

## The Heinz Foundations and the Kerry Campaign

*One Has Money, the Other Needs Money*

by Ron Arnold

*Summary: The head of the Heinz charitable foundations happens to be the wife of John Kerry, the Democratic Senator and presidential candidate. What's the relationship between the foundation's charitable gifts to environmental groups and environmentalist supporters of the Senator's presidential campaign? What might that mean for a Kerry presidency?*

Teresa Heinz Kerry is the widow of the late Pennsylvania Senator and ketchup heir H. John Heinz III. She is the current wife of Massachusetts Senator and presidential candidate John F. Kerry. And she is a member of the board of three Heinz foundations that altogether are worth more than a billion dollars. Annual tax reports (IRS Form 990) show that Teresa Heinz Kerry is:

- Chairman of board of the Heinz Family Foundation. With assets of \$69 million in 2002, it made grants that year of \$4.8 million.

- Chairman of board of the Howard Heinz Endowment. It had assets of \$773.3 million and made grants of \$43.7 million in 2002.

- Member of the board of directors of the Vira I. Heinz Endowment. Its 2002 assets were \$399.2 million and it made grants of \$17.9 million.

That adds up to \$1.24 billion in assets and \$66.4 million in grants disbursed in 2002. One other fact: All three Heinz foundations make large grants to environmen-



Teresa Heinz Kerry will be able to use her \$1.2 billion philanthropic empire to advance her husband's agenda if elected President.

tal pressure groups led by powerful persons who support her husband's political ambitions.

### The Woman Behind the Money

Maria Teresa Thierstein Simoes-Ferreira was born in 1938 in Portuguese-ruled Mozambique, the daughter of a prominent Portuguese expatriate doctor. She grew up in South Africa and took her undergraduate degree in Romance languages at the University of Witwatersrand in Johannesburg. She speaks Portuguese, French, Spanish, Italian and English.

During graduate study at the Univer-

sity of Geneva's interpreters' school she met young H. John Heinz III, who was

**April 2004**

**CONTENTS**

The Heinz Foundations and the Kerry Campaign  
page 1

Philanthropy Notes  
page 8

# Foundation Watch

working at a Swiss bank on summer break from Harvard Business School. She didn't know who he was at first—he told her only that his father “made soup.”

They were married four years later in 1966 at the Heinz Chapel in Pittsburgh and had three sons. John entered politics and was elected a Republican Representative from Pennsylvania's 18th District in 1971 and a U.S. Senator in 1976. His tragic 1991 death in a freak plane crash devastated Teresa and their sons.

The couple had been important environmental advocates for nearly a decade before his death: In 1984 they established a fund to help environmental causes, and in 1989 Teresa worked to stop a road-building project in Brazil. When John Heinz died Teresa became chairman of the Howard Heinz Endowment and a member of the Vira I. Heinz Endowment board of directors. From then on, she had oversight over numerous environmental grants from both endowments, including a grant of more than \$200,000 in 1992 to the Environmental Defense Fund, where she had been a board member since the early 1980s (and remains one today).

In 1992, President George H.W. Bush

---

**Editor:** John Carlisle

**Publisher:** Terrence Scanlon

**Foundation Watch** is published by Capital Research Center, a non-partisan education and research organization, classified by the IRS as a 501(c)(3) public charity.

**Address:**  
1513 16th Street, N.W.  
Washington, DC 20036-1480

**Phone:** (202) 483-6900  
**Long-Distance:** (800) 459-3950

**E-mail Address:**  
jcarlisle@capitalresearch.org

**Web Site:**  
<http://www.capitalresearch.org>

**Foundation Watch** welcomes letters to the editor.

**Reprints** are available for \$2.50 prepaid to Capital Research Center.

sent Teresa Heinz to the United Nations “Earth Summit” in Rio de Janeiro. Sen. Heinz had introduced Teresa to his colleague, Sen. John Kerry, at an Earth Day rally in 1990. In Rio they became reacquainted, and Teresa was impressed by Kerry's devotion to environmental issues. Three years later, in 1995, they were married.

Perhaps you could chalk up the environmental movement's strong and early support for John Kerry's bid for the Democratic presidential nomination to the influence of his wife. Her colorful background, sharp intellect and passionate commitments go a long way in explaining her hold over environmental audiences. Susan Smart of California's League of Conservation Voters says, “We will soon have not one but two environmentalists in the White House! It makes me giddy to think about that!”

However, comments like Smart's miss a critical detail about Teresa Heinz Kerry's behind-the-scenes influence. Before considering her personality and intellect, first consider all that Heinz money.

## League of Conservation Voters

Will First Lady Teresa Heinz Kerry have to resign her foundation positions if John Kerry becomes President next year? The answer is “No,” according to Title 18 of the U.S. Code. Heinz Kerry can continue unchecked to help her environmental group friends and harm their enemies using the majesty of the White House and the funds of the Heinz foundations. In late January Heinz Kerry told Cox News Service reporter Bob Dart that she would not give up financial control of the Heinz foundations if her husband became president. Said Heinz Kerry: “I don't make money in my office. I give it away.”

And give it away, she does. Heinz foundation grants pay for groups sponsoring thinly disguised anti-business drives and partisan political campaigns. The most important group is the League of Conservation Voters (2001 revenue—\$2.3 million), a political advocacy group that monitors office-holder voting records, coordinates issue campaigns, and mobilizes voters.

LCV also sponsors a separate segregated fund, the LCV Action Fund, which contributes to political campaigns. It is registered with the Federal Election Commission as a so-called 527 group, which (under Section 527(h) of the U.S. Tax Code) can make independent expenditures on behalf of political candidates. The FEC ranks “LCV Political Action Committee” in its *Top 50 PAC Receipts—1999-2000* as Number 41 with \$2,080,304 (see [www.fec.gov/press/053101pacfund/tables/pacrec00.xls](http://www.fec.gov/press/053101pacfund/tables/pacrec00.xls)).

In January 2004, at the very start of the primary season, the national LCV formally endorsed John Kerry for president. By late January, LCV had also given \$18,528 directly to the Kerry Campaign. By mid-February, League political director Mark Longabaugh said the group had spent “six figures” on TV ads promoting Kerry's candidacy. By contrast, in 2000 LCV waited until April before endorsing Al Gore, whose environmental reputation was far greater than Kerry's.

When the *New York Post* asked Longabaugh whether Heinz money was behind LCV's early Kerry support, it got a non-denial denial. Longabaugh said none of Kerry's early 2004 LCV funding came from his wife, but he admitted that from 1993 to 2001 LCV received \$57,300 from the Heinz Family Foundation, including a \$2,500 personal contribution in 2000 from Teresa Heinz. He asserted that Sen. Kerry received LCV's endorsement because of his stellar 96 percent LCV voting score. Gore's score had averaged 63 percent over eight years in the House and 73 percent over eight years in the Senate. (Gore running mate Joe Lieberman's LCV score was 100 percent for eight of his eleven years in the Senate.)

So who contributed to jumpstart LCV funding for the Kerry campaign? Federal Elections Commission records for the 2004 election cycle show that 166 donors, many of them close Heinz friends and colleagues, contributed \$459,680 to the LCV as of mid-February, 2004. These “Friends of Teresa” are among the rich, the famous and the doctrinaire. Eight Kerry backers (names in

**bold**) actually sit on the twenty-four member board of directors of the League of Conservation Voters.

## The Rich:

- Four Rockefellers: **Larry** (\$5,000); Richard (\$2,500); Wendy (\$5,000); and Alida Rockefeller Messinger (\$5,000).

- **Rampa Hormel** (\$5,000—she and husband Tom, a meatpacking heir, own a home in Ketchum, Idaho, close by one of Teresa's four homes).

- **Theodore Roosevelt IV** (\$5,000 and \$5,000 from wife Constance.) He's Managing Director of the investment house Lehman Brothers.

- **John Hunting** (\$5,000) Hunting is co-founder of Steelcase, Inc. and a donor to the Beldon Fund. The Beldon Fund is a New York City-based philanthropy (2001 assets — \$87.6 million; 2001 grants — \$11.5 million) that gives mainly to environmental causes.

- **John A. "Jay" Harris** (\$5,000 and \$5,000 from wife Laurie). He's a former investment banker, heir to the Standard Oil fortune, and a Republican contributor to a donor-advised fund—managed by the leftist Tides Foundation—called Changing Horizons Fund.

## The Famous:

- **Liz Claiborne** (\$5,000 and \$5,000 from husband Art Ortenberg). She's the fashion designer and marketing mogul.

- **David Stern** (\$5,000 and \$5,000 from wife Dianne). He's a sports-management icon and NBA president.

- **S. Bruce Smart, Jr.** (\$5,000 and \$5,000 from wife Edie). He's a Virginia horse breeder and former U.S. Commerce Department undersecretary.

## The Doctrinaire:

- **Frances Beinecke** (\$5,000 and \$5,000 from husband Paul Elston). She's executive director of the Natural Resources Defense Council and an heiress to the Sperry and Hutchinson fortune (i.e., S&H green stamps).

- **Marie W. Ridder** (\$5,000), a multifaceted activist and widow of newspaper magnate Walter T. Ridder.

- **Gene Karpinski** (\$250), the executive director of United States Public Interest Research Group (U.S. PIRG).

- **Rafe Pomerance** (\$2,500), a Clinton State Department official and a co-author of the Kyoto Protocol on global warming.

- **Russell Train** (\$1,000 and \$5,000 from wife Aileen). He was EPA chief under President Nixon and is chairman emeritus of the World Wildlife Fund.

They and the 143 other donors made contributions through the League of Conservation Voters to elect John Kerry president. These donors are not a random sample of politically active environmentalists, but its inner circle. They know each other and they know Teresa Heinz Kerry.

## Heinz Grants Fund the Green Network

And that raises a related issue: In recent years, the Heinz foundations have given money to LCV board members and their organizations, sometimes in lavish amounts.

- League board member **John H. Adams** is president of the 500,000-member **Natural Resources Defense Council** (NRDC), which received \$56,000 in Heinz grants from 2001-2003. Kerry donor **Larry Rockefeller** (son of Laurance Rockefeller, whose American Conservation Association was the financial "mother-ship" of the early environmental movement) is also a NRDC staff lawyer. It is worth noting that the \$10,000 that went from NRDC staffers **Frances Beinecke** and **Larry Rockefeller** to the LCV was nicely covered by Heinz grants to **their** organization. Money being fungible, you could look at the Heinz-NRDC-LCV-Kerry Campaign cash flow as a sort of revolving fund.

- **William Meadows III**, executive director of **The Wilderness Society**, is a member of the LCV board. The Heinz Endowments web site and IRS records show

that the Heinz foundations gave The Wilderness Society \$50,000 in 2003 and \$56,350 in 1996 (total \$106,350).

- **Environmental Defense** (ED) president **Fred Krupp** is also a LCV board member. ED (formerly Environmental Defense Fund) had 2002 revenue of \$42,129,333, and received Heinz foundation grants of \$601,000 in 2001-2003. (1992-2000 grants total \$2,846,819; cumulative total—\$3,447,819). What's more, **Teresa Heinz Kerry** sits on the board of directors of the 400,000-member group, which no doubt explains the Heinz foundations' generosity. As First Lady, she would not have to resign from the board.

- **Heinz Kerry** also wouldn't have to resign her vice-chairmanship of The H. John Heinz III Center for Science, Economics and the Environment in Washington, D.C. She established the Center with a \$20 million grant from the **Vira I. Heinz Endowment** in 1995. Its board of trustee is stuffed with her friends, including ED's **Fred Krupp**, **Howard Ris**, past president of the Union of Concerned Scientists, and other influentials.

- **Peggy Shepard** leads **West Harlem Environmental Action** and is another LCV board member. In 2003, she personally received the Heinz Award, established by Teresa in 1993 to honor the memory of her late husband. Heinz Awards are given in the categories of Arts and Humanities, Environment, Human Condition, Public Policy, and Technology, the Economy and Employment. Each recipient is given a medallion and an unrestricted cash prize of \$250,000. Shepard, who received the Environment award, shares this distinction with past recipients **Paul and Anne Ehrlich**, doomsayers of the "Population Bomb," **Lois Gibbs**, an anti-chemical activist who founded the Citizens Clearinghouse for Hazardous Waste, and LCV donor **Russell Train**, chairman emeritus of **The World Wildlife Fund**.

## Protesting Too Much

What's the effect of Teresa Heinz Kerry's money on environmental groups and individuals? **Christopher Horner**, a fellow at the Competitive Enterprise Insti-

# Foundation Watch

tute, dryly noted the extensive Heinz-LCV connections in “Playing Ketchup,” his article in the web-magazine *National Review Online*.

It drew an immediate response from Maxwell King, president of the Howard Heinz Endowment, whose chair is Teresa Heinz Kerry. King complained that Horner “implied” Heinz Kerry was engaging in unlawful “influence peddling.”

Wrote King: “The quarter-million dollar grant that Mr. Horner alleges went ‘to a group represented on the League of Conservation Voters board,’ which he cites as his primary evidence of possible influence peddling, was in fact a Heinz Award to an individual, Peggy Shepard, who was selected by an independent jury for her work to promote children’s health in Harlem.”

Horner responded by pointing to the Heinz Awards’ own press release, which “does make clear that the award was granted for her work through the organization that she founded, in which capacity she sits on the LCV board.” King’s letter merely “vented high dudgeon over someone having the nerve to subject them to the scrutiny the author claims Heinz fully expected.” King did not ask for a correction, retraction or apology. His argumentative response showed only that Teresa Heinz Kerry doesn’t like public scrutiny.

So, what can we say about Heinz Kerry and the LCV network? Her foundations have given LCV and groups whose leaders serve as LCV board members a million or so dollars in recent years and about \$4 million during the last dozen years—a substantial investment in strategic coalition-building. Perhaps the operative word here is “Investment.”

## The Heinz Foundations, c’est moi.

Teresa Heinz Kerry has a reputation for making open, impolitic and off-the-cuff comments. One notorious incident underlines her outspoken manner. Known as Teresa Heinz during the first eight years after her marriage to John Kerry, she took a reporter’s question while stumping for

Kerry in New Hampshire. Asked whether she would take her second husband’s name, she shot back: “Politically, it’s going to be Teresa Heinz Kerry, but I don’t give a s\*\*\*, you know?”

Politically, she didn’t give one of those either about being a registered Republican. Not until January 2004 did she re-register as a Democrat in order to vote for her husband.

Heinz Kerry’s “I don’t give one” attitude also pervades her remarks about her foundations, which are more consequential than her *nom de stump*. For example, her flippant comment, “I don’t make money in my office. I give it away,” inaccurately reflects her personal control over Heinz foundation money. The massive Heinz foundation stock portfolios make plenty of money, and she gives away only a small portion. Despite her outspokenness, Heinz Kerry is not quite candid about her control over Heinz foundation money-making.

For instance, the 2001 IRS Form 990 for the Heinz Family Foundation, which she chairs, shows \$69 million in assets—\$42.4 million in domestic and foreign equities, \$15.8 million in corporate obligations, \$2.1 million in Treasury bills, \$3.7 million in temporary and fine art investments, and the rest in other valuables. Dividends and interest provided \$2,542,034.

Teresa Heinz Kerry is also chairman of the Howard Heinz Endowment (2002 assets \$773.3 million) and a member of the board of directors of the Vira I. Heinz Endowment (2002 assets \$399.2 million.) (The chairman of the latter foundation is James M. Walton, also a trustee of Pittsburgh’s Sarah Mellon Scaife Foundation.) That’s a three-foundation asset total of \$1.24 billion dollars in 2002. Dividend figures are not yet available for 2002, but the three institutions earned \$39.2 million in dividends and interest in 2001, a year when stocks were not making much money for most people. So Heinz Kerry’s remark that her office doesn’t make money can’t be taken literally.

The “office” she refers to here is not a building, but a sophisticated legal entity,

an important organization properly called a Family Office (always with capital letters) and created only for the very rich, despite the homey-sounding name. Many families of exceptional wealth employ a Family Office to preserve and manage their fortune and philanthropies, usually staffed with lawyers, financial advisers and loyal family retainers. Heinz is no exception. To illustrate the importance of a Family Office, the Heinz Family Foundation itself has no employees, and contracts with the Heinz Family Office’s employees to provide its services. Some of the facts for this article were checked with the Heinz Family Office in Pittsburgh.

When Teresa Heinz Kerry says “I don’t make money in my office,” she means the foundation assets and dividends aren’t her personal wealth. (Heinz Kerry’s estimated personal net worth according to most press accounts is \$550 million.) Of course, various in-house foundation committees and functionaries like Maxwell King help select who will get foundation grants. But would you bet that they ignore her wishes? Or that a single dime of Heinz foundation money goes to anyone opposed by Teresa Heinz Kerry? Not likely.

## Teresa’s Money

Lately, Heinz Kerry has taken to making references to “The Heinz Family Philanthropies.” This is an assumed name with no legal standing. If you go to IRS Publication 78 (the government’s index of all tax-exempt organizations, online at [www.irs.gov/charities/page/0,,id=15053,00.html](http://www.irs.gov/charities/page/0,,id=15053,00.html)), you won’t find The Heinz Family Philanthropies.

So what? If she wants to refer to The Heinz Family Philanthropies, isn’t that just an innocent pretense?

It’s not.

Go to the Web site [www.hfp.heinz.org](http://www.hfp.heinz.org) and you will find three foundations listed as comprising The Heinz Family Philanthropies:

- The Teresa and H. John Heinz III Foundation

- The H. John Heinz III Foundation
- The Heinz Family Foundation

Those first two “foundations” don’t show up in IRS Publication 78 or any other public record, as all tax-exempt charities must under Section 501(c)(3) of the U.S. Tax Code. The third group, the Heinz Family Foundation, does show up in Publication 78. It is properly registered as an exempt charity and it files an annual IRS Form 990 report. You can track it on [www.guidestar.org](http://www.guidestar.org).

But what about the other two? I was baffled trying to identify them. I wondered how Teresa Heinz Kerry had managed to elude the reporting requirements that apply to all exempt charitable organizations. And I wondered why were they invisible?

So I called them. When contacted by phone, The Heinz Family Philanthropies’ Washington, D.C. staff said they knew nothing about the two ghost foundations, and urged me to call the Heinz Family Foundation in Pittsburgh. But the Family Foundation didn’t know either and they told me to contact the Heinz Family Office. I was passed along to three staffers there. The third person at the Family Office who handled my call, Rose Gibson, had an answer. The reason the foundations are invisible is because they don’t exist.

*They are “funds” within the Heinz Family Foundation fed by non-exempt private trusts controlled personally by Teresa Heinz.*

“The Teresa and H. John Heinz III Foundation” and “The H. John Heinz III Foundation” receive their money from separate “charitable lead trusts.” A charitable lead trust is a private non-exempt trust that provides payments to others (individuals or organizations) for a term of years. At a specified time, the trust principal goes to its recipients free of federal gift and estate taxes, or with the “death tax” greatly reduced.

Here’s what Rose Gibson at the Heinz

Family Office told me:

Look at the Heinz Family Foundation’s IRS Form 990 for 2001. About twenty pages into the document you’ll find a list of “Contributions, Gifts and Grants Received.” You’ll see that the Heinz Family Foundation received \$6.4 million from The Teresa & H. John Heinz III Charitable Trust (Ms. Gibson explained that it’s a non-exempt charitable lead trust controlled personally by Teresa Heinz Kerry). There is no explanation of the contribution’s purpose, only that it was placed in an informal fund within the Heinz Family Foundation. In other words, the Teresa and H. John Heinz III Foundation is not an exempt foundation; it’s a private purse given a name on the Heinz website.

That’s also the case with the \$259,525 that the Heinz Family Foundation received from The H. John Heinz III Charitable Trust, another non-exempt charitable lead trust controlled personally by Teresa Heinz Kerry. It also has no stated purpose, but was placed in another informal fund within the Heinz Family Foundation. It’s not a real foundation; it’s just called “The H. John Heinz III Foundation” on the “Heinz Family Philanthropies” website.

### **Heinz Kerry in the White House**

It’s Teresa’s money. Why doesn’t she say so on her website? Why bury the gift without explanation deep inside the Form 990? And why pretend it’s from a foundation?

Heinz Kerry is too clever by half. This is not a quibble over names. It’s a serious failure to let the public know what’s really going on and who’s in control. If Teresa Heinz Kerry wants it to look like her money is coming from a foundation, why not set one up and get a proper exemption? Exempt foundations have an obligation to be transparent and straightforward about their revenue and their grants. The “Heinz Family Philanthropies” are neither transparent nor straightforward.

Teresa Heinz exercises direct but invisible financial control over what she chooses to identify as “foundations.” What might that mean for her conduct should her

husband win the presidency? What would she do in the White House?

Heinz Kerry’s donations to the League of Conservation Voters and its network of environmental groups are just the starter button for a huge “Beat-Bush-and-the-Republicans” partisan machine. It’s not inconceivable that Heinz Kerry’s charitable money could be targeted to mobilize large anti-business partisan political constituencies during the campaign. Certainly, she makes no bones about her feelings toward George W. Bush. Responding to questions about Bush economic and environmental policies, she told *Agence France-Presse* reporter Charlotte Raab in late January, “I am very angry at the president.” Her contempt for other Republicans is well known: Sen. Rick Santorum, who won her late husband’s Senate seat, is a particular focus for her ire. She has called him “Forrest Gump with an attitude.”

If John Kerry wins the presidency, then Heinz Kerry will be able to advance his public policies by funding the public relations and advocacy strategies of supportive outside groups. Heinz Kerry “foundation” money could be distributed through the usual channels: it would leverage grants and orchestrate grantees into tight coalitions. Heinz Kerry could provide the seed money, find other donors to follow her lead, assemble a squadron of activist groups and hand out its tasks—one group researches the issue, another “informs” public opinion, still others target special interests or button-hole public officials. Her pet saying is: “Change requires collaborative responses.”

### **Teresa Heinz Kerry’s Plan to Keep Midwesterners Freezing in the Dark**

One of the least visible parts of Teresa Heinz Kerry’s politicized philanthropy is The Partnership Project, Inc. Its advertised mission is to “enhance protection of the natural environment.” But the Project is a little more Machiavellian than that.

Founded in 1999, the Partnership Project began as a coalition of twelve environmental group leaders and grew into a separate non-profit group of nineteen board

# Foundation Watch

members. Five have LCV connections, including LCV president Deb Callahan. Another five member groups have received Heinz grants (the National Parks and Conservation Association, \$32,000—1999-2000; Natural Resources Defense Council, \$56,000—2001-2003; Environmental Defense, \$3,447,819—1992-2003; The Wilderness Society, \$106,350—1996-2003; and the Izaak Walton League, \$150,000—2002).

The Project's mission is to mobilize advocacy campaigns. During the Clinton Administration, it targeted businesses and communities that rejected the environmentalist agenda on national forests or global warming. It won campaigns using an unprecedented strategy: The twelve groups pooled their mailing lists, their most precious and jealously guarded secret. The project thus mobilized massive numbers of members to make phone calls, and send e-mails and post cards.

However, in 2004 the Project is focusing its massed power on just one issue—beating George W. Bush. And that power is available to Teresa Heinz Kerry.

Follow the money and take a look at a Heinz-sponsored campaign to shut down Midwest power plants. Heinz grants went to the Izaak Walton League of America (2002 revenue \$4,143,487) and the Boston-based Clean Air Task Force (CATF) (2002 revenue \$2,004,997). A \$150,000 Vira I. Heinz grant in 2002 went to Izaak Walton, a Partnership Project member, "for continued support of the Midwest Power Plant Campaign." It dovetails with a 2000 Heinz grant to CATF "to protect southwestern Pennsylvania air quality through Midwest utility campaign."

CATF writes ominous reports on air quality and sues cities and businesses. It works closely with NRDC, Environmental Defense, and the Michigan Environmental Council—all Heinz grantees whose leaders are on the LCV board. CATF has received \$775,000 from the Howard Heinz Endowment—\$125,000 in 2000, \$250,000 in 2001, \$250,000 in 2002 and \$150,000 in 2003. Heinz's 2000 grant specifically states: "To protect southwestern Pennsylvania air quality through Midwest utility campaign."

In reality, that has meant: "To turn public opinion against the Bush administration and shut down Midwest coal-and-oil-fired utilities."

The targets of the Heinz-sponsored campaign are 540 coal-and-oil-fired power plants built before 1970. Altogether, they annually produce 51 percent of the electricity generated in the U.S. But they also create more than 90 percent of the sulfur dioxide and nitrogen oxide emissions coming from U.S. power plants. The Bush EPA has written new rules to give the plant operators more flexibility to manage emissions and *reduce* air pollution.

In May 2002, CATF produced a report that claimed the new Bush Administration rules would *increase* emissions and annually cause at least 20,000 premature deaths, 400,000 asthma attacks and 12,000 cases of chronic bronchitis.

In February, 2003 other members of the Partnership Project joined the attack. Earthjustice (formerly the Sierra Club Legal Defense Fund) filed suit against the Bush EPA challenging the new rules on behalf of a spate of environmental and public health groups. News releases cited data from the Heinz-sponsored CATF report.

In August, Sen. Jim Jeffords (I-VT), ranking member of the Senate Environment Committee, joined the lawsuit and issued a noisy press release, which cited the CATF predictions. A week later, Senators Barbara Boxer (D-CA), Bill Nelson (D-FL) and Frank Lautenberg (D-NJ) joined Jeffords in denouncing President Bush for his "vicious and unprecedented attack on the environment." Their press conference also cited the Heinz-sponsored CATF statistics. (In the months just before and after this appearance, Sen. Boxer's re-election campaign received over \$5,000 from the LCV.)

In December, the U.S. Circuit Court of Appeals for the District of Columbia blocked the Bush EPA rules from going into effect until legal challenges are heard, a process likely to last months.

This sequence of events is in large measure a result of policy advocacy that owes its financial support to Teresa Heinz Kerry.

How many Americans know Heinz Kerry is on the board of directors of Environmental Defense, a plaintiff in the case? How many know that her Heinz Family Foundation contributes to the Natural Resources Defense Council, another plaintiff? Or that it gave \$150,000 to the Izaak Walton League, a Partnership Project collaborator, to further the campaign against Midwest power plants? Or that it gave over a half a million dollars to CATF whose research screams premature deaths.

## Conclusion

The United States has never had a wealthy spouse overshadow its president. But Teresa Heinz Kerry leads and funds philanthropic foundations, and she sits on the board of directors of highly political non-profit groups that receive her foundations' support and that can advance or frustrate the policies of her husband, should he become President. That's an unprecedented form of political power. More public scrutiny of Heinz Kerry's public role is in order. While there is still time.

*Ron Arnold is Executive Vice President of the Center for Defense of Free Enterprise, a free-market think tank based in Bellevue, Washington.*

## Teresa Heinz Kerry's Philanthropy Empire

### Howard Heinz Endowment – established 1941

**Chairman** – Teresa Heinz Kerry

**President** – Maxwell King

**Assets** — \$773.3 million (2002)

**Grants** — \$43.7 million (2002)

#### Key Grantees

**Tides Center of Western Pennsylvania** — \$800,000 (2003)

**Tides Center of Western Pennsylvania** — \$900,000 (2002)

**Environmental Defense** — \$200,000 (2003)

**Clean Air Task Force** — \$150,000 (2003)

**National Audubon Society** — \$150,000 (2002)

### Vira I. Heinz Endowment – established 1986

**Chairman** – James M. Walton

**President** – Maxwell King

**Teresa Heinz Kerry** — member of the board of directors

**Assets** — \$399.2 million (2002)

**Grants** — \$17.9 million (2002)

#### Key Grantees

**Natural Resources Defense Council** — \$50,000 (2003)

**The Wilderness Society** — \$50,000 (2003)

**Tides Center of Western Pennsylvania** — \$150,000 (2002)

**Izaak Walton League** — \$150,000 (2002)

**National Parks Conservation Association** — \$37,500 (2002)

### Heinz Family Foundation – established 1984

**Chairman** – Teresa Heinz Kerry

**President** – Jeffrey R. Lewis

**Assets** — \$69 million (2002)

**Grants** — \$4.8 million (2002)

#### Key Grantees (2001)

**Brookings Institution** — \$45,000

**League of Conservation Voters Education Fund** — \$10,000

**Natural Resources Defense Council** — \$6,000

**Environmental Defense** — \$1,000

**Physicians for Social Responsibility** — \$1,000

# PhilanthropyNotes

**Iranian-American donors who support Senator John Kerry's presidential campaign** may also favor a more accommodating U.S. policy towards Iran, a pro-terror regime that President Bush has identified as part of the "axis of evil." That's the conclusion reporter Ken Timmerman reaches in the March 1 issue of *Insight* magazine. Timmerman reports that in 2001 **Hassan Nemazee**, a New York investment banker who has raised more than \$100,000 for Kerry, joined the board of the **American-Iranian Council (AIC)**, a lobby group that supports lifting economic sanctions on Iran. Criticized by Iranian exile groups, Nemazee later quit the AIC and says he "now regrets" his brief affiliation. Nemazee says neither he nor Kerry support ties with the Iranian government. Similarly, a recent Iranian immigrant, **Susan Akbarpour**, has started a trade association to lift U.S. sanctions and promote American investment in Iran. She too supports Kerry and has raised between \$50,000 and \$100,000 for his campaign. But Timmerman reports that student activist Aryo Pirouznia says Akbarpour was close to the daughter of former Iranian president Ali Akbar Rafsanjani and "demonstrated against pro-freedom groups in California when Iranian Foreign Minister Kamal Kharrazi came to Los Angeles in September 2000." Moreover, Los Angeles-based Iranian TV programs have film of Akbarpour insulting protesters and supporting Kharrazi. Timmerman says Akbarpour also supports loosening visa requirements for Iranians entering the U.S., a move the FBI opposes because Iranian intelligence operatives – and even assassins – could pose as refugees and legal immigrants.

Campaign finance reform advocates are questioning the propriety of \$24,500 that **Massachusetts House speaker Thomas Finnerman** contributed to the state Democratic Party just days before the Party donated a similar amount of money to ten House lawmakers who are key supporters of Finnerman. The candidate contributions averaged \$2,600, five times the \$500 legal maximum that Finnerman can donate directly to individual candidates. Says Pamela Wilmot of **Common Cause of Massachusetts**, "The contributions certainly appear to be a pass-through to candidates."

Missouri Attorney General Jay Nixon has issued a report criticizing the **Ewing Marion Kauffman Foundation** for giving too much power to its president Carl Schramm. The \$1.7 billion foundation established by the late billionaire owner of the Kansas City Royals baseball team had focused its giving on helping young people and promoting business entrepreneurship. But the Nixon report says the foundation board let Schramm hire consultants and initiate \$10 million in costly employee buyouts without its approval. The foundation's critics believe the Nixon report goes too easy on the board. Says Jim McGraw, a former board member, "I think (Nixon) could have come down a lot harder than he did. I think he gave them the benefit of the doubt because it's still a relatively young foundation."

The former director of the **United Way National Capital Area chapter** plead guilty to charges he stole money from the organization. **Oral Suer**, executive director of the Washington, DC chapter from 1974 to 2001, was convicted of stealing nearly \$500,000 from the charity, including taking \$94,000 from the group's pension plan. Suer will make nearly \$500,000 in restitution to the United Way and he faces up to 15 years in prison. But these are only the beginning of DC United Way's woes. Suer's successor, Norman O. Taylor, was ousted in September 2002 for financial mismanagement, and two months later the entire board of directors was dismissed. Not surprisingly, fundraising is down. Longtime business supporters like the Washington Redskins and ExxonMobil have halted funding. The Washington DC area United Way collected only \$18 million in 2002, down from \$45 million in pledges in 2001.

