

ACORN: Who Funds the Weather Underground's Little Brother?

By Matthew Vadum

Summary: The Association of Community Organizations for Reform Now (ACORN) has become America's most prominent left-wing community group. Little-known until now, ACORN has played a major role in the subprime mortgage mess that has undermined Americans' support for free market problem-solving and set off a worldwide chain of financial troubles. It is also implicated in vote fraud schemes from coast to coast. ACORN aims to give America change that socialists can believe in – by any means necessary. It is deliberately organized to avoid scrutiny. But with an FBI probe underway and a racketeering lawsuit pending, it may finally have to answer for its many misdeeds.

ACORN, the Association of Community Organizations for Reform Now, is a 38 year old radical left-wing activist group that has taken in a minimum of \$126.4 million in donations and tax dollars since 1993. ACORN calls itself the nation's largest community-based organization with over 400,000 member families in 110 cities. Its stated mission is "building community organizations that are committed to social and economic justice." But like Jeremiah Wright, Jesse Jackson and Al Sharpton, ACORN activists build community solidarity by using the corrosive rhetoric of class-warfare.

ACORN's "People's Platform," ratified in 1979 and updated in 1990, is a kind of Communist Manifesto for America's community organizers:

But we have nothing to show for the work of our hand, the tax of our labor. Our patience has been abused; our experience misused. Our silence has been seen as sup-



Barack Obama, a former benefactor of and organizer for ACORN, meets with ACORN activists in this undated photograph. Obama has said that his days spent community organizers were the "best education" he ever had. After organizing for ACORN, Obama lectured at ACORN on organizing techniques.

port. Our struggle has been ignored.

Enough is enough. We will wait no longer for the crumbs at America's door. We will not be meek, but mighty. We will not starve on past promises, but feast on future dreams.

ACORN officials "bill themselves as nonpartisan community organizers merely interested in giving a voice to minorities and the poor," notes the Wall Street Journal, but that façade is fading fast. In reality, the organization is "a union-backed, multimillion-dollar outfit

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that uses intimidation and other tactics” to advance a “highly partisan agenda.” Its community organizers “are best understood as shock troops for the AFL-CIO and even the Democratic Party.”

But what does this many-headed hydra of an organization actually do? The now-legendary, extensively documented electoral fraud efforts of ACORN have been indelibly imprinted in the public consciousness, but that’s only a smidgen of what ACORN actually does.

ACORN, with its members dressed in bright red shirts, organizes crude protests against businesspeople and public officials. Opposed to the profit motive and capitalism in general, it pushes for more government control over citizens and the economy. ACORN supports gun control, a government monopoly in healthcare and an open door immigration policy. It supports a big raise in the federal minimum wage and so-called “living-wage” laws enacted by states and cities. ACORN wants more funding for urban public schools, and wants federal and state laws enacted guaranteeing paid sick leave for all full-time workers. The group claims to fight for affordable housing and it rails against foreclosures and so-called “predatory” lending, even though it demands that

banks make loans destined to default. (See *Organization Trends*, October 2007.)

Next year it is likely that liberals in Congress will try to enact into law the so-called Fairness Doctrine in order to bludgeon conservative-dominated talk radio. An ACORN position paper argues that “[t]he increasing concentration of ownership in communication industries ensures that, unless positive steps are taken, the concerns of low- and moderate-income people will continue to be ignored.” The group urges reinstating the doctrine, which was rescinded by the Reagan administration, “so that grass roots community groups have equal time to express their views.”

ACORN claims to have “delivered approximately \$15 billion in direct monetary benefits to our membership and constituency over the past 10 years.” It also has taken credit for organizing community and labor coalitions that enacted living wage laws in 41 cities. It would be a mistake to dismiss these claims as idle boasts.

ACORN even indoctrinates students in the taxpayer-supported schools. In New York City it runs the ACORN High School for Social Justice and Bread and Roses High School. ACORN schools have transported students to the nation’s capital to protest tax cuts.

Manufacturing Consent at the Ballot Box

In the past, low-level ACORN employees have landed in hot water for registering “Jive Turkey” and “Mary Poppins” to vote and for reportedly paying for fraudulent voter registration cards with crack cocaine. But in this election cycle the group seems to have gotten much more aggressive.

ACORN is currently under investigation for electoral fraud in at least 12 states. Not surprisingly, potential swing states, including Nevada and Colorado, are ACORN targets. (See chart, The ACORN Vote Fraud File.)

John Fund, a vote fraud expert and Wall Street Journal columnist, chalks up this new militancy to desperation. The author of *Stealing Elections*, Fund predicted that the federal investigations and a nearly \$1 million embezzlement scandal will do serious

damage to ACORN. He argues that ACORN had to join with unions and other left-wing groups in an all-out push for an Obama victory in the hope that the scandals would all get swept under the rug.

Fund’s comments came before the New York Times reported (October 24, 2008) that ACORN and its affiliate Project Vote acknowledged that the figure of 1.3 million new voter registrations that the groups claimed to have processed in the 2008 election cycle was a wild exaggeration.

Michael Slater, Project Vote’s executive director, said the true total for both groups was closer to 450,000. About 400,000 registrations were tossed by election officials for fraud and other reasons.

ACORN always resists accepting blame for the systemic electoral fraud that is its forte. It’s never their fault. Not surprisingly, the group said last month that rogue operators—not ACORN officials at the top—were responsible for the invalid voter registrations. ACORN said it had to fire 829 of the 10,000 canvassers it hired during the election for problems such as falsifying registration forms.

Despite its own problems with rampant electoral fraud, Project Vote tries to get rid of the problem of electoral fraud by defining it out of existence. The group says voter fraud is largely a myth. In a Project Vote report called “The Politics of Voter Fraud,” by Lorraine C. Minnite, assistant professor of political science at Columbia University’s Barnard College, Minnite writes, “The claim that voter fraud threatens the integrity of American elections is itself a fraud.” (The report is available at <http://www.capitalresearch.org/blog/?p=1897>.)

Fund disagrees. Going into the 2008 election, he wrote that the Democrats alone were poised to mobilize 10,000 lawyers to monitor the elections, and not just in Florida. He wrote that this year’s election would be the first presidential election “where the full impact of new federally-mandated provisional ballots will be felt.” Opportunities for recount anarchy are legion. “Any person who is not on the voter registration lists this November must be given a provisional ballot, which will be set aside and counted if found valid later.”

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The ACORN Vote Fraud File

Commenting before the 2008 election, ACORN attorney **Kathryn Simpson**: “There’s no voter fraud. There has been no election.” Not so fast, ACORN. “It is against the law to register someone to vote who does not fall within the parameters to vote, or to put someone on there falsely,” said **FBI** spokeswoman **Bridget Patterson**.

This list provides an overview of ACORN’s electoral improprieties but is by no means exhaustive.

<p>Arkansas 1998: Project Vote contractor arrested for falsifying 400 voter registration cards</p>	<p>2000: At least 1,000 invalid registrations filed by ACORN</p>	<p>2008: ACORN employee pleads not guilty to identity theft and record tampering 2008: U.S. Attorney investigates after Philadelphia flags 1,500 registrations from ACORN 2008: Dauphin County officials say 100 registrations from ACORN are suspicious 2004: ACORN probed, Berks County official: voter fraud “absolutely out of hand”</p>
<p>Colorado 2005: Perjury convictions for 2 ex-ACORN employees for false voter registrations 2004: ACORN employee admits forging signatures, registering 3 friends 40 times</p>	<p>Nevada 2008: (Democratic) Sec’y of State ordered vote fraud raid on ACORN Las Vegas office 2008: Clark County reports “thousands” of phony registrations from ACORN</p>	
<p>Connecticut 2008: ACORN registers 7 year old girl, claiming she’s 27 on voter form</p>	<p>North Carolina 2004: ACORN investigated for filing fake voter registration cards</p>	<p>Texas 2004: voter accuses ACORN of filing false registration form in his name</p>
<p>Florida 2008: ACORN registers “Mickey Mouse” to vote in rodent’s home city of Orlando</p>	<p>New Mexico 2008: ACORN hires registrars with criminal records for forgery and identify theft 2005: ACORN files 3,000 potentially fraudulent signatures for ballot initiative 2004: ACORN registered a 13-year old boy to vote</p>	<p>Virginia 2005: state audit finds 83% of registrations filed by ACORN/Project Vote invalid</p>
<p>Indiana 2008: Lake County receives 5,000 ACORN registrations, at least 2,100 fraudulent</p>	<p>Ohio 2008: ACORN pays teenager cash and cigarettes to register 73 times 2008: ACORN registers homeless man 13 times 2008: Buckeye Institute sues ACORN/Project Vote under state racketeering law 2007: after ACORN registers him in 2 counties, man indicted on two felony counts 2004: ACORN worker indicted for false signatures and voter forms</p>	<p>Washington 2008: Indictments on felony voter fraud handed down against 7 ACORN workers 2007: guilty pleas by 3 ACORN workers after 2,000 fraudulent registrations filed 2007: vote fraud charges laid against 4 ACORN workers 2006: Sec’y of state says all but 6 of 1,800 registrations from ACORN were fake</p>
<p>Michigan 2008: municipal clerks accuse ACORN of filing fraudulent, duplicative registrations</p>	<p>Pennsylvania 2008: ACORN employee sentenced to 23 months for identity theft and record tampering</p>	<p>Wisconsin 2004: A D.A. probes 7 registrations filed by Project Vote without voters’ permission</p>
<p>Minnesota 2004: ACORN ex-worker illegally carried 300+ voter registrations in his car’s trunk</p>		
<p>Missouri 2007: Identify theft, false voter registration indictments for 4 ACORN employees 2006: Federal election fraud indictments for 8 ACORN employees (forgery, registrations) 2003: ACORN files 5,379 registrations but only 2,013 appear valid</p>		

(Sources: Employment Policies Institute website www.rottenacorn.com, media reports)

Fund warned that

“[a] tug of war over provisional ballots may be inevitable in key states where the margin of victory is no greater than the number of provisional ballots cast. Both campaigns would once again send squadrons of lawyers to any closely contested state to watch and argue as every single provisional ballot in the state is reviewed and a determination is made as to whether it should be counted. Results could once again be delayed for weeks after Election Day.”

When ACORN’s Jerry Kellman was asked

months ago if the officially nonpartisan ACORN had assisted the Obama presidential campaign in any way, he replied that its 501(c)(3) status prevented ACORN from helping as an organization, but that “lots of grassroots members” were assisting. Kellman should know how that works. He hired Barack Obama in 1985 to run an effort called the Developing Communities Project. (*Foundation Watch*, June 2008)

How ACORN Acts in Public

For ACORN, the ends justify the means. Anything goes, from rude protests to crude intimidation and violence.

* Little attention was paid in 1991 when a

busload of ACORN activists from Baltimore and Philadelphia jumped the queue and muscled out lobbyists who had reserved seats at a congressional committee hearing. (*American Banker*, June 20, 1991) In 1992, 80 ACORN members occupied a Crossland Savings Bank branch in Brooklyn “to demand a vacant apartment building be turned into housing for low and moderate income families.” (*Newsday*, July 29, 1993)

* But in March 1995, ACORN attracted lots of attention when about 500 ACORN activists stormed the Washington Hilton, forcing then-House Speaker Newt Gingrich (R-Georgia) to cancel a speech he was to give to county commissioners. Demonstrators chanting

“Nuke Newt!” grabbed the microphone in the hall and took over the head table. When the speech was cancelled, ACORN activists cheered.

* Later that year, ACORN mobilized when a congressional panel began considering reforms to the Community Reinvestment Act (CRA). Led by ACORN national president Maude Hurd, the activists disrupted a hearing by chanting, “CRA has got to stay!” and “Banks for greed, not for need!” When they again tried to commandeer the microphone, five demonstrators, including Hurd, were arrested. Efforts to free them by ACORN allies Sen. Ted Kennedy (D-Massachusetts) and Rep. Joe Kennedy (D-Massachusetts) failed. The U.S. Capitol Police let them go only when Rep. Maxine Waters (D-California) showed up at the detention facility and threatened to stay put until the demonstrators were released. (“Spreading the Virus,” by Stanley Kurtz, *New York Post*, October 14, 2008)

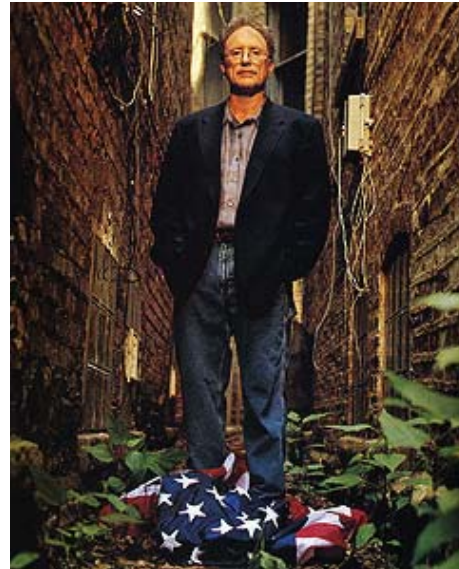
* In Chicago and other cities, ACORN activists have seized abandoned houses and encouraged homeless people to squat there, claiming these actions would convince authorities to convert them into low-income housing. “ACORN protests have turned violent, at times as soon as the rallies began. Some protests disrupted Federal Reserve hearings and busted into closed city council meetings,” wrote Sol Stern of the Manhattan Institute. (“ACORN’s Nutty Regime for Cities,” *City Journal*, Spring 2003)

* In 2001, ACORN protests outside the home of the chairman of San Diego Gas & Electric were so disruptive (demonstrators handed out fliers with a picture of the chairman below the word “WANTED”) that the company got a temporary restraining order forbidding pickets and requiring demonstrators to stay 1,000 yards away from the homes of SDG&E employees. The company’s legal complaint alleged that the protesters shouted derogatory comments outside the chairman’s home, banged on his windows, and pounded on his front door. (*San Diego Union-Tribune*, December 20, 2001)

* In 2002, ACORN activists dumped garbage in front of Baltimore’s City Hall and demonstrated outside the home of then-mayor Martin O’Malley, who had dismissed the group as “professional protesters.” O’Malley said, “They unloaded a busload of people

shouting pretty ugly things and scared the daylight out of my wife and kids. I thought it was a pretty cruddy thing to do.” (*Baltimore Sun*, October 7, 2002)

* In 2004, two Ohio women volunteers told police that an ACORN protester forced his way inside the Cuyahoga County GOP headquarters and assaulted them during an attempt to protest a Republican challenge to voter registrations. The ACORN mem-



ACORN supporter and unrepentant terrorist William Ayers stands on the U.S. flag in this 2001 photo.

ber said the Republican women assaulted him. No charges were filed. (*AP*, October 29, 2004)

* Last year, as Congress was about to begin hearings on predatory lending, ACORN coordinated protests in cities that have a Federal Reserve Bank district headquarters. In Kansas City, the Fed invited protest organizers inside to meet with a community affairs officer.

ACORN: Is it “Nonpartisan”?

In February, ACORN Votes, which is ACORN’s national political action committee, endorsed Barack Obama for president. ACORN’s senior officials lavished praise on Obama. Maude Hurd, ACORN’s national president, said the senator “is the candidate who best understands and can affect change on the issues ACORN cares about like stopping foreclosures, enacting fair and comprehensive immigration reform, and building stronger and safer communities across America.”

Obama understands the issues facing low- and moderate-income people, said Alicia Russell, ACORN’s western regional representative. “He’s on the same level as we are, and sees our issues as we do.” Texas ACORN president Toni McElroy lauded Obama, embracing his call for “fundamental change in our economy to protect homeowners and neighborhoods from the scourge of foreclosures that is sweeping communities across Texas.”

To protect the 501(c)(3) tax status of some of its affiliates ACORN often claims to be community-oriented and officially nonpartisan. But it celebrates the most left-wing urban politicians and endorses Democratic Party candidates. If it’s ever endorsed a Republican, that endorsement is well-hidden.

For instance, this year Minnesota ACORN endorsed Democrat Al Franken in his 2008 U.S. Senate campaign against Republican incumbent Norm Coleman. ACORN endorsed Democrat Kweisi Mfume in his unsuccessful 2006 primary run for the U.S. Senate against Ben Cardin, the eventual winner, and ACORN’s PAC endorsed Rep. Chaka Fattah (D-Pennsylvania) when he ran unsuccessfully for mayor of Philadelphia against Michael Nutter in 2007. (*Philadelphia Daily News*, May 2, 2007) ACORN’s 2005 annual report identifies as allies Los Angeles mayor Antonio Villagayrosa, a Democrat, and Rep. Maxine Waters (D-California).

A recent video promoting ACORN didn’t even bother to show a single Republican lawmaker. The video called “ACORN Grassroots Democracy Campaign,” available on YouTube (<http://www.youtube.com/watch?v=cLCSnbN11RI>), showcases a parade of Capitol Hill Democrats as its allies, including strategist Paul Begala, Senators Sherrod Brown (D-Ohio) and Robert P. Casey Jr. (D-Pennsylvania), and Representatives Donna Edwards (D-Maryland), Barney Frank (D-Massachusetts), and Brad Miller (D-North Carolina).

Massachusetts Governor Deval Patrick, a lawyer who is a national co-chairman of Obama’s presidential campaign, was also part of the legal team in the *ACORN v. Edgar* case, representing the Clinton-era Justice Department. In April, the Democratic governor steered a \$33,000 grant through the Massachusetts legislature for ACORN Housing. (*Boston Herald*, October 22, 2008)

Senator Hillary Clinton, who wrote her Wellesley College senior thesis on Saul Alinsky, the “father” of community organizing, once gushed about ACORN in a speech at the group’s national convention: “I thank you for being part of that great movement, that progressive tradition that has rolled across our country” (July 10, 2006).

ACORN: No Ties to Obama?

Senator Barack Obama has tried to distance himself from ACORN. That effort went into high gear beginning in September when ACORN began to receive a mountain of bad publicity relating to nationwide allegations of election fraud. Obama supporters tried to confuse the issue by saying the senator was never an ACORN community organizer (that’s true), and they say that Project Vote, the voter registration drive that Obama ran

in 1992, was never a part of ACORN (that’s untrue).

At an ACORN-sponsored forum on December 1, 2007, Senator Obama announced that he would meet with ACORN in his first 100 days as U.S. president. He said, “Before I even get inaugurated, during the transition, we’re going to be calling all of you in to help us shape the agenda. We’re going to be having meetings all across the country with community organizations so that you have input into the agenda for the next presidency of the United States of America.”

The month before, Obama said: “I’ve been fighting alongside ACORN on issues you care about my entire career. Even before I was an elected official, when I ran Project Vote voter registration drives in Illinois,

ACORN was smack dab in the middle of it, and we appreciate your work.” And during the primaries, the Obama presidential campaign paid \$832,598 to Citizens Services Inc., an ACORN affiliate, for get-out-the-vote activities.

Obama’s ties to ACORN go back at least to 1992. That’s the year he directed voter registration for Project Vote, an ACORN affiliate. Obama helped train ACORN leaders, and he represented ACORN as a lawyer in an Illinois ballot access case known as *ACORN v. Edgar*.

The socialist New Party, which served as ACORN’s electoral arm, endorsed Obama, who was one of its members, when he ran for the Illinois state senate in the mid-1990s. As Stanley Kurtz noted (National Review

The Many Faces of ACORN

Among ACORN's many affiliates and subsidiaries are:

385 Palmetto Street Housing Fund Corp.
4415 San Jacinto Street Corp.
ACORN
Acorn 2004 Housing Development Fund Corp.
Acorn 2005 Housing Development Fund Corp.
ACORN Associates
ACORN Beneficial Association
ACORN BeverlyY LLC
ACORN Campaign Services
ACORN Campaign To Raise The Minimum Wage
ACORN Center for Housing, Inc.
ACORN Children’s Beneficial Association
ACORN Community Land Association
ACORN Community Land Association of IL.
ACORN Community Land Association of LA
ACORN Community Land Association of PA
ACORN Community Labor Organizing Center
ACORN Cultural Trust
ACORNDumont-SnedikerHousingDevelopment Fund Corp.
ACORN Fair Housing
ACORN Fund
ACORN Housing Corp.
ACORN Housing Corp. of IL
ACORN Housing Corp. of MO
ACORN Housing Corp. of PA
ACORN Institute
ACORN Law For Education, Representation, And Training
ACORN Management Corp.
ACORN National Broadcasting Network
ACORN Services
ACORN Television In Action For Communities
ACORN Tenant Union Training And Organizing Project
ACORN Tenants Union
Affiliated Media Foundation Movement
Agape Broadcasting Foundation Inc

American Environmental Justice Project Inc
American Home Childcare Providers Association
American Institute for Social Justice
Arizona ACORN Housing Corp.
Arkansas Broadcasting Foundation
Association for the Rights of Citizens Inc.
Associated Regional Maintenance Systems
Austin Organizing and Support Center
Baltimore Organizing and Support Center
Boston Organizing and Support Center
Broad Street Corp.
California Community Network
Chicago Organizing and Support Center
Chief Organizer Fund
Child Care Providers for Action Franklin
Citizens Action Research Project
Citizens Campaign for Work, Living Wage & Labor Peace
Citizens Consulting, Inc.
Citizens Campaign for Finance Reform
Citizens for Future Progress
Colorado ACORN Housing Corp.
Crescent City Broadcasting Corp.
Desert Rose Homes LLC
Dumont Avenue Housing Development Fund
Elysian Fields Corp., Inc
Elysian Fields Partnership
Fifteenth Street Corp.
Floridians For All PAC
Franklin ACORN Housing
Greenville Community Charter School Inc.
Greenwell Springs Corp.
Hospitality Hotel and Restaurant Organizing Council (HOTROC)
Houston Organizing And Support Center
KABF Radio
KNON Radio
Labor Neighbor Research and Training Center Inc.

Living Wage Resource Center
Louisiana ACORN Fair Housing
Massachusetts ACORN Housing Corp.
Metro Technical Institute
Missouri Tax Justice Research Project
Montana Radio Network
MottHavenACORNHousingDevelopmentFundCorp.
Mutual Housing Association of New York Inc.
National Center for Jobs & Justice
New Mexico Organizing and Support Center
New Orleans Community Housing Organization
New York ACORN Housing Company Inc.
New York Agency for Community Affairs Inc.
New York Organizing and Support Center
Organizers Forum
Pennsylvania Institute for Community Affairs
People’s Equipment Resource Corp.
Phoenix Organizing And Support Center
Project Vote
SEIU Local 100
SEIU Local 880
Service Workers Action Team
Shreveport Community Television
Site Fighters
Sixth Avenue Corp.
Social Policy
Southern Training Center
St. Louis Organizing And Support Center
St. Louis Tax Reform Group
Student Minimum Wage Action Campaign
Texas ACORN Housing Corp. Inc.
Wal-Mart Workers Association
Wal-Mart Association for Reform Now
Working Families Association

source: Employment Policies Institute report, “Rotten ACORN: America’s Bad Seed,” July 2006, see PDF file at <http://tinyurl.com/57ba8c>

Online, October 20, 2008), ACORN founder Wade Rathke played a role in founding the New Party, which embraced “fusion.” Fusion parties, popular in the 19th century, had a separate line on the ballot but often endorsed major-party candidates. This meant they didn’t function as “spoilers” in tight elections, and were able to offer their endorsements as an incentive to pull a candidate in a specific political direction. Obama used legal technicalities to have all his opponents thrown off the ballot in the 1996 state election, but still he sought the endorsement of the New Party.

Of course, ACORN values its close connection to Obama, but when it recognized that public recognition of its ties could hurt him it tried to cover up the association.

In early October, as media coverage of ACORN election fraud scandals intensified, ACORN removed a smoking gun from one of its websites. This was an article that linked Obama to ACORN and to Project Vote and made clear that the two entities were joined at the hip.

The 2004 article was by Toni Foulkes, a Chicago-based member of the ACORN national board and now a Chicago alderman, and it appeared in *Social Policy*, a publication of ACORN’s American Institute for Social Justice. Extolling Obama’s political organizing abilities, Foulkes described the close connections between ACORN and its affiliate, Project Vote. She wrote that ACORN “invited Obama to our leadership training sessions to run the session on power every year, and, as a result, many of our newly developing leaders got to know him before he ever ran for office.” So it was only “natural for many of us to be active volunteers in his first campaign for State Senate and then his failed bid for U.S. Congress.” The upshot? “By the time he ran for U.S. Senate, we were old friends.”

ACORN hadn’t counted on resourceful bloggers copying the Foulkes article, which was titled “Case Study: Chicago-The Barack Obama Campaign.” After weeks of unremitting criticism, the article had been restored to the *Social Policy* website as of October 18. (The article is available at <http://www.capitalresearch.org/blog/?p=1701>.)

Even now ACORN tries to claim that Project Vote is a completely separate entity. But a job

posting at idealist.org, which lists an opening for a Project Vote finance director, notes that the group is “[w]orking closely with its community partner, ACORN.” (See <http://www.capitalresearch.org/blog/?p=1646>.)

Arianna Huffington’s liberal gossip website, the Huffington Post, has egg on its face. It published several articles in the weeks leading up to Election Day that disputed both Obama’s connection to ACORN and ACORN ties to Project Vote. Writer Seth Colter Walls has written that linking Obama to ACORN was “a smash of a smear.”

ACORN: Structure and Affiliates

The acronym ACORN stands for **Association of Community Organizations for Reform Now**. Although most sources say it was founded by 22-year-old Wade Rathke in 1970, the group’s filing with the Arkansas Secretary of State shows the date of registration as 1977 (filing number 100004435). Perhaps in its early days it didn’t bother to incorporate, but its tangled legal status and welter of affiliations raises many questions.

Today ACORN is a nonprofit corporation, but it is not tax-exempt. Were ACORN to request tax-exemption, it might have to abide by a dizzying array of legal constraints and would definitely have to make basic information about its internal operations publicly available. But such transparency would hinder ACORN’s radical activities. ACORN community organizers prefer to operate behind closed doors. The Arkansas registration doesn’t even list the group’s officers.

In 1977 ACORN also registered with the Louisiana Secretary of State as a nonprofit corporation (Charter/Organization ID: 04700320X). That registration shows ACORN’s mailing address, “principal office,” and “principal business establishment in Louisiana” as 1024 Elysian Fields Avenue, New Orleans, Louisiana 70117. The Louisiana document also discloses the top three officers of ACORN. They are President **Maude Hurd** of Dorchester, Massachusetts, Vice President **Maria Polanco** of Brooklyn, New York, and Secretary **Maxine A. Nelson** of Pine Bluff, Arkansas.

Left-wing groups like ACORN often have overlapping memberships and interlocking directorates. They constantly align and realign themselves in short- and long-term

strategic coalitions. Sometimes there are formal mergers and sometimes “strategic partnerships.” ACORN’s tangled family tree includes a host of subsidiaries and affiliated nonprofits that do not have to honor public disclosure laws.

Blogger Larry Johnson (of “No Quarter”) did a LexisNexis corporate filings search for ACORN’s southern headquarters at 1024 Elysian Fields Avenue, New Orleans, Louisiana 70117. He found that there are an incredible 294 ACORN-related entities and nonprofits and businesses using that address. (See <http://tinyurl.com/6zkn5d>.) The **Employment Policies Institute** has identified more than 100 business names associated with ACORN. (See “The Many Faces of ACORN” table at page 5.)

The ACORN empire includes the **ACORN Institute Inc.** (leadership training for activists), **W*A*R*N** (Wal-Mart Alliance for Reform Now, which supports organizing unions in Wal-Mart stores), **ACORN Housing Corp. Inc.** (arranges mortgages), **Living Wage Resource Center** (a website that tracks efforts by cities and states to raise the minimum wage above the federal standard), **ACORN Law on the Web** (a web address that automatically redirects to the main ACORN website), two “social justice” radio stations (**KAFB** 88.3 FM in Little Rock, Arkansas, and **KNON** 89.3 FM in Dallas, Texas), **Project Vote** (voter registration and mobilization), **Service Employees International Union (SEIU)** Locals 100 (Arkansas, Louisiana, Texas) and 880 (Illinois, Indiana), **Site Fighters** (fighting “big box” chains such as Wal-Mart and Target), and the **American Institute for Social Justice Inc.** (publishes *Social Policy* magazine with ACORN Institute Inc. and the Organizers’ Forum).

ACORN: Its Money and Donors

To quote Sir Walter Scott, “Oh what a tangled web we weave, when first we practice to deceive.”

Lawyer Elizabeth Kingsley, who acts for ACORN, alerted the group this summer that its relationship to its affiliated groups may violate federal law. Kingsley’s report spells out “her concerns about potentially improper use of charitable dollars for political purposes; money transfers among the affiliates; and potential conflicts created by employees working for multiple affiliates, among other things,” according to a New York Times

story by reporter Stephanie Strom (October 22, 2008). Strom reports that ACORN has 174 affiliates; Pablo Eisenberg, a veteran scholar and participant in community organizing, writes that there are 103 affiliates in 38 states.

If ACORN's affiliates are hard to count, it's impossible to calculate the total revenue of the ACORN network. The Employment Policies Institute (EPI) writes: "Because it operates a virtual self-contained economy, ACORN entities exchange millions of dollars every year for goods and services. The scant financial documents available for public inspection paint a picture of a spider web of ACORN-run organizations that trade loans, leases, payments, and grants."

One journalist estimates that ACORN had a 2006 budget of \$37.5 million excluding "its spinoff research and housing organizations." Of the \$37.5 million, \$3 million came from membership dues and the rest came from foundations, private donations, corporations, and other sources. "Onetime corporate targets, like the Household Financial Corporation, pay ACORN to run programs, in this case to educate people about mortgages and loan terms." (New York Times, June 26, 2006). Even the \$37.5 million estimate "likely does not include the vast resources of the ACORN-run unions or reflect election-year resources given to its ostensibly non-partisan get-out-the-vote efforts," concludes EPI.

By using philanthropy databases and non-profit tax returns (IRS Form 990) Capital Research Center has gathered a wealth of information on money that flows into and out of ACORN network coffers.

Project Vote (Voting for America Inc.) discloses on its 990s that it received \$23,658,487 in donations from 1994 through 2005. The **American Institute for Social Justice Inc.** reports that it took in \$32,497,575 in donations from 1993 through 2005. **ACORN Housing Corp. Inc.** reports it took in \$48,666,179 in donations from 1993 through 2004. **ACORN Institute Inc.** took in donations of \$2,074,409 from 2001 through 2005.

This means the four ACORN affiliates took in a total of at least \$106,896,650 in donations from foundations and individuals since 1993.

Organized labor is both a client and ally of ACORN. ACORN (including its affiliates) took in almost \$3 million last year from unions to assist unions with anti-corporate campaigns, provide strike support, and help with research and staffing, among other things. (See "In a Rotten Nutshell: Everything You've Ever Wanted to Know about ACORN," by Matthew Vadum and Jeremy Lott, *Labor Watch*, November 2008.)



There better be more than one bathroom: Amazingly, almost 300 ACORN-affiliated groups officially live in this one house. Photo: noquarterusa.net

Your Tax Dollars at Work

Without the assistance of forensic accountants, it would be impossible to determine how many taxpayer dollars have gone to the ACORN network. This is partly because government grants and contracts can be reported in Part I of the 990 form or they can be easily buried in other sections of the form. Accounting tricks could also have been used to conceal government grants. The total figure for government contributions to ACORN and its affiliates could easily run into billions of dollars.

Here are the \$19,502,273 in government grants to the ACORN network that we found in Part I of all 990s available in the guidestar.org database of nonprofits for ACORN's four main (non-labor union) affiliates:

***Project Vote:** none.

***American Institute for Social Justice Inc.:** \$53,870 (2006), \$107,488 (2005), \$132,000 (2004), \$70,000 (2003), \$170,000 (2002), \$100,000 (2001), \$17,665 (2000), and \$10,050 (1997, when the Institute was apparently named Arkansas Institute for

Social Justice, Inc.).

*ACORN Housing Corp. Inc.:

\$1,700,317 (2005), \$3,020,045 (2004), \$2,608,961 (2003), \$1,710,203 (2002), \$1,977,306 (2001), \$1,296,085 (2000), \$1,151,929 (1999), \$1,124,989 (1998), and \$1,365,349 (1997).

***ACORN Institute Inc.:** \$2,275,182 (2006), \$300,880 (2005), \$130,494 (2004), and

\$179,460 (2003).

Add the \$19,502,273 in tax dollars to the \$106,896,650 in donations and it becomes apparent that the ACORN network has taken in a minimum of \$126,398,923 since 1993. (House Minority Whip Roy Blunt, R-Missouri, said last month that ACORN has received at least \$31 million from taxpayers since 1998. If he's right, it means ACORN has received at least \$137,896,650 in donations and government money since 1993.)

Bear in mind that the figures shown for ACORN Housing Corp. Inc. (AHC) are well below the actual level of government housing-related grants to the ACORN network. ACORN has many state- and local-level housing affiliates that have accepted government money. AHC itself brags on its website that from 1986 through 2006 it has "counseled" 250,226 clients and "educated" 284,758 more, and "created" 79,539 mortgages in the amount of \$10,080,912,633. It claims to have 37 offices nationwide.

In February, AHC unveiled its non-profit mortgage brokerage in 34 U.S. cities. The

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brokerage, called **Acorn Housing Affordable Loans LLC**, partners with **CitiMortgage**, **Bank of America**, **First American Title Insurance Co.**, and **Fannie Mae**. “The new mortgage brokerage will also help homeowners faced with resetting adjustable rates that may make their current home mortgage payments unaffordable,” AHC said in a statement. No financial data regarding the new brokerage has turned up in philanthropy databases yet.

The ACORN network is likely to get its hands on even more taxpayer dollars in the future. That’s because the housing bailout bill enacted this summer contains language creating a so-called affordable housing trust fund that conservatives call a slush fund. This unusual off-budget funding mechanism that siphons off funds from the government’s two Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, provides virtually no safeguards ensuring that the money will actually be spent on affordable housing.

The funding will go to left-wing housing advocacy groups such as ACORN, National Council of La Raza, and the Greenlining Institute and “[t]here are no explicit requirements for recipients of the grants to fill out timesheets for housing activity, or restrictions on groups using grant money to pay employees who also happen to do other things — such as lobbying and political campaigning,” writes John Berlau of the Competitive Enterprise Institute. “And there are really no penalties other than being forced to give the money back and being disqualified for a new grant.”

ACORN’s Capitol Hill supporters tried to insert another affordable housing funding mechanism in the \$700 billion Wall Street bailout package in September. However, the legislative language supporting the funding was removed after conservatives made it clear that the slush fund provision was a deal-breaker.

Foundation Support for ACORN

Although the four main ACORN affiliates took in least \$106,896,650 in donations since 1993, detailed grant data on the ACORN network goes back only to 1998 on the foundationsearch.com philanthropy database. The total figure is certainly higher than \$107 million.

Donors to ACORN, the lead entity registered in Arkansas and Louisiana, include the **Marguerite Casey Foundation** (\$3 million), **Robin Hood Foundation** (\$821,000), **Beldon Fund** (\$750,000 to “Florida ACORN”), **Edna McConnell Clark Foundation** (\$595,000 to “Bronx ACORN”), **Annie E. Casey Foundation** (\$65,000), George Soros’s **Open Society Institute** (\$25,000), **Haymarket People’s Fund** (\$15,000 consisting of an \$8,000 grant

Donors to the ACORN Institute Inc. include **Roseanne Foundation**, as in actress-come-dienne Roseanne Barr (\$50,000), **Annie E. Casey Foundation** (\$50,000), **Carnegie Corp. of New York** (\$50,000), **Lear Family Foundation** (\$15,000), **Starbucks Foundation** (\$13,563), the hard-left **Arca Foundation** (\$10,000), and **Wachovia Foundation** (\$5,000).

ACORN itself, as opposed to its affiliates,



ACORN embezzler Dale Rathke (shown at left) enjoys the good life at the 18th Annual New Orleans Film Festival in 2007. Photo: www.newyorksocialdiary.com

to “Massachusetts ACORN” and \$7,000 to “Rhode Island ACORN”), **Barbra Streisand Foundation** (\$15,000 consisting of a \$7,500 grant to “Los Angeles ACORN” and \$7,500 to ACORN), **Union Bank of California Foundation** (\$15,000 consisting of a \$5,000 grant to ACORN, and two \$5,000 grants to “San Diego ACORN”), and **Provident Bank Foundation Inc.** (\$5,000 to “New Jersey ACORN”).

Donors to ACORN Housing Corp. Inc. include **JPMorgan Chase Foundation** (\$5,007,500 plus at least \$300,000 to separate state-level ACORN-affiliated housing nonprofits), **Bank of America Charitable Foundation Inc.** (\$1,405,000), **Annie E. Casey Foundation** (\$610,500 to ACORN Housing Corp. of Illinois), **US Bancorp Foundation** (\$285,000, plus \$470,000 to ACORN Housing Corp. of Illinois), **PNC Foundation** (\$95,000), and **Wachovia Foundation** (\$5,000).

received a \$4,952,288 grant from its affiliate, the American Institute for Social Justice Inc. for “community reinvestment,” according to the Institute’s 990 form from 2006.

ACORN’s voter mobilization arm, Project Vote, has taken in more than \$12 million in foundation grants since 1999.

Project Vote donors include **Rockefeller Family Fund Inc.** (\$4,047,500), **Vanguard Charitable Endowment Program** (\$2,643,100), **Tides Foundation** (\$1,460,801), **Bauman Family Foundation** (\$1,100,000), **Omidyar Network Fund Inc.** (\$400,000), **Beldon Fund** (\$383,000), **Carnegie Corp. of New York** (\$300,000), **HKH Foundation** (\$200,000), **Open Society Institute** (\$150,000), **Stephen M. Silberstein Foundation** (\$100,000), **Barbra Streisand Foundation** (\$60,000), and **Ben & Jerry’s Foundation** (\$15,000).

The Interlocking Directorates of the ACORN Network

Here are examples of senior ACORN activists who serve either as officers or on the boards of ACORN affiliates or both (according to the affiliates' most recently filed 990 forms):

*ACORN national President **Maude Hurd**. She is secretary-treasurer of ACORN International Inc. and director of Affiliated Media Foundation Movement Inc.

*ACORN's national Vice President **Maria Polanco**. She is the official contact person for the ACORN Dominican Republic Council. Polanco is also a member of the ACORN affiliate, Working Families Party (WFP), a registered political party in New York. Along with ACORN and WFP, Polanco was a plaintiff in the 2003 lawsuit *Working Families Party v. New York City Board of Elections*, in which the left-wing Brennan Center for Justice at New York University School of Law challenged the use of voting machines in New York City.

*ACORN's national Secretary **Maxine Nelson**. She is president and a director of Project Vote and secretary of Arkansas Broadcasting Foundation Inc.

*ACORN's currently embattled founder **Wade Rathke**. He remains chief organizer of SEIU Local 100, president of ACORN International Inc., and president and a director of Affiliated Media Foundation Movement Inc.

***Donna Pharr** is assistant treasurer and director of 385 Palmetto Street Housing Development Fund Corp. and ACORN Community Land Association of Illinois.

Pharr is also assistant treasurer of ACORN 2004 Housing Development Fund Corp., ACORN Community Land Association of Pennsylvania Inc., ACORN Dumont-Snediker Housing Development Fund Corp., ACORN Law for Education Representation & Training, ACORN Housing Corp. Inc., ACORN Housing Corp. of Pennsylvania Inc., ACORN Housing Corp. of Missouri Inc., ACORN Institute Inc., ACORN International Inc., ACORN Tenant Union Training & Organizing Project Inc., Affiliated Media Foundation Movement Inc., American Institute for Social Justice Inc., Arizona ACORN Housing Corp. Inc., Arkansas Community Housing Corp. Inc., Association for Rights of Citizens Inc., California Community Network, MHANY 2003 HDFC, Mott Haven ACORN Housing Development Fund Corp., New York Agency for Community Affairs Inc., and Project Vote. Pharr is also deputy treasurer of Minnesota ACORN Political Action Committee and is listed in a Michigan Bureau of Elections filing as the contact person for Communities Voting Together, a 527 organization (see <http://tinyurl.com/5kajens>).

***George Butts** is president and a director of the Pennsylvania Institute for Community Affairs Inc. and vice president of the ACORN Institute Inc.

***Mike Shea** is executive director of both ACORN Housing Corp. Inc. and Texas ACORN Housing Corp. Inc.

***Dorothy Amadi** is president of ACORN Dumont-Snediker Housing Development Fund Corp., ACORN 2004 Housing Development Fund Corp., Mott Haven ACORN Housing Development Fund Corp., both president and director of 385 Palmetto Street Housing Development Fund Corp., both vice president and director of New York ACORN Housing Co. Inc., and both vice president and trustee of New Jersey ACORN Housing Inc.

***Vernon Bolden** is vice president of ACORN International Inc. and president and a director of SEIU Local 100.

ACORN's American Institute for Social Justice Inc. has received at least \$29,940,576 in foundation grants since 2000.

The Institute's donors include **Marguerite Casey Foundation** (\$5,125,000), **Rockefeller Family Fund Inc.** (\$4,130,000), **Sandler Family Supporting Foundation** (\$2,560,000), **W.K. Kellogg Foundation** (\$829,285), **Bill & Melinda Gates Foundation Trust** (\$500,000), **Open Society Institute** (\$350,000), **Needmor Fund** (\$265,000), **McKay Foundation** (\$165,000), **Rockefeller Brothers Fund Inc.** (\$150,000), **Walter and Elise Haas Fund** (\$120,000), **Woods Fund of Chicago** (\$145,000 -- \$75,000 in 2001 when Obama and William Ayers were on its board, \$70,000 in 2002), and **Wachovia**

Foundation (\$5,000).

Other notable ACORN benefactors include the **Tides Foundation**, which has given 24 grants totaling \$603,375 to the ACORN network, and **Evelyn & Walter Haas Jr. Trust**, which has given four grants totaling \$275,000 to the ACORN network. The **Needmor Fund**, which focuses on community organizing, has given \$189,500 to the ACORN network. **Citigroup Foundation** gave a \$5,000 grant to "ACORN Baltimore" and a \$4,000 grant to ACORN Child Care Providers for Action.

The **Woods Fund of Chicago**, which has been in the news because Barack Obama and ex-Weather Underground leader William

Ayers were fellow board members, has given at least \$190,000 to the ACORN network. From at least 1999 through 2001 Obama and Ayers were on the Woods Fund board. Two of the three grants appearing in the foundationsearch.com database were listed during that period. A \$45,000 grant for "community development" went to "Chicago ACORN" in 2000. The Woods Fund gave two grants to "Chicago ACORN" as "fiscal agent" for the American Institute for Social Justice Inc. The first such grant for \$75,000 for "social and human services" was dated 2001 while Obama and Ayers sat on the board, but the second such grant (\$70,000) was dated 2002, after Obama had left the board. That grant was also designated for "social and human services."

George Soros's **Democracy Alliance**, an ambitious left-wing financial clearinghouse profiled in the January 2008 *Foundation Watch*, directed a grant of unknown size to ACORN in 2006. It is unclear if the grant was directed at a specific ACORN affiliate.

Financial Transfers Within the ACORN Empire

ACORN takes recycling seriously, at least when it comes to money.

In the Employment Policies Institute's authoritative July 2006 report, "Rotten ACORN: America's Bad Seed," July 2006, (PDF file available at <http://tinyurl.com/57ba8c>), the authors offer a glimpse of financial transactions within the ACORN network.

Among its findings:

- *ACORN-affiliated SEIU Local 100 gave \$58,654 of union members' money to another labor group, the Hospitality, Hotel & Restaurant Organizing Council (HOTROC), which was founded by Wade Rathke

- *Citizens Consulting, Inc., run by Rathke's brother, Dale, took in \$520,000 from ACORN between 1998 and 2004 for lobbying

- *Citizens Consulting, Inc. and ACORN took in more than \$1.7 million from Project Vote from 2000 through 2003

- *Since 1997 ACORN Housing Corp. paid more than \$5.1 million in fees or grants to other entities in the network

Our own research has determined that Project Vote (Voting for America Inc.) paid ACORN \$10,861,825 from 2000 through 2006, according to Project Vote's 990 forms. Project Vote also paid ACORN affiliate Citizens Services Inc. \$1,206,942 in 2005 and 2006, and paid \$1,266,967 to ACORN affiliate Citizens Consulting Inc. from 2000 through 2004.

Project Vote, ACORN, Citizens Services Inc., and Citizens Consulting Inc. all share the same address, namely, 1024 Elysian Fields Avenue, New Orleans, Louisiana 70117, according to 990 forms filed with the IRS.

Other ACORN affiliates including the Ameri-

can Institute for Social Justice, ACORN Housing Corp. Inc., and ACORN Institute Inc. also show the Elysian Fields Avenue address as their headquarters.

Since 2000 ACORN Housing Corp. Inc. paid its roommates, Citizens Consulting, Inc., and Peoples Equipment Resource Center \$1,566,228 and (at least) \$58,003, respectively. It also gave a \$37,500 grant to the American Institute for Social Justice Inc. for "education" in 2005.



ACORN national president Maude Hurd (at right) with former President Bill Clinton in 2006. Clinton was at a press event urging Hurricane Katrina survivors to claim the Earned Income Tax Credit (EITC).

In the crowded house on Elysian Fields Avenue, since 2002 ACORN Institute Inc. has paid ACORN \$861,783, Citizens Consulting, Inc. \$61,443, ACORN Services \$117,261, ACORN Associates, Inc. \$61,451, and ACORN International, Inc. \$83,966.

Since 2000 the American Institute for Social Justice, Inc. paid ACORN \$1,926,831, Citizens Consulting, Inc. \$362,464, and ACORN Associates, Inc. \$258,593.

On its 2002 tax form, the Institute disclosed a \$1,684,184 "community reinvestment" grant to ACORN, along with a \$9,637 loan to SEIU Local 100. (On the same document, the Institute also reported receiving a \$50,000 interest-free loan from the Tides Foundation for "purchase of equipment," and a \$4,000 interest-free loan from Open Society Institute's Progressive America Fund Inc.)

On its 2006 tax form, the American Institute for Social Justice, Inc. disclosed that it provided a \$4,952,288 "community reinvestment" grant to ACORN, the non-tax-exempt

Arkansas nonprofit corporation that controls the ACORN network.

ACORN's Interlocking Directorates

Understanding how ACORN activists hold key positions in the ACORN network is crucial to understand how ACORN operates.

The term "interlocking directorates" describes how individuals can serve as directors on multiple corporate boards. This practice is common in the ACORN family; it is widespread and lawful. But it raises questions about the quality and independence of board decision-making.

ACORN's interlocking directorates suggest that even though each ACORN affiliate may be legally separate, it is subject to centralized control. The ACORN network appears to be a "family" of organizations, embodying the ethos of community organizing, which stresses local action and decentralized authority. In fact, ACORN is tightly controlled from the top. (See table, The Interlocking Directorates of the ACORN Network, at page 9.)

News of ACORN's embezzlement scandal has finally begun to stir debate over its structure and organization. Until recently, it's been hard to find public debate about ACORN or criticism of ACORN "chief organizer" Wade Rathke. Pablo Eisenberg, a senior fellow at the Georgetown University Public Policy Institute, has written that Rathke "sought to put the national organization in control of operations of the group's affiliates." ACORN bylaws gave Rathke "the power to appoint the head organizers of both local and state affiliates."

Eisenberg notes although local boards "technically had the authority to overrule his appointments, they rarely did, according to senior staff members," He added: "The decision to keep so much control over the affiliates seems at odds with Acorn's mission – its goal is to empower local people to fight their own battles – but some organizers agree with Mr. Rathke that it is important to centralize operations. They say only a unified network led by headquarters has the power and speed needed to wage successful national advocacy efforts." (Chronicle of Philanthropy op-ed, October 2, 2008)

And centralize Rathke did.

Capital Research Center discovered that the crowded house on Elysian Fields Avenue is owned by ACORN affiliate Elysian Fields Corp Inc. A filing with the Louisiana secretary of state's office reveals that Wade Rathke is the corporation's president and the ubiquitous Donna Pharr is its treasurer.

Ironically, ACORN and its affiliates, all reliable cheerleaders for higher taxes, are longtime tax deadbeats. A search of public records found more than 200 tax liens adding up to more than \$3.7 million are associated with groups that share ACORN's address on Elysian Fields Avenue in New Orleans. The most recent lien, in the amount of \$23,383, was filed by the IRS against an ACORN affiliate, American Workers Associates Inc., on September 9, 2008.

ACORN lawyer Elizabeth Kingsley focused on the current ties between ACORN and Project Vote. As reported in the October 22, 2008 New York Times story, Kingsley found:

[T]he tight relationship between Project Vote and Acorn made it impossible to document that Project Vote's money had been used in a strictly nonpartisan manner. Until the embezzlement scandal broke last summer, Project Vote's board was made up entirely of Acorn staff members and Acorn members.

Ms. Kingsley's report raised concerns not only about a lack of documentation to demonstrate that no charitable money was used for political activities but also about which organization controlled strategic decisions.

She wrote that the same people appeared to be deciding which regions to focus on for increased voter engagement for Acorn and Project Vote. Zach Pollett, for instance, was Project Vote's executive director and Acorn's political director, until July, when he relinquished the former title. Mr. Pollett continues to work as a consultant for Project Vote through another Acorn affiliate.

"As a result, we may not be able to prove that 501(c)3 resources are not being directed to specific regions based on impermissible partisan considerations," Ms. Kingsley said, referring to the section of the tax code concerning rules for

charities.

She also found problems with governance of Acorn affiliates. "Board meetings are not held, or if they are, minutes are not kept, or if minutes are kept, they never make it into the files," she wrote.

Project Vote, for example, had only one independent director since it received a federal tax exemption in 1994, and he was on the board for less than two years, its tax forms show. Since then, the board has consisted of Acorn staff members and two Acorn members who pay monthly dues.

The newspaper also interviewed George Hampton and Cleo Mata, two former Project

that ACORN was "run like a Jim Jones cult." Rev. Daniel Perkins said funds raised by ACORN were "never seen" by the low- to moderate-income people the organization was supposed to help. They somehow ended up in the Big Easy, controlled by Rathke. (Arkansas Democrat-Gazette, September 2, 1987)

All of this was kept under wraps until this summer when it was discovered that Wade Rathke failed to notify police when he discovered in 2000 that his brother Dale, ACORN's chief financial officer, had embezzled \$948,000 from the group. Instead, Wade Rathke engineered a cover-up for his brother and allowed him to leave the payroll of Citizens Consulting Inc., the ACORN affiliate that handles its financial affairs, and go



Embattled ACORN founder Wade Rathke (at right) with former President Bill Clinton in 2006.

Vote board members. Both denied serving on the board and Hampton, who acknowledged he had been an ACORN member, said he had never heard of Project Vote. Go figure.

Scandal!

The truth about Wade Rathke's management style is starting to dribble out now that he's been forced out. But as early as the 1980s some ACORN dissidents were beginning to protest, saying Rathke had created a stifling "cult of personality." Dorothy Perkins of North Little Rock, a former Arkansas ACORN chairman, complained at the time

to work as his \$38,000 a year "assistant" at ACORN headquarters. The missing money was disguised as a loan to an officer on the ledgers of Citizens Consulting.

For perhaps the first time in ACORN's history, its leaders embraced a libertarian approach to dispute resolution. The Rathke family signed a restitution agreement with ACORN, promising to repay the amount stolen at the rate of \$30,000 per year. They reportedly have repaid \$210,000. In return, ACORN promised to keep quiet about what was called a "misappropriation." To keep

the theft secret Wade Rathke made his arrangement with colleagues who comprise ACORN's senior management. He did not inform ACORN's 51-member board of trustees. Dale Rathke remained an ACORN employee until May 2008 when a whistleblower caused the uproar that led to his firing and his brother's resignation.

Maude Hurd, ACORN's national president, has since rationalized this conduct, saying it was best to "protect" ACORN and "to deal with it in-house." ACORN's national board has turned a blind eye and agrees. At a mid-October meeting in New Orleans the board voted to withdraw a lawsuit filed by two board members, Karen Inman and Marcel Reid, on behalf of ACORN that sought access to ACORN's financial records. "The board is moving in a positive manner for a speedy resolution in the best interests of the organization," said spokesman Charles Jackson.

That ACORN almost sued itself underlines its complex, confusing web of relationships. Bertha Lewis, who replaced Rathke as ACORN's interim chief organizer, has said the two boards members lacked legal standing to sue on the board's behalf. Lewis also said the civil suit had distracted the group from answering "Republican right-wing attacks" on ACORN voter registration.

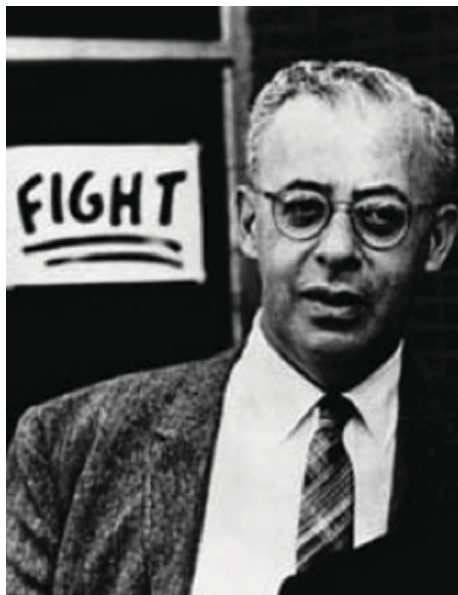
The New York Times broke the story (August 17, 2008) that Drummond Pike, founder and CEO of the Tides Foundation and a personal friend of Wade Rathke, secretly purchased the promissory note wherein the Rathke family agreed to repay the remaining stolen money—\$738,000—to ACORN.

Even though senior ACORN officials signed confidentiality agreements forbidding them from disclosing the identity of the buyer, someone in the group leaked the information to the media.

Let's get this straight: ACORN and Tides covered up ACORN's original cover-up of the embezzlement?

Some ACORN funders such as Dave Beckwith, executive director of the Needmor Fund, are upset that the employees who learned of the fraud in 2000 still work for ACORN and its affiliates. Needmor has been donating to ACORN affiliates for at least a decade.

Wade Rathke is a director on the boards of the far-left funders Tides Inc., Tides Center, and Tides Foundation. However, John A. Powell, board chairman of the Tides Network, the umbrella organization for Tides affiliates, said in August that Rathke is taking a leave of absence from all Tides boards. Powell added that no Tides money was used in the cloak-and-dagger transaction by Pike, who is



Rules for Radicals author Saul Alinsky

also treasurer of George Soros's Democracy Alliance.

Although Wade Rathke resigned from ACORN, he retains his position as "chief organizer" at **ACORN International LLC**, a private company with overseas offices.

ACORN's Radical New Left Origins

ACORN's origins lie in the 1962 Port Huron Statement, a manifesto of radical students disillusioned with America. The ponderous statement was largely written by Tom Hayden (Jane Fonda's ex-husband). It claimed America was hopelessly racist, militaristic, and soulless: "America is without community, impulse, without the inner momentum necessary for an age when societies cannot successfully perpetuate themselves by their military weapons, when democracy must be viable because of its quality of life, not its quantity of rockets."

The statement called for greater worker control over the economy and so-called participatory democracy. It asserted that "[t]he allocation of resources must be based on social needs," and that "public utilities,

railroads, mines, and plantations, and other basic economic institutions should be in the control of national, not foreign, agencies."

The authors of the Port Huron statement created an organization to carry out their vision. It was Students for a Democratic Society (SDS), perhaps the preeminent group of the New Left movement of the 1960s. Inevitably, SDS failed to achieve its goals and it broke into splinter factions. One bloc of SDS members formed the violent group, "Weatherman" (popularly referred to as the Weathermen). The group embraced terror as a tool of political change and morphed into the violent Weather Underground Organization (WUO). Two of its leaders were the would-be mass murderers William Ayers and Bernardine Dohrn, who would later become members of the faculties of, respectively, the University of Illinois, Chicago and the Northwestern University School of Law.

Those who rejected terrorist violence included Wade Rathke, who had worked as a draft resistance organizer for SDS. He also was an organizer for the National Welfare Rights Organization (NWRO), a group whose members physically occupied welfare offices, intimidating social workers and insisting that they be given every government welfare dollar that the law "entitled" them to. NWRO followed what has since been called the Cloward-Piven Strategy after sociologists Frances Fox Piven and Richard Cloward. They defined a model of political and economic subversion that called upon activists to pack the welfare rolls to spread dependency, bankrupt the government, and cause uprisings against the capitalist system.

Rathke believed in "welfare rights" in the 1960s and he believes in them today, the U.S. Constitution notwithstanding. In 1970 he founded ACORN to carry out the strategy of upheaval and the agenda of welfare entitlement. That agenda manifests itself today in the ACORN Tax & Benefit Access Center and the ACORN Financial Justice Center. ACORN partnered with the Marguerite Casey Foundation, a left-wing funder, to create a new kind of tax preparation service based on the assumption that Americans have a "right" to welfare. Think of it as H&R Block for subversives. The group and its allied entities help people claim the Earned Income Tax Credit, a make-believe tax credit that functions more as a welfare benefit. The goal is not primarily to help Americans in

need but to pack the welfare rolls in order to expand the size and scope of government. (See the foundation's press release at <http://tinyurl.com/58efet>.)

ACORN and WUO, siblings who took different paths to radical change, one through violence and terror, the other through protest and politics, draw their inspiration from a second source, the Chicago activist Saul Alinsky. He is the leftist who wrote *Rules for Radicals*, the seminal how-to guide for radical activists that elevated local-level political agitation to an ugly art form.

As the father of community organizing Alinsky urged activists to "rub raw the sores of discontent." In his book, Alinsky praised the Devil as the "first radical" who "rebelled against the establishment and did it so effectively that he at least won his own kingdom."

Alinsky said his book was "a step toward a science of revolution," and acknowledged its debt to the amoral Renaissance political plotter Niccolo Machiavelli. "*The Prince* was written by Machiavelli for the Haves on how to hold power. *Rules for Radicals* is written for the Have-nots on how to take it away."

Alinsky believed that in political combat almost anything goes. "In war the end justifies almost any means." Alinsky wrote that "the practical revolutionary will understand ... [that] in action, one does not always enjoy the luxury of a decision that is consistent both with one's individual conscience and the good of mankind."

Marian Wright Edelman, head of the left-wing Children's Defense Fund, said of Alinsky: "He was brilliant. He was working for underdogs. He was trying to empower communities, which we still need to do. He spoke plainly. He had his outrageous side, but he also had his pragmatic side."

The Washington Post reported (March 25, 2007) that Edelman "knows Obama, worked closely with Clinton and spoke at Alinsky's funeral. It quoted her observation: "Both Hillary and Barack reflect that understanding of community-organizing strategy. Both just know how to leverage power." It's worth noting when she was First Lady, Clinton pushed President Bill Clinton to prioritize ACORN's "Motor Voter" legislation, which

opened up new opportunities for electoral fraud. It was the first bill President Clinton signed into law.

In early 2008, ACORN's political action committee endorsed Democrat Barack Obama for U.S. president and former Weather Underground members also support Obama. Ayers and Dohrn, a married couple, helped launch Obama's political career by hosting a 1995 fundraiser for the then-Illinois state senate candidate in their Hyde Park home. Former SDS and WUO member Mark Rudd



Bertha Lewis, ACORN's interim chief organizer, speaks at a rally.

also supports Obama.

Not surprisingly, Hayden, who served in the California legislature for close to two decades, endorsed Obama in January, arguing that the Democratic candidate represents "the spirit, excitement, energy and creativity of a new generation bidding to displace the old ways."

Other former SDS members who endorsed Obama included Michael and Susan Klonsky, and Michael's brother Fred Klonsky, who was active in the Communist Party USA. Former SDS member Carl Davidson, who is also a leader in the Marxist group, United for Peace and Justice, supports Obama.

Public relations executive Marilyn Katz, a former SDS member, supports Obama and is one of his "bundlers" (a fundraiser). Former SDS president Todd Gitlin also supports Obama.

Creating A Financial Crisis

Some writers have suggested the actions of ACORN and other Alinsky-inspired organizers who adhere to the Cloward-Piven Strategy of manufactured crisis have helped cause the

meltdown on Wall Street. Certainly radical activists have had their eyes on Wall Street for a long time. One could even plausibly argue that the crisis on Wall Street is a kind of Reichstag fire but that this time the Communists really are the arsonists.

At an ACORN "banking summit" in New York City in 1992, keynote speaker Jesse Jackson explained why activists should go after banks. "Get the money from where the money went," said Jackson. "Don't make things complicated. Why did Jesse James rob banks? Because that's where the money was." (ABA Banking Journal, October 1, 1992, available at <http://tinyurl.com/6jjdgc>)

One ACORN document, "To Each Their Home: Success Stories from the ACORN Housing Corporation," makes its plans explicit in boasting that successful ACORN militancy can undermine bank underwriting standards. It says ACORN Housing developed "several innovative strategies" to get around traditional lending guidelines, which were unfair because they "were geared to middle class borrowers." Instead, ACORN convinced lenders to adopt "more flexible underwriting criteria that take into account the realities of lower income communities." Henceforth banks would accept "less traditional income sources such as food stamps."

Those ideas were ratified by the Carter Community Reinvestment Act (CRA), which opened up banking to ACORN-style agitation. This 1977 law punishes lenders for limiting loans to wealthier, more creditworthy markets, a practice called "redlining." Banking regulators are given the power to make trouble for banks that fail to lend enough money to "underserved" minority communities.

Since CRA went into effect, Alinsky-inspired groups such as ACORN, the National Council of La Raza (profiled in *Foundation Watch*, December 2007), and the Greenlining Institute (profiled in *Organization Trends*, August 2008) have gone into the shakedown business. It intensified when then-Treasury Secretary Robert Rubin presided over the Clinton administration's effort to put the CRA on steroids. Banks began to make risky subprime loans and Fannie Mae and Freddie Mac aggregated them for sale as mortgage-backed securities (MBSs). Those practices made it easier for banks to give in

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to ACORN's demands because they knew they could offload their high-risk debt on Fannie and Freddie.

Was all of this a good idea? Not according to University of Texas economist Stanley Liebowitz. He writes that the current mortgage market debacle is "a direct result of an intentional loosening of underwriting standards – done in the name of ending discrimination, despite warnings that it could lead to wide-scale defaults." (See <http://tinyurl.com/2ahdkd>.)

Liebowitz isn't alone in pointing out that U.S. financial markets are now being asphyxiated by a terrible credit crunch that might have been avoided if lenders had refrained from making loans they should have known were doomed to default.

Political activism drove the banks to make irresponsible decisions, and it has put taxpayers on the hook for bank and housing bailout packages costing potentially trillions of dollars.

As Stanley Kurtz has observed, "For years, ACORN had combined manipulation of the CRA with intimidation-protest tactics to force banks to lower credit standards. Its crusade, with help from Democrats in Congress, to push these high-risk "subprime" loans on banks is at the root of today's economic meltdown."

That ACORN is costing all Americans their long-term prosperity for the sake of a failed political strategy to help the poor is perhaps the final irony.

Matthew Vadum is Editor of Foundation Watch.

(Editor's Note: This article draws on the excellent research of discoverthenetworks.org, John Fund's book, *Stealing Elections*, the Employment Policies Institute's report, "Rotten ACORN," and Vadum's many blog posts about ACORN that are available at <http://www.capitalresearch.org/blog/>.)

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