



CARP defends itself against critics Lobby Group's Business Links Raise Eyebrows

Jonathan Chevreau

Financial Post

Wednesday, August 01, 2007

One of the biggest lobby groups in the world is the American Association of Retired Persons, or AARP.

Every American who turns 50 is invited to join AARP and 35 million have done so since its founding in 1958. Its Web site at www.aarp.com describes it as a "nonprofit, nonpartisan membership organization."

In Canada, an equivalent but independent group was founded in 1983 by Lillian and Murray Morgenthau. The Canadian Association of Retired Persons (CARP) was modelled after AARP, the founders volunteered in a 20-year retrospective published in CARP Magazine in 2003.

CARP members pay \$10 a year for the magazine, published six to nine times a year. For another \$10/year in membership fees, they get discounts on various products and services. They also benefit from lobbying activities on behalf of retirees and older folk who still choose to work.

However, around this nonprofit core is a cluster of affiliated companies that are unabashedly "for-profit" businesses.

CARP bills itself as Canada's Association for the 50 Plus, a national not-for-profit lobby and benefits group with 400,000 members.

In 1996, CARP launched www.50Plus.com. This private company later went public as Fifty-Plus.Net International Inc., trading as FPN on the Toronto venture exchange. In an interview, CARP president Lillian Morgenthau confirms she and family members are minority shareholders in the public company.

The CARP retrospective is frank about how the association separates its "not-for-profit activities" from its "actual business activities."

It says the Morgenthau's four children are shareholders in two private companies: Megadak Enterprises Inc. is CARP's marketing agency and Kemur Publishing Company publishes CARP magazine. The two firms provide "economically competitive services and pay appropriate royalties to CARP for the right to act for the association," it says.

CARP's Web site is at www.carp.ca. Go to www.50-plus.com and it links back to CARP's site, as well as a CARP travel agency and a senior's dating service called 50 Plus Relationships. The latter charges \$30 for a 30-day membership and \$80 for a full year.

Adding to the overlap is the fact the magazine is still called CARP Magazine (rather than 50 Plus Magazine). It sells advertising and it's here where possible perceptual problems arise with respect to CARP's lobbying efforts on behalf of seniors.

Toronto financial consultant Diane Urquhart is concerned about possible conflicts of interest between CARP's non-profit advocacy role and its for-profit affiliates.

"CARP presents itself as an advocate for seniors, making recommendations for changes in tax and other policies affecting pensions, securities and accounting matters," Urquhart says. But often, "the interests of financial service companies and public issuers paying royalties or advertising revenues to the Morgenthau family affiliates are contrary to the interest of seniors."

As an example, Urquhart cites several positive articles on income trusts that ran in the magazine or Web site. One was an income trust "advertorial" placed by the Canadian Association of Income Trust Investors -- a thinly disguised lobby group for the income trust industry.

Forensic accountant Al Rosen -- who views some income trusts as pyramid schemes -- shares Urquhart's concerns. "CARP has too many problems with independence, lack of expertise and unclear intentions to be able to represent seniors," Rosen says, "Seniors should be very leery of what CARP has to say."

Morgenthau denies CARP lobbied for income trusts. "People don't understand that income trusts are not the be all and end all of everything: that you can lose as well as gain." However, "the government did this terrible thing without giving people a chance to pull out of it."

She says CARP is an advertiser in the magazine, which is owned by "an outside investor."

Who? It's "in the process of changing so I can't say."

Kemur? "Not any more."

Morgenthau describes the magazine's owner as a "mostly independent" company. "We have a small piece of it because we wanted to keep our hand in but we don't control the magazine."

Morgenthau says CARP membership fees don't cover all its costs to run the office and administration. "It's really nonprofit." Kemur and Megadak are "what keeps us going" and "gives us the money to continue."

She referred me to David Kravis, senior vice-president of marketing of 50Plus.com. He says Kemur is a private company that has "nothing to do with us" and is owned by Lombard Insurance.

The relationship of 50Plus.com and CARP is "clear," Kravis says. "We work in the same building and collaborate closely on content." But 50plus is aimed at 12 million Canadians aged 50 or over, so there's no reason for it to limit itself to CARP's 400,000 members, Kravis says.

CARP is also a key member of the new Common Front for Retirement Security. We'll look at that in a future column.

jchevreau@nationalpost.com

© National Post 2007