Hidden Under Tax-Exempt Cloak, Political Dollars Flow

By MIKE McIntire

Alaskans grew suspicious two years ago when a national organization called Americans for Job Security showed up and spent $1.6 million pushing a referendum to restrict development of a gold and copper mine at the headwaters of Bristol Bay.

It seemed an oddly parochial fight for a pro-business group based in the Washington suburbs that had spent tens of millions of dollars since the late 1990s roughing up Democrats with negative advertisements around election time.

But after the mine’s supporters filed a complaint with the state, it became clear that what was depicted as grass-roots opposition was something else entirely: Americans for Job Security, investigators found, had helped create the illusion of a popular upwelling to shield the identity of a local financier who paid for most of the referendum campaign. More broadly, they said, far from being a national movement advocating a “pro-paycheck message,” the group is actually a front for a coterie of political operatives, devised to sidestep campaign disclosure rules.

“Americans for Job Security has no purpose other than to cover various money trails all over the country,” the staff of the Alaska Public Offices Commission said in a report last year.

The report went mostly unnoticed outside Anchorage. But its conclusions suddenly loom large in the current debate over nonprofit advocacy groups like Americans for Job Security, which campaign watchdogs say allow moneyed interests to influence elections without revealing themselves. Congress is now wrangling over a bill that would require some disclosure.

With every election cycle comes a shadow army of benignly titled nonprofit groups like Americans for Job Security, devoted to politically charged “issue advocacy,” much of it negative. But they are now being heard as never before — in this year of midterm discontent, Tea Party ferment and the first test of the Supreme Court decision allowing unlimited, and...
often anonymous, corporate political spending. Already they have spent more than $100 million — mostly for Republicans and more than twice as much as at this point four years ago.

None have been more active than Americans for Job Security, which spent $6 million on ads during the primary season. This week, emboldened by the court ruling, the group paid close to $4 million more for ads directly attacking nine Democratic candidates for Congress. That made it among the first to abandon the old approach of running ads that stopped just short of explicitly urging voters to elect or reject individual candidates.

Americans for Job Security says it is careful to hew to tax and campaign-finance laws: It may not spend the majority of its resources on political activity or coordinate with party committees, and may keep its donors secret only as long as their contributions are not intended for specific ad campaigns close to an election. Instead of earmarked donations, the group says, it collects membership dues and then decides, on its own, how to spend the money.

“We believe issue advocacy is much more effective than banging down doors of members of Congress,” said the group’s president, Stephen DeMaura. “And you now have the Supreme Court of the United States reaffirming our rights.”

An examination of Americans for Job Security — based on a review of its recent activities, as well as on interviews and previously unreleased documents from the Alaska case — provides a rare look inside the opaque world of these ascendant advocacy organizations. Its deep ties to a Republican consulting operation raise questions about whether, under cover of its tax-exempt mission “to promote a strong, job-creating economy,” the group is largely a funnel for anonymous donations.

“A lot of nonprofits game the system, but A.J.S. is unusual in that they so blatantly try to influence elections and evade disclosure,” said Taylor Lincoln, a research director at the watchdog group Public Citizen, which has filed complaints against the group in recent years. “By any common-sense, reasonable interpretation of what they do, they are in violation of the rules.”

**Political Office Mates**

The group’s Republican connections begin with location: While its public address is a drop box at a United Parcel Service store in Alexandria, Va., Mr. DeMaura actually works out of space that is sublet from a Republican consulting shop, Crossroads Media, whose other clients include the national Republican Party, the Republican Governors Association and
American Crossroads, a Karl Rove-backed group raising millions to support Republican candidates.

Crossroads Media is run by Michael Dubke and David Carney, who along with several business groups helped start Americans for Job Security in 1997. Mr. Carney had been political director for President George Bush, and Mr. Dubke was the first executive director and then president of Americans for Job Security until April 2008, when Mr. DeMaura, recruited by Mr. Carney, took over.

The office space in Alexandria that the group shares with Crossroads Media — Suite 555 at 66 Canal Center Plaza, overlooking the Potomac — is home to at least three other political consulting firms, including the Black Rock Group, which Mr. Dubke runs with Carl Forti, a longtime Republican operative who is political director for American Crossroads.

As for Mr. DeMaura, it turns out he is the sole employee of Americans for Job Security, a 25-year-old former executive director of the New Hampshire Republican Party who cut his political teeth as an undergraduate by starting an anti-Hillary Clinton Facebook page.

The chairwoman of the group's board of directors is listed in tax filings as Tabitha Connor, a Columbia University graduate student, also in her 20s. She did not respond to requests for comment.

According to testimony in the Alaska case, the board meets once every two years, and there are no committees or written policies shaping decisions about ad campaigns. Mr. DeMaura said he made those calls. He disputed suggestions that he was influenced by the consultants with whom he shares an office.

“I work with them closely on a day-to-day basis, but we don’t discuss our work or coordinate anything,” he said. “It’s firewallled off.”

Mr. Dubke, too, denied that the agenda of Americans for Job Security was driven by the political interests of his firms.

“Nothing is ever done in coordination with another campaign,” he said. “I’m always trying to follow the letter of the law.”

Still, while he is no longer an officer of Americans for Job Security, Mr. Dubke remains a consultant and has authority to countersign its checks. Crossroads Media also places many of the group’s ads.

**Blurred Boundaries**
It is sometimes hard to discern the boundaries separating Americans for Job Security from the consultants in its office suite and the interests of their Republican clients.

This month in upstate New York, the National Republican Congressional Committee — a sometime client of Mr. Dubke’s — sent local reporters an Americans for Job Security announcement and transcript of a new ad opposing a Democratic congressman, Representative Michael Arcuri. A committee spokesman said he was not coordinating anything with the advocacy group, but merely passing along “a public document.” The document, however, could not be found on the group’s Web site, and a reporter who received it said the committee was his only source for it.

In May, the group ran an ad attacking a labor-backed Democrat in an Arkansas Senate primary, Bill Halter, for having served on the board of a technology company that opened an office in India. The ad — placed by Crossroads and produced by another Republican-connected company in the office suite, WWP Strategies — played ethnic music, featured Indians in colorful garb expressing gratitude toward Mr. Halter for their jobs, and was widely derided as insulting toward people from India.

And in Texas in 2008, while Mr. DeMaura’s office mates were consulting for the state Republican Party, he requested records from the Nueces County sheriff’s office on an incident in which a woman ran naked from the home of a prominent Democratic donor, who was arrested after flashing a phony badge at the police. The disgraced donor was soon featured in a Republican Party television ad linking him to Democratic candidates for the Texas legislature. Mr. DeMaura said his request was not connected to the ad, but would not explain why he had sought the records.

Other aspects of the group’s operations have come under scrutiny as well. In 2007, Public Citizen filed complaints with the Internal Revenue Service and the Federal Election Commission, contending that Americans for Job Security spent the vast majority of its resources electioneering — running ads close to elections — contrary to I.R.S. guidelines for tax-exempt, nonprofit business groups.

Public Citizen said it never heard back from the I.R.S. At the election commission, staff lawyers agreed that there was “reason to believe” that the group had violated campaign finance laws, and recommended a full investigation. But the commission deadlocked along party lines, and the complaint was dropped.

Because Americans for Job Security was formed as a tax-exempt business league — known as a 501(c)(6) in the tax code — it does not have to report its sources of income. Federal
election rules, though, require that when a group accepts a donation earmarked for an
electioneering ad, the donor must be identified.

Americans for Job Security avoids disclosure by reporting all its revenue as “membership
dues.” It claims more than 1,000 members. But a review of its tax returns shows
membership revenue fluctuating wildly depending on election cycles — similar to the fund-
raising of political committees that escalates during campaign season.

“Membership dues and assessments” totaled $7 million in the 2004 presidential election,
and dipped to $1.2 million the following year before climbing back to $3.9 million for the
2006 midterm elections. Then, in 2007, they plunged to zero before shooting up to $12.2
million for the 2008 presidential race.

Asked how it could have collected no dues in 2007, neither Mr. Dubke nor Mr. DeMaura
offered an answer. Mr. DeMaura said that there is no set membership fee and that members
are not required to pay annually.

“They can if they want,” he said.

A Hidden Hand in Alaska

Probably the most extensive look at the operations of Americans for Job Security came
during the inquiry in Alaska. Through a public information request, The New York Times
obtained records from the investigation, including the group’s internal e-mails and
memorandums, as well as the sworn testimony of Mr. Dubke and others.

The group ended up in Alaska through Mr. Dubke’s work for opponents of the proposed
Pebble Mine, led by an Alaska financier, Robert Gillam, whose private fishing lodge could be
affected. The opponents said the mine would endanger commercial fishing and pushed a
ballot initiative aimed at imposing clean-water restrictions on it; its backers said the mine
would create jobs.

Mr. Dubke’s work for Mr. Gillam was called Operation Trenchcoat, documents show, and
involved finding out who was behind a pro-mine Web site called Bob Gillam Can’t Buy
Alaska. Mr. Gillam testified that he spoke with Mr. Dubke about Americans for Job Security,
and decided to join by giving $2 million in “membership fees,” and that he “had high hopes”
the money would be used to oppose the mine. (The ballot initiative ultimately failed.)

State investigators found that the advocacy group quickly passed almost all the money to
another nonprofit, Alaskans for Clean Water, set up to campaign for the referendum by a
group that included Art Hackney, a local Republican consultant and board member of
Americans for Job Security. Mr. DeMaura told investigators that while he may have talked to Mr. Dubke about the mine issue, he decided to spend the money “based upon his own research and judgment,” and that there was no prior agreement with Mr. Gillam or Mr. Dubke.

The Alaska Public Offices Commission’s staff report called this “completely implausible” and concluded that Americans for Job Security had violated state law by acting as an improper conduit. It also took a shot at the group’s explanation that it protects its members’ identities so they can speak out without fear of reprisals.

“One would hardly expect reprisals for ‘promoting a healthy and vibrant economy,’ ” the report said.

The group’s lawyers accused the staff of making “reckless and baseless” accusations and of “misrepresenting a respected entity like A.J.S., known nationally for its skill and sophistication in conducting educational and issue-related campaigns.” In a legal filing, they also worried that the allegations could be noticed “by the local, and potentially national, press.”

Americans for Job Security eventually paid a $20,000 settlement without admitting guilt and agreed not to help anyone make anonymous contributions in an election in Alaska — with the condition that its pledge “does not apply to any other jurisdiction which may have laws dissimilar to the state.”