

The National Restaurant Association's

Duplicitous Lobbying, Perpetuation of Race and Gender
Inequity, and Support for Insurrectionists

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The National Restaurant Association ("the Other NRA") is one of the most powerful Big Food lobbies in the United States and represents the top chain restaurant corporations; key leaders in the Other NRA include Darden (Olive Garden's parent company), Dine Brands Global (IHOP/Applebee's), Denny's, and Disney. The Other NRA and its member corporations have actively lobbied for suppressing wages and furthering racial and gender inequity since the trade lobby's inception. This report details the Other NRA's most recent duplicitous lobbying efforts against the Raise the Wage Act, blocking a wage increase for 32 million Americans, and in supporting white supremacists seeking insurrection in January 2021.

#### **KEY FINDINGS**

- 1. The Other NRA has provided nearly 800% more lobbying dollars to the 50 Republican U.S. Senators and 8 Democratic U.S. Senators who voted to oppose the Raise the Wage Act (RTWA) than it has to the 42 Democratic U.S. Senators who voted in favor. In the 2020 election cycle, opponents to the RTWA received \$125,000 total in contributions from the Other NRA an average of \$7,000 per Senator compared to over \$10,000 total in contributions provided to the 42 supporters of the Act, or \$893 on average per Senator.<sup>1</sup>
- 2. The Other NRA has been lobbying since Emancipation against tipped worker wage increases, as a devaluation of Black lives and women's work, and continues to engage in duplicitous lobbying against wage increases even as its own corporate leaders tell investors that raising wages has actually increased consumer spending and thus helped increase revenue. Earlier this year, while the Other NRA was sending letters to Congress warning of the job losses and negative impacts on small businesses due to the RTWA, the Other NRA's corporate leaders were telling their investors that minimum wage increases have had the opposite effect, increasing consumer spending and thus helping restaurant corporations grow in the states that provide \$15 with tips on top.<sup>2</sup>
- 3. While the Other NRA has lobbied for decades to keep workers' wages low, the wage for their companies' chief executive officers has only increased causing a staggering disparity between one of the country's lowest paid workforce. The 'Four D's' CEO pay ranged from \$1.8 to \$21 million annually in 2020 nearly 900 times the average median wage reported for their employees of about \$24,200 in the same year.<sup>3</sup>
- 4. The Other NRA and the Four D's provided over \$900,000 in support to legislators supporting and inciting white supremacist insurrectionists.<sup>4</sup> From 2012-2020, the Other NRA and its four leading member corporations provided nearly \$1 million to the 137 House Representatives who supported the white supremacist insurrectionists; in the 2020 election cycle, nearly 80% of the Other NRA's contributions received by Congressional candidates were Republicans, most of whom failed to condemn the white supremacist violence.<sup>5</sup>



## INTRODUCTION WHO IS THE OTHER NRA?



#### Most Americans immediately think of the National Rifle Association

when hearing the acronym "NRA." However, a lesser known but equally powerful lobby group shares the same acronym – the National Restaurant Association ("the Other NRA"). The National Restaurant Association is one of the most powerful trade lobbies in the United States, and drives its member corporations' priorities by spending millions to influence policymakers and fight progressive legislation.<sup>6,7</sup> While the Other NRA represents over 500,000 restaurant businesses, its legislative priorities are driven by several of the world's largest food and beverage service corporations, and in particular, 'the four D's' – Darden (Olive Garden's parent company), Dine Brands Global (IHOP/Applebee's), Denny's, and Disney.<sup>8,9</sup>

The Other NRA is a key opponent to the federal Raise the Wage Act, which would increase the minimum wage to \$15 for all workers in the United States and phase out the subminimum wage for tipped workers, workers with disabilities, and youth. A legacy of slavery, the subminimum wage for tipped workers has been stuck at \$2.13 for the past three decades<sup>10</sup> – largely due to the active federal and state-level lobbying efforts of the Other NRA and its local affiliates.<sup>11</sup> Today, the subminimum wage for tipped workers forces a predominately female workforce to rely heavily on tips to feed their families. These workers, especially the women, suffer from the

highest rates of economic insecurity and sexual harassment of any industry in the United States because of their dependence on customers' tips to supplement their base wages.<sup>12</sup> The subminimum wage for tipped workers also increases racial inequity, because customer bias in tipping results in workers of color who rely on tips to earn less than their white counterparts.<sup>13</sup>

Last year alone, the Other NRA and some of its members spent \$2.9 million in federal lobbying efforts to keep the federal minimum wage from going up, and especially to freeze the subminimum wage for tipped workers. <sup>14</sup> Over the past decade, the Other NRA provided over \$560,000 in contributions to the vast majority of the fifty-eight senators that voted against the Raise the Wage Act. <sup>15</sup> Many of these candidates tout common NRA talking points such as negative impacts on small businesses, job losses, and dramatic menu price increases despite research

TABLE 1
The Other NRA's Contributions to U.S. Senators Opposed to the Raise the Wage Act in the 2020 Eletion Cycle

	Democratic Senators	Republican Senators	Total
Supporters	42	0	42
Opposition	8	50	58
Contributions to Supporters	\$10,726	\$0	\$10,726
Contributions to Opposition	\$20,600	\$105,060	\$125,660

Note: Contributions reflect money that came from the organization's PACs, their individual members or employees, and those individuals' immediate family members. Source: Open Secrets and U.S. Senate - Roll Call Vote 117th Congress - 1st Session

#### TABLE 2

Top 10 U.S. Senate Candidates Receiving Contributions from the Other NRAin 2020 Election Cycle

DAVID PERDUE (R-GA) \$15,000

JONI ERSNT (R-IA) \$12,500

KYRSTEN SINEMA (D-AZ) \$10,600

\$10,060

DAN SULLIVAN (R-AZ) \$10,000

JEANNE SHAHEEN (D-NH) \$10,000

SUSAN COLLINS (R-ME) \$10,000

STEVEN DAINES (R-MT) \$10,000

MARTHA MCSALLY (R-AZ)\* \$10,000

JOHN CORNYN (R-TX) **\$7,500** 

Note: Contributions reflect money that came from the organization's PACs, their individual members or employees, and those individuals' immediate family members. \*Martha McSally is no longer an elected official. Source: Open Secrets and U.S. Senate - Roll Call Vote 117th Congress - 1st Session.

and multiple studies disputing them.<sup>16,17,18</sup> Meanwhile, as detailed further in this report, CEO pay in some of the Other NRA's leading member restaurant corporations ranged from \$1.8 to \$21 million annually in 2020 – nearly 900 times the average median wage reported for their employees in the same year, at about \$24,200.<sup>19</sup>

The 'Four D's' are some of the largest full-service restaurants in the country and are also prominent members of the Other NRA.

#### BRIEF BACKGROUND ON THE 'FOUR D'S'

#### **Darden Restaurants**

Darden is one of the largest full-service restaurant companies in the United States, with over 1,800 locations employing 177,000 workers that serve more than 360 million meals per year. The company owns Olive Garden, LongHorn Steakhouse, Cheddar's Scratch Kitchen, Yard House, Capital Grille, Seasons 52, Bahama Breeze, and Eddie V's. 20,21 For years, Darden has been embroiled in numerous controversies including lawsuits over its labor practices and, through its leadership in the NRA, has fought against improvements in the minimum wage, especially for tipped workers. 22,23

★ In April 2021, One Fair Wage sued Darden restaurants for violating the 14th Amendment's Equal Protection Clause with its policy of paying workers a subminimum wage and forcing them to rely on tips — resulting in sexual harassment and racial inequities, due to customer bias in tipping, as described above.<sup>24</sup>

#### **Dine Brands Global**

Dine Brands Global, formerly known as DineEquity and IHOP Corporation, is the parent company of the IHOP chain of pancake-focused restaurants as well as the Applebee's chain of full-service grill and bar casual dinner restaurants.<sup>25</sup> Dine Brands Global operates throughout the United States and in over a dozen countries abroad, with over 1,700 Applebee's and 1,770 IHOP locations worldwide.<sup>26</sup> Today, the company employs over 3,400 workers. In the past few years, both Applebee's and IHOP restaurant chains have been sued for not paying minimum wage rates for untipped work and failing to address sexual harassment claims at their locations.<sup>27,28,29</sup>

#### Denny's

Denny's Corporation is a franchiser and operator of over 1,500 full-service dining restaurants in the United States and 146 internationally. Denny's brands itself as "America's diner" that welcomes locals in a warm, friendly "come as you are" atmosphere. But Denny's servers have had a different experience. In the past several years, Denny's has been the recipient of multiple class action lawsuits violations of minimum wage laws and the laws surrounding the subminimum wage for tipped workers. 31,32

Denny's also has also been the recipient of years of lawsuits with regard to race and gender discrimination against both customers and workers.

- ★ In the early 1990s, Denny's was embroiled in hundreds of lawsuits related to racial discrimination against Black customers. These lawsuits were eventually combined into a very public nationwide class action lawsuit that Denny's parent company paid \$54 million to settle.<sup>33</sup>
- ★ In 1997, several women employees filed sexual harassment lawsuits against Denny's, saying they were subject to "crude, sexist comment[s]", humiliated in front of customers, and even assaulted by male co-workers. In recent years, Denny's has also settled many of these suits, though they have not received nearly as much publicity as the customer discrimination lawsuits.<sup>34</sup>

#### **Walt Disney**

The Walt Disney Company is a massive multinational media and entertainment conglomerate. Known for Walt Disney Studios and the Disney Parks and their myriad restaurants, the media giant also owns ESPN, Hulu, ABC, and many others.<sup>35</sup> It employs over 200,000 workers altogether with 155,00 working in the Disney Parks, Entertainment and Product department.<sup>36</sup> Executive Chairman Bob Iger made \$21 million in fiscal year 2020, and the company netted \$65 billion in profits during the same period despite reporting a 6% decrease from the prior year.<sup>37</sup> The company is currently being sued in a class action lawsuit over rampant gender pay discrimination and pay secrecy.<sup>38</sup>



# HISTORY OF THE NATIONAL RESTAURANT ASSOCIATION'S LOBBYING AGAINST WAGE INCREASES



Student demonstrators James Bevel (left) and John Lewis (right), stand inside the Krystal lunch counter at 204 Fifth Ave in downtown Nashville, Tennessee. Photo by Jack Corn (1960), The Tennessean.

At Emancipation, restaurant owners sought to hire newly freed slaves and have them work exclusively for tips, without a wage — a mutation of the original notion of tips as an extra or bonus on top of a wage to become a replacement for wages.<sup>39</sup> This early advocacy by restaurant owners would evolve into the more formalized entity known as the National Restaurant Association.

In 1917, when farmers tried to raise the price of eggs to 65 cents a dozen, the Kansas City Restaurant Association organized an egg boycott and brought the price down to 32 cents. In 1919, these restaurateurs formed the National Restaurant Association representing an industry of 43,000 restaurants. <sup>40</sup> What brought their membership together at the time and every decade after World War I was the shared goal of keeping labor costs down, specifically to prevent the unionization of their workforce. <sup>41</sup> In 1938, with the passage of the New Deal, this newly formed National Restaurant Association would successfully ensure that tipped workers would be excluded from the first federal minimum wage bill. <sup>42</sup>

By 1966, the Other NRA would use its considerable political power and influence to create a new method for suppressing the wages of its workforce. <sup>43</sup> The 1966 amendments to the Fair Labor Standards Act (FLSA) extended protections to hotel, restaurant, and other service workers, but also introduced the subminimum wage, a lower federally mandated wage for workers who customarily receive tips. <sup>44</sup> Over the next 50 years, although Congress ensured that the minimum wage for tipped workers rose at a percentage of the overall minimum wage until 1980, it always remained just a fraction of the wage paid to the rest of the workforce. This only worsened once the NRA began lobbying Congress in the late 1990s to freeze the subminimum wage for tipped workers at \$2.13 an hour. The Other NRA argued that if tipped wages rose, workers would lose the tips they depended on. <sup>45</sup> This argument proved false by states that did raise the tipped wage and required these workers to be paid a full minimum wage with tips on top. <sup>46</sup> In these states, minimum wage increases resulted in customer tipping rates staying exactly the same or actually being higher than tipping rates in states with a subminimum wage, and workers in states with a full minimum wage are able to earn a better standard of living.



#### THE OTHER NRA'S DUPLICITY EXPOSED

In recent years, the Other NRA has continued to perpetuate a variety of myths about the tipped workforce and the consequences of increasing tipped workers' wages, even while they privately acknowledge that a wage increase will not hurt the restaurant industry – and in fact has actually helped restaurants grow through increased consumer spending.

In February 2021, when Congress was considering including the Raise the Wage Act in Biden's COVID-19 Relief Plan, the Other NRA lobbied Congressmembers heavily, arguing that the bill, which would raise the minimum wage to \$15 an hour and end subminimum wages for tipped workers, workers with disabilities, and youth, would lead to job losses, restaurant closures, and increase automation. They also argued that tipped servers on average already make more than \$15 an hour. Tech in a recent expose in Newsweek, several Other NRA member corporations were exposed to be simultaneously telling investors in national investor calls that a national minimum wage increase would not be a problem at all. Many NRA members even argued that state-level minimum wage increases have been good for their business.

"As they've increased their minimum wage kind of in a tempered pace over that time frame, if you look at that time frame from us, California has outperformed the system. Over that time frame, they had six consecutive years of positive guest traffic – not just positive sales, but positive guest traffic – as the minimum wage was going up."

-ROBERT VEROSTEK, Denny's Chief Financial Officer<sup>49</sup>

"I believe that we're really well positioned to manage through any changes here. We've been able — we've been managing structural wage changes for years, and we do that through improved productivity, we do that through pricing, but we've been able to manage that effectively and I believe that we're well positioned to manage whatever changes come out of Washington or out of the individual states as we move forward."

-GENE LEE, Darden's Chairman and CEO<sup>50</sup>

"[W]e believe in investing in our partners. It is our green apron partners who create that experience for our customers. And so we know when we invest in our partners and put them in the position to do the best job they can in serving our customers that our customer connection scores go up and our traffic goes up, and our sales go up. There is a direct correlation between investment and partners, customer connection scores and traffic increase and I think that's the first thing to note. So that's why you saw us make a fairly significant increase in wage and benefits here in the US, as we went into this fiscal year."

- KEVIN JOHNSON, Starbucks' President and CEO51

### STAGNATING WAGES, INCREASING EXECUTIVE COMPENSATION: CEO PAY IN THE OTHER NRA

While simultaneously being sued for not paying their employees all of their wages and fighting to stagnate worker wages over several decades, claiming that it would hurt the business, the Other NRA member corporations managed to massively increase CEO pay with little or no discussion of the negative impact on the business.

In general, chief executive officers (CEOs) of the largest corporations in the United States earn far more than the typical workers, and their pay has only increased in the past 40 years. While most workers in the country's wages' have remained stagnant – only growing by 11.9% from 1978 to 2018 – CEO compensation grew by 940% during the same period. These high earnings rarely reflect the rising value of skills, but rather the CEO's use of their power to set their own pay. The disparity between CEOs and the general workforce has far-reaching implications and generates widespread inequality. This inequality is even more staggering for companies in the restaurant industry, where workers report some of the lowest earnings in the country.

Leading the Other NRA in executive compensation, the 'Four D's' CEO pay ranged from \$1.8 to \$21 million annually in 2020 - nearly 900 times the average median wage reported for their employees of about \$24,200 in the same year.<sup>54</sup>

#### TABLE 3

2020 Compensation of the Four Ds' CEOs and their Employees

#### DARDEN55

TOTAL CEO COMPENSATION

\$8,688,707

CEO BASE SALARY

\$1,000,000

ALL OTHER EMPLOYEES MEDIAN COMPENSATION

\$16,137

#### DINE BRANDS GLOBAL56

TOTAL CEO COMPENSATION

\$1,827,960

**CEO BASE SALARY** 

\$1,000,000

ALL OTHER EMPLOYEES MEDIAN COMPENSATION

\$13,573

#### **DENNY'S**<sup>57</sup>

TOTAL CEO COMPENSATION

\$5,340,240

**CEO BASE SALARY** 

\$815.386

ALL OTHER EMPLOYEES MEDIAN COMPENSATION

\$16,245

#### DISNEY<sup>58</sup>

TOTAL CEO COMPENSATION

\$21,031,389

**CEO BASE SALARY** 

\$1,569,581

ALL OTHER EMPLOYEES MEDIAN COMPENSATION

\$51,073



## THE OTHER NRA PERPETUATES RACE AND GENDER DISCRIMINATION AND WHITE SUPREMACY

Racial segregation and gender discrimination have long histories within the restaurant industry – from exercising overt Jim Crow laws enforcing racial segregation for restaurant customers to its current status as the industry with the most pervasive sexual and gender-based harassment claims. <sup>59,60</sup> The Other NRA throughout history has been complicit in the discrimination prevalent within its workforce. During the Civil Rights era, the association by its own admission had not even discussed the sit-ins nor the larger issue of segregation at all until 1963 when President John F. Kennedy invited the head of the NRA along with hundreds of its members to discuss civil rights. While the head of the NRA and its members ultimately capitulated on segregation after this conversation with the President, it is notable that they had to be pushed at a time when Jim Crow segregation and protests against it were making international news. <sup>61</sup>

The Other NRA has also faced many years of legal pressure to address sexual harassment. It was only in the wake of multiple class action lawsuits from wait staff that, in the 1990s, the NRA's Educational Foundation invested in staff training videos on sexual harassment protocols. However, the Other NRA continues to fight any increase in the subminimum wage for tipped workers, which renowned legal scholar of sexual harassment Professor Catharine MacKinnon has named the greatest source of sexual harassment in any industry, including the military. Since the pandemic, sexual harassment amongst a predominately female workforce has only gotten worse. In the wake of the pandemic, over 40% of service workers reported a increase in the level of sexual harassment.

#### RACE AND GENDER DISCRIMINATION IN THE 'FOUR D'S'

Denny's, Darden, Dine Brands Global and Disney all have a long history of being sued for race and gender discrimination. Below are just the most recent lawsuits against these companies.

#### TABLE 4

Prevalence of Sexual and Racial Discrimination Complaints Among Four D's

#### **DENNY'S**

#### 2014

■ Black couple filed complaint for racial discrimination citing they were asked to prepay for their meal by Denny's manager.<sup>65</sup>

#### 2002

★ EEOC filed sexual harassment lawsuit against Denny's because general manager/male co-worker sexually harassed an 18 year old female employee.<sup>66</sup>

#### 1997

✗ Four Denny's employees file lawsuit claiming they endured sexual harassment and assault from their coworkers and management.<sup>67</sup>

#### **DARDEN**

#### 2021

★ One Fair Wage files lawsuit against Darden companies claiming that the company's policy of paying a subminimum wage to tipped workers exacerbates race discrimination and sexual harassment amongst its workforce.<sup>68</sup>

#### 2020

- ★ Grzanecki v. Darn Rests.<sup>69</sup> Olive Garden employee filed complaint for harassment based on her color, race, and age and being fired in retaliation.
- ★ Four Olive Garden employees filed complaints for lower wages/tips due to either race or sexual orientation.<sup>70</sup>

#### 2016

★ Myers v. Darden Rest. Group.<sup>71</sup> – Olive Garden employee filed complaint for verbal and sexual harassment.

#### 2014

■ Baier v. Restaurants (Darden).<sup>72</sup> – Olive Garden employee filed complaint for sexual harassment and gender discrimination.

#### 2013

- ★ Leos v. Darden Rests.<sup>73</sup> Darden restaurant employee filed complaint for sexual harassment, retaliation, failure to prevent harassment, and failure to investigate harassment.
- ★ EEOC v. GMRI, Inc., d/b/a Red Lobster<sup>74</sup> EEOC filed lawsuit against Red Lobster for subjecting female workers to pervasive sexual harassment.

#### 2012

Restaurant Opportunities Center United filed discrimination suit against Olive Garden, Red Lobster, and five other full-service dining chains for racial discrimination.<sup>75</sup>

#### 2011

★ Jones v. Darden Rests. Inc.<sup>76</sup> – Darden restaurant employee filed lawsuit for sexual harassment, hostile work environment based on his sex, and discrimination.

#### 2009

★ EEOC filed lawsuit against Bahama Breeze for subjecting 37 black workers to repeated racial harassment.<sup>77</sup>

#### 2000

★ Wilson v. Darden Restaurants<sup>78</sup> – Olive Garden employee filed complaint for negligence, intentional infliction of emotional distress, sexual harassment, and hostile work environment.

#### **DINE BRANDS GLOBAL**

#### 2020

➤ Dees et al. v. T.L. Cannon Corp. et al.<sup>79</sup> — Applebee's restaurants across New York, Connecticut and Pennsylvania allegedly failed to pay proper wages and provide appropriate meal and rest breaks.

#### 2019

Couple sued Applebee's due to racial discrimination, citing they were ignored by servers while others were served.<sup>80</sup>

#### 2018

★ Williamson v. Brooklyn Hop 2 LLC et al<sup>81</sup> — An antitrust class action alleges New York IHOP operators colluded to not hire nor solicit each other's employees, thereby suppressing wages.

#### 2016

★ Hill v. Employee Resource Group, LLC et al<sup>82</sup> — Applebee's employees file class action accusing company of not paying workers the difference when their tipped wage and tips didn't equal the standard minimum wage.

#### 2003

★ EEOC v. Applebee's Int'l Inc.<sup>83</sup> – EEOC sued Applebee's on behalf of an African American former employee who was discriminated based on his dark skin color.

#### **DISNEY**

#### 2018

- ➤ Padilla v. Walt Disney Pars and Resorts U.S. Inc. et al.<sup>84</sup> – Employee file complaint claiming Disney violated California labor code – from underpaid minimum wages and improperly calculated over-pay to failure to pay all wages to employees who were let go.
- ★ Wolz v. Disney Store USA, LLC<sup>85</sup> Former Disney store employees filed lawsuit due to unpaid minimum and overtime wages total more than \$63,000.



## SUPPORT OF WHITE SUPREMACIST INSURRECTIONIST LEGISLATORS

Over 140 Republican Congress members voted to overturn the 2020 election results, inciting a white supremacist mob to stage an insurrection on the United States Capitol. He while there has been widespread condemnation and even attempted ethics complaints against these Congressmembers, for the most part these officials have been awarded for their defiance to the vast majority of voters in the United States. Many of these Republicans have since raised millions of dollars in donations despite their support of the violent white supremacists that terrorized the Capitol earlier this year. In the 2020 election cycle, 78% of NRA's contributions received by Congressional candidates were Republicans, most of whom failed to condemn the white supremacist violence. Over the past decade, the Other NRA including the Four D's contributed in total nearly \$1,000,000 to all 147 of congress members in support of insurrectionists.

TABLE 5

The Other NRA's and the 'Four D's' Contributions to Congress Members that Supported White Supremacist Insurrectionists

Recipients	Number of Contributions	2012 - 2020 Election Cycle Contributions*
8 U.S. Senators	24	\$80,251
139 U.S. House Representatives	292	\$861,001
Total	316	\$941,252

Note: Contributions reflect money that came from the organization's PACs, their individual members or employees, and those individuals' immediate family members. \*Denny's has no federal contribution data for any candidates. Source: Open Secrets



### **CONCLUSION**

Now, more than ever, is the time to stop the Other NRA from maintaining suppressing the wages of their workforce. Food corporations have used their wealth and political power to perpetuate a legacy of slavery, gender-based discrimination and harassment and economic inequality for far too long. Even prior to the pandemic, tipped workers, who are in the vast majority of restaurant workers, were nearly twice as likely to live in poverty and rely on food stamps than the general workforce.<sup>90</sup>

The pandemic has made it abundantly clear that frontline workers are bearing the brunt of this public health and economic crisis. The fact that our essential workers live in poverty at higher rates and face significantly higher exposure to COVID-19 is not by accident. <sup>91,92</sup> It is due to the fact that Other NRA and other major food corporations use their power to benefit their bottom line and CEOs at the expense of the health and human rights of their workforce. Nothing will change until we challenge the power held by the Other NRA against the millions of workers enduring a subminimum wage. Policymakers need to focus on standing up to corporate power and ensure workers are treated with dignity, respect, and paid one fair wage from their employers.

#### **ENDNOTES**

- 1 Includes National Restaurant Association contributions from the 58 Senators that opposed the 2021 Raise the Wage Act as well as the 42 Senators in support of the bill includes election cycles 2012-2020. See: Open Secrets (2021). National Restaurant Association Recipients. Accessed 04/14/21. https://www.opensecrets.org/orgs/national-restaurant-assn/recipients?id=D000000150.
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- 3 Company 2021 Proxy Statements. See table 3 for company specific sources.
- 4 Includes National Restaurant Association, Dine Brands Global, Disney, and Darden's contributions from the 147 Congress members that supported the insurrectionists includes election cycles 2012-2020. See: Open Secrets (2021)
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