

Testimony before the U.S. Senate Budget Committee

Hearing on

“Dollars and Degrees:
Investigating Fossil Fuel Dark Money’s Systemic Threats to Climate and the Federal Budget”

Scott Walter
President
Capital Research Center

June 21, 2023

Chairman Whitehouse, Ranking Member Grassley, distinguished members of the Committee, thank you for the honor of testifying. I’m president of the Capital Research Center, where we’ve studied political money flows, “dark” and otherwise, for decades, including of course the extensive speeches and writings by Chairman Whitehouse. I’ve testified before the Chairman previously, and this testimony will draw on my prior testimonies.¹

It’s significant that the term “dark money” is rarely defined with legal precision, even when used in hearings in the Senate Judiciary Committee or the Senate Finance Subcommittee on Taxation and IRS Oversight. I would argue that is because it functions as a “bogeyman” to scare people, not as a serious way to discuss the way our political system operates.

I would also argue, or rather, document, that “dark money” in our politics is simply not a large factor. Statistics can be sliced many ways, but let’s take the largest “dark money” number I can find, the report from the left-leaning OpenSecrets, which estimated \$1.05 billion in 2020.² OpenSecrets also calculated *total* election spending as \$14.4 billion.³ So “dark money” is about 7 percent.⁴

And to be more accurate about election spending, one should add to those “soft” and “hard” dollar figures the vastly larger river of money flowing to 501(c)(3) “charities” that actively try to influence public policy (not monies to all charities but only to think tanks,

¹ <https://capitalresearch.org/article/scott-walter-testifies-to-a-senate-finance-subcommittee-on-the-political-activities-of-tax-exempt-entities/>. And <https://capitalresearch.org/article/scott-walters-testimony-before-the-u-s-senate-subcommittee/>.

² <https://www.opensecrets.org/news/2021/03/one-billion-dark-money-2020-electioncycle/>.

³ <https://www.opensecrets.org/news/2021/02/2020-cycle-cost-14p4-billion-doubling-16/>.

⁴ <https://www.opensecrets.org/news/2021/02/2020-cycle-cost-14p4-billion-doubling-16/>.

advocacy groups, and the like). At the Capital Research Center we've documented that this amounted to around \$20 billion in the 2018 election cycle, which was about four times the amount donated in that cycle in "hard" dollars and "dark money" *combined*.⁵ In the 2020 cycle, there was also the highly controversial "charitable" donation by Facebook billionaire Mark Zuckerberg and his wife, often called "Zuck Bucks," which alone amounted to nearly a half-billion dollars and was joined by another \$25 million from the Democratic-aligned network of nonprofits run by Arabella Advisors. As Capital Research Center has documented—all data are online—these Zuck Bucks were distributed by former Democratic operatives and went with great disproportion to Democratic jurisdictions.⁶

So, "dark money" is universal in politics, but it's not a large part of politics. "Dark money" is not, however, equally distributed. It tilts strongly to the left, toward the Democratic Party. Examples of this fact include the federal totals for "dark money" calculated by OpenSecrets for the 2020 election. They found \$190 million supporting conservatives/Republicans, \$447 million supporting liberals/Democrats.⁷

Looking at just the presidential race, President Biden as the Democratic candidate had six times the money his opponent had.⁸ Indeed, so far as I am aware, no one has ever claimed the Democratic Party lacked the advantage in "dark money" support in the 2018 election cycle, the 2020 election cycle, or the 2022 election cycle. Even the *New York Times* famously ran an article entitled, "Democrats Decried Dark Money. Then They Won With It in 2020."⁹

That fact is now obvious. And new data confirming it arrive regularly. Consider these of headlines compiled from a single news outlet, the *Washington Examiner*, that document left-wing "dark money" flows:

⁵ Shane Devine and Michael Watson, "Political and Policy-Oriented Giving After Citizens United: An Update to CRC's 2017 Analysis," December 17, 2020; <https://capitalresearch.org/article/political-and-policy-oriented-giving-after-citizens-united-an-update-to-crcs-2017-analysis>.

⁶ Hayden Ludwig and Parker Thayer, "Shining a Light on Zuck Bucks in the 2020 Battleground States," *Capital Research Center*, January 18, 2022, <https://capitalresearch.org/article/shining-a-light-on-zuck-bucks-in-key-states/>.

⁷ Anna Massoglia and Karl Evers-Hillstrom, "'Dark money' topped \$1 billion in 2020, largely boosting Democrats," OpenSecrets, March 17, 2021. <https://www.opensecrets.org/news/2021/03/one-billion-dark-money-2020-electioncycle/>

⁸ Fredreka Schouten, "Democrats deride 'dark' money, but a new analysis shows it helped boost Joe Biden," CNN Politics, November 27, 2020; <https://www.cnn.com/2020/11/27/politics/dark-money-democrats-joe-biden/index.html>.

⁹ *New York Times*, January 29, 2022, <https://www.nytimes.com/2022/01/29/us/politics/democrats-dark-money-donors.html>

- “Hollywood and left-wing foundations behind climate charity quietly bankrolling extremist protest groups”¹⁰
- “Anti-dark money Democrats were boosted in midterm elections by Biden-allied group with dark money ties”¹¹
- “Swiss billionaire-backed dark money group poured millions into Biden-allied groups”¹²
- “Democratic dark money juggernaut behind Biden-allied group targeting House GOP”¹³
- “Liberal dark money network funnels cash to charity sponsoring Palestinian terror-linked group”¹⁴

Another way to see the relative advantage the Left enjoys in “dark money” is to examine the case of Leonard Leo, a conservative activist whom Chairman Whitehouse has repeatedly targeted for criticism. A 501(c)(4) nonprofit associated with him received in 2021 a \$1.65 billion donation from a conservative billionaire,¹⁵ but just weeks after that story broke, a left-wing billionaire gave nearly twice that amount to a “dark money” group on the left. Those billions, the *New York Times* reports, will be “used to combat climate change and protect undeveloped land around the globe.”¹⁶

An even better comparison regarding the \$1.65 billion given to that conservative network of nonprofits would be to compare the vast sums given to the Left’s biggest network of nonprofits: the empire run by Arabella Advisors.¹⁷ The nonprofit side of Arabella’s empire raised almost exactly the same amount in the same year as the conservative network’s unusual donation: \$1.6 billion. The year before, Arabella’s nonprofits raised over \$1.7 billion. From Arabella’s founding in 2005 through 2021, its nonprofit network has raised an amazing \$6.3 billion.¹⁸

¹⁰ <https://www.washingtonexaminer.com/news/climate-emergency-fund-extremist-protest-groups-hollywood-biden>.

¹¹ <https://www.washingtonexaminer.com/news/house/democrats-dark-money-biden-allied-group-major-dark-money-ties>.

¹² <https://www.washingtonexaminer.com/news/white-house/hansjorg-wyss-dark-money-group-millions-democratic-causes>.

¹³ <https://www.washingtonexaminer.com/news/biden-allied-group-targeting-house-gop-has-been-almost-entirely-bankrolled-arabella-advisors>.

¹⁴ <https://www.washingtonexaminer.com/news/liberal-dark-money-network-funnels-cash-to-charity-palestine>.

¹⁵ <https://www.nytimes.com/2022/08/22/us/politics/republican-dark-money.html>.

¹⁶ <https://www.nytimes.com/2022/09/14/climate/patagonia-climate-philanthropy-chouinard.html>.

¹⁷ <https://www.influencewatch.org/for-profit/arabella-advisors/>.

¹⁸ <https://www.influencewatch.org/for-profit/arabella-advisors/#network-financial-overview>.

One aspect of “dark” and other political money that stands out is the role of environmentalists in the Left’s funding. This appears in a multitude of ways. For example, the Arabella network was founded by Eric Kessler. His ties to the environmentalist movement include working at the League of Conservation Voters, a “dark money heavyweight,” according to the left-leaning Center for Public Integrity,¹⁹ and then following the League’s leader Bruce Babbitt to the Clinton Administration’s Department of the Interior. Further evidence of Arabella’s strong ties to the environmentalist movement: the Sierra Club was a critical seed funder to Arabella’s 1630 Fund, which is “the indisputable heavyweight of Democratic dark money,” according to the *Atlantic*.²⁰

One aspect of Arabella’s environmentalist ties does have an unusual and especially disturbing feature: *foreign* money. One of the top donors to Arabella’s network for two decades is the environmentalist Hansjörg Wyss, a foreign national who has admitted to violating bans on foreign money in American politics in the past²¹ and now funds Arabella’s network to influence America politics. Wyss also funds the League of Conservation Voters. His donations to the Arabella network have drawn an FEC complaint,²² and the agency’s general counsel found much to support the complaint, although in its usual pattern the FEC declined to act.

The FEC general counsel made a number of recommendations regarding Wyss and his relations with the Arabella network, especially Arabella’s “dark money” Sixteen Thirty Fund. The general counsel sought an investigation into Sixteen Thirty’s relations with its largest grant recipients in the 2018 and 2020 election cycles, to see if the group should have been registered as a PAC, rather than a 501(c)(4) nonprofit. Even with evidence already available, the general counsel found grave violations and recommended that the FEC “Find reason to believe that the Sixteen Thirty Fund and The Hub Project”—launched and sustained through the Arabella network by Mr. Wyss and his nonprofits—had “violated 52 U.S.C. §§ 30102, 30103, and 30104 by not registering as a political committee and meeting the Act’s organizational, recordkeeping, and reporting requirements.”²³

¹⁹ Michael Beckel. “League of Conservation Voters Becoming ‘Dark Money’ Heavyweight, November 22, 2013; <https://publicintegrity.org/federal-politics/league-of-conservation-voters-becoming-dark-money-heavyweight/>.

²⁰ <https://www.influencewatch.org/non-profit/sixteen-thirty-fund/>.

²¹ <https://www.influencewatch.org/app/uploads/2023/06/FEC-gen-counsel-report-on-APT-Wyss-complaint.pdf>, p. 3.

²² <https://www.fec.gov/legal-resources/court-cases/americans-for-public-trust-v-fec-22-1126/>.

²³ <https://www.influencewatch.org/app/uploads/2023/06/FEC-gen-counsel-report-on-APT-Wyss-complaint.pdf>.

As InfluenceWatch summarizes the issue,²⁴ the original FEC complaint “alleges that Wyss established the Hub Project, a front for the ‘dark money’ funder New Venture Fund and the recipient of significant funding from the Wyss Foundation, in order ‘to avoid any connection with the sizeable election activities carried out by the Hub Project and Change Now,’ a super PAC associated with the Hub Project. “Operating since 2015 without the requisite FEC filing” [the complaint alleges], “the Hub Project has been immune to any oversight and accountability despite significant spending in federal election.” The complaint adds:

The Hub Project has served as a vehicle for the political spending of Mr. Wyss. This is demonstrated by the fact that Mr. Wyss has not publicly disclosed his role in founding the Hub Project. Neither his influence nor his financial support can be found anywhere on the group’s website. Rather, information regarding his involvement with the Hub Project was the result of “interviews with five people with knowledge of The Hub Project, an internal memo from another liberal group that was obtained by The New York Times.”

That quotation from the *New York Times* makes clear it is not a right-wing “conspiracy theory” that this foreign donor, a leading environmentalist, is shaping our politics in powerful ways. In another article, the *Times* writes that “Hansjörg Wyss, who recently dropped his bid to buy Tribune Publishing, has been a leading source of difficult-to-trace money to groups associated with Democrats.”²⁵

The *New York Times* documents how powerfully influential he has been in election fights and in staffing the current administration, including offices that deal with climate issues:

Among the groups under the umbrella of [Arabella’s] Sixteen Thirty and [Arabella’s] New Venture is the Hub Project, which was started by Mr. Wyss’s philanthropic network in 2015 as a sort of incubator for groups backing Democrats and their causes, as first reported by The Times. It created more than a dozen groups with anodyne-sounding names that planned to spend \$30 million attacking Republican congressional candidates before the 2018 election.

In response to questions about donations being passed through to other organizations, Mr. Floyd said in a statement that the board of the Berger Action Fund [a

²⁴ <https://www.influencewatch.org/non-profit/the-hub-project/#controversies-and-criticism>.

²⁵ <https://www.nytimes.com/2021/05/03/us/politics/hansjorg-wyss-money-democrats.html>.

“dark money” 501(c)(4) group] has begun in recent years placing “a greater emphasis on supporting other nonprofit organizations or grant-making organizations, like the Sixteen Thirty Fund, that help identify, support and grow promising public interest projects.” Several officials from the Hub Project were hired by the Biden administration, including Rosemary Enobakhare, a former Environmental Protection Agency official in the Obama administration who returned to the agency under Mr. Biden; Maju Varghese as director of the White House Military Office; and Janelle Jones as chief economist for the Labor Department.

Molly McUSIC—the president of the Wyss Foundation and the Berger Action Fund, and a former board member of the Fund for a Better Future and the Sixteen Thirty Fund—was a member of the Biden transition team that reviewed Interior Department policies and personnel.

“Dark money,” environmentalist money, foreign money—all have played major roles in the Biden Administration’s climate policies since before the President was even sworn in.

In the case of the Biden Administration’s entire regulatory agenda, including climate-related regulations, the administration has also been shaped by an amazing Arabella project called Governing For Impact. It launched years before the 2020 election was even held, and it was a pet project of a former Democratic Representative from Virginia, Tom Perriello. When democracy removed him from office, he moved seamlessly to the position of executive director for U.S. Programs at George Soros’s Open Society Foundations.²⁶ From there he sent over \$13 million to Governing For Impact (GFI), which has both a charitable (c)(3) wing and a “dark money” (c)(4) wing, both fiscally sponsored by Arabella’s network.²⁷

But GFI wasn’t just hidden inside Arabella’s nonprofits. It was also hidden from the public by a website that it configured so as to be invisible to Google and other search engines. But if you were a Biden administration official, however, you could receive the URL and log into the site, where dozens of valuable legal memos laid out detailed steps to take in the regulatory

²⁶ <https://www.influencewatch.org/person/tom-perriello/>.

²⁷ <https://www.influencewatch.org/non-profit/governing-for-impact-gfi/>.

sphere. In a presentation GFI prepared for donors,²⁸ it explained that its work would be carried out in the following federal departments and agencies:

- Education
- Interior
- HHS
- Labor
- Environmental Protection Agency
- Justice
- Housing and Urban Development
- Agriculture
- Energy
- Treasury

In the area of environmental policy, GFI told donors it was shaping, and I quote:

- NEPA
- Clean Air Act, social costs of carbon
- Environmental Appeals Board
- New Source Review Permitting
- Oil and gas performance standards
- Methane leakage
- Energy efficiency standards
- Federal coal leasing
- Air pollution standards
- Endangered Species Act

²⁸ <https://www.influencewatch.org/app/uploads/2023/06/GFI-Mockup-Presentation-Screenshots.pdf>.

That is quite the amazing influence for a group almost entirely hidden, until Capital Research Center discovered it,²⁹ and it's a group, again, launched by a former Member of Congress using a single billionaire's funding through the opaque, multibillion-dollar network of Arabella Advisors.

That kind of massive regulatory work requires high-powered legal resources, of course, and a number of people associated with Harvard Law School were involved. Research assistance was solicited from Harvard Law students, and Chairman Whitehouse may be interested to know that GFI is run by a Harvard Law graduate who's the daughter of a Harvard Law Professor, Michael Klarman, whom the Chairman invited to testify at a hearing on "dark money" in a Senate Judiciary subcommittee in 2021.³⁰ It's unfortunate Prof. Klarman didn't enlarge that hearing's discussion of "dark money" by describing this extraordinary effort, which has enjoyed great success. In the same presentation to donors, written a couple of years ago, GFI brags, "The administration has taken action on more than 20 of GFI's regulatory recommendations."³¹

Still, at bottom the role of all types of money in politics is simple: people who believe in a cause raise money for the cause. They start groups for the cause. They collaborate with each other, and they buy ads that seek to persuade the public, to support their champions in elections, and to criticize their opponents. When a politician receives support from a "dark money" group, it doesn't mean the group has "captured" the politician but only that the group and the politician agree on public policy.

People on both sides of any issue do much the same thing, using various types of political money. It's unreasonable to act outraged that someone is using "dark money." But that outrage does reveal the best definition of "dark money": *Support for speech the Left wants to silence.*

One example of this occurred in the last hearing where I had the honor of testifying before Chairman Whitehouse. He said that if you know who's paying for a speaker's "megaphone," then "you might very well discover that you can discount the voice once you know who it is."³² But the truth or falsehood of a "voice" is separate from the question of the money that may be helping that voice to be heard.

²⁹ <https://www.foxnews.com/politics/secretive-soros-funded-group-works-behind-scenes-biden-admin-policy-documents>.

³⁰ <https://www.judiciary.senate.gov/committee-activity/hearings/whats-wrong-with-the-supreme-court-the-big-money-assault-on-our-judiciary>.

³¹ <https://www.influencewatch.org/app/uploads/2023/06/GFI-Mockup-Presentation-Screenshots.pdf>.

³² <https://philanthropydaily.com/it-all-needs-to-stop/>.

Not long ago in this very Committee, Sen. Grassley in a question for the record asked the witness Dr. Michael Wara if he was aware “that Stanford Woods Institute for the Environment has received funding from the New Venture Fund, an arm of the left-wing dark money group, Arabella Advisors, which does not disclose their donors? Do you believe that this undisclosed funding from Arabella Advisors has tainted your work or tarnished its credibility?” Dr. Wara replied, “I do not. My work is based solely on scientific inquiry.” I agree with Dr. Wara on this point: His voice should be judged on the quality of his science, not the source of his funding.

Seeking to silence one’s opponents isn’t exactly noble in a democracy. But it is understandable, given how unpopular some of the Left’s, especially environmentalists’, agenda items are. The ESG movement, for example, funded with millions from billionaires like George Soros³³ and millions from the Arabella network,³⁴ is currently trying to have banks stop loans to any company related to fossil fuels,³⁵ which would mean Americans couldn’t buy gas for their cars and trucks. That effort will never gain more than a fraction of support from the public, but generous support can be had from billionaires who fly private jets to conferences on climate change.

The biggest problem with obsessions over “dark money” is the way it drives the debate away from the substance of issues over to money issues. I urge the Committee to focus instead on the substance of climate change and any other topic affecting the Budget.

Thank you.

³³ For example, Soros’s Open Society foundations have given 7-figures in donations to As You Sow, one of the most prominent ESG groups: https://www.opensocietyfoundations.org/grants/past?filter_keyword=as+you+sow.

³⁴ For example, Arabella’s New Venture Fund has given almost \$7.3 million to Ceres, a prominent ESG group, from 2017-2021: <https://www.influencewatch.org/non-profit/new-venture-fund/#grants-from-new-venture-fund>. For more on Ceres, see <https://capitalresearch.org/article/ceres-inc-the-esg-old-guard/>.

³⁵ In 2022 ten different banks had received proposals asking them to stop financing or underwriting such projects. See <https://corpgov.law.harvard.edu/2022/10/23/a-look-back-at-the-2022-proxy-season/>.