



Is Austin Peterson Running a “Nonprofit” Slush Fund?

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One of the strengths of the liberty movement has always been the web of libertarian think tanks, institutes, and foundations that work to create content and spread the message of small government. From the Mises Institute to the Foundation for Economic Education to the Cato Institute, there are plenty of libertarian organizations that have done good, honest work.

And then there is the Stonegait Institute.

The project of The Libertarian Republic founder and former Libertarian Presidential candidate Austin Petersen, the Stonegait Institute presents itself as a “nonprofit” organization that aims to “empower activists and advocates to challenge abuses of authority through reporting, training, and advocacy.”

The institute apparently operates with a small staff – only six employees are listed on their website, including Petersen himself.

On every page on the site, there is a large “donate” prompt, so it is clear that the organization is looking for funding. Should liberty-minded donors open up their pocketbooks for Austin’s new project?

What does Stonegait do, exactly?

That is a good question.

Joe Trotter, Executive Director of the Stonegait Institute, states that the institute’s goal is to “connect motivated people with the expertise they need to bring local activism to the next level.”

“Grassroots campaigns are capable of making real change, but they are often hamstrung by lack of resources and training,” he said.

On the site’s blog, which is updated weekly, there is only one example of Stonegait being involved in any real political activity. The institute’s “Donor Relations Officer”, Zach Garretson, spoke in favor of less restrictive marijuana laws at a county meeting in Escambia County,

Florida. Stonegait covered the event in an article they titled “Activists Supported By Stonegait Institute Wins Big for Medical Marijuana.”

The “advocacy” section of their site is sparse, presenting the following:

“The Stonegait Institute also engages in direct advocacy on important issues. We provide model legislation about important issues and help other organizations with their advocacy efforts.”

There is no model legislation to be found anywhere on the site, or clear examples of them helping outside organizations with “advocacy” efforts.

What about “training”? The institute claims to “provide training and resources to those who want to make a difference in their community,” although there are no examples to date on the Stonegait blog of the organization providing such assistance.

Besides the site’s blog, the only other regularly updated part of Stonegait’s site is their donation page.

“Nonprofit”

Trotter claimed via email that Stonegait is a 501c(4) social welfare organization. Organizations of this nature, per IRS law, must promote the “social welfare” first, and be involved in politics second. As a general rule, to avoid an audit and other potential ramifications, 501c(4) organizations are recommended to spend “50.1%” of their budget on non-campaign activity.

The only way for the public to keep track of these expenditures is by looking at IRS form 990, which 501c(4) organizations must submit every year.

At press time, according to all available public disclosure databases and the IRS, Stonegait has not filed form 990 this year.

After reviewing the six largest databases that track nonprofit organizations, none of the six – including the IRS’ own database – have any record of Stonegait existing on paper as a legitimate nonprofit organization.

For all potential donors to know, Stonegait’s budget could allocate all of the money to Petersen’s pocket – without seeing a 990 form, there is no way to know for sure.

Follow the money

This could all be explained away if Stonegait was still in its planning stages, just getting established and not yet collecting finances.

However, here’s the problem: the Institute claims to be grossing hundreds of dollars per month.

“The replicas of George Washington’s flintlock pistol are on their way to the winners of our September drawings, and I am pleased to announce we have another drawing planned for October,” Stonegait’s donation page reads.

The replicas the site is alluding to were awarded to an undisclosed amount of random winners who donated more than \$100 to the institute in September 2016. Replicas (plural) implies that the site grossed at least \$200 from at least two donors in September.

It is unclear, due to the fact the organization has no IRS form 990 on record,where that money was spent.

Why does this matter?

Stonegait Institute has existed for months, has been collecting donations the whole time- and has done next to nothing.

If it turns out that Austin Petersen, a former Libertarian presidential candidate, is running a slush fund presenting itself as an “institute,” then every criticism of fraudulence, unethical behavior, and lack of legitimacy that has been levied at libertarians gains credibility.

If it turns out that Petersen is running a foundation that is legal, but inactive and ineffective, it distracts and diverts money from the other great pro-liberty foundations available for donors to consider.

Either way, Petersen’s handling of Stonegait provides the liberty movement with a pyramid pile of cause to be concerned.