

Democracy South

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NATIONAL SOFT MONEY IN N.C. TOPS \$7 MILLION; GIVES BOOST TO VINROOT, OTHER CANDIDATES

Soft money flowing into North Carolina now exceeds \$7 million and threatens to “put a ‘for sale’ sign on the office of Governor and House Speaker,” says Peter MacDowell, executive director of Democracy South, the campaign finance watchdog group based in Chapel Hill.

New disclosure reports show that Richard Vinroot, Republican candidate for governor, has received \$1,300,000 from the “soft money” account of the national Republican Party, including a \$200,000 contribution on October 17.

“It is doubtful that Vinroot could remain competitive without these huge transfusions of soft money,” MacDowell says. “But with enough money for advertising, he could change public perception and literally buy his way to victory. We’re about to see exactly how much power national soft money has in North Carolina politics.”

The soft money comes from donors across the nation who have written checks for up to \$250,000 to help the Republican cause. By October 20, national GOP committees had sent a total of \$3.9 million in soft money into the state, compared to \$3.2 million sent in by national Democratic committees. Less than 5 percent of the money has come from Tar Heel donors, according to an analysis of the records by Democracy South.

Vinroot’s opponent, Mike Easley, has not received any national soft money donations. But records show the national Democratic Party has steered nearly \$2 million in soft money to the N.C. Democratic Party to pay for issue ads in hotly contested Congressional races.

Soft money refers to donations made in unlimited amounts for “party-building” purposes. Through a complicated formula approved by the Federal Elections Commission, soft money can pay for a portion of issue ads that name a federal candidate. If a state party sponsors the ad, an even larger portion can be paid for with soft money. By transferring money to the state Democratic Party so it becomes the sponsor of the ads running in the 11th and 8th Congressional Districts, the national Democratic Party saves tens of thousands of dollars.

“The state party is using a loophole to help the national party channel more soft money into ads for Congressional elections,” says MacDowell. “It’s not a new practice, but we haven’t seen it happen in North Carolina on this scale.”

According to Democracy South’s analysis of disclosure reports, both national parties are also sending unprecedented amounts of soft money to the state parties for use to determine who wins a majority in the state legislature. The state House, now narrowly controlled by Democrats, could shift back to the Republicans. The outcome will determine who gets elected House Speaker in 2001, where boundary lines are drawn for state and Congressional districts, and what legislation gets priority attention.

By mid-October, the national Democratic Party had sent \$300,000 to the state party which was transferred into an account earmarked for state House elections.

The national Republican Party is using two different committees to channel national soft money into state House elections. Together, they have sent at least \$875,000 in national soft money to the state Republican party's fund for state House candidates. Another \$400,000 was transferred to the state party last week. In addition, the national GOP committees have sent \$90,000 directly to House Minority Leader Richard Morgan's campaign committee and \$20,000 to Linda Johnson, GOP candidate in a tightly contested seat in Cabarrus County.

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SOFT MONEY FUNDS SENT TO N.C. FROM NATIONAL PARTIES

(based on reports filed through October 20, 2000)

NATIONAL PARTY COMM.	Amount	Recipient
Republican Natl Comm - RNSEC/NC Account	\$2,085,063 \$1,300,000 \$5,000	NC Republican Party Vinroot for Governor Henry McKoy for Treasurer
Natl Republican Congres- sional Comm - NC Acct	\$409,652 \$90,000 \$20,000	NC Republican Party Richard Morgan Campgn Comm Comm to Elect Linda Johnson
<u>Total GOP Soft Money to NC</u>	<u>\$3,889,715</u>	
Democratic Natl Comm - NC Account	\$1,282,071	NC Democratic Party
Democratic Congressional Campaign Comm - NC Acct	\$1,925,659	NC Democratic Party
<u>Total Democratic Soft Money</u>	<u>\$3,207,730</u>	

SAMPLE OF STATE PARTY TRANSFERS OF SOFT MONEY TO OTHER ACCOUNTS OR TO AD AGENCIES

STATE PARTY	Amount	Recipient
NC Republican Party	\$879,838 \$506,513 \$357,027 \$113,750	NCGOP - House Majority Comm NCGOP - State Account NCGOP - Victory 2000 State Acct NCGOP - Senate Fund
NC Democratic Party	\$1,561,560 \$37,148 \$631,433 \$300,000	Morris Carrick & Guma - NYC Ad Agency SHJ Media/Highwood Group - DC Agency NC Dem Party - Federal Account NC Dem Party - House Dem Comm