

Does AIPAC Have Only Two Major Donors?

Mystery unfolds as members of Congress head to Israel

By [Grant Smith](#)

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A large [congressional delegation](#) is heading for Israel. During three weeks of recess, 55 Republicans and 26 Democrats will enjoy “educational” trips funded by the American Israel Education Foundation, a tax-exempt nonprofit located in the same Washington, D.C., building as the American Israel Public Affairs Committee (AIPAC). Absent AIPAC’s influence on pro-Israel campaign contributors, members of Congress would probably skip international travel this year to meet the pressing needs of their districts or to venture to places of actual importance to the U.S., such as Europe, China, or Latin America. Instead, because AIPAC is always watching members of Congress, our representatives go to Israel. But this raises an important question: Who is really behind AIPAC?

AIPAC’s last IRS list of contributors claims the organization now has only [two major donors](#) [.pdf]. As a tax-exempt 501(c)(4) organization (a category intended for civic leagues, social welfare organizations, and local associations of employees) AIPAC files an IRS Form 990. AIPAC has long structured its fiscal year end in such a way that it languidly files 2-year-old data while other nonprofits are rushing to report their previous year. Therefore, the AIPAC Form 990 listed as “year 2010” at Guidestar.org, the officially designated website to consult such data, is actually [year 2009](#) data [.pdf]. It also lacks the most important data in Form 990 — donor contributions.

Unlike the far more numerous nonprofit 501(c)(3) organizations, which have to continually “means test” that they have a wide public funding base in order for contributor donations to be tax-deductible, contributions to 501(c)(4) organizations such as AIPAC (which actively lobbies Congress, the executive, and numerous government agencies) are not tax-deductible. There are no contribution limits to 501 (c)(4) nonprofit groups. Individuals, foreign nationals, partnerships, associations, and other organizations may contribute [whatever amount they like to a 501\(c\)\(4\)](#).

Given AIPAC’s oversize clout in U.S. Middle East policy, it’s always informative to see just how many people are giving — and how much. When AIPAC’s founder, Isaiah Kenen, [was dispatched in the early 1950s](#) from his job at the Israeli Ministry of Foreign Affairs with orders to lobby the U.S. Congress for guns and diplomatic support as an American (rather than the U.S. State Department as an Israeli foreign agent), it was supposed to be only a six-month gig. As that operation morphed into a semi-permanent Washington institution run outside the normal purview of the [Foreign Agents Registration Act](#) office, AIPAC was forced to tap a very small base of wealthy donors ([some with criminal records](#)) while simultaneously receiving covert support from the quasi-governmental Jewish Agency in Jerusalem.

After that “conduit” foreign- funding ruse was uncovered by a Justice Department

investigation, Kenen emerged from the [crisis](#) and slowly built back up AIPAC's donor base, whipping up post-1967 Six-Day War donor fears and anxieties that Israel was in danger of being overrun (it wasn't) if people didn't send in their checks. Now, AIPAC is pushing largely the same "Israel in danger" emotional buttons, with Iran as the flashing red light.

AIPAC's schedule of donors doesn't appear on [Guidestar](#). The IRS won't release it for any organization except by special request. Only then will the IRS send a "Schedule B" of contributors with all \$5,000-plus contributors' names — but not their donations — censored. If the breadth of AIPAC's funding base is a "leading indicator" of AIPAC's popular support, it is America that should now be deeply worried that AIPAC is catering to drastically fewer — and possibly much more extreme — voices.

For fiscal year 2006, AIPAC's top contributor gave \$650,000. The rest of AIPAC's "Schedule B" donors gave on average \$16,772 each. The list of \$5,000-plus donors numbered just over 1,700 individuals, so numerous that AIPAC had to attach a separate spreadsheet to its [return](#) [.pdf]. This large group of donors represented the majority (56 percent) of AIPAC's total claimed direct public support. If we assume AIPAC had approximately 50,000 paying members that year, the rest gave \$464 each for a total of \$50,920,792 in public support.

According to the special IRS release of AIPAC's [2009 Schedule B](#) [.pdf] there were only two \$5,000-plus donors. Donor number one gave \$48,842,187. Donor number two chipped in \$13,503,472. This means small donors contributed only \$2,261,755 for total year 2009 public support of \$64,607,414. The IRS confirms that there is no additional 2009 spreadsheet attachment of \$5,000-plus donors as in 2006. AIPAC is now telling the IRS that it has only two meaningful donors.

There have been many reasons for smaller givers to bail out on AIPAC, leaving a pair of committed donors to carry all the weight. AIPAC, like any corporation, wants to chart a steadily increasing line of total revenues because any crisis-driven decline could weaken its brand and perceived power. But the years since 2006 have been rocky. Two former AIPAC officials narrowly escaped a long-awaited espionage prosecution, which was mysteriously tossed out by the Obama administration in 2009 after years of pre-trial escalation. Many AIPAC donors probably didn't have the stomach or risk-tolerance to donate to an organization that nurtured and then threw overboard top employees in order to save itself from an espionage indictment.

In 2009, former AIPAC official Steven J. Rosen noisily filed a [\\$20 million defamation lawsuit](#) against AIPAC and its board of directors. 2009 marked the year an [ongoing campaign](#) was launched to have AIPAC return to its roots by re-registering as an agent of the Israeli Ministry of Foreign Affairs, rather than continue to operate as a domestic American lobby and "social welfare" organization. In 2010, AIPAC's tax exempt status [was also challenged](#). These concerns could have been sufficient to drive away scores of AIPAC's key base of \$5,000-plus donors. AIPAC's signature Washington gathering in May 2011 had a Potemkin village feel to it. Many attendees interviewed by Max Blumenthal seemed woefully [uninformed](#) about the issues. Many hundreds of others, including student leaders, attended only after receiving heavy travel subsidies.

If the threat of Rosen walking away with \$20 million was enough to keep small donors at bay in the recent past, it will likely remain that way for a few more years. On June 20, 2011, [Rosen filed a brief](#) [.pdf] and a 629-page addendum in the District of Columbia Court of

[Appeals](#). Rosen explains why within the AIPAC corporate culture it was defamatory for his former employers to characterize his attempts to gather and use classified intelligence on Iran as not comporting with “standards that AIPAC expects of its employees.” Rosen has even filed a “[smoking gun](#)” [.pdf] July 21, 2004, email updating AIPAC director Howard Kohr on U.S. intelligence obtained about Iran and details of Rosen’s early use of classified U.S. secrets to derail Jesse Jackson’s political career. Rosen’s lawsuit will not only elevate insider concerns that AIPAC donor funds may soon be paid out as damage awards, but also raise the larger and more public governance questions about why AIPAC has never been indicted for espionage or theft of government property as a corporation, given what has now been so thoroughly documented in court.

As Americans nervously ponder their representatives’ travel plans and AIPAC’s nonstop lobbying for [American economic and clandestine warfare on Israel’s enemies](#), they must ask other serious questions. Who are the two people now providing the lion’s share of AIPAC’s funding? As long-time *Washington Report on Middle East Affairs* editor Janet McMahon revealed during the May 2011 [Move Over AIPAC](#) conference, it’s not clear what percentage of AIPAC’s donations come from American contributors and sources. Given AIPAC’s influential leadership role at the head of a network of stealth political action committees it helped establish in the 1980s, will AIPAC’s concentrated pool of core donors channel ever more extreme [candidate guidance](#) [.pdf] to the people who really count come election day, i.e., single-issue pro-Israel campaign contributors? What do the big AIPAC donors dispatching 20 percent of Congress to Israel think about trip-wiring the U.S. into an unwarranted military conflict with Iran? Americans should ask themselves whether any two people should have so much influence on U.S. Middle East policy.

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