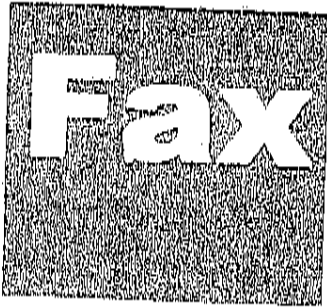




DOUG WELBORN
CLERK OF COURT
19TH JUDICIAL DISTRICT COURT

P. O. BOX 1991
BATON ROUGE, LOUISIANA 70821

PARISH OF EAST BATON ROUGE
PHONE (225) 389-3964



**CRIMINAL RECORDS
DEPARTMENT
FAX: (225) 389-3373**

To: Steve Beatty From: _____

Fax: _____ Pages: _____

Phone: _____ Date: _____

Re: _____ cc: _____

Comments:

100209000274

IN RE: A MATTER UNDER
INVESTIGATION BY THE
ATTORNEY GENERAL OF THE
STATE OF LOUISIANA

DOJ CASE NUMBER 11-1534
19TH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

MOTION FOR ISSUANCE OF ARTICLE 66 SUBPOENA

NOW INTO COURT, through the undersigned Assistant Attorney General comes the State of Louisiana, who, pursuant to Louisiana Code of Criminal Procedure Article 66, moves this Honorable Court for the issuance of a subpoena directed to: CITIZENS CONSULTING INC., 1024 Elysian Fields Avenue, MICHAEL JONES CPA, Chief Financial Officer for Citizens Consulting Inc., MILDRED BROWN, Secretary Treasurer, Citizens Consulting Inc., 711 E. Street, Apt 104, Washington DC 20003, or through their Registered Agent, NATIONAL REGISTERED AGENTS, INC. 1011 N. Causeway Blvd, STE 3, Mandeville La 70471; DUPLANTIER, HRAPMANN, HOGAN AND MAHER, L.L.P., 1340 Poydras Street, Suite 2000, New Orleans, LA 70112, and WILLIAM G. STAMM, CPS, 1340 Poydras Street, Suite 2000, New Orleans, LA 70112, ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), and its President, MAUDE HURD, 60 EDSON ST., DORCHESTER, MASSACHUSETTS, and through their Registered Agent, National Registered Agents, Inc, 1011 N. Causeway Blvd, STE 3, Mandeville La, 70471.

Provide before the Attorney General or his authorized representative which is presently investigating the Association of Community Organizations for Reform Now ("ACORN") and all ACORN related entities, domiciled at 1024 Elysian Fields Avenue New Orleans, Louisiana, AND Citizens Consulting Services, Inc. ("CCI") the subsidiary which provides bookkeeping, accounting and other financial management services to ACORN and many of its affiliated entities certain information more specifically outlined below.

AG. will serve

The investigation of ACORN and CCI is ongoing in the State and will require the production of certain relevant corporate records and documents in the custody of CCI, William G. Stamm, and Duplantier, Hrapman, Hogan, and Maher, L.L.P., to be provided in order to properly complete this investigation.

These ACORN, ACORN affiliated entities and CCI corporate documents, being from the time period January 1998 through the present, include all tangible items, bank cards, bank statements, and other documents, including, but not necessarily limited to the following:

- 1) All W-2 Income Reports, quarterly or monthly state tax filing reports, and 1099 Miscellaneous Income reports issued by CCI, or William G. Stamm, and Duplantier, Hrapman, Hogan, Maher, L.L.P. for ACORN and its affiliates;
- 2) All notices of Federal and individual State Tax Liens filed for non-remittance of withholding and excise taxes;
- 3) Check registers for all Acorn related entities and CCI from 1998 to present.
- 4) Accounts receivable and accounts payables for ACORN and ACORN related entities and CCI from 1998 to present.
- 5) All financial statements signed or audited for ACORN and all ACORN related entities and CCI from 1998 to the present;
- 6) All audits documents, records, agreements, and financial records, credit card accounts credit card receipts, credit card statements, etc. detailing the theft of funds by Dale Rathke, including, but not limited to settlements, agreements or other documentation detailing the agreement between Dale Rathke and any ACORN affiliated company for Dale Rathke to repay funds illegally obtained in return for not being criminally prosecuted, including any resolutions and board of directors minutes approving the repayment of funds, and failure to report the theft to the proper law enforcement agencies;

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- 7) A list of all employees of each entity from 1998 to the present including address and any identifying information on file including all Form W-2's and 1099's issued for each employee;
- 8) All records, financial and otherwise, including e-mails, memo's and other communications that relate to failure to file and pay Louisiana Department of Revenue Employers Return of State Income Tax Withheld Form L-1, that detail the illegal use of employee benefit funds and withholding for the use of ACORN, CCI, or any other ACORN related entity.
- 9) All board of directors minutes and meetings dealing with the issue of Dale Rathke's illegal use of employee benefit funds and the approvals for these transfers;
- 10) All documents, financial transactions and records that detail all of the funds received by Dale and Wade Rathke in either income, benefits, use of properties, credit cards or other accounts, loans, or other means including deferred compensation, retirement and other means from 1998 to the present;
- 11) All State and Federal Income tax Returns from 1998 to the present for ACORN, CCI, and all ACORN related affiliates;
- 12) All required filings, registrations, and applications or filings for exemptions on behalf of any Non-Profit or other tax exempt ACORN related company from 1998 to the present;
- 13) All internal memorandum, whether formal or informal, pertaining to any of the above items.

The documents described above are relevant, material and necessary for the investigation in the above captioned case.

In accordance with the Louisiana Code of Criminal Procedure, Article 66, the Attorney General sets forth the following reasonable grounds for the issuance of this subpoena duces tecum:

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A complaint was received from former members of the Association of Community Organizations for Reform Now ("ACORN") Board of Directors claiming that ACORN and its subsidiary companies were violating Louisiana Revised Statute 47:1641 relating to the filing of employee withholding taxes, failing to report an embezzlement of nearly \$1 Million by the brother of the founder of the organization, obstructing justice and violations of the Employee Retirement Security Act of 1974 ("ERISA"). Current high ranking members of ACORN have publicly acknowledged that embezzlement did in fact occur, but the exact amount of the embezzlement was unknown until it was recently acknowledged in a board of directors meeting on October 17, 2008 by Bertha Lewis and Liz Wolf that an internal review had determined that the amount embezzled was \$5,000,000.00 (FIVE MILLION), and it is still unclear if some of the monies embezzled are from state, federal or private funds.

An investigation was begun in June, 2009, by the Louisiana Department of Justice Public Corruption and Special Prosecutions Division and Scott Bailey. The requested documents are an integral part of this ongoing investigation into violations of the Louisiana Revised Statute 47:112, which states, in pertinent part: Every employer making payment of wages shall deduct and withhold from such wages a tax in amounts to be provided in withholding tables promulgated by the secretary.

ACORN was founded by Wade Rathke in 1970 and is the primary corporation which has 361 related tax-exempt and non-tax exempt subsidiary entities. CCI is the subsidiary which provides bookkeeping, accounting and other financial management services to ACORN and many of its affiliated entities.

On July 20, 2009, the United States House of Representatives Committee on Oversight and Government Reform issued a report titled "Is ACORN Intentionally Structured As a Criminal Enterprise?" The committee findings, among other things, are as follows:

-- "ACORN has evaded taxes, engaged in self-dealing, and aided and abetted a cover-up of embezzlement by Dale Rathke, the brother of ACORN founder Wade Rathke."

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- "By refusing to report Dale Rathke's embezzlement of \$948,607.50 as an excess benefit transaction, ACORN appears to have violated the Internal Revenue Code. ACORN's cover-up of the embezzlement for more than eight years would also constitute obstruction of justice."
- "ACORN has committed investment fraud, deprived the public of its right to honest services, and engaged in a racketeering enterprise affecting interstate commerce."
- "ACORN has submitted false filings to the Internal Revenue Service (IRS) and the Department of Labor, in addition to violating the Fair Labor Standards Act (FLSA)."
- "Committee investigators have tracked ACORN's numerous failures to comply with federal laws that required the payment of excise taxes on excess benefits to Dale Rathke. SEIU Local 100-under the direction of ACORN founder Wade Rathke-filed bogus reports with the Labor Department in order to conceal embezzlement. ACORN violated the overtime and record-keeping provisions of FLSA. All of these fraudulent acts would constitute a violation of 18 U.S.C. 1001 by presenting false documents to the United States government."
- "ACORN falsified and concealed facts concerning an illegal transaction between related parties in violation of the Employee Retirement Income Security Act of 1974 (ERISA)."
- "Committee investigators have concluded that ACORN plundered employee benefits and violated fiduciary responsibilities under ERISA by relieving corporate debts through prohibited loans to a related party. Moreover, ACORN affiliates lack independent control of their own assets and maintain shoddy accounting practices that serve to hide ACORN's secret and illegal use of monies."

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A review of the records maintained by the Orleans Parish Recorder of Mortgages on August 3, 2009 revealed that 57 liens have been filed by the United States Treasury Department-Internal Revenue Service for the failure to properly pay withholding tax which was due. These liens were filed against ACORN and ACORN affiliates CCI, Peoples Equipment Resource, ACORN Housing Corporation, Hospitality Hotel and Restaurant Organizing Council, Wal-Mart Alliance for Reform Now and the American Workers Associates, Inc. All of these entities reflect their domicile address as 1024 Elysian Fields Avenue New Orleans, Louisiana. Copies of the documents from sixteen of these liens which were filed between May 23, 2007 and September 9, 2008 were collected from the archives and the total amount of taxes due and not paid is \$1,122,680.70.

A review of the records maintained by the Orleans Parish Recorder of Mortgages on July 29, 2009 revealed that two (2) liens had been filed by the Louisiana Department of Revenue for the failure to properly pay withholding tax which was due. The details of the lien that is the subject of this motion is as follows:

Lien identified as Serial #216515072, filed on October 29, 2008 against CCI for the tax periods ended December 31, 2002 through June 30, 2008. This lien encompasses 66 individual tax periods where the outstanding taxes due to the State totaling \$306,702.73 were not properly paid. Further investigation has revealed that a substantial portion of this amount was not in fact paid until bank accounts were levied.

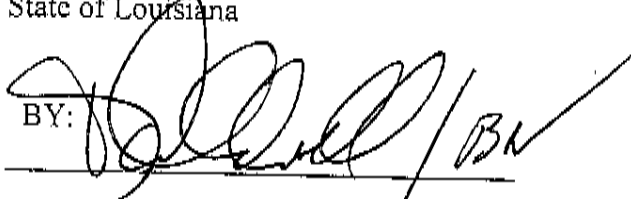
The above cited actions constitute violations of Louisiana Revised Statute 47:112 (A) by ACORN and CCI. The items requested are necessary to determine whether those violations further constitute fraudulent representations under the criminal provisions of La. R.S. 47:119 and failure to pay these taxes under La. R.S. 47:1641.

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WHEREFORE, Mover prays for a subpoena duces tecum to issue herein directing CITIZENS CONSULTING INC., 1024 Elysian Fields Avenue, MICHAEL JONES, CPA, Chief Financial Officer for Citizens Consulting Inc., MILDRED BROWN, Secretary Treasurer, Citizens Consulting Inc., 711 E. Street, Apt 104, Washington DC 20003, or through their Registered Agent, NATIONAL REGISTERED AGENTS, INC. 1011 N. Causeway Blvd, STE 3, Mandeville la 70471; DUPLANTIER, HRAPMANN, HOGAN AND MAHER, L.L.P., 1340 Poydras Street, Suite 2000, New Orleans, LA 70112, and WILLIAM G. STAMM, CPS, 1340 Poydras Street, Suite 2000, New Orleans, LA 70112. ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), and its President, MAUDE HURD, 60 Edson St., DORCHESTER, MASSACHUSETTS, and through their Registered Agent, National Registered Agents, Inc, 1011 N. Causeway Blvd, STE 3, Mandeville La, 70471, to produce all of the above described documents before the Attorney General of the State of Louisiana or his duly authorized representative. These documents should be made available instanter by October 31, 2009 to Investigator Scott Bailey, Post Office Box 2391, 1885 N. 3d St. Baton Rouge, LA., 70821-2391, and telephone number (225) 326-6100.

Respectfully submitted:

JAMES D. "Buddy" CALDWELL
 Attorney General
 State of Louisiana

BY: 

David Caldwell
 Butch Wilson
 La. Bar Roll Nos. 26832
 21162
 Assistant Attorneys General
 Louisiana Department of Justice
 Post Office Box 94095
 Baton Rouge, LA. 70804
 Telephone: (225) 326-6200

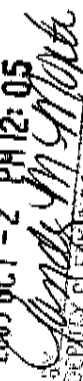
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DEPUTY CLERK OF COURT

19th JUDICIAL DISTRICT
EAST BATON ROUGE PARISH, LA
FILED

2009 OCT -2 PM 12:05


 DEPUTY CLERK & RECORDER FOR
 DOUG WELBORN
 CLERK OF COURT FOR PARISH

10020900040

**INVESTIGATION BY THE
ATTORNEY GENERAL OF THE
STATE OF LOUISIANA**

**DOJ CASE NUMBER 11-1534
19th JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA**

ORDER

CONSIDERING THE FOREGOING MOTION:

IT IS HEREBY ORDERED that a subpoena duces tecum be issued herein directed to: CITIZENS CONSULTING INC., 1024 Elysian Fields Avenue, MICHAEL JONES CPA Chief Financial Officer for Citizens Consulting Inc., MILDRED BROWN, Secretary Treasurer, Citizens Consulting Inc., 711 E. Street, Apt 104, Washington DC 20003, or through their Registered Agent, NATIONAL REGISTERED AGENTS, INC. 1011 n. Causeway Blvd, STE 3, Mandeville la 70471; DUPLANTIER, HRAPMANN, HOGAN AND MAHER, L.L.P., 1340 Poydras Street, Suite 2000, New Orleans, LA 70112, and WILLIAM G. STAMM, CPA, 1340 Poydras Street, Suite 2000, New Orleans, LA 70112. ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), and its President, MAUDE HURD, DORCHESTER, MASSACHUSETTS, and through their Registered Agent, National Registered Agents, Inc, 1011 N. Causeway Blvd, STE 3, Mandeville La, 70471.

To produce before the Attorney General of the State of Louisiana or his authorized representative all of the described documents as covered in the subpoena duces tecum by October 31, 2009.

1. These ACORN, ACORN affiliated entities and CCI corporate documents, being from the time period January 1998 through the present, include all tangible items, bank cards, bank statements, and other documents, including, but not necessarily limited to the following: All W-2 Income Reports, quarterly or monthly state tax filing reports, and 1099 Miscellaneous Income reports issued by CCI, or William G. Stamm, and Duplantier, Hrapman, Hogan, Maher, L.L.P. for ACORN and its affiliates;

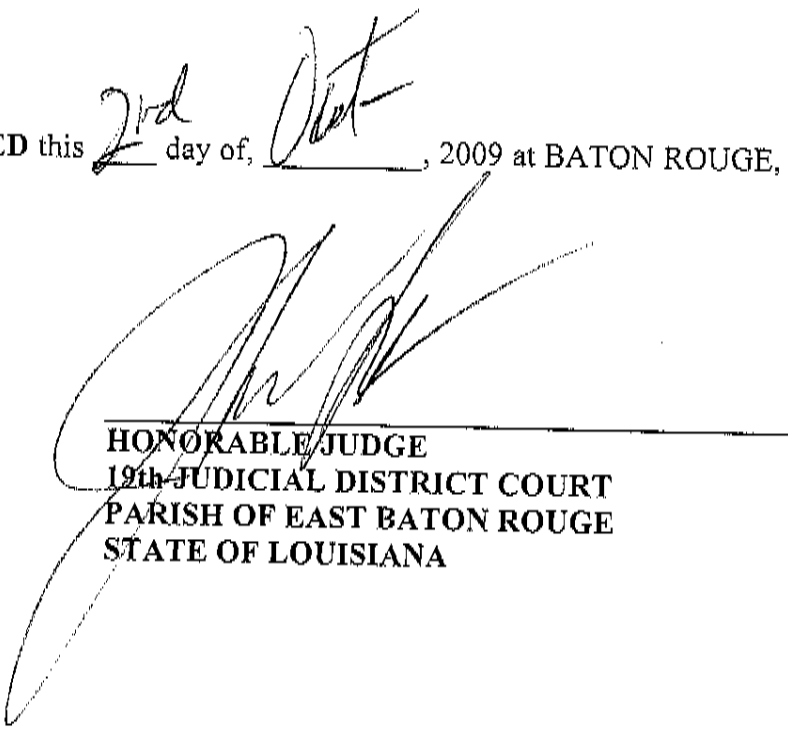
~~100209000282~~

2. All notices of Federal and individual State Tax Liens filed for non-remittance of withholding and excise taxes;
3. Check registers for all Acorn related entities and CCI from 1998 to present.
4. Accounts receivable and accounts payables for ACORN and ACORN related entities and CCI from 1998 to present,
5. All financial statements signed or audited for ACORN and all ACORN related entities and CCI from 1998 to the present;
6. All audits documents, records, agreements, and financial records, credit card accounts credit card receipts, credit card statements, etc. detailing the theft of funds by Dale Rathke, including, but not limited to settlements, agreements or other documentation detailing the agreement between Dale Rathke and any ACORN affiliated company for Dale Rathke to repay funds illegally obtained in return for not being criminally prosecuted, including any resolutions and board of directors minutes approving the repayment of funds, and failure to report the theft to the proper law enforcement agencies;
7. A list of all employees of each entity from 1998 to the present including address and any identifying information on file including all Form W-2's and 1099's issued for each employee;
8. All records, financial and otherwise, including e-mails, memo's and other communications that relate to failure to file and pay Louisiana Department of Revenue Employers Return of State Income Tax Withheld Form L-1, that detail the illegal use of employee benefit funds and withholding for the use of ACORN, CCI, or any other ACORN related entity.
9. All board of directors minutes and meetings dealing with the issue of Dale Rathke's illegal use of employee benefit funds and the approvals for these transfers;
10. All documents, financial transactions and records that detail all of the funds received by Dale and Wade Rathke in either income, benefits, use of properties, credit cards or other accounts, loans, or other means including deferred compensation, retirement and other means from 1998 to the present;

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- 11. All State and Federal Income tax Returns from 1998 to the present for ACORN, CCI, and all ACORN related affiliates;
- 12. All required filings, registrations, and applications or filings for exemptions on behalf of any Non-Profit or other tax exempt ACORN related company from 1998 to the present;
- 13. All internal memorandum, whether formal or informal, pertaining to any of the above items.

THUS DONE AND SIGNED this 2nd day of Oct, 2009 at BATON ROUGE, Louisiana.



HONORABLE JUDGE
 19th JUDICIAL DISTRICT COURT
 PARISH OF EAST BATON ROUGE
 STATE OF LOUISIANA

CERTIFIED TRUE COPY

158448

DEPUTY CLERK OF COURT

19th JUDICIAL DISTRICT
 EAST BATON ROUGE PARISH, LA
 FILED

2009 OCT -2 PM 12:05

Handwritten signature of Doug Welborn
 DEPUTY CLERK & RECORDER FOR

DOUG WELBORN

CLERK OF COURT E.B.R. PARISH

100209000284

IN RE: A MATTER UNDER
INVESTIGATION BY THE
ATTORNEY GENERAL OF THE
STATE OF LOUISIANA

DOJ CASE NUMBER 11-1534
19TH JUDICIAL DISTRICT COURT
PARISH OF ORLEANS
STATE OF LOUISIANA

SUBPONEA DUCES TECUM

STATE OF LOUISIANA TO:

GREETINGS: CITIZENS CONSULTING INC., 1024 Elysian Fields Avenue, MICHAEL JONES, CPA, Chief Financial Officer for Citizens Consulting Inc., MILDRED BROWN, Secretary Treasurer, Citizens Consulting Inc., 711 E. Street, Apt 104, Washington DC 20003, or through their Registered Agent, NATIONAL REGISTERED AGENTS, INC. 1011 N. Causeway Blvd, STE 3, Mandeville La 70471; DUPLANTIER, HRAPMANN, HOGAN AND MAHER, L.L.P., 1340 Poydras Street, Suite 2000, New Orleans, LA 70112, and WILLIAM G. STAMM, CPA, 1340 Poydras Street, Suite 2000, New Orleans, LA 70112. ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN), and its President, MAUDE HURD, 60 Edson St., DORCHESTER, MASSACHUSETTS, and through their Registered Agent, National Registered Agents, Inc, 1011 N. Causeway Blvd, STE 3, Mandeville La, 70471,

You are hereby commanded, in the name of the State of Louisiana and the 19th Judicial District Court in and for the Parish of East Baton Rouge, to produce the below listed documents before the Attorney General of the State of Louisiana or his authorized representative.

These ACORN, ACORN affiliated entities and CCI corporate documents, being from the time period January 1998 through the present, include all tangible items, bank cards, bank statements, and other documents, including, but not necessarily limited to the following:

100200000000

1. All W-2 Income Reports, quarterly or monthly state tax filing reports, and 1099 Miscellaneous Income reports issued by CCI, or William G. Stamm, and Duplantier, Hrapman, Hogan, Maher, L.L.P. for ACORN and its affiliates;
2. All notices of Federal and individual State Tax Liens filed for non-remittance of withholding and excise taxes;
3. Check registers for all Acorn related entities and CCI from 1998 to present.
4. Accounts receivable and accounts payables for ACORN and ACORN related entities and CCI from 1998 to present,
5. All financial statements signed or audited for ACORN and all ACORN related entities and CCI from 1998 to the present;
6. All audits documents, records, agreements, and financial records, credit card accounts credit card receipts, credit card statements, etc. detailing the theft of funds by Dale Rathke, including, but not limited to settlements, agreements or other documentation detailing the agreement between Dale Rathke and any ACORN affiliated company for Dale Rathke to repay funds illegally obtained in return for not being criminally prosecuted, including any resolutions and board of directors minutes approving the repayment of funds, and failure to report the theft to the proper law enforcement agencies;
7. A list of all employees of each entity from 1998 to the present including address and any identifying information on file including all Form W-2's and 1099's issued for each employee;
8. All records, financial and otherwise, including e-mails, memo's and other communications that relate to failure to file and pay Louisiana Department of Revenue Employers Return of State Income Tax Withheld Form L-1, that detail the illegal use of employee benefit funds and withholding for the use of ACORN, CCI, or any other ACORN related entity.
9. All board of directors minutes and meetings dealing with the issue of Dale Rathke's illegal use of employee benefit funds and the approvals for these transfers;
10. All documents, financial transactions and records that detail all of the funds received by Dale and Wade Rathke in either income, benefits, use of properties,

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- credit cards or other accounts, loans, or other means including deferred compensation, retirement and other means from 1998 to the present;
11. All State and Federal Income tax Returns from 1998 to the present for ACORN, CCI, and all ACORN related affiliates;
 12. All required filings, registrations, and applications or filings for exemptions on behalf of any Non-Profit or other tax exempt ACORN related company from 1998 to the present;
 13. All internal memorandum, whether formal or informal, pertaining to any of the above items.

Said disclosure to be made by October 31, 2009 to:

Investigator Scott Bailey or Terry Apple, Public Corruptions and Special Prosecutions Division 1885 N. Third Street, Baton Rouge, LA 70804-9095
(225)326-6100, Fax: (225)326-6197

WITNESS my official signature on this 22nd day of October, 2009.

Gandy M. Monte

DEPUTY CLERK OF COURT
19ST Judicial District Court
STATE OF LOUISIANA