

HOW SENATORS USED DARK MONEY TO CONTROL THE DEPARTMENT OF ENERGY AND SABOTAGE THE CLEAN ENERGY BUSINESS COMPETITORS THEY OWNED STOCK IN

By Ashley Balcerzak

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WASHINGTON — Democrats love decrying "[dark money](#)" — political contributions for which the source of funds is a mystery. But that isn't stopping them from accepting "dark money" themselves or making it difficult to determine the original underwriter of a political donation, as a recent Southern contest vividly illustrates.

Alabama's [special U.S. Senate election](#) in December is a case study in the lengths national Democrats, who this year are racing to win back Congress from Republicans, are willing to go to hide their cash in the name of political expediency.

Here's what happened: When it seemed as if Democrat Doug Jones could actually beat embattled Republican Roy Moore, a new super PAC [supposedly based in Birmingham](#), Alabama, appeared just one month before Election Day. The super PAC, called Highway 31 after a route that bisects Alabama, [spent \\$5.1 million](#) to boost Jones, [more than any other group](#) active in the general election.

[Using a little-known legal loophole](#) that allows political committees to do business on credit, the super PAC [didn't](#)

[disclose the identities](#) of its bankrollers until a month after voters chose Jones as their senator. And when Highway 31 did disclose, most of its funders turned out to be organizations who in turn receive some of their funding from sources that are difficult, if not impossible, to comprehensively trace to flesh-and-blood humans.

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Highway 31 wasn't exactly a [homegrown group](#), either. All but about \$10,000 of the \$4.4 million the super PAC raised came from three national-level, Democratic-aligned entities: \$3.2 million from super PAC Senate Majority PAC, \$910,000 from the super PAC Priorities USA Action and \$250,000 from the nonprofit League of Conservation Voters Inc.

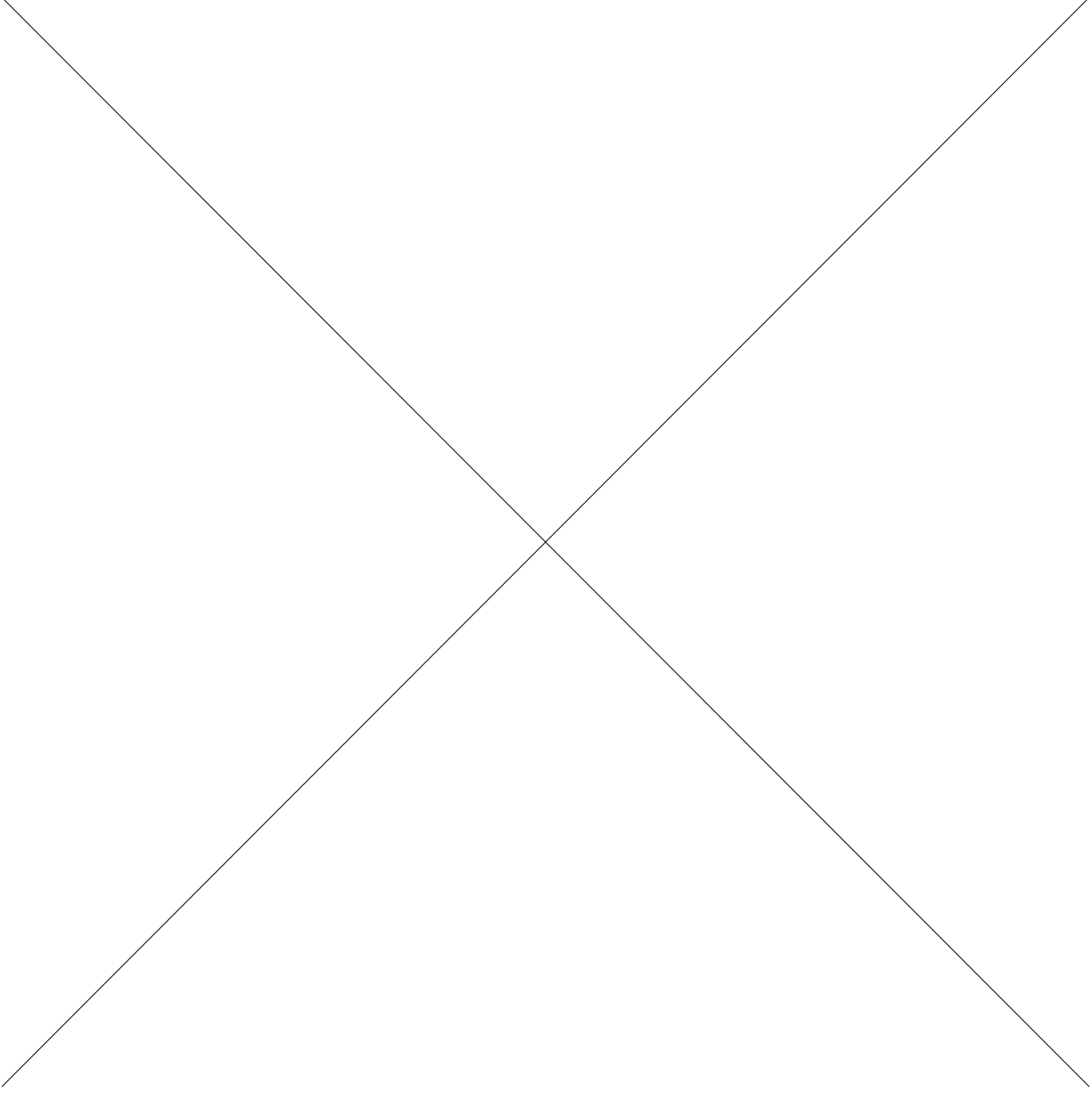
Those millions allowed Highway 31 to relentlessly skewer Moore over accusations he molested children and helped propel Jones to an improbable victory in one of the nation's most conservative states. [Adam Muhlendorf](#), an Alabama communications consultant who led Highway 31, did not respond to requests for comment. Back in December, he [told the Center for Public Integrity](#) that the super PAC followed "every appropriate rule and regulation."

[Donors to the donors of the donors](#)

So who funds Highway 31's funders?

Senate Majority PAC's biggest donations come from a handful of active billionaires: Newsweb Corp.'s Fred Eychaner with \$2 million, Paloma Partners' Donald Sussman with \$1.5 million and

billionaire businessman George Soros with \$1 million. The super PAC's donor list also includes pages and pages of comparatively small donations, and it boasts of how unambiguous its operations are.



Running transparent, low-overhead, take-no-prisoners independent campaigns, we defend Democrats from Republican attacks, aggressively contest open Senate seats, and go after Republicans on their own turf," reads the website of the super

PAC, which [former aides](#) to then-Sen. Harry Reid, D-Nev., created in 2011 to compete with a network of Republican groups engineered by Republican political consultant Karl Rove.

In 2017, at least \$7.5 million of Senate Majority PAC's funds came from labor unions, other super PACs and "social welfare" nonprofit groups. The Supreme Court's 2010 decision in [Citizens United v. Federal Election Commission](#) allowed such entities to spend unlimited amounts of money to advocate for and against politicians and gave rise to super PACs, which in turn may accept unlimited contributions from them.

And at least \$437,000 in Senate Majority PAC's coffers is textbook "[dark money](#)." That amount comes from [Majority Forward](#), a liberal 501(c)(4) "social welfare" nonprofit that doesn't report its donors, despite spending [millions of dollars each year](#) on politically charged ads.

Majority Forward raised \$10.1 million last year, [according to the Washington Post](#). The nonprofit [also found ways around disclosing](#) how much it spends on electioneering ads, as well, by airing the ads at certain times that don't trigger federal disclosure requirements.

Majority Forward and Senate Majority PAC share [office space](#), staff members and [even a president](#) — [J.B. Poersch](#), [former managing director](#) at SKDKnickerbocker and executive director at the Democratic Senatorial Campaign Committee. In fact, Senate Majority PAC lists its donations from Majority Forward as "salary, rent and insurance." ([Republicans have a similar set up](#), with the super PAC Senate Leadership Fund working closely with a nonprofit arm, One Nation.)


"This race was about whether or not an alleged child molester would represent Alabama in the Senate," said Chris Hayden, communications director for Senate Majority PAC. "And to help ensure that did not happen, we chose to keep the focus on Alabama and the voters of that state."

Highway 31's second-largest donor, super PAC Priorities USA Action, similarly used "dark money" to fuel itself.

[Last election cycle](#), Priorities USA Action, which was Hillary Clinton's main [super PAC supporter](#), generated \$192 million. Megadonors such as Soros, Eychaner and Sussman and hedge fund mogul James Simons ranked among its biggest donors.

But Priorities USA Action trades in millions of dollars worth of "dark money," too.

It's a money trail worthy of a [Rube Goldberg cartoon](#). Highway 31 gets money from super PAC Priorities USA Action, which gets some money from super PAC House Majority PAC, which gets money from super PAC Working for Working Americans, which gets all its money from the union United Brotherhood of Carpenters and Joiners, which is funded by more than 400,000 dues-paying members whose names aren't publicly disclosed. Several other "dark money" daisy chains abound.

 Image: GOP Senate Candidate Judge Roy Moore
Republican Senatorial candidate Roy Moore rides his horse, Sassy, to cast his vote on Dec. 12, 2017 in Gallant, Alabama. In a stunning conclusion to a contest that received international attention, Democrat Doug Jones won over Moore in the deeply conservative state. Joe Raedle / Getty Images

Priorities USA Action officials declined to comment for this story.

The last of Highway 31's major donors — the League of Conservation Voters, Inc., an environmental nonprofit — is effectively a black box. The organization does not disclose its funders, as it's under no legal obligation to do so.

The League of Conservation Voters' 2016 tax return, the latest available, indicates the group received \$38.8 million in contributions and grants. In the past, the League of Conservation Voters has accepted grants from other nonprofits such as the liberal [Patriot Majority USA](#), [Green Tech Action Fund](#) and America Votes, according to data from the nonpartisan Center for Responsive Politics.

"The League of Conservation Voters files all required reports," said David Willett, senior vice president of communications. "We have tens of thousands of financial supporters because of our nearly 50 year history of advocating for environmental protection."

Jones, Willett added, was well-known to Alabama environmentalists, making his Senate campaign worthy of support from the League of Conservation Voters.

Why use Highway 31 to back Jones?

"Because they were already up and running executing a good program — we knew that would be more effective than having to start up a new separate operation from scratch so close to election day," he said.

[Talk the talk, but don't walk the walk?](#)

But Highway 31's tactics, no matter how effective, directly contradict Democratic orthodoxy on how money should fund political campaigns.

"We need to end secret, unaccountable money in politics by requiring, through executive order or legislation, significantly more disclosure and transparency — by outside groups, federal contractors, and public corporations to their shareholders," [says the Democratic Party website](#).

Highway 31's actions also went against the campaign platform of Jones himself, who [defeated Moore](#) by fewer than 22,000 votes out of more than 1.3 million cast.

"We are all tired of politicians who have been bought and paid for by special interests and who view the world through a partisan lens instead of considering the best interest of those they are supposed to represent," Jones said [on his campaign website](#).

Jones, who by law could not directly control or coordinate Highway 31's operations, did not return requests for comment.

"You oftentimes hear Democrats say, 'We support campaign finance reform, but this particular election we need to use every arrow in our quiver in order to win,' or 'but we need to set some of these principles aside because the stakes are so high,'" said Brendan Fischer at the Campaign Legal Center. "It's one thing to play in the system as it currently exists, and it's another one to cook up legally dubious strategies that are going to be exploited to a great degree on both sides."

To be sure, Republicans have historically taken advantage of "dark money" more often than Democrats since the Citizens United v. FEC decision.

During the 2016 election, for example, conservative groups that don't disclose their donors easily outpaced their liberal counterparts, [according to](#) the Center for Responsive Politics.

 Image: Doug Jones

Democratic senatorial candidate Doug Jones speaks at a news conference on Dec. 4, 2017, in Dolomite, Alabama. Brynn Anderson / AP

And a national powerhouse masquerading as a local creation isn't an entirely new concept and hardly unique to Democrats. Granite State Solutions, a Republican super PAC that attacked Democrat Maggie Hassan in New Hampshire's U.S. Senate race in 2016, [collected more than \\$22 million](#) from the Senate Leadership Fund, a national-level Republican super PAC.

The difference with Republicans is that eliminating "dark money" isn't part of its party agenda, and [few Republicans](#) actively advocate for more stringent campaign finance limits.

Heading into the teeth of the 2018 midterm elections, expect national Democratic organizations to continue their embrace of untraceable money.

"Until Republicans come to the table to discuss real campaign finance reform, we will continue to play by the current rules as we try to compete with the seemingly unlimited resources of the Koch brothers and other corporate special interests that fund

Republican dark money groups," said Senate Majority PAC's Hayden.

As for Highway 31 itself, it went completely dark almost as quickly as it flashed into existence: On Jan. 19, the super PAC quietly asked the FEC's permission [to shut itself down](#).

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