

In a Rotten Nutshell: Everything You've Ever Wanted to Know about ACORN

By Matthew Vadum and Jeremy Lott

Summary: The radical community organizing group ACORN has become a major issue in the 2008 elections. Critics charge that the organization helped cause America's current financial troubles and is now perpetrating ballot fraud on a massive scale. We know for certain that ACORN is working with labor unions to get out the vote and to pressure workers and employers to unionize workplaces. This is a companion article to this month's Foundation Watch, which looks at the organizational framework of ACORN in greater detail.

What is ACORN and how is it connected with labor unions?

ACORN stands for the Association of Community Organizers for Reform Now! It's an umbrella organization for hundreds of leftist groups. ACORN is set up as a nonprofit corporation but it is not tax exempt, which allows it to skirt non-profit public disclosure requirements. However, many of its affiliates are non-profits. ACORN's organizational structure is labyrinthine by design. That raises the question: What is it hiding?

This many-headed hydra of an organization does a number of things that have catapulted it into the news lately. It aggressively registers new voters. It organizes protests. It pressures governments and businesses to adopt liberal policies with disastrous consequences. ACORN is no stranger to corner-cutting and criminality.

ACORN describes itself as the nation's largest community-based organization with over 400,000 member families in 110 cities. Its stated mission is "building community



organizations that are committed to social and economic justice," which makes it the Mother of All Community Organizations.

The group supports raising the minimum wage and enacting so-called living wage policies, eliminating "predatory" financial practices by subprime lenders, more funding for urban public schools, and wants federal and state laws enacted that guarantee paid sick leave for all full-time workers. It claims to have "delivered approximately \$15 billion in direct monetary benefits to our membership and constituency over the past 10 years." ACORN claims it organized community and labor coalitions that succeeded in enacting living wage laws in 41 cities by the end of the 1990s.

ACORN's far-flung empire of activism includes many affiliated groups such as the ACORN Institute Inc. (leadership training for activists), SEIU Locals 100 (Arkansas,

Louisiana, Texas) and 880 (Illinois, Indiana), the Living Wage Resource Center (a website that tracks efforts by cities and states to raise the minimum wage above the federal standard), Project Vote (voter registration), W*A*R*N (Wal-Mart Alliance for Reform Now, which supports union organizing in Wal-Mart stores), ACORN Housing Corp. (arranges mortgages), American Institute for Social Justice Inc. (publishes Social Policy magazine), and two radio stations.

Organized labor is both a client and ally of ACORN. ACORN (including its affiliates)

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took in almost \$3 million last year from unions to assist their anti-corporate campaigns, provide strike support, and help with research and staffing, among other things. At ACORN's 2006 national convention, Senator Hillary Clinton (D-New York) praised the group for working "with people who want to organize unions in order to have a better chance to bargain collectively for pay and benefits."

ACORN and union interests are tightly intertwined. ACORN founder and deposed former president Wade Rathke continues to serve as chief organizer of the New Orleans local of the Service Employees International Union.

And as unions spend hundreds of millions of dollars this year to get out the vote for a more pro-union Congress and White House, they are counting on the officially nonpartisan ACORN to work feverishly to register pro-union voters and get them to the polls.

Does ACORN have bad labor practices?

You bet. For a group that claims to be an advocate for workers, ACORN doesn't treat its workers well.

In 2006, \$250-a-week Baltimore ACORN intern Sandra Stewart told Baltimore City Paper that the Baltimore chapter hadn't bothered to pay her for her work. Three other former ACORN workers told the paper that the group failed to pay them back wages. The paper also found that the local chapter had a \$7,000 civil judgment entered against

it for unpaid office rent. Another Baltimore area ACORN affiliate failed to pay its real estate taxes and water bills.

The Heartland Institute reported that in 1995 ACORN actually sued the state of California seeking an exemption from the law that requires it to pay its own employees a minimum wage. ACORN, which argued that paying its employees more would reduce their activist zeal for the poor, lost.

A 2003 study of ACORN by the Employment Policies Institute found the group paid a wage of \$5.67 per hour, which was "less than half the level demanded by many proposed 'living wage' ordinances that ACORN supports."

Although it demands all workers be allowed to organize unions, ACORN doesn't like it when its own workers try to organize. It has tried to block its own employees from signing up with unions, and in 2003 the National Labor Relations Board determined it had unlawfully blocked its workers from organizing.

Does ACORN support labor's top priority, the "Employee Free Choice Act"?

It does. ACORN backs the proposed "Employee Free Choice Act" (EFCA), which would take away the right of workers to cast secret ballots on whether to form a union.

The proposed law, also known as "card check," would open the door to harassing and intimidating workers that union organizers target for signatures indicating that they agree to be represented by a labor union. "Card check" is tantamount to having union officials follow you into the voting booth and stay with you until you vote the way they want.

ACORN president Maude Hurd joined Senate Labor Committee chairman Edward Kennedy (D-Massachusetts) and House Labor Committee chairman George Miller (D-California) at a pro-EFCA rally outside the U.S. Senate in December 2006. She said, "ACORN members are low- and moderate-income workers and their families. We see with our own eyes how their lives improve when they are members of unions. When labor is weakened, we all are weakened and

when labor is strong we all are strong."

Unions say EFCA will make it easier for employees to join a union without corporate harassment, but former Senator George McGovern (D-South Dakota), says the measure would allow labor organizers to intimidate workers. "It's hard to believe that any politician would agree to a law denying millions of employees the right to a private vote," said McGovern, the Democrats' presidential nominee in 1972.

What does a "community organizer" do?

Good question. Ever since former New York mayor Rudy Giuliani mocked Senator Barack Obama at the Republican convention in September, 2008, for the senator's community organizing past and Alaska Governor Sarah Palin said that her previous experience as mayor was "sort of like a 'community organizer,' except that you have actual responsibilities," the Democrat's supporters have been furiously spinning this one. They've suggested a fanciful interpretation of "community organizer" that includes organizing church picnics and bake sales. Some have even had the cheek to suggest that Jesus Christ was a community organizer.

In that spirit, we suggest a better historical precedent: Lenin. Community organizing is leftist, anti-capitalist agitation. It's about making people angry so they push for change, and the kind of change they seek is rarely good. Community organizers are essentially professional political activists who believe that something is terribly wrong with America and that they are the ones we've been waiting for to fix it.

The father of community organizing was the late Saul Alinsky, a Chicagoan who elevated local-level political agitation to an ugly art form. In his book *Rules for Radicals*, Alinsky -- we are not making this up -- praised the Devil as the "first radical" who "rebelled against the establishment and did it so effectively that he at least won his own kingdom."

Alinsky, who was a significant influence on Obama, believed in "rubbing raw the sores of discontent." Mike Kruglik, formerly one of Obama's fellow organizers, called Obama "a natural, the undisputed master of

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agitation.” Kruglik said that Obama would ask recruiting targets “probing, sometimes personal questions, he would pinpoint the source of pain in their lives, tearing down their egos just enough before dangling a carrot of hope that they could make things better.” (See “Barack Obama: A Radical Leftist’s Journey from Community Organizing to Politics,” by Elias Crim and Matthew Vadum, *Foundation Watch*, June 2008.)

In his book, Alinsky laid out the tactics and goals of community organizing. “Pick the target, freeze it, personalize it, and polarize it,” he wrote. According to Alinsky, an effective radical “discards the rhetoric that always says ‘pig’” so as not to alienate middle class voters, because “the power and the people are in the big middle-class majority.”

How tied in with ACORN is Barack Obama?

Very, but since ACORN began to receive a mountain of adverse publicity in September related to vote fraud allegations, the senator has tried to distance himself from the group.

But it’s clear that he worked closely with ACORN. In 1992, Obama served as a director for the ACORN-affiliated Project Vote. Obama helped train ACORN leaders, and represented ACORN as a lawyer in an Illinois ballot access case known as *ACORN v. Edgar*.

Social Policy is a publication of the ACORN-affiliated American Institute for Social Justice. In 2004, it carried an article by Toni Foulkes, a Chicago based member of ACORN’s National Association Board, who gushed, “in some elections we get to have our cake and eat it too: work on nonpartisan voter registration and [get out the vote] which also turns out to benefit the candidate that we hold dear.”

Foulkes bragged that ACORN had worked hand in glove with Project Vote to deliver votes to elect Carol Moseley Braun to the United States Senate. Further, Foulkes, now a Chicago alderwoman, wrote that ACORN “invited Obama to our leadership training sessions to run the session on power every year, and, as a result, many of our newly developing leaders got to know him before he ever ran for office.” So it was only “natural for many of us to be active volunteers in his

first campaign for State Senate and then his failed bid for U.S. Congress.” The upshot? “By the time he ran for U.S. Senate, we were old friends.”

What did these “old friends” do for Obama in the March 2004 primary for the Illinois U.S. Senate nomination? According to Foulkes, ACORN recruited block captains who “went to work to turn out the vote” and in some precincts “hire[d] canvassers to work on voter turnout for a full two weeks before the election.” Obama came in first place in a 13-way primary with 53% of the vote.

In the past, Obama has publicly talked up the importance of the organization. At an ACORN sponsored forum on December 1, 2007, he agreed to meet with ACORN in his first 100 days and said “before I even get inaugurated, during the transition, we’re going to be calling all of you in to help us shape the agenda. We’re going to be having meetings all across the country with community organizations so that you have input into the agenda for the next presidency of the United States of America.” During the primaries, Obama’s own presidential campaign paid over \$800,000 to Citizens Services, an ACORN affiliate, for get out the vote efforts.

Does John McCain have ties to ACORN?

That all depends on what you mean by “ties.” McCain spoke at a few ACORN-sponsored events in 2006 when he was trying to win union support for his immigration reform bill. Columnist Michelle Malkin speculated that photographs of McCain at those events may explain why the Arizona senator has been reluctant to talk much about ACORN. She’s likely on to something. ACORN titled its press release responding to McCain’s few critical comments, “ACORN to McCain: Have You Lost That Loving Feeling?” ACORN president Maude Hurd seemed to acknowledge McCain’s earlier support, mocking him in a statement: “It is clear for us to see that John McCain was for ACORN before he was against ACORN.”

How did ACORN contribute to the current financial troubles?

The crisis didn’t fall far from the tree. First, ACORN pushed for changes in the Community Reinvestment Act (CRA), a law that

was meant to prevent racial discrimination in bank lending, by creating legal weapons to force banks to loosen their lending criteria. ACORN got those changes in 1989, in the wake of the savings and loan crisis.

The rule changes have opened banks up to increased public scrutiny, allowing advocacy groups like ACORN to monitor bank operations. It also created an expanded liberal interpretation of CRA that minimizes creditworthiness as a factor in bank lending decisions and argues that lower rates of lending to the poor and minorities are *ipso facto* evidence of discrimination.

Whenever banks have attempted mergers or buyouts, ACORN has been there to protest until the banks promise to lower their lending standards to assist people with poor credit who are statistically far less likely to repay them. The results are now apparent.

ACORN faced one serious problem in its campaign to get the banks to water down their lending requirements. Fannie Mae and Freddie Mac pushed back and refused to accept so much questionable mortgage paper. They said their mandate was to expand housing ownership by extending credit to credit-worthy would-be homeowners. So ACORN turned its powers of protest and persuasion on Congress, on the Clinton administration, and on Fannie and Freddie.

ACORN got its way. The Clinton administration’s Department of Housing and Urban Development decided to count sub-prime loans as affordable housing credits. Congress several times acted to loosen up Fannie and Freddie’s loan requirements. Congress ignored warnings by free market critics, such as the Competitive Enterprise Institute’s Fred Smith and the American Enterprise Institute’s Peter Wallison, and allowed Fannie and Freddie to balloon in size with these new potentially bad loans inflating a growing housing bubble.

How well did that work? National Review’s Stanley Kurtz unearthed an ad in the Chicago Sun-Times for 1995 that began “You’ve got only a couple thousand bucks in the bank. Your job pays you dog-food wages. Your credit history has been bent, stapled, and mutilated. You declared bankruptcy in 1989.

Don't despair: You can still buy a house."

Kurtz opined, "In retrospect...encouraging customers like this to buy homes seems little short of madness." Stanley Liebowitz, an economist at the University of Texas, wrote that the current mortgage market debacle is "a direct result of an intentional loosening of underwriting standards -- done in the name of ending discrimination, despite warnings that it could lead to wide-scale defaults."

Most of America's current financial troubles were caused or made worse by the artificial growth of the housing market, which followed from the relaxation of standards. So you could say that the problem was both planted and watered by ACORN.

Who funds ACORN?

The list is a long one. Unions provide funds for ACORN as do Fannie and Freddie, the Catholic Campaign for Human Development, George Soros's Open Society Institute and financial institutions that ACORN could threaten, including JPMorgan Chase and Bank of America. (For voluminous detail, see "ACORN: Who Funds The Weather Underground's Little Brother?" by Matthew Vadum, *Foundation Watch*, November 2008.) Since the scandal started to break, the CCHD and several other foundations and charities have either announced that they will stop giving ACORN funds or said that they need to reevaluate what they hope their giving will accomplish.

Taxpayers may also be charged for ACORN activities. Part of the housing bailout that President Bush signed off on during the summer included a \$5 billion fund that critics called a slush fund for ACORN. It would fund housing subsidies, financial counseling and mortgage restructuring programs to be paid for out of profits from the sale of depressed housing assets. A similar provision was initially included in the \$700 billion-plus bipartisan bailout bill, but dropped after conservatives protested vigorously.

Some have charged that ACORN is a "vote fraud factory." Is that accurate?

Yes, unless you really believe Mickey Mouse should be eligible to vote. Nor is that an exaggeration. In Orlando, Florida, this year, ACORN turned in a registration for the Walt Disney Company's flagship character.

We understand that the courts have defined corporations as "persons," but extending the franchise to their intellectual property seems a stretch. And in Ohio, a 19-year-old was reportedly registered to vote 73 times.

At press time, ACORN was being investigated by 11 states and the FBI for its questionable electioneering activities, and several media outlets were aggressively digging into ACORN's vote registering and union activism. Ohio's conservative Buckeye Institute has filed a racketeering case against ACORN claiming votes are being diluted by fake and duplicate registrations.

Will ACORN's supporters fight back or flee? Obama has distanced himself from the organization, saying in the third presidential debate, "ACORN is a community organization. Apparently what they've done is they were paying people to go out and register folks, and apparently" -- one "apparently" isn't enough -- "some of the people who were out there didn't really register people, they just filled out a bunch of names."

In that debate, Obama assured voters that ACORN "had nothing to do with us. We were not involved. The only involvement I've had with ACORN was I represented them alongside the U.S. Justice Department in making Illinois implement a motor voter law that helped people get registered at DMVs."

By contrast, Representative Jessie Jackson, Jr. has decided to fight back. He tried to paint Republican attacks as so much sour grapes. ACORN, he said, was "one of the strongest, hardest-working, most dedicated community organizations in both Chicago and in 40 states across the U.S." (October 10 op-ed in *Huffington Post*)

Jackson asked "Why are they after ACORN?" The "real reason," according to Jackson, is that ACORN had "successfully registered 1.3 million poor people this year...including 148,000 in Pennsylvania, 152,000 in Florida, 217,000 in Michigan, and 238,000 in Ohio. ... [T]he GOP is...scared of too many poor people preparing to vote this year."

Nice try, that: conflating opposition to voter fraud with opposition to poor people voting. The inconvenient truth for Jackson is that

ACORN has been trying to bloat the voting rolls with people who are fictitious or ineligible to vote.

For instance, in early October CNN reported that in Lake County, Indiana, ACORN turned in 5,000 voter registrations. Officials stopped counting after going through 2,100 registrations and determining that they were all -- every single last one of them -- fraudulent.

Nor are only Republican politicians going after ACORN. On October 7, 2008, the media reported that Nevada Democratic Secretary of State Ross Miller ordered a raid on ACORN's Las Vegas offices to investigate vote fraud. His orders reflected real bipartisan anger over fraudulent votes.

In his *Huffington Post* op-ed, Jackson pressed the line that fraudulent voter registration does not, in itself, constitute vote fraud. After the starting lineup of the Dallas Cowboys football team showed up on voter rolls in Nevada, Jackson argued, "Obviously it's not right for a fake 'Tony Romo' to be registered in Las Vegas...but remember the basic point -- it's not voter fraud unless someone shows up at the voting booth on Election Day and tries to pass himself off as 'Tony Romo.'"

So, according to Jackson, it's OK to attempt to commit vote fraud as long as you don't succeed? Granted, poll precinct officials aren't likely to be fooled by "Mickey Mouse," but what if an impostor shows up at polling place with a more credible-sounding name? Doesn't that fall on the wrong side of the law?

Yes, said FBI spokeswoman Bridget Patterson, who recently left no room to doubt her law enforcement agency's position on ACORN-style registration tactics. She told reporters, "It is against the law to register someone to vote who does not fall within the parameters to vote, or to put someone on there falsely." And that law is likely, finally, to bare some teeth.

Why haven't we heard about ACORN until now?

We have, but a lot of it has tended to disappear down the memory hole. Mostly, ACORN stories have been confined to iso-

lated scandals, some of them so absurd that they're almost comical. In Ohio, in 2004, one worker for an ACORN affiliate was paid crack cocaine in exchange for fraudulent voter forms that included children, the dead, a fictional famous flying British nanny, Dick Tracy, and Jive Turkey.

The Employment Policies Institute compiled ACORN cases for 2004 and 2005. Highlights include:

* "An ACORN employee in New Mexico registered a 13-year-old boy to vote. Citing this and other examples, state Representative Joe Thompson stated that ACORN was 'manufacturing voters' throughout New Mexico."

* "In Ohio, a grand jury indicted an ACORN worker in Columbus for submitting a false signature and false voter registration form. In Franklin County, ACORN was forced to fire two workers for submitting what the director of the board of election supervisors called 'blatantly false' forms."

* "The Virginia State Board of Elections admonished Project Vote and ACORN [in 2005] for turning in a significant number of faulty voter registrations. An audit revealed that 83% of sampled registrations that were rejected for carrying false or questionable information were submitted by Project Vote. Many of these registrations carried social security numbers that exist for other people, listed non-existent or commercial addresses, or were for convicted felons -- in violation of state and federal election law."

Before the 2006 midterm elections, the Wall Street Journal editorialized against ACORN's efforts. The paper cited a string of cases:

* "[L]ess than a week before the midterm elections, four workers from ACORN... have been indicted by a federal grand jury for submitting false voter registration forms to the Kansas City, Missouri, election board."

* "Acorn workers have been convicted in Wisconsin and Colorado, and investiga-

tions are still under way in Ohio, Tennessee and Pennsylvania."

Washington's secretary of state Sam Reed reported that in 2006 ACORN submitted 1,800 new voter registrations, and all but six were fake. This year in Washington state, seven ACORN workers were indicted on felony voter registration fraud charges, after the organization had entered into a consent decree to refrain from improper voting activities.

In Missouri, ACORN has had serious legal troubles that stretch back decades. Gov. Matt Blunt (R) recently told Human Events (Oct. 16) "This is not a Lion's Club or a social club that tried to have a voter registration effort and made some mistakes. This is a group with a history of systematic fraud around election day."

According to Gov. Blunt, only half of the 5,000 registrations that ACORN submitted in St. Louis before the 2000 election were valid, and at least 1,000 of the invalid registrations were clearly fraudulent. Similar shenanigans were observed in the state's 2004, 2006, and 2008 elections. That has led to indictments or prosecutions of more than a dozen ACORN workers and to Blunt's call for a far reaching federal investigation.

Scandals at ACORN don't only concern badly-paid low-level workers. They are also swirling around ACORN founder and union boss Wade Rathke. Back in 2000 Rathke discovered that his brother Dale, who kept ACORN's books, had embezzled nearly \$1 million.

Rathke didn't reveal this publicly or force his brother out. Instead, Dale was kept on the payroll and the theft was treated as a misappropriation for which the Rathke family made private restitution. The theft didn't become public until this summer. According to the New York Times (July 9), Wade Rathke and "a small group of [ACORN] executives decided to keep the information from almost all of the group's board members and not to alert law enforcement."

It wasn't until a whistleblower forced

ACORN's hand that the board was notified. Last June Dale was fired and Wade resigned as ACORN's chief organizer. But Wade kept his union job as chief organizer at SEIU local 100 and remains head of ACORN International, an overseas affiliate. The fallout has not been pretty.

A Chronicle of Philanthropy column reports that Drummond Pike, CEO of the liberal Tides Foundation, came up with \$738,000 to pay off Dale Rathke's remaining debt.

Meanwhile, disillusioned ACORN dissidents are charging that Wade Rathke is a puppet master who still runs the organization behind the scenes. The ACORN board is reluctantly involving itself in the group's finances and the IRS and law enforcement are investigating.

Perhaps the press has developed an interest in ACORN because reporters finally have a great personality conflict to latch onto. Before, the organization was as sprawling and faceless as possible. Now it's the story of a family's fall from power joined to the story of a man who may very well end up our next president.

Matthew Vadum is editor of Capital Research Center's newsletters, Foundation Watch and Organization Trends. Jeremy Lott is editor of Labor Watch.

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Terrence Scanlon, President

LaborNotes

As of the end September, the Department of Labor's **Office of Labor-Management Standards (OLMS)** had secured 900 criminal convictions so far this decade. The OLMS's record for the last year included 120 convictions, 130 indictments, and more than \$3.2 million in restitution. "The triple-digit numbers of indictments and convictions obtained by OLMS in the 2008 fiscal year demonstrates that criminal activity in unions is still a major problem," said Deputy Assistant Secretary for Labor-Management Standards **Don Todd**. "We are proud to have secured court orders of restitution of more than \$91.5 million since 2001."

Tyrone Freeman, president of the **Service Employees International Union's (SEIU)** largest California union local and previously a labor rising star, is the subject of a criminal investigation by the Department of Labor, the FBI, and the U.S. attorney's office, reports the **Los Angeles Times**. Freeman has been accused by employees at the **Homecare Workers Training Center**, a nonprofit that provides vocational and language classes, of requiring them to campaign for Democratic candidates in local, state and national elections. Employees said they were forced to work in partisan get-out-the-vote drives: by distributing fliers, walking precincts, and staffing phone banks.

Freeman is also being investigated for allegedly billing the union \$8,100 for his Hawaii wedding and spending \$100,000 annually in SEIU funds for a home-based business owned by Freeman's wife and mother-in-law. He has been accused of spending similar sums on hard-to-justify expenses including almost \$10,000 at a Beverly Hills cigar lounge, a bill for the **Four Seasons Resorts** golf tournament, hefty tabs at restaurants such as **Morton's Steakhouse**, and payments to a Hollywood talent agency. Freeman claims all expenses in Hawaii for hotels, restaurants, car rentals, and massages, were for a management program at the **University of Hawaii**. However, he took a second trip to Hawaii and no expense documentations have been produced to justify it as a business trip.

Richman Jackson, current president of SEIU's largest Michigan chapter and former chief of staff of the LA chapter, is under investigation in a corruption case connected to Freeman. Freeman launched the **Long-Term Care Housing Corporation** in the city of Compton, California, a charity intended to help low-income union members obtain affordable housing. The housing corporation allegedly used a residence owned by Jackson and paid \$2,500 a month for the lease. The SEIU acknowledges the housing corporation illegally paid Jackson for the lease of the residence and has mandated that Jackson pay back \$33,500. Compton city officials are looking into possible fraud in the nonprofit status of the housing corporation.

The **City of Los Angeles** recently hired a rather unconventional workforce: **100 goats**. The city used the goats to clear brush from a 2 ½ acre plot the city plans to develop. The goats' \$3,000 rental cost was \$4,500 less than the cost of hiring human workers to clear the steep terrain. No word yet on whether the goats can supply the proper documentation required to prove they're legally employed.