CAPITAL RESEARCH CENTER

Organization Trends

The Center for Responsible Lending

Who Really Benefits?

By Neil Maghami

***Summary**: The Center for Responsible Lending is an outspoken "advocacy" nonprofit that claims to defend poor borrowers. Yet its biggest Sugar Daddy is one of the worst offenders in the mortgage meltdown, and much of the group's work involves attacking the business competitors of its nominally "nonprofit" sister organizations that operate as credit unions. The full story about this network of nonprofits reveals how public "advocacy" can lead to private profit.*

In just over a decade, the Center for Responsible Lending (CRL) has evolved from a small nonprofit to a mighty engine of influence over federal and state financial policy. CRL, which coordinates actions among like-minded groups in 50 states, has long positioned itself as a simple grassroots advocacy group—and all of its public statements are intended to give that impression. But if one takes a top-down view of the organization and its history, a much different picture emerges. CRL's powerful media relations program and its lobbying and coalition-building efforts put it in a league of its own. As one observer put it, behind the "Norman Rockwell" self-portrait that CRL presents in public is a tax-exempt group firmly fixed on increasing the power and influence of the larger tax-exempt family to which it belongs.

The Self-Help Family

CRL is part of what is called the family of "community development organizations" organized under the brand name of "Self Help." The Self-Help structure's mission is "creating and protecting ownership and economic opportunity for all," which it carries out by providing "financing, technical support, consumer financial services and advocacy for those left out of the economic mainstream" through various nonprofit groups.

The oldest member of the brand is the tax-exempt Center for Community Self-Help, founded in 1980 in Durham, North Carolina, by husband and wife team Martin Eakes and Barbara Wright.

The Center for Community Self-Help disclosed $6.5 million in contributions in 2013 and ended the year with net assets of $19 million. It describes its main activities as: "community development lending," which is carried out primarily through its Self-Help Ventures Fund affiliate (also organized as a

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501(c)(3) group); next is "educational and technical assistance," on which it works with its approximately $700 million Ventures Fund and the Self-Help Community Development Corporation to provide programs serving low-income people; and finally is its "community development real estate projects," which include providing "rental opportunities to [tax] exempt organizations" and developing "commercial property in blighted areas."

There is also the Self-Help Credit Union, based in North Carolina and founded in 1984; and the Self-Help Federal Credit Union, operating since 2008 and focused on building up a presence in California. Together, the two credit unions claim 90,000 members and 35 branches in North Carolina, California, and Chicago. Credit unions are exempt from federal income taxes, but they pay property taxes and sales taxes.

The manner in which this network of co-branded, tax-exempt groups is organized is so complex that there is even a separate tax-exempt organization that provides centralized salary administration for parts of the collective enterprise. That entity is known as the "Self Help Services Corporation." According to its 2013 disclosures, it provided "personnel services and technical assistance" to the Center for Community Self-Help, Self-Help Ventures Fund, the Self-Help Community Development Corporation, Self-Help Credit Union, the Self-Help Federal Credit Union—and the Center for Responsible Lending.

The overall structure's payroll is not small. In 2013, Self Help Services Corp. reported "program service revenue" of about $20.9 million and paid about the same in "salaries, other compensation, employee benefits" to other Self-Help affiliates.

For some readers this arrangement of having a single salary-administrative nerve center for a larger family of nonprofits may bring back memories of a similar structure that connected the many appendages of the ACORN community-organizing octopus. As described by CRC editor Matthew Vadum in his 2011 book *Subversion Inc.*, ACORN's Citizens Consulting Incorporated helped ACORN's vast legions of affiliates centralize their complicated financial affairs and also helped veil money flows.

Purpose and Goals

In this crowded family portrait, where does the Center for Responsible Lending fit in? The CRL is best understood as the advocacy arm of the larger Self-Help brand. Its mission is to "protect homeownership and family wealth by fighting predatory lending practices. Our focus is on consumer lending: primarily mortgages, payday loans, credit cards, bank overdrafts and auto loans." CRL received $6.1 million in contributions in 2013 and reported $3.6 million in net assets at year's end. It was founded in 2002.

As CRC author Jonathan M. Hanen notes, CRL is a cheerleader for ever-more-stringent and heavy-handed regulation of payday lenders—which, by coincidence, happens to be a convenient way to undermine firms competing with Self-Help's credit unions. (See Dr. Hanen's report on CRL's support of then-Attorney General Eric Holder's "Operation Choke Point" initiative in the March 2015 *Organization Trends*.)

CRL's activities can be broken down into three main streams. It provides what it calls "technical assistance" in the form of, for example, "legal analysis and market insight" to specific audiences such as "consumer and community groups and policymakers in the states and at the federal level." In 2012, for instance, CRL's focus was on promoting "policies and market changes that would stop lending abuses and prevent low- and moderate-income families and communities of color from building wealth." Between 2002 and 2013, CRL disclosed approximately $40 million in cumulative expenses for its "technical assistance" related activities.

Another stream is CRL's "research services." This refers to its publication of "research reports and analysis" that highlight "the nature of abusive lending in the U.S. marketplace." From 2002 to 2013, CRL disclosed approximately $12.6 million in expenses for these research services.

Between May 2000 and December 2014, CRL published nearly two hundred research studies, briefings, prepared statements delivered before congressional committees and other bodies. Many of these appear carefully designed to be headline-friendly, while simplifying policy matters for time-poor reporters who do not necessarily have the luxury of familiarizing themselves with arcane topics such as mortgage contract rules.

There is also CRL's active annual "outreach and communication" and "coalition-building" program. CRL's activist cadre anchors a network of "national, statewide and local groups, e.g., civil rights, faith based and other grassroots organizations." To keep this network energized, in a typical year CRL appears at more than a hundred "workshops and conferences, educating thousands of individuals about abusive financial services."

From 2002 to 2013, CRL reported approximately $17.5 million in cumulative expenses for this "outreach and communications" work.

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Matching logos: The Center for Responsible Lending and the related Self Help Credit Union are mutually reinforcing. The credit union boosts its business and hurts its competitors by brandishing its co-branded "nonprofit public charity," the CRL.

Self-Help's 2010 annual report included an extended look at CRL's activities over time. The document makes clear the breadth of CRL's coalition-building, with a list of CRL allies: "AARP, Americans for Financial Reform, the Consumer Federation of America, the Leadership Conference on Civil and Human Rights, the NAACP, the National Community Reinvestment Coalition, the National Consumer Law Center, the National Council of La Raza, National Urban League, and the Rainbow PUSH Coalition." The same document notes CRL's "support of community-based partners in all 50 states" and how its offices in Washington, D.C., and California have been key to building these alliances.

Put another way: CRL would have reach, through this network, into just about any congressional district when it needs to deliver a message to a legislator as part of its lobbying efforts.

CRL further leverages this influential network by cultivating the media, generating what it estimates as "thousands of citations [by media annually]…mentioning CRL's research and policy work." Not a bad return on the roughly 400 news releases and media statements archived on CRL's website (and that's going back to just 2006; no earlier materials are archived.)

CRL also actively lobbies government officials. Based on its total lobbying expenditures reported through its Form 990s between 2002 and 2013, CRL disclosed nearly $5 million in cumulative lobbying expenses. CRL has defended its lobbying budget in the past by arguing that it is massively outspent by this or that other organized interest that represents for-profit financial institutions. It's certainly true that CRL's lobbying budget is smaller than that of some other advocacy groups. But no one should isolate CRL's lobbying from its other activities. CRL's millions of dollars spent on media relations efforts and coalition-building work have helped it leverage its overall influence on public policies, putting it in a stronger position when it seeks to push lawmakers and regulators to enact its policy solutions. Ensuring CRL research is quoted in local newspapers and local TV stations, for example—the same media that elected officials use as a gauge for voter sentiment in their home districts—complements CRL's lobbying strategy in obvious ways.

CRL isn't just active as a lobbyist. It is literally well positioned in Washington, D.C., to carry out this aspect of its work. In 2004, its parent, Self-Help, spent $23 million to purchase the eleven-story Barr Building on Washington's Farragut Square. The building is about an eight-minute walk from the White House—or an eight-minute car ride to the House of Representatives. It's also CRL's D.C. office. (CRL has an additional office in Oakland, California.)

CRL's stay in the nation's capital is not intended to be short. Rep. Patrick McHenry (R-N.C.) sardonically asked Martin Eakes during a 2005 congressional hearing why Self-Help didn't invest the $23 million it spent on its glamorous headquarters into community development. Eakes' reply, according to the *Wall Street Journal*, was that it demonstrated "we plan to be there for a while."

Quoting CRL Is Like Stepping on a Rake

CRL has positioned itself as the "go-to" authority on a wide variety of consumer finance issues. But as Sen. Elizabeth Warren (D-Mass.) recently discovered, not all CRL claims can necessarily be trusted. That's especially true for CRL's attacks on auto lenders. CRL is campaigning for greater regulatory oversight of the subprime auto lending sector, saying that loose lending practices among auto dealers are endangering the personal wealth of American families of modest means, who may be deceived into taking pricey car loans.

On May 5, the *Washington Post* scrutinized a claim Warren made in an April speech, where she complained about "predatory and discriminatory lending practices" in the auto loan market and observed that "one study estimates that these auto dealer markups cost consumers $26 billion a year." As the *Post* noted, the $26 billion figure came from an April 2011 CRL report entitled, "Under the Hood: Auto Loan Interest Rate Hikes Inflate Consumer Costs and Loan Losses."

CRL has defined this "dealer markup" on its website as meaning the "kickback auto dealers receive for selling customers loans with higher interest rates than that for which the customer qualifies. Dealers justify markups as compensation for time spent finding financing, despite the fact that the average car buyer spends about 30 minutes with the finance department, which stands to gain over $1,000 per hour for their service."

The *Post* then sought to answer the following question: "How accurate is this $26 billion figure and is Warren describing it correctly?" The answer, according to the *Post*: CRL has not been very accurate at all. The paper's fact checkers awarded Warren "four Pinnochios" for quoting the CRL paper, a distinction that they reserve for the most blatant "whoppers."

Why? For several reasons, including the fact that "the CRL report is based on 2009 data, in the depths of the financial crisis, and has not been updated. Although the report says that the 'total rate markup volume' was $25.8 billion, it does not fully explain how that figure was calculated." The report says "key information…was derived from an annual survey published by the National Automotive Finance Association, which is a membership organization of lenders who specialize in 'subprime' loans to people with poor credit."

According to the *Post*, "CRL took the [association's] data and applied it to the entire auto loan market, even though subprime loans were only one-fifth of the auto-loan market in 2009." In response to a *Post* question, the association said "it would be incorrect to extrapolate such a small sample size to the entire auto financing market."

The *Post* shared all this with Christopher Kukla, a CRL senior vice president, who lamely responded, "One thing I will say is that the amount of publicly available data is minimal.… We would be the first to admit that it is not a perfect data set."

If the *Post* had wanted to pile on further, it could have asked Kukla why CRL didn't more directly acknowledge these apparent limitations to its methodology and data set in the original 2011 paper, or include a prominent disclaimer to that effect (or add one after it was published).

The *Post* could also have asked whether CRL's efforts to smudge the reputations of auto lenders might have something to do with the fact that credit unions, such as the CRL-affiliated Center for Self-Help Federal Credit Union, are regularly competing with dealers to make loans to car buyers. (CRL responded to the *Post* with a nearly 800-word rejoinder on its own website claiming various "errors and omissions" on the paper's part, and blaming the problems with the data on auto lenders.)

If consumers are told that auto loans from car dealers are a rip-off, they will look for alternative sources of financing—like the Center for Self-Help Federal Credit Union. Conveniently, the Center for Self-Help Federal Credit Union brags on its website that it makes "new & used auto loans" and offers financing "on a wide range of new and used cars, trucks and SUVs. New cars can often be financed with little or no down payment, depending upon credit qualifications." The credit union also offers "vehicle loan refinance" opportunities and will make "recreational vehicle loans" with terms of up to 72 months.

Another convenient fact: If auto dealers come under ever-tighter and more strict levels of regulation, then some may decide to exit the lending business altogether, which is another way to channel more car buyers to seek loans from Self-Help's credit unions.

Could Senator Warren have avoided stepping on the CRL rake? Yes, since the flaws in "Under the Hood" have been known for some time. In 2012, the National Automobile Dealers Association (NADA) highlighted the report's shortcomings and called it "poorly sourced, highly-charged speculation" that should be "completely disregarded as a source of data or analysis."

This isn't the only CRL study that has, after its release, been flagged as flawed. In January 2014, CRL published "Non-Negotiable: Negotiation Doesn't Help African Americans and Latinos on Dealer-Financed Car Loans." The study was "based on information collected from 946 consumers [who had purchased a car at a dealership in the prior six years] in a detailed telephone survey conducted in October 2012."

Based on the survey, CRL found that "African Americans and Latinos pay higher interest rates on dealer-financed car loans than white buyers, even though people of color report more attempts to negotiate a better deal." The results of the study, CRL said, "are consistent with longstanding findings of racial and ethnic discrimination in the auto lending industry."

But again, critics pointed to methodological shortcomings in the study, particularly regarding the strength of the data collected through the survey. As admitted by CRL in the study text, survey participants were encouraged to provide their "best guess" in response to the following key questions, if they could not recall precisely the information requested:

> *How much was the monthly payment on this car loan?
> *How much did your dealer offer in trade-in value?
> *How much of a down payment did you have?
> *How much was this car loan after subtracting the down payment, trade-in allowance, rebates, etc.?

In response, a NADA representative commenting for an article appearing in *Automotive News* said: "The survey relies on participants to recall details such as trade-in allowance and down payments for transactions that occurred as long ago as six years. Do you remember six years ago?"

Critics also pointed to CRL's admission that the "descriptive results [of the survey] do not necessarily demonstrate discrimination." This crucial fact only appeared on page 9 of the study, which nevertheless aggressively promoted the discrimination claim from page 1 onwards.

As with CRL's claims about the missing $26 billion in "dealer markups," it is all too obvious that the organization's allegation of discrimination are aimed at the reputation of auto dealers, who compete to make loans to the same car buyers courted by rival financial institutions, including credit unions like the Center for Self Help Federal Credit Union.

Still other CRL studies have proven to be gravely flawed. For example, in its crusades against payday lenders that compete with credit unions, CRL has used state data on lending in Oklahoma, which by law keeps better data on loans than any other state. But Veritec, the firm that maintains the data for the state, has published not one but two "white papers" documenting CRL's significant errors in its use of the data, errors that always run in the direction of harming CRL's targets. Even more extensive debunking of CRL's payday lending "research" has been published by David Stoesz, co-author of the textbook *American Social Welfare Policy,* 7th edition (see his "Payday Loans and the Secondary Financial Market," available at http://ssrn.com/abstract=2029146).

CRL and the Sandlers

CRL would not exist as we know it today without extremely generous foundation dollars from Herb and the late Marion Sandler. CRC has documented the Sandlers' generosity to a constellation of left-wing activist groups (see, for example: *No Shame on the Left,* February 2015 *Foundation Watch; Center for American Progress: The Democrats' Public Relations Firm,* February 2011 *Organization Trends).* Since 2005, the Sandlers' foundation has plowed nearly $40 million into CRL's coffers. In fact, though the Sandlers' foundation and CRL use different calendars for their fiscal years, which makes precise comparisons impossible, it appears that from CRL's 2002 birth until today, the group has annually received something like one-third to two-thirds of its total revenues from the foundation. And who knows whether the Sandlers poured more money into CRL from personal sources that need not be revealed.

Readers will recall that the Sandlers' wealth was derived mainly from the sale in 2006 of Golden West, a thrift company, to Wachovia. The *Wall Street Journal* later christened it the "Deal From Hell," an apparent reference to how it contributed to Wachovia's financial decline, brought about in part "because of bad loans made by Golden West" that wounded Wachovia's balance sheet. But the deal was heavenly, not hellish, for the Sandlers themselves, who made billions by dumping their flawed company.

Center-left news sources like the *New York Times* and *Businessweek* were blunt about how large a role in the housing market collapse was played by the Sandlers, who among other things pioneered adjustable rate mortgages that worsened that collapse. The *Times* described the Sandlers' loans as "the Typhoid Mary of the mortgage industry," while *Businessweek* quoted an industry analyst who called Golden West "the poster child for the U.S. real estate bubble"—all of which doesn't exactly fit with CRL's claims to be on the side of those who would protect the nation's most vulnerable consumers.

CRL's critics also point to its remunerative relationship with Bank of America, which like the Sandlers has been criticized for its role in the housing crisis. And not just criticized, but forced by the courts to pay billions in restitution to federal and state regulators and to Fannie Mae and Freddie Mac. It paid the latter enterprises $9.8 billion to settle claims it sold faulty mortgage-backed securities. Yet ActivistFacts.com notes that BoA has voluntarily paid millions to multiple Self Help/CRL projects, including the Self Help Energy Loan Fund and the Elizabeth Street Capital Program. (The exact amount that Self Help/CRL has received in grants and loans from BoA is a guarded secret.)

CRL has also received millions from yet another unseemly source: the hedge fund billionaire John Paulson, who is most famous for making a fortune by betting against the subprime mortgage market in partnership with Goldman Sachs—a partnership that drew Securities and Exchange Commission scrutiny. Members of the House Committee on Oversight and Government also wrote Paulson, disturbed that he was, on the one hand, making investments that presumed subprime mortgages would collapse, while on the other hand, pouring millions of dollars into CRL, which advocated for mortgages to subprime borrowers.

In December 2008, the *New York Times* ran a long article about the Sandlers. The couple would spend the next four months disputing almost every paragraph in that story. The story mentioned CRL in the context of the Sandler foundation's giving, noting "the Sandlers' giving intersected most directly with their business interests in 2002 when they helped create an advocacy group for low-income borrowers called the Center for Responsible Lending. The center was the successor to a smaller organization in North Carolina, whose director, Martin Eakes, had helped the elderly and minorities avoid predatory banking practices. 'I said, 'Isn't that incredible what he is doing?'' Mr. Sandler recalled. 'I said to Martin, 'What would it take to do what you do on a national scale?''"

As part of an effort to have the paper run a series of corrections and clarifications, the Sandlers made public their correspondence with the *Times*. In a long letter dated April 22, 2009, the Sandlers shared an excerpt of a communication from Martin Eakes to the *Times* which included the following claim by Eakes:

"Since the Sandlers have been a funder of my organization, I realize the statements that follow will be discounted, but I believe the statements to be the truth nonetheless. Over the last 25 years, I have known personally the CEOs of many of the largest banks in

America. It is my belief that not one of the many CEOs that I have known have more integrity than Herb and Marion Sandler. Only John Medlin of the old Wachovia comes close. To have a page 1 story that puts the Sandlers in the same league as the mortgage scoundrels (such as Angelo Mozilo, former CEO of Countrywide, and Michael Perry, former CEO of IndyMac) is proof to me that even the greatest newspaper in the land sometimes gets its story flat-out wrong. We all make mistakes; I guess the measure of a person is how they handle them."

While the Sandlers conducted their own damage control effort, CRL sought to clarify its relationship with its patrons. After the *Times'* exposé of the Sandlers' misdeeds, CRL provided a statement to a trade publication, perhaps hoping to insulate itself against charges it was the witting stooge of its wealthy backers.

CRL was evidently uncomfortable with the *Times'* describing Herb Sandler as the man who single-handedly inspired Eakes to build up CRL into a group with national clout. In a Jan. 14, 2009 story in *Credit Union Times Magazine,* CRL spokeswoman Kathleen Day was quoted saying: "'Certainly he [Sandler] stepped forward to provide the funds that founded the center, but the vision and work of the center already existed.… So while he gave the seed money to start the organization, that money went to fund an effort already underway."

At this point we should note the links between the Sandlers, CRL, and the disgraced "community organizers" at the now-defunct ACORN. ACORN also benefited over the years from about $11 million in Sandler foundation grants. While CRL understandably does not highlight on its website its past connections with ACORN, that website has archived several research reports and news releases that connect the two organizations.

A 2004 CRL report entitled "Wells Fargo's Subprime Lending" heaped condemnation on the bank and identified ACORN as a source of information about the bank's alleged abusive practices. In December 2003, March 2006, May 2007, August 2007, and December 2008, quotations from ACORN president Maude Hurd or self-identified ACORN members appeared alongside comments from CRL representatives and other activists in various statements and messages that concerned aspects of mortgage finance.

As documented in *Subversion, Inc.*, ACORN led highly theatrical street protests in California against Wells Fargo. Wells Fargo was a competitor of the Sandlers' Golden West thrift company in the California mortgage market. Perhaps it is a bizarre coincidence that two nonprofit groups that accepted millions of dollars from the Sandlers would attack one of the Sandlers' competitors.

The Sandlers aren't CRL's only foundation-benefactors. Other donors—all on the left side of the donor spectrum—include the Annie E. Casey Foundation, California Community Foundation, F. B. Heron Foundation, Ford Foundation, Friedman Family Foundation, John D. and Catherine T. MacArthur Foundation, George Soros's Open Society Institute, Park Foundation, Pew Charitable Trusts, San Francisco Foundation, Sears Consumer Protection and Education Fund, Silicon Valley Community Foundation, Y&H Soda Foundation, and Z. Smith Reynolds Foundation.

CRL: Curiousier and Curiouser

In the aftermath of the 2008 financial crisis, the response from policymakers and regulators to the mortgage meltdown has drawn much attention. One author who has taken a wider-angle view of both the build-up and response to the crisis, including the role of foundations and the tax-exempt sectors, is Jay Richards, a research professor in the School of Business and Economics at Catholic University of America. Richards is also executive editor of the online news source The Stream (www.stream.org).

Richards' excellent 2013 book *Infiltrated: How to Stop the Insiders and Activists Who Are Exploiting the Financial Crisis to Control our Lives and Our Fortunes* includes a close look at the relationship between the Sandlers, Martin Eakes, and CRL. (It also draws on CRC's work on ACORN.)

"There are several very good books on the financial crisis, such as Peter Wallison's *Bad History, Worse Policy*. After learning about the activities of groups like CRL and ACORN and their funders like the Sandlers, I was intrigued by the whole nonprofit and foundation angle to the story, which has not received much attention," Richards told CRC.

"The story of the meltdown wasn't just about [Sen.] Chris Dodd [D-Conn.] and [Rep.] Barney Frank [D-Mass.] making policies in Washington. There was a network of activists and foundations pushing housing and financial policy ideas for years prior to the crisis," Richards said. This includes, as he notes in his book, Self-Help's work with the Ford Foundation to break down resistance to government-sponsored enterprises like Fannie Mae taking a greater role in housing finance. Under a 1998 partnership between Self-Help, the Ford Foundation, and Fannie Mae, Ford donated $50 million to expand Self-Help's home loan program. Fannie Mae in turn committed to purchase or securitize $2 billion of the loans acquired by Self-Help.

"While writing about Self-Help and CRL and how the groups under Martin Eakes' leadership fit together, you realize that there is a very high level of complexity to what Eakes has built," Richards said.

"While the overall structure of Self-Help is not easy to explain, it is clear that that structure does clearly benefit from aspects of tax law. The credit union arm, for example, signs up members and earns fees—and is [to a degree] tax-exempt. Through CRL, which is also tax-exempt, Self-Help has its own lobbying arm—rather than, say, lobbying through a trade association. And somehow it all works together," Richards said.

Rather than focus on questions about Self-Help's possible motivations for organizing itself as an interlocking group of nonprofits, Richards advises further study of how the different parts of the "family" work together to achieve shared goals. "The whole structure needs more of a deep dive," he added.

Richards is correct: The web linking all the tax-exempt groups under the Self-Help banner is complex and definitely requires further study, including by financial experts who can analyze the flow of funds between the different related groups.

Conclusion

CRL and Self-Help are staffed by very clever, very driven activists who have resourcefully used exemptions under the tax code to build a complicated, multi-armed nonprofit structure that advances their agenda. But what if they have been too clever in their construction effort?

It's a fair question to ask, because there's no little self-interest in CRL's general profile-raising and how it benefits other parts of the Self-Help brand. As Self-Help's own 2010 annual report put it (emphasis added):

"The growth of Self-Help's credit unions is evidence of how the organization leverages win-win partnerships to build on lessons learned. When Self-Help started working on predatory mortgage lending, we were drawn by our mission of helping families create wealth and our experience as a mortgage lender to act to rein in abusive, wealth-stripping loans. *CRL has helped translate Self-Help's lending experience into workable policy solutions. As CRL has grown and become engaged in a wider range of consumer credit issues, Self-Help's credit unions have grown dramatically. This symbiotic relationship strengthens Self-Help's ability to serve its members and protect vulnerable families."*

This statement reveals Self-Help's self-perception of how its credit unions benefit from CRL's research/communications/technical analysis work.

Claiming a link between the success of this work by CRL and a growth in Self-Help's credit unions' membership only makes sense if the work should be understood as a kind of advertising/promotional effort (even if indirect) for those credit unions.

And clearly CRL and Self-Help feel that the benefit to the credit unions is substantial enough that it ought to be highlighted as a positive development in an annual report, as proof of how CRL's research/communications/technical analysis efforts are optimizing overall benefits for the Self-Help structure as a whole.

Credit unions might more conventionally attribute their growth in membership to offering, for example, competitive fees for checking accounts, higher returns on savings accounts, or excellent services. They usually do not cite a "symbiotic relationship" with their advocacy efforts as a key engine of membership growth. Indeed, a typical credit union seems to leave advocacy to one of the national credit union associations, and concentrates on efficiently running its operations and serving its account holders.

Two questions come to mind:

If CRL's tax-exempt research/communications/technical analysis efforts benefit Self-Help's credit unions by helping them draw in more members, which in turn generates account fees and other forms of income for those credit unions, then is it right for these advocacy efforts to be entirely tax-exempt?

Self-Help's supporters will no doubt say that there's only a "symbiotic" relationship between CRL's activities and the credit unions, of course; it's just a case of one tax-exempt group dedicated to the public good only coincidentally creating benefits for another tax-exempt group also focused on the general welfare.

Put another way: Can CRL's tax-exempt research/communications/technical analysis activities be considered truly charitable, if they create private benefits for Self-Help's two financial institutions by helping them increase their size, scale and income?

The more powerful and sophisticated the Self-Help family becomes, the more loudly these questions should be asked.

Neil Maghami, a freelance writer, is a frequent contributor to CRC publications.

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Terrence Scanlon, President

BrieflyNoted

At least four board members of the **Bill, Hillary and Chelsea Clinton Foundation**, a public charity, have either been charged with or convicted of serious crimes, including bribery and fraud, according to *Clinton Cash* author **Peter Schweizer**. They are tech magnate **Vinod Gupta**, hotelier **Sant Singh Chatwal**, billionaire **Victor Dahdaleh**, and energy tycoon **Rolando Gonzalez Bunster**, Breitbart News reported. Gupta paid out millions of dollars after he settled civil charges with the U.S. Securities and Exchange Commission, which had accused him of vigorously padding his expense account. Chatwal was convicted last year of illegal campaign financing and fined $1 million. The British government failed to win a bribery conviction against Dahdaleh when "a key witness … pleaded guilty to conspiracy to corrupt but refused to testify." The Dominican Republic accuses Bunster of charging it "ballooned" fees.

Meanwhile, Internet and Nexis searches suggest that two of Gupta's projects in India that were to be named after **Hillary Clinton** failed to materialize. Registered as a charity in 1997 in India, the **Vinod Gupta Charitable Foundation** pledged $6 million in 2007 to create the "Hillary Clinton School of Journalism," according to the Clinton Foundation's website. The school does not appear to have been built. Gupta's foundation's website boasts of a "Hillary Rodham Clinton Nursing School," to be established in the Indian state of Uttar Pradesh. The link on the website to the school's website leads to a placeholder page of an Internet domain name broker.

After it was discovered that **IRS** agents have been dressing as members of the clergy in order to infiltrate churches, a religious leader denounced the practice, which is allowed under IRS rules. The Rev. **Patrick Mahoney**, director of the **Christian Defense Coalition**, told the Christian Post it is an "absolute disgrace" that the tax-collection agency is allowed to use undercover agents posing as clergy. "It is the role of government to protect religious freedom and the First Amendment, and not to use it to gather information and spy on American citizens," Mahoney said. Faith leaders he talked to said, "it would seem to have to do with healthcare and the Affordable Care Act, and churches complying with that," Mahoney said.

Alex Soros, son of the radical financier **George Soros** who infamously called living in Nazi-occupied Hungary "the most exciting time of my life," is starting what critics consider an anti-Israel political action committee. **Bend the Arc PAC** doesn't have its own website yet. The PAC is an arm of the 501(c)(4) nonprofit **Bend the Arc Jewish Action Inc.**, which advocates for "progressive domestic values" and claims to affirm "the Jewish tradition of building a just society, and our belief that those who are blessed by opportunity have a responsibility to further the common good."

The **American Civil Liberties Union** (ACLU) is using last month's race riots in Baltimore to push its radical agenda. Instead of trying to help cool things down, the left-wing group is turning up the heat in Baltimore and other cities across America. On Twitter the ACLU announced that the "Black Spring has begun" and urged protesters to learn their legal rights. The group did not elaborate. Black Spring appears to be analogous to the Arab Spring of 2011 in which popular, sometimes bloody, revolts ousted various governments in the Middle East and cleared the way for Islamic totalitarians like the **Muslim Brotherhood** to take over.