

MANAGING

Nonprofit Group Attacks Humane Society Over Spending of Donations

By Caroline Preston

A nonprofit organization in Washington long criticized as a front for the restaurant and beverage industries has lashed out at the Humane Society of the United States with a new high-profile Web and advertising campaign that attacks the animal charity for how it spends its donations.

The Center for Consumer Freedom, which is led by the lobbyist Richard Berman, took out a full-page advertisement in *The New York Times* in February and unveiled a Web site, <http://humanewatch.org>, which it says will serve as a “watchdog” to the “dog watchers.”

The group’s campaign is hardly its first to attack another nonprofit group: The Center for Consumer Freedom runs a dozen Web sites that criticize charities, including Mothers Against Drunk Driving and Physicians Committee for Responsible Medicine.

Where the Money Goes

David Martosko, director of research at the Center for Consumer Freedom and an employee at Mr. Berman’s lobbying firm, Berman and Company, says the Humane Society misleads Americans into thinking that it gives most of its money to local pet shelters, when it is instead a “richer PETA, with no naked interns.” (PETA, which stands for People for the Ethical Treatment of Animals, is an activist animal-rights group known for its eye-catching efforts to grab attention.)

Wayne Pacelle, the Humane Society’s president, says his group was started to improve the welfare of all animals and that, while it gives an average of 20 percent of its roughly \$100-million budget each year to help shelters and directly care for animals, it has never claimed to be a grant maker to humane societies, many of which are run by local governments.

Mr. Pacelle also dismisses the Center for Consumer Freedom as a sham charity supported by companies unhappy with the Humane Society’s efforts to fight mistreatment of animals in factory farming and other industries. Mr. Martosko declined to name his charity’s donors.

Tax-Exempt Status

Tax experts have raised questions over the past years about the Center for Consumer Freedom’s status as a charity, and a nonprofit group that investigates corruption in Washington asked the Internal Revenue Service in 2004 and the Senate Finance Committee in 2006 to review its finances and operations.

The center is operated out of the same office as Berman and Company, with whom it shares employees. Mr. Martosko says the anti-Humane Society campaign will get assistance from about seven other Berman and Company employees.

In 2008 the Center for Consumer Freedom received nearly \$1.5-million in contributions, according to its Form 990 tax filing. It paid just over \$1-million to Berman and Company for management fees as well as \$196,696 for operating expenses. It also paid Mr. Berman \$148,723

for operating expenses (which he says was reimbursement for travel and other costs) and \$18,000 in salary.

Marcus S. Owens, a Washington lawyer who was previously director of the Internal Revenue Service’s Exempt Organizations Division, says the payments raise concerns that Mr. Berman could be receiving too much money from his charity.

But even if the payments were determined to be reasonable, Mr. Owens says, the pattern of payments to one individual and company might constitute “private benefit” because the charity appears to be benefiting Mr. Berman and his lobbying firm rather than the public.

Mr. Berman dismisses such concerns. He says the charity opens bidding on its contract work every two years—although he could not confirm if another group had ever competed for the work—and that his salary is not unreasonable. He adds that his organization has been audited “several times in the last five years,” and “we have not had to pay any fines or had any serious challenges to how we do business.”

Dean A. Zerbe, a former top aide to Sen. Charles E. Grassley, Republican of Iowa, and national managing director at the Alliant Group, says, however, that the group’s close affiliation with the lobbying firm and questions about its donors suggest the need for tighter rules and broader disclosure requirements on corporate donors.

The Center for Consumer Freedom’s early attacks on the Humane Society have focused on how the animal charity’s contributions are spent.

In what Mr. Martosko calls its “opening salvo” against the Humane Society, the Center for Consumer Freedom’s newspaper ad criticized the animal charity for giving less than \$500,000 in 2008 to “hands-on pet shelters” and \$2.5-million to pay the pensions of its employees.

At least two corporate donors have dropped their support of the Humane Society in the past two months, one since the advertisement in *The New York Times* appeared.

In pulling their support, both companies, Yellow Tail Wines and Pilot Travel Centers, which runs gas stations and truck stops, issued statements emphasizing their solidarity with the agriculture industry, suggesting the challenges the Humane Society could face in maintaining relationships with businesses whose financial interests are threatened by its work to change how factory farms treat animals.

Mr. Pacelle says he does not anticipate losing support from individuals. Instead, his group is using the campaign to try to raise more money. The charity has sent out two e-mail messages to its supporters since the *New York Times* advertisement ran saying that the Humane Society has come under attack because of its legislative successes helping to improve conditions for factory-farm animals in California and elsewhere.

Andy Goodman, a Los Angeles communications consultant to charities, rejects the suggestion that the Humane Society needs to be more explicit about what it does. “If you look at their Web site,” he says, “they are very clear about what they do and explain in detail their programs.”