

Special Reports

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INVESTING IN OBSCENITY

by Thomas C. Strobhar

Is Thomas C. Strobhar a troublemaker—or a hero? The answer depends on whom you ask. In this edition of *Special Reports*, the financial planner and devoted Catholic challenges the practices of two well-known entities—and calls them to a higher level of morality.

It has been almost ten years since the priestly sex abuse scandal became major news. It is hard to believe that the sins of a tiny percentage of all-too-human priests could cause so much damage. Attendance at Catholic Churches is down, giving is down, and the Church still reels from the accusations of many years ago.



Donohue

Into the spotlight rides the articulate and tough William Donohue, president of the Catholic League for Religious and Civil Rights. He appears regularly on talking-head shows and writes press releases defending the Church. I worked briefly with him some 15 years ago when a Disney subsidiary produced the film “Priest.” I helped file a shareholder resolution against the company because of the movie’s anti-Catholic bias. (This was the first time anti-Catholic bigotry was ever addressed at the annual meeting of a public corporation. My specialty is filing shareholder resolutions and I have filed virtually every pro-life resolution ever introduced.)

Donohue thanked me for my help on the resolution and also for sending to him information on Christian Brothers Investment Services (CBIS) investment practices. I had sent him a copy of an article I had written reporting that CBIS was investing Catholic funds in companies that manufacturing abortifacient products.

The Catholic League (CL) is well-endowed with more than \$25 million in *reserves*. The reserves led me to contact Donohue a year ago. I noticed the organization had tens of millions of dollars invested with CBIS. I was surprised and impressed by the amount. With that much money I thought CL might be able to dissuade CBIS from investing in companies that sell pornography. I had criticized CBIS for doing exactly this on behalf of more than 1,000 Catholic institutional clients a few years earlier in an article titled “Holy Porn.”

CBIS responded to my criticism by admitting they invest in porn-selling companies but insisted it is permissible because they contact the companies and “offer to work

with them to help get them out of the business.” To date, they can offer no examples of this tactic’s success. Companies CBIS has owned that sell pornography include such heavyweights as Time Warner, Marriott Hotels and the Sands Casino in Las Vegas.

The BBC used “Holy Porn” as the basis for a portion of a documentary titled “Hardcore Profits.” It included an interview with Louis DeThomasis, a cofounder of CBIS, Chancellor of St. Mary’s University of Minnesota and a senior fellow at SMU’s Hendrickson Institute for Ethical Leadership. And in 2009 he was a featured speaker at the U.S. Military Academy’s annual National Conference on Ethics in America. Yet DeThomasis could not seem to figure out if it is ethical to invest Catholic money in porn.

A BBC interviewer asked DeThomasis why CBIS invests in offending hotels and cable companies and in seven years had done nothing to protest their involvement in porn. DeThomasis tried to defend the CBIS position, but when the interviewer pushed, he cut the interview short (available at corporatemorality.org).



DeThomasis

I was not sure if Donohue was aware that CBIS was investing in companies selling porn and hoped he could help change their minds. I was wrong. He turned the matter over to CL Chairman Fr. Philip Eichner, whose only response was to say my claims are “exaggerated.” Yet my only claim is that CBIS invests in porn distributors. To date this claim has not been disputed.

Eichner reasoned that it is just too tough in this complicated world to avoid investments in pornography. “The very fact that you used the United States Post Office to send your letter to the Catholic League involves you in a communication system which supports a number of operations that are not consistent with Catholic morality—such as pornography and abortion propaganda,” he wrote. Thus, according to Eichner, the 44-cent stamp used to send a letter is morally equivalent to investing tens of millions of dollars in a company that promotes and profits from the sale of pornography.

As I pointed out to Donohue in my original letter, there are some things over which we have little control, like the

sexual sins of others, but refusing to invest in a company that destroys human souls for profit is a relatively easy thing to do. CBIS avoids tobacco companies any problem. Surely it could avoid companies selling pornography, which the U.S. Conference of Catholic Bishops has likened to selling drugs.



Eichner noted that CBIS has been handling CL investments for 20 years. This would include the time when CBIS was investing in producers of abortifacients. I had pointed this out to Donohue as far back as 1995. CL was comfortable with CBIS investment decisions back then and has no difficulty owning companies that sell the worst kinds of smut now. What kind of message does this send to corporate officials? What kind of witness is this?

While reviewing CL's tax return for 2009, I discovered that Donohue was paid more than \$399,000. Not bad for a modest-sized charity with a budget over \$2.7 million and a staff of eleven. Charity Navigator, which tracks salaries of nonprofit chief executives, says the average for similar-sized groups is in the \$90,000 range. Donohue works in New York City and \$400,000 a year is peanuts compared to the princes at Goldman Sachs, but that kind of income does raise the eyebrows of people who live west of the Hudson River.

Donohue's board of directors must think he's worth it. And maybe he is. After all, "South Park," the vulgar animated program brought to us by Viacom (another CBIS holding), once parodied Donohue. Not many other nonprofit heads can lay claim to that distinction. But neither do many nonprofit big shots consume almost 15 percent of the group's budget.

I recently received a CL fund-raising letter. The appeal itself was a survey and a request for funds—a common tactic these days. "I need to raise at least \$42,000 of the total cost—about 12%—in the next sixty days," Donohue wrote. Why? So more people can get more surveys? CL is quite comfortable financially. It seems less than ethical to say you "need" (as though there is some sort of emergency) money in 60 days when you already have more than 600 times that amount in reserves. I received the same letter at least two more times in the following months.

According to the National Institute on Philanthropy, a charity that asks for money when they have more than five times their annual budget in reserves deserves a grade of "F". Since CL's reserves are ten times their annual budget, perhaps it deserves a "double-F".

The appeal itself lamented how a number of major media outlets were guilty of anti-Catholic bigotry. Companies mentioned were Time Warner, Disney, Viacom, The

Washington Post and The New York Times. Most, if not all, of these companies have been or are owned by CBIS. The irony is self-explanatory.

Perhaps Donohue should have consulted CL Advisory Board member L. Brent Bozell of the Parents Television Council (PTC), which has challenged networks such as MTV and Comedy Central (operated by Viacom; owned by National Amusements) for years. It even sponsored a resolution at the Yum Brands annual shareholders meeting opposing the company's purchase of advertising during disgusting shows. One wonders if Bozell would counsel CL to avoid investments in companies that sell porn. It seems more than likely that he would.

It should be noted that PTC has a few problems of its own. The *New York Times* recently reported upwards of 195,000 pieces of mail delivered to PTC were opened for their donations, but the surveys the donors completed were never delivered to their intended target. So much for surveys!



In the end, we have CL asking for money it does not need, doing it in a disingenuous manner, handing it over to CBIS, which invests the funds in companies that profit from the destruction of souls and are responsible for the worst displays of anti-Catholic bigotry. And all the while CL represents to its supporters and the world that they are defending the Catholic faith from the pagan onslaught. This is hypocrisy and moral repugnance beyond telling.

If CL chooses to ignore the problem of pornography because it is seemingly so widespread that you cannot even mail a letter without supporting it, there is little hope. Fortunately, Jesus Christ brings us eternal hope. He did not die on the cross so CBIS and its clients, including CL, can beat the stock averages. He died to give the hope of eternal life to those who accept Him, acknowledge their sins and repent.

Voltaire, a great enemy of the Church in 18th century France, once said he only prayed that God would make Voltaire's enemies look foolish. Bill Donohue, CL and CBIS seem to be answering the prayers of today's anti-Catholic bigots.

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