platforms.

In January, Mr. Paul was the star attraction at [a fund-raiser for the Goldwater Institute](#), a libertarian foundation and legal watchdog based in Phoenix. (Top donors were given 10 autographed copies each of the senator's book, "Government Bullies: How Everyday Americans Are Being Harassed, Abused and Imprisoned by the Feds.") In February, at the Club for Growth meeting, held at the Breakers resort in Florida, Mr. Paul pitched a roomful of small-government true believers on the importance of reducing prison sentences for drug offenses.

Such wealthy potential contributors could build on the army of small donors that helped make Mr. Paul's father, former Representative Ron Paul of Texas, a successful fund-raiser in his 2008 and 2012 presidential campaigns. Many are also big donors to outside groups and "super PACs," which will be a major force in the 2016 Republican primary. Others are primarily philanthropists in the nonprofit world — for now.

"We think that is an avenue that is not as well tapped for pure political campaigns as it could be," said Doug Stafford, a political adviser to Mr. Paul.

Mr. Paul is also navigating his own relationship with libertarianism, a philosophy he today describes as only one of several influences on his thinking. He is strongly anti-abortion, opposes same-sex marriage but believes it should be left to the states, and last summer, [voted against a Senate immigration overhaul bill](#) — positions that are at odds with some schools of libertarian thinking.

"I'm impressed with him," said David Boaz, executive vice president of the [Cato Institute](#). "I wish he was better on the gay marriage issue, and I'm a little concerned with his position on immigration. But I think when you combine his positions on economic issues with his views on foreign interventionism, and the surveillance state, you have a much better libertarian profile than I see in any other leading politician."

While his advocacy for reduced government spending and a constitutional amendment for a balanced budget are shared by most of his Republican colleagues, Mr. Paul has also pushed for more unorthodox measures, such as a bill to "audit" the Federal Reserve. Last year, he was among the Republican lawmakers who played down the risks of a default on the national debt — claims that angered many of the party's big donors and business allies.

Nevertheless, since his [election in 2010](#), Mr. Paul has emerged as a force. According to the [Center for Responsive Politics](#), his leadership political action committee, RAND PAC, has raised more money this cycle than any other Senate Republican save for Senator Marco Rubio of Florida. Last fall, he was the featured guest at a fund-raiser in Connecticut for Senate Republicans hosted by Clifford S. Asness, a billionaire libertarian investor who has also [financed gay rights groups](#).

Still, more than a year out from the 2016 primaries, most of the biggest Republican-leaning donors are still weighing their options. Mr. Asness, among others, is said to be intrigued by Mr. Paul, not committed to him. On Friday, Mr. Paul will travel to Boston to court former donors to Mitt Romney, a sign that Mr. Paul is also reaching out to Republican establishment givers.

Like other Republican contenders, Mr. Paul is seeking support among the 200 or so donors — many of them outsiders to the traditional Republican money establishment — who belong to Freedom Partners, the donor club overseen by Charles and David H. Koch, perhaps the nation's most influential libertarians. He has spoken at the Kochs' annual seminars for conservative donors, and, last fall, Mr. Paul met with David Koch in New York.

“His point is to try to show everyone how the party needs to adapt a bit, and some of the things that he wants to do personally to reach out to people who have not traditionally been Republican,” Mr. Stafford said.

Some major libertarian contributors also remain on the sidelines. Aside from the Kochs, no libertarian donor played a bigger role in the 2012 Republican presidential primaries than Peter A. Thiel, the billionaire PayPal co-founder, who [gave \\$2.6 million to Endorse Liberty](#), a super PAC supporting Mr. Paul's father. Mr. Thiel described the donations as a means of promoting libertarianism, [suggesting that his real goal was to help build the libertarian base](#) for 2016. Mr. Lonsdale, who is helping raise money for Mr. Paul, is a Thiel protégé.

Through a spokesman, Mr. Thiel declined to comment on his intentions for the 2016 race.

Financial industry donors to Mr. Paul and his political action committee are as likely to work for smaller asset management firms in California or Florida as they are for Wall Street private equity shops or investment banks.

Indeed, the biggest names in hedge funds and private equity are often merely socially liberal establishment Republicans, not libertarians. Some, including the hedge fund investor Paul E. Singer, are also ardent foreign policy hawks, especially on Israel. Mr. Paul has advocated a more limited United States role abroad and cuts to overseas aid.

“He seems to have a good understanding of domestic issues, and we'd all like to learn more about his opinions on foreign issues,” said Kenneth S. Abramowitz, a self-described rational centrist and a founder of a New York-based venture capital firm. “Israel is one of many issues.”

Mr. Paul has supporters among the Kochs' network of donors, including Ms. Levin, who sits on the board of [Americans for Prosperity](#), a group founded by David Koch. But so do several other candidates, particularly Gov. Mike Pence of Indiana, whose relationship with the Kochs goes back more than a decade.

Advisers and supporters of Mr. Paul said his goal for the coming months was to harness libertarian supporters, including those who backed his father, while pitching his ideas to other donors and elected officials as a way to broaden the appeal of the Republican Party. But some of his biggest fans also believe that a Paul candidacy would give some libertarian ideas more influence within Republican circles.

“Rand Paul,” Ms. Levin said, “is going to make it O.K. for conservatives to believe in the legalization of marijuana.”