

Poverty Palace

How the Southern Poverty Law Center got rich fighting the Klan

BY JOHN EGERTON

In an undated letter mailed to about 140,000 people earlier this year, former Senator and Presidential candidate George McGovern pleaded for funds to help Morris Dees and the Southern Poverty Law Center of Montgomery, Alabama, in an ongoing struggle against the Ku Klux Klan.

"Frankly," McGovern wrote, "Morris and his colleagues at the Center and in the Klanwatch project are embattled. They need and deserve our immediate help. . . . I know you share my abhorrence of the Klan and other hate groups. I also know you value courage. [But] as much as we might praise this heroic work, admiration is simply not enough. . . . Won't you help them carry on the struggle?"

By frequently mailing out such persuasive appeals, Dees and his associates have drawn financial support from about half a million Americans in the last eighteen years. The number of contributors and the amount they have given are probably greater than any left-of-center group has recorded in a comparable period in the history of American philanthropy.

But the very success of the operation has raised questions about the Center's fund-raising activities. The Center routinely brings in much more money than it spends, and critics charge that its appeals have sometimes been misleading.

The Center's annual income from fund-raising letters such as the one signed by McGovern is in the \$5 million range—about twice as much as it manages to spend each year. Regular surpluses and income

from investments managed by a New York financial firm have swelled the Center's permanent endowment to more than \$22 million. The Center's staff of about thirty-five persons works under tight security in a million-dollar fortress.

The guiding force behind this thriving enterprise is Morris Dees, its co-founder, chief trial counsel, and executive director. Now fifty-one years old, Dees has been a controversial figure almost from the day he began practicing law in Montgomery twenty-eight years ago. But defenders and critics agree that he is a super salesman and master fund-raiser, especially when it comes to making the most of direct-mail techniques.

His funding appeals take many forms and have stirred some intense disputes. Most of the letters are signed by Dees himself, but some—like the recent McGovern letter—bear the names of prominent friends of the Center. One appeal, mailed in 1985 over the signature of Rabbi David A. Baylinson of Montgomery, asked for funds to protect the Center and its staff, "who are suffering under a siege of Ku Klux Klan and neo-Nazi terrorism unparalleled in this decade."

That letter referred to the founders of the Southern Poverty Law Center as "Morris Seligman Dees and Joe Levin Jr., two young Montgomery attorneys." Levin, the Center's first legal director, left more than a decade ago and now practices law in Washington, D.C., but holds the title of president of the Center. Dees was born into a devout Baptist family in rural Macon County, Alabama. His grandfather gave his father the middle name Seligman to honor a prominent Jewish Alabamian. That middle name was passed down to Morris.

Except for the letter signed by Rabbi Baylinson, Dees has rarely used his middle name. Ira Burnim, a lawyer formerly on

the Center's staff, says, "Morris used his middle name in mailings to Jewish ZIP codes. The intent, I assume, was to boost returns."

In connection with another fund-raising mailing, attorneys for *The New York Times* charged that the Southern Poverty Law Center had edited a story from the newspaper to the point of changing its meaning and had then reproduced it on newsprint to make it look like a clipping from *The Times*.

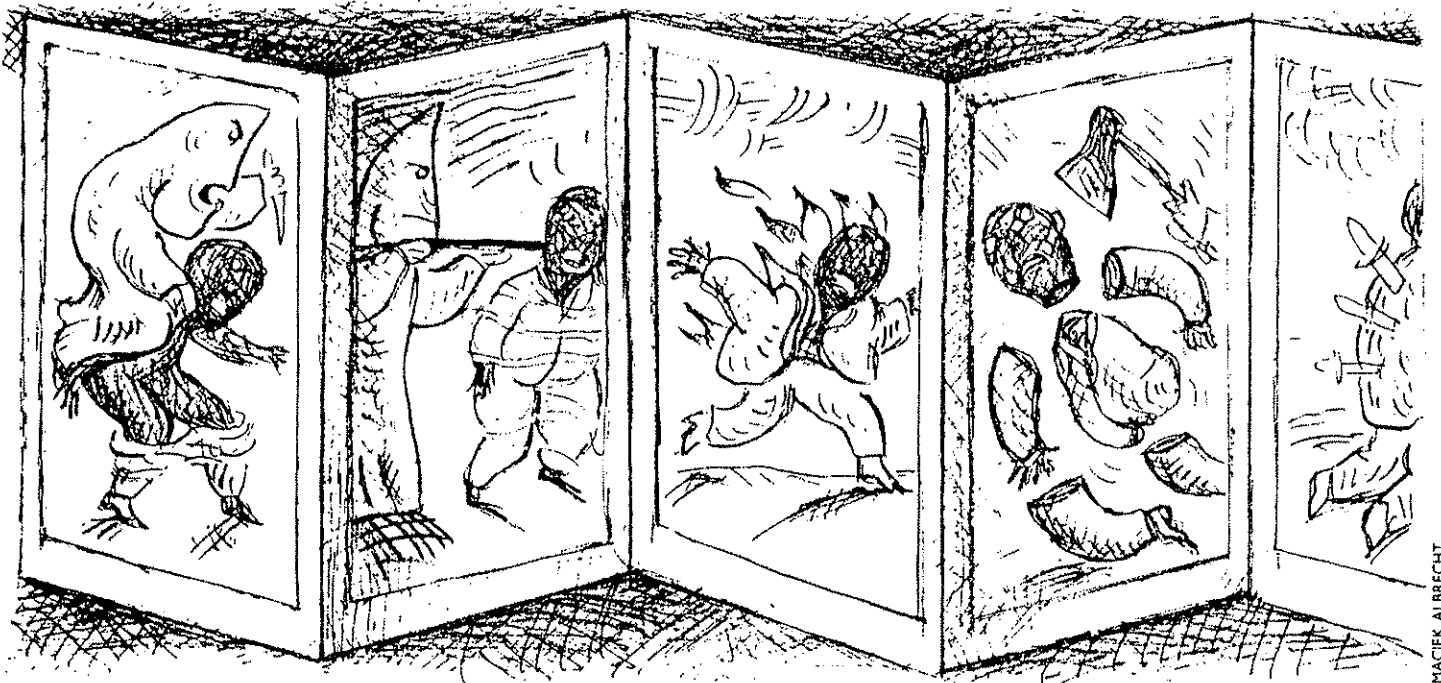
A fund-raising letter signed by Dees and addressed to Jimmy Carter's former White House press secretary, Jody Powell, drew an angry response from Powell, who accused the Center of pandering to the sensibilities of Northern liberals. "I'm sure the implied linking of Jefferson Davis to Klan lynchings will stir the juices of ignorant Yankee contributors," Powell wrote, "but it pisses me off."

The Center's relentless focus on the Klan, in litigation as well as fund-raising efforts, has been a matter of contention among the Center's staff attorneys. Deborah Ellis, one of many attorneys who have left over the years because of disagreements with Dees, recalls, "I felt that Morris was on the Klan kick because it was such an easy target—easy to beat in court, easy to raise big money on. The Klan is no longer one of the South's biggest problems—not because racism has gone away, but because the racists simply can't get away with terrorism any more."

Dees tends to shrug off criticism of the Center, its fund-raising practices, and its policies. "We're not a public-interest law firm," he says, "not a legal-aid society taking any case that comes in off the street. We only want the precedent-setting cases, the models for new directions in the law.

"Maybe our name is part of the problem," Dees adds. "Poverty law was a use-

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ful term in 1970, but I'm not sure it has much meaning now. We're interested in much more than poverty.

"A lot of the groups we work with in litigation on social issues are poor themselves, living from hand to mouth. Sometimes they're a little envious of us. I'm sorry they feel that way, but I can't do anything about it. We just run our business like a business. Whether you're selling cakes or causes, it's all the same, the same basic process—just good, sound business practices."

Morris Dees was interested in business long before he discovered an interest in civil rights. In his teens, he raised and sold watermelons, chickens, and cattle, and by the time he graduated from Montgomery's Sidney Lanier High School in 1955, he had salted away more than enough money to put himself through college. "I was making more profit than my daddy," Dees recalls. "He had debts, a family, other demands on his money. Most of mine was clear."

Dees's college years were troubled times in the South. In Montgomery, black citizens launched a boycott of segregated city buses and the Reverend Martin Luther King Jr. emerged from the pastorate of the Dexter Avenue Baptist Church to become the leader of a new civil rights movement. At the University of Alabama in Tuscaloosa, Dees watched from a safe distance as a lone black woman, Autherine Lucy, accompanied by a white priest, walked past scores of angry white protesters to be enrolled under a Federal court order.

"I remember feeling some sympathy for the girl," Dees says, "but I had a traditional white Southerner's feeling for segregation. I did make some comments in Sunday school that weekend to the effect that we ought not to hate people we don't

even know—and right after that, the preacher removed me from the leadership post I held because he said I was 'too immature' to serve."

In 1958, Dees worked for a self-styled populist gubernatorial candidate—George Wallace. But what seized Dees's attention while he earned undergraduate and law degrees was neither civil rights nor politics but salesmanship.

"I learned everything I know about hustling from the Baptist church," he once told a reporter. "Spending Sundays sitting on those hard benches listening to the preacher pitch salvation—why, it was like getting a Ph.D. in selling."

In partnership with a fellow law student, Millard Fuller, Dees sold holly wreaths and birthday cakes, published a student telephone directory, dabbled in real estate. By the time they moved to Montgomery in 1960 to start a law practice and mail-order sales business, they had assets exceeding \$250,000. It was direct-mail sales that brought them wealth and public notice; they were phenomenally successful at selling doormats, tractor seat cushions, and cookbooks. At one point, their book company, Famous Recipes Press, was said to be the largest publisher of cookbooks in the nation.

While the South was in the throes of social upheaval in the 1960s, Dees and Fuller were in hot pursuit of their first million dollars, and each of them reached that goal in 1964. "Morris and I, from the first day of our partnership, shared the overriding purpose of making a pile of money," Fuller wrote in a book some years later. "We were not particular about *how* we did it; we just wanted to be independently rich. During the eight years we worked together, we never wavered in that resolve."

In 1961, when white mobs severely beat freedom riders demonstrating against seg-

regation at bus terminals in Birmingham and Montgomery, Fuller and Dees agonized but concluded, Fuller recalls, that "it would be bad for business if rising young lawyers and businessmen spoke out for social justice and equality." One of the men charged with beating the freedom riders in Montgomery asked Dees and Fuller to defend him and, Fuller wrote, "we took the case. Our fee was paid by the Klan and the White Citizens' Council."

Fuller sold his share in the business to Dees for \$1 million in 1965. By 1967, when Dees was named one of the "ten outstanding young men in America" by the U.S. Junior Chamber of Commerce, he, too, was casting about for new ventures. As the decade drew to a close, he accepted an offer of a reported \$6 million to \$7 million from the Times-Mirror Company of Los Angeles for his direct-mail marketing business. And with a new partner, Joe Levin, he emerged as a hard-hitting legal champion of civil rights.

Dees and Levin set up the Southern Poverty Law Center in 1970 and incorporated it a year later as a nonprofit, tax-exempt organization. "We borrowed \$2,500 from the bank," Levin recalls, "and used it to start a direct-mail fund-raising program. Morris worked without pay, but he didn't put any of his own money into the operation. We both felt that if it couldn't be self-sustaining, it wasn't worth doing." (Dees says he did provide some of the start-up money, but declines to tell how much. According to the Center's latest available IRS filings, he received compensation totaling \$111,319 in 1984 and \$62,967 in 1985.)

Levin was the legal director, Dees the direct-mail specialist and idea man. They persuaded Julian Bond, nationally known as a civil-rights activist and Georgia state

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senator, to serve as president of the Center, a largely honorary position. More prestige and visibility were provided by an advisory council and a board of directors, but the council never took an active part in the Center and the board, though it met from time to time, did not make policy. Dees and Levin were the real decision-makers, and Bond helped enlist attention and support for their activities.

Michael Fidlow, a direct-mail specialist from New York, was hired as the Center's chief operations officer. He and Dees devised the fund-raising strategy, focusing mainly on liberal donors outside the South, and they enjoyed great success in attracting support for the lawsuits Dees and Levin were filing.

"Morris was a genius at direct-mail fund-raising—and he still is, of course," says Fidlow. "The timing was perfect for litigation in the civil-rights field, and we soon had more money than we could spend. I stayed there for seven years, during which time the staff grew from four or five to about twenty and the Center built up a donor base of about 9,000 people who gave monthly. We also had a healthy reserve invested at 11 or 12 per cent. By 1978, we all thought the Center had reached the point where it no longer needed to raise funds—the job was done. That seemed like a good time for me to leave, so I did."

Good prospect lists are essential to any direct-mail endeavor, and Dees knew how to get them. He built the Center's master list to big-league size with an astute early move: volunteering in late 1971 to help raise funds for the McGovern Presidential campaign and, specifically, offering to write the campaign-opening solicitation letter.

"I drafted a six-page letter," Dees recalls, "and they didn't know what to do with it. His advisers passed it around and edited it, and finally they asked me to send out a two-page version of it to their list of about 40,000 names. I went ahead and printed the whole thing as I had written it, and got other lists from such organizations as the American Civil Liberties Union and Americans for Democratic Action, and we mailed the big letter to about 250,000 people. I used my own money to do it—in effect, I loaned the money to the campaign—because I was confident we'd do well and I would get the loan back."

The response was dramatic. "Some people sent us their Social Security checks," says Dees. "One woman sent us her son's \$10,000 Government insurance check af-

ter he was killed in Vietnam. The money just poured in. We got a phenomenal response, about 15 percent. During the course of the campaign, we mailed fifteen million pieces and raised \$24 million, of which probably \$22 million was net."

After the 1972 election, Dees returned to the Center with a high reputation as a fund-raiser and, more importantly, with the campaign mailing list he and others had compiled. "McGovern let me use it," he says. "It had grown to about 700,000 names, and they were the same kinds of people we looked to for support of the Law Center."

At about that time, the Center won important victories in lawsuits that compelled the Alabama legislature to divide itself into single-member districts, assuring the election of the first black lawmakers since Reconstruction, and that opened the Alabama state police to black and female troopers.

In 1975, Dees became involved in the highly publicized trial of Joan Little, a black jail inmate in North Carolina who stabbed a white jailer to death when he allegedly tried to rape her. Dees raised major sums for the defense, and his handling of the case—and other murder cases in which race was a factor—made him an object of white hostility. *Time* magazine called him "the second most hated man in Alabama" (after Federal Judge Frank M. Johnson Jr., who was handing down desegregation decisions).

After the Joan Little case, Dees and Millard Farmer, a Georgia lawyer active in capital punishment cases, formed Team Defense, an Atlanta-based project funded mainly by the Southern Poverty Law Center and aimed at combating the death penalty in the South. The alliance lasted only a year. The two men clashed, Dees charging that Farmer tried to make the Center pick up the tab for most of his cases, Farmer responding that Dees "funded Team Defense for a year and then suddenly quit cold turkey, without warning, and walked away from his commitment." There was a suit, a countersuit, and a settlement in which Dees paid Farmer about \$50,000.

"I was naive at first," Farmer now says. "I thought he was sincere. I thought the Southern Poverty Law Center raised money to do good for poor people, not simply to accumulate wealth."

Says Dees tersely of Farmer, "He's a fool."

Dees's success as a fund-raiser for McGovern's 1972 campaign made him much sought-after in 1976. After being courted by several candidates, he agreed to serve as finance director for Jimmy Carter's Presidential bid. It was a reluctant choice, Dees says—partly for philosophical reasons ("Jimmy's a political animal—he backs down on the issues"), but mainly because Dees thought direct-mail appeals in Carter's behalf wouldn't work.

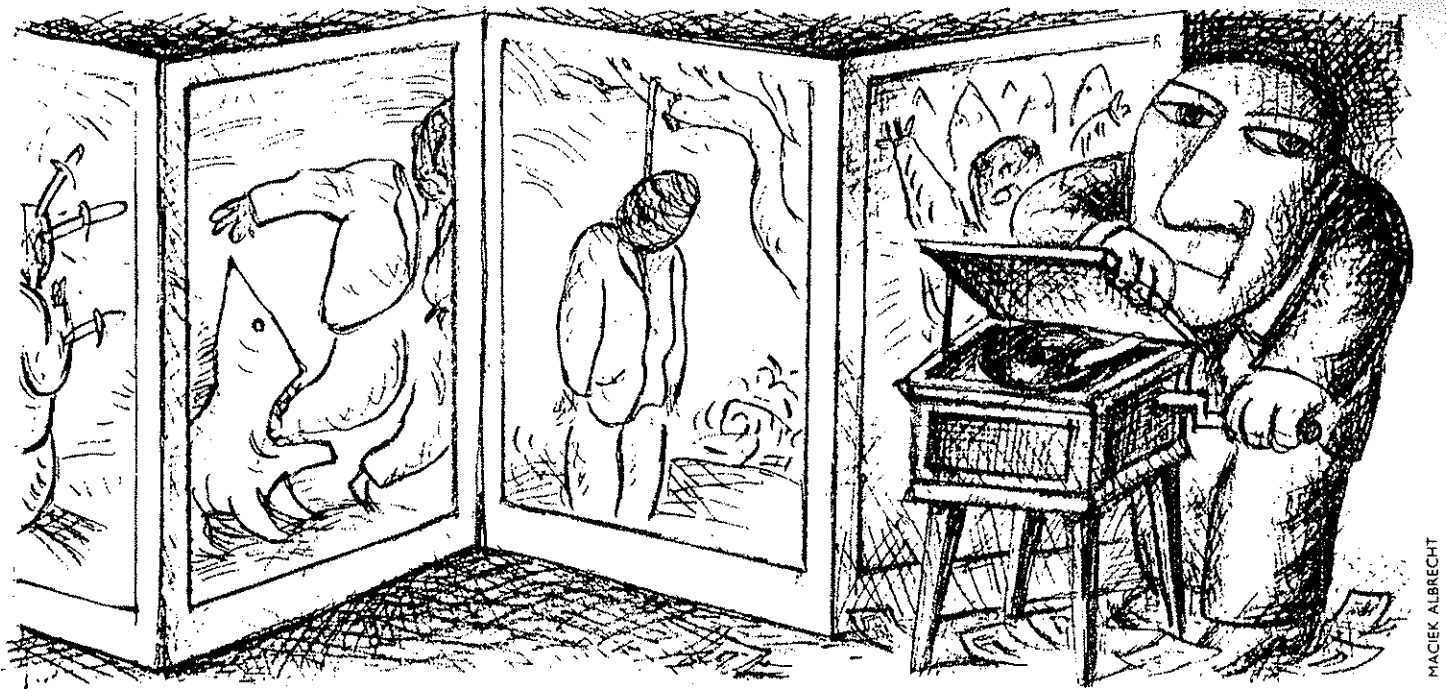
"You can't raise money through the mail for just any candidate," he asserts. "You've got to have a candidate who's way out on the extremes—a Reagan, a Wallace, a McGovern, a Goldwater. The people who will give big money through the mail are either on the Far Right or the Far Left. They're true believers. You can't fire them up with a middle-of-the-road cause or candidate. You've got to have someone who can arouse people."

Nonetheless, he managed to raise the maximum allowed by law for the Carter campaign. Former press secretary Jody Powell and two other members of the White House staff credit Dees with attracting significant numbers of dollars and volunteers. They also say Dees wanted badly to become Carter's Attorney General and left in a huff for Alabama when he failed to get the post.

Dees recalls it differently: "I had no interest whatsoever in working for the Carter Administration," he insists. "I wouldn't have moved to Washington for anything. When the campaign was over, I was ready to go back home, and I did." Dees worked for Senator Edward M. Kennedy's abortive Presidential campaign in 1980 and for Gary Hart in 1984. He has stayed out of the 1988 campaign, saying he saw "no candidate I want to work for"—including Jesse Jackson, whom he associates with an anti-Israel position.

In the late 1970s, Julian Bond resigned as president of the Center.

"It was by mutual agreement," he recalls. "I had been fairly active in attending meetings and making appearances for the Center, but they wanted someone who could be more closely involved, and I just didn't have the time. Also, I had been quoted on some issues concerning Jews and Arabs, and Morris was afraid my name was hindering fund-raising with Jewish donors. I didn't agree with that, but I did think it was time for a change, so I stepped aside. I'm proud of my association with



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Morris and the Center. They've done a lot of good work."

With the advent of the 1980s, the Center moved into its most publicized venture, an all-out campaign of litigation and public education directed at the Ku Klux Klan. The success of that effort has more than doubled the Center's budget and endowment in just eight years.

Dees saw the Klan as a perfect target. Millions of Americans, black and white, regarded it as a menace to society, a formidable manifestation of die-hard racism at its worst. But Dees perceived chinks in the Klan's armor: poverty and poor education in its ranks, competitive squabbling among the leaders, scattered and disunited factions, undisciplined behavior, limited funds, few if any good lawyers. In 1980, Klan membership in the United States was estimated at less than 10,000, compared with more than 60,000 in the 1960s and several million in the 1920s.

Randall Williams, a journalist who had worked at the Center in the 1970s, was brought back in 1981 to direct the formation of Klanwatch, a region-wide monitoring and research unit providing public exposure of terrorist groups. Through publications, publicity, videotapes, and eventually a half-hour movie, Klanwatch mounted a relentless attack on Klan units and other racist organizations throughout the South.

"From the day I returned to work at the Center," says Williams, "the debate over allocation of resources was in progress, and it had been going on before I got there. Most of the lawyers argued that the Klan was more bark than bite and that there were certainly bigger problems facing blacks and the poor. My own view was that while there were more important issues to be faced, the Klan was still a threat to peace and safety and racial equality. I

didn't see it as an either-or choice but as a question of priorities."

From a fund-raising perspective, the assault on the Klan was a brilliant effort. "The money poured in," Williams says. "Everybody, it seems, was against the Klan. We developed a whole new donor base, anchored by wealthy Jewish contributors on the East and West Coasts, and they gave big bucks. Our budget shot up tremendously—and still, we were sometimes able to raise as much as \$3 million a year more than we could spend."

The ragtag gangs of violent Klansmen cursed Dees, made threats on his life, denounced him as a traitor and communist and worse. Dees used the threats in his fund-raising letters and Klanwatch publications. It seemed at times that the only attention the Klan could get was from the Southern Poverty Law Center.

In July 1983, the Center's Montgomery offices were firebombed and some of the Klanwatch files were destroyed. Informers helped the Center and law-enforcement officials identify three suspects, including a former candidate for county sheriff, and a year and a half after the incident the three pleaded guilty and drew fifteen-year prison sentences. The firebombing caused contributions to the Center to soar even higher.

Since then, Dees and his colleagues have won a series of court victories against the Klan, including a \$7 million damage judgment returned by an all-white jury in a civil case last year. Beating the Klan in court, said one of Dees's associates, "is sort of like shooting fish in a barrel."

In place of its old office, the Center constructed a modern headquarters building featuring state-of-the-art electronic security. It cost about \$1 million and was instantly controversial.

"The building design establishes a cor-

porate image to reflect the national importance of the Southern Poverty Law Center," according to a Center brochure describing the structure. Others have called it "the poverty palace" and "the Southern Affluent Law Center."

Williams, who left in 1986 along with four staff attorneys, says the Center had changed significantly by then.

"We were sharing information with the FBI, the police, undercover agents," he notes. "Instead of defending clients and victims, we were more of a super snoop outfit, an arm of law enforcement."

"And the Klan had changed, too, from an active, growing, openly defiant, unchallenged threat in the 1970s to a much smaller and shrinking—though still violent and extreme—remnant in the mid-1980s. I thought we had done what we set out to do, but Morris was still writing donors about the Klan menace, and the money was still flowing in."

Dees himself concedes that "the Klan thing is winding down," and says he is "looking at some new areas, especially in education. Who knows what the Southern Poverty Law Center will be doing a year from now?"

Some of the lawyers who have worked with Dees over the years object to his high-handed control of the Center. They note that it is a public-interest organization and a nonprofit corporation, and thus is obliged to account for its funds. But, says one of them, echoing others, "Morris appoints the board and hires the lawyers, and he can ignore them or fire them if he wants to. If the Internal Revenue Service and the people who send him money are satisfied with his accounting, he has no one else to answer to."

"What it comes down to is this: Morris Dees is the Southern Poverty Law Center." ■