AP: $1 Coin Backers Give To Harkin Center

Ryan J. Foley, Associated Press

IOWA CITY, Iowa (AP) — A South Korean businessman and his Iowa metals company gave $500,000 to a university institute honoring U.S. Sen. Tom Harkin, who is pushing for a dollar coin that could generate tens of millions of dollars in new business for the company, according to records obtained by The Associated Press.

The donations to Iowa State University's Harkin Institute of Public Policy, uncovered through an open-records request, fall into a gray area in rules prohibiting companies that lobby from contributing to charitable funds "maintained or controlled" by sitting senators. Iowa Republicans allege that such donations to the powerful Democrat's namesake institute raise a conflict of interest.

Cedar Rapids-based PMX Industries called its $250,000 donation a good-natured gesture to support education. The CEO of the company and its Seoul-based parent, Poongsan Corp., Jin Roy Ryu, also gave $250,000.

Harkin's spokeswoman said the senator wasn't influenced by the contributions and did nothing improper. But PMX, which supplies the U.S. Mint with metal to make the dollar coin as well as nickels, dimes and quarters, stands to make a huge profit should Harkin succeed in his effort to eventually replace the dollar bill with dollar coins. PMX is part of the Dollar Coin Alliance, a group lobbying for Harkin's legislation.

"You certainly have an appearance problem. It doesn't look good," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. "On the other hand, who is going to give money to this? People who love Senator Harkin. And who is going to love Senator Harkin? People whose interests he's championed."

Because Ryu isn't a U.S. citizen, he isn't allowed to donate to Harkin's campaign. Contributing instead to the institute opens a new avenue for the businessman to curry favor with an influential lawmaker, Sloan said.

The institute, created last year to house Harkin's papers and research domestic and foreign policy, was embroiled in controversy even before questions about the donations. Harkin is objecting to an order from ISU President Steven Leath that bars agricultural research without approval from the school's Center for Agricultural and Rural Development. Harkin backers have called that a restriction on academic freedom and discussed moving the institute to Drake University. The two sides are at an impasse.

Concerned about potential conflicts of interest, the Republican-led Board of Regents decided last year that no other academic institutes in Iowa could be named after current politicians.

Nationally, lawmakers have routinely set up charities and honorary institutes. Senate rules bar lobbying firms from donating to a charity controlled by the lawmaker, including situations when relatives serve on the board. Harkin's wife, Ruth, has acted as an institute advisory board member, attending meetings and voting, even though university officials say she was never officially appointed to that role. Harkin's office says neither Harkin violated the ethics rule.

A number of lawmakers have faced scrutiny over donations to similar institutes. Harkin unlikely would face sanctions as long as he wasn't soliciting contributions from companies at the same time they asked him for legislative help, Sloan said.

Harkin, a former presidential candidate who has served nearly four decades in Congress, has long supported dollar coins, which he says create Iowa jobs, last longer than paper bills and are better for the environment. Many other countries have switched, and the General Accountability Office argues it would save taxpayers money.

But the coins have proven unpopular with U.S. consumers. The Obama administration last year halted production of the $1 presidential coin series, started in 2007 to feature different presidents every year, amid low demand. Vice President Joe Biden called the presidential coin — created under a 2005 law that Harkin co-sponsored — an example of wasteful government spending and said suspending it would save $50 million.

The U.S. Mint has paid PMX Industries $94 million for dollar coin fabrication and metal since 2008 and $458 million overall since then, spokesman Michael White said. He said the agency hasn't estimated how much PMX would receive under a $1 coin.

Ryu and his wife gave $125,000 to the institute in September 2011, as did PMX. The couple and PMX each gave $125,000 more in October. In between, Harkin announced the introduction of the $1 coin legislation and toured the company to meet with workers.

Spokeswoman Kate Cyrul Frischmann said Harkin's actions "are not related to or affected by anyone's charitable contributions to Iowa State." In Seoul, a Poongsan spokesman said Ryu was traveling and unavailable for comment.

Donors have pledged $3.1 million for the ISU institute. Half of that money has actually been given, and PMX and Ryu's gifts are among the largest. University officials have said they hope to raise $10 million to create an endowment for the institute.

The donors include unions and companies who can be affected by Harkin, chairman of the health, education, labor and pensions committee. Beyond PMX, the herbal and dietary supplement industry, which Harkin has championed, has been particularly generous. General Nutrition Centers, the Pittsburgh-based chain known as GNC, has pledged $200,000, and Torrance, Calif.-based Herbalife International

has promised $100,000.

Senate rules say steps should be taken to avoid soliciting companies that have business with a member's office. Harkin's spokeswoman said last year he had not solicited donations but declined comment on whether that's changed. Email messages released by ISU under the public records law indicate that Harkin and his wife are playing active roles in institute fundraising.

"Tom thinks the fundraising will go well with some leads he has," ISU President Leath wrote to Ruth Harkin after meeting with Tom Harkin in Washington last summer.

PMX Industries Vice President Jim Richardson said the president of the university's charitable foundation, not Harkin, asked for the donations. But university officials refused to explain why the company was solicited.

"If anybody made an implication that it was a payback, I would take great umbrage at that," Richardson said.

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