



Written by [Raven Clabough](#) on November 1, 2011

Cain's Campaign Already Struggling Before Sex Harassment Claims

Though GOP presidential candidate Herman Cain is struggling to contend with allegations of sexual harassment that date back to his 1996-99 tenure as CEO and president of the National Restaurant Association, reports indicate that his campaign was already in hot water prior to this weekend's breaking news story.

According to the Milwaukee [Journal Sentinel](#), Cain's "two top campaign aides ran a private Wisconsin-based corporation that helped the GOP presidential candidate get his fledgling campaign off the ground by originally footing the bill for tens of thousands of dollars in expenses for such items as iPads, chartered flights and travel to Iowa and Las Vegas —something that might breach federal tax and campaign law, according to sources and documents."



That private Wisconsin-based corporation is Prosperity USA, a tax-exempt non-profit organization owned and operated by Mark Block, Cain's current chief of staff and deputy chief of staff, respectively.

According to that organization's financial records, which were obtained by No Quarter, the Cain campaign owed Prosperity USA approximately \$40,000 for items purchased in February and March.

It is unknown whether Cain's election fund eventually repaid Prosperity USA, which appears to be defunct, since Cain's election filings make no mention of it, and the data in the documents do not match payments made by Cain's campaign.

Likewise, the *Journal Sentinel* notes, "In addition to picking up these expenses at least initially, Prosperity USA also paid as much as \$100,000 to the Congress of Racial Equality, a conservative black organization, shortly before Cain was a featured speaker at the group's annual Martin Luther King Jr. dinner in mid-January." However, there is no record that indicates Cain was paid for that appearance.

As noted by a Washington, D.C.-based election lawyer who wished to remain unidentified, "If the records accurately reflect what occurred, this is way out of bounds."

Michael Maistelman, a Wisconsin campaign attorney, concurs. "The number of questionable and possibly illegal transactions conducted on behalf of Herman Cain is staggering," he said.

Block, who served on a number of conservative campaigns in Wisconsin, was accused of election law violations in the 90s when he served as campaign manager for former state Supreme Court Justice Jon Wilcox. He settled that case by agreeing to pay a \$15,000 fine and agreeing to stay out of Wisconsin politics for three years.



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He recently served on the state chapter of Americans for Prosperity, which was co-founded by the Koch brothers. According to the *Journal Sentinel*, it was through Americans for Prosperity that Block came to meet Cain and encouraged him to run for national office.

A number of organizations were reportedly founded by Block, most of which contained the word “prosperity” in their name, the largest of which was Wisconsin Prosperity Network, intended to be an umbrella organization that would spend over \$6 million a year “underwriting a dozen or so other conservative groups in the hopes of turning the state red.” However, that group was listed as a tax-exempt nonprofit group, which meant that it could not have direct political involvement. Hansen was listed as the group’s executive director.

Prosperity USA, also a tax-exempt charitable organization, was founded by Block last year. Though Block is listed as the only board member on the group, Hansen reportedly handles the group’s operations.

But those familiar with the two groups indicate that they are closely linked and together raised hundreds of thousands of dollars from conservatives across the state. Internal records reveal, however, that the groups’ expenses were significantly higher than the money they were taking in.

One supporter who contributed to the groups said he and others were frustrated with the groups, and Hansen, for failing to use the money they raised for the intended purposes.

The Wisconsin Prosperity Network was over \$60,000 in debt by early February and Prosperity USA’s liabilities exceeded \$100,000. The records show that Prosperity USA’s largest asset was \$40,000 owed to it by “FOH,” Friends of Herman Cain.

Further records reveal that the Campaign owed \$15,000 for an “Atlanta invoice,” \$17,000 for a chartered flight, and \$5,000 for travel to Iowa, Las Vegas, Houston, Dallas, and Louisiana. Documents reveal that the Cain campaign was billed \$3,700 for iPads bought on January 4.

One national election expert indicates that it is a violation of the tax code for Prosperity USA to advance money to Cain’s campaign for these items. Likewise, she stated that the laws regulating campaign reporting on debts and travel obligations are very strict. But records show that Prosperity USA was already underwriting Cain’s travel.

“I just don’t see how they can justify this,” she said. “It’s a total mess.”

Records suggest that the group paid for Cain’s travel to the conservative Right Nation rally in Chicago that took place in September 2010. They also reveal that the group funded Block’s trip to Washington, D.C. when he met with philanthropist David Koch.

Documents also reveal that the group received \$150,000 in loans from unidentified individuals.

Further, sources indicate that Hansen paid a lot of that loan money to the Congress of Racial Equality, which often promotes conservative causes, a revelation that reportedly prompted the resignation of several Prosperity USA board members.

The Wisconsin Prosperity Network is currently listed as a litigant in a case that is currently before the state Supreme Court.

Beyond all this, the state chapter of Americans for Prosperity currently holds a number of unpaid invoices that amount to tens of thousands of dollars, left by Block when he left the organization.

In addition to the financial struggles plaguing Cain’s campaign, recent advertisements released by



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Cain's camp provoked some to question the ability of Cain's campaign officers to effectively promote Cain as a viable presidential candidate. For example, in the advertisement seen below, Block appears in the video to speak on Cain. Block speaks for nearly a minute, but makes no substantial claims about Cain in the video, and then oddly concludes it by smoking a cigarette and blowing smoke at the camera:

The advertisement was so odd and drew such a reaction that it prompted Cain to have to address the bizarre nature of the video. Cain maintained that Block was solely responsible for the advertisement:

"We wanted to send some messages out there... I trust Mark Block to deliver the message of this campaign, that's why he did it...The fact that Mark Block is a smoker is his choice, and how that little piece at the end of the video came about, I don't know...[but] We have a saying, 'Let Herman be Herman.' In that ad, it was 'Let Block be Block.'"

Block appeared on Fox News to address the response to the online ad, as well, and explain what the elusive message behind the ad was intended to be:

"The message of the ad was to our supporters that we're on a roll, that we're excited about what's happening, there was no subliminal message.[The ad] was to tell people that the Cain message is resonating across America...the campaign is on a roll, that the momentum is with us."

Block's online advertisement featuring Mark Block was not much more bizarre, however, than the "He Carried Yellow Flowers" video that was put out by the Cain Campaign earlier this year:

Critics indicate that the videos failed to make any statement about Cain as a candidate or highlight any of Cain's ideas.

It seems that Cain's campaign may have already enjoyed its peak and was starting to lose force even prior to the reported revelations of sexual harassment claims that some believe will be the demise of the Cain camp.

Photo: Republican presidential candidate Herman Cain holds up a muffin that has his catch-phrase 9-9-9 tax plan printed on it, before speaking at the National Press Club in Washington, Oct. 31, 2011: AP Images

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