



Managers Gave to GOP Groups Accused of Racial Gerrymander Push

https://www.fundfire.com/c/2828393/355133/managers_gave_groups_accused_racial_gerrymander_p_us?referrer_module=issueHeadline

By [Alana Pipe](#)

August 25, 202

Asset management firms gave at least \$1.5 million between 2010 and 2018 to Republican-affiliated groups that promoted redistricting efforts that were later struck down by federal courts for disenfranchising Black voters, according to data in [a new report](#).

At least eight industry firms with asset management businesses backed the **Republican Governors' Association** (RGA) and the **Republican State Leadership Committee** (RSLC), groups accused of funding racial gerrymandering efforts in several states, according to the **Center for Political Accountability** (CPA), a nonprofit advocate for transparency in corporate political spending.

Between 2010 and 2018, **Fidelity Investments, Macquarie, MetLife, Natixis, Prudential, TD Bank, TIAA and Wells Fargo** directed funds from their treasuries to the two groups, which starting in 2010 had funded redistricting efforts found to be racially linked.

Tax-exempt political groups, categorized by the **Internal Revenue Service** (IRS) as 527 organizations, use money they receive from donors to fund various campaigns and candidates at the local and state level. As a result, the end uses of the money are not always known to donors. Since the U.S. Supreme Court's 2010 Citizens United decision, there is no limit to how much firms may donate to 527 groups.

Asset managers gave money to a variety of 527 groups on both sides of the aisle, according to the report, including the RGA, the RSLC, the **Democratic Governors Association** (DGA), the **Democratic Legislative Campaign Committee** (DLCC), the **Republican Attorneys General Association** (RAGA) and the **Democratic Attorneys General Association** (DAGA).

But two of the 527 groups that received funding from asset managers – the RGA, whose mission is to elect Republican governors, and the RSLC, whose purpose is to assist Republicans in capturing and holding control of state legislatures across the United States – funded a redistricting campaign, known as REDMAP, following the 2010 census. That campaign resulted in redistricting laws in North Carolina and Alabama that were later challenged in court and ultimately struck down by the Supreme Court. The Supreme Court ruled that the campaign used racial factors too heavily in drawing the maps, resulting in the suppression of Black voters.

The RSLC in 2010 spent \$30 million on the REDMAP campaign, which sought to turn state legislatures from Democrat to Republican by funding local races and redistricting Black neighborhoods in North Carolina and Alabama after the 2010 census, according to the report. That accounts for all of the \$29.5 million in donations that poured into the RSLC during the 2010 election cycle.

Data from the CPA report shows that the RSLC is heavily funded by corporate donors. Between 2010 and 2018, the RSLC took in just under \$189 million in contributions, and of that, \$82.4 million came from public companies, \$38.8 million from trade associations, and \$21.2 from private companies. Just under \$271,000 came directly from asset managers.

The RSLC's REDMAP campaign was a new way of focusing political spending at a time when many big donors were more focused on the White House or big U.S. Senate races, says **David Daley**, a senior fellow for **FairVote**, which describes itself as a non-partisan voting rights advocacy group, and the author of *Ratf**ked*, a book about the REDMAP campaign. "The new idea was, if we spend on these local races in the middle of nowhere, we can deliver more bang for our buck."

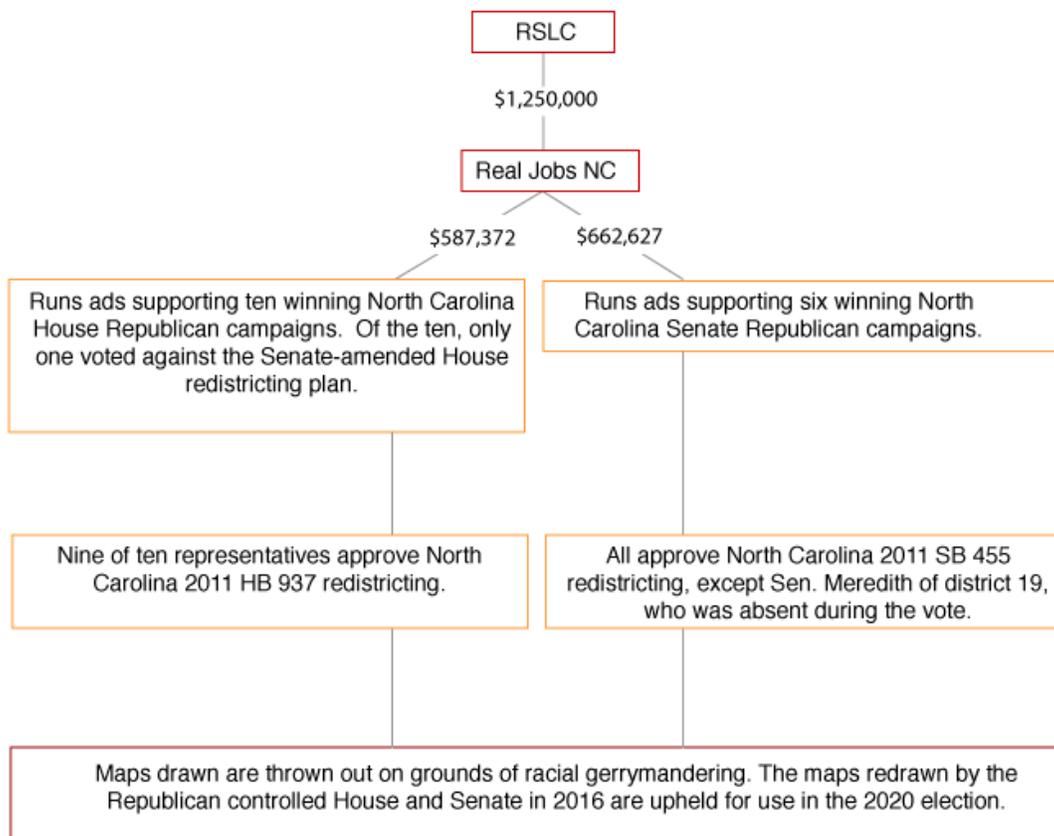
The REDMAP campaign employed **Richard Hofeller**, a Republican strategist who specialized in drafting new voting districts, as a consultant. Hofeller drew legislative

maps for the state of North Carolina, many of which were knocked down in court for being unconstitutional racial gerrymanders.

For instance, in North Carolina, 28 of the newly created districts were overturned in state court for racial gerrymandering. Maps later redrawn by the Republican-held House and Senate in 2016 were upheld in court to be used in the 2020 election.

Voter Suppression in North Carolina

How the RSLC funded racial redistricting following the 2010 Census.



Source: Center for Political Accountability

Similarly, Republican-drawn maps in Alabama in the REDMAP campaign were eventually declared unconstitutional on racial gerrymandering grounds by the Supreme Court.

Hofeller played an integral role in Alabama redistricting efforts following the 2010 census, according to a trove of spreadsheets and emails. The **Alabama Democratic**

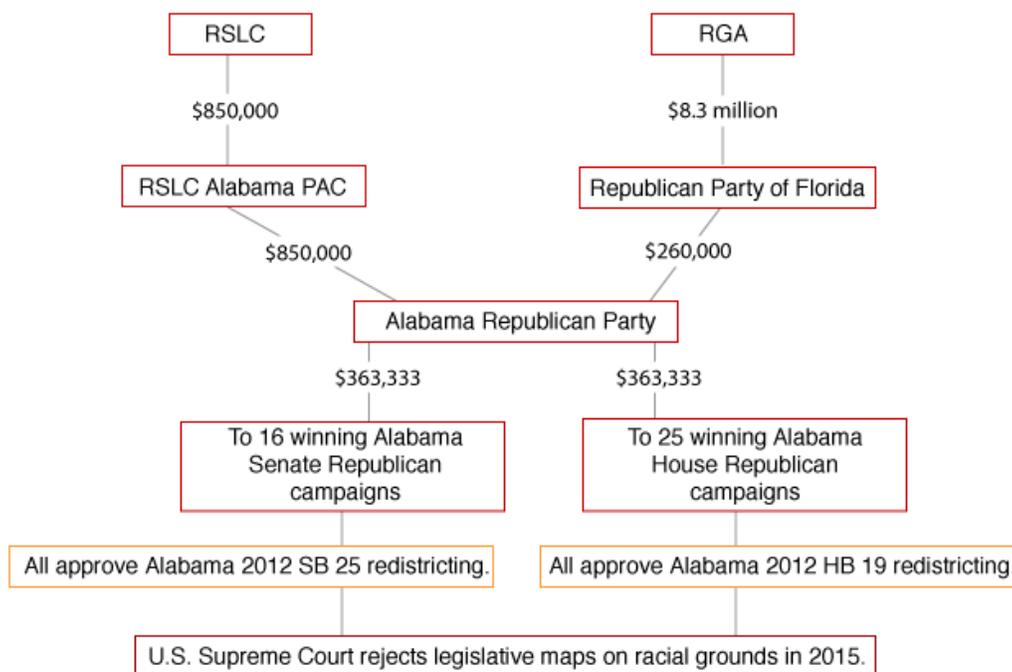
Conference and the **Alabama Legislative Black Caucus** later challenged the districts in federal district court, arguing that the new districts diluted Black voting strength and deliberately avoided coalitions of Black, Hispanic, Native American and white Democrats in some districts, while creating a few districts with Black voter concentrations of more than 75%. The district court upheld Alabama's new voting districts in 2014, but the Supreme court vacated that decision the next year.

"Racial gerrymandering strikes at the heart of our democratic process, undermining the electorate's confidence in its government as representative of a cohesive body politic in which all citizens are equal before the law," Supreme Court Justice **Antonin Scalia** wrote in that decision.

Following Hofeller's death in 2018, his estranged daughter delivered a thumb drive containing over 75,000 of his files and emails to *The New Yorker*. These files show that Hofeller collected extensive data on race, which he would overlay with identification records from the Department of Motor Vehicles, as well as other demographic data, [as reported](#) in the *New Yorker*.

In Alabama, Redistricting Maps Deemed Unconstitutional on Racial Grounds

527 spending to influence Alabama elections following the 2010 Census.



Source: Center for Political Accountability

Although racial gerrymandering is illegal, it remains closely intertwined with partisan gerrymandering, on which the Supreme court has declined to intervene or take action to prevent, says **Sam Wang**, founder of the **Princeton Election Consortium**, a non-partisan election forecasting website, in an email.

According to the CPA's study, the RGA, which has received considerable financial support from asset managers, played an assisting role in the REDMAP campaign. The group collected \$297 million from public and private companies between 2010 and 2018, including \$1.2 million from asset managers. It donated \$1.4 million to the RSLC over the same time period, according to data from **Open Secrets**, a research group tracking political spending.

The RGA also donated \$8.3 million to the Republican Party of Florida in 2010. That money helped support ads that led to the approval of a partisan redistricting bill in 2012, according to the CPA. What the Republican Party of Florida did not use was donated to

the Republican Party of Alabama. That group then spent \$726,000 on political ads that coincided with the approval of House and Senate redistricting bills in 2012. Those were later enacted as laws and ultimately found unconstitutional by the Supreme Court in 2015.

Many of the same companies that donated to these groups in the years since the campaign began in 2010 have made recent statements promising to combat racism.

Fidelity Investments donated \$175,000 to the RGA between 2010 and 2018. On June 1, CEO **Abby Johnson** wrote a post on her *LinkedIn* page, saying she was “heartbroken and angry that racial discrimination and inequality continue to plague our society,” and urging people to speak out about racism and discrimination.

When asked about the donations, a spokesperson from Fidelity sent an emailed statement this month stating that the company “and its PAC donate to associations and candidates from both political parties who are focused on the financial services industry and topics of importance to all investors, like saving for retirement and college.”

Some firms that have bankrolled the RSLC and the RGA state that their money can only be used for general and administrative purposes within these groups, such as paying salaries and rent, and cannot be used to fund candidates.

However, using funds for general purpose accounts should not shield companies from the consequences of their spending, says Freed. “Any administrative cost helps the group carry out its political mission. So there’s really no meaningful distinction between administrative and political [spending],” says Freed.

Prudential, which on June 1 said in [a public announcement](#) that it recognizes its “responsibility to help lead our society towards a future in which racism and unequal treatment play no part,” gave a total of \$225,000 to the RGA and \$75,000 to the RSLC between 2010 and 2018, according to the CPA's data.

A Prudential spokesperson stated that the funds were used to “cover membership dues” and “cannot be used for political purposes.” Membership dues, according to the spokesperson, give the company “the ability to attend their conferences, which are an educational opportunity to learn about issues and developments across the 50 states.”

Similarly, Wells Fargo, another company that pledged to support diverse communities amid recent events, gave more than \$180,000 to the RSLC between 2010 and 2018. A statement from the company sent on Aug. 3 notes that the bank “may contribute to 527 organizations, but payments may only be used for operational and administrative purposes, not to support or oppose any candidate or ballot initiatives.”

Likewise, a spokesperson from TD said that the funds going to the groups were for membership costs and to attend specific events and “are not political donations.” When asked whether the 527 groups provided the company with any accounting showing that their administrative funds remained separate, the company declined to comment.

FundFire reached out to all companies and organizations mentioned. The RGA, RSLC, Macquarie, MetLife, Natixis, and TIAA declined to comment or did not respond before publication deadline.

Contact the author on this story at apipe@fundfire.com or (212) 542-1275.