RESPONSES TO MINORITY STAFF INQUIRIES

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CLIENT/MATTER NUMBER
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July 24, 2006

VIA E-MAIL

Minority Staff
Senate Finance Committee
444 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Response to June 30, 2006 - Letter from Minority Staff to Americans for Tax Reform ("ATR")

Dear :

Americans for Tax Reform ("ATR") is in receipt of your letter dated June 30, 2006, requesting information regarding ATR, its personnel, its donors, and other specific information about the organization.

As a preliminary statement, as you may or may not know, ATR is a nonprofit, tax exempt corporation established under I.R.C. §501(c)(4) whose principal purpose is increasing public awareness about the size and regulations of government and rallying support for lower taxes and smaller government.

As a §501(c)(4) social welfare and grassroots lobbying organization, contributions to ATR are not tax-deductible to its donors. While the Senate Committee on Indian Affairs in its 'investigation' and report references certain charitable organizations with respect to the use and/or misuse of the tax exempt purpose of certain §501(c)(3) organizations, ATR is not a charitable organization. No "abuse(s)" of ATR's exempt status have occurred nor is there any evidence of 'abuse' of ATR's tax exempt status. Further, as long as ATR expends its funds in keeping with its general purpose and permissible activities under provisions of applicable law, there is no 'abuse' of ATR's tax status by virtue of ATR's involvement in state level, grassroots campaigns on issues.

In addition, there is no revenue impact for the federal treasury regardless of the amount of contribution(s) received by ATR because contributions to ATR are not tax deductible to its donor(s).

Several questions contained in your letter are apparently based upon communications (including emails) which reference ATR, but which, as you are aware through conversations with the undersigned, neither ATR nor its officers, employees or counsel have received or been allowed to review. It is not reasonable to expect ATR to testify to or comment upon communications which are not being made available to the organization and its counsel to review and research. All communications must be considered within the context in which they were sent or received.

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Accordingly, absent the opportunity to review the referenced emails, including the communications that preceded and followed each email referenced in your letter, it is not possible for ATR to respond to questions regarding those communications.

In response to the questions you have propounded to ATR regarding contributions and/or ATR donors, please be advised that the identity of donors to ATR is protected from disclosure pursuant to 26 USC § 6104(d)(3)(A). During the course of the investigation conducted by the Senate Committee on Indian Affairs, ATR steadfastly maintained its statutory right of protection from forced disclosure of donor information to the Committee. The American Civil Liberties joined with ATR in sending letters on three separate occasions to the Senate Committee on Indian Affairs protesting the efforts of the Committee to force ATR to disclose statutorily protected confidentiality of donor information and identity.

ATR exercises its statutory right not to disclose such information and therefore respectfully declines to answer questions related to the disclosure of ATR donor identity.

1. Has ATR or ATRF or any of the organizations' executives performed services for any registered lobbyist (or client of a registered lobbyist at the direction of [sic] suggestion of such lobbyist), such as agreeing to publish an article, whether or not for a fee?

No.

2. If so, in any such case, was there an understanding, implicit or explicit, that a contribution would be provided to ATR or ATRF in exchange for such service?

Not applicable. See Response to Question #1

3. Mr. Abramoff said in an e-mail on October 24, 1995, that a $50,000 contribution to ATR would get Mr. Norquist to do "everything they need him to do to win" for a company represented by Preston Gates. Does this describe an agreement Mr. Norquist made with regard to Mr. Abramoff's client?

Absent the opportunity to review the communication to which this question relates, ATR lacks sufficient information to respond to Question #3.

4. On March 10, 1996, Mr. Abramoff wrote to a fellow lobbyist at Preston Gates to say that Mr. Norquist is getting anxious that he doesn't yet have a $10,000 contribution to ATR for Jim Lucier, who is "doing a great job on this." To what does this refer? What was Mr. Lucier doing for an Abramoff client that involved being paid $10,000 through a contribution to ATR.

Absent the opportunity to review the communication to which this question relates, ATR lacks sufficient information to respond to Question #4.

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5. Two years later, on May 10, 1998, Mr. Lucier complained to Mr. Abramoff in an e-mail that his annual bonus checks from Business Software Alliance and Americans for Computer Privacy weren't being swiftly delivered to him. Mr. Lucier told Mr. Abramoff that the money was for work he does at ATR. Mr. Abramoff subsequently said that Mr. Norquist knew the money was for Mr. Lucier but that Mr. Norquist thought BSA was "shortchanging" him by $30,000.

Jim Lucier is a former employee of ATR but has not been employed by ATR in some time. Absent the opportunity to review the communication to which this question relates, ATR lacks sufficient information to respond to Question #5. Further, it would appear that the communication referenced in Question #5 was between parties other than ATR.

6. On May 20, 1999, Mr. Norquist wrote to Mr. Abramoff asking the status of the "Choctaw stuff" and saying he had a $75,000 hole in his budget from last year. What is the Choctaw stuff?

ATR has a long history of working with the Mississippi Choctaw tribe and its representatives and leaders on a variety of issues, including co-publishing a book regarding the free enterprise successes of the tribe entitled Choctaw Revolution.

7. On November 11, 1999, Mr. Abramoff told an ATR employee, Peter Ferrara, that Mr. Norquist wanted money Mr. Abramoff intended for Mr. Ferrara to go through ATR as a contribution. When did Mr. Ferrara work for ATR? What was his job?

Peter Ferrara was Chief Economist at Americans for Tax Reform in the late 90s. He was a writer and analyst for ATR.

8. Mr. Ferrara was quoted last year as saying it is common to take money in exchange for writing op-ed articles. Did payments to him for writing op-eds go through ATR when he was an employee there?

ATR is not aware of payments to Peter Ferrara for any op-eds he wrote on behalf of ATR. Mr. Ferrara had permission to perform work outside of his salaried responsibilities on behalf of ATR, but ATR has no record or knowledge of that work or any compensation he may have received for performing such work.

9. In May 1999, ATR issued a press release saying Channel One Network was good for taxpayers and students. Was Primedia, Inc. or Channel One a donor to ATR at that time?

ATR declines to respond to questions regarding the identity of or contribution from any donor. ATR can state that it has a long history of supporting competitive sourcing for government services.

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10. How much money has ATR received from Primedia or Channel One Network? When were those donations received?

ATR declines to respond to questions regarding the identity of or contributions from any donor.

11. On March 17, 2000, Preston Gates employees proposed a lobbying budget for their client, Magazine Publishers of America, that included a $20,000 contribution to ATR. How much did Magazine Publishers of America contribute to ATR? What are the dates of those donations?

ATR declines to respond to questions regarding the identity of or contribution from any donor.

12. In late 2003 and early 2004, did ATR get a contribution from DH2 in this time period?

ATR declines to respond to questions regarding the identity of or contribution from any donor.

Please contact the undersigned if you have additional questions regarding ATR that are within the scope of information that ATR is capable of providing, the confidentiality of which is not protected by law.

Sincerely,

/s/ Cleta Mitchell

Cleta Mitchell, Esq.
Counsel to Americans for Tax Reform

CMI:cmi

cc: The Honorable Charles Grassley, Chairman
Senate Finance Committee

POWELL GOLDSTEIN LLP

Atlanta ▪ Washington

RESIDENT IN WASHINGTON OFFICE
DIRECT DIAL: (202) 624-7371

NKUHN@POGOLAW.COM

July 6, 2006

VIA OVERNIGHT MAIL

United States Senate Committee on Finance
219 Dirksen Building
Washington, D.C. 20510

Re: National Center for Public Policy Research

Dear :

It was a pleasure meeting with you on June 26, 2006, regarding our client, the National Center for Public Policy Research ("NCPPR"). As promised, we are providing you with further information relating to the contributions NCPPR received from Channel One and Magazine Publishers of America. We are also enclosing general information about NCPPR that outlines its history and its current charitable activities.

With regard to Channel One, in May 1999, NCPPR produced a White-Paper entitled "Activists Take Aim at Corporate Involvement in Schools." This paper, written by Amy Ridenour, discusses the Channel One program in public schools. (Exhibit A) As discussed at our meeting, the White-Paper discusses broad federalism issues, and whether local public, private and parochial schools should be able to make the choice that is best for their individual school, rather than have the choice made for them by the Federal government.

To our knowledge, NCPPR has only received two grants from Channel One. The first grant, in the amount of $10,000, was received on June 17, 1999. (Exhibit B.) The second grant, in the amount of $49,000, was received on November 20, 2001. (Exhibit C)

As we discussed at our meeting, NCPPR received an invoice dated November 20, 2001, from Capital Campaign Strategies for research and consulting services, in the amount of $44,000. (Exhibit D) NCPPR paid the invoice on November 21, 2001. (Exhibit E)

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No additional press releases, white papers, or opinion editorials related to the Channel One issues, including commercialization in schools, could be located through a search of the files of NCPPR, or through an Internet search.

Finally, to our knowledge, NCPPR received two donations from the Magazine Publishers of America, each in the amount of $10,000. The first grant was received on May 25, 2000, and was for educational programs. A copy of NCPPR's register, reflecting the 2000 grant, is included at Exhibit F. The second grant was received on March 12, 2002, and was for general support. A copy of NCPPR's register and a copy of NCPPR's deposit slip are attached at Exhibit G.

Should we find any additional information, we will notify you immediately. If you have any additional questions, please do not hesitate to contact me at 202.624.7371.

Respectfully yours,

Nancy Ortmeyer Kuhn

Nancy Ortmeyer Kuhn

For Powell Goldstein LLP

Attachments: As stated.

CITIZENS AGAINST GOVERNMENT WASTE

Thomas A. Schatz
President

July 21, 2006

Senate Finance Committee
Washington, D.C. 20510

Dear ,

I am responding to your letter of June 22, 2006, which asks questions about the actions of tax-exempt organizations "affiliated with the lobbying operations of Jack Abramoff," or "that appear to have played a role in Mr. Abramoff's client relationships." We note that we requested a copy of the emails to which you refer in your letter, but that we were not permitted access to them. Therefore, our answers may not be as complete as possible since we have not read the underlying material that formed the basis for the questions.

We also request that any information disclosed herein about any contributor to Citizens Against Government Waste (CAGW), including names and donation amounts, be kept strictly confidential. As you may be aware, in NAACP v. Alabama, 357 U.S. 449 (1958), a unanimous Supreme Court held that a compelled disclosure of the NAACP's membership lists would have the effect of suppressing legal association among the group's members. Only an "overriding valid interest of the State," something not present in the NAACP case (nor in the Senate Finance Committee's request for information), could justify the state of Alabama's actions. That decision applies to the list of contributors to any nonprofit organization (including CAGW).

CAGW was established in 1984, following the release of the Grace Commission report, which was formally known as the President's Private Sector Survey on Cost Control. President Reagan established the commission by executive order in January, 1982. He named business leader J. Peter Grace as chairman of the commission, asking that Peter and his team "work like a tireless bloodhound" to uncover waste, fraud, abuse, and mismanagement throughout the federal government.

The Grace Commission was funded by the private sector, and cost taxpayers nothing. Its executive committee consisted of 161 senior private sector leaders, and it was staffed by more than 2,000 volunteers. The commission made 2,478 recommendations that would have saved taxpayers $424.4 billion over three years. The report contained 47 volumes and 1.5 million pages of additional material that covered every aspect of the federal government's activities.

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When the commission finished its work, President Reagan asked Peter Grace not to let the report gather dust on a shelf. Mr. Grace teamed up with Pulitzer Prize-winning columnist Jack Anderson to form CAGW. The organization's mission is to work for the elimination of waste, fraud, abuse, and mismanagement in government with the goal of creating a government that manages its programs with the same eye to innovation, productivity, and economy that is dictated by the private sector.

Since CAGW was founded in 1984, it has amassed a record of $825 billion in savings for America's taxpayers and attracted more than one million members and supporters to its cause. CAGW enjoys a solid reputation among the media and policymakers for sound, user-friendly, and incisive research and has earned the respect of members of Congress from both sides of the political aisle.

CAGW relies solely on the support of individuals, foundations, and corporations to underwrite its research and educational activities, and does not accept government funding. In 2005, 81 percent of CAGW's contributions came from individuals and 19 percent from foundations and corporations.

As described in CAGW's application for recognition of exemption under Section 501(c)(3) of the Internal Revenue Code, dated July 2, 1984, Part III, Section 3 (Exhibit A), "The purpose of the Foundation is to conduct nonpartisan research and analysis of waste and inefficiency in government. The Foundation will also publish and disseminate information and conduct educational activities in this regard." ... "Although the Foundation plans to perform research and analysis with its own staff, it will capitalize on existing sources of opportunities for cost savings as reported by the CBO, GAO, the Inspector Generals, the President's Private Sector Survey on Cost Control and other such sources. The Foundation plans to involve local citizen committees and groups and will disseminate information and conduct its education and publishing activities using the media (printed, television and radio) public service advertisements, a speaker's bureau, publications, magazines, newsletters, etc." In other words, CAGW utilizes a broad array of information sources for an agenda that is as wide in scope as the operations of government at every level (federal, state and local). It always exercises its own discretion to decide which issues it will research and publicize at any particular time.

As an independent, private, nonpartisan, nonprofit organization, Citizens Against Government Waste (CAGW) was not "affiliated with" Mr. Abramoff's lobbying operations, and therefore could not have "played a role in Mr. Abramoff's client relationships."

Question 1: While CAGW's long-standing policy, based on the NAACP case, is not to discuss donors or the amounts they contribute, we will confirm that CAGW received a contribution from The Magazine Publishers of America (MPA) on July 28, 2000. The amount was less than one half of one percent of CAGW's total revenue for 2000. (See also question 12 below.)

Question 2: Consistent with its mission to work for the elimination of waste, fraud, abuse, and mismanagement in government with the goal of creating a government that manages its programs with the same eye to innovation, productivity, and economy that is dictated by the private sector, CAGW researches, promotes, and publicizes public policy on a wide variety of issues. CAGW had a history of working on issues related to the Postal Service for 16 years prior to the receipt of support from MPA, and continues such work to this day. Since the contribution was considered as general operating support consistent with CAGW's charitable purpose, there was no requirement that any specific activity be undertaken by CAGW. Since CAGW has not been granted access to Mr. Abramoff's emails, the organization cannot know exactly what MPA expected or was told by third parties.

Question 3: As an independent, nonpartisan, nonprofit organization, CAGW has published dozens of articles on a variety of postal issues consistent with its mission as described in response to question two. The organization's involvement in postal issues can be traced directly to the Grace Commission's report on Boards/Commissions Business II and the appendix that addressed U.S. Postal Service issues (Exhibit B). We have enclosed all of the written material that we could find related to the Postal Service.

Consistent with CAGW's charitable purpose "to perform research and analysis with its own staff" ... and "capitalize on existing sources of opportunities for cost savings as reported by the CBO, GAO, the Inspector Generals, the President's Private Sector Survey on Cost Control and other such sources," (See Exhibit A), the organization did exchange information with representatives of MPA as part of its use of a broad array of resources. However, final decisions to write, edit, and produce specific documents are made exclusively by CAGW staff.

Regarding postal rate increases, the Grace Commission report on Boards/Commissions Business II, pp. 190-197, specifically addressed that subject matter. The first article subsequent to the commission's report that is available in our records was a Fall 1990 *Government WasteWatch* article citing wasted time at the Postal Service. In total, there were eight articles in *Government WasteWatch*, one in *Wastewatcher*, a letter to the editor of *The Washington Post*, and four press releases on postal issues prior to the receipt of the July 28, 2000 contribution from MPA. CAGW's activities on postal reform continue to this day.

Therefore, any publications or public statements issued by CAGW regarding postal reform are based on CAGW's extensive knowledge of the subject matter and on a wide variety of sources, including the Grace Commission. CAGW had no need to rely on any "argument" from MPA; indeed, *Wastewatcher* is one of numerous CAGW publications that have included information on postal reform.

Finally, as stated in our response to question two, MPA's contribution was classified as general operating support, a classification approved by CAGW's accountants, and therefore was not restricted to any specific activity or usage.

The following material is enclosed:

Government WasteWatch (Exhibit C)

Fall 1990, citing wasted time at the Postal Service, p. 4.

Fall 1992, regarding a Postal Service conference in Spain, p. 5.

Winter 1993, on cost-cutting at the Postal Service, p. 17.

Winter 1997, letter to the editor on Fall 1996 article (not available), p. 2.

Spring 1999, on the Postal Service, p. 4.

Summer 1999, letter to the editor and response on the Postal Service, p. 2.

Spring 2000, mentions CAGW's January 11 announcement of opposition to the one-cent increase in postage, and Leslie Paige's February 8 letter to the editor of the *Washington Post* opposing the rate increase, p .18.

Summer 2000, cites the May 11 naming of the Postal Service as Porker of the Month, p. 10.

Spring 2001, letter to the editor and response on p. 2; article by Leslie Paige criticizing the Postal Service on p. 16; and notes both the March 26, 2001 press conference and Paige's April 4 appearance on "Good Morning America" on p. 14.

Summer 2002, cites the June 26, 2002 press conference, p. 14.

Winter 2002, on postal mismanagement, p. 16.

Spring/Summer 2004, guest column by United States Postal Rate Commission Ruth Goldway on "Balanced Postal Reform," p. 5; and article on Olympic sponsorship, p. 6.

Winter 2004, article on postal reform, p. 5.

Spring 2005, citing Leslie Paige's quote in a *Los Angeles Times* article on postal rate increases, p. 10.

Wastewatcher (Exhibit D)

February 1999, criticizing waste at the Postal Service.

May 2000, on the Postal Service monopoly.

November 2000, on waste at the Postal Service.

November 2001, on a postal bailout.

January 2002, on continued postal mismanagement.

January 2003, on postal reform.

April 2003, on waste at the Postal Service.

April 2004, on cycling team sponsorship.

December 2004, on postal reform.

May 2005, on the postal rate increase.

December 2005, on privatizing military mail.

Press releases and letters to the editor (Exhibit E)

January 28, 1998 letter to the editor of *The Washington Post*.

January 11, 2000, announcing CAGW's opposition to the postal rate increase.

February 29, 2000, citing postal shipment duties and fees.

May 11, 2000, naming the U.S. Postal Service Porker of the Month for moving two officials to new residences at a cost of $250,000.

September 19, 2000, citing Postal Service mismanagement.

November 13, 2000, criticizing postal rate increase.

March 22, 2001, announcing the Ad Hoc Coalition Against the Postal Rate Increase press conference on March 26 in Orlando, Florida.

March 26, 2001, for the press conference in Orlando.

April 2, 2001, media advisory on the April 5, 2001 press conference on the postal rate hike.

April 4, 2001, media advisory on the April 5 press conference.

April 5, 2001, naming the U.S. Postal Service Porker of the Month.

May 8, 2001, criticizing the postal rate increase.

July 19, 2001, on postal officials' executive bonuses.

October 1, 2001, on postal rate increase.

November 6, 2001, on postal handouts without reform.

December 3, 2001, on executive bonuses.

December 5, 2001, on the bonuses.

January 18, 2002, on relocation program.

March 12, 2002, Congress to question the postmaster general at a hearing.

March 22, 2002, on postal rate hike.

April 5, 2002, questioning the transformation plan.

Media advisory announcing the June 26 press conference (below).

June 26, 2002, to accompany the press conference announcing the release of a Wirthlin Worldwide Survey on financial statements.

Undated late June, 2002 editorial regarding the postal rate increase.

July 24, 2002, on the executive bonus program.

December 11, 2002, on postal reform commission.

July 8, 2003, on cycling team sponsorship.

July 10, 2003, on retail operations.

July 16, 2003, on oversight and business practices.

August 20, 2003, on retirement of inspector general.

April 23, 2004, on the end of cycling sponsorship.

Prime Cuts/Waste Dividend (Exhibit F)

How to Give Taxpayers a Waste Dividend (The Waste Tax), 1992, p. 33.

The Waste Tax, 1993, pp. 28-29.

Prime Cuts 1994, p. 32.

Prime Cuts 1995, p. 32.

Prime Cuts 1998, pp. 57-58.

Prime Cuts 1999, pp. 63-64.

Prime Cuts 2000, pp. 54-55.

Prime Cuts 2001, pp. 55-56.

Prime Cuts 2002, p. 53.

Prime Cuts 2003, p. 51.

Prime Cuts 2004, pp. 56-57.

Prime Cuts 2005, p. 59.

Special reports (Exhibit G)

October 13, 2000 Looking Glass Report, *The United States Postal Service: Delivering Waste, Fraud, and Abuse... for You.*

Question 4: As described in response to question two, consistent with its mission, CAGW researches, promotes and publicizes broad public policy on a wide variety of issues. Among those issues is postal reform, which CAGW worked on for 16 years prior to the receipt of support from MPA and continues to pursue to this day. The organization's work on postal issues benefits the public, as well as its members and supporters. Since CAGW is performing a public service, there is a significant difference between its activities and those of a for-profit corporation. Lobbying and public relations firms usually have signed contracts with clients and engage in a series of activities on their behalf for a specific period of time in return for a set fee. Nonprofit organizations usually receive general operating support for ongoing activities consistent with their charitable purpose for the benefit of the general public (as occurred with the MPA contribution).

While preventing a postal rate increase may incidentally benefit magazine publishers and other mailers, including nonprofit organizations like CAGW itself, the primary purpose of CAGW's efforts to publicize the argument against unwarranted increases in postal rates (as well as other postal reforms) is to save Americans money. CAGW's documented track record dating back many years and extensive activities on postal reform, as well as the miniscule amount contributed to CAGW by MPA, belie the implication that CAGW was doing anything in "exchange" for the general operating support provided by MPA. As an unrestricted contribution, the funds received from MPA were available for CAGW to use for any activity consistent with its charitable purpose.

Question 5: The MPA contribution went to CAGW, which is a 501(c)(3) organization.

Question 6: CAGW did not pay taxes on the MPA contribution. It was considered general operating support for the organization's charitable purpose. The organization has no information about MPA's actions regarding a tax deduction.

Question 7: CAGW was not "involved" in Mr. Abramoff's lobbying contract with Channel One. (See question 8 below, citing the fact that CAGW never received any contribution from that company.) However, the lack of financial support was irrelevant to CAGW's interest in the subject matter. Once again, because the committee has not provided copies of Mr. Abramoff's emails, it is not possible for us to respond further to this question.

In regard to Channel One, CAGW has been concerned with a wide variety of education issues for 22 years, starting with the Grace Commission Report on the Department of Education and the appendix thereto (Exhibit H). Since Channel One provided school districts with electronic equipment and maintenance that many could not afford, as well as an award-winning news program each day, all at no cost to taxpayers, it was consistent with CAGW's activities in the field of education to conduct research and publish information about the network's activities.

In general, CAGW engages in a myriad of issues that are related to its mission of uncovering, publicizing, and eliminating wasteful government spending. The organization utilizes a broad array of resources for obtaining information. Public and private sector sources include the federal budget; legislation; current and former members of Congress and staff; the Congressional Budget Office; the Office of Management and Budget; the Government Accountability Office; inspectors general; whistleblowers; the Internet; the Grace Commission reports; analyses and studies by nonprofit organizations; the media; CAGW members; companies; trade associations; and ordinary Americans concerned about wasteful spending. CAGW has many ongoing relationships with individuals throughout the public and private sector. In some instances, CAGW approaches them; in other cases, these individuals approach CAGW to determine if there is a common interest in an issue. The final determination whether to engage CAGW resources on any issue is made by senior CAGW staff and CAGW's Board of Directors. That decision is based on whether the subject matter is related to CAGW's mission of fighting wasteful spending at all levels of government.

Following the Grace Commssion report, our available records indicate that CAGW first published information on education issues in the Winter 1991 *Government WasteWatch*. That was followed by 11 *Government WasteWatch* articles, two *Wastewatcher* articles, three press releases, and two special reports prior to the material published in regard to Channel One. The publications on Channel One include a January 22, 1999 press release; an article in the Spring 1999 *Government WasteWatch*, pp. 4-5; an article in the Summer 2000 *Government WasteWatch*, p. 16 (Exhibit I); and a passing mention in both the *1999 Congressional Pig Book Summary*, p. 28 and the *2000 Congressional Pig Book Summary*, p. 31 (Exhibit N).

CAGW has issued the following in regard to education:

<u>*Government WasteWatch*</u> (Exhibit J)

Winter 1991, on student loan defaults, p. 3.

Spring 1992, three letters to the editor on teacher salaries, referencing a Winter 1992 article (unavailable), p. 2.

Summer 1992, on student loan expenses, p. 17.

Summer 1993, on student loan defaults, p. 14.

Fall 1993, on student loan defaults, p. 19.

Winter 1993, on student loan interest rates, p. 18.

Fall 1994, on student loan defaults, p. 20.

Winter 1997, on college scholarships to ex-convicts in Florida, p. 5; and Prime Cuts Café menu, noting student loans, p. 13.

Spring 1998, on student loan defaults, pp. 6-7.

Fall 1998, on CAGW's Goals 2000 report, p. 9.

Winter 1998, on Head Start, p. 5; on school vouchers, p. 6; and on Americorps, p. 20.

Fall 1999, review of Martin Gross's book, "The Conspiracy of Ignorance: The Failure of American Public Schools," p. 13.

Spring 2001, on allowing entrepreneurial schools to make deals with soft drink manufacturers, pp. 4-5.

Winter 2004, on Higher Education Act reauthorization, p. 13.

Summer 2005, on the release of the June 28 report on direct loans, p. 19.

Fall/Winter 2005, citing student loan fraud as an example of wasteful spending, p. 9.

Wastewatcher (Exhibit K)

October 1998, on Head Start.

December 1998, on school vouchers.

October 2000, on pork in the Omnibus Appropriations Act.

November 2002, on credit card abuse at the Department of Education.

May 2004, on unaccredited schools.

February 2005, on the student loan program.

April 2005, "Best of the Blog," wasteful spending in D.C. public schools.

Press releases and letters to the editor (Exhibit L)

April 8, 1997, regarding District of Columbia school closings.

August 14, 1998, on the Goals 2000 report.

November 6, 1998, on the Americorps report.

September 12, 2000, on improper payments report, citing education block grants in schools.

October 14, 2002, on Department of Education spending.

May 3, 2005 letter to the editor of The Chronicle of Higher Education regarding the Higher Education Act.

Prime Cuts/Waste Dividend (Exhibit F)

How to Give Taxpayers a Waste Dividend (The Waste Tax), 1992, pp. 7, 9, 24, 37, 38, and 39.

The Waste Tax, 1993, pp. 4, 5, 6, and 34.

Prime Cuts, 1994, pp. 5, 6, 7, and 24.

Prime Cuts, 1995, pp. 3, 5, 12, 19 and 24.

Prime Cuts 1998, pp. 22-25.

Prime Cuts 1999, pp. 22-26.

Prime Cuts 2000, pp. 20-23.

Prime Cuts 2001, pp. 20-23

Prime Cuts 2002, pp. 20-23.

Prime Cuts 2003, pp. 20-23.

Prime Cuts 2004, pp. 21-24.

Prime Cuts 2005, pp. 21-24.

Pork Alerts (Exhibit M)

November 23, 1999, citing education pork.

December 3, 2003, citing funds for education projects.

December 8, 2003, citing funds for education projects.

December 11, 2003, citing funds for education projects.

December 13, 2003, citing funds for education projects.

December 18, 2003, citing funds for education projects.

January 7, 2004, citing funds for education projects.

Congressional Pig Book (CPB) *Summary* and Departments of Labor/Health and Human Services/Education (Labor/HHS) Database (Exhibit N)

1995 CPB Summary, pp. 11-12.

1997 CPB Summary, pp. 19-20.

1998 CPB Summary, pp. 20-22.

1999 CPB Summary, pp. 27-32.

2000 CPB Summary, pp. 27-32.

2001 CPB Summary, pp. 30-35.

2002 CPB Summary, pp. 30-37.

2003 CPB Summary, pp. 22-26.

2004 CPB Summary, pp. 25-32.

2005 CPB Summary, pp. 36-43.

2006 CPB Summary, pp. 27-30.

Database of Labor/HHS Pork from 1995-2006.

Special reports (Exhibit O)

September 1993, *Danger: Risky Business*, section on the Department of Education, pp. 12-13.

August 14, 1998, Looking Glass Report, *Goals 2000: Dumbing Down America's Children.*

October 30, 1998, Looking Glass Report, *AmeriCorps the Pitiful.*

June 28, 2005, Looking Glass Report, *The Direct Loan Program Flunks Out.*

Question 8: CAGW has never received any contributions from Channel One.

Question 9: See question 8.

Question 10: The discussion in the prior answers addresses how the activities associated with MPA and Channel One are related to CAGW's charitable purpose. In the case of the Postal Service and education, these issues have been appropriate for CAGW's research and education activities since its inception, as both were broadly covered in the Grace Commission report. CAGW's conducted research and issued publications on postal reform prior to the receipt of a contribution from MPA, and has continued such activities subsequent to the cessation of contributions from MPA.

Question 11: It is appropriate for anyone or any entity, including individuals, foundations, and corporations, to make contributions to CAGW. There is nothing that prevents CAGW or any other nonprofit organization from seeking support directly or indirectly from a corporation.

Referring again to the July 2, 1984 application for recognition for exemption, Part III, Section 1 (Exhibit A), "It is anticipated that the bulk of the Foundation's financial support will come from contributions by individuals, corporations, non-profit organizations and the government." Section II states: "The Foundation's initial fund raising activities will consist of direct mail solicitations to individuals, and direct mail and personal solicitations to corporations and non-profit organizations." ... "...it is anticipated that additional fund raising activities will be approved by the Board of Directors after the Foundation becomes operational." Corporations include trade associations, law firms, and other entities.

While CAGW does not speak directly to every contributor, it is clear that donors have the expectation that CAGW will do everything it can to eliminate wasteful spending. Sometimes, that expectation is broad – reducing the deficit – and sometimes that expectation is narrower – eliminating the Bridge to Nowhere in Alaska. However, every action that CAGW takes is related to its mission, as described above, and has a broad-based benefit to Americans.

Question 12: CAGW also received a second and final contribution from MPA in 2001. Once again, it was less than one half of one percent of CAGW's total revenue. In regard to other clients of Mr. Abramoff, since we have no knowledge of or access to Mr. Abramoff's client list, we cannot know whether or not Mr. Abramoff "arranged other donations" from his clients.

In conclusion, given CAGW's history of support for Postal Service reform, there can be no doubt that regardless of Mr. Abramoff's emails and any false promises he might have made to his clients as reported in the press, the contributions from MPA received by CAGW were considered as general support for its ongoing work on that subject matter, not as a request for a specific action. Any reasonable examination of CAGW's charitable purpose and its previous and ongoing activities on postal service reform belies the accusation that CAGW was "affiliated" with MPA or any client of Mr. Abramoff's, or that there was anything abnormal about the contribution that would lead CAGW to consider the contribution as being unrelated to its charitable mission and therefore subject to taxation. The question is not why did MPA consider supporting CAGW; the question is why would the organization not consider supporting CAGW.

CAGW's activities related to Channel One took place regardless of any financial support. This is further evidence that CAGW's decisions on issues are based, first and foremost, on whether they are related to the organization's mission to work for the elimination of waste, fraud, abuse, and mismanagement in government with the goal of creating a government that manages its programs with the same eye to innovation, productivity, and economy that is dictated by the private sector.

We hope this response addresses the committee's questions. Please feel free to contact me if you require any additional information.

Sincerely,

Tom Schatz

Enclosures

Rabbi Daniel Lapin
P. O. Box 813
Mercer Island, WA 98040

August 11th 2006

Minority Staff.
Senate Finance Committee.
Washington DC 20510-6200

Dear ,
First of all, my apologies for the tardiness of my response. As you can see from the enclosed envelope, it was accidentally addressed to P. O. Box 183 instead of my correct box number so I only received it today.

Let me attempt to answer your questions to the best of my ability:

1. I have no recollection of any donations that Toward Tradition received from Channel One Network and/or Primedia.
2) I do not believe that Toward Tradition ever gave any "award" to Channel One or Primedia. I have no awareness of any business dealings with either of those two entities.
3) In March 1999, I thin it was, I wrote one article that mentioned Channel One but decided not to release it for publication so as far as I know, it never saw the light of day. (I enclose the article herein) None of my writing is ever submitted to anyone other than my editor, for input prior to publication and this piece would have been no exception to my rule.
4) This information was provided to the FBI by the staff that Toward Tradition had at the time of their inquiry along with documents to which I no longer have access on account of the closure of the Toward Tradition office so I would be going on memory here. To the best of my recollection, Toward Tradition did receive a donation for Magazine Publishers of America toward the hiring of a temporary Washington DC event organizer, in the sum of $25,000. I cannot recall the date but it would have been within 9-12 months ahead of one of Toward Tradition's Washington DC conferences, so I would think it might have been early in 2000.
5) Neither I nor Toward Tradition ever issued an award to Jack Abramoff at any time, neither was the matter of any award for Jack Abramoff ever raised at any Toward Tradition board meeting. There was some well publicized emails between Jack Abramoff and myself in which he humorously inquired as to whether I could create an award for him to which I responded equally frivolously along the lines of filling a wall of awards for him. No steps were ever taken to facilitate or produce any award for him.
6) I believe, going on memory, that Jack Abramoff became chairman of Toward Tradition in 1996 and left that office on 2000.

I hope this has been helpful to the work of your committee.

Sincerely
Daniel Lapin

Is Making An Honest Living Immoral?—Your Children Think So.

©Rabbi Daniel Lapin

Suppose that the Acme Restaurant Supply Company began offering an expensive state of the art food processor free to any restaurant that agreed to use Acme brand cooking oil. Many restaurants, hotels, and company cafeterias analyzed the offer, examined the machine and tested the oil. Most happily signed on with Acme. After a year passed, 99% of the clients renewed the deal for another year. 98% approved of the quality of Acme's oil and would recommend the deal to other hospitality establishments.

Now, imagine we discover that the federal government decides to mandate that cafeterias in the veterans hospital and federal building, as well as the restaurant in the airport, all must refuse the offer. Not only must these government-run food establishments decline the free processor, but they also are instructed that the Acme Company and its cooking oil deserve condemnation in the strongest terms. While trying to decide what to make of this, we hear that taxes are to be raised to enable government kitchens to purchase food processors and, as for oil, well, they will just have to do without. Well, imagine no longer, this is really happening.

The above scenario is taking place today, though not in the food service industry, but in education. Channel One Network has provided television sets, videocassette recorders, satellite dishes and more than 7,000 miles of cable—in all about half a billion dollars of infrastructure—to America's classrooms. It offers about two hours of top quality educational programming each day, ranging from history to math, along with a ten-minute news program. All this, which is provided for free to interested schools, is made possible by two minutes of commercials.

Schools are signing on rapidly and renewing their contracts at the above mentioned 99% rate. Two thousand private schools, which really do feel accountable to their parent bodies, have become eager Channel One users. Encouragingly, they are joined by 10,000 public schools which, likewise, have renewed with alacrity. Yet, from the way Channel One detractors speak, one would suppose they consider it an enemy of education. So evil must it be, that despite the fact that it particularly helps poorer school districts, they are attempting to mandate that such schools do without the benefits offered. Or are they? No, as it happens, they still want the equipment. It is just that they prefer buying it from the proceeds of taxation to receiving it from the private sector. Surely taxpayers would want to know what is going on here.

This is not the only example of prejudice toward America's private sector. In Seattle recently, a highly regarded local businessman, Stuart Sloan, made a long-term commitment of over a million dollars per year to an inner-city public school. What was the initial reaction of the educational bureaucracy and local communal activists to Sloan's generosity? They responded with open skepticism and distrust, which delayed implementation of the gift for a full year.

The same educators and political leaders who never feel any unease over spending unlimited public funds (that is, wealth forcibly extracted from its owners) took many months to decide whether or not they could even accept a magnificent offer of private, voluntary charity. As if its private source might somehow fatally taint the entire educational enterprise. Furthermore, educrats who have unhesitatingly implemented, and subsequently abandoned countless inane and destructive ideas, now warn us of the need to carefully test and measure the effects of Sloan's contribution.

One wonders what happened to this passion for empirical testing in the case of publicly funded disasters such as "whole language," "new math," and bilingual education. It appears that government provided education abhors private innovation or generosity while developing a growing appetite, if not an addiction, to money claimed from taxpayers.