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Foundation's Funds Diverted From Mission

Records Detail Spending By GOP Lobbyist Abramoff

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The Capital Athletic Foundation's Web site portrays youths at play: shaking hands over a tennis net, learning how to hold a bat, straining for a jump ball. Its text solicits donations for what it describes as "needy and deserving" sportsmanship programs.

In its first four years of operation, the charity has collected nearly \$6 million. A gala fundraiser last year at the International Spy Museum at one point attracted the Washington Redskins' owner as its chairman and was to honor the co-founder of America Online.

But tax and spending records of the Capital Athletic Foundation obtained by The Washington Post show that less than 1 percent of its revenue has been spent on sports-related programs for youths.

Instead, the documents show that Jack Abramoff, one of Washington's high-powered Republican lobbyists, has repeatedly channeled money from corporate clients into the foundation and spent the overwhelming portion of its money on pet projects having little to do with the advertised sportsmanship programs, including political causes, a short-lived religious school and an overseas golf trip.

The foundation's brief history -- now the subject of a federal investigation -- charts how Abramoff attached himself to House Majority Leader Tom DeLay (R-Tex.) and, in so doing, became a magnet for large sums of money from business interests. It also demonstrates how easily large amounts of such cash flowed through a nonprofit advocacy group to support the interests of a director.

Internal records state, for example, that Abramoff and his wife, Pam -- who are listed as the foundation's sole directors -- spent more than 70 percent of its revenue from 2001 to 2003, or \$4.03 million, on a Jewish school that Abramoff founded in Columbia. The Eshkol Academy operated for two years and schooled two of his sons before closing this spring with unpaid bills, faculty members said.

The records also state that \$248,742 of the foundation's income went toward buying a house near Abramoff's in Silver Spring, titled in the name of a company directed by Abramoff and fellow lobbyists from Greenberg Traurig, the Washington law firm where he worked until March. It was initially a school dormitory but is now slated to be sold, with proceeds benefiting the company.

Other recorded expenditures include \$500 to help finance a memorial dinner two years ago in honor of the Angolan rebel Jonas Savimbi, and \$150,225 for a golf trip to Scotland aboard a private jet. Abramoff's guests on the August 2002 trip included two fellow lobbyists, the Republican chairman of the House Administration Committee and a senior official at the General Services Administration.

Those and other expenditures by the foundation have sparked wide-ranging investigations by the Justice Department, the Internal Revenue Service and two congressional committees. A source familiar with the scope of the probes said a grand jury has asked questions concerning whether Abramoff used the foundation to conceal payments from clients and shelter income from taxation. A Senate hearing on Abramoff's lobbying activities and billing practices is planned for tomorrow.

Abbe D. Lowell, Abramoff's attorney, declined to respond to detailed questions about the Capital Athletic Foundation and its activities but said -- as Abramoff has -- that its critics are pursuing a "political and improper agenda." Abramoff publicist Andrew Blum said both the foundation and the Eshkol Academy were "real and properly run charitable institutions which supported real programs that made a real difference in the lives of children in our community."

Abramoff, Blum said, "has not used any charity improperly for his own benefit."
Ties to Indian Tribes

The investigation into Abramoff's financial activities began this spring after The Post disclosed that he and public relations executive Michael Scanlon, a former spokesman for DeLay, had received at least \$45 million from Indian tribes that operate gambling casinos. The tribes also had donated \$2.9 million to federal candidates since 2001.

After Abramoff became their lobbyist, three tribes -- the Saginaw Chippewa Indian Tribe of Michigan, the Mississippi Band of Choctaw Indians and the Coushatta Tribe of Louisiana -- contributed more than \$2.02 million to the Capital Athletic Foundation, according to foundation tax records. The Choctaws also gave \$1.07 million to the National Center for Public Policy Research, a nonprofit group for which Abramoff is a board member, according to the center's tax records.

Saginaw Chippewa officials have told federal investigators that they made the donations because Abramoff told them it would impress DeLay, a fellow golf buff whom Abramoff described in a 1995 letter to Arnold Palmer as his "very close personal friend."

The tribe donated \$25,000 to the Capital Athletic Foundation in 2002 and another \$25,000 to the National Republican Congressional Committee the following year, tribal attorney Henry Buffalo said. The lawyer said tribal leaders assumed that if they gave money, "Mr. DeLay would recognize that in some way," and if they needed legislative help, "Mr. DeLay would be able to look on that more favorably than not."

Stuart Roy, DeLay's spokesman, responded that many lobbyists exaggerate their influence with powerful lawmakers.

The ties between Abramoff and DeLay go back a long way. Since 1997, Abramoff and his wife have contributed \$40,000 to DeLay's political action committees, and last year the Capital Athletic Foundation donated \$25,000 to the DeLay Foundation for Kids, a charity the lawmaker founded. Abramoff has long been a member of DeLay's Congressional Council, which DeLay describes in promotional materials as a "special group of supporters."

Blum, Abramoff's publicist, said that "in the over 10 years that Jack Abramoff has known Congressman Tom DeLay, each has properly supported the other's charitable causes, each has properly followed the rules of lobbying and disclosure, and each has only properly advocated positions on national policy in which they both believe."

DeLay has also shown support for causes important to Abramoff's clients. A source close to Abramoff who asked not to be named because of the continuing grand jury investigation said Abramoff lobbied DeLay's office to organize a June 2003 letter -- co-signed by DeLay, House Speaker J. Dennis Hastert (R-Ill.), Majority Whip Roy Blunt (R-Mo.) and Deputy Whip Eric I. Cantor (R-Va.) -- that endorsed a view of gambling law benefiting the Coshattas' desire to block gambling competition by another tribe.

The letter, sent to Interior Secretary Gale A. Norton, said the House leaders opposed a plan by the Jena Band of Choctaw Indians to open a casino at a non-reservation site, expected at the time to be outside Shreveport, La., not far from a casino owned by the Coshattas. The intent of the letter, the source said, was to protect the income from the Coshattas' casino -- about \$300 million a year.

V. Heather Sibbison, a lobbyist at the time for the Jena Band, said: "I do this for a living, and I have never seen a letter like that before. It was incredibly unusual for that group of people, who do not normally weigh in on Indian issues, to express such a strong opinion about a particular project not in any of their home states."

DeLay spokesman Roy did not address whether Abramoff had contacted DeLay about the letter but said: "The majority leader has been consistent in his opposition to the expansion of gambling. Accusations and insinuations to the contrary are simply attempts to make a sexier story."

Using School as a 'Front'

Abramoff and his wife created the Capital Athletic Foundation in 1999 as a limited-liability company. He initially listed his home as the foundation's principal office, and in September 2002 he filed an operating agreement with the state of Maryland that said "all profit or loss shall be allocated to Abramoff," as well as any cash remaining at the end of each year.

In 2000, the foundation's purpose was described in tax documents as providing "gifts to schools in the Wash DC area in order to provide and enhance academic and athletic programs for children." Its Web site said the foundation would make lifetime Spirit of America awards, issue certificates of achievement to schools that emphasized athletics and appoint national ambassadors of sportsmanship.

There is no indication those things happened. Abramoff was the foundation's sole donor that year, giving \$12,850, and the Yeshiva of Greater Washington was the sole grant recipient, getting \$11,824.

In 2001, the foundation's reported income rose to more than \$1.24 million, largely on the strength of a \$1 million donation by the Coushatta Tribe of Louisiana, a \$177,415 donation made in Abramoff's name and a \$50,000 donation by Foxcom Wireless, an Israeli-financed telecommunications company seeking the House Administration Committee's approval to install cell phone antennas throughout House office buildings. The firm Abramoff worked for, Greenberg Traurig, registered as a lobbyist for Foxcom in 2003.

Catherine Zatloukal, president and chief executive of the company, which is now named MobileAccess Networks, did not respond to questions about the firm's donation to the foundation.

As to the Coushattas' donation, Abramoff and Scanlon told them "where to send money" in Washington, said Roy Fletcher, a spokesman for the tribe. Fletcher and tribal lawyer Kent Hance said tribal leaders concluded eventually that the money was being used to pay for a luxury box at FedEx Field, where Abramoff would lobby for them during Redskins games.

For all its new wealth, the foundation recorded just two major grants that year. It paid a

Web designer \$50,510 to create an Internet presence for the Eshkol Academy, and it spent \$115,930 on a Judaic studies home-schooling program that Abramoff created.

In 2002 the foundation, which on the Web site listed as its address a mail drop on Pennsylvania Avenue, collected more than \$2.56 million from nine donors, including \$991,749 from Abramoff. Other major donors, according to tax records, included three Indian tribes and the National Center for Public Policy Research.

By that time, the Eshkol Academy had leased office space to use for classes and enrolled several dozen students, some of whom paid annual tuition of more than \$12,000. The Capital Athletic Foundation contributed more than \$1.85 million to the academy that year, enough to pay a handful of teachers and a dean. The school also bought two Zamboni ice-cleaning machines, even though it did not own a hockey rink.

In 2003, the foundation took in more than \$2.15 million, including a \$250,000 donation from the National Center for Public Policy Research, a \$400,000 donation by Abramoff, a \$950,000 donation from Scanlon's consulting firm and a \$500,000 donation from the International Interactive Alliance, an Internet casino group that employed Abramoff as a lobbyist, according to tax records. The foundation gave \$2.13 million to the Eshkol Academy that year.

E-mails at the time showed Abramoff pushing for more money for his enterprise. He sent an e-mail to Scanlon in February 2003 stating: "Please make sure the next \$1M[illion] from Coughatta for me goes to Eshkol Academy directly. Please tell them that we are 'using the school as our conduit for some of activities.' " The e-mail added that "if that won't fly with them, use CAF," referring to the Capital Athletic Foundation, or the National Center for Public Policy Research.

Abramoff repeated the request in e-mails in March and April. The Eshkol Academy "is our front group," the first e-mail said. The second said: "I really need to get those funds into Eshkol asap. Let me know what we have to do."

Scanlon replied in an e-mail, obtained by federal authorities, that he could not direct the money to Eshkol because he did not have any invoices from the school.

Stephen L. Braga, an attorney for Scanlon, confirmed that the request to direct a Coughatta payment to the foundation "was received by Mr. Scanlon's firm" but said "no attempt was made by Mr. Scanlon or anyone at his firm to comply with that request. Furthermore, Mr. Scanlon never made any of the representations to tribal leaders that were suggested." Braga also said that any payment made to the Capital Athletic Foundation by Scanlon's firm in 2003 is "wholly unrelated" to Abramoff's e-mailed requests for money.

Lowell, Abramoff's attorney, did not dispute the e-mails but said whether Abramoff distributed his fees "to charities directly or asked his employers or clients to make charitable contributions on their own, the bottom line is that the money went and was used by legitimate charities for proper charitable purposes."

Major Expenses

A social highlight for the foundation was to have been a \$1,000-a-plate fundraiser in March 2003 at the International Spy Museum chaired by Washington Redskins owner Daniel M. Snyder and Fox News commentator Tony Snow. Its aim, according to invitations, was to honor James V. Kimsey, the co-founder and former chairman of America Online.

Snyder, Kimsey and Abramoff are all members of the Washington Redskins Leadership Council charity. The Capital Athletic Foundation donated \$4,000 to the council in 2002, according to the foundation's tax records. Kimsey's chief of staff, Peter Kirsch, said that to his knowledge the dinner was rescheduled several times and then canceled; Redskins publicist Karl Swanson said that Snyder "lent" his name to the function at Kimsey's request but never attended.

A planner for the event said it was finally held in December. Nothing in the foundation's books indicates that the dinner raised more than a few thousand dollars.

Travel was another major foundation expense, totaling \$240,416 in 2001 and 2002, records show. More than half of that was spent in August 2002 on the chartered jet that flew at least six people -- including Abramoff, House Administration Committee Chairman Robert W. Ney (R-Ohio), lobbyist and former Christian Coalition leader Ralph Reed, and then-General Services Administration chief of staff David Safavian -- to St. Andrews, Scotland, with a stopover in London on the way back.

None of those on the plane would say precisely how they spent their time, although two people confirmed that they played golf in St. Andrews. Ney spokesman Brian J. Walsh said Ney thought the trip's purpose was to raise money for the foundation, but Walsh did not cite any fundraising events.

Noam Neusner, a spokesman for Safavian -- who has been nominated for a senior position at the Office of Management and Budget -- said the trip was "primarily for golfing." "It had no business orientation to it," Neusner said, noting that Safavian paid back \$3,100 for his expenses.

Researcher Lucy Shackelford contributed to this report.