



## **Donors Trust, the Right-Wing Secret Money Machine, Doled Out \$66.7 Million in 2016**

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Donors Trust is a little-known investment vehicle that allows right-wing millionaires, billionaires, and foundations to funnel millions of dollars to controversial causes anonymously. IRS filings submitted by Donors Trust and obtained by the Center for Media and Democracy, show that the fund distributed \$66.7 million in grants in 2016, the most recent year for which information is available.

Donors Trust appears to be a preferred investment vehicle of the Koch network of funders. In the past, the Koch's Knowledge and Progress Fund was a key donor to Donors Trust. Today, Donors Trust bankrolls a raft of Koch groups including, \$2.6 million to the Koch's astroturf group the Americans for Prosperity Foundation, \$750,000 to Freedom Partners Institute, \$150,000 to the Koch Hispanic operation the Libre Initiative Institute, and \$200,000 to Stand Together, a new Koch "venture philanthropy," bringing the total to \$3.7 million for Koch groups.

Donors Trust was founded in 1999 by Whitney Ball described as an "ardent libertarian" who was instrumental in raising funds for the Koch-founded Cato Institute by Jane Mayer in her book "Dark Money." Mayer explains that the investment vehicle was set up explicitly to allow investors to strategically fund institutions and activities while hiding the money trail. "You wish to keep your charitable giving private, especially gifts funding sensitive or controversial issues," the Donors Trust website explained. Researchers contend that the money flowing to climate denial groups switched from more transparent outlets to Donors Trust and its partner group Donors Capital Fund.

The tens of millions in grants in 2016 show that the Donors Trust conduit is still a favored vehicle for right-wing individuals and institutions who are funding an array of "think tanks," union-busting shops, climate change deniers, and right-wing attack dogs.

### **Major Funder of ALEC, State Policy Network, Federalist Society, and More**

The American Legislative Exchange Council (ALEC), the corporate bill mill that brings state legislators and lobbyists behind closed doors to promulgate bills on a wide array of topics received \$315,000 from Donors Trust in 2016.

Donors Trust's 2016 list of grants shows that ALEC's sister group the State Policy Network (SPN), a web of right-wing "think tanks" and tax-exempt organizations in 49 states, Puerto Rico, Washington, D.C., also relies heavily on funds from Donors Trust. Donors Trust is an "associate member" of SPN.

Out of the 153 SPN members, 64 received grants from Donors Trust totaling \$20.3 million in 2016. This is almost a third of the total grants distributed. \$2.1 million went to Pennsylvania's Commonwealth Foundation, one of the largest grantees, which has been working in the state to expand ALEC-style educational vouchers, privatize the public pension system, and to fight unions.

SPN priorities in recent years have been dismantling public sector unions and fighting to keep donors to 501(c) (3) charitable organizations and 501(c) (4) dark money non-profits a secret. In 2016, SPN launched the "People United for Privacy" campaign to shift the public narrative on this issue from a debate on hiding donors to a debate on "protecting privacy."

For this reason it is not surprising that the largest increase in Donors Trust funding out of the SPN groups went to the little known Wyoming Liberty Group (WLG), which received \$1.63 million in 2016 after receiving \$25,000 in 2015.

In April of 2015, WLG launched the Pillar of Law Institute, a litigation center based in Washington, D.C. and a member of the Goldwater Institute's litigation alliance. Pillar of Law was set up to fight restrictions on campaign financing in the name of "free speech." In 2017, it spun off and became an independent non-profit legal center.

An additional \$3.4 million in Donors Trust funds went to the Federalist Society. The Federalist Society is a powerful professional association of 60,000 right-wing lawyers, law students, and scholars with chapters in some 200 law schools. The Federalist Society's Leonard Leo is a major dark money player in campaigns and elections and played a significant role in getting the last three conservative Supreme Court justices, Neil Gorsuch, John Roberts, and Samuel Alito, and countless other judges and state Supreme Court justices on the bench. The Federalist Society is a member of SPN and also active in ALEC.

### **Funding Attack Dog James O'Keefe, Anti-Union Shops, Climate Denial, and Anti-Muslim Hate Groups**

Donors Trust is also being used to fund controversial media attack dog James O'Keefe and his Project Veritas sting operation. Close to \$1.7 million was donated to Project Veritas from individuals or groups who wanted to keep their identities secret.

The group has garnered attention in recent years for multiple botched "sting operations." In 2017, O'Keefe attempted a sting on the *Washington Post* after the paper's meticulous reporting on Alabama Senate candidate Roy Moore's sexual escapades with teenagers helped sink his campaign. A woman tied to O'Keefe claimed to have been impregnated by Moore in an attempt to entrap the *Washington Post* into reporting her story, but the paper turned the tables on her. The Center for Media and Democracy was the subject of another botched sting attempt by O'Keefe associates in 2014.

Another \$850,000 was contributed to the Center for Individual Rights (CIR), a right-wing legal outfit known for its opposition to affirmative action, the Voting Rights Act, and unions. CIR argued the 2016 anti-union *Friedrichs vs. California Teachers Association* case in the U.S. Supreme Court. Coincidentally, CIR has also defended O’Keefe when he was sued in 2009 for secretly recording a community organizer in California. O’Keefe eventually agreed to settle the suit and pay \$100,000 in damages. Later he would be charged with trespassing on federal property and fined for a botched break-in and sting operation involving former U.S. Senator Mary Landrieu of Louisiana.

The Competitive Enterprise Institute (CEI), the Washington DC based advocacy group with historic ties to tobacco disinformation campaigns and more recently to climate change denial got \$1,096,000. CEI’s Myron Ebell hand-picked Scott Pruitt to head the EPA under Trump and worked with Pruitt to repeal the Clean Power Plan and other Obama era policies. The Sutherland Institute, the Utah-based group that wrote the resolution that Utah lawmakers approved urging President Trump to rescind the Bears Ears National Monument, received \$277,000.

Donors Trust continued to bank the Atlas Network with \$1.3 million in grants in 2016. The Intercept exposed last year that Atlas was part of a libertarian network of 450 “think tanks” across the globe has operated as a “quiet extension of U.S. foreign policy,” including “supporting right-wing forces behind the unfolding anti-government movement in Venezuela and the campaign of Sebastián Piñera, the right-of-center candidate leading the polls for this year’s presidential election in Chile.”

Other right-wing extremists funded by Donors Trust in 2016 include David Horowitz’s Freedom Center, labeled an anti-Muslim hate group by the Southern Poverty Law Center and the Employment Policies Institute Foundation (EPIF). EPIF is one of Richard Berman’s anti-union groups. Berman is a PR flak working for alcohol and restaurant interests who has made a living propping up a huge number of front groups to push for lower wages in the restaurant industry. Since 2013, Berman and his Employment Policy Institute “think tank” have led a national fight against raising the minimum wage and providing paid sick leave for workers with attacks on proponents, including the Center for Media and Democracy.

Also of interest, Talent Market, a little known right-wing head hunting operation led by former Charles G. Koch Foundation program officer Claire Kittle Dixon and attached to Donors Trust, received some \$202,000. Talent Market’s clients include many of the Koch operations, the Bradley Foundation, and many SPN members as CMD detailed in 2017.

For a full list of Donors Trust grants in 2016, see the IRS filing below first made publicly available by CMD.