



Associates: Ron Paul signed off on racist newsletters

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By THE ASSOCIATED PRESS

WASHINGTON - Ron Paul, well known as a physician, congressman and libertarian, has also been a businessman who pursued a marketing strategy that included publishing provocative, racially charged newsletters to make money and spread his ideas, according to three people with direct knowledge of Paul's businesses.

The Republican presidential candidate has denied writing inflammatory passages in the pamphlets from the 1990s and said recently that he did not read them at the time or for years afterward. Numerous colleagues said he does not hold racist views.

But people close to Paul's operations said he was deeply involved in the company that produced the newsletters, Ron Paul & Associates, and closely monitored its operations, signing off on articles and speaking to staff members virtually every day.

"It was his newsletter, and it was under his name, so he always got to see the final product. . . . He would proof it," said Renae Hathway, a former secretary in Paul's company and a supporter of the Texas congressman.

The newsletters point to a rarely seen and somewhat opaque side of Paul, who has surprised the political community by becoming an important factor in the Republican race. The candidate, who has presented himself as a kindly doctor and political truth-teller, declined in a recent debate to release his tax returns, joking that he would be "embarrassed" about his income compared with that of his richer GOP rivals.

Yet a review of his enterprises reveals a sharp-eyed businessman who for nearly two decades oversaw the company and a nonprofit foundation, intertwining them with his political

career. The newsletters, which were launched in the mid-1980s and bore such names as the Ron Paul Survival Report, were produced by a company Paul dissolved in 2001.

The company shared offices with his campaigns and foundation at various points, according to those familiar with the operation. Public records show Paul's wife and daughter were officers of the newsletter company and foundation; his daughter also served as his campaign treasurer.

Jesse Benton, a presidential campaign spokesman, said that the accounts of Paul's involvement were untrue and that Paul was practicing medicine full time when "the offensive material appeared under his name." Paul "abhors it, rejects it and has taken responsibility for it as he should have better policed the work being done under his masthead," Benton said. He did not comment on Paul's business strategy.

Mark Elam, a longtime Paul associate whose company printed the newsletters, said Paul "was a busy man" at the time. "He was in demand as a speaker; he was traveling around the country," Elam said in an interview coordinated by Paul's campaign. "I just do not believe he was either writing or regularly editing this stuff."

In the past, Paul has taken responsibility for the passages because they were published under his name. But last month, he told CNN that he was unaware at the time of the controversial passages. "I've never read that stuff. I've never read — I came — was probably aware of it 10 years after it was written." Paul said.

A person involved in Paul's businesses, who spoke on condition of anonymity to avoid criticizing a former employer, said Paul and his associates decided in the late 1980s to try to increase sales by making the newsletters more provocative. They discussed adding controversial material, including racial statements, to help the business, the person said.

"It was playing on a growing racial tension, economic tension, fear of government," said the person, who supports Paul's economic policies but is not backing him for president. "I'm not saying Ron believed this stuff. It was good copy. Ron Paul is a shrewd businessman."

The articles included racial, anti-Semitic and anti-gay content. They claimed, for example, that the Rev. Martin Luther King Jr. "seduced underage girls and boys"; they ridiculed black activists by suggesting that New York be named "Zooville" or "Lazyopolis"; and they said the

1992 Los Angeles riots ended "when it came time for the blacks to pick up their welfare checks." The June 1990 edition of the Ron Paul Political Report included the statement: "Homosexuals, not to speak of the rest of society, were far better off when social pressure forced them to hide their activities."

It is unclear precisely how much money Paul made from his newsletters, but during the years he was publishing them, he reduced his debts and substantially increased his net worth, according to his congressional and presidential disclosure reports. In 1984, he reported debt of up to \$765,000, most of which was gone by 1995, when he reported a net worth of up to \$3.3 million. Last year, he reported a net worth up to \$5.2 million.

The newsletters bore his name in large print and featured articles on topics ranging from investment advice to political commentary. Frequently written in first person, they contained personalized notes, such as holiday greetings from Paul and his wife, Carol.

The Washington Post obtained dozens of copies of the newsletters from the Wisconsin Historical Society. Texas news outlets wrote about them in 1996, and the New Republic published extensive excerpts in 2008. The issue resurfaced late last year, when Paul's presidential campaign picked up momentum. The extent of Paul's involvement and his business strategy had not been known.

Paul's publishing operation began through a nonprofit organization he created in 1976, the Foundation for Rational Economics and Education, which advocates for limited government and a free market. The group, founded the year Paul entered Congress, published Ron Paul's Freedom Report, mostly a collection of his congressional speeches and commentaries.

In 1984, just before losing a Senate bid and leaving Congress, Paul formed Ron Paul & Associates. He soon began publishing the Ron Paul Investment Letter, initially offering mostly economic and monetary information. Texas tax records listed Paul as president of the business, his wife as secretary, his daughter, Lori Paul Pyeatt, as treasurer, and a longtime Paul associate, Lew Rockwell, as vice president.

Ed Crane, the longtime president of the libertarian Cato Institute, said he met Paul for lunch during this period, and the two men discussed direct-mail solicitations, which Paul was

sending out to interest people in his newsletters. They agreed that "people who have extreme views" are more likely than others to respond.

Crane said Paul reported getting his best response when he used a mailing list from the now-defunct newspaper Spotlight, which was widely considered anti-Semitic and racist. Benton, Paul's spokesman, said that Crane's account "sounds odd" and that Paul did not recall the conversation.

At the time, Paul's investment letter was languishing. According to the person involved with his businesses, Paul and others hit upon a solution: to "morph" the content to capitalize on a growing fear among some on the political right about the nation's changing demographics and threats to economic liberty.

The investment letter became the Ron Paul Survival Report — a name designed to intrigue readers, the company secretary said. It cost subscribers about \$100 a year. The tone of that and other Paul publications changed, becoming increasingly controversial. In 1992, for example, the Ron Paul Political Report defended chess champion Bobby Fischer, who became known as an anti-Semitic Holocaust denier, for his stance on "Jewish questions." Paul has said he wrote portions of the economic sections. The people familiar with his business said there was no indication that he wrote the controversial material.

Rockwell was the main writer of the racial passages, according to two people with direct knowledge of the business and a third close to Paul's presidential campaign. Rockwell, founder of a libertarian think tank in Alabama, did not respond to phone calls and e-mails requesting comment. In 2008, he denied in an interview with the New Republic that he was Paul's ghostwriter.

Paul "had to walk a very fine line," said Eric Dondero Rittberg, a former longtime Paul aide who says Paul allowed the controversial material in his newsletter as a way to make money. Dondero Rittberg said he witnessed Paul proofing, editing and signing off on his newsletters in the mid-1990s.

"The real big money came from some of that racially tinged stuff, but he also had to keep his libertarian supporters, and they weren't at all comfortable with that," he said.

Dondero Rittberg is no longer a Paul supporter, and officials with Paul's presidential campaign have said he was fired. Dondero Rittberg disputed that, saying he resigned in 2003 because he opposed Paul's views on Iraq.

The July 15, 1994, issue of Survival Report exemplified how the newsletters merged material about race with a pitch for business. It contained a passage criticizing the rate of black-on-white crime when "blacks are only 12 percent of the population." That was accompanied by two pages of ads from Ron Paul Precious Metals & Rare Coins, a business Paul used to sell gold and silver coins.

"The explosion you hear may not be the Fourth of July fireworks but the price of silver shooting up," said one of the ads.

Hathway, the former Ron Paul & Associates secretary, said: "We had tons of subscribers, from all over the world. . . . I never had one complaint" about the content.

Hathway described Paul as a "hands-on boss" who would come in to the company's Houston office, about 50 miles from his home, about once a week. And he would call frequently. "He'd ask, 'How are you doing? Do you need any more money in the account?' " she said.

The company also had an office in Clute, Texas, near Paul's home, which it shared with Paul's foundation and his campaigns at various points, according to Hathway and Dondero Rittberg.

In 1996, as Paul ran for Congress again, his business success turned into a potential political liability when his newsletters surfaced in the Texas media. Paul was quoted in the Dallas Morning News that year as defending a newsletter line from 1992 that said 95 percent of black men in the District of Columbia are "semi-criminal or entirely criminal" and that black teenagers can be "unbelievably fleet of foot."

"If you try to catch someone that has stolen a purse from you, there is no chance to catch them," the newspaper quoted Paul as saying.

Paul won re-election, then dissolved Ron Paul & Associates in 2001. His nonprofit foundation is still in operation.