

# *U.S. Senate Committee on Finance*

For Immediate Release

Monday, April 5, 2004

## Grassley, Baucus Expand Charities Review to Statue of Liberty Foundation

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, today expanded their ongoing review of charities' governance to include the Statue of Liberty-Ellis Island Foundation. Their action came after media reports described the lack of movement from the foundation and the National Park Service to improve the statue and offer adequate public access after the Sept. 11, 2001, tragedy.

“For months, the Finance Committee has been reviewing the financial practices and accountability to donors of charities and private foundations,” Grassley said. “We’ve seen a pattern of these groups sitting on huge endowments, paying executives six-figure salaries, and spending relative pennies on their stated missions. Some of these foundations seem to exist only to perpetuate themselves. Unfortunately, it looks like the Statue of Liberty-Ellis Island Foundation might be in that category.

“Emma Lazarus wrote that the statue lifts her lamp beside the golden door to America. These foundation executives seem to have blown out the lamp and created a golden opportunity for their own career perpetuity. To be fair, the National Park Service isn’t blameless here. The agency might have given too much control of a prized national asset to a private foundation. We need to figure out the relationship between the federal agency and the private foundation so this kind of standstill doesn’t happen again. While the agency and foundation waste time, millions of Americans and aspiring Americans are denied decent access to our greatest beacon of freedom.”

Baucus said, “The Statue of Liberty is a defining landmark of freedom to all who visit New York, just as the Capitol and Washington Monument are landmarks to democracy in Washington, D.C. Both the Capitol and Washington Monument, as well as a number of other monuments, have been reopened since September 11, 2001, with additional security precautions in place.

“But the Statue of Liberty has not. I’m very concerned by reports that are surfacing that it was the Foundations fiscal mismanagement, rather than overarching security concerns, that have caused the delay. I’m further concerned that the National Park Service did not step forward and ask Congress for help once it became apparent to them that the Foundation was failing its mission. If we find that the reports of the Foundation turn out to be true, serious action will need to be taken regarding private entities having virtual control over the public’s property.”

The senators are working to advance reforms of vehicle and intellectual property donations

through their foreign sales corporation/extraterritorial income act bill, which is pending before the full Senate. They plan to develop additional legislative reform proposals on charitable giving and accountability as needed.

The text of the senators' letters today to the Statue of Liberty-Ellis Island Foundation Inc., Interior Secretary Gale Norton, and Interior Department Inspector General Earl Devaney follow.

April 5, 2004

Mr. William May, Chairman  
Statue of Liberty Ellis-Island Foundation Inc  
292 Madison Ave. 14  
New York NY 10017

Dear Mr. May:

We are writing to you regarding the Statue of Liberty-Ellis Island Foundation (the "Foundation"). The Finance Committee has been engaged in an ongoing review of charitable organizations. The news reports of the Statue of Liberty-Ellis Island Foundation (the "Foundation") raise serious questions on a number of fronts, including whether the Foundation's actions have been in keeping with the letter and spirit of the tax law.

Our investigation into non-profit organizations has given particular focus to problems of governance. In reading news accounts of the Foundation there are several issues that are raised about governance. To assist the Finance Committee in its oversight work, we ask that you provide the material below. Please provide a listing of all board members for the past five years. Please provide copies of all minutes of all board meetings (or any subset of the board) for the past five years. Please provide copies of all material provided to board members (or any subset of the board) for the past five years.

In responding to this request, we would ask that particular attention be paid to all board decisions regarding salaries and awarding of grants and contracts. Please explain in detail any sole source grants or contracts that were awarded valued at over \$100,000. Please provide copies of any opinions of attorneys that the Foundation has received in the last five years on any issue. Please provide a detailed accounting for all expenses, grants and contracts of the Foundation for the past five years.

Please provide copies of all Form 990s and any other material submitted to the Internal Revenue Service for the past five years. Please provide copies of all internal and external audits performed for the past five years. Please provide copies of all articles of incorporation, current and past. Please provide the analysis and all material related to support the salaries of all individuals making over \$100,000 for any of the past five years. Please also provide how the salaries are approved, all material supporting the salaries and any other information that shows compliance with the tax code in regards to salaries at a charitable organization.

Thank you for your time and assistance. We ask that this material be provided in thirty days.

Cordially yours,

Charles E. Grassley  
Chairman

Max Baucus  
Ranking Member

April 5, 2004

The Honorable Gale A. Norton  
Secretary of the Interior  
1849 C Street, N.W.  
Washington, D.C. 20240

Dear Secretary Norton:

We are writing to you regarding the Statue of Liberty-Ellis Island Foundation (the "Foundation"). The Finance Committee has been engaged in an ongoing review of charitable organizations. The news reports of the Statue of Liberty-Ellis Island Foundation (the "Foundation") raise serious questions on a number of fronts, including whether the Foundation's actions have been in keeping with the letter and spirit of the tax law.

Our investigation into non-profit organizations has given particular focus to problems of governance. In reading news accounts of the Foundation there are several issues that are raised about governance. It is our understanding that the Department of Interior in a series of Memorandums of Understanding (MOUs) established a relationship with the Foundation and that the Department of Interior has a significant role in the governance of the Foundation.

We would ask that you please provide a copy of all MOUs between the Foundation and the Department of Interior. Please provide copies of all correspondence between the Foundation and the Department of Interior for the past five years. In addition, please state who has been appointed or recommended by the Department of Interior to serve on the Foundation's board for the past five years. Please detail the involvement of these individuals in terms of management of the Foundation, including attendance at meetings, copies of correspondence, all material provided to board members, etc.

Finally, we would ask whether you believe that the Foundation and its current management has been in the best interest of the taxpayer and is in keeping with the intent and spirit of the MOU and the organization's charter.

Thank you for your time and assistance. We would ask for this material in thirty days.

Cordially yours,

Charles E. Grassley  
Chairman

Max Baucus  
Ranking Member

April 5, 2004

The Honorable Earl Devaney  
Inspector General  
Department of Interior  
Washington, D.C.  
Dear Mr. Devaney:

We are writing to you regarding the investigation by your office into the Statue of Liberty-Ellis Island Foundation.

The Finance Committee has been engaged in an ongoing review of charitable organizations. The news reports of the Statue of Liberty-Ellis Island Foundation (the "Foundation") raise serious questions on a number of fronts, including whether the Foundation's actions have been in keeping with the letter and spirit of the tax law.

We ask that you please keep the Finance Committee fully informed of the progress you are making in this investigation as well as a copy of the final report. Thank you for your time and assistance.

Cordially yours,

Charles E. Grassley  
Chairman

Max Baucus  
Ranking Member