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## Secrets of the American Future Fund

### *Iowa-based conservative advocacy group includes masterminds of Swift Boat and Willie Horton ads*

*By Jason Hancock 8/19/08 12:29 PM*

A network of Iowa Republicans is playing a leading role in a secretive group advocating nationally on behalf of “conservative and free market ideals” in congressional races around the country. Among the group’s leaders are two media consultants who played key roles in the Swift Boat Veterans for Truth ads in 2004 and the Willie Horton ad in 1988, both of which helped defeat Democratic presidential candidates.

The American Future Fund (AFF), operating out of Des Moines, is sponsoring advocacy advertisements in closely contested congressional races from New York to Louisiana to Minnesota and Colorado. It is one of the most ambitious conservative independent expenditure groups to emerge in 2008. Most observers expect AFF to begin increasing its role in elections around the country, stoking speculation that it will spend heavily to prop up lightly funded Republican campaign committees.

Because of the way the group is organized under Internal Revenue Service guidelines for nonprofit organizations it does not have to disclose its donors and is not governed by the Federal Election Commission (FEC).

But an Iowa Independent investigation has found the group has deep roots in state Republican politics. And, unlike MoveOn.org, a similar group advocating liberal causes, it’s hard to determine who is actually behind the AFF. The key players include:

Nicole Schlinger, the group's president, the former executive director of the Republican Party of Iowa.

Tim Albrecht, a former spokesman for Republicans in the Iowa House who worked for Mitt Romney's presidential campaign and spent a short time this year working for the Republican Party of Iowa, is the group's communications director.

David Kochel, another former state GOP executive director and a senior adviser to the Romney campaign, who has served as spokesman for AFF, although Albrecht said he is no longer associated with the group.

The Washington Post reported in March -- and Albrecht confirmed to Iowa Independent -- that Ben Ginsberg, of the high-powered D.C. law firm Patton Boggs, is the group's legal counsel. Ginsberg resigned as chief outside counsel to the Bush-Cheney campaign in August 2004 when it was revealed that he was also providing advice to Swift Boat Veterans for Truth, a group that sponsored error-laden attacks on the military service record of 2004 Democratic presidential nominee John Kerry.

Larry McCarthy, president of D.C.-based media firm McCarthy Marcus Hennings, is AFF's media strategist. In 1988, McCarthy produced the infamous, racially tinged Willie Horton television ad that helped then-Vice President George H.W. Bush bury Michael Dukakis under charges that he was soft on crime.

Public records show the AFF also has connections to Iowa businessman Bruce Rastetter, who is widely believed to be considering a run for governor in 2010. Rastetter is a regular donor to the Republican Party and founder of Hawkeye Renewables, the fourth largest ethanol producer in the nation. Eric Peterson, business manager at Summit Farms, another of Rastetter's companies, is listed on documents filed with the Iowa Secretary of State's office as president, secretary and director of Iowa Future Fund, a conservative nonprofit that essentially morphed into American Future Fund.

The address listed on an AFF ad buy in Minnesota is a post office box used by Nick Ryan, a Des Moines lobbyist who works primarily for Rastetter's companies and who served as campaign manager for 2006 Republican gubernatorial candidate Jim Nussle. In February, Ryan was acting as spokesman for Hawkeye Renewables when 29,000 gallons of ethanol was accidentally spilled at the company's Iowa Falls plant.

## **The many faces of AFF**

The Iowa Future Fund, technically the first incarnation of AFF, gained public attention in March when it ran a series of television and radio ads accusing Gov. Chet Culver of increasing spending by 20 percent over the past two years and raising taxes and fees by \$100 million.

“Culver raises taxes and spends more money and wants to use your tax dollars to benefit Microsoft,” the ad’s narrator said, referring to a tax package that Culver backed and that the legislature passed geared to lure companies like Microsoft Corp. and Google to the state.

The Iowa Democratic Party filed a complaint with the Iowa Ethics and Campaign Disclosure Board to determine whether the ads constituted political advertising, which would require disclosure of the group’s donors.

Charlie Smithson, executive director of the Iowa Ethics Campaign and Disclosure Board, said the complaint has not yet been fully settled.

“It is still under investigation,” he said. “The determination was made that it did not violate the state campaign laws because it did not “~expressly advocate’ for or against Gov. Culver or a clearly identified candidate for office. The issue the Board is now looking at is whether any of the state lobbying laws were triggered.”

The next Ethics Board meeting is Aug. 28.

In April, Iowa Future Fund effectively split into two groups: AFF, which focuses on federal races around the country, and the Iowa Progress Project, which puts its resources toward state issues.

Albrecht said AFF and Iowa Future Fund “are completely unrelated.” But they share an organizational history. AFF and IFF were incorporated on the same day by the same Virginia law firm. David Kochel served for a time as spokesman for IFF and AFF before becoming president of Iowa Progress Project.

In March, an ad run by AFF in the race between Democrat Al Franken and Republican Sen. Norm Coleman for Minnesota's U.S. Senate seat caused the state's Democratic-Farmer-Labor Party to file a formal complaint with the FEC alleging that the group violated federal election law and that its ads constitute blatant electoral advocacy.

"The American Future Fund is a shadowy nonprofit organization," the complaint said. "It purports to be exempt from tax under section 501(c)(4) of the Internal Revenue Code. But its notion of 'promoting the social welfare' is to send valentines to electorally troubled Republican Senate candidates. The Commission should take immediate steps to enforce the law and expose this group's secret financing to light of day."

Under federal election law, the organization is prohibited from engaging solely in "express advocacy," which would include asking voters to vote for or against a certain candidate. But so long as the ad hasn't been coordinated with a campaign and doesn't outright say "vote for" or "vote against," it is not considered express advocacy, according to Paul S. Ryan, FEC program director for the Campaign Legal Center, a Washington, D.C.-based organization.

"An organization that is careful about how it writes the script of its ad can fly under the radar or stay outside of the net of campaign finance activity," he said.

The ad in question didn't ask voters to vote for Coleman, but rather asked voters to "call Norm Coleman and thank him for his agenda for Minnesota."

In 2004, several groups filed complaints against so-called independent expenditure committees saying they ignored campaign finance law. It took the FEC two years to rule on the complaints. In the end, the groups had to pay less than 2 percent of the fund they illegally raised and spent.

Brad Smith, a former chairman of the FEC and currently a professor of law at Capital University Law School in Columbus, Ohio, said that if a group's "major purpose" is not trying to affect elections, "they are not regulated by the FEC." But Smith added

the definition of “major purpose” is not clear, which could open the door for some nonprofit groups to face a challenge on their tax status.

“I think there would be an opening for someone who wanted to prosecute a group who is spending millions of dollars on advertising,” said Smith, a Republican who has been a vocal critic of campaign finance reform.

Albrecht said there is no validity to claims that AFF is anything but an issues-focused organization.

“We are an issues organization,” he said. “That is evident by the things that are prominently displayed on our Web site and in our work.”

### **Ads without expenditures**

Since running the Coleman ad in Minnesota, AFF has been busy.

In July, ran radio ads in Nevada, asking voters to “call [Democratic] Sen. Harry Reid and tell him to allow a vote” on expanded domestic oil drilling.

Also in July, it ran radio ads asking Colorado voters to call U.S. Rep. Mark Udall, a Democratic candidate for U.S. Senate, and “tell him to stop delaying energy exploration.” Last week, AFF launched a television ad critical of Udall’s stance on domestic oil exploration.

The group also released a series of three Web ads, asking voters to call U.S. Sen. Chris Dodd, D-Conn., and U.S. Rep. Charles Rangel, D-N.Y., to tell them they “shouldn’t get sweetheart deals,” referring to accusations that they profited from the mortgage crisis.

In May, AFF officially filed a statement of organization for its own political action committee, called American Future Fund Political Action. Ryan said this is a standard procedure for many nonprofits as it allows them to solicit donations for exclusively “express advocacy” work.

The AFF PAC has used YouTube to distribute a series of ads against Franken in Minnesota (in May), Senate Majority Leader Reid in Nevada (in June), U.S. Rep. William Jefferson and U.S. Sen. Mary Landrieu in Louisiana (in May and July), and Democratic presidential candidate Barack Obama (in May).

However, according to reports filed with the FEC on July 13, the group has raised no money and has had no expenditures, a fact that Ryan called “odd.”

Albrecht said AFF is simply a reaction to liberal groups like MoveOn.org who have dominated this realm of politics for years.

“For far too long the left has been on the field with no opposition,” he said. “American Future Fund has said it’s time to play ball. We’re not going to sit on the sidelines any longer. It’s important for free market, conservative principles to be highlighted in public, and that’s what we intend to do.”

The difference is that MoveOn.org, a decade-old liberal group, identifies its leadership on its Web site, boasts more than a million members and never shies away from the spotlight as a means for amplifying its message. AFF is decidedly lower-profile, disclosing nothing about its leaders, history or membership on its Web site, and it makes little or no effort on public appearances, press conferences and media bookings.

The potential impact that groups like AFF could have on this year’s elections will be difficult to gauge until the votes are in on Election Day. In 2006, independent expenditure committees for both parties spent about \$430 million, according to the Center for Responsive Politics. Despite objections to such groups from both major parties’ presumptive nominees for president, many experts expect that number to be higher this year.