



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Wednesday, Nov. 8, 2006

## Grassley Seeks IRS Counsel on Tax-exempt Group Facing Allegations of Vote Fraud

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today asked the Internal Revenue Service to describe any enforcement action it might consider in response to serious allegations of inappropriate activity by a tax-exempt group, the Association of Community Organizations for Reform Now (ACORN). Four employees of the group recently were indicted for allegedly submitting false voter registrations in Kansas City, Missouri. The indictments come on top of many press stories across the country about ACORN's potential involvement in voter fraud.

On Oct. 25, Grassley wrote to ACORN about its activities but has not received a response. The text of today's letter to the IRS and the text of the Oct. 25 letter follow here.

November 8, 2006

The Honorable Mark Everson  
Commissioner  
The Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Dear Commissioner Everson:

I am writing to you regarding a tax-exempt organization, Association of Community Organizations for Reform Now (ACORN) that recently had four employees indicted for allegedly submitting false voter registrations in Kansas City, Missouri. These recent indictments come on top of many press stories across the country about ACORN's potential involvement in voter fraud.

The Internal Revenue Service (IRS) has responsibility for enforcing our tax laws and ensuring that nonprofit organizations such as ACORN abide by the rules. Engaging in vote fraud is not an appropriate activity for an organization that receives special treatments and exemptions under the tax code.

I have recently written to ACORN asking a number of questions as part of the Finance Committee's ongoing review of nonprofit organizations being utilized as political campaign or lobbying vehicles. ACORN has failed to respond to the deadline provided in the Finance Committee letter and I have heard nothing to date from ACORN officials.

To assist the Committee in its review I request the following:

1) Please inform me of what actions the IRS is taking or intends to take in response to the indictment of four ACORN employees for voter fraud in Kansas City?

2) Please provide me copies of all correspondence between ACORN and the IRS for the last five years. Note: for this question and all questions, I am requesting it for all affiliates, subsidiaries and related entities of ACORN both for-profit and nonprofit – these would include, but are not limited to, the following ACORN affiliates and organizations:

ACORN Community Land Association of Illinois 58-1994668  
ACORN Community Land Association of Pennsylvania 58-2122155  
ACORN Dumont-Snediker Housing Development Fund Corporation 06-1548990  
ACORN Law for Education Representation & Training 72-1325684  
ACORN Television in Action for Communities 72-1054493 990PF  
ACORN Tenant Union Training & Organizing Project 72-1384225 501(c)4  
Arizona ACORN Housing Corp., Inc. 86-0748438  
Mott Haven ACORN Housing Development Fund Corporation 11-3517199  
Cypress ACORN Housing Development Fund Corporation 83-0385829  
ACORN 2005 Housing Development Fund Corporation

3) If there have been audits of ACORN in the last five years, please provide me the copies of all the results and findings of those audits. Please inform me of any current audits of ACORN as well.

4) Please provide copies of all ACORN filings with the IRS for the last five years.

5) In what instances, if any, does the IRS believe that the imposition of penalties under section 6700 and 6701 are appropriate for political campaigns, political parties or candidates who are engaged in or plan or arrange activities with tax-exempt entities and the campaigns, candidates or political parties provide false or fraudulent statements? Are there other circumstances in which penalties under section 6700 and 6701 would be appropriate for improper political activity by a charity or other tax-exempt entity?

6) Under what circumstances does the IRS believe it would be appropriate to bring an injunction for a tax-exempt entity that is engaged in voter fraud under Section 7409? As a follow-up to the facts in question 5, under what circumstances does the IRS believe it would be appropriate to seek an injunction against a tax-exempt entity under Section 7408? Please provide the details of all actions the IRS has taken under Section 7409 in the last five years.

7) It is my understanding that ACORN received a grant from the IRS for tax preparation/tax clinic work. Please provide a copy of the grant as well as all reviews and audits of that grant. Please provide me the details of how this grant was awarded to ACORN, including its score, reviewers comments and the scores of all other applicants. Given the recent indictments of ACORN employees for voter fraud, what steps are you taking to ensure that grant funds provided by the IRS to ACORN are being used properly and appropriately?

Thank you for your time and assistance. Please provide this material within thirty days.

Cordially yours,

Charles E. Grassley  
Chairman

cc: Senator Baucus  
Assistant Attorney General Eileen O'Connor

For Immediate Release  
Wednesday, October 25, 2006

Grassley continues checks on abuse of tax-exempt status, asks ACORN about voter fraud

WASHINGTON — Sen. Chuck Grassley, Chairman of the Committee on Finance, is asking for information to help determine whether the activities of a tax-exempt organization violate the tax laws that provide favorable treatment for charitable activities.

In a letter sent today to the Association of Community Organizations for Reform Now – known as ACORN – Grassley reiterated his concern that “misuse of tax-exempt organizations for political and lobbying activities is a widespread problem.” In this case, Grassley said, “Engaging in voter fraud is not a charitable activity. The Internal Revenue Service and the responsible state offices should be looking closely at ACORN’s activities to determine whether those activities conform with the laws governing charities.”

As Chairman of the Senate committee responsible for tax legislation and oversight of the federal tax code, Grassley has been conducting a comprehensive review of the activities of nonprofit and tax-exempt organizations. He has won passage of legislative reforms to curb abuses of the favorable tax-exempt status allowed by federal law.

Grassley said that news reports about the activities of ACORN prompted his focus on this organization, along with others. “These newspaper reports, coupled with filings with the Federal Election Committee and court filings in Florida, raise serious questions about whether ACORN’s actions are in conformity with federal and state laws regarding charities,” he said.

The text of Grassley’s letter asking for information from ACORN follows here.

October 25, 2006

Ms. Maude Hurd  
National President  
Association of Community Organizations for Reform Now (ACORN)  
2-4 Nevins Street  
2d Floor  
Brooklyn, NY 11217

Dear Ms. Hurd:

Congress has become increasingly aware of many issues regarding tax-exempt organizations and has been conducting a series of investigations throughout the sector. One particular area of concern for the Congress is where tax-exempt organizations are being utilized as political campaign or lobbying vehicles in direct violation of the laws.

The Committee on Finance released a minority staff report "Investigation of Jack Abramoff's Use of Tax-Exempt Organizations" that details the abuses of the political prohibitions by tax-exempt organizations in connection to Jack Abramoff. I do not believe this is an isolated incident. I am concerned that the misuse of tax-exempt organizations for political activities and lobbying is a widespread problem across the political spectrum. I intend for the Finance Committee to look at these matters beyond just Mr. Abramoff and to look at several organizations that raise similar issues.

There have been recent major stories in newspapers in Missouri, Ohio and Pennsylvania that have raised serious issues about the Association of Community Organizations for Reform Now (ACORN) and possible election and voter fraud. These newspaper reports, coupled with filings with the Federal Election Committee and court filings in Florida, raise serious questions about whether ACORN's actions are in conformity with federal and state laws regarding charities.

As part of the Finance Committee's ongoing review of charities and particularly the participation of charities in elections and lobbying, I request the following information from ACORN.

Please provide the following information on searchable disks or electronically by November 3, 2006. By December 1, 2006 provide all election materials utilized up to and including election day. Unless stated otherwise, the information requested is for the period of January 2002 through the current year.

#### General Federal Funding and Responsibility

1. ACORN's federal tax return form 990 (and all attached schedules) for the years 2002 through 2005 and provide form 990 for 2006 when it is filed.
2. Provide copies of any internal and external audits conducted for the years 2002 through the current year.
3. Provide a copy of any other tax filings or amended tax filings by ACORN with the Internal Revenue Service. This includes any application for tax exemption and any amendments to such application for tax exemption.
4. Identify the individuals or firms responsible for preparing and maintaining ACORN's accounting and bookkeeping records and provide for each individual their contact information.
5. Identify the physical location(s) of all banking, accounting and bookkeeping records maintained by ACORN. For each location, identify the individual with physical custody of such documents.
6. Identify those individuals or entities, whether an employee of ACORN or a third party contractor, with responsibility for fundraising and obtaining financial support for ACORN.

7. Identify all those individuals employed by ACORN (or working as a third party on behalf of ACORN) that have as all or part of their duties any solicitation of funds from the United States government or any agency or department thereof. For each such person or third party contractor, please provide their current contact information and a brief description of what federal funds such individual was involved with soliciting and the period during which they were affiliated with ACORN.

8. Identify all those individuals employed by ACORN (or working as a third party on behalf of ACORN) that have as all or part of their duties any oversight or management in the spending of funds received by ACORN from the United States government or any agency or department thereof. For each such person or third party contractor, please provide their current contact information and a brief description of what federal funds such individual was involved with managing or overseeing and the period during which they were affiliated with ACORN.

9. For the relevant period of 2002 through current, identify all those individuals that serve (or have served) as a member of the Board of Directors of ACORN. For each, provide their current contact information and identify the period of their service on ACORN's board.

10. For the relevant period of 2002 through current, identify all those individuals that serve (or have served) as an officer of ACORN. For each, provide their current contact information and identify their period of service and briefly describe their duties.

11. For each officer and director of ACORN, provide a statement of any compensation they received from ACORN.

12. Identify that individual with physical custody of ACORN's corporate documents including, articles of organization, by-laws and minutes of any meeting of directors or other official filings and provide a copy of ACORN's Articles of Organization, bylaws and corporate minutes (and any amendments thereto) for the period of 2002 through current.

13. For the relevant period of 2002 through current, identify that officer, employee or official with ACORN responsible for ACORN's compliance with federal tax law and regulation.

14. For the relevant period of 2002 through current, identify that officer, employee or official with ACORN responsible for ACORN's compliance with any reporting or accounting obligations for any funds ACORN has received from the United States government or any department or agency of the federal government.

15. Any document related to any transfer of funds to ACORN from any corporation, tax exempt organization or entity (whether or not incorporated), individual or partnership. This includes the relevant bank statements, cancelled checks, copies of checks, donor acknowledgment letters and other documents related to actual financial transfers as well as any solicitation or correspondence concerning such financial transfer.

16. Provide a specific list of all funds received by ACORN from the United States federal government or any agency of the federal government and for each specify the amount(s), date(s) of such funds, the specific federal agency from whom such funds received and the stated purpose for which such funds have been provided to ACORN.

17. Any document related to any transfer of funds to ACORN received from the United States federal government or any affiliated agency or organization of the federal government, including but not limited to any grants awarded to ACORN.

18. Any requests or proposals submitted by ACORN (or any third party on ACORN's behalf) to any person or entity, including but not limited to any government official or entity, seeking financial support for the activities of ACORN or ACORN subsidiaries.

19. Identify each of those individuals (either employees or third-party contractors) that have responsibility for administering or overseeing any funds received by ACORN from any United States federal government entity. For each individual, please provide their current contact information and describe their role in relation to administering any government funds.

20. For all funds received by ACORN from the federal government, identify the bank account(s) into which such funds are deposited and identify all individuals with authority to execute any transfer of funds from such bank account. Also, provide and current contact information for the individual with physical possession of the records related to such bank accounts.

21. Identify the location of all offices maintained by ACORN. For each office, identify the senior most official of ACORN responsible for ACORN's activity in such office.

22. Identify all affiliated entities associated with ACORN.

23. Identify all organizations to which ACORN has granted or licensed their right to use the name "ACORN" and ACORN's trademarked logo.

24. On the ACORN website at <http://www.acorn.org> you have a list of affiliated organizations. For each such affiliate state the following: (a) Whether such organizations is incorporated and, if so, the individuals that serve (or have served) on the Board of such organization for the period of 2002 until current, (b) the state of incorporation (c) the principal officers of such organization, (d) the amount and date of all financial transfers between ACORN and such affiliated organizations for the period 2002 until current, (e) the amount and date of all financial transfers from such affiliated organization to ACORN for the period 2002 until current; and, (f) the individual - or individuals - with ACORN principle responsible for any communication between ACORN and such affiliated organization.

## Expenditures

1. Any documents related to financial transfers for payment of, or expenditures toward any salary, reimbursement, stipend, bonus, per diem, wage, or any other payments of any funds to any ACORN employee, agent, volunteer, or independent contractor.

2. Any document related to any transfer of goods or in-kind services to any ACORN employee, agent, volunteer, or independent contractor.

3. Any documents related to any payment of, or expenditures toward, any salary, reimbursement, stipend, bonus, per diem, wage, or any other payments of any funds to any ACORN subsidiary or third party organization or entity.

4. Any document related to any transfer of any goods or in-kind services by ACORN to any ACORN subsidiary or third party organization or entity.
5. Documents involving any real estate, office space, or housing space owned, leased, or otherwise occupied or funded by ACORN.
6. Documents related to any expenditure of funds made by ACORN in connection with any voter registration activity, including but not limited to any receipts, reimbursements or any other payments to any ACORN employee, agent, volunteer, or independent contractor.
7. Documents related to any expenditure of funds made by ACORN in connection with any support of or opposition to any state or federal candidate for elective office, including but not limited to any receipts, reimbursements or any other payments to any ACORN employee, agent, volunteer, or independent contractor.
8. Documents related to any expenditure of funds made by ACORN in connection with any support of or opposition to any state ballot initiative, referendum or other legislative or constitutional issue placed on a ballot for approval by voters, including but not limited to any receipts, reimbursements or any other payments to any ACORN employee, agent, volunteer, or independent contractor.
9. Documents related to any expenditure of funds made by ACORN in connection with any effort to encourage voters to contact state or federal elected officials in support of or in opposition to any legislative or other action by state or federal government or an agency thereof.

#### Personnel and Organization

1. A list of ACORN full or part-time employees.
2. A list of the full or part-time employees of any organization affiliated with ACORN, or whose personnel are engaged in the planning, monitoring, or execution of ACORN activities.
3. A list of ACORN full or part-time employees or contractors who were either fired, laid-off, or reprimanded during this period and the reasons for termination or discipline.
4. A list of any and all independent contractors, subcontractors, subsidiaries, or third parties to whom ACORN has transferred any funds. For each note the date of the transfer, the amount of the transfer and the purpose for which such funds were transferred. Provide also the contact information for the recipient of such transfer.
5. Any and all documents involving volunteers programs, including but not limited to organizational charts, lists of volunteers, receipts, and recruitment communications that relate to any of the following activities: (a) voter registration, (b) support or opposition of any candidate for state or federal elective office, (c) support or opposition to any state ballot measure, referendum or initiative.
6. Any employee handbook, manual, guidebook, or any other materials distributed to any ACORN employee, agent, volunteer, or independent contractor with respect to ethics, legal

compliance, duties or obligations, mission statement, or any other policy.

7. Any material involving methods, strategies, or tactics with respect to any petition drive, ballot initiative, petition drive, or any election related activity.
8. Any material reflecting any training provided by ACORN to any employee, agent, volunteer, or independent contractor.
9. Any materials related to any ACORN employees', agents', volunteers', or independent contractors' involvement with any political party or candidate.
10. Any materials related to any document retention or preservation program.
11. Materials related to any training courses or programs involving ACORN employees, agents, volunteers, or independent contractors that relate to any (a) voter registration effort or (b) any program for which ACORN has received funds from the United States or any agency of the United States.
12. Documents concerning any employee, agent, volunteer, or independent contractor whose involvement with ACORN or any of ACORN's subsidiaries or affiliated entities was terminated by ACORN.
13. Documents reflecting any hiring criteria for ACORN or any of its subsidiaries or affiliates.

#### Contacts/Affiliations

1. Any and all documents related to any communication between ACORN, or any employee, agent, volunteer, or independent contractor of ACORN, with any national, state, or local political party.
2. Any and all documents related to any communication between ACORN, or any employee, agent, volunteer, or independent contractor of ACORN, with candidate for federal or state elective office or with any such candidate's campaign committee or any authorized committee thereof, including any federal, state, or local candidate committees.
3. Any and all documents related to any communication by ACORN, or any employee, agent, volunteer, or independent contractor of ACORN, and any political action committee, including but not limited to any corporate, congressional leadership, candidate, or 527 led PAC or organization required to be registered under any state campaign finance law or regulation.
4. Any document related to any activity of ACORN that concerns the election of any candidate for state or federal office or any state ballot issue or initiative.
5. Any document related to any activity of ACORN that concerns any circulation of petition to place any issue on a state ballot by initiative or referendum.
6. Any document related to any financial support by ACORN for any voter registration efforts.



7. Identify all those individuals, whether an employee of ACORN or a third party contractor paid by ACORN (or an ACORN subsidiary) that is involved in any (a) support of or opposition to any federal or state candidate for elected office, (b) support of or opposition to any state ballot initiative or referendum, (c) voter registration effort. For each individual, provide the following: (a) their full name and contact information, (b) the amount paid to them by ACORN, a description of what they did in exchange for the payment from ACORN.
8. Documents reflecting any and all branch offices, affiliated offices, or any ACORN related organization in any location nationwide, including but not limited to any offices, branch offices, or affiliated ACORN organizations that are currently inactive.
9. Documents involving any instructions, strategies, or tactics that were designed by or distributed to any ACORN employee, agent, volunteer, or independent contractor related to any ballot initiative, voter registration, candidate, political party, or any other election related activity.
10. Documents related to any transfer of funds by ACORN to any radio stations, television stations, or any other communications entity or organization.
11. Any reports, summaries, budgets, or any document related to any ballot initiative, voter registration, petition drive, or election related activity.
12. Any document related to ACORN's endorsement of or support for any candidate for state or federal elective office.
13. Any document related to ACORN's opposition to any candidate for state or federal elective office.
14. Any communications between ACORN and: (1) any political party (national, state, local, or district), (2) any organization registered with the Internal Revenue Service as a 527 political organization, (3) any candidate committee or other organization registered with the Federal Elections Commission as a political committee; or, (4) any third-party agent or authorized personnel from any of the foregoing.
15. Any documents reflecting any organization summary with respect to ACORN, including any national, regional, state, district, or local organizational charts, or any organizational list of personnel, projects, contributions/donations, or expenditures.
16. For those broadcast stations that ACORN financially supports identify the dates and content of any communication supporting or opposing the election of defeat of any state or federal candidate for elective office. Identify the individual(s) responsible for such communications.

Sincerely,  
Charles E. Grassley  
Chairman

cc: Senator Max Baucus  
Chairman William Thomas  
IRS Commissioner Mark Everson

