

## National Day Laborers Organizing Network: How It Supports Illegal Immigration

By David Hogberg

*Summary: The National Day Laborers Organizing Network (NDLON) has an unusual strategy for helping illegal immigrants achieve legal status. It tries to make every aspect of their work lives legal except their immigration status. Foundation grants assist NDLON efforts. NDLON reasons that if illegal immigrants are increasingly open and unremarkable in their day-to-day activities, then American citizens are more likely to approve efforts by lawmakers to give them amnesty.*

Any group of day laborers is bound to include some who are in the U.S. illegally. On most every weekday one to two dozen day laborers gather on one corner of 15th and P Streets in the Northwest quadrant of Washington, D.C. But travel south about two miles to the corner of 12<sup>th</sup> and E Streets in the Southwest quadrant of D.C. That's where you will find the national office of the federal government's Immigrations and Customs Enforcement (ICE). According to its website, ICE is responsible for protecting "the integrity of the U.S. borders through the criminal and civil enforcement of federal laws governing border control, customs, trade and immigration."

What explains the discrepancy?

No one denies the presence of illegal immigrants in the U.S., or where they can be found. An estimated 11 million illegal immigrants are in the U.S. and barely 349,000 were deported in 2008. And no one denies that there



**Demonstrators protest Arizona's immigration law in Phoenix in July 2010.**

are good reasons why so many immigrants come to this country illegally. Those reasons often reflect favorably on the U.S. The U.S. is an exceptional country. Its liberty is a beacon to many who want a better life. The prosperity that is the result of that liberty produces so much work that many are willing to travel here to get it, even if it means crossing the border illegally. Those aspects of the U.S. are something to be proud of.

But other aspects such as inadequate border control, lax law enforcement, and toleration of illegal immigration do not reflect well on the U.S. This leads to the question, Why are our immigration laws so poorly enforced?

That brings us to the role of special interest groups, particularly those that are intent on seeing that our laws against illegal immigration receive lax enforcement. Among the many groups with this special interest, the

### September 2010

#### CONTENTS

NDLON  
Page 1

Philanthropy Notes  
Page 8

# FoundationWatch

National Day Laborers Organizing Network (NDLON) is unique.

Although there are larger and better known “immigrant” groups, such as the Mexican American Legal Defense and Education Fund (MALDEF) and the National Council of La Raza, it is worthwhile to examine the tactics of NDLON. They offer far more insight into how the immigration mess has developed in this country.

NDLON, like other groups dubbed the “open borders lobby,” insists on amnesty for the million of immigrants who live in the U.S. illegally. But, surprisingly, NDLON’s activist campaigns are seldom about amnesty. Instead, the group’s strategy is to make legal everything about the illegal immigrant *except* his immigration status.

So, for example, NDLON lobbies cities to set up “day laborer centers” to make finding work easier, and it opposes city loitering ordinances that interfere with seeking work. It partners with labor unions to unionize day laborers and it urges lawmakers to apply U.S.

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labor law to illegal immigrants. It also finds reasons to hamper the effective enforcement of U.S. immigration laws.

NDLON’s strategy is a shrewd one. By making everything about illegal immigrants legal except their immigration status, illegal immigrants are less likely to be arrested and deported. If illegal immigrants can become an unremarkable part of the American landscape—living more or less like anyone else here—perhaps public opinion about illegal immigration will become more favorable over time. Furthermore, changes in law and policy can weaken the intellectual argument against illegal immigration—after all, if everything these people do is legal, why shouldn’t their residency status be legal too? By weakening diverse aspects of the case against illegal immigration, NDLON hopes that public opinion will eventually favor a general amnesty for illegal immigrants.

## **Foundation Support**

According to its website, NDLON was founded in Northridge, California in July 2001 at the first ever national gathering of day laborer organizations. Now headquartered in Los Angeles, NDLON is an umbrella organization that has grown to include 37 member organizations in 15 states (see Table).

With 11 staff members, NDLON had 2008 revenues of just over \$2.7 million, expenditures of just less than \$1.3 million and assets of about \$1.4 million. The executive director of NDLON is Pablo Alvarado, a legal immigrant from El Salvador.

Given the limited income of day laborers, NDLON could not survive on the voluntary contributions of the workers it purports to represent. Rather, its revenue comes from

left-leaning foundations. Between 2004-2008 NDLON received grants of \$50,000 from the Discount Foundation, \$100,000 from the Evelyn & Walter Haas, Jr. Fund, \$325,000 from the Ford Foundation, \$90,000 from the Hill Snowdon Foundation, \$50,000 from the J.M. Kaplan Fund, \$675,000 from the Public Welfare Foundation, \$330,000 from the Rosenberg Foundation, and \$25,000 from the Sirad Foundation.

This funding does not include contributions to NDLON’s 37 member organizations. For example, when NDLON organizes a demonstration, it looks to its member groups for assistance. The table of member groups on page 6 shows that their revenues totaled over \$26 million in 2007-2008. It is unclear how much of that went to NDLON. (NDLON did not respond to requests for an interview.)

## **Who is a Day Laborer?**

A day laborer is hired for work and is paid on a daily basis, without any promise of future employment. Studies suggest that the majority of day laborers in this country are Hispanic.

In 2004, UCLA’s Center for the Study of Urban Poverty conducted a National Day Labor Survey that surveyed 2,660 day laborers “randomly selected at 264 hiring sites in 139 municipalities in 20 states and the District of Columbia.” It found that:

-About 75% of day laborers are illegal immigrants or, as the studies usually put it, “undocumented workers.”

-On any given day about 117,600 workers are looking for day-labor jobs or working as day laborers.

-Day laborers search for work at different kinds of hiring sites. 79% of hiring sites are informal (e.g., day laborers solicit work in front of businesses (24%), home improvement stores (22%), gas stations (10%) and on busy streets (8%). Most sites are near residential neighborhoods. About 21% day laborers look for work at day-labor worker centers.

-The top five day-laborer occupations are construction, gardening and landscaping, roofing, painting, and installing drywall.

-Work is often unstable, and even under the best conditions few day laborers earn more than \$15,000 annually.

**“Amnesty” and Other Words**

The NDLO mission statement contains a curious omission. NDLO claims that it “fosters safer more humane environments for day laborers...” and that it “aspires to live in a world of diverse communities where day laborers live with full rights and responsibilities...” However, nowhere is there mentioned that NDLO’s purpose is to obtain legal residency status for day laborers who are in the U.S. illegally.

Indeed, NDLO seems to tiptoe around the issues of day laborers’ immigration status. The term “amnesty” does not appear on its website, perhaps because amnesty is associated with giving legal residency status to people who have come here illegally. That’s what happened under the Immigration Control and Reform Act of 1986. Illegal immigrants who could prove they had been in the U.S. before 1982 received amnesty. In 1986 there were an estimated 3.2 million illegal immigrants in the U.S.; today there are over 11 million.

Sometimes NDLO uses the term “legalization,” but it prefers the phrase “comprehensive immigration reform.” As the economist Thomas Sowell notes, what comprehensive immigration reform “amounts to is some



**NDLO executive director Pablo Alvarado**

form of amnesty up front, combined with a promise to strengthen the border later.”

NDLO believes it can win the battle for public opinion by avoiding words like amnesty, which implies the prior occurrence of something illegal. It is better to refer instead to securing workers’ ability to “earn a living,” “contribute to society” and “integrate into the community.” No one can object to that rhetoric.

**Day Labor Centers and City Laws**

What are called “day labor centers” are areas that municipal governments designate to allow day laborers to gather. Supporters argue that the centers make it easier for prospective employers to seek out and hire

day labor at the same time that they prevent a “race to the bottom” in offers of working conditions and pay. Opponents counter that day labor centers become magnets for illegal immigrants. No one knows how many centers currently exist.

\* In 2008, the Los Angeles City Council unanimously approved an ordinance requiring large home improvement stores like Home Depot to develop plans for assisting day laborers who congregate in their parking lots. Under the new law, stores like Home Depot could be forced to build shelters for day laborers that included bathrooms, provide drinking water and supply garbage cans.

“We welcome it,” NDLO’s Alvarado told

# FoundationWatch

the Los Angeles Times. “We need it. The workers deserve it.”

Home Depot did not agree that it deserved to accommodate loiterers in its parking lots—including some who violated U.S. law to be here. “This is a broader social issue that goes beyond Home Depot, and the solution is certainly more complicated than placing mandates on businesses,” company spokeswoman Kathryn Gallagher told the Times.

\* In August 2005, the city council of Herndon, a town in Northern Virginia, voted 5 to 2 to appropriate \$175,000 to help fund a day labor center. According to the Washington Post, “council members said they were helpless in the face of what they called a federal failure to police U.S. borders. They said it was their responsibility to bring order to a neighborhood nuisance that had become the town’s most divisive issue in recent history.”

This time the municipal decision did not receive public support. In 2006 Herndon voters tossed out three council members who approved the funding and the following year the city council shut the center down.

NDLON responded by locating a new site for day laborers to gather, a 13-foot-long strip of public land along a park close to the city center. That may have violated a city zoning ordinance, although an NDLON official said his group’s attorneys were ready to challenge the ordinance on constitutional grounds.

That is NDLON’s modus operandi. It encourages cities to support day labor centers. If they don’t, NDLON looks for an informal site and threatens legal action.

\* Not all cities tolerate illegal immigration. In October 2007, the City Council of Orange, California, required day laborers who showed up at a city-run resource center to provide identification and fill out federal compliance forms. That sharply reduced



**Day laborers are a common sight in urban centers. For example, they congregate at 15th and P Streets NW in Washington, D.C., about two miles north of the Immigration and Customs Enforcement Office.** (photo by author)

the number of day laborers who came to at the center. The following month the city passed an ordinance preventing day laborers from soliciting work from private property without permission and from city sidewalks next to streets without parking lanes. It also prohibited drivers from offering work while stopped in a traffic lane. NDLON protested and called for “community dialogue.”

\* When police in Costa Mesa, California, tried to enforce an anti-solicitation in September 2009, NDLON, MALDEF and the ACLU sued the city for violating the First Amendment right to freedom of speech.

“Day laborers have contributed to the Costa Mesa economy for decades,” said NDLON’s Alvarado. “Particularly during these tough times, the hard work they provide the community should be rewarded and not the target of destructive law enforcement practices.” Under pressure, Costa Mesa agreed to suspend enforcement of the law in February 2010 until a court case involving a similar law in Redondo Beach, California, is settled.

Because federal courts often agree with NDLON that such laws violate day laborer First Amendment rights, cities like Baldwin Park, California, have repealed their

ordinances.

\* But courts don’t always side with the open borders lobby. In 2004, NDLON sued Redondo Beach over its anti-solicitation ordinance. After six years, in June of this year, the Ninth Circuit Court of Appeals ruled 2-1 in favor of the city. The Court found that Redondo Beach’s ordinance did not regulate the content of the day laborers’ speech but only its location. The Court said the ban on soliciting work from sidewalks next to streets or from traffic medians addressed safety concerns.

“This is definitely a departure from every other federal court decision in the Ninth Circuit that has examined similar ordinances and found them unconstitutional,” said NDLON counsel Chris Newman. “We feel it is likely not the last word.” That is undoubtedly true.

## Labor Unions and Labor Laws

In August 2006, NDLON reached an agreement with the AFL-CIO to organize day laborers into labor unions. Under the agreement day labor centers can apply for union membership with AFL-CIO local and state affiliates. The first center to join the AFL-CIO was Centro Legal de la Raza, a NDLON

member organization in Oakland, California, which signed up in June 2007. Thus far, 11 centers have joined the AFL-CIO.

NDLON's Seattle organization, CASA Latina, joined in 2010. Earlier, CASALatina executive director Hilary Stern explained, "Organized labor saw there's a lot of power in immigrant workers." Not surprisingly, Stern admitted to the Seattle Post-Intelligencer that workers are not asked if they are in the U.S. legally when they come to CASA Latina.

One might wonder why the AFL-CIO has focused on organizing day laborers. There are only an estimated 120,000 day laborers nationwide—and many of them are illegal immigrants. Perhaps organized labor is desperate to boost its membership, which has fallen from 36% of workers in the mid-1950s to about 12% today. But what is to be gained by pandering to lawbreakers?

According to the Seattle Post-Intelligencer, the NDLON/ AFL-CIO agreement enables the AFL-CIO to assist NDLON in pursuing "minimum wage campaigns, safety at construction sites and *legislation to criminalize employers who stiff day laborers.*" (Emphasis added). Because cheating employees out of earned wages is already criminal under state and federal law, it's likely that what's really meant is "legislation to criminalize employers who stiff day laborers *who are in the U.S. illegally.*"

NDLON says its "Labor Rights" program "improves the wages, working conditions, health and safety of day laborers." That includes illegal immigrants. As NDLON counsel Chris Newman has said, "Workplace protections, labor rights, civil rights... should be de-linked from immigration enforcement. People should have full workplace protections regardless of their immigration status."

Should illegal immigrants enjoy the protection of U.S. labor laws? Some experts argue



### An inflammatory poster released by ¡Alto Arizona!, a project of NDLON.

that a "worker is a worker" regardless of immigration status, and lower federal courts often rule that all workers have a right to sue employers for discrimination.

However, in 2002 the U.S. Supreme Court suggested otherwise. In the case *Hoffman Plastics Compounds v. NLRB* the Court ruled 5-4 that immigration law supersedes labor law. The Hoffman company had refused to give back pay to an illegal immigrant that it illegally fired for participating in a union organizing drive. Chief Justice William Rehnquist's opinion held that awarding back pay to the worker would "encourage the successful evasion of apprehension by immigration authorities, condone prior violations of the immigration laws, and encourage future violations."

That seems to be precisely what NDLON wants. By urging courts to have U.S. labor law cover illegal immigrants, NDLON creates an environment inviting to more illegal immigration. On the other hand, an employer who would hire illegal immigrants is perhaps more likely to cheat them as well as to threaten deportation if they call the authorities. In effect, NDLON's position, albeit unintentionally, makes it easier for

employers to cheat day laborers.

But don't expect NDLON to discontinue its campaign to have U.S. labor law protect day laborers who are here illegally. After all, that's an important component in NDLON's efforts to normalize illegal immigration.

### Arizona, Arpaio and Section 287(g)

Last April the state of Arizona passed S.B. 1070, arguably the toughest immigration enforcement law passed by any state. All hell broke loose.

"Arizona has become the test ground for the most draconian and anti-immigrant legislation in the country," warned NDLON's Alvarado, who, like many of the law's opponents, was not above distorting its content. "Arizona's S.B. 1070 would force police officers to arrest and detain people based on a 'reasonable suspicion' that they are undocumented," he wrote on NDLON's blog. That suggests the police can walk up to any person and ask for his immigration papers.

S.B. 1070 does not permit police arrests on this suspicion. Police must first stop a person for another legal infraction, such as a robbery or a traffic violation. Only then, if police have a "reasonable suspicion" that a person is not here legally, can they check on a person's immigration status.

In May, NDLON helped organize a large demonstration against S.B. 1070 at the Arizona state capitol. It joined MALDEF, the ACLU, National Immigration Law Center, and other members of the open borders lobby in filing a lawsuit against S.B. 1070, challenging its constitutionality. In early July, the Justice Department filed suit against S.B. 1070 as well, and in late July, a federal judge granted a preliminary injunction stopping most of law from going forward until legal challenges are resolved.

The open borders lobby cheered the Obama Justice Department decision to sue Arizona.

The federal lawsuit was necessary “not just to protect civil rights in Arizona but also to defend the federal government’s exclusive authority to define and implement United States immigration policy,” said NDLOM counsel Chris Newman.

That statement is laughable since NDLOM opposes federal efforts to enforce immigration law. In fact, Section 287(g) of the Immigration and Nationality Act of 1995 allows the federal government to partner with state and local law enforcement officials to enforce immigration law. Naturally, NDLOM is opposed to it.

From 2006 to 2009, jurisdictions in 287(g) programs secured the arrest of 143,185 illegal aliens and 2,681 fugitive aliens who had escaped from law enforcement. Despite some compliance problems with the program, a Department of Homeland Security inspector general’s report stated, “287(g) officers identified 33,831 aliens who were removed from the United States by ICE in FY 2008, which represents 9.5% of all ICE removals during that fiscal year.”

One of the most effective partners under 287(g) is Sheriff Joe Arpaio of Maricopa County, Arizona. According to the Associated Press, Arpaio’s office is responsible for rounding up 26,146 illegal immigrants who were deported since 2007, about 19% of the total deportations under 287(g) during that time.

Naturally, Arpaio’s effectiveness has made him a target of shrill NDLOM attacks.

Arpaio is no shrinking violet. Uncompromising and at times flamboyant, Arpaio gained notoriety for the ways he treated Maricopa County Jail prisoners, from reinstating chain gangs to requiring an inmate to wear pink underwear. He set up a “Tent City” to house overcrowded jail inmates who complained about temperatures that exceeded 110 degrees in the summer of 2003. Arpaio report-

**Table: Revenue of NDLOM Member Organizations, 2007-2008**

| Organization (City)  | Revenues     |
|--|--------------|
| <b>ARIZONA</b>   |              |
| Tonatierra (Phoenix)   | \$216,722    |
| <b>CALIFORNIA</b>  |              |
| Central American Resource Center (Los Angeles)                     | \$1,588,437  |
| Centro Laboral de Graton (Graton)                                  | \$250,863    |
| Centro Legal de La Raza (Oakland)                                  | \$904,996    |
| Coalition for Humane Immigrant Rights of L.A. (Los Angeles)        | \$2,112,197  |
| Iglesia San Pedro (Fallbrooks)                                     | NA           |
| Instituto de Educacion Popular del Sur de California (Los Angeles) | \$1,494,565  |
| La Raza Centro Legal (San Francisco)                               | \$1,337,795  |
| Malibu Community Labor Exchange (Malibu)                           | \$85,048     |
| Pomona Economic Opportunity Center -PEOC (Pomona)                  | \$285,769    |
| The Day Worker Center of Mountain View (Mountain View)             | \$351,162    |
| <b>COLORADO</b>  |              |
| Centro Humanitario Para Los Trabajadores (Denver)                  | \$644,799    |
| <b>CONNECTICUT</b>   |              |
| Stamford Partnership (Stamford)                                    | \$316,285    |
| <b>FLORIDA</b>   |              |
| WeCount! (Miami)   | \$318,463    |
| <b>ILLINOIS</b>  |              |
| Union Latina de Chicago (Chicago)                                  | \$297,953    |
| <b>LOUISIANA</b>   |              |
| Congreso de Jornaleros de Nueva Orleans (New Orleans)              | NA           |
| <b>MARYLAND</b>  |              |
| CASA of Maryland (Silver Spring)                                   | \$6,464,012  |
| <b>NEW JERSEY</b>  |              |
| American Friends Service Committee (Newark)                        | NA           |
| Casa Freehold (Freehold)   | NA           |
| Jornaleros Unidos de Freehold (Freehold)                           | NA           |
| Wind of the Spirit/Viento del Espiritu (Morristown)                | \$125,246    |
| <b>NEW YORK</b>  |              |
| El Centro de Hospitalidad (Staten Island)                          | NA           |
| Hispanic Resource Center (Mamaroneck)                              | \$325,421    |
| Proyecto de los Trabajadores Latino Americanos (Brooklyn)          | \$374,877    |
| Workplace Project (Long Island)                                    | \$298,073    |
| Hispanic Center of Ossining (Ossining)                             | NA           |
| United Community Center of Westchester (Westchester)               | \$97,772     |
| Neighbors’ Link (Mount Kisco)                                      | \$726,947    |
| <b>NORTH CAROLINA</b>  |              |
| N.C. Occupational Safety and Health Project (Greensboro)           | \$545,688    |
| <b>OREGON</b>  |              |
| VOZ (Portland)   | \$227,191    |
| Centro Cultural (Cornelius)  | \$342,663    |
| <b>TEXAS</b>   |              |
| Workers Defense Project (Austin)                                   | NA           |
| CRECEN/America Para Todas (Houston)                                | \$812,809    |
| Gulfton Area Neighborhood Organization – CARECEN (Houston)         | \$64,137     |
| <b>VIRGINIA</b>  |              |
| Legal Aid Justice Center-Immigrant Advocacy Program (Falls Church) | \$3,306,216  |
| Tenants and Workers United (Falls Church)                          | \$1,046,752  |
| <b>WASHINGTON</b>  |              |
| CASA Latina (Seattle)  | \$1,266,649  |
| TOTAL  | \$26,229,507 |

edly replied, "It's 120 degrees in Iraq and the soldiers are living in tents, have to wear full body armor, and they didn't commit any crimes, so shut your mouths."

Last January NDLOM helped organize a march in Phoenix against Arpaio, whom it compared to Bull Connor, the notorious Selma, Alabama police official who used attack dogs and fire hoses against civil rights protesters. This is typical of the smear campaign NDLOM has waged against Arpaio.

NDLOM's biggest success against Arpaio occurred this February. Since 2008 NDLOM has organized protests against Wells Fargo, which since 1998 has rented office space in Phoenix to the Sheriff's office. NDLOM wanted Wells Fargo to evict Arpaio from its building. In February, Wells Fargo caved in. It sent a letter to the Maricopa County Board of Supervisors requesting the return of the office space Arpaio occupies.

With its petty treatment of Arpaio NDLOM is sending a loud and clear message: Deal with illegal immigration effectively and you will be harassed and vilified.

### **The Cost of Open Borders**

By working to make the U.S. an inviting environment for illegal immigrants, NDLOM encourages more and more people to cross the U.S.-Mexico border illegally. That makes it all the more difficult to police the border. And the heavy price of a porous border is increasingly paid by others, not by NDLOM.

\* Lake Falcon is partially in Zapata County, Texas, because the U.S.-Mexico border runs right through its center. Buoys mark the international boundary, and sports fishermen on the American side are warned not to take their boats past the floating markers. Pirates working for the Zeta drug cartel operate on the Mexican side of the lake, their machine

guns in hand, and they have not hesitated to rob at least three American boats, one of which may have been inside the American border.

\* In April, the Wall Street Journal reported that Arizona rancher Rob Krentz who lived near the Arizona-Mexico border was shot and killed by a drug smuggler. His wife Sue had written to politicians and the media for years detailing the worsening drug smuggling in the area. Home robberies are common in the area as drug smugglers often break in looking for food, water, cash or guns.

Of course, most illegal immigrants do not commit violent crimes. But the great number of illegal immigrants in the U.S. should be a signal of the ineffectiveness of law enforcement along our southern border. Criminals in Mexico know that. Little wonder, then, that drug smuggling and human trafficking are major problems in the American Southwest.

Surely American citizens have a right to expect that their taxes pay for effective law enforcement and adequate protection against criminal behavior. But groups like NDLOM are facilitating the failures of law enforcement by making it hard to clamp down on illegal immigration.

Inadequate immigration enforcement is a slap in the face to legal immigrants who follow the rules. Perhaps guest worker programs should be developed to help immigrant workers who want seasonal or temporary work in the U.S.

Let's also not forget the risk that terrorism will seep through the porous borders that separate the U.S. from Mexico. Critics note that the September 11 terrorists entered the U.S. legally and none entered along our southern borders. But lax law enforcement is

yet another signal to our enemies that we do not take seriously threats to American border security. How long before the terrorists who were sophisticated enough to pull off attacks on the Twin Towers and Pentagon figure out how to exploit our Southern border?

Groups like NDLOM make these tasks more difficult. By fighting for rights for illegal immigrants, they make it easier for illegal immigrants to remain in the U.S., which only encourages more people to enter the U.S. illegally.

*David Hogberg is a Washington, D.C.-based journalist. He is also a former executive director of Capital Research Center's Green-Watch project.*

**FW**

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We need your help in the current difficult economic climate to continue our important research.

Your contribution to advance our watchdog work is deeply appreciated.

Many thanks.

Terrence Scanlon  
President

# PhilanthropyNotes

The ranking Republican on the Senate Finance Committee is raising the alarm about a substantial donation made to the charity of Dr. **Donald Berwick**, President **Obama's** controversial new administrator of the **Centers for Medicare & Medicaid Services (CMS)**. NPR reports Sen. **Charles Grassley**, R-Iowa, said the fact that the **BlueCross BlueShield Association**, which does business with CMS, gave upwards of \$5 million to the **Institute for Healthcare Improvement** represents a major potential conflict of interest. Grassley is particularly peeved because Berwick promised to provide information about the institute's donors to the senator before the president's July 7 recess appointment short-circuited the confirmation process.

The **National Legal and Policy Center** is demanding an ethics probe of embattled former House Ways and Means Committee chairman **Charles Rangel** (D-N.Y.). The group accuses Rangel of directing millions of dollars in taxpayer funding to the financially troubled nonprofit **Alianza Dominicana** to construct a new \$19 million headquarters. "The complaint also pointed to apparent political payoffs Rangel got from the group's supporters – including Executive Director **Moises Perez**, who publicly defended Rangel against ethics complaints in November 2009, just a month after the House passed a Rangel-sponsored \$250,000 earmark for the nonprofit," the New York Post reports.

Billionaire philanthropists **Bill and Melinda Gates** and **Warren Buffett** were in the news recently when they unveiled the "Giving Pledge," a promise by 40 super-wealthy individuals and couples to give away at least 50% of their wealth to charity. According to the new group's website, givingpledge.org, about two dozen people have signed the pledge. Among them are New York City mayor **Michael Bloomberg**, **Barron Hilton**, **David Rockefeller**, **T. Boone Pickens**, **Larry Ellison**, **Ted Turner**, and **Herb and Marion Sandler**. The campaign was reportedly inspired by **Bolder Giving**, a nonprofit created by **Anne and Christopher Ellinger** of Boston.

The **IRS** published two updated handbooks for tax-exempt groups and donors, the Chronicle of Philanthropy reports. "Charitable Contributions: Substantiation and Disclosure Requirements," explains federal tax law for charities and churches that take in tax-deductible charitable contributions and for the taxpayers who make contributions. The other publication, "Tax-Exempt Organizations and Gaming," counsels tax-exempt organizations on how to run games in a way that doesn't jeopardize their tax exemption or generate unexpected tax bills.

## Goldman Sachs WATCH

The Securities and Exchange Commission arrived at a \$550 million settlement with Goldman Sachs to end its lawsuit that claimed the company misled investors in a subprime mortgage product, the Wall Street Journal reports. It is the largest-ever penalty imposed on a Wall Street firm. Goldman admitted its marketing materials for the investment package did not contain complete information. The SEC had claimed that the company defrauded investors by failing to disclose conflicts of interest in subprime mortgage investments it sold. It also alleged that the company failed to disclose that one of its clients, Paulson & Co., which forked over \$15 million in underwriting fees to the bank, helped to create – and then bet against – the financial instruments that Goldman pawned off on unsuspecting investors. Investors lost upwards of \$1 billion in the deal, the SEC said.