

# The mayor from AT&T

## Alliance for Digital Equality bankrolled by telecom giant

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Tallahassee Mayor John Marks brought an Atlanta nonprofit to the city as a partner in a \$1.6-million federal-grant project, saying it would put [high-speed Internet](#) into the hands of poor people.

What he didn't say, and now says he didn't know, was that the Alliance for Digital Equality (ADE), in its first three years of existence, was nearly 100-percent funded by [AT&T](#) and spent most of its money — four of every five dollars — to pay board members, consultants, lawyers and media companies to push the global communication giant's positions on Internet and wireless regulation. Nor did Marks disclose, initially, that ADE had paid him \$86,000 over several years as a member of its board of advisers.

Marks also didn't mention when he brought ADE to the City Commission in September 2010 that AT&T has been paying him since the early 1990s as a lawyer and consultant.

[Tax returns](#) for ADE show it got \$7.36 million from AT&T from 2007 through 2009. Among its expenses, it spent \$2.7 million on consulting and legal fees, \$1.2 million on travel, \$1.1 million on media and communications and \$931,509 in pay to officers and board of advisers members.

ADE spent nothing on projects to provide Internet access to underserved areas from 2007-09. It wasn't created to do so. The group's mission, as reported to the IRS, was to advocate "technology inflows to underserved communities by interacting with elected officials, policymakers at all levels of government and private sectors."

In those interactions, ADE presented the same message as AT&T in opposition to greater price regulation of the Internet.

Public-interest groups and consumer advocates say ADE is actually a front group for AT&T, supporting an agenda that includes letting telecoms decide which websites and applications load faster or slower based on tiered pricing. They say such a system would destroy the concept of an open Internet in which people can access any website without corporate interference.

ADE also supports AT&T's proposed merger with T-Mobile, which the U.S. Department of Justice says would only hurt competition and raise prices for consumers.

"The imagery is ADE is helping out the poor," said Robert Eger III, an associate professor at the Reubin O'D. Askew School of Public Administration and Policy at Florida State University. "The fact is ADE is a nonprofit organization that lobbies. Its main financial support is from AT&T. If AT&T withdrew its money, ADE would no longer exist."

Marks was a paid member of ADE's board of advisers, a group of up to 25 people expected to facilitate "access to key decision-makers in both the public and private sectors" but without governing authority over the group.

Marks earlier this year said he "made a mistake" when he voted Sept. 15, 2010, for the grant. The vote is the subject of a conflict-of-interest complaint before the Florida Commission on Ethics. The FBI subpoenaed emails between the city and ADE but won't reveal details of any investigation.

The city earlier this month returned to the federal government the grant, which would have created high-speed Internet and technology programs for children and adults at the Apalachee Ridge Technology Learning Center. No money was ever drawn down and nothing was ever paid to ADE or anyone else to provide programs.

Marks, facing the ongoing ethics inquiry, refused to discuss ADE or the grant partnership. Instead, he referred questions to his lawyer, Barry Richard.

Richard said Marks didn't know details about AT&T's financial support of ADE and that the mayor never discussed AT&T with ADE or talked to ADE officials about AT&T.

"He said he's never known anything about the relationship between AT&T and ADE other than the fact that he knew AT&T provided the broadband service on projects ADE was involved in setting up. He doesn't know anything else," Richard said.

In March, when Marks made a public statement saying he should not have voted last September, commissioners Andrew Gillum and

Mark Mustian supported him publicly.

"Let's stand down and get the facts out," Mustian said then. "Once the facts are there we can kind of make a decision if there's an issue or is there not an issue."

'Same as AT&T'

Public records and interviews show ADE pushed policies in accord with AT&T's position on broadband and mobile pricing. ADE continues its mission to advocate those policies while being reluctant to discuss its work.

Months of investigating by the Tallahassee Democrat show AT&T gave ADE \$7.36 million — more than 99 percent of all ADE's revenue — from 2007-09, the latest year federal tax returns are available for the group.

"We're not an apologist for AT&T," said Julius Hollis, founder and chairman of ADE, adding that ADE has received support from Bank of America, Black Entertainment Television and Exxon Mobil, among others. "What we are, in fact, is advocating for the under-served communities."

Critics say ADE is advocating for its corporate benefactor.

Rashad Robinson, executive director of the black political organization Color of Change, said ADE has consistently fought to increase corporate control of the Internet.

"I would describe ADE as a front group," Robinson said. "It has no members, no identifiable constituency and, as far as I can tell, it's accountable to no one but its donors. At the end of the day, they're putting a black face on corporate talking points."

Joseph Torres, senior adviser for the media-policy group Free Press, said there is no difference ideologically between ADE and AT&T.

"Whatever ADE's positions are, they're the same as AT&T's," Torres said. "They think AT&T has the answers for what's best for communities of color, and they totally support the corporate agenda of AT&T."

Don Sadler Jr., director of public affairs for AT&T in Florida, Puerto Rico and the U.S. Virgin Islands, said AT&T is a member of the ADE coalition "in support of their efforts to bridge the digital divide in under-served communities. AT&T supports ADE's efforts to raise awareness of the importance and benefits of new technologies regardless of socioeconomic status."

## Influence

What ADE mostly does is lobby.

ADE is organized as a nonprofit under section 501(c)(4) of the tax code, created for lobbying and advocacy. It spun off a related nonprofit in 2008 called Partners for Digital Equality (PDE), a 501(c)(3) that appears to focus more on actual programs through its Learning Without Walls initiative. Both operations are located in the same offices.

"(ADE) can talk to our friends," Hollis said. "But PDE does not have any conversations on (Capitol) Hill. That's a separate and distinct organization from ADE."

ADE's officers and board of advisers have included, in addition to Marks, political luminaries like Shirley Franklin, the former mayor of Atlanta; Manny Diaz, the former mayor of Miami; and Art Collins, a lobbyist and former chairman of the Florida A&M University Board of Trustees who worked as a political adviser for John Kerry's and Barack Obama's presidential campaigns.

ADE hosted conferences on issues from technology to health care that included congressional leaders, federal officials, state lawmakers, mayors, media personalities and ADE advisory-board members as panelists and speakers.

Marks himself was a panelist during an ADE summit on the state of broadband in minority communities held Nov. 18, 2009, in Washington, D.C.

"Most of the money has gone into the programs and to creating a national footprint and our digital empowerment summits," Hollis said, adding that a summit in Los Angeles was attended by 400 people and streamed live over the Internet.

Marks was involved in ultimately unsuccessful efforts to get then-Florida Gov. Charlie Crist to an ADE 2009 news conference at the state Capitol. The mayor was joined by Hollis, Tallahassee attorney Sean Pittman and others.

On March 19, 2009, ADE [program manager](#) Toni Smalls sent an email to Marks asking for an update on efforts to get Crist to participate at the news conference and reception. Pittman, who was the mayor's campaign manager, was copied on email that indicated he'd sought Crist's attendance as well.

"Mr. Hollis asked me to find out where we are on securing Governor Crist for either event and to see if you need ADE to do anything from this end to help secure his attendance," Smalls wrote. "We all know that your help will be critical in confirming the governor."

Crist didn't attend.

Pittman, registered as a legislative lobbyist for AT&T among his many clients, has taken part in events with ADE, including a private 2010 Super Bowl party in Miami.

The group does more than hold news conferences.

Hollis is registered to lobby the Florida Legislature on behalf of ADE and also has been registered to lobby in Georgia, Louisiana and Tennessee.

"We have reviewed state legislation and from time to time have made presentations to state legislators as well as conducted media outreach," said Cynthia Miller, a spokeswoman for ADE.

'Phony'

ADE initially responded to questions after the story of the grant controversy broke. But then it stopped. Miller didn't return [phone calls](#) for months, and requests for interviews and comments went unanswered. Board members similarly would not be interviewed.

The Democrat sought financial documents from the Georgia Office of the Secretary of State, but none were on file. Georgia officials say such records are typically required for nonprofits conducting fundraising.

After the Democrat alerted Georgia officials that the nonprofit seeks donations on its website and in email solicitations, the state sent a letter to ADE on Aug. 10 and demanded it comply or provide proof it's exempt. Georgia officials say they are still talking with ADE about required documents.

On Aug. 17, the Democrat sent registered letters to both ADE and PDE seeking its financial statements, annual reports and other documents under Georgia's public-records laws. The requests were returned unopened and marked "refused."

On Aug. 29, a Democrat reporter showed up at ADE corporate headquarters on the fifth floor of the Silhouette Building, a sleek, 10-story tower in midtown Atlanta, seeking copies of federal tax filings. CEO Hollis talked with the reporter for more than half an hour.

Anne Landman, managing editor of the Center for Media and Democracy, said the purpose of groups almost entirely sponsored by a single corporate interest is to obfuscate the messenger.

"It's a nontransparent way of operating," she said. "People don't know who's behind these efforts. So it's fake, and it's phony, and it gives people wrong information. It's designed to purposely fool people."

'That's unusual'

The financial records that are available show ADE relies to a great degree on contractors.

The group's structure is unusual for a nonprofit, Eger said.

Eger, who specializes in government and nonprofit accounting, said all of ADE's workers are considered independent contractors rather than conventional employees. Much of its program money — nearly 69 percent in 2009 — went to the contractors, ADE officers and board of advisers. Contractors alone were paid \$1.3 million that year.

"AT&T is sending money through a nonprofit to a series of contractors to the benefit of a social welfare organization in 'under-served

communities,' " Eger said, using a phrase from ADE's tax filings. "Why would a multi-million-dollar nonprofit have only contractors? That's unusual."

ADE paid its advisory board members and officers a total of \$931,509 from 2007 through 2009, according to its tax filings, which represents about 13 percent of its expenses. Money that appears to have been paid to various consultants totaled nearly \$2.7 million, or 37 percent of ADE's expenses.

ADE spokeswoman Miller declined to identify the contractors or provide copies of their contracts. She said only that the contractors are listed in the organization's tax filings, which name ADE officers, board members, the executive director and DCI Group, a Washington, D.C., lobbying firm that has been paid millions of dollars by the U.S. Telecom Association. AT&T, a member, also has paid DCI Group for lobbying.

In its tax returns, ADE acknowledges it delegated "control over management duties customarily performed by or under the direct supervision of officers, directors or trustees" to DCI.

Rick Minor, the mayor's chief of staff, said Marks earned money only as a member of ADE's advisory board and didn't get paid any additional amount as a contractor.

Hollis himself earned \$138,500 over the time period as chairman of the organization. ADE also paid a total of \$127,675 over 2008 and 2009 to his consulting business, Hollis & Company LLC, according to tax documents.

The grant

When President Obama signed the federal stimulus bill into law in 2009, more than \$7 billion was set aside to expand high-speed Internet access across the country.

ADE sought at least seven federal grants but was turned down for each. Hollis said government money was never part of ADE's business model.

Marks, with ADE as the key partner, proposed applying for grant money to bring broadband programs to the Apalachee Ridge Technology Learning Center, a community center run with financial help from the city, Leon County and others. The city applied for the \$1.2-million grant, which was the bulk of the funding for the \$1.6-million project. It was awarded in August 2010.

After the first vote, the project came before city commissioners again Dec. 8, 2010. Marks abstained from a vote allowing the city to execute contracts, saying doing so would have benefited ADE.

Commissioners voted to proceed with the project. But it stalled during a U.S. Department of Commerce inquiry. An ethics complaint was filed, and Marks himself sought an advisory opinion from the Ethics Commission. The FBI subpoenaed emails between city staff and ADE as well as between Marks and ADE.

Marks has said he doesn't expect any investigation to uncover wrongdoing.

When asked whether the FBI or the IRS was investigating ADE, Hollis said, "I'm not going to get into all that. We're not the subject of any investigation."

On Aug. 29, Marks wrote a letter to City Manager Anita Favors Thompson suggesting she take action to return the grant. She wrote federal officials the next day asking them to formally close out the grant.

Moira Vahey, a Commerce Department spokeswoman, confirmed the agency has received the city's request.

"No grant funds were spent," she said, "and we plan to return the funding to the U.S. Treasury."