

ALSO IN THIS ISSUE:

***ConsumerFreedom.org:
Tobacco Money Takes on
Activist Cash***
page 7

***PR Watch Launches the
“Impropaganda Review”***
page 8

***Digital Telemarketing: Old
Hacks Learn New Tricks***
page 9

***Burson-Marsteller Hires
a Green “Cash Cow”***
page 12

SPINNING THE WEB

by Sheldon Rampton

On December 13, the same day that several committees of Congress and the U.S. Senate began investigating the accounting gimmicks that Enron used to defraud investors and mislead the public about its collapsing financial empire, the *Wall Street Journal* breathlessly heralded the launch of a new website that promises to expose hidden financial secrets—not the secrets of Wall Street, but of activist groups such as Action on Smoking and Health, Mothers Against Drunk Driving, and the Center for Science in the Public Interest.

“Activist groups, even though most receive non-profit status and must file with the IRS, have been reluctant to let anyone see their records,” wrote columnist Kimberley A. Strassel. “But now, thanks to a new web site called ActivistCash.com, the average U.S. citizen can finally get the lowdown on the financial and organizational operations of many major activist groups in the country.”

Strassel never bothered to inquire where ActivistCash.com gets its own money. If she had (see page 7), the trail would have taken her straight to the gaping coffers of Philip Morris, which provided all of the \$900,000 in startup funding for the Guest Choice Network, the organization sponsoring ActivistCash.com. In addition to the tobacco

FLACK ATTACK

During the boom times of the dot-com 1990s, the Internet was hyped as a technology that would have profound and positive effects on human communication. The sobering effects of the current economic downturn have dulled the luster of this rhetoric, but the Internet remains an important terrain for both corporations and their activist critics.

This issue of *PR Watch* looks at the perspectives of both sides as they continue to innovate new cyber-techniques for activism and for combatting activism. Companies fear that the Internet will “destabilize business and borders” by helping activists organize quickly, cheaply and internationally. They fear that the Internet may lead to *too much* democracy, overwhelming representative government and making it harder to “filter” information before it reaches the public.

On the other hand, the Internet has opened new vistas to corporate PR specialists. Some PR firms now

specialize in using the Internet to spy on activist groups so that they can figure out how to neutralize them early. The Internet is also an important organizing tool for right-wing political operatives such as Jack Bonner, Richard Viguerie and Bruce Eberle, as they experiment with new ways to raise money and mobilize their troops. Some flacks are aggressively mimicking activist tactics, such as lobbyist Rick Berman, whose Center for Consumer Freedom (www.consumerfreedom.org) pretends to be a “watchdog organization” exposing the “anti-consumer agenda” of environmental and health organizations.

These scams are offensive in and of themselves, and they undermine the real democratic potential of the Internet, deliberately introducing noise in place of signal and confusion in place of communication. In order for the communications revolution to achieve its real potential, these efforts at spinning the web should be debunked and subjected to the healthy ridicule that they often deserve.

industry, the Guest Choice Network (recently renamed the “Center for Consumer Freedom”) gets its funding from large chain restaurants and taverns. Run by Washington lobbyist Rick Berman, these industries have a vested interest in attacking activist groups so that they can keep employee wages low, avoid paying health insurance, and drive up sales of their high-markup products: booze, soda pop, fatty foods and cigarettes.

ActivistCash.com purports to expose the “hidden” finances of activist groups, accusing them of “hypocrisy” for claiming to be grassroots organizations while taking funding from nonprofit foundations. Yet Activist-Cash.com is completely silent about its own finances. It even boasts of not taking foundation money—as though such grants are somehow tainted compared to receiving secret cash in large bundles from tobacco companies.

Fortunately, the Internet has made it impossible for ActivistCash to keep its origins secret. Documents linking Berman to Philip Morris are publicly available and downloadable from the Philip Morris documents website (www.pmdocs.com). The documents are available in part thanks to lawsuits which have compelled the tobacco industry to divulge its secrets, but thanks is due as well to the Internet itself, which makes it possible to disseminate information quickly throughout the world.

THE WEB IS A TWO-WAY STREET

As this example illustrates, corporate front groups are acutely aware that the Internet is a two-edged sword. PR firms use the Internet themselves to flog their causes and market clients’ products, but they are becoming increasingly alarmed by the growth of online activism. At the same time that they are promoting their own brand of online corporate activism, they are increasingly using the Internet to monitor public opinion and to devise new strategies for silencing, discrediting or otherwise neutralizing corporate critics.

The Internet has the “ability to destabilize business and borders,” frets Doug Pinkham, president of the Public Affairs Council (PAC), an association of top industry PR advisors and business lobbyists. And according to PAC communications director Wes Pedersen, that spells big trouble in coming years.

“Bonded by ties to the Internet, non-official, supranational groups have achieved successes that have disconcerted and sometimes dismayed U.S. diplomats and, with increasing regularity, American business,” Pedersen warned in the January 2000 issue of PAC’s monthly newsletter, *Impact*.

Pedersen pointed to 1999’s massive demonstrations against the World Trade Organization meeting in Seattle as evidence that “international activist organizations”

have “used the net to great global advantage, rallying others to their various causes—environmentalism, anti-free trade, anti-Americanism, and, most astonishingly, anarchism.” Seattle, moreover, is only one example of the growing influence of Internet-savvy nongovernmental organizations (NGOs).

“Since the Earth Summit in Rio de Janeiro in 1992,” Pedersen stated, “cyber-savvy NGOs have brought their agendas to bear on more than a dozen major conferences, more often than not targeting American interests and policies in the process. Countering the growing influence of these cyber-powered, anti-American, anti-corporate international organizations is one of the greatest challenges U.S. corporate and government public affairs practitioners will face in this new millennium.”

Pedersen, whose career in public relations began in the 1950s when he worked as a “communist affairs analyst” for the U.S. Information Agency, describes recent successes by Internet-linked nongovernmental organizations as “wake-up calls” indicating a need for “increased business support . . . to counter extremist NGOs.”

He warned that the Internet is helping nongovernmental organizations extend their political influence in forums ranging from the United Nations to Main Street USA. “The work of statesmen is being opened up to a broader and more contentious public,” he stated. “Within the U.N., NGOs, their influence magnified many times over by use of the Internet, are proposing creation of a standing body in the Commission on Sustainable Development to review voluntary codes in the area of sustainable development, and NGOs are looking to broaden the scope of the review process to all aspects of corporate accountability.”

Pedersen is not the only PR pro expressing alarm about the radical potential of the Internet. Writing in the same issue of *Impact*, Bell Atlantic Assistant Vice President Link Hoewing described the Internet as “activism’s dream tool” and pointed again to its role in the protests surrounding the World Trade Organization talks in Seattle. “The activists aggressively used the Internet to plan and organize their teams,” he wrote. “The WTO protests reflected a significant growth phase in the development of activist groups worldwide. Private citizens throughout the world are banding together in what may be thousands of nongovernmental organizations (NGOs). The increase in the number of such groups is phenomenal. . . . With the Internet as facilitator, that number can be expected to climb quickly.”

“Do not ask for whom the web tolls. It may be your company,” Edward Grefe wrote in the September 1998 issue of *Impact*. As an example of the Internet’s alarm-

ing potential to empower the powerless, Grefe cited the recent success of an international treaty to ban land mines. "From beginning to end, that globe-spanning campaign, coordinated by a Vermonter, was a movement started by people who had no power base, only a mission and a keen awareness of the rallying power of the Internet. . . . Most politicians around the world wished the campaign would fade away. It succeeded because it appealed to people at the grassroots in other countries who then pressed their leaders to act."

The lesson to be learned from examples like this, Grefe warned, is that "We are being trumped. . . . In nations around the world, grassroots movements are being formed that will spread fast and far beyond borders. These movements will often have a decidedly anti-American and/or anti-corporate tilt. . . . I would like to be able to assure you that the United States Congress—that Washington itself—is still the dominant player in handling world issues. That would be reassuring to those spending millions of dollars in this country to defeat agendas being driven by millions of people in other countries. I cannot, however, offer such assurance."

The Internet, Grefe said, is "the key—the vital key—to the new globalism and the new regionalism."

OPPORTUNITY KNOCKS

For the public relations industry, the emergence of the Internet as an important new communications medium has created both problems and opportunities. Before Grefe began worrying publicly about its potential to empower anti-corporate internationalism, he was waxing euphoric about its potential as a capitalist tool.

A former former vice president for public affairs at Philip Morris, Grefe claims to have "invented" corporate grassroots programs that use sophisticated databases and other modern technologies to marry business objectives with the tactics of radical organizers such as Saul Alinsky. "The heirs of Saul Alinsky can be on both sides of the equation," he wrote in his 1995 book, *The New Corporate Activism*, which chronicled the rise of what he called a "new breed of guerrilla warriors" dedicated to promoting corporate values. "The essence of this new way," he wrote, "is to marry 1990s communication and information technology with 1960s grassroots organizing techniques."

In May 1997, Grefe told readers of *Impact* that the Internet was coming into its own as a corporate organizing tool. The key, he said, lay in evolving technologies that would make it possible for websites to identify and track the identity of visitors.

"Until recently, the Internet was, in many ways, somewhat passive," he wrote. "You could put your information out, but knowing who was viewing it was difficult at best. And knowing whether those viewers were people with whom you might have something in common—such as their willingness to become involved in supporting you on your issue—was, of course, questionable. . . . It was virtually impossible to track down folks on the net and evaluate whether they were potential recruits for third party coalition endorsements or even active grassroots involvement." New technologies, he predicted, would change this by making it possible to discover "the e-mail address of anyone who has taken the time to look at a video on your site."

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Other corporate activists have also been busy developing new techniques for seizing control of the Internet. Conservative direct marketers such as Richard Viguerie and Bruce Eberle (see story on page 9) have thrown together hundreds of websites touting conservative causes and fostering scare campaigns designed to rally followers. In the years leading up to the dawn of the new millennium, Viguerie hosted several websites devoted to Y2K scaremongering which predicted serious disruptions to international finance, travel and security. Eberle has developed a “viral marketing” system that uses conservative talk radio hosts to promote “Internet opinion polls” that collect visitors’ names and addresses for subsequent fund-raising appeals.

Recognizing that “word of mouse” is critical to Internet PR, the Burson-Marsteller PR firm has coined the term “e-fluencers” to designate people on the Internet who influence others. “Our data reveals a distinct, identifiable set of Internet citizens who act as online opinion leaders,” said Leslie Gaines-Ross, B-M’s chief knowledge and research officer. “These cyberworld town criers whose voices are not measured in decibels but in megabytes, are able to express their opinions at extraordinary high rates, using the Internet as their soapbox.” According to Christopher Komisarjevsky, CEO of Burston-Marsteller Worldwide, “Companies must absolutely try to figure out and identify who the e-fluencers are that influence their business and develop a way to reach those people.”

A THOUSAND BLOOMING FLOWERS

The scary thing for large corporations is that the Internet makes it possible for everyday citizens to become “e-fluencers” at affordable prices. “The information glut puts pressure on those responsible for getting the word out to maintain control,” *PR Week* noted on March 1, 1999.

Traditionally, PR people could concentrate their efforts on influencing a limited number of information channels which included leading newspapers like the *New York Times* and *Washington Post*, the national TV networks, and perhaps a handful of local newspapers and other media outlets whose audience was significant to their particular client. That system began to break down with the advent of cable television, which vastly increased the number of channels available to viewers. Instead of broadcasting their message to the public at large, PR people began to talk about “narrowcasting” to different targeted audiences.

Wire services, which formerly were limited in number, have also begun to proliferate. Two wire services have traditionally dominated the public relations scene:

PR Newswire and Business Wire. In addition to disseminating news releases to thousands of newspapers and other media outlets, they distribute quarterly financial reports and other corporate information. “Journalists have come to depending on the credibility of PRN and BW as third party sources,” notes *PR Week*. In recent years, however, the Internet “has opened the door for other wire services to enter the commercial news distribution game,” including companies such as US Newswire and Newbytes, which focuses on news related computer and high tech.

Frank Mankiewicz, vice president of the Hill & Knowlton PR firm, worries about the Internet’s absence of “gatekeepers—editors, critics, producers and other informed delegates.” Without gatekeepers, he fears, the result will be anarchy: “The old egalitarian idea that everyone is entitled to his own opinion is being swamped by access to just plain garbage,” he complains. “The Internet has created a new class of individual purveyors to whom everything is equal and only ‘what you want’ is purveyed. On the World Wide Web, without gatekeepers all we have are trespassers.”

In September 2000, Ronald Duchin of the PR spy firm of Mongoven, Biscoe & Duchin wrote that “career anti-corporate activists” were behind the growth of student activism and pointed again to the important role of the Internet. “In the past decade,” he wrote, “most U.S. colleges and universities have made Internet-based technologies readily available to all students. (*American Demographics* reported in May that 84% of all students aged 18 to 24 regularly access the Internet from campus computer facilities.) At the same time, the NGO activist community overall has expanded its organizing capabilities, using the Internet as an inexpensive, instant tool for recruiting large coalitions around specific issues. . . . The moral: Today’s Internet-savvy campus activists will be tomorrow’s NGO leaders, and their facility with information technology will shape the dynamics and effectiveness of public-interest activism in the future.”

“Suddenly a company’s voice is no longer louder than that of its leading critics,” laments Infonic, a London-based PR firm that specializes in monitoring the Internet for corporate clients such as British Airways, Levi Strauss, Unilever, Shell and Sony. “Activists, customers, journalists and employees are talking to each other like never before,” Infonic warns, “with big business finding it increasingly difficult to stay in the conversation.”

In November 1997, *Impact* quoted Alan Rosenthal, director of Rutgers University’s Eagleton Institute of Politics, who warned that “‘Participatory democracy’ is growing at the expense of representative democracy.

Government is no longer conducted by representatives, with the consent of the governed, according to the original Federalist plan. It is conducted with significant participation by the governed, and by those who claim to speak for the public's interest, according to a more populist plan."

EYES AND EARS

Some companies have tried to block their Internet critics by pre-emptively registering domain names that someone else might use to attack them. Volvo, for example, has bought the rights to VolvoSucks.com. Chase Manhattan owns IHateChase.com, ChaseStinks.com, ChaseSucks.com and ChaseBlows.com. Likewise, Verizon telecommunications tried snapping up Verison-Sucks.com, only to have its effort thwarted when a small online zine created a website called VerizonReally-Sucks.com.

Other firms like Infonic have emerged that specialize in monitoring discussions on listserves, websites and Internet chat rooms. In September 2000, for example, leaked internal company documents showed that the Sony Corporation was relying heavily on Infonic in Europe to perform "detailed monitoring" of environmental groups groups that criticize its line of electronics products, many of which contain toxins and are difficult to dispose of.

"The Internet is serving as a tool for gathering intelligence both on potential allies as well as opponents, and recruiting people both inside—and, perhaps more important—outside one's organization."

—Tony Kramer, Public Affairs Council.

"Activist groups around the world are increasingly relying on the Internet to distribute information and activate their grassroots supporters," *Impact* reported in December 1999. "Many have state of the art sites that enable their members to not only read action alerts, but send e-mail and faxes to government officials. As websites begin to replace mailings as the primary source of information on these groups, it becomes increasingly important to monitor their actions on the Internet."

"When those nasty rumors start breeding on the web, you've got to move fast," says PR counselor and conservative pundit Alan Pell Crawford. "Smart organizations facing this challenge now routinely monitor what is said about them on these sites—or try to. . . . Having

discovered that they can't do the job properly in-house, many companies are turning to monitoring services like e-Watch, Inc., or Cyveillance."

Crawford advises companies to "Learn everything you can about what is said about you. Don't confine your search to the major webzines. Monitor chat rooms and discussion groups, too. If you find a site where you are being criticized, determine whether the site has any traffic; maybe it doesn't and can be safely ignored. . . . View the Net as a vast, completely uninhibited focus group that can provide insights you'd never get any other way. Eavesdrop all you want, learning the attitudes of specific audiences and the issues most important to them."

Richard Bell, a senior consultant at Issue Dynamics, advises PR pros to "use the Internet to gather timely intelligence about potential issues and problems for your company or your industry. . . . By monitoring, you will have an early-warning system that will pick up nasty rumors early, giving you a chance to kill them off before they can reach the mainstream media."

The New York firm of Middleberg and Associates, which also specializes in web monitoring for corporate clients, has an unabashedly hostile view to free speech: "The dark side of the Net is that anyone can say anything to anybody at anytime and there's absolutely no regulation, no one needs to verify anything," Don Middleberg explained in February 1997. "It could be true, it could be false. And as a result, people are doing some things that are very damaging to companies' reputations and they are also doing some things to companies that are actually impacting sales. . . . The explosion of information going on out there is just beyond any one organization's ability to control," Middleberg said. "So you do the best job you can with the resources you have."

In addition to the web, PR firms monitor chat rooms and newsgroups. Relatively little effort is focused on chat rooms, because discussions there are limited to small groups of people. Newsgroups, however, are a different matter. "We find that the newsgroups are much more interactive than the Web," said Adam Cooper, creative manager at the Interactive Solutions Group of Edelman Public Relations Worldwide. "So the newsgroups are really what we would consider the key place to listen to people."

Monitoring Internet activism can be expensive, but lots of clients are willing to pay the price. More than 200 clients, ranging from Mrs. Fields Cookies to Northwest Airlines, have turned to eWatch, which charges \$16,200 per year to help a company track its online critics, monitoring some 63,000 Internet mailing lists and newsgroups, more than 1,000 web-based publications, and

hundreds of public discussion areas on America Online, Prodigy, Compuserve, the Microsoft Network and Yahoo. Another company, WebClipping.com, offers a similar service for rates of up to \$250/month. Pricier still is CyberAlert, which charges \$1,995 per month to monitor the web, newsgroups, e-mail listserves and online forums. Other companies in the Internet surveillance business include NetCurrents Inc., Decision Strategies Fairfax International (www.dsfx.com), and Kroll Associates (www.krollworldwide.com).

The Internet Crimes Group, based in Princeton, New Jersey, monitors the Internet “to identify anonymous individuals and groups engaging in improper or illegal activities” such as copyright violations, Internet fraud, and “anonymous message board or newsgroup posters,” and “malicious or offensive e-mail.” The Internet Crimes Group appears to be a reincarnation of CyberSleuth, a similar service that was initially provided by eWatch. CyberSleuth was criticized in a widely-circulated article in *Business Week*, which quoted the service talking about “identifying perpetrators and neutralizing information.” After eWatch was purchased by PR Newsire in January 2001, it discontinued CyberSleuth but refers companies seeking similar services to the Internet Crimes Group.

In 1999 and 2000, the Foundation for Public Affairs surveyed PR firms and found that 66% of PR firms are using the Internet to monitor the news media, 45% use it to monitor public interest groups, and 44% monitor newsgroups.

“Eavesdrop all you want, learning the attitudes of specific audiences and the issues most important to them.”

—PR counselor Alan Pell Crawford

STRIKING BACK

Some PR firms have also planted ringers in online chat rooms—paid consultants who defend their clients while concealing their financial ties to the company being discussed. “A small industry is emerging among consultants who specialize in spinning online discussions to favor the positions of companies and interest groups,” the *New York Times* reported in October 1999. Audrie Krause, for example, works as a consultant for AT&T but has represented herself online as a “consumer advocate” during discussions of broadband Internet access, a subject in which AT&T has a vested interest.

According to Mindshare Internet Campaigns, a firm in Washington, DC, its staffers “regularly adopt pseu-

donyms and participate in online discussions on behalf of some clients.” According to Mindshare’s Shabbir J. Safdar, some of his clients pay hundreds of thousands of dollars a year for Internet monitoring and intervention. “I’ve seen some big price tags,” Safdar said. “I’ve seen clients who were very, very worried and would plunk down large sums of money.”

When talking up a client’s side of things fails to win the day, some corporations go a step further, using lawsuits and legal threats to silence their online critics. In February 2000, *Business Week* estimated that more than 100 such suits had been brought around the country. Companies filing suit have included Raytheon, a military contractor; Stone & Webster Inc., a construction firm; ProMedCo Management, which manages physician practice groups; and the Kimberly-Clark paper company. Examples of lawsuits that have gone to court include the following:

- In California, the Terminix extermination service sued to shut down a website owned by Carla Virga, an angry customer who claimed that the company had botched its pre-purchase inspection of her home. Terminix sued her for libel, and after losing that lawsuit, it took her to court a second time, claiming “trademark infringement” because her website mentioned the name Terminix. After nine years of litigation, the company finally dropped the lawsuit, by which time legal fees had driven Virga and her husband into bankruptcy.
- Harken Energy Corp., a gas and oil exploration company, sued numerous people who posted online comments in July 1999 about a drilling venture in Colombia.
- Fruit of the Loom subpoenaed Yahoo, demanding to know the identity of two people who posted anonymous messages on a finance message board, criticized the company’s lobbying activities related to a trade bill that would benefit Fruit of the Loom by allowing them to import certain items duty-free.
- Ford Motor Company sued a website for criticizing the company and posting information about its upcoming products.
- Dunkin’ Donuts threatened a lawsuit against a disgruntled customer whose website, www.dunkin-donuts.org, posted gripes about the company’s products. Rather than suing, however, it settled the matter by buying out the website, deleting the complaints and replacing them with cheery pro-donut propaganda. ■

CONSUMERFREEDOM.ORG: TOBACCO MONEY TAKES ON ACTIVIST CASH

by Sheldon Rampton and John Stauber

Full page advertisements in *Newsweek* magazine are expensive, so who footed the bill for an attack ad aimed at Greenpeace that ran in the January 28 issue? The Center for Consumer Freedom, which produced the ad, isn't saying.

At first glance, with its photo of a diving whale in the ocean, the ad looked like it might have been placed by Greenpeace itself—until, that is, you read the nasty quote from Patrick Moore, identified as a “Greenpeace Co-Founder,” calling his former colleagues “a band of scientific illiterates who use Gestapo tactics.”

The advertisement featured a web address, www.ConsumerFreedom.com, which belongs to the Center for Consumer Freedom (CCF). Like the advertisement itself, the name is misleading. CCF doesn't represent consumers. It's just the new name for lobbyist Rick Berman's latest front group.

Until January, the CCF called itself the “Guest Choice Network.” Its name change coincided with the launch of a second website, called ActivistCash.com, which purports to reveal a vast, left-wing financial conspiracy among major foundations and nonprofit public interest organizations.

Berman's specialty as a lobbyist is what he calls “shooting the messenger”: attacking activists who criticize his clients. *PR Watch* first exposed Berman & Co. in our First Quarter 2001 issue, detailing his work for the restaurant, tavern and alcoholic beverage industries. Since then, we have uncovered new information documenting his ties to Philip Morris.

Although ConsumerFreedom.org isn't saying who funded its attack advertisement against Greenpeace, Philip Morris is a distinct possibility. The tobacco giant is also now the largest food company in the United States. Greenpeace is one of the international leaders in the fight for safety and environmental testing of genetically engineered foods, and recently Greenpeace targeted Philip Morris Kraft for its sales of such products.

PLOYS 'R' US

ActivistCash.com and ConsumerFreedom.org are merely the latest in a string of organizations that Berman has created to advance his clients' interests. Another Berman front group, the Employment Policies Institute (EPI), calls itself a “non-profit research organization dedicated to studying public policy issues surrounding employment growth.” In reality, EPI's mission is to oppose increases in the minimum wage so restaurants can continue to pay their workers as little as possible. EPI also owns the domain names to MinimumWage.com and LivingWage.com, a website that attempts to portray the idea of a living wage for workers as some kind of insid-

ious conspiracy. “Living wage activists want nothing less than a national living wage,” it warns (as though there is something wrong with paying employees enough that they can afford to eat and pay rent).

Some of Berman & Co.'s most visible lobbying has been waged against efforts to lower the legal blood-alcohol limit for drivers. It runs the American Beverage Institute, which was organized in 1991 with the stated mission of promoting “responsible alcohol consumption,” but actually represents restaurants and retailers that sell alcohol. The ABI's arch-enemy is Mothers Against Drunk Driving (MADD).

FOLLOWING THE MONEY

ActivistCash.com claims to expose the funding behind groups like MADD, Action on Smoking and Health, and the Center for Science in the Public Interest. In reality, none of the information that it “exposes” has ever been hidden. It is available in public foundation reports and IRS tax statements that non-profit organizations provide to anyone who asks. Most of the information in the [ActivistCash](http://ActivistCash.com) database can already be found in public libraries or the Internet. Non-profit organizations are not obligated to disclose the names of specific individual or institutional donors, but most of the groups attacked by [ActivistCash](http://ActivistCash.com) have gone beyond the requirements of the law in providing the information that [ActivistCash](http://ActivistCash.com) is now using to attack them.

It is hypocritical in the extreme, of course, for ActivistCash.com to “expose” the funding of others, while keeping the details of its own finances hidden to conceal the fact that its funding comes from the very industries that share a vested interest in attacking activists. Fortunately, some information about the funding of Berman's operations can be found as a result of lawsuits against the tobacco industry, which have forced the disclosure of internal industry documents. Correspondence between Berman and Philip Morris reveals that the Center for Consumer Freedom (then called the Guest Choice Network) was founded in 1995, with initial funding coming entirely from the tobacco industry.

“I'd like to propose to Philip Morris the establishment of the Guest Choice Network,” Berman stated in a December 11, 1995 letter to Barbara Trach, PM's senior program manager for public affairs. “The concept is to unite the restaurant and hospitality industries in a campaign to defend their consumers and marketing programs against attacks from anti-smoking, anti-drinking, anti-meat, etc. activists. . . . I would like to solicit Philip Morris for an initial contribution of \$600,000.”

The purpose of the Guest Choice Network, as Berman explained in a separate planning document, was

to enlist operators of “restaurants, hotels, casinos, bowling alleys, taverns, stadiums, and university hospitality educators” to “support mentality of ‘smokers rights’ by encouraging responsibility to protect ‘guest choice.’”

According to a yearend 1995 budget, Guest Choice planned to spend \$1.5 million during its first 13 months of operation, including \$390,000 for “membership marketing/materials development,” \$430,000 to establish a communication center and newsletter (which Berman promised would have a “60% to 70% smoking focus”), \$110,000 to create a “multi-industry advisory council,” and \$345,000 for “grassroots network development/ operation.”

The tobacco company complied with Berman’s initial funding request for \$600,000 and pitched in another \$300,000 early the following year. “As of this writing, PM USA is still the only contributor, though Berman continues to promise others any day now,” wrote Philip Morris attorney Marty Barrington in an internal company memorandum dated March 28, 1996. No further information is publicly available about Guest Choice’s finances or activities until its public launch two years later, in April 1998, sporting an advisory board comprised mostly of representatives from the restaurant, meat and alcoholic beverage industries.

In 1999, Berman continued to combine tobacco flackery with his role as a restaurant lobbyist, as his American Beverage Institute published a study titled “Effects of 1998 California Smoking Ban on Bars, Taverns and Night Clubs.” The study surveyed bar owners and managers, asking whether business increased or decreased after January 1, 1998, the date the California bar ban went into effect. It claimed to find that business declined an average of 26.2%, but no hard numbers were used to arrive at this percentage. Rather than look at actual sales receipts, the ABI survey merely surveyed the opinions of bar owners. Numerous other studies have examined the effect of smoking bans on the hospitality industry, and studies that actually look at taxable sales receipts show no significant impact.

As a private company, Berman & Co. is not required to disclose its finances. However, two of its front groups—the Guest Choice Network and the Employment Policies Institute Foundation—are registered as tax-exempt non-profit organizations, and they are required to disclose some financial information to the Internal Revenue Service which is publicly available by inspecting their IRS Form 990s.

The IRS Form 990 for the Employment Policies Institute Foundation shows that it received revenues of \$1,237,566 during the 1999 calendar year. Of that

amount, \$508,173 went to Berman & Co. for “consulting services.” Another \$163,026 in salary and benefits went directly to Rick Berman as EPIF’s executive director, a job on which he reportedly spent 28 hours per week. EPIF secretary Thomas Dilworth (sometimes described in news stories as the organization’s “research director”) worked an average of 8.5 hours per week and received \$32,863 in salary and benefits for the year.

The Guest Choice Network claims to represent “more than 30,000 U.S. restaurants and tavern operators.” However, the IRS Form 990 which it filed for the the six-month period from July to December 1999 (prior to changing its name to the Center for Consumer Freedom) shows that almost all of its financial support came from a handful of anonymous sources. Its total income for that period was \$111,642, of which \$105,000 came from six unnamed donors. It received no income from membership dues. Some of its funding apparently comes from one of Berman’s other organizations, the American Beverage Institute, which “contributes monthly amounts to the Guest Choice Network to assist with media expenses.” The Guest Choice Network did not report paying salaries to any of its employees, who were presumably paid by other sources. ■

PR WATCH LAUNCHES THE “IMPROPAGANDA REVIEW”

For a more detailed description of Berman’s front groups, including personnel biographies and analysis of some of their misleading claims, visit the new “Impropaganda Review” section of the PR Watch website, at the following URL: <<http://www.prwatch.org/improp/ddam.html>>.

The Impropaganda Review is a “rogues gallery” of industry front groups and anti-environmental think tanks, including current organizations such as the Global Climate Coalition and the Competitive Enterprise Institute, as well as important historical examples such as the now-defunct Council for Tobacco Research. Each profile gives a description of the organization, its history and funding, along with case studies providing examples of how the group has used misleading science and other distorted data to bolster pro-industry arguments. The Impropaganda Review also includes essays titled “What is impropaganda?” and “How to research front groups.”

DIGITAL TELEMARKETING: OLD HACKS LEARN NEW TRICKS

by Sheldon Rampton

At the same time that corporations fret about the threat of Internet activism, they have become Internet activists themselves. Jack Bonner, one of the gurus of corporate “grassroots” PR, now offers his own website design service to assist clients such as the Western Fuels Association, which represents the coal industry and coal-burning electric utilities. To generate e-mail opposing a global warming treaty, Bonner designed www.globalwarmingcost.org. Between its launch in September 1997 and its discontinuation in May 2001, Bonner said, the website “generated literally tens of thousands of e-mails in support of our client’s position.”

Upon visiting the site, visitors would answer a few questions about their zip code and profession. The website used the answers to generate customized letters to each member of the visitor’s Congressional delegation, saying, for example, “I am a farmer which you represent. I ask you to reject any effort to stiffen the United Nations Global Climate Change Treaty.”

“How do you recruit these proven activists? By creating an activation Web site, not an informational Web site . . . a site that exists solely to create activists.”

—grassroots PR guru Jack Bonner

There was no way, of course, to send a message *supporting* the treaty. Visitors to the website only got to choose two things: their occupation and the amount they were currently spending on gasoline, electricity, heating oil and natural gas. The website would then spit out letters to elected officials with customized amounts plugged in estimating how much the constituent’s fuel bill would rise if a climate change treaty was passed.

What was the methodology behind Bonner’s estimates of fuel cost increases? The website didn’t say. Explaining things would be a waste of time, according to Bonner’s strategy for recruiting “online activists.”

“The first reason to go to cyberspace is to recruit activists, many of whom you would not be able to find through other means,” Bonner explained in a September 1998 article for *Campaigns and Elections* magazine. “In the last 14 years, we have explored, I am confident, every method short of voodoo to recruit credible, quality supporters on a great variety of issues. And in all this time, and all these campaigns, we have never found a more cost-effective method of recruiting activists than the Web. . . . How do you recruit these proven activists? By creating an activation Web site, not an informational Web

site . . . a site that exists solely to create activists. A site that does not pretend to present a detailed wonklike discussion of the merits and intricacies of an issue, but a site that, in a very upfront manner, is an advocacy site, geared solely to recruit activists.”

NO FREE LUNCH

By “credible, quality supporters,” Bonner means people who are “willing to put their name and address within the communication.” Grassroots PR firms have already tried the “spamming” technique that internet marketers use to send identical e-mails to millions of internet users. In 1998, however, Bonner commissioned a study showing that the average congressional office disregards 80% of the e-mail it gets because the messages are not from constituents or lack names and addresses.

In March 1998, Juno Online Services announced the launching of the “Juno Advocacy Network,” adding yet another twist to the corporate takeover of the internet. Like Bonner’s site, it helps companies target people who are willing to let them put their name and address on political correspondence.

For years, Juno has been in the business of offering “free” e-mail services to its 4.6 million subscribers. In life, however, few things are truly free, and Juno is no exception. When subscribers sign up, they provide the company with detailed demographic information such as their age, income and interests. Juno uses the information to target subscribers with on-line advertising. Through the Juno Advocacy Network, it also tries to turn them into political activists.

“Through the use of detailed demographic and psychographic data collected from all Juno members when they create their Juno accounts, organizations will be able to target precisely the subset of Juno’s subscriber base to whom a given issue is relevant,” announced a Juno news release on March 31, 1998.

Juno president Charles Ar dai touted the service as a step into cyber-democracy, the creation of “an unprecedented dialogue among all participants in public affairs. Citizens can communicate with their senators and representatives; organizations focused on certain issues can communicate with the citizens affected by those issues; and there can be real accountability, as citizens are kept informed by e-mail about how their representatives are voting on the issues that matter to them. Before the Internet, establishing this sort of web of instant, efficient communication would have been impractical. Today, it’s the cutting edge of participatory democracy.”

As with Bonner’s websites, however, the “participation” in this “participatory democracy” is controlled from above by Juno and the companies that buy its lists.

FLASH FLOODS

The internet has also created a new type of political activism, dubbed “flash campaigning” by the *New York Times*. Focused on hot news topics and making use of e-mail chain letters and online petitions, flash campaigns can be created quickly and reach hundreds of thousands—even millions—of people in a matter of days.

Responding to the Bush/Gore election deadlock, for example, partisans for each candidate had dueling websites up and running within days after November 7. The conservative site, named www.AlGoreLost.org, urged visitors to join a petition supporting Florida Secretary of State Katherine Harris in her attempt to block a manual vote recount. Meanwhile, at www.ActForChange.com, the pro-Gore petitioned that recounts must continue and that Harris should recuse herself.

There is often more to websites like these than meets the eye. Although they appeal to public interest in an immediate hot-button issue, the designers of these campaigns realize that the short-term campaign is largely a recruitment vehicle to collect names for future appeals designed to play on their political sympathies. The pro-Gore website, for example, was affiliated with Working Assets, the long-distance phone service provider which markets itself as a supporter of progressive causes. At the bottom of the form where petitioners are asked to provide their name, address and other contact information, a statement appears noting that “ActForChange/Working Assets does not sell, trade or release your e-mail address to others,” but adds, “We may e-mail you information in the future about Working Assets.”

Working Assets deserves credit at least for disclosing how it plans to use the information it collects, and for including a detailed privacy policy as part of the website. The same cannot be said, however, about AlGoreLost, which failed to disclose that it was run by the Eberle Communications Group, owned by direct-marketing guru Bruce Eberle. The website also failed to provide any information about its policies regarding privacy and possible future usage of the personal information which website visitors disclosed when they added their names and e-mail addresses to the petition.

Eberle, who got his start raising money for Ronald Reagan in the mid-1970s, describes his company as “one of the oldest and largest direct-mail fund-raising operations in America.” In 1999, his firms mailed more than 40 million solicitation letters, mostly on behalf of conservative causes.

His clients have included Pat Buchanan’s 1992 campaign for president; Stacey Koon, one of the Los Angeles police officers convicted in the 1991 beating of

Rodney King; Ollie North during his losing Senate bid in 1994; Paula Jones, the former Arkansas state worker whose lawsuit accused President Bill Clinton of sexual harassment; and conservative Missouri Senator John Ashcroft (now U.S. attorney general).

DISHONORING THE DEAD

Eberle’s fund-raising activities have also drawn repeated charges of ethical misconduct, the most notorious of which was a campaign in the 1980s that used phony prisoner-of-war sightings to solicit money from veterans for former Air Force Col. Jack Bailey’s “Operation Rescue,” which claimed to be on the verge of saving American POWs still being held in Vietnam. One solicitation took the form of a “handwritten letter” signed by Bailey, who claimed to be writing from aboard his rescue ship, the *Akuna III*. “Please excuse the handwriting. But I’m writing at a makeshift desk on the deck of the *Akuna III*,” the letter read. “The China sea is tossing and rolling.” In reality, the letter had been written by Eberle, not by Bailey, and the *Akuna III* (which was not even seaworthy) had been docked for more than two years.

Eberle’s direct mail appeals enabled Bailey’s group to raise \$2.2 million between 1985 and 1995, of which 88% was actually spent on “fund-raising expenses” instead of rescue missions (and of course, no rescue mission ever actually succeeded in rescuing anyone). When these facts surfaced during a Senate committee hearing, the revelations prompted outrage from Vietnam veterans on the committee including John Kerry, who termed the operation “fraudulent, disingenuous and grotesque.”

Republican Senator John McCain offered similar sentiments. “In my opinion they are criminals and some of the most craven, most cynical and most despicable human beings to ever run a scam,” McCain said. “They have preyed on the anguish of families, and helped to turn an issue which should unite all Americans into an issue that often divides us.”

Eberle simply shrugged off these charges, claiming to have “one of the highest reputations for integrity in the business.”

TWO-BIT OPERATION

One of Eberle’s more recent gimmicks was a website called 2bits4conservatives.com, through which he promised to contribute 25 cents to the “conservative cause of choice” for each visitor who visits his site. “It may only be two bits, but if enough conservatives send my quarters it could add up to real money,” he stated.

The real purpose of 2bits4conservatives.com, of course, was to collect names for future fund-raising appeals. In order to give a quarter to one of these causes, visitors to

Omega will install its Polling Wizard(TM) on your web site -- **ABSOLUTELY FREE** -- And don't worry if you don't have a web site -- Omega will take care of that too by providing you with a web site that will enable you to get going immediately to increase your listeners, build your e-mail list and start bringing in the extra income.

You do what you do best! Get on the air and talk to your listeners! Drive them to your website by conducting a daily survey or a contest on a topic of your choosing. Then the Polling Wizard takes over. This specialized software provides you with instantaneous results and captures the e-mail address of the poll taker and allows them to opt-in to receiving future e-mails from you. And 85% of the respondents will choose to opt-in.

What happens next is a cakewalk. Omega will call you with an opportunity to send an endorsement e-mail to your list. You can turn it down if you choose to or you can send it out over cyberspace and receive a royalty for lending your name to a cause, organization or product you believe in.

That's it. Omega's Polling Wizard(TM) enables you to utilize your web site for making money, helping out your sponsors, and developing a one-on-one relationship with your listeners.

I use Omega's Polling Wizard(TM) and it has enabled me to build my e-mail list and develop a closer relationship with my listeners. In addition, I can endorse via e-mail my sponsors' products and/or their causes.

Call Omega today and sign on to the program. Omega gives you their specialized software absolutely FREE and presents you with an opportunity to earn an extra \$25,000 or more annually.

What do you have to lose?

On Eberle's website, talk radio personality Blanquita Cullum explains how she makes money by endorsing conservative causes.

2bits4conservatives gave Eberle their name and e-mail address. By signing up, they also indicated which cause they would be likely to support in future appeals. The list of causes to which Eberle promised to “give” his quarters were his own clients such as the Linda Tripp Defense Fund; the Freedom Alliance, run by Oliver North; the anti-environmental Mountain States Legal Foundation and the Southeastern Legal Foundation; Radio America, an all-conservative nationwide network of radio stations; and the Law Enforcement Legal Defense Fund, which purports to defend police officers who have been unfairly accused of brutality.

ENDORSEMENTS FOR SALE

Eberle also owns the Omega List Company, which manages and rents mailing lists of potential donors. Beginning in mid-2000, it began selling similar services for Internet fund-raising, boasting that it is “a pioneer in the endorsement e-mail field.”

The Omega List website (www.omegalist.com) features a presentation by conservative talk radio personality Blanquita Cullum, explaining how “endorsement e-mail” blurs the boundaries between paid advertising, opinion polling and on-air talk.

“You do what you do best!” Cullum says. “Get on the air and talk to your listeners! Drive them to your website by conducting a daily survey or a contest on the topic of your choosing.” Eberle’s “polling wizard” software then captures the names of respondents so that they can be hit up for money.

“What happens next is a cakewalk,” Cullum says. “Omega will call you with an opportunity to send an

endorsement e-mail to your list . . . and receive a royalty for lending your name to a cause, organization or product you believe in. . . . Omega gives you their specialized software absolutely FREE and presents you with an opportunity to earn an extra \$25,000 or more annually.”

BE COUNTED FOR A SUCKER

Another conservative direct-mail fundraiser, Richard Viguerie, has also gotten into Internet appeals. Sometimes labeled the “reigning dean of direct-mail fund-raising for the conservative right,” Viguerie has been a conservative organizer since the Goldwater campaign of 1964. He has raised money to campaign for prayer in the public schools, Ollie North and the Nicaraguan contras, and has opposed gay rights, abortion rights and “weird art.” His clients also include Judicial Watch, an organization that spent the 1990s attempting to insinuate that Clinton was responsible for the murder of individuals including Vincent Foster and former Commerce Secretary Ron Brown.

Viguerie’s company is American Target Advertising, based in Fairfax, Virginia. Like Eberle, it has a history of questionable fund-raising practices. American Target was investigated in 1994 by U.S. postal inspectors for giving a group of elderly people just \$93,000 of \$ 1.3 million raised during a campaign drive to “save Medicare.”

Viguerie’s Internet operations include ConservativeHQ.com and a website called BeCounted.com, which says its mission is “to empower Joe or Jane Six-pack again. BeCounted.com gives Americans the power to state their views and opinions, and gives decision-makers the means to hear what they have to say.”

BURSON-MARSTELLER HIRES A GREEN "CASH COW"

As we have reported many times in the past in *PR Watch*, it is not unusual for PR firms to seek out opportunities to put leading activists on the payroll. Previous examples from within Greenpeace have included Patrick Moore and Paul Gilding. On January 8, the *Guardian* of London reported the latest defection: Lord Peter Melchett, the former head of Greenpeace UK who led civil disobedience actions opposing genetically modified (GM) foods.

"Lord Melchett . . . startled former colleagues yesterday by announcing he had taken a job at a PR company which has represented Monsanto and the European biotech industry," the *Guardian* reported. "The former Labour minister and farmer, who is on the board of Greenpeace International, is to become a consultant for Burson-Marsteller. . . . Burson-Marsteller is the company that governments with poor human rights records and corporations in trouble with environmentalists have turned to when in crisis."

Melchett's decision prompted criticism from activists and journalists such as Catherine Bennett, who pointed to B-M's history of PR work for clients including "Monsanto, Shell, Union Carbide, Scottish Nuclear, Exxon, Eli Lilly, and Pfizer (to say nothing of Saudi Arabia, Ceausescu, the Indonesian government and the Argentina junta). . . . Lord Melchett is infinitely valuable to Burson-Marsteller, because since 1986, he has been a figurehead in campaigns against its corporate clients. . . . The famous symbol of Lord Melchett in his white decontamination suit, being led away by a policeman, still adorns the Greenpeace website. Arguably, that symbol now belongs as much to Burson-Marsteller as to Greenpeace."

Melchett responded to criticisms by insisting that his "values have not changed at all" and that his work as a consultant for B-M's "corporate social responsibility unit" would consist of telling "the truth" to clients. An initial internal document from Greenpeace UK to its staff suggested that Melchett would not have to compromise his beliefs: "Peter's advice to companies will be 'go organic, do the right thing,' rather than help bad companies avoid the likes of Greenpeace and Friends of the Earth," the memo stated. "Peter will only take on the briefs that he chooses, there is no question of him working for BAT [British American Tobacco] or the Burmese junta."

Within a week, however, mounting criticism compelled Greenpeace International to request that Melchett resign from its board. Greenpeace International chair Anne Summers announced the resignation, praising Melchett's personal integrity but stating that his new job would be in conflict with the environmental group's principles and campaign goals.

Reed Irvine, a conservative PR advisor who advises companies to attack activists, also criticized the hiring, calling Melchett a "new cash cow" for Burson-Marsteller. "He can be charged out a high rate, earn a good salary plus expenses, contribute significantly to the bottom line, satisfy WWP Group shareholders who own B-M, and offer little value to clients," Irvine wrote. Calling Melchett an "extremist," he wondered what real advice he could give to clients like Monsanto. "To be consistent with his stated, uncompromising beliefs Lord Melchett should advise companies with interest in GM to stop researching, developing, commercializing and marketing GM products."

On the surface, BeCounted.com looks like an online opinion poll, but like Eberle's operation, the real purpose of the polling is to collect names and addresses for use in fund-raising campaigns. Visitors to BeCounted.com are asked to submit their opinions on a hot issue of the day, but the survey itself is meaningless, since there is no attempt to ensure that the result reflects any kind of representative sampling of the public.

To participate in the surveys, BeCounted.com requires visitors to register by providing their name, e-mail address and zip code. To participate in a "political IQ test," visitors must first provide their full address. The BeCounted.com site explains that it needs this information to "prevent someone from 'cheating' in one or our online petitions or polls by voting more often than the rules allow"—even though the surveys are un-

scientific and are not used for anything other than enabling Viguerie to collect names.

If you sign up, BeCounted.com will start bombarding you with e-mail pitches. Some of the e-mails are simply commercial spam, offering "incredible deals on wireless products and services" or "a win-win offer from Rogaine." Most, however, combine right-wing activism with opportunities to part with your money, inviting you for example to "sign a thank you card to Jesse Helms"; "help the Boy Scouts against political correctness" (by donating to scout troops that continue to discriminate against gays); "celebrate Earth Day by countering radical environmentalist propaganda"; or buy books, videos and audio tapes about topics ranging from the Chinese communist threat to Fox commentator Bill O'Reilly's latest musings. ■