

ACORN International

Wade Rathke shakes down the whole wide world

By Michael Volpe

Summary: Community organizer Wade Rathke created ACORN and watched it grow to hundreds of affiliated groups around the country, until scandals forced the network into bankruptcy. Now he's created ACORN International to bring his special style of community organizing around the globe, but often with the same old corporate American targets.

Although ACORN founder Wade Rathke disappeared from newspaper headlines when the group he created closed its doors in disgrace three years ago, he has kept busy ever since by trying to conquer the world. Rathke's current nonprofit group, ACORN International, was created to allow ACORN to apply its corporate shakedown techniques against Western corporations as they expand into rapidly developing markets such as India. ACORN International agitates overseas, stirring up tenants and working against huge U.S. corporations such as Walmart. The group also fans the flames of discord in the microfinance and cross-border remittance industries.

Rathke is trying to spread the gospel of so-called social justice beyond America's borders. Like a modern-day Karl Marx in exile, he is doing his best to redistribute wealth all around the globe, spreading socialism through shakedowns. He uses the ACORN brand, which isn't yet tarnished abroad, in his international organizing



How appropriate: With a photo of Che Guevara and Fidel Castro in a place of honor, Wade Rathke (left), an unidentified man, and Tides Foundation founder Drummond Pike (right) pose in this undated photo taken in Peru.

campaigns, but the nonprofit hides behind a different moniker—Community Organizations International (COI)—here in the United States. ACORN International's stated mission is "to build community organizations of low income families and to partner with grassroots organizations outside the United States." A man who likes to operate in the shadows, Rathke has taken off on the next chapter of his career, even if no one has been paying attention.

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Origins and Ouster

It was June 20, 2008, and the national board of the Association of Community Organizations for Reform Now (ACORN), was holding its annual meeting in Detroit, Michigan. This was anything but a normal national get-together for the group. That's because at this meeting the board dismissed Wade Rathke. It did so after it was revealed that Rathke had covered up a nearly million-dollar embezzlement by his brother, Dale, who had served as the group's chief financial officer.

Wade Rathke had started ACORN from scratch. He built it into something that frightened many conservatives. He was the one responsible for all its operations. Once he left, the name remained, but it meant little without his vision.

The past several months had been difficult for Rathke. Some insiders believe the trouble started when ACORN began to run a campaign against the multinational money management firm, the Carlyle Group. ACORN had brought several hundred protesters to storm a speech given by the corporation's

chief executive officer, David Rubenstein, in the winter of 2008.

Similar protests by hundreds of ACORN activists in front of the homes of executives of companies like Sherwin Williams, Jackson Hewitt, and Bank of America normally resulted in the companies donating to some sort of so-called charitable endeavor. In reality, they were the philanthropic version of a shakedown. The corporations would donate money to some initiative which itself doles out tens of millions dollars, including grants to ACORN itself.

This time it turned out that not all CEOs are the same, and Rubenstein was a bit tougher than most ACORN targets. It might be a coincidence, however, that within months of picketing the Carlyle speech, news leaked to the media of Dale Rathke's embezzlement from ACORN. With that scandal splashed across the front pages, it was only a matter of months before ACORN would have to devour its own.

While the conservative media in the U.S. has tracked the exploits of ACORN over the last few years, as its vast network of affiliates mutates into newly named groups and causes, almost no one has paid attention to Rathke. What most people don't seem to understand is that when he left ACORN in 2008, he merely shifted his efforts to ACORN International.

Formed in 2004, ACORN International may have started as a rag-tag bunch of organizers, but it has seen remarkable growth since Rathke was forced out of ACORN itself five years ago. ACORN International now boasts branches in 13 countries on five continents: Argentina, Peru, Italy, India, the Dominican Republic, Honduras, Mexico, Kenya, Czech Republic, South Korea, Canada, Scotland, and the United States. On his blog, Rathke wrote in November 2012 that he hoped to establish an affiliate organization in Serbia.

History

Wade Rathke comes from an established family in New Orleans. He was drawn into community organizing after experiencing the anti-war movement on the campus of Williams College in Boston in the late 1960s. He worked for Students for a Democratic Society as an organizer against the Vietnam War draft and was hired in 1969 as an organizer by George Wiley, the legendary community organizer who headed the National Welfare Rights Organization. NWRO dispatched Rathke to Arkansas in 1970 to set up the first ACORN office. (The acronym ACORN originally stood for Arkansas Community Organizations for Reform Now.)

"Most people hate welfare recipients," Rathke said. He soon figured out that a successful community organizing operation should try to organize people around a plethora of issues and not simply focus on organizing welfare recipients. As Rathke tells the story, ACORN was his idea. Wiley liked the idea and encouraged him, but the rest of the NWRO board was against the idea, so Rathke branched off on his own.

About a year in, he befriended an Arkansas staffer of George McGovern's (D) quixotic presidential campaign, and a friendship with Bill Clinton began. In less than a decade ACORN had spread to several other states so the word *Arkansas* in the group's name was changed to *Association*. With nearly each campaign, Rathke said he created a whole new affiliate. By some counts, Rathke created more than 300 ACORN affiliates.

From the 1980s through 2008, ACORN was involved in nearly every issue dear to left-wingers. For example, Rathke said he was personally negotiating loan modifications for ACORN members for years before that practice became the subject of intense media scrutiny during the mortgage crisis. Other ACORN activities included promoting and enforcing the Community Reinvestment Act, housing "justice," living wage campaigns, and voter registration efforts.

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For most of its existence, few outside of left-wing circles had heard of ACORN. ACORN's track record for voter fraud became a news story every election cycle, but the group was soon forgotten by most Americans after the talking heads on TV declared the winners. That changed in 2008, when the *New York Times* reported Dale Rathke's embezzlement was reported.

But ACORN really burst onto Americans' radar screens in September 2009, when brash young conservative journalists Hannah Giles and James O'Keefe released devastating videos on Andrew Breitbart's Big Government website. In the videos they pretended to be a pimp and prostitute who wanted to found a brothel catering to pedophiles. They were amazed when the ACORN Housing Inc. employees offered them helpful tips on how to avoid paying taxes and how to defraud the government and banks. In one memorable scene, an ACORN intake worker told Giles she should describe herself in documents as an "entertainer," not a prostitute.

The Capital Research Center has been covering ACORN's antics thoroughly since 1998, culminating in the 2011 book by *Organization Trends* editor, Matthew Vadum: *Subversion Inc.*

Structure

Rathke said that ACORN International is structured as a confederation, whereas ACORN itself was structured as one central entity with tentacles across the country. With ACORN, all the local branches reported directly to the main office in New Orleans and to Rathke, the chief organizer, himself. With the ACORN network, Rathke created several hundred affiliates, including Project Vote, American Institute for Social Justice, and ACORN Housing Inc. Those were considered entirely separate entities, at least on paper. It was a sophisticated, complex community organizing network, that only he really understood.

He brings that same know-how to ACORN International, only his sphere now includes the entire world. When Rathke says ACORN International is a confederation, he means that each affiliate is autonomous, controlled locally by the people involved in it. Such a structure would presume that on paper at least, Rathke's role in the operation of each country's affiliate should be relatively small.

In one of my interviews with Rathke, he was coy and cryptic in explaining his role in the affairs of each affiliate. Using the editorial *we*, he said, "We help out, wherever we can." A check of Rathke's own blog shows that he routinely travels to visit affiliate countries multiple times per month. He makes frequent trips to India, Kenya, and Canada. In fact, part of a June 2013 blog post indicates the operation is entirely coordinated.

"In Rome the longstanding tenant-landlord campaign continues, but now ACORN Italy has begun basic community organizing. There was great excitement over the new organizing in Edinburgh and the affiliation of Edinburgh Private Tenant Action Group (EPTAG) as the founding member of ACORN Scotland. Everyone was excited to hear the plans for organizing door-to-door in Pilton. Michal Ulvr accomplished the impossible by reading his report in both Czech and in Google translate English! There were even calls from the United States as our radio stars with KABF, Bryan Frazier, our new assistant station manager, and John Cain, our veteran program director, both got their first time on Skype. Michael Munk of the Esimorp Network headquartered in Baltimore was defeated by Skype but we managed to Skype to his phone so that he was able to introduce everyone to a potential new affiliate in the USA.

"Judy Duncan, ACORN Canada's head organizer, jumped into the breach and read Sammy Ndirangu's report from ACORN

Kenya when the sound went off, and somehow it worked out just fine. The organization has expanded to yet more 'villages' within the Korogochu slum in Nairobi and dues is paying for the rent of a small office and other needs. Orfa Camacho from Lima was able to brief everyone not only on the work in San Juan Laragancho, but also on the progress in Chincha, several hours up the coast where we have now helped complete the early childhood center. Yadira Micolta updated everyone on the land title fights in La Matanza and the legal support she has now organized in Buenos Aires behind our squatters. The lawyers have also helped navigate our new *persona juridica* or legal registration which is also good news."

Like anything Rathke touches, the financing of ACORN International is sketchy. Tracking the group's money is nearly impossible. Although the ACORN International branch in New Orleans keeps its IRS filing up to date, most of the group's branches operate in countries without filing requirements for nonprofits. As such, if Rathke or anyone were to try to funnel money illegally from his branch in New Orleans to one in the Dominican Republic, it would be nearly impossible to trace. As an example, annual reports for both the Mexican and Argentinian affiliates of ACORN International list no financial statements at all.

In an earlier interview, Rathke scoffed at the notion that anything untoward was going on. Replying to the suggestion that his many affiliates may be laundering money by transferring funds, Rathke said, "There are bank laws against that."

Stateside, ACORN International is in good standing with the IRS. Its last publicly available tax returns from 2011 disclosed a mere \$29,294 in grants received. That's down significantly from a high in 2007 of \$421,432. While Rathke himself is listed as a director, he is paid no salary. Members representing

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each of the 11 nations are represented on ACORN International's board. ACORN International has received \$418,000 from the Tides Foundation since 2005 and \$12,500 from the Needmor Fund since 2008.

Marcel Reid was an ACORN board member who voted to remove Rathke in 2008. She was part of the original three-person investigative committee that unearthed what she called widespread commingling of funds among ACORN affiliates like Project Vote and the now-defunct ACORN Housing Corporation. It's those financial crimes that she says Rathke and those around him are likely to repeat.

She cautioned against assuming that the modest financial figures indicate Rathke isn't a force to be reckoned with. "Don't think for one second that Wade is showing everything he's got."

Anyone that spent any time investigating ACORN knows the 300-plus affiliates created by Rathke had dubious accounting practices. Now, it seems, Rathke has formed an organization through which money could be moved with relative ease between developing nations such as the Dominican Republic, Kenya, Honduras, and Mexico.

Microfinance

The India affiliate of ACORN International appears to be one of the most active in the network. Its most high profile campaign was against the supposedly excessive fees involved in microfinancing.

Microfinance has become the chic solution to rampant poverty all over the third world. Organizations like the United Nations, World Bank, and International Monetary Fund have all published white papers in favor of using microfinance to lift the poor of the third world out of poverty. Microfinance involves lending relatively small sums of money. These loans are typically from \$100 to \$1,000, and

they're given to poor entrepreneurs as seed money for a modest small business.

Muhammad Yunus, who is credited with inventing microfinance, won a Nobel Peace Prize in 2006 for his work in the field. Radical philanthropist George Soros is another financial luminary who's bullish on microfinance. In fact, he earned tens of millions of dollars when SKS, India's largest microfinancing institution, went public on the Bombay Stock Exchange in 2010 with his backing. According to Indian media, the collective value of the stock peaked at \$1.5 billion.

Rathke takes a contrarian view. "They are working on a doomed business model," Rathke told me. Rates for these loans are typically as high as 20 percent and include onerous weekly payments, he said, and in many cases microfinance companies hire goons as collectors.

"Essentially, these loans buy them [the recipient of the loan] a job," Rathke said. "Let's say you lend them \$150 to buy a sewing machine." With such a machine a person could start some sort of very small garment-making business, in which he or she could normally eke out a living. But with onerous 20 percent interest rates, the loan becomes an overwhelming burden to the borrower, he said.

What would happen if lending institutions offered lower rates such as 6 percent, Rathke was asked. "I haven't seen one study anywhere that showed that any of these companies would survive charging such a low rate."

Microfinance may not be a household word in the U.S., but according to a paper published by Rathke in 2011, in 2006 the world market for microfinance included 91.3 million borrowers in 110 countries, for a total portfolio of \$65.9 billion.

Rathke said that affiliates in Peru, Canada, the Dominican Republic, Mexico, India, Kenya, Honduras, and the Czech Republic all have campaigns in place on this issue. "Stop talking about microfinance as a real reduction of poverty, and create real ideas for reducing poverty," Rathke said.

Walmart

Rathke has become legendary in left-wing circles and notorious in right-wing circles for coming closest to unionizing Walmart, the activist Left's favorite corporate bogeyman. In fact, in his 2009 book, *Citizen Wealth*, Rathke dedicates a number of pages to explaining his strategy. He never misses an opportunity to express his utter disdain for the gargantuan company. His demand for so-called living wages for employees would, he claims, amount to "a rounding error to the bottom line of Walmart."

If Walmart found Rathke to be a nuisance while he ran ACORN, the company may find that he's an even bigger menace as ACORN International boss. That's because Walmart is attempting to do what almost all smart corporations do: globalize. Wherever Walmart tries to go on the planet, Rathke seems to find himself leading the opposition.

Rathke made it clear that addressing the list of problems he believes are occurring daily in domestic Walmarts every day in the U.S. is only the beginning of his global strategy against the Bentonville, Arkansas-based company. "We expect Walmart to be a good corporate steward anywhere they do business."

In many of the countries with ACORN affiliates the construction of a big box store must be well thought out, given the current structure of street vendor economics. Rathke said that India was a country where building any Walmart should be done with great care. "We have won some significant concessions from the [Indian] parliament," Rathke said. He then listed some victories consisting of regulations enacted: "Not locate in cities less than one million, significant investments, local sourcing rooms."

Going forward, Rathke noted that one major goal of his for Walmart is to “deal with displacement of lower wage employees hawkers and street sellers, and [to] agree to use formal workers in recycling.”

ACORN International’s India affiliate has been the one most involved in activities meant to frustrate Walmart expansion. But similar efforts are underway with well-established affiliates in Canada and Mexico, and anywhere else Walmart would like to expand. Rathke has put himself in a position to be a nuisance to Walmart almost anywhere on the globe.

Remittances

Remittance is the process by which expatriates of impoverished nations send money back home from wealthy nations like the United States. In fact, remittance payments sent to Mexico by Mexicans working in the U.S. account for a significant portion of the Mexican economy. Totalling tens of billions of dollars, these remittances are one of the three highest sources of foreign currency for Mexico (oil and tourism are the other two).

Western Union and other companies that process remittance transactions have been targets of Rathke. ACORN International’s Mexico, U.S., and Canadian affiliates are all involved in campaigns to limit the fees such companies may charge.

While Rathke is now dealing with global economic issues, his argument has a familiar ring. In a 2011 blog post, he demonstrates his antipathy toward what he calls the “laissez faire” nature of the remittance market:

“In a meeting won by actions at the ACORN Canada convention six weeks ago with top officials of the Finance Ministry our negotiators efforts to discuss the need for regulation of remittances to prevent predatory pricing and achieve needed equity, transparency, and

fundamental fairness was greeted about the same way as if we had started cursing loudly at the front of the church. We had offended fundamental, conservative Stephen Harper government dogma about so-called ‘free markets’ and *laissez faire* rapacious capitalism by banks and money transfer organizations, especially if the rip-off occurred with migrant workers and immigrant, ‘new Canadians’ as they are called.”

In an interview, Rathke railed against what he described as exorbitant fees charged by the likes of Western Union, saying they routinely are 20 percent of a given transaction. In April 2013, ACORN International partnered up with the School of Social Work at Georgia State University, to produce a white paper on the global remittance industry.

Other Campaigns

ACORN International is also involved in various campaigns involving issues specific to each country. Examples of these include tenant rights campaign in Canada and a campaign against displacement from tenements for the Commonwealth Games in India.

Ironically enough, the ACORN International branch in the U.S. (Community Organizations International) lags behind several overseas ACORN affiliates in terms of growth. Rathke said operations domestically are in their “embryonic” stage.

In the U.S., COI is involved in four campaigns: Advocates and Actions (an Arizona group), Fair Grinds Coffee (a New Orleans coffee house), the New Orleans Bio Diesel Project, and the aforementioned white paper on microfinance.

Conclusion

Rathke has been described as a Svengali, a Communist, and a cold-blooded radical. He views himself as a kind of a St. Francis of Assisi: patron saint to the poor and downtrodden

of this world. All that is clear is that Rathke is a uniquely charming individual and that he’s used that charm to build a community organization the likes of which the United States had never seen before. Now he appears to be doing the exact same thing, only the entire world is to be his play pen.

Chicago-based Michael Volpe spent more than a decade in finance before becoming a free-lance journalist. His work has appeared in such national publications as the Daily Caller, FrontPage Magazine, CounterPunch, and the Southern Christian Leadership Conference Newsletter. His second book, The Definitive Dossier of PTSD in Whistleblowers, was published in February.

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BrieflyNoted

Even big bucks from New York Mayor **Michael Bloomberg** couldn't save gun-grabbing state lawmakers from the wrath of **Colorado** voters in a recall vote viewed as a national referendum on gun rights. At the eleventh hour the liberal billionaire, founder of **Mayors Against Illegal Guns**, gave \$350,000 to "issue committee" **Taxpayers for Responsible Government**, which was created by Democratic fundraiser **Julie Wells**. The committee, which also took in \$250,000 from billionaire **Eli Broad**, gave \$420,000 to the retention campaigns of Senators **Angela Giron** (D) and **John Morse** (D), the Senate president. Giron and Morse were targeted for their recent support of tough new restrictions on guns. "One thing is clear from the Morse defeat: Mike Bloomberg is political poison," said **National Rifle Association** spokesman **Andrew Arulanandam**.

Jeri L. Wright, daughter of Obama pastor Rev. **Jeremiah Wright**, was indicted in Illinois on charges of money laundering and lying to federal investigators as part of a grant-fraud case. The fraud scheme allegedly engineered by former Country Club Hills Police Chief **Regina Evans** and her husband involves a \$1.25 million state job-training grant for minorities. Wright cashed more than \$27,800 in checks drawn on the bank account of **We Are Our Brother's Keeper**, a state-funded nonprofit controlled by Evans, and then deposited \$19,888 of that total into a personal bank account belonging to Evans and her husband, "knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity," according to the indictment.

Notorious left-wing activist **Brett Kimberlin** has filed suit in Maryland against five bloggers for writing about him. The five defendants are **Robert Stacy McCain** (The Other McCain), **Aaron Walker** (aka Aaron Worthing), **W. J. J. Hoge** (Hogewash), **Ali A. Akbar** (of the National Bloggers Club), and the anonymous blogger **Kimberlin Unmasked**. Kimberlin runs the Maryland-based nonprofit, **Justice Through Music Project**, which is funded by the far-left **Tides Foundation**. Kimberlin typically sues and otherwise harasses those who write critical articles about him, which would be less of a problem if he hadn't spent almost 17 years in prison after being convicted of detonating eight bombs in a week-long terror spree in Speedway, Indiana, in 1978.

Fresh from five years of pushing the Left's agenda, **NAACP** president **Ben Jealous** announced he is leaving his post at the left-wing interest group at year's end. Jealous was the group's youngest-ever leader, credited by supporters with infusing new life into the 104-year-old organization. During his time at the group it "shook off years of scandal and torpor, racked up victories in city halls and statehouses, and registered hundreds of thousands of voters," while doubling its budget and staff, according to the *Chronicle of Philanthropy*. Jealous said he's going into the education field, whatever that means. It is unclear who will succeed Jealous at the group.

Self-described "communist" **Van Jones** is co-hosting the revived show "Crossfire" on CNN with former House Speaker **Newt Gingrich**, former Obama spokeswoman **Stephanie Cutter**, and author **S.E. Cupp**. The former Obama green jobs czar co-founded a plethora of nonprofits including the **Ella Baker Center**, **Color of Change**, and **Green for All**.