

GOLD STANDARD GATE, AN UPDATE

Golly, I just remembered that people besides Eliot Spitzer are facing political troubles—the WaPo has a story that slightly advances the NRCC story, including the CYA that the Republicans considered Christopher Ward, the treasurer at the center of the scandal, the "gold standard" in campaign finance compliance.

In the tiny world of people who keep the books for Washington's multitude of political committees, Christopher J. Ward was considered the Republican "gold standard," in the words of a former co-worker — one of the few people with so much expertise in election law that everyone wanted Ward's services.

From a legal standpoint, I'm most interested in the detail that Ward's submission of one of the audits he forged to Wachovia caused the NRCC to be concerned.

Officials told The Post that the NRCC's problems may be more extensive. Republican lawmakers and former committee staff members now allege that Ward fabricated audits and other financial documents for 2003 to 2006, some of which were turned over to a Wachovia Bank branch in McLean in October 2006, when the NRCC borrowed \$8 million in last-minute money for congressional campaigns.

This act would get the NRCC into legal trouble for fraud. Quick quiz: Can you think of any other Republican who acquired a million-dollar loan through fraudulent representations? Given that the "Straight Talk for Lobbyists" is willing to make deliberate misrepresentations to get loans for his campaign, I can see no reason to assume the even more corrupt Republicans

weren't doing the same.

Other than that, the story features the now-requisite efforts on the part of Peter King to paint himself as a victim in this scandal, claiming he got bilked into keeping the PAC open through 2007 after he believed it had closed in 2006.

"We were told he was the guy that handled all the campaign committees, he was the best," said Rep. Peter T. King (N.Y.).

But King said in an interview that he has discovered that Ward paid himself \$6,000 in consulting fees from King's political action committee in 2007 – though King believed that he had shuttered the committee early last year. Upon learning of the NRCC investigation, King said he found that his PAC remained open all of last year. Ward paid himself the fees from King's PAC, which received just three contributions and dispensed one check in 2007, FEC records show.

Now let me explain why I find this extremely dubious.

First, take a look at Ken Silverstein's review of what he has found in the FEC filings:

The man at the center of the scandal is Christopher Ward, a former NRCC treasurer who also founded a firm called Political Compliance Services. A review of FEC records finds that Ward frequently teamed up with a fundraising company called Aventus LLC, whose founder and president is Hetaf al-Kraydi, another former NRCC employee. For example, during the 2005-2006 election cycle, Congressman Jerry Weller paid Aventus over \$111,000 and Political Compliance Services about \$8,000. During the same period, Congressman Rodney Alexander paid Aventus some \$46,000 and

Political Compliance Services nearly \$22,000.

The tag team of Ward and Aventure hasn't always worked out so well for those who hired them. In 2006 a joint fundraising committee called Bowling for Our Majority Committee (BOMP), was created by former Congressman John Sweeney to save seven endangered House Republicans. It raised over \$40,000, including \$9,000 from the Wine and Spirit Wholesalers of America and \$5,000 from the Pharmaceutical Research and Manufacturers of America. Aventure received about \$28,000 of the money raised and Ward got paid \$800. The seven House Republicans who were supposed to benefit, however, received \$1,445.45 apiece.

This is precisely what I've found: For leadership PACs Ward worked on (as opposed to about 3 other different kinds of committees), Ward's MO is to establish a PAC out of a PO Box in DC, show no overhead associated with the PAC, but instead show two kinds of costs: donations to Ward's PCS, and donations to a fundraising consultant (or in some cases the RNCC lawyer); the consultant appears to often be an RNCC employee. Aventure is just one of many that show up in these scams, and most of them are set up in kind of dubious situations themselves, a storefront office set up in a building filled with bankruptcy lawyers. For the most part, the leadership PACs donate a relatively small percentage of their money to candidates. And truth be told, PCS actually gets a relatively small amount, compared to the fundraising consultant. So the funds—as Silverstein shows—seem to be funneling money from corporate PACs to the fundraising consultants who are really just RNCC employees.

Call me crazy, but if I wanted to turn corporate donations into a slush fund, this is the kind of scam I might pull. Though to prove it, you'd

have to go to each of the fundraising consultants and figure out whether they pocketed this money or did something else with it.

Now, as I said, Peter King seems to show up in all of these stories, playing the victim card. He wants you to believe that he thought he shut down a legitimate PAC after the 2006 election cycle, only to be bilked by Ward, but now he's got it on the straight and narrow. He also wants you to believe that he only asked Ward to be his treasurer because he came so highly recommended.

What I find really dubious about that, for starters, is that King is one of the only people who set up a leadership PAC, then turned it over to Ward for bookkeeping. The Know-how and Integrity for our National Government PAC (KINGPAC) was first set up on February 6, 2005, with Kevin Fogarty as his treasurer, with the account located at Astoria Federal Savings close to King's home in Long Island. On April 24, 2005, just two and a half months later and at the same time as Ward was setting up a whole system of committees tied to the 2006 election, Ward took over the PAC and moved its banking to one of the Wachovia branches close to DC he was using. On February 20, 2008, King somehow knew the PAC still existed, because he replaced Ward with the original treasurer, Kevin Fogarty, though the account remains at that Wachovia branch.

And here's the really big reason I think King's surprise that he still had a PAC is a bunch a baloney. King suggests that what happened after 2006 differed qualitatively from what happened between 2005 and 2006—that Ward simply left the PAC open and filtered money out of it. Except that is precisely what happened in the leadup to that period. From 2005 to 2006, King raised money from the following PACS:

- Akerman, Senterfitt & Eidson
- GE
- GEO Group
- International Association of

Fire Fighters

- McGuire Woods
- National Association of Chemical Distributors
- NY Life Insurance Company
- United Airlines
- Verisign
- Verizon
- WalMart

(Most of this appears to have been raised at one May 17, 2006 fundraiser.) There are also further donations from lobbyists giving individually. And from that money, King gave:

- \$6000 to Republican Congressional candidates from NY
- \$12,450 to local Republican clubs
- \$750 to an FDNY fund
- \$4000 to PCS, Ward's firm
- \$28,675 to 3 Dog Consulting firm

In other words, more than half the activity of the PAC consisted in funneling PAC donations from lobbyists to the fundraising consulting firm and (to a lesser extent) Ward. And King appears to claim he was aware of what was happening with the PAC through the 2006 cycle.

Now, if King really missed all this—the fact that his PAC was really a vehicle to funnel money from corporate PACs to 3 Dog Consulting—then perhaps he is a victim. But it would take just a few minutes for King to discover this information and presumably he has reviewed what has happened with this PAC while Ward served as treasurer. So was this the intent?