

COPY

IN THE
OHIO ELECTIONS COMMISSION

Clifford O. Arnebeck, Jr., Esq.
1021 E. Broad St.
Columbus, OH 43205

Case No.

Exhibit:

Complainant,

v.

Partnership for Ohio's Future
230 East Town St.
P.O. Box 15159
Columbus, Ohio 43215-0159

Respondent.

RECEIVED
OCT 28 2010
OHIO ELECTIONS COMMISSION

AFFIDAVIT AND COMPLAINT

STATE OF OHIO)
) SS:
COUNTY OF FRANKLIN)

I, Clifford Arnebeck, having been duly cautioned and sworn, state as follows based upon personal knowledge:

1. This is a two count complaint against The Partnership for Ohio's Future an affiliate of the Ohio Chamber of Commerce that replaced Citizens for a Strong Ohio against whom I litigated between 2000 and 2005.
2. The first count is that the expenditures of The Partnership for Ohio's Future are not truly independent but rather had been coordinated with the Republican candidates, their agents, committees, parties and their *de facto* coordinated national campaign being directed by Karl Rove. As such the expenditures of the Partnership for Ohio's Future constitute in-kind contributions which are properly subject to the limitations prescribed by Ohio law for political contributions.
3. The second is for the false statement contained in the advertisements of the Partnership for

Ohio's Future: "not authorized by a candidate or candidate committee." This statement is false and is made with either knowledge of the falsity of the statement or with reckless disregard as to the falsity of the statement, all for the purpose of influencing a candidate election.

5. Some background information is necessary in regard to this complaint. That background is part of the basis for my personal knowledge of the matters addressed. The broader context of this matter as laid out below also provides evidence of the coordination between the donors and the candidates and their campaigns which supports a finding of probable cause as to both counts of the complaint.

6. During the 2000, 2002 and 2004 election cycles I represented The Alliance for Democracy and American Friends Service Committee of Northeast Ohio in complaints before the Ohio Elections Commission concerning the elections to The Supreme Court of Ohio against Citizens for a Strong Ohio and Informed Citizens of Ohio, organizations functioning as extensions of the Ohio Chamber of Commerce.

7. During the 2004 election cycle I also represented individual voters and The Alliance for Democracy in challenges to the presidential election and the chief justice election before the Ohio Supreme Court and, in the case of the presidential election, continued to pursue that matter in United States District Court in Columbus. I also represented the NAACP National Voter Fund in defending it against a Republican racketeering claim under the Ohio corrupt practices act against the NAACP and other voter registration groups in a case that was brought in Wood County, Ohio.

8. In 2006 I filed suit in United States District Court in behalf of various civil rights groups and a youth organization in regard to an ongoing conspiracy by Ohio Secretary of State Kenneth Blackwell and others to deprive blacks and young voters of voting rights and to manipulate vote counts to their disadvantage.

9. In 2007 I issued document hold notices to the Ohio Chamber of Commerce in connection with the contemplated state RICO claim under the Ohio Corrupt Practices Act in connection with corrupting elections in Ohio with corporate money.

10. In 2008, specifically July 17, 2008, I issued further document hold notices to the United States Chamber of Commerce and to the United States Department of Justice in regard to documents and in regard to e-mails of Karl Rove that originated out of the White House. This was also in connection with the contemplated state RICO claim in which we identified Karl Rove as the principal perpetrator in an Ohio racketeering conspiracy. We also identified Rove's computer guru Michael Connell as the key witness in regard to the full scope of this activity. The document hold notices were accompanied by a news conference calculated to bring these activities to the public attention.

11. Within days of this news conference, an anonymous tip, deemed credible by our cyber security expert who was both a friend and political and professional colleague of Mike Connell,

was delivered to me to the effect that Karl Rove had threatened witness Michael Connell. The nature of the reported threat was to induce Michael Connell to "take the fall" for the theft of the 2004 presidential election. Michael Connell had a contract with Kenneth Blackwell to set up the website in the Secretary of State's office and handle various aspects of the state computer system for tabulation of votes in both the 2004 and 2006 election cycles. Mike Connell brought SmartTech, the company that hosted a broad spectrum of Republican websites including the presidential campaign website for George W. Bush in 2004, the Republican National Committee, into the Ohio Secretary of State's office. Connell and SmartTech were also involved with other third party groups holding themselves out as independent from the Republican Party and the Republican campaign, including but not limited to Swift boat Veterans for Truth.

12. I advised law enforcement authorities, investigative press corps, and federal court chambers of the reported credible threat against the key witness that we had identified.

13. I proceeded to seek and obtain a court order requiring Michael Connell's attendance in federal court in Cleveland for the argument of his motion to quash the subpoena which we had served upon him. The court ordered the deposition to go forward on the day preceding the 2008 election. I deposed him as ordered by the court. In his deposition it was clear that Michael Connell had no intention of taking the fall for the theft of the 2004 presidential election. Furthermore, when pressed with appropriate follow-up questions, Michael Connell appeared to be a person who would not lie under oath.

14. On December 19, 2008 Michael Connell died in a plane crash returning from Washington, DC to his home Akron Canton Airport.

15. The anonymous tipster had identified Enterprise Alabama as the center of Rove's election stealing operation. In September 2008 I contacted intelligence investigative reporter Wayne Madsen for information about Enterprise, Alabama. He directed me to John Caylor, an investigative reporter for Enterprise. I talked to Caylor on September 10, 2008 and he related a variety of stories about organized crime activity in Enterprise.

16. On March 4, 2009 I was contacted by a retired Florida police officer named Doc Tomkiel urging me to protect John Caylor who was then in Washington, DC seeking witness protection status of the Department of Justice. I contacted Caylor and agreed to take his dying declaration, as, among other things, a protective mechanism.

17. I briefed a federal magistrate judge in a pending case in federal court and three attorneys from the Ohio Attorney General's office in regard to John Caylor's testimony. Caylor spent some 30 years studying the criminal racketeering enterprise named The Enterprise after Enterprise, Alabama. I made Caylor's testimony available to the FBI. I also filed with the federal court a notice of this submission of Caylor's dying declaration under seal.

18. In September 2009 letter was mailed to the Federal Bureau of Investigation in Cleveland by a person using the pseudonym of Mark Felt. With this letter was enclosed what purported to be

an operations report on the termination of Michael Connell as a national security threat. The letter indicated that six copies had been sent out, and one of those copies was sent to me. I have attached a copy of that letter.

19. In the earlier part of 2010 I received a letter from Brad Smith as the election attorney for the Ohio Chamber of Commerce in regard to the possible termination of the document hold notice to the Ohio Chamber of Commerce in view of the Citizens United States Supreme Court decision in January of 2010.

20. I indicated to Brad Smith that we were proceeding to organize a private action under the state RICO statute in the event that the State of Ohio and the U.S. Justice Department did not agree to take up the task to hold accountable Karl Rove and Tom Donahue with respect to an election corruption enterprise that we believe began in 2000, in which Donahue committed funds to Rove and Rove committed government deregulation and everything else that business wanted in the course of a George W. Bush administration. This election corruption enterprise had both a state prong focusing upon creation of "business friendly" state supreme courts and a federal component focusing upon controlling the presidency and the United States Senate to assure appointment of "business friendly" Supreme Court justices.

21. I have a confidential source who personally witnessed Karl Rove and Tom Donohue coordinating their activities to determine the outcome of a state Supreme Court election.

22. The importance of Michael Connell's demise is that he was a non-criminal professional actor who had been the architect of the computer aspects of this corrupt enterprise who, when pressed, would tie together the full spectrum of this enterprise as the activities of a single enterprise and as a coordinated pattern of activity directed by Rove. Attached is Bob Fittrakis' article in the Free Press on Michael Connell as Rove's computer guru.

23. In the current election cycle the election corruption enterprise of Rove and Donahue is being manifested through the influx of billionaire/global corporate money where the actual source of the funding and speech is concealed. It is also being spread across the full spectrum of campaigns that will determine not just the composition of Congress for the next two years but also the composition of state apportionment boards that will draw the lines that will determine the partisan mix of state legislatures and state congressional delegations for the next 10 years as well as the state courts and possibly the U.S. Senate with the effect of further curtailing the ability of the Democratic President to secure confirmations to the U.S. Supreme Court and other high offices of his choices for those offices. It is also being spent exercise partisan control over the Ohio Supreme Court.

24. Karl Rove has admitted as recently as in his interview with Bob Schieffer on CBS's Face the Nation on Sunday, October 24, 2010, that he is asking for the money. What he does not say but is clear from the background is that he is doing so as an agent for the full spectrum Republican national campaign to maximize their influence and control of governments for the next 10 years. See NPR report of October 27, 2010 and New York Times "Pro -G.O.P. Groups Prepare for Big

Push at End of Races” and New York Times “Large corporate donations help U.S. Chamber of Commerce influence politics: Analysis.”

25. Thomas Donahue as head of the United States Chamber of Commerce has been quite outspoken and proud of his accomplishments in delivering vast sums of money to Karl Rove and to Karl Rove's operations often through nonprofit corporate entities the names of which conceal the identity and character of the actual contributors.

26. As reported in the Wall Street Journal by Jim VandeHei on September 11, 2001, VandeHei was able to obtain four one million-dollar checks that had been given to the United States Chamber of Commerce for use in their campaign to influence state Supreme Court elections. The four companies identified were Wal-Mart Stores Inc., DaimlerChrysler AG, Home Depot Inc. and the American Council of Life Insurers. The 2005 final hearing before the Ohio Elections Commission on the complaint of the Alliance for Democracy against Citizens for Strong Ohio and the Ohio Chamber of Commerce, Chip McConville, the designated witness for the Ohio Chamber and Citizens for Strong Ohio admitted that the United States Chamber of Commerce had spent \$3 million in their expenditures to influence the O'Donnell/Resnick Supreme Court race. Inasmuch as Ohio and Mississippi were the primary target states for the US chamber in the 2000 election cycle and expenditures in Mississippi were reported as being approximately \$1 million it would appear that one fourth of the US chamber's expenditure in the Ohio campaign was from a foreign corporation. In a meeting I had with Lloyd Mahaffey of the United Auto Workers he told me that when representatives of Daimler Chrysler were confronted by the union concerning their expenditures to influence the Ohio Supreme Court race in 2000 as reported by the Wall Street Journal, their representatives assured Mahaffey that the decision to make that contribution was made in Germany.

27. The manifestation of this that is within the jurisdiction of the Ohio Elections Commission is in the secret corporate money being infused into two of the Ohio Supreme Court elections in an amount and in a way which will determine the outcome of those elections unless the public is informed before the election of the probable fact that these are illegal in-kind contributions to these campaigns, in violation of R.C. 3517.102, R.C. 3517.105 and R.C. 3599.03. If the corrupt nature of this coordinated rather than independent expenditure of funds is not exposed, the court will in all probability return to a one party Republican monopoly of the Ohio Supreme Court.

28. It should be noted that Supreme Court Justice Paul Pfeiffer, while a Republican, vigorously condemned the Chamber attack on Justice Resnick in the 2000 election cycle, and has been a consistent outspoken critic of the corporate spending to influence the state Supreme Court elections. Furthermore, in universal acknowledgment of his independence and integrity as a jurist Republican Party spokesmen such as former Governor Taft had expressed displeasure and disinterest in supporting the candidacy of Paul Pfeiffer even though he was seeking reelection as the Republican candidate on the Ohio Supreme Court. And, the Democratic Party has not nominated a candidate to oppose Senator Pfeiffer's reelection in either the 2004 or 2010 election cycles. Other than another Republican justice, Justice Douglas, who served on the court through 2002 the other Republican justices have not rejected or criticized the expenditure of corporate

money to support Republican only judicial candidates deemed "business friendly" by the United States and Ohio Chamber of Commerce.

29. On June 1, 2001, I was confidentially informed by a member of our joint Alliance for Democracy/Common Cause/Ohio litigation team against the Ohio Chamber of Commerce and United States Chamber of Commerce in connection with their attack upon Justice Resnick in the 2000 election cycle that a reliable confidential informant had reported that there had been a series of meetings during 2000 among the leaders of the various branches of Ohio government, including the chief justice, Moyer and Governor Bob Taft in which there had been a consensus that something had to be done about justice Resnick and the "gang of four" on the Ohio Supreme Court. Furthermore, I was advised that there had been a meeting of Chief Justice Tom Moyer and Republican candidate Terrence O'Donnell, the challenger to Democratic Justice Alice Robie Resnick with Andy Doehrel the president of the Ohio Chamber of Commerce.

30. The current beneficiary of this advertising, Maureen O'Connor, served as Lieutenant governor at the time Governor Taft was actively soliciting funds for Citizens for a Strong Ohio. Though a lawyer, like Governor Taft, Maureen O'Connor did not speak out in opposition to the Chamber's attack ads against justice Resnick as Reginald Jackson, in his capacity as President of the Ohio State Bar Association, called upon all lawyers and judges to do. Furthermore, Maureen O'Connor advertised on her 2008 website the fact that she had spoken to the AIG Corporation. AIG and the Starr Foundation were headed at the time by Hank Greenberg who contributed in excess of \$17 million to the United States Chamber of Commerce Institute for Legal Reform, out of which the Chamber's advertising to influence state Supreme Court elections was funded.

31. In the current advertising by the Partnership for Ohio's Future the ad states that it is not authorized by a candidate or candidate's committee. The statement is false and is being made with knowledge or reckless disregard of its falsity for the purpose of influencing a candidate election, in violation of Ohio Revised Code 3517.21(B)(10). The ads are plain and simply campaign ads in support of the candidacies of Republican candidates O'Connor and Lanzinger--together or separately. The varying expenditure level appears to be based upon polling data indicating how much advertising is needed to ensure the victory of each of those candidates in the current cycle. The funding and the advertising are authorized by the candidates in every sense other than formally and officially, in violation of R.C. 3517.102 and R.C. 3517.20.

32. Consistent with the national strategy of Rove and Donahue The Partnership for Ohio's Future has reneged on the Ohio Chamber's commitment made after the 2000 election to disclose the name names of donors to what they claimed to be there independent expenditures for issue advertising.

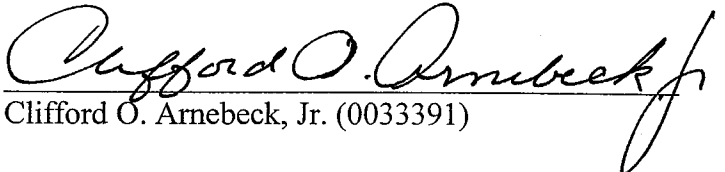
33. A finding of probable cause to believe that this secret money is an in-kind contribution to these campaigns will alert the public to the nature of the source of this money before the election.

34. Further, a finding of probable cause will enable private parties seeking to uphold the integrity of the election process to conduct discovery to prove their case which under the Ohio

racketeering statute must be done as a prerequisite to an assertion of criminal liability on the part of Partnership for Ohio's Future for making illegal expenditures to influence a candidate election in coordination with, rather than independently of the candidates for the election.

WHEREFORE, ~~and~~ plaintiff respectfully requests that respondents be found in violation of Ohio revised code sections 3517.102, 3517.105, 3599.03, 3517.21(B)(10) and 3517.20 and that may be appropriately sanctioned.

FURTHER AFFIANT SAYETH NAUGHT


Clifford O. Arnebeck, Jr. (0033391)

Sworn to and subscribed before me this 28th day October 2010.



Meredith C. Moriarty, Attorney At Law
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date
Sec. 147.03 R.C.


Notary Public



THE JUDICIAL BRANCH
OHIO SUPREME COURT

The Department of Public Safety

NOT AUTHORIZED BY ACADEMY FOR CANADIAN JUDICIAL COMMISSION
FOR FOREIGN EXAMINERS OF THE INSTITUTE OF JUDICIAL ADMINISTRATION
REPLY PER 2017 ON INSURE COLLEGE BUS ON 12/21/15

00-27

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□



OHIO



OHIO



230 East Town Street • P.O. Box 15159 • Columbus, Ohio 43215-0159
 614.228.4201 • 614.228.6403 Fax

October 21, 2010

Mr. J. Curtis Mayhew
 Campaign Finance Administrator
 Ohio Secretary of State
 180 East Broad Street – 16th Floor
 Columbus, OH 43215

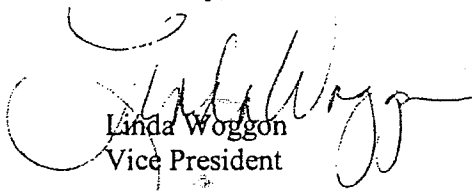
Dear Mr. Mayhew:

Enclosed is Form 30-E, Independent Expenditures Made by Individuals, Partnerships or Other Entities. This form is being filed by the Partnership for Ohio's Future (the Partnership), an Ohio corporation. It reflects independent expenditures made by the Partnership through October 13, 2010 related to the General Election.

These independent expenditures were made in accordance with the U.S. Supreme Court's January 2010 decision in *Citizens United v. Federal Elections Commission*. Since Ohio law does not require reporting such expenditures we have opted to voluntarily report them on Form 30-E.

Should you have any questions about this report, please feel free to contact me.

Sincerely,


 Linda Woggon
 Vice President

Enclosure: Form 30-E

2010 OCT 21 10:02

OCT 21 2010

SECRETARY OF STATE

30-E
R.C. 3517.105

Page 1

Independent Expenditures Made by Individuals, Partnerships or Other Entities*

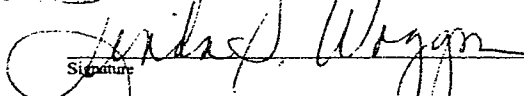
Prescribed by Secretary of State 07/05

Name of Individual, Partnership or Other Entity Partnership for Ohio's Future									
Street Address 230 E. Town Street									
City Columbus				State OH		Zip Code 43215			
Type of Report (Place X to the left of report type)	<input type="checkbox"/> Pre-Primary		<input type="checkbox"/> Post-Primary		<input checked="" type="checkbox"/> Pre-General		<input type="checkbox"/> Post-General		<input type="checkbox"/> Annual
Date of Election	M	D	Y	M	D	Y	<input type="checkbox"/> Pre-Special		<input type="checkbox"/> Post-Special
	1	1	0	2	1	0			<input type="checkbox"/> Semiannual

Candidate or Ballot Issue Maureen O'Connor				<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose		If Candidate Office Sought Chief Justice, Ohio Supreme Court				
To Whom Paid Red State Strategies										
Address 5401 Mentor Avenue #240				Purpose Postcards		M	D	Y	Amount \$59,424.14	
City Mentor				State OH		Zip Code 44060				
Candidate or Ballot Issue Maureen O'Connor				<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose		If Candidate Office Sought Chief Justice, Ohio Supreme Court				
To Whom Paid Sandler-Innocenzi, Inc.										
Address 705 Prince Street				Purpose TV Buy		M	D	Y	Amount \$243,590.68	
City Alexandria				State VA		Zip Code 22314				
Candidate or Ballot Issue Maureen O'Connor				<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose		If Candidate Office Sought Chief Justice, Ohio Supreme Court				
To Whom Paid Sandler-Innocenzi, Inc.										
Address 705 Prince Street				Purpose TV Buy		M	D	Y	Amount \$120,878.19	
City Alexandria				State VA		Zip Code 22314				

*Other Entities do not include corporations, labor organizations, campaign committees, legislative campaign funds, PACs, political contributing entities (PCEs) or political parties.

THE INFORMATION CONTAINED IN THIS REPORT IS MADE UNDER PENALTY OF ELECTION FALSIFICATION. WHOEVER COMMITS ELECTION FALSIFICATION IS GUILTY OF A FELONY OF THE FIFTH DEGREE.


Signature
Linda S. Woggon, Vice President

10/21/10
Date

Print Name (and Title, if applicable)

Page Total \$ \$423,693.01

OCT 21 2010

30-E
R.C. 3517.105

SECRETARY OF STATE Page 2

Independent Expenditures Made by Individuals, Partnerships or Other Entities*

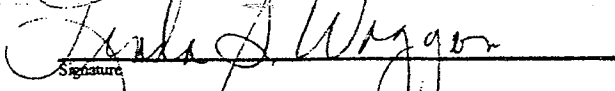
Prescribed by Secretary of State 07/05

Name of Individual, Partnership or Other Entity Partnership for Ohio's Future									
Street Address 230 East Town Street									
City Columbus				State OH		Zip Code 43215			
Type of Report (Place X in the left of report type)	<input type="checkbox"/> Pre-Primary	<input type="checkbox"/> Post-Primary	<input checked="" type="checkbox"/> Pre-General	<input type="checkbox"/> Post-General	<input type="checkbox"/> Annual				
Date of Election	1 1 0 2 1 0	<input type="checkbox"/> Pre-Special	<input type="checkbox"/> Post-Special	<input type="checkbox"/> Semiannual					

Candidate or Ballot Issue Judith Ann Lanzinger		<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	If Candidate, Office Sought Justice, Ohio Supreme Court							
To Whom Paid Red State Strategies										
Address 9401 Mentor Avenue #240		Purpose Postcards		M	D	Y	Amount			
				0	9	2	9	1	0	\$59,424.14
City Mentor		State OH		Zip Code 44060						
Candidate or Ballot Issue Judith Ann Lanzinger		<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	If Candidate, Office Sought Justice, Ohio Supreme Court							
To Whom Paid Sandler-Innocenzi, Inc.										
Address 705 Prince Street		Purpose TV Buy		M	D	Y	Amount			
				0	9	2	9	1	0	\$243,590.67
City Alexandria		State VA		Zip Code 22314						
Candidate or Ballot Issue Judith Ann Lanzinger		<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	If Candidate, Office Sought Justice, Ohio Supreme Court							
To Whom Paid Sandler-Innocenzi, Inc.										
Address 705 Prince Street		Purpose TV Buy		M	D	Y	Amount			
				1	0	0	5	1	0	\$844,747.32
City Alexandria		State VA		Zip Code 22314						

*Other Entities do not include corporations, labor organizations, campaign committees, legislative campaign funds, PACs, political contributing entities (PCEs) or political parties.

THE INFORMATION CONTAINED IN THIS REPORT IS MADE UNDER PENALTY OF ELECTION FALSIFICATION. WHOEVER COMITS ELECTION FALSIFICATION IS GUILTY OF A FELONY OF THE FIFTH DEGREE.


 Signature
 Linda S. Woggon, Vice President
 Print Name (and Title, if applicable)

Date 10/21/10

DAY, SEPTEMBER 11, 2001

Political Cover

Major Business Lobby Wins Back Its Clout By Dispensing Favors

Some Members Can Hide Behind Chamber's Name To Pursue Private Ends

Targeting 'Unfriendly' Judges

By JIM VANOHEI

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Last summer, Phillip Anschutz, chairman of Qwest Communications International Inc., wanted to defeat legislation that could have prevented his company from expanding overseas. But the billionaire investor, who shuns publicity, preferred to keep a low profile.

Enter Thomas Donohue, president of the U.S. Chamber of Commerce. Mr. Donohue,

who considered Mr. Anschutz a potential \$1 million donor to the chamber, eagerly proposed a solution: His organization would step up its efforts to derail the legislation, and it would keep Mr. Anschutz and his associates fully informed.



Thomas Donohue

It wasn't the first time Mr. Donohue had helped a corporate chieftain out of a jam.

By selectively offering such personalized assistance, the 62-year-old executive has transformed the way the nation's flagship business organization does business. Since taking over the U.S. Chamber of Commerce four years ago, he has more than doubled the group's fund-raising tally to \$100 million annually. His most striking innovation has been to offer individual companies and industries the chance to use the chamber as a means of anonymously pursuing their own political ends.

Internal chamber documents reviewed by The Wall Street Journal show that the organization has created several special accounts to take in money for projects on behalf of individual companies or groups of companies with a common policy goal. In some cases, the money is spent just days after it comes in the door. The chamber, like many nonprofit organizations, isn't required to report the sources of its funding, which makes it an attractive vehicle for those such as Mr. Anschutz who sometimes like to operate under the radar. Mr. Anschutz couldn't be reached for comment.

Mr. Donohue, who is 62 years old, defends the chamber's special projects, saying all of them are consistent with the organization's pro-business mission and its role as an advocate for the American business community at large. And, he adds, none of them conflict with the interests of any of the chamber's 150,000 dues-paying member companies. "The chamber is not for sale," Mr. Donohue says, though he adds that he is constantly marketing its lobbying and legal services to companies who could use them.

Many companies are buying. Last fall, for example, Wal-Mart Stores Inc., DaimlerChrysler AG, Home Depot Inc. and the American Council of Life Insurers all kicked in \$1 million each for one of the chamber's special projects: a TV and direct-mail advertising campaign aimed at helping elect business-friendly judges. The participants had all been targets of costly lawsuits, and the chamber's campaign gave them a way to fight back—without disclosing their identities. That allowed them, among other things, to avoid attracting the attention of the nation's trial lawyers, who were spending millions of their own to help elect plaintiff-friendly judges.

'Fixing' the System

Wal-Mart spokesman Tom Williams says his company joined the campaign because "we're always looking for ways to drive down costs for our business and save money for our customers." He says that the fact that Wal-Mart's sponsorship of the ads wouldn't be made public didn't figure into its decision. Nor did the prospect of anonymity sway the ACLI, says Phil Anderson, a spokesman for the Washington-based trade group. Rather, he says, the group wanted to "get people to make different political decisions" and "fix" the legal system.

"Finally," says Mr. Donohue, the "business community is finding out" that class-action lawsuits are "sucking the vitality out of their ability to develop products and do business" without ending up in court. "And somebody—thank you very much—was smart enough to organize" the campaign.

Although Mr. Donohue promised contributors anonymity in the effort, some balked. General Motors Corp., which contributed \$250,000 to defeat product-liability legislation, "told them that our [money] cannot be used in judicial races," says GM spokesman William H. Noack. "We did not think it was appropriate," because GM doesn't typically contribute such "soft money" to political campaigns.

Still, Mr. Donohue raised more than \$5 million for judicial campaign ads in Michigan, Mississippi, Ohio, Indiana and Alabama. Many of the targeted judges had rendered verdicts against one or more of the companies contributing to the effort. In Mississippi, where the chamber spent about \$1 million on the state's Supreme Court elections, it still is engaged in a court battle to protect the identities of its donors.

In mid-September, a few weeks after the money earmarked for the judicial races starting rolling in, Bruce Josten, one of Mr. Josten, one of Mr.

Business Lobby Recovers Its

Continued From Page A1

Donohue's closest colleagues, approached more than a dozen pharmaceutical companies. He asked them to pony up more than \$1 million each to run a separate set of ads under the chamber's banner. The idea was to help defend the views of GOP candidates that sided with the industry in the debate over a Medicare prescription-drug benefit.

At the time, Democrats were pounding Republican candidates and the drug industry for not supporting the initiative, which could have lowered drug prices as well as drug-company profits. The industry, arguing that the legislation would kill its incentives to invest in new drugs, struck back, launching a series of ads through its trade group. But many GOP leaders considered the ads ineffective. Mr. Josten says he offered drug-company executives a "better messenger"—the chamber. The idea that the chamber would seem to be a less self-interested spokesman than the drug trade association wasn't a "tough sell," he adds.

Eleven drug makers, including Merck & Co. and Bristol-Myers Squibb Co., contributed \$1.22 million each to the campaign, internal chamber documents show. Schering-Plough Corp., which isn't a member of the chamber, chipped in a similar amount. The companies were asked to wire the money to the chamber, which, in turn, paid media-buying companies to place the TV ads under "the U.S. Chamber of Commerce" logo. The chamber collected a total of \$15 million between Sept. 23 and Oct. 27, as the ads began airing.

The pharmaceutical companies would neither confirm nor deny that they contributed to the campaign. Ronald Asinart, a spokesman for Schering-Plough, says his company reports its political activities in public debate of new ideas that best represent the company's point of view.

GOP strategists say the chamber's ads helped Republican candidates—Rep. Ernie Fletcher of Kentucky and Mike Rogers of Michigan, for example—win in several House and Senate races where health care was a major issue. The ads also helped the candidates focus their own spending on other issues.

'Good for Getting It'

Mr. Donohue says the chamber's political campaigns benefit all chamber members because the money is spent on pro-business initiatives. "We gave them a means to do this. We gave them a mechanism to do this. We showed them that we have the courage to do this," he says. As for the fund-raising, says the sharp-tongued Brooklyn native, "I'm good for getting it."

Indeed, fund raising has been an important part of Mr. Donohue's crusade to re-establish the chamber as an influential player here in Washington. The group's prestige reached its peak during the Reagan years, because of its zealous support for the president's supply-side economic program. But by the mid-1990s, the group's clout had waned. Many of its allies trace the low point to 1994, when Richard Leshner, Mr. Donohue's predecessor, endorsed Hillary Clinton's flawed national health-care program, sparking a revolt among his members.

When Mr. Donohue, a former leader of the American Trucking Association, took over the chamber in 1997, after Mr. Leshner's retirement, he pledged to dispel what he said was the chamber's image as "a sleeping giant, missing in action from many important battles."

Over the next few years, he hired a

stable of lobbyists, mainly Republican aides to the GOP-controlled Congress, and a new team of policy experts. During the same period, the chamber started to draw a growing percentage of its members and contributors from among the nation's biggest companies. Those companies helped the chamber raise \$35 million in 2000 for general operations, up sharply from \$3 million four years ago, and kicked in another \$20 million for special projects.

Mr. Donohue has benefited along the way. He says his salary this year will top \$1 million, about twice that of his predecessor. The chamber also will spend another \$1 million this year to lease and run the eight-seat private jet that it keeps at Mr. Donohue's disposal under terms of his contract. The executive, who rides around Washington in a chauffeured Lincoln, is known for throwing some of the city's most lavish parties on the chamber's behalf. At one recent fete at the National Building Museum, pop star Bruce Hornsby provided the entertainment.

Late last year, Mr. Donohue landed a seat on the Qwest board and stock options in the company worth \$750,000. He also sits on the boards of Sunrise Assisted Living Inc., XM Satellite Radio Holdings Inc. and Union Pacific Corp. "I operate at the same level as CEOs. They expect me to be on boards," Mr. Donohue says.

Mr. Donohue feels he has become so visible that he pays security companies to sweep his house, office and business cars for wire-tapping devices as often as twice a year. He fears that trial lawyers or agents from China or Cuba might be try-

'Tools' of the Trade

Mr. Donohue says his plane and parties are little more than tools to help him raise more money and make the chamber the most powerful business lobby in town. "Are we more powerful? Damn right we are," he says. The chamber, he adds, continues to spend the vast majority of its money on bread-and-butter issues that appeal to most of its members: free trade, lower taxes and regulatory and legal reform. But he makes no apologies for the group's aggressive efforts on behalf of some of its deepest-pocketed constituents.

Take, for example, its service to Ford Motor Co. and other major auto makers in the wake of last year's recall of 6.5 million Firestone tires. Firestone tire failures on Ford Explorer vehicles had been implicated in the deaths of more than 100 Americans. The fatalities inspired a fervent crusade by GOP Sen. John McCain of Arizona, among others, for legislation to subject certain manufacturers of defective products to criminal penalties.

The legislation could have exposed the auto makers to billions of dollars in new lawsuits and might have influenced product-liability cases in other industries. Mr. Josten, the chamber's executive vice president, reached out to the Alliance of Automobile Manufacturers, the Rubber Manufacturers Association, which represents tire makers, and lawyer Victor Schwartz, who represented tire maker Bridgestone-Firestone Inc., to develop a response.

Mr. Josten and his colleagues mounted a fierce lobbying effort against the McCain bill and helped convince such GOP allies in the House to introduce an alternative that provided business with far more protection from lawsuits. The alternative measure was signed into law by President Clinton six days before the 2000 election.

Clout by Dispensing Favors

The successful campaign was run out of the chamber's Institute for Legal Reform, which, according to internal documents, has received \$250,000 from GM, \$200,000 from Toyota Motor North America U.S.A. Inc., \$150,000 from Ford and \$50,000 from DaimlerChrysler. Ford felt it would be "more effective to work with a broad-based coalition of companies" with common interests rather than on its own, says company spokeswoman Ellen Dickson.

Several manufacturers and insurance companies also contributed to the Institute for Legal Reform. Wal-Mart and insurer Aegon USA Inc., for instance, each kicked in \$1 million, while State Farm Mutual Automobile Insurance Cos. contributed \$500,000. Sen. McCain credited the institute with persuading GOP legislators to keep his bill from ever reaching the floor.

Raised Eyebrows

Around the same time, the chamber's campaign on behalf of Mr. Anschutz was in full swing. It was urging lawmakers to reject a bill introduced by Sen. Fritz Hollings, a South Carolina Democrat, that would have barred partially state-owned foreign companies, such as Deutsche Telekom AG, from merging with a U.S. telecom firm. Mr. Anschutz's quest was among several companies that had expressed interest in merging with Deutsche Telekom.

At first, Mr. Donohue's decision to oppose the legislation "raised a lot of eye-

brows" at the chamber, says one of the organization's senior officials. The chamber typically avoids taking a position that could hurt any of its members, and cross-border telecom mergers were likely to produce both winners and losers. But Mr. Donohue says he felt that global expansion was good for the entire telecom industry, not just the handful of companies involved in the Deutsche Telekom talks.

For help, Mr. Donohue approached the companies involved in the talks. Deutsche Telekom rebuffed his appeal for a donation. But VoiceStream Wireless, which was in advanced negotiations with the German company, agreed to join the chamber and gave it \$100,000. Qwest joined, too, and kicked in \$100,000. Spokesmen for both companies said their contributions weren't related to the lobbying campaign.

In early October, Mr. Donohue got ARL-CIO chief John Sweeney to join him at a news conference to denounce the legislation as bad for the U.S. economy. That left the measure as good as dead. Deutsche Telekom completed its merger with VoiceStream earlier this year.

Mr. Donohue is still hoping to talk \$1 million out of Mr. Anschutz and dozens of other business leaders. "We're only about a third of the way of where we are going to get before I get out of here," says Mr. Donohue. "We're going to get bigger [and] stronger."