

PAY TO PLAY

Minnesota For Sale

The DFL sold the state's politics to out-of-state interests — and it was a fire sale.



Democrats swept Minnesota's four statewide contests — Governor, Attorney General, State Auditor, and Secretary of State — for the fourth time since 2006. For the first time in a decade, Democrats took complete control of the state legislature. But it was all by the narrowest of margins. For example, the Democratic state auditor, Julie Blaha, was re-elected by fewer than 10,000 votes out of 2.5 million ballots counted. The incumbent attorney general, Keith Ellison, won re-election by only 20,000 votes. Democrats took the majority in the state Senate by a single seat, 34-33, with that 34th seat winning by a margin of only 321 votes in the district representing the Hastings/Red Wing area. Meanwhile, the Democrats' House majority remained unchanged at 70-64.

By all accounts, Democrats barely squeaked by in 2022 despite a fundraising advantage of between two-to-one and three-to-one over their Republican rivals. Minnesota Democrats and their allies raised and spent approximately \$97 million to gain complete political control last year, and now command an annual state budget of more than \$36 billion a year. That return on investment, something like \$370 for every dollar invested, is greater than anything you could find on Wall Street or Silicon Valley. Depending on how you measure it, about one-third to one-half of the Democrats' money came from out of state.

Minnesota was sold, but who were the buyers?

You won't be surprised to learn that public employee unions had the most to gain and represent some of the Democrats' largest contributors. National and state government employee and teachers' unions gave more than \$12 million to the cause this past cycle. Still, there is quite a bit of money in Minnesota politics that defies efforts to trace its source, and not just the so-called "dark money" groups (money raised by political fundraisers who do not disclose

original donors or source of funds). Several political action committees registered in Minnesota last year spent more than \$10 million on state elections, then disappeared into the night. Most listed a Washington, D.C. address, and a few were based in New York City. Thanks to their financial filings, we know which candidates they supported

Illinois and an heir to the Hyatt hotel fortune, gave more than \$2.6 million, according to official campaign finance records. Even Hollywood royalty made the list. Oscar-winning movie director Steven Spielberg and his actress wife Kate Capshaw gave over \$400,000. Pritzker and Spielberg weren't the only members of the prestigious Forbes 400 roster of billionaires from out of state to pour money into our elections. Some of the fortunes behind the biggest corporate names in America are "investors." In fact, 23 households from 12 different states on the Forbes 400 list gave to Minnesota Democrats this past cycle.

George Soros connections

One billionaire in particular stands out. If you look at George Soros' direct donations to Minnesota Democrats as an individual, he doesn't even crack the top 10 list of donors. However, the donations from his organizations and extended family add up to a significant and influential amount in a state as small as Minnesota.

Ninety-three-year-old George Soros was born in 1930 in Budapest. He was granted U.S. citizenship in 1961 and lists his home address as New York City. He made his money in money, most famously betting against the British Pound in 1992.

He still ranks among the richest top 400 world billionaires and would rank even higher, except that he transferred most of his fortune to his nonprofit Open Society Foundations in 2017. Earlier this year, the elder Soros named his youngest son Alexander (age 37) as the new head of the family political operation, passing over Alex's older siblings, but the Soros family's involvement in Minnesota state politics appears to date back to 2006 when George Soros gave \$10,000 to the state DFL party. He gave \$250,000 to the DFL in 2018 and that exact same amount again in 2022. He gave Atty. Gen Keith Ellison \$2,500 (the maximum donation



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in Minnesota, but have little idea where they originally got their money.

If you follow Minnesota politics, you won't be surprised to learn the largest individual contributor to the state's Democrats was Alida Messinger, who personally gave more than \$3 million to state Democrats over the past two years. Messinger is an heiress to the Rockefeller oil fortune and the former wife of former Gov. Mark Dayton. But the names of other major individual contributors may surprise you.

J.B. Pritzker, the current governor of

amount) in 2021.

Alex, individually, gave \$100,000 to a Political Action Committee (PAC) supporting Ellison's first bid for state attorney general back in 2018 and gave \$5,000 to the DFL party in 2020. Along with his dad, he also gave the maximum \$2,500 directly to Ellison in 2021. In 2015, Alex contributed the maximum amount to Ellison's last congressional campaign.

The photo on page 45 is from Alex's personal Twitter account and shows the younger Soros with his dear friend Ellison.

In 2022, Alex gave the max \$1,000 each to 13 different Democratic candidates for the state legislature — money that was strategically placed in key swing races. Alex's older brother Jonathan and Jonathan's wife Jennifer gave an additional \$12,000 to Minnesota Democrats in 2022. Recipients included Gov. Tim Walz and Secretary of State Steve Simon. Another brother, Robert, gave \$1,000 to Simon last year.

According to the Open Society Foundations grants database, the Soros group gave \$650,000 to the dark money outfit Faith in Minnesota in 2019, a subsidiary of the political nonprofit ISAIAH. Over the years, Open Society has given \$475,000 directly to ISAIAH. In 2020, Faith in Minnesota completed a massive get-out-the-vote effort on behalf of Minnesota Democrats.

In 2020, the Open Society gave \$500,000 as seed money to the Minneapolis group Vote4MPLS, which organized the so-called defund the police referendum in that city in 2021. Open Society later kicked in an additional \$150,000 to that cause and in 2022, the George Soros-funded PAC Democracy II contributed an additional \$300,000 to the state DFL.

All told, Soros family members and directly controlled organizations have contributed more than \$2.7 million to Minnesota Democrats. Few donors in-state or out-of-state have given more, but it's a significant amount for a state this size. However, money doesn't always equate to electoral success. Despite the generous amount of money

put into the 2021 defund the police referendum in Minneapolis, the ballot measure was defeated by a comfortable 13-point margin. Soros doesn't always back the winning team.

Dark money

Some of the sources for dark money used in Minnesota can be traced, starting with the unassumingly named North Carolina organization State Victory Action, which spent \$1.8 million in the state last year. Five hundred thousand dollars of State Victory's money came from the National Education Association (NEA), a nationwide teachers' union. Another \$200,000 came from a group of carpenters' unions.

Even bigger dollars came from a cluster of dark money outlets aimed at electing Democrats to specific offices. The biggest chunk of change came from the Democratic Governors Association (DGA), of which \$200,000 was traced back to another carpenters' union. The Democratic Attorneys General Association (DAGA) spent millions more through various entities in Minnesota. The Communications Workers of America union tossed in \$100,000.

The Mille Lacs Band of Ojibwe, a casino-owning tribe in Minnesota, gave \$75,000 to DAGA. The Band donated an additional \$131,000 to their political fund, Mah Mah Wi No Min. All but an inconsequential amount of that money went to Democratic candidates and causes. The Democratic Association of Secretaries of State (DASS) also spent millions reelecting Steve Simon last year.

At the legislative level, the Democrats utilize the Democratic Legislative Campaign Committee (DLCC). Donors to this group include some household names. For example, the American Federation of Teachers — a national teachers' union — gave \$68,000 to the DLCC. Delta Airlines contributed \$5,000. NextEra

Energy, a renewable energy company, contributed \$10,000. The steel company Nucor contributed just under \$10,000.

The shopping center heiress Deborah Simon of Carmel, Ind., gave \$43,800 to the DLCC. The company her father built owns properties across the United States, including Edina's Southdale Center mall. In 2021, she also gave \$150,000 to the DGA.

The Soros-backed Faith in Minnesota is part of a sprawling group of intertwined nonprofits. Their 501(c)(4) unit received \$200,000 from something called the democracy FIRST PAC, whose principal donor is billionaire philanthropist Lynn Schusterman of Tulsa, Okla. Her late husband, Charlie, made a fortune in the oil and gas industry.

Her name pops up again as a donor to the PAC for America's Future, along with another child of Berkshire Hathaway's, Charlie Munger Schusterman, who also gave contributions under her own name to the reelection campaigns of Democrats Simon and Walz in 2022. The Schusterman's daughter, heiress Stacy Schusterman of Tulsa, gave \$234,000 to the DGA victory fund and also gave individual contributions to both Simon and Walz last year.

The Bridge to Democracy super PAC was launched with much fanfare last year, targeting Trump supporters in 12 states, including Minnesota. In the end, their money was used (through the organization Forward Majority) to oppose some Republicans who were, in fact, *not* Trump supporters but merely running in competitive legislative districts. So much for principle.

Alliance for a Better Minnesota

Those new to Minnesota politics might believe that the most powerful address in the state is the beautiful

1905 State Capitol building, designed by the famous architect Cass Gilbert, but they would be mistaken. The most important address in Minnesota politics is farther up University Avenue in St. Paul, at the intersection



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with Snelling Avenue: Spruce Tree Center, located at 1600 University Avenue. It is home to the organization coordinating the Democrats' fundraising and messaging, the nonprofit network Alliance for a Better Minnesota (ABM).

ABM was founded in 2007, immediately after the last election in which Republicans won statewide races. The group controls an array of 501(c)(3) and 501(c)(4) corporations and PACs all with the same mission: electing Minnesota Democrats. There are 11 separate corporate entities under the ABM umbrella. Minnesota Democrats spent approximately \$97 million in total in winning the last election, which means about one in five dollars on the Democratic side passed through the ABM machine at some point in its journey.

In the election year of 2022, the ABM network took in and spent some \$19 million — an amount of money that rivals the state Democratic Party. That's more than what ABM spent during the last two election cycles, *combined*. Of that \$19 million, a majority — more than \$12 million — came from out-of-state sources, and more than \$7 million came from the Democratic Governors Association based in D.C. — not a Minnesota-based organization with direct ties to and a vested interest in the lives of Minnesotans. Further, the DGA was the largest single donor to ABM and the largest donor in all of Minnesota politics this past cycle. What does ABM do with all this money? During election times, they do the dirty work of the Democratic Party.

For example, last year ABM's largest single spending item was the more than \$5 million they spent in opposition to the Republican candidate for governor. ABM does the negative campaigning against Republicans so that the actual Democratic candidates can stay above the fray. These are called "independent expenditures."

Groups like ABM understand that elections are a year-round effort, year in and year out. There is no such thing as an "off year" or "non-election" year and ABM has built a professional organization to support this constant effort.

ABM's main fundraising arms are entities called the 2022 Fund and WIN Minnesota. To showcase the co-dependency of these groups, current DFL party chair Ken Martin's previous job was running WIN Minnesota and the 2022 Fund. All of this is done within the letter of state election laws.

Three entities are classified as 501(c)(3) nonprofits.



Democrats' policy agenda is deeply unpopular with state voters; they will need every dollar they can get from Wall Street and Hollywood to prevail again in 2024.

Donors to these outfits can remain anonymous and receive a tax deduction for their contribution. The donors to the three ABM-related 501(c)(4) (dark money) nonprofits can also remain anonymous, of course, but do not receive a tax deduction. But they can rest assured that their money goes more directly to political efforts. Donors to the various state and federal PACs run by ABM must be disclosed, but money from these donors can be used directly in election campaigns.

Most of what the other ABM-related groups do can be classified under the category of "community organizing." Two ABM spinoff groups have graduated

to their own separate office spaces farther west on University Avenue, Minnesota Voice and Minnesota Youth Collective.

Minnesota Voice runs a partnership that includes 40 other nonprofits, organizing the Democratic vote along racial, religious, and class lines. It includes groups representing every hue of the Democratic rainbow coalition and every special interest.

Minnesota Youth Collective

organizes youth votes and trains new generations in the art of community organizing. ABM controls all 11 organizations through a series of interlocking boards of directors. As an organization, it is the power (and money) behind the throne of Minnesota Democratic politics.

In election years, ABM does the shift work for the Democratic Party and its candidates. Year-round, they provide the community organizing muscle to stitch together their diverse coalition into a bare majority at the ballot box. Of course, a fundraising operation is nothing without donors, and as previously illustrated, some of the richest billionaires in America give to state Democrats.

Victory lap

Shortly after the legislative session ended, Gov. Walz went on a nationwide victory tour with a stop at the White House. He made national media appearances and received glowing tributes printed in the *Washington Post* and the *New York Times*.

In August, he represented national Democrats at the Iowa State Fair, promoting a so-called progressive Minnesota as an alternative to the policies being promoted by Republican presidential candidates at the event. But with an election next year, Minnesota Democrats have to do it all over again and defend their small majority in the state House of Representatives.

Our exclusive *Thinking Minnesota* polling at the end of the legislative session taken in May shows that the Democrats' policy agenda is deeply unpopular with state voters; they will need every dollar they can get from Wall Street and Hollywood to prevail again in 2024.

When you follow the money, it's amazing the places you'll go. ★