

Governor Romney, Office Supply Entrepreneur

by Christina Leonard

Campaign contributions have gotten tricky. The Massachusetts General Law has not changed, nor have the limitations on how much an individual can donate to a candidate. Massachusetts Governor, Mitt Romney, however, does not need to raise funds from wealthy Massachusetts Republicans because he is one of the wealthiest.

The way a campaign is funded on paper looks the same as it always has, but Governor Romney's approach to raising money is what republican strategists call "tapping."

Tapping occurs when Republicans use their network of corporate executives to finance a campaign larger than the one most people think the money is going toward. Governor Romney solicits funds more for the Republican state positions than he does for himself as a way to weed out other parties within the state's government.

It is legal but it can get complicated when one traces the lines. Corporate investments are a regular piece of information when dealing the campaign contribution data, and it starts to bare its teeth when there are patterns.

In 1994, Romney donated \$200,000 worth of Staples stock to the Church of Latter Day Saints. That same year, on the last day of trading he reinvested his money, buying \$189,000 worth of Staples stock, and replenished his contribution investment.

On January 18, 1995, the Boston Herald quoted Romney: "I contributed all of my Staples shares to meet my charitable contribution target. I wanted to replace a substantial portion of them. I'm in the same position I was in before."

Here is a wealthy man with the ability to burn \$200,000 and reinvest almost as much the very same year. But, why Staples?

In another Herald article, Romney's spokesman at the time told the paper that if "anybody has given Mitt a contribution on the expectation he will do something for them, they will be sorely disappointed."

But history says something different about Romney and Staples, who have an ongoing relationship. In the mid-1980s, when Romney was head of a venture capitol firm, Bain Capitol Inc., Romney assisted Staples founder, Tom Stemberg, by pouring thousands of dollars in to the company.

In the years since, Staples employees have poured thousands of dollars into the Romney campaign. As a result, Romney has kept close ties with the company. He was a member of the board until he was elected governor in 2002.

In April 2002, 16 Staples employees donated money to the Romney campaign, totaling \$7,750. Throughout the rest of the year, an additional six employees donated money, bringing the total to \$9,406. 19 of the 22 contributions were made from Staples employees in Massachusetts, but among contributors were out-of-staters Gary Cribb, the Senior Vice President of Staples Corporation in Kentucky and Basil Anderson, Executive of Staples in Pennsylvania.

When Romney was running for the first governor's seat, he held a press conference at Staples in Framingham, and has since elected Stemberg to his transitional team on jobs and the economy.

Stemberg and his wife, Dora Stemberg, are active political contributors but not specifically to the Romney campaign. They do regularly contribute to the Massachusetts Republican State Congressional Committee. Between the two of them, they donated a total of \$20,500 between 2002 and 2003.

(source:http://www.fecinfo.com/cgi-win/x_allindiv.exe)

These contributions are not necessarily directed to Romney's actual campaign for governor. Assuming that he was going to take office again in 2004, however, the

Stemberg's contributions that were made to the Republican State Congressional Committee would essentially aid in Romney's evacuation of Democrats in the House.

In August 2004, Romney published his memoir, "Turnaround: Crisis, Leadership, and the Olympic Games." Less than one year later the book ranks at 173,288 on amazon.com, and the site is selling 78 copies, used and new, starting at \$5. While many major book carriers did not sell Romney's book and Internet sales ranked low, Staples had a full supply in stock, and a book-signing to boot.

Staples picked up the book when it was published in August 2004, but worked to boost sales in December of that year by holding a book-signing at the store. The first 200 customers received the book for free. Bob Thurston, manager of the Framingham Staples store said that the book signing was Stemberg's idea. "Our store did not make any political endorsements," Thurston said. "It was a request from Stemberg."

Staples and Romney had another rendezvous in 2003 when Lieutenant Governor Sherry Healy headed Tom Stemberg's campaign to encourage customers to recycle their used ink-jet and laser printer cartridges. For every cartridge that Staples' received, they donated \$1 to the National Education Association. In a 2003 press release, Stemberg said that he hoped to raise \$5 million dollars.

Microcenter, a local computer and technology store in Cambridge, also runs a printer cartridge donation program. Microcenter, however, does not donate any money or proceeds to any organizations. Instead, when customers donate a used cartridge, Microcenter refills and repairs the cartridges at a resell value half that of a new cartridge.

Arsen Askaryan, Microcenter's Operations Manager, said that most stores that have a cartridge donation program are making at least a \$10 profit for every used cartridge that is refilled and resold. "Any corporate office supply store that collects used cartridges has a way of refilling cartridges for under \$5," Askaryan said. "I've never seen a used cartridge sold at less than \$15 or so, so the store undoubtedly makes a profit."

Staples sells used printer cartridges for more than 20 kinds of printers. The lowest resell price at their store in Saugus is \$25 for black ink and \$30 for color. For later model printers the resell price ranges from \$35 to \$45.

Stemberg managed to launch a campaign with state government's help for Staples stores to turn over a \$20 - \$40 profit on every printer cartridge that is donated and resold. So, Romney's Lieutenant Governor is helping a corporation turn a profit. Not so bad? As long as nobody's getting hurt.

Alan Cohen, the former owner of Almost Wholesale in New Haven, Connecticut remembers when Staples, along with Romney's help, put his store out of business in December 1995. "They came in, set up shop, and within months I couldn't pay my rent anymore," Cohen said.

In an early edition of the Yale Daily News, Cohen was interviewed. At the time he said, "My rent is \$4,700 a month. And that's before electricity, wages, and stocking this place. You tell me if you can make it in this market paying that much."

Ten years later, he better understands why he lost his business. "Staples opened up a store in the summer of that same year," Cohen said. "I can say now that they probably took about 10 or 15 percent of my business, and that was it. I couldn't pay the rent anymore."

At the time Cohen owned Almost Wholesale, he was renting the property from Yale University. When Yale refused to negotiate his rent, he started looking in to connections between Staples and Yale.

"I realized that the space Staples was moving in to was also owned by the college, so I figured there must be some reason why they would need two office supply stores within three blocks of each other," Cohen said.

At the time, writer David Kraut outlined the connections between Yale, Staples,

and the Bain Capital Inc., the investment company that Romney was head of until 2002.

“In an attempt to expand its growing \$4.2 billion endowment, Yale discovered Mitt Romney, the multi-millionaire who ran against Senator Ted Kennedy in last year's Massachusetts Congressional race. Romney, described by the New York Times as a master of "resisting unions and holding the costs of labor close to the bone," is founder and chief executive of Bain Capital Inc., a Boston-based investment company that counts Yale among its leading investors. The investment has paid off for Yale: part of the endowment's success has been a result of Romney's talent.” (*Yale Daily News, December 6, 1995*).

Romney's connections to the investment and corporate world are strong, as is his campaign. In 2002 he put \$6 million of his own money toward his campaign. This is a man who does not accept the governor's state salary – he does not need to. He could fund his own campaign entirely, but still he lobbies both within the state of Massachusetts and around the US for campaign contributions.

There are no huge corporate investments in him as a candidate; no \$10,000 contributions from one said company. However, the details of his political and social connections lie in the data that is not always so obvious.

Stemberg has recently made it to the top 10 contributors list to Commonwealth PAC, a Michigan-based political action committee that is funding republican politics for upcoming elections. Formed by friends and supporters of Romney, PAC has donated more than \$250,000 to Republican candidates and committees throughout the country. (*source: www.campaignmoney.com/political/committees/commonwealth_pac_the.asp*) The primary funders of Commonwealth PAC are currently all employed by Bain Capital Inc.