

Probe into DC mayor's "shadow campaign" donor exposes political culture rife with criminality

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New information has recently surfaced which links Washington, D.C. businessman and regional powerbroker Jeffrey E. Thompson to a myriad of illegal "straw donor" campaigns. The revelations occur as part of an ongoing federal investigation into alleged donations made by Thompson to an undisclosed 2010 "shadow campaign" fund used by current DC Mayor Vincent C. Gray.

New details emerged as Stanley Straughter, a Philadelphia businessman, and Lee A. Calhoun, a former employee of Thompson, were found guilty this week and last in federal court of concealing the source of donations totaling nearly \$300,000. The funds had been given to the electoral campaigns of various candidates in DC and regional politics over the course of a decade. According to US attorney Ronald C. Machen Jr., Thompson is alleged to have been running an "assembly line" of illegal campaign donations out of his law firm's offices.

Under the scheme, employees of Thompson, Cob, Bazilio and Associates were urged to make donations to candidates in their own names, but were then summarily reimbursed through the company's accounting department. The repayments were then labeled as "advances" on bonuses in the firm's records. Political figures listed as benefiting from the illegal machinations of Thompson's law firm included the late Arlen Specter (Democratic Senator from Pennsylvania), current Democratic Maryland Governor Martin O'Malley, and various local DC politicians. The law firm released a statement a week and a half ago revealing that "employees and their family members and friends were ensnared by the aggressive solicitation of campaign contributions."

This behavior is seen in a myriad of localities, with local businessmen making use of "bundles" of donations given to candidates of their choosing, often with funds raised from their employees.

In all, various campaign finance records show 35 individuals citing Thompson's firm as their employers for over a 10-year period. Thompson allegedly pressed his straw donors to make "larger and larger contributions" over time, according to statements Calhoun made to US District Court judges.

Though Calhoun is accused of serving as a proxy donor of Thompson's for a "mere" total of \$160,000, the sheer magnitude of illegal activities the latter is alleged to be involved in suggests something characteristic of the DC political terrain and beyond.

The current charges emerge in the context of an ongoing investigation into a "shadow campaign" which Thompson had allegedly funded for the election bid of Vincent Gray. Three of Gray's campaign aides, who are now serving time, apparently coordinated a series of payments totaling roughly \$650,000 to the then-candidate's election fund, which went undisclosed.

More light was shed on this story late last week when Michael Brown, a former legislator of the DC Council, was implicated on bribery charges for taking \$55,000 in cash payments from undercover federal agents. The probe launched against Brown stemmed from his receiving an undisclosed \$20,000 donation in 2007 from Jeanne Clark Harris, who also spearheaded Thompson's "shadow campaign" to elect Mayor Gray. It is reported that Brown is cooperating with law officials in order to avoid having to face charges in connection with this \$20,000 donation.

Likewise, Thompson until recently functioned as the

owner of DC Chartered Health Plan, a private Medicaid contractor which held the largest contract within the city, netting \$350 million worth of medical disbursements in 2011 alone. The sell-off of the contractor late last month left the city's government on the hook for nearly \$60 million in unpaid bills from local health providers. Currently, Chartered's new owners are suing Thompson for embezzling as much as \$17 million from the private firm before selling it.

According to statements, Thompson apparently utilized employees at this firm and others he controlled to organize his illegal "straw donor" campaigns for politicians in the region.

Such corruption is manifest across the DC political landscape. A study released last month by American University, which documented the patterns of donations given to various politicians in the city by developers over a decade, found that out of 133 individual businesses, nearly half had donated multiple times to single candidates. This "LLC Loophole," in which one business will spin off several "subsidiaries"—often while maintaining the same executive figure at each—in order to influence the outcomes of elections, was found to be standard operating practice, with over 50 percent of those entities surveyed utilizing the method.

In one particular case it was found that 17 affiliated businesses donated a total of \$15,000 to DC Councilman Kwame Brown from 2008-2010. Brown was later indicted in 2012 for pocketing city money for personal use, although the deals handed out by his office to contractors have not been investigated.

Similarly, despite the probes being launched into Mayor Gray's "shadow campaign" and other such offenses, Thompson has not yet been officially targeted by federal officers for crimes, despite the pervasive nature of his abuses.



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