

July 2006

Rotten ACORN

America's Bad Seed
Employment Policies Institute



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By The Employment Policies Institute

ACORN is a bad seed.

ACORN is a multi-million-dollar multinational conglomerate. ACORN claims to be a community assistance group, but its political agenda is driven by a relative handful of anti-corporate activists. ACORN spends millions of dollars to enact economic policies (such as raising the minimum wage), but has admitted that it doesn't want to abide by them. ACORN advocates for workers rights and runs two unions, but busts unions of its own employees. ACORN fights for "good government," but misuses government grants.

ACORN Is A Multi-Million-Dollar Multinational Conglomerate

The Association of Community Organizations for Reform Now is a non-profit (but not federally tax-exempt) organization at the center of a vast web of groups run by long-time anti-corporate activist Wade Rathke and a handful of his closest allies. In total, the Employment Policies Institute has documented more than 75 organizations run by the Rathke/ACORN empire—almost all run out of one office at 1024 Elysian Fields in New Orleans.

ACORN operates in at least 38 states, as well as in Canada, Mexico, and Peru, and is integral in a fight to prevent Foreign Direct Investment in India. Rathke said ACORN plans to continue its growth by adding offices in 100 new cities over the next five years¹, after seeing 100 percent growth in offices between 2003 and 2004. ACORN claims 200,000 member families (though member dues only account for eight percent of the organization's massive budget²), and represents approximately 80,000 union members. It operates "social justice" radio stations, community television groups, and a magazine. It runs home mortgage and tax counseling centers, a voter-mobilization organization, left-wing schools, a furniture company, a consulting firm, and a law/lobbying firm.

Its budget is fed by extracting immense resources from unions, government grants, foundations, its members, and "settlements" with targeted businesses.

The group began growing its spider-like organizational limbs shortly after its inception in 1970. Founding ACORN organizer Gary Delgado outlines the beginning of the group's pattern of creating offshoots:

ACORN also established two spinoffs from its main local organizing thrust in 1975. The first of these, ACORN Associates, Inc., offered (for a fee) consultation, training, and technical assistance to other [community organization] groups. Its purpose was to utilize the talent of ex-ACORN staff, scattered all over the country, to conduct training and to kick back the money to ACORN. The second offshoot, the Arkansas Institute for Social Justice (AISJ)—after 1978, simply Institute for Social Justice—was formed to offer week-long training programs in cities across the country to make money for ACORN and to set up an intern program through which trainees would receive stipends from the institute while learning community organizing in Little Rock ...³

He continued:

The Institute's program, on the other hand, was intended, first, to provide ACORN with a nonprofit, tax-exempt arm, important for securing foundation grants. Second, it would serve as a means of organizer recruitment through both the

training sessions and the intern program. Third, it represented ACORN's attempt to hegemonize the field of community organizing by offering training in "principles and techniques of community organizing, drawing particularly from the ACORN model of neighborhood-based organizing."⁴

Delgado also describes the labor-allied group Alliance for Justice, which he labels an "ACORN-initiated group" that was "originally conceptualized as ACORN's bid to initiate a 'dump Reagan' campaign."

The expansion into other businesses continued:

In 1984, 85 percent of the budget came from internal finances. ACORN has also initiated an allied business operation that is currently involved in selling paper to nonprofit organizations in 3 cities, and is looking into the possibility of setting up housing and heating oil-buying cooperatives.⁵

The Rathke Family Business

ACORN portrays itself as a democratic organization whose decisions are made by its thousands of member families. But history indicates that only one family really controls ACORN: the Rathkes. For all of the members it claims to represent, and for all of the organizations it maintains, ACORN is the family business founded by Wade Rathke and run with help from his wife, his brother, and at least one child.

Dale Rathke is Wade's brother. One former employee of Service Employees International Union Local 100, which is one of two unions run by Rathke and the ACORN empire, described Dale as the "financial guru" of the organization.⁶ He is the signator to official documents for dozens of ACORN entities, including the Elysian Fields Partnership, in which he and Wade are partners.

Beth Butler is both Wade Rathke's wife and Head Organizer of Louisiana ACORN, where the national organization resides. Rathke has also placed his daughter, whom he called "Organizer 5" in one Internet diary entry, into the crucial campaign to attack Wal-Mart (see elsewhere in this report).

Rathke and his family use these positions of financial

power to control what is assumed to be a democratic organization.

The *Arkansas Democrat-Gazette* reported that former Arkansas ACORN chair Dorothy Perkins stated that the group was "run like a Jim Jones cult" where all the money ended up under Wade Rathke's control and was "never seen" by the low-income individuals the organization claims to represent.⁷ On September 3, 1987, the *Arkansas Democrat-Gazette* reported:

Perkins contended all funds received by Acorn are controlled at New Orleans by Wade Rathke, Acorn founder. Perkins also said Rathke told disgruntled Arkansas Acorn members they could pull out of Acorn "but the money is staying with me." She said Rathke told her he had the votes by a margin of "44 to 1" to "do whatever he wants" ...⁸

The power structure of the organization leads to public confusion. The group describes "leaders" that consist of dues-paying members, while organizers are paid staff controlled by Rathke and his supporters. Founding ACORN organizer Gary Delgado recounts allegations that when member leadership is at odds with organizers, it is the members who are forced out:

In a front-page story headlined "ACORN Official Barred from Meeting; Leader Resigns" in the *Arkansas Democrat* of 22 April 1979, Chairman William Brookerd of Nevada ACORN, having resigned his position, charged, "If the leadership at any level insists on pursuing their priorities over staff priorities, they are 'democratically' exorcised from the leadership."⁹

When employees of Rathke's SEIU Local 100 wanted to organize themselves into a union, Rathke relied on his wife and brother to plot out an aggressive (and hypocritical) union-avoidance strategy. One former employee reported that after employees provided Rathke with a petition demanding union recognition:

Rathke quickly called a meeting of ACORN's inner circle, which included his wife, Beth Butler, head organizer of Louisiana ACORN, and Rathke's brother Dale, who is the financial guru of the outfit. The troika devised a variety of tactics, such as can

The Many Faces of ACORN

385 Palmetto Street Housing Fund Corporation	Citizens Campaign for Finance Reform
4415 San Jacinto Street Corporation ACORN	Citizens for Future Progress
Acorn 2004 Housing Development Fund Corporation	Colorado ACORN Housing Corporation
Acorn 2005 Housing Development FUND CORPORATION	Crescent City Broadcasting Corporation
ACORN Associates	Desert Rose Homes LLC
ACORN Beneficial Association	Dumont Avenue Housing Development Fund
ACORN BeverlyY LLC	Elysian Fields Corporation, Inc
ACORN Campaign Services	Elysian Fields Partnership
ACORN Campaign To Raise The Minimum Wage	Fifteenth Street Corporation
ACORN Center for Housing, Inc	Floridians For All PAC
ACORN Children's Beneficial Association	Franklin ACORN Housing
ACORN Community Land Association	Greenville Community Charter School Inc
ACORN Community Land Association of IL	Greenwell Springs Corporation
ACORN Community Land Association of LA	Hospitality Hotel and Restaurant
ACORN Community Land Association of PA	Organizing Council (HOTROC)
ACORN Community Labor Organizing Center	Houston Organizing And Support Center
ACORN Cultural Trust	KABF Radio
ACORN Dumont-Snediker Housing Development Fund Corporation	KNON Radio
ACORN Fair Housing	Labor Neighbor Research and Training Center Inc
ACORN Fund	Living Wage Resource Center
ACORN Housing Corporation	Louisiana ACORN Fair Housing
ACORN Housing Corporation of IL	Massachusetts ACORN Housing Corporation
ACORN Housing Corporation of MO	Metro Technical Institute
ACORN Housing Corporation of PA	Missouri Tax Justice Research Project
ACORN Institute	Montana Radio Network
ACORN Law For Education, Representation, And Training	Mott Haven ACORN Housing Development Fund Corporation
ACORN Management Corporation	Mutual Housing Association of New York Inc
ACORN National Broadcasting Network	National Center for Jobs & Justice
ACORN Services	New Mexico Organizing and Support Center
ACORN Television In	New Orleans Community Housing Organization
Action For Communities	New York ACORN Housing Company Inc
ACORN Tenant Union Training And Organizing Project	New York Agency for Community Affairs Inc
ACORN Tenants Union	New York Organizing and Support Center
Affiliated Media Foundation Movement	Organizers Forum
Agape Broadcasting Foundation Inc	Pennsylvania Institute for Community Affairs
American Environmental Justice Project Inc	People's Equipment Resource Corporation
American Home Childcare Providers Association	Phoenix Organizing And Support Center
American Institute for Social Justice	Project Vote
Arizona ACORN Housing Corporation	SEIU Local 100
Arkansas Broadcasting Foundation	SEIU Local 880
Association for the Rights of Citizens Inc	Service Workers Action Team
Associated Regional Maintenance Systems	Shreveport Community Television
Austin Organizing and Support Center	Site Fighters
Baltimore Organizing and Support Center	Sixth Avenue Corporation
Boston Organizing and Support Center	Social Policy
Broad Street Corporation	Southern Training Center
California Community Network	St. Louis Organizing And Support Center
Chicago Organizing and Support Center	St. Louis Tax Reform Group
Chief Organizer Fund	Student Minimum Wage Action Campaign
Child Care Providers for Action Franklin	Texas ACORN Housing Corporation Inc
Citizens Action Research Project	Wal-Mart Workers Association
Citizens Campaign for Work, Living Wage & Labor Peace	Wal-Mart Association for Reform Now
Citizens Consulting, Inc	Working Families Association

be expected from any union-busting corporation, to divide and destroy our solidarity.¹⁰

In 2003, the National Labor Relations Board would find that ACORN management was guilty of using union-busting tactics against its employees.

Follow The Money (If You Can)

The Association of Community Organizations for Reform Now is registered as a non-profit corporation in Arkansas, which does not require public financial disclosure. According to labor activist and scholar Peter Dreier, ACORN's annual operating budget is around \$30 million.¹¹ The *New York Times* subsequently reported that the figure is closer to \$37.5 million, excluding the non-profit research and housing organizations the group runs.¹² Even this estimate likely does not include the vast resources of the ACORN-run unions or reflect election-year resources given to its ostensibly non-partisan get-out-the-vote efforts.

Because it operates a virtual self-contained economy, ACORN entities exchange millions of dollars every year for goods and services. The scant financial documents available for public inspection paint a picture of a spider web of ACORN-run organizations that trade loans, leases, payments, and grants.

While few financial transactions are available, the following offer a glimpse of the money that flows back and forth from one account to another at ACORN's headquarters:

- SEIU Local 100's Department of Labor financial disclosure for 2000 showed a \$58,654 grant of union members' money to another labor group called Hospitality, Hotel & Restaurant Organizing Council (HOTROC), which was also founded by Wade Rathke.
- ACORN paid Citizens Consulting, Inc.—which is run by Rathke's brother—\$520,000 for lobbying between 1998 and 2004.¹³
- Department of Labor financial disclosures show at least \$623,829 in transactions between ACORN's SEIU locals 100 and 880 and other Rathke/ACORN-run operations.

- From 2000 through 2003 Project Vote paid more than \$1.7 million to ACORN and Citizens Consulting.¹⁴

- Between 1997 and 2003, the Mutual Housing Association of New York paid more than \$2.1 million in contractual fees to the New York ACORN Housing Association.¹⁵

- Mott Haven ACORN Housing Development Fund Corporation paid more than \$233,360 in contractual fees to the New York ACORN Housing Company. At the same time, Mott Haven owed as much as \$435,000 to the Mutual Housing Association of New York.¹⁶

- The Association for Rights of Citizens, which carries Rathke brother Dale and relative Cornelia Rathke on its board of directors, has loaned tens of thousands of dollars to Rathke's SEIU Local 100, ACORN's Missouri Tax Justice Research Project, and ACORN, and has made grants totalling tens of thousands of dollars to ACORN.

HURRICANE IVAN
Form 990
Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)
The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047
2003
Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2003 calendar year, or tax year beginning and ending

B Check if applicable: ☐ Address change, ☐ Name change, ☐ Initial return, ☐ Final return, ☐ Merged return

C Name of organization
AMERICAN INSTITUTE FOR SOCIAL JUSTICE, INC.

D Employer identification number
23-7108110

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
1024 ELYSIAN FIELDS AVENUE 0
City or town state
NEW ORLEANS, LA 70117

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
ACORN 1024 ELYSIAN FIELDS AVE. NEW ORLEANS, LA 70117	PERSONNEL, CONTRACTUAL	157,361.
CITIZEN'S CONSULTING, INC. 1024 ELYSIAN FIELDS AVE. NEW ORLEANS, LA 70117	PERSONNEL, CONTRACTUAL	53,247.
ACORN ASSOCIATES, INC. 1024 ELYSIAN FIELDS AVE. NEW ORLEANS, LA 70117	PERSONNEL, CONTRACTUAL	91,901.

Total number of others receiving over \$50,000 for professional services: **0**

2003.06010 AMERICAN INSTITUTE FOR SOCI 5336 1

AMERICAN INSTITUTE FOR SOCIAL JUSTICE, I
FORM 990
CASH GRANTS AND ALLOCATIONS
STATEMENT 3

CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
COMMUNITY REINVESTMENT	ACORN (ASS. COMM. ORG FOR REFORM NOW)	1024 ELYSIAN FIELDS AVE., NEW ORLEANS, LA. 70117	NOT APPLICABLE-NON INDIVIDUAL	2,340,723.
MISCELLANEOUS	VARIOUS OTHER AFFIL. ORGANIZATION		NOT APPLICABLE-NON INDIVIDUAL	27,530.
MISCELLANEOUS	VARIOUS NON AFFIL. ORGANIZATION		NOT APPLICABLE-NON INDIVIDUAL	344,429.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22				2,712,682.

13581026 785325 5336 2003.06010 AMERICAN INSTITUTE FOR SOCI 5336 1

SCANNED NOV 16 2004

Tax filings for the American Institute for Social Justice, one of dozens of ACORN-affiliated organizations, disclose payments and grants to three separate Rathke entities

- ACORN's Agape Broadcasting Foundations showed notes and loans receivable of more than \$100,000 from other ACORN-affiliate entities.¹⁷ ACORN'S Affiliated Media Foundation Movement showed notes and loans receivable of nearly \$250,000 from other ACORN entities, while also showing notes and loans payable of more than \$1.1 million to ACORN and its Institute for Social Justice.¹⁸

- Tax forms show that since 1997, the ACORN Housing Corporation has paid more than \$5,100,000 in fees or grants to other ACORN entities.¹⁹

- Since 1997, the American Institute for Social Justice has given grants in excess of \$7 million and payments of more than \$2 million to ACORN and its affiliates.

ACORN As Employer

ACORN may be the single most hypocritical employer in America.

ACORN's most visible campaigns are those designed to raise employers' cost of doing business by increasing labor costs, moving toward the group's ultimate goal of a national "living wage." It has also received significant

2006 Budget For ACORN (Excluding Non-Pro fits) = \$31,500,000
 Percentage of Budget from Members Dues = 8%
 ACORN Housing Corporation = \$6,000,000
 American Institute for Social Justice = \$3,700,000
 Union member money paid to ACORN entities in 2005 = \$600,000
 Project Vote 2004 Expenditures = \$16,000,000
 SEIU Local 880 estimated dues for 2007 = \$19,000,000
 ACORN International minimum estimate = \$1,300,000

Back of the envelope estimates for budgets of various ACORN entities

New Mexico to enact a \$9.50 citywide wage. Yet, as of May 2006, the organization's help-wanted ads sought organizers willing to work for \$25,000 per year. Given that the organization requires those individuals to work 54-hour weeks (specifically demanding nights and weekends), the per-hour wage of ACORN organizers can be calculated at \$8.90.

Minimum Wage Hypocrisy

It's not just that ACORN doesn't want to pay the "living wage" it foists on other employers; ACORN has tried to get out of paying the *minimum wage* to its employees.

In 1995, ACORN sued the state of California, claiming that it should be exempted from the state minimum wage. The group realized the simple economic fact facing all employers: being forced to pay higher wages means that you must employ fewer workers. A legal brief filed by ACORN during the appeal of its lawsuit admits:

As acknowledged both by the trial court and California, the more that ACORN must pay each individual outreach worker—either because of minimum or overtime requirements—the fewer outreach workers it will be able to hire.²⁴

This argument is particularly ironic. In 1996, when New Orleans business targets of Rathke's minimum wage increase campaign acknowledged the economic reality that increasing the cost of labor would lead them to reduce employment or cut hours, Wade Rathke snapped, "If their business is that marginal, they probably shouldn't be in business."²⁵

Overtime Wage Hypocrisy

ACORN's operations have refused to pay employees overtime until compelled to do so by the federal government. Citizens Consulting, Inc. is a non-profit firm that handles legal, personnel, and lobbying issues for ACORN. In 1996, the Department of Labor sued Citizens Consulting, Inc. and Dale Rathke for violating overtime and record-keeping provisions of federal law and to restrain them from continuing to withhold overtime due their employees. In 1997, a federal court sided with the government and ordered CCI to pay \$10,000 in back wages due its employees.

Paying-Any-Wage Hypocrisy

In 2004, even as it was pushing a minimum wage increase ballot initiative in Florida, ACORN extended its history of hypocrisy.

In Florida, five former ACORN employees sued the organization, claiming the group owed them thousands of dollars in back pay.²⁶ On the other side of the United States, the *Albuquerque Journal* reported:

An Albuquerque community group known for criticizing large corporations on migrant rights and employment issues is now under fire from its own workers.

Several employees of the Association of Community Organizations for Reform Now have publicly complained that the group has not paid them for work they recently did on its "Get The Vote Out" project.

At least 20 people lined up outside ACORN headquarters in Northwest Albuquerque on Thursday, demanding that the group pay up, according to KOAT-TV 7 news reports.²⁷

The defense from ACORN's spokesman? "At least 70 percent of the estimated 250 people we hired in Albuquerque to work the Get The Vote Out project have been paid."²⁸

ACORN's Terms Of Employment

"Organizers will be responsible for collecting petition signatures from registered Missouri voters. Organizers are responsible for collecting 200 petitions a day and working up to 80 hours over 7 days of work ... grounds for termination include drug or alcohol abuse on the job and not meeting the quota."

—2006 Missouri Wages Campaign

"Vacations must normally be scheduled each year before the February 1st and must be approved by the staff supervisor in all cases six weeks or 45 days prior to the scheduled vacation time."

—ACORN's "Summary of Staff Policies for Full- and Part-time Regular Employees"

ACORN Is An Unsafe Workplace

ACORN claims to work for the "fundamental right" of all workers to a job "which does not endanger health or safety." But ACORN has routinely forced its employees to work at night in dangerous neighborhoods. Some female ACORN employees report being sexually assaulted while attempting to work under these conditions.²⁹

After ACORN refused to let organizers work in pairs, one was robbed at gunpoint. After one woman was attacked in the home of a male community member, she became concerned for her job:

The man grabbed my head and kissed me. I pushed him away, contradicting themes dancing in my head, "Protect yourself get out of here, on the one hand." On the other hand I needed to get members to join.

If I didn't get enough members to join, would I have a job?³⁰

ACORN's Work Is Never Fun

From the *To-Gather Newsletter*, which documented the effort to organize ACORN employees:

"... poor treatment, high turnover and overall dissatisfaction is wide-spread among ACORN staff."³²

"That so many members-turned-organizers leave ACORN is a clear indication that something is wrong in the way management treats workers."³¹

"Although ACORN claims to be a progressive community group promoting rights for working people, management refused to recognize the union or address workers' grievances ... ACORN workers have also discovered disparities in pay and in work assignments which seem to be based on the race of the workers ..."³³

ACORN Fought These Demands

ACORN Employees Seeking A Union Demanded:

- A 40-hour work week
- Paychecks to be issued on time and in full
- Healthcare insurance to be activated on time
- End to discrimination and harassment
- No one gets fired for union organizing
- Safety on the job

HELP WANTED

Immediate Openings. Have you always wanted to be a martyr? ACORN is currently hiring community organizers to dedicate their lives at the expense of everything else for a least a year for a minimum of 54 hours a week. Job duties include door knocking by yourself to sign up members (sometimes at night); developing leadership; planning meetings, protests and rallies; running campaigns and fundraising. Working for ACORN is a position of privilege, so if you are single, young, can go for weeks without a paycheck, and you think you have what it takes, call us at 555-ACORN. Fluency in Spanish and the willingness to neglect your own well-being a plus.

*— A Satirical Help Wanted Ad Written
By An ACORN Employee, and
published in a newsletter.*

Unionization Hypocrisy

In 2003 ...

ACORN's manifesto, the "People's Platform," makes more than a dozen references to the rights of workers to organize unions.

Despite ACORN's publicly stated support of unions, the National Labor Relations Board in March 2003 found that ACORN broke the law "by interrogating employees about their union activities, by informing employees that other employees have been discharged because of the Union, by threatening employees that selecting the Union to represent them will be futile, and by threatening employees with discharge..."³⁵

ACORN has fired numerous employees—in several regional offices—who attempted to organize unions. These included Sarah Stephens, Erin Howley, and Gigi Nevils, the three employees whom the NLRB found were illegally terminated. The NLRB found that Kimberly Olson, then head of ACORN's Dallas office, called all employees together for a meeting and

proceeded to explain the "negative aspects" of unions. Olson believed that the union would "bring ACORN down" and argued that she "shouldn't have to take orders from employees."³⁶

In addition to the notices ACORN was required to post, in which it said it would no longer continue these anti-worker behaviors, the organization was reportedly ordered to pay \$20,000 to a Seattle employee.³⁷

... And Earlier

Rathke's history of union-busting stretches back two decades. In the spring of 1987, staff of his SEIU Local 100, which is based in New Orleans, began an organizing effort to fight poor working conditions.

Noticing that the union "had serious problems regarding democracy and exploitation of its own workers," former Local 100 employee Jay Arena led the organizing drive. The problems Arena noted made up the usual ACORN laundry list—"late checks, and wages that worked out to be below or near the minimum wage."

Arena recounts that after Rathke denied the group's petition to unionize, Rathke called his wife and brother to devise "a variety of tactics, such as can be expected from any union-busting corporation, to divide and destroy our solidarity."³⁸ Rathke, the unabashedly liberal activist, even "tried to red bait a number of his former organizers," Arena said.³⁹ The unionizing effort was ultimately unsuccessful.

ACORN And Unions

ACORN's union-busting activities are especially hypocritical given its close ties to organized labor.

A Quasi-Labor Group

To an observer from outside Louisiana, it's sometimes difficult to tell where SEIU ends and ACORN begins. The union and the community organization seem to merge. The relationship is easier to understand when one learns that Wade Rathke, who founded the New Orleans ACORN chapter 30 years ago, is also the chief organizer of SEIU local 100. The two are fraternal, not identical, twins.⁴⁰

—The Black Commentator

ACORN, which in some ways belongs in its own category, is as much a labor union as a community organization in the Chicago area. In fact, ACORN founded a union for home-based health care and childcare workers that later affiliated with SEIU as Local 880, and around the country ACORN has long pushed for closer ties between labor and community organizations.⁴¹

— *Social Policy*

ACORN has always vocally supported unionization. But this goes beyond simply supporting unionization to actually running unions, and ACORN founder Wade Rathke has made himself an integral (if not embarrassing) tool for America's activism-minded union officials. In 2005, these labor leaders paid more than \$2.4 million to ACORN in gifts, grants, and fees for organizing work.⁴²

Rathke is a highly influential strategist within the labor movement, holding leadership positions within the Service Employees International Union ranging from Chief Organizer of Local 100 to heading the Southern Region Conference and formerly sitting on the International Union's executive board. In 2005, the International paid him more than \$25,000 to act as a campaign project coordinator, while he ran his other business.⁴³

ACORN's SEIU Local 880 in Illinois (which files its financial disclosures from ACORN's office in New Orleans) reported 10,580 members in 2000. Local 880 now claims to represent 80,000 employees. Thus, in roughly five years, it grew by 750%.

This astounding growth can largely be explained by political machinations involving support for the candidacy of Gov. Rod Blagojevich. The two major events that sent membership skyrocketing from 10,000 to 30,000, and from 30,000 to 80,000, resulted from a political *quid pro quo* that first signed up homecare workers and then childcare workers. In each case, Blagojevich forced the state to recognize the union and negotiate with it, costing the taxpayers of his state but benefiting his candidacy and his political allies.

In an academic article written in 2004, former ACORN organizer Fred Brooks predicted:

Local 880's role in the fall 2002 Illinois gubernatorial campaign may hasten recognition of the [childcare] union by the state. Local 880's political action committee, with major support from the International Union and the SEIU state council, worked hard to elect Rod Blagojevich as the first Democratic governor in Illinois in over twenty years. In return, Blagojevich agreed to support recognition and collective bargaining rights for both homecare and family child-care providers if he were elected governor. In February 2003, he signed Executive Order 2003-8 granting collective bargaining rights to over twenty thousand personal assistants (homecare workers) from Local 880's DHS/ORS unit ... Although Blagojevich has committed to recognizing the child-care workers union, he has not yet signed an executive order to that effect.⁴⁴

So, the year after he received election help, Blagojevich signed an order giving Local 880 20,000 new homecare members. He waited until 2006—the year of his re-election—to make good on the promise of nearly 50,000 new child-care members.

Local 880 wasn't doing anything new. Rathke's Local 100 was granted automatic checkoff for union dues and representation rights for Arkansas public sector employees in 1985 by then-Governor Bill Clinton.⁴⁵ Rathke and ACORN had endorsed Clinton when he was a 32-year-old candidate.⁴⁶

The new size of Local 880 makes ACORN increasingly important in SEIU. If the new members had been included in its financial disclosure filings with the Department of Labor, Local 880 would have been the fourth-largest in the union in 2005. Paired with Rathke's Local 100, which includes another 4,000 members, ACORN holds significant financial sway within SEIU.

Front For Union Attacks

ACORN acts as a partner and front for union causes, including attacks ranging from those on large companies such as Wal-Mart to non-profit hospitals.

Attacking Wal-Mart

ACORN and its founder Wade Rathke are at the nexus of the nationwide, multi-union “corporate campaign” designed to attack Wal-Mart and its

reputation. The ultimate goal is to pressure the company into increasing its labor costs so that it is on par with its less-competitive, but highly unionized, competitors.

ACORN has adapted its broader “living wage” effort to “foster union organizing among low wage workers”⁵⁰ to more narrowly attack Wal-Mart. In 2006, ACORN joined with organized labor to lobby Chicago city councilors for a “Big Box” living wage ordinance, which is effectively an industry-specific wage and benefits floor for retail stores that exceed an arbitrary

SEIU Member Money Feeding ACORN Coffers

As with most ventures ACORN is involved in, it would take a forensic accounting expert to track all of the money flowing from one ACORN group to another. But the financial disclosure forms from ACORN’s unions shed some light on their cash flow.

Local 880’s Department of Labor financial filings from 2005 show a pattern of loans and payments to ACORN-run organizations:

- A loan receivable from SEIU Local 100, which started the year at \$11,500 and ended the year at only \$500—a note shows the loan wasn’t repaid in cash, but rather “reduced to in-kind service”
- “Gifts” totaling \$151,694 to the L880 Political Action Committee, which is run out of ACORN’s Louisiana office
- Local 880 received \$36,425 as a “contractual fee” from the L880 Political Action Committee
- Representational activities included \$6,388 in non-itemized payments to the Chief Organizer Fund (Chief Organizer is Rathke’s title for most of his positions) at ACORN’s office and \$66,870 in non-itemized payments to Citizens Consulting Inc., ACORN’s multi-use organization

- \$177,430 paid to Citizens Consulting for “Accounting and Administrative Support” and non-itemized transactions for “General Overhead”
- \$10,102 paid to Citizens Consulting for “Union Administration”

Local 100’s filings show:

- \$8,098 in overhead paid to Citizens Consulting
- \$9,523 paid to the “Peoples Equipment Resource Corp,” which is registered to Rathke at ACORN’s headquarters
- \$6,300 to the Elysian Fields Corporation
- Accounts payable records show \$73,984 to the Elysian Fields Corporation; \$34,241 to Citizens Consulting; \$13,795 to the Fifteenth Street Corporation; and \$9,072 to the 4415 San Jacinto Corporation—all of which are run out of ACORN’s New Orleans headquarters⁴⁷
- Loans payable included its original \$11,500 debt to Local 880 and \$8,907 to the Association for the Rights of Citizens—a group run by Local 880 and ACORN.⁴⁸ Loans to these two organizations were reflected as early as 2000, with as much as \$47,000 of money from members in Local 880 being used to support its less-successful sibling.⁴⁹

unite to win.

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to build new strength
and unity for working people.

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SEIU Walmart Strategy [\(none/0\)](#)

Following up on his stunning weekend success with the high tech bosses, Andy Stern's top 10 strategies for organizing Walmart:

- 1) Cosmo, edame snap, and knee-pad brunch with CEO
- 2) Donate \$800,00 to the company's favorite Republican Senator
- 3) Two-word contract: Agency fee
- 4) Convince the workers they don't need healthcare and pensions
- 5) Pay Wade Rathke \$5 million
- 6)
- 7)
- 8)
- 9)
- 10)

.....
by [Anonymous](#) on [Thu Mar 24, 2005 at 08:35:08 PM EST](#)
[[Reply to This](#)]

Send in ACORN [\(none/0\)](#)

You forgot the secret strategy. Send in ACORN to organize Wal Mart workers...

.....
by [Anonymous](#) on [Thu Mar 24, 2005 at 07:23:12 PM EST](#)
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Comments responding to a March 2005 weblog post by Service Employees International Union president Andy Stern

square-footage threshold. Reprising the use of wage policy to aid unionization efforts, an ACORN spokesperson explained that their desired (and unprecedented) wage of \$10 per hour plus \$3 per hour in healthcare benefits was “a way to allow big-box retailers like Wal-Mart to come in without threatening the level of wages and benefits that unionized stores and stores with a conscience are already paying.”⁵¹

ACORN's Rathke has been a leading strategist to find ways that unions can organize Wal-Mart employees. He laid out a plan in which labor would create an association of Wal-Mart employees, acknowledging that “An association of workers would in fact be a union in every sense of the word.”⁵² This plan would “put pressure on wages and benefits, and envision an

organization that exerts constant pressure in a way that is unnatural under a bargaining regime.”

The goal is to not only organize Wal-Mart employees under this new model but to find a framework for targeting other retailers. Making special note of retailers Home Depot, Lowe's, Target, and K-Mart/Sears, Rathke states: “If we can find a new way to organize Wal-Mart effectively, this effort could serve as a model for other organizing drives at hundreds of other corporations.”

Rathke's ultimate vision for the Wal-Mart drive is of “a campaign on all fronts” against the company.⁵³ To that end, ACORN has become a central figure in the attack on Wal-Mart.

ACORN either directly runs or is involved with each major group attacking Wal-Mart. A group called Wal-Mart Watch, founded by SEIU money, calls ACORN a “partner.”⁵⁴ Wake Up Wal-Mart, an organizing drive by the United Food and Commercial Workers, announced a “partnership” with ACORN.⁵⁵ The Wal-Mart Workers Association is backed by SEIU and UFCW, while ACORN has registered the website and organization. The Wal-Mart Alliance for Reform Now and a group called Site Fighters—which instructs activists how to use zoning regulations and litigation to stop expansion of retailers—are ACORN groups.

Hiring ACORN to attack Wal-Mart isn’t cheap. Financial disclosures show that the SEIU headquarters paid \$500,000 in two installments to the “Wal-Mart Organizing Project.” The checks were sent to ACORN’s headquarters in Louisiana.

The timing of SEIU’s grants are notable. The first grant was on March 16, 2005. The state of Louisiana shows that the Wal-Mart Alliance for Reform Now was registered March 24, 2005 and the Wal-Mart Workers Association was registered March 28, 2005. The second grant was made August 5, 2005. The Wal-Mart Association for Reform Now and the Wal-Mart Workers Association was publicly launched on or about August 31, 2005. The ACORN-run Site Fighters held a conference that ran August 31, 2005 through September 2, 2005.

The apparent outsourcing of SEIU’s attack on the company to ACORN was humorously predicted in the comments section of SEIU president Andy Stern’s blog

on March 24—the day ACORN registered the Wal-Mart Alliance for Reform Now.⁵⁶

Attacking Non-Profit Hospitals

The largest component of the business model for the Service Employees International Union is the medical sector. When a hospital rebuffs SEIU’s aggressive organizing efforts, ACORN may come to the aid of the union to apply pressure that could well endanger the care provided to patients.

As part of a labor disagreement in Illinois, ACORN and SEIU have launched a campaign to attack the reputations and apply logistical pressure to Advocate and Resurrection hospital chains. They’ve gone beyond what affected doctors consider responsible, and have brought people “by the vanload” to the hospitals’ emergency rooms in a bid to harass the healthcare providers.

In October 2005, the Illinois *Business Ledger* reported that SEIU’s attack is a part of an organizing campaign:

“They asked us for the personal contact (information) of all of our workers and asked us to step off so they could solicit our associates (employees) directly,” [an Advocate spokesman] said. “We refused to give out our associates’ private contact information.”

Advocate also wanted to have an anonymous ballot according to the standards of the National Labor Relations Board, but the SEIU would not agree to that.

Is Hypocrisy On the Shopping List For Rathke?

On at least one occasion, ACORN was paid for a one-off attack project. United Food and Commercial Workers Local 101 in California paid ACORN \$13,000 in “representational” costs for a “Anti Wal-Mart Recall Project.”⁵⁷

The ferocity of this attack on the retailer is slightly ironic. Rathke flatly stated in 2004: “I do not pretend that we do not shop at Wal-Mart regularly.”⁵⁸

The Nation reported that Rathke went even further in his affection for the store:

“I love that damn store,” says Rathke, who recalls being a loyal customer when he lived in Arkansas and needed the discounts. “They had me. I wasn’t making 2 cents to put together.” Now he lives in New Orleans, and admits, “Damned if I don’t go down to Sam’s for a new tire! They do have something that works. You can’t just convince people they’re evil.”⁵⁹

More than a half-million dollars of union member money suggests he will nonetheless attempt to do so.

Denial On Trial

The *Daily Southtown* has reported:

The union denies that ferrying people in groups to emergency rooms is part of the Care For All strategy. But the SEIU-affiliated Association of Community Organizations for Reform Now (ACORN) has been transporting small groups of people beyond their own communities to Advocate hospitals.⁶⁴

And the *Business Ledger* has noted:

Both ACORN and SEIU deny that the influx of patients off one bus was a joint effort ... "ACORN does its own thing," said James Muhammad, spokesman for SEIU 880. "We do have community partnerships with them in order to bring benefits to the community. That is something that we do as a labor union."

"We couldn't agree to those terms, so they pretty much said 'this means war,'" said [the spokesman]. "Since then they have launched a negative corporate campaign against us."⁶⁰

ACORN, acting in its capacity as a "community organization," apparently helped the community by bussing patients to the emergency rooms of the hold-out hospitals. The *Business Ledger* reported:

A bus with eight patients and several community organizers, all members of or affiliated with the Association of Community Organizations for Reform Now (ACORN), pulled up and "demanded" to be seen in Good Samaritan's ER, according to numerous hospital officials ... Lucrecia Balgemann, a Spanish-

speaking shift coordinator in the ER the day of the occurrence, said it was clear to her that many of the Spanish speaking patients were being "coached" by ACORN organizers and were "following a script."

One patient was under the impression that the hospital would help with a kidney transplant through its charity care, but was quickly informed that the hospital was not a transplant location.⁶¹

ACORN's actions are not without consequence. Dr. Stephen Crouch, chairman and medical director, Department of Emergency Medicine at Good Samaritan, said, "In this case, people were driven past other hospitals. Why would someone be driven 10 to 15 miles, past other hospitals, if it was an emergency?"⁶² Dr. Douglas Propp, chair of emergency medicine at Advocate Lutheran General Hospital, warned the *Daily Southtown*: "When a person with chest pain bypasses several emergency departments and is brought unsuspectingly 40 miles to get care at a facility, that's dangerous."⁶³

U.S. Department of Labor
Employment Standards Administration
Office of Labor-Management Standards
Washington, DC 20210

FORM LM-2 LABOR ORGANIZATION ANNUAL REPORT

Form Approved
Office of Management and Budget
No. 1515-0188
Expires 07-31-2004

MUST BE USED BY LABOR ORGANIZATIONS WITH \$200,000 OR MORE IN TOTAL ANNUAL RECEIPTS AND LABOR ORGANIZATIONS IN TRUSTEESHIP

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.

READ THE INSTRUCTIONS CAREFULLY BEFORE PREPARING THIS REPORT.

For Official Use Only U.S. DEPT. OF LABOR JUN 3 2003 B OAS DESK	1. FILE NUMBER 5 1 5 - 9 6 3	2. PERIOD COVERED From MO DAY YEAR 0 1 0 1 2 0 0 2 Through MO DAY YEAR 1 2 3 1 2 0 0 2	3. (a) AMENDED — If this is an amended report correcting a previously filed report, check here: <input type="checkbox"/> (b) TERMINAL — If your organization ceased to exist and this is its terminal report, see Section XII of the instructions and check here: <input type="checkbox"/> (c) SUBSIDIARY — If this is a report for a subsidiary organization of your union as defined in Section X of the instructions, check here: <input type="checkbox"/>
	8. MAILING ADDRESS First Name WADE Last Name RATHKE P.O. Box - Building and Room Number (if any) Number and Street 1024 ELYSIAN FIELDS AVE City NEW ORLEANS State LA ZIP Code + 4 70117		

4. AFFILIATION OR ORGANIZATION NAME
SERVICE EMPLOYEES AFL-CIO

5. DESIGNATION (Local, Lodge, etc.)
LU

6. DESIGNATION NUMBER
880

7. UNIT NAME (if any)

9. Are your organization's records kept at its mailing address? Yes ☒ No ☐
(If "No," provide address in item 75.)

75. ADDITIONAL INFORMATION
Item Number

Each of the undersigned, duly authorized officers of the above labor organization, declares, under the applicable penalties of law, that all of the information submitted in this report (including the information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct and complete. (See Section VI on penalties in the instructions.)

76. SIGNED: Helen Miller PRESIDENT
Date: 5-5-03 Telephone Number: 312-939-7490

77. SIGNED: Julie Benson TREASURER
Date: 3-30-03 Telephone Number: 713-939-7490

Form LM-2 (Revised 2000) 2 - 1 Page 1 of 12

The 2002 financial disclosure forms for the Illinois-based SEIU Local 880 were signed by Wade Rathke and addressed from ACORN's office in New Orleans.

**Building Power
For Low Wage Workers**

SEIU Local 880

Service Employees International Union Local 880, AFL-CIO, CLC
The Union for Illinois Homecare Workers and Home Childcare Providers

Local 880
SEIU
Stronger Together

We're Fired Up!



VICT



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ph: 312-939-7490
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**Health Care Campaign Heats
Up with HB 4404!**

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About Local 880
Home Childcare
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Care Campaign Heats
HB 4404!



Despite claims that ACORN and Service Employees International Union Local 880 are wholly separate entities, the union lists its contact email as seiu880@acorn.org.

Another SEIU target is Sutter Health, a California chain of hospitals. Again, ACORN has aided the union's corporate campaign to pressure the healthcare provider into capitulating to organizing demands.

In September 2005, the SEIU-ACORN coalition fell back on a standard tactic, accusing the Sacramento-based non-profit hospital chain and healthcare organization of making excessive profits, using aggressive debt-collection methods, and not providing enough charitable care.

In December 2005, when the Sacramento City Council convened to debate approving an expansion to Sutter's hospital there, ACORN flooded city council members' offices with faxes condemning the proposed expansion. When Councilwoman Sandy Sheedy (whom the *Sacramento Bee* has called "as loyal a supporter of unions as the unions could hope for") was concerned about the origin of the faxes, she had her office investigate the matter.⁶⁵

The *Bee* recorded her speech before the Council:

... most of the people we contacted volunteered the information that they had signed something while at

the grocery store or at the park. Six people indicated they had no specific concerns about the project and didn't know much about it. They had signed because someone had asked them to. One person had no idea a letter would be sent in his name. He thought he signed a request for more information about a project coming to his community ... One person signed the letter because she thinks the project is a good idea.⁶⁶

ACORN And Elections

The popular perception of ACORN as a community organization attempting to use the political realm to further the interests of its members, and of all low-income individuals, is sharply at odds with the

**"[T]his is a mass organization
directed at political power where
might makes right"**

—ACORN Manual

historical record. In reality, ACORN uses politics as a means of building its own power, often prioritizing

organizational strength over achieving the stated goal of a given candidate or ballot initiative campaign.

Long-Term Quest For Political Power

ACORN's no-holds-barred take on politics originates from its philosophy, which is centered on power. An internal ACORN manual instructed organizers to sign up as many residents as possible because "this is a mass organization directed at political power where might makes right."⁶⁷

From its founding, the group has attempted to exploit the political process to build itself. In 1970, the group claimed interest in registering voters. Founding ACORN Organizer Gary Delgado has, on at least two occasions, recounted a story in which ACORN founder Wade Rathke obtained organizational resources through tricking aides to then-Arkansas Governor Winthrop Rockefeller, a liberal Republican. In Delgado's insider's history of ACORN and its growth, he reports that Rockefeller:

[T]hrough one of his operatives, scheduled a meeting with ACORN organizers to discuss the possibility of our conducting a voter registration and get-out-the-vote campaign in the upcoming election. While the plan was never clearly articulated, it was the governor's assessment that ACORN could be useful in registering and mobilizing black voters, for which it would be paid \$5,000 cash. ACORN never agreed to take on (and never carried out) the project, but shortly thereafter received a cash advance—\$3,000 in the proverbial brown paper bag—which extended the organization's ability to hire staff and mount other campaigns. Because he lost the 1970 election to Democratic candidate Dale Bumpers and because the money was in cash, Winthrop Rockefeller was in no position to ask for an accounting.

ACORN "sat out" the gubernatorial race, making neither statements nor endorsements, but on the night of the election when the returns were in and it was clear who the winner would be, Rathke took a small group of ACORN leaders to the new governor's hotel victory celebration.

His rationale: "It's free food, plenty of good contacts, and it looks like we backed a winner all along."⁶⁸

Delgado's account of events changed significantly when, in December 2005, he spoke at a conference on ACORN's history. There he made a more direct link between Rathke's deception and organization building, confiding "this is one of those times where webcast, and should I censor what I say, but I think I'm going to say this anyway":

In Arkansas it's 1970. There's a meeting that Wade goes to with the political director of the Republican Party. The Republicans were at that time run by a liberal Republican governor, Win Rockefeller, WR, who Wade in a meeting offered to trade boots with. And Wade comes back from the meeting and said, "Well, we've just made an agreement to register voters." So ACORN was early on interested in registering voters. Of course, they thought we were going to register Republicans. We did not register a single Republican voter in that election. However, we did use those resources early on to build the organization ... that money enabled us to hire our first additional organizer after me.⁶⁹

Six years later, ACORN was planning ways to leverage presidential elections to build its organizational capacity. Delgado recounts:

In 1976, Wade Rathke produced an ambitious document entitled "The 20/80 Plan." On six single-spaced mimeographed pages, he made a series of arguments for expanding ACORN's organizational base from three to twenty states over the next four years, focused in part on expanding to states

"Of course, they thought we were going to register Republicans. We did not register a single Republican voter in that election. However, we did use those resources early on to build the organization ... that money enabled us to hire our first additional organizer after me."

—Founding ACORN Organizer Gary Delgado

that held a Democratic primary or statewide caucus. Rathke argued that it would be possible to use the “event” of the presidential campaign to build ACORN’s national power and prestige.⁷⁰

In 1984, ACORN was of enough political consequence to garner attention from *The Economist*, which noted:

In 1980 Acorn, for the first time, threw its energies into Democratic presidential politics, urging its members to register and vote in primary elections and caucuses. In certain states it had considerable influence. In Michigan, for example, Acorn delegates proved important in Senator Edward Kennedy’s campaign.⁷¹

The Economist went on to report of ACORN’s efforts to push the 1984 candidacy of Jesse Jackson: “The most visible sign of a rainbow in the Rev. Jesse Jackson’s campaign is an organisation called Acorn, whose members have provided behind-the-scenes support for his campaign in New England, in parts of the south and in the middle west.”⁷²

Since the mid-1990’s, ACORN has put a good deal of its political efforts behind minimum wage and so-called “living wage” campaigns. But the focus on wage campaigns must be recognized as a means to an end: increasing ACORN’s power. These campaigns follow naturally from the organization’s broad philosophical strategy, which relies on pitting the many against the few. According to Delgado:

Built into the ACORN model is the use of creative confrontation to polarize the interests of organized low-income people on one side and “monied interests” on the other. In its fifteen-year history, the organization’s actions have lived up to the basic purpose of the activity—“a direct confrontation between a target and the entire assemblage.”⁷³

For reasons of organizational growth and to fight what

ACORN’S Jen Kern

“We would like it to become a fact of political life,” Kern says, “where every year the other side has to contend with a minimum-wage law in some state.”

“This is what moves people to the polls now. This is our gay marriage.”

it views as its opposition, ACORN believes it is more important to run a wage campaign than to win it.

As scholars have noted, ACORN’s actions are often designed for an internal concern as much as they are to attack a target, especially when an organizer is trying to launch a new chapter: “The importance of the action itself—whether it be a demonstration, a meeting, statement at a hearing—is secondary to its internal function of upping the ante of group participation and defining the group’s collective experience.”⁷⁴

In 1995, a newswire reported that “Losing a close fight is not necessarily bad, says Rathke, if it builds your base.” It quoted Rathke: “Every vote we get builds our organizational strength and the validity of our position.”⁷⁵

Internal documents from ACORN’s 2004 campaign to raise Florida’s minimum wage confirm that the group’s primary focus was more on politics than the wage itself. The campaign’s strategy memo showed that passing the wage was third of three ordered goals, following the desire to “increase voter turnout of working class, mainly Democratic voters without increasing opposition turnout” and to “increase the power of progressive constituencies by moving a mass agenda, putting together the capacity to get on the ballot and win, and by putting our side on the offensive.”

Partisan Politics?

Indeed, putting “the other side” on the defensive appears to be the primary goal of ACORN’s minimum wage campaigns, which the organization planned to run in swing states such as Arizona, Missouri, and Ohio in 2006. Jen Kern, the longtime head of ACORN’s Living Wage Resource Center, told the *New York Times Magazine*: “We would like it to become a fact of political life ... where every year the other side has to contend with a minimum-wage law in some state.”⁷⁶ Kern added, “This is what moves people to the polls now. This is our gay marriage.”⁷⁷

Claims that political work by ACORN and its affiliate Project Vote are non-partisan strain credibility. When ACORN operated its minimum wage campaign in Florida, lifelong Democrat Joe Johnson resigned his position as campaign boss because, he told reporters, “there were efforts to try to inform people that this was nonpartisan, when, in fact, it was not.”⁷⁸

The first sentence of an October 2003 strategy memo for ACORN’s local political action committee, called Floridians For All, read: “A Florida constitutional amendment initiative to create a minimum wage of \$6.15 with indexing will help defeat George W. Bush and other Republicans by increasing Democratic turnout in a close election ...”

Further evidence of partisanship comes from documents uncovered during the Congressional investigation into the Teamsters elections scandal in 1996, when aides to then-union president Ron Carey arranged for a \$175,000 contribution to Project Vote in exchange for reciprocal contributions to his campaign for presidency of the Teamsters.⁷⁹ An October 1996 memo from former Teamsters political director Bill Hamilton showed that union donations to supposedly non-partisan get-out-the-vote (GOTV) efforts of ACORN’s Project Vote were, in fact, known to be supporting a particular set of political campaigns:

I would like to move an additional \$100,000 in treasury dollars into the Project VOTE GOTV efforts in California, Missouri, New Jersey, Colorado, Pennsylvania, and Michigan.

These funds will be used to pay for non-partisan

GOTV phone calls to black households in selected congressional districts.

*In each instance they will benefit the Clinton campaign but also, and more specifically, congressional and senate races that we are tracking.*⁸⁰

That \$175,000 now seems paltry when compared to ACORN’s recent massive political war chest. *The New York Times* reported the month prior to the 2004 election that Project Vote would spend an estimated \$16 million to increase voter turnout, compared to its 2000 total of \$1 million.⁸¹ According to a post-election review by Wade Rathke, ACORN and its subsidiary non-profit Project Vote raised nearly \$20 million for the election.⁸²

Pattern and Practice: Voter Fraud

As ACORN’s electoral power increased in 2004, its employees’ incidents of suspected voter fraud increased commensurately. While the problem is by no means new and has since continued, national attention on suspected fraud by ACORN and Project Vote employees increased dramatically in 2004. In addition to allegations of voter-registration fraud in Michigan, North Carolina, and Texas, questions about ACORN’s widespread voter fraud popped up across the nation:

- 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.⁸³
- ACORN’s widespread practice of fraud was highlighted in Florida’s 2004 election, when the group led a ballot initiative seeking a \$6.15 minimum wage (a rate higher than many ACORN employees were paid). A Florida Department of Law Enforcement spokesman said ACORN was “singled out” among suspected voter registration groups because it was “the common thread” in the agency’s investigations from one end of the state to another.⁸⁴ One example of the rampant voter fraud

in Florida was the story of Charles Schuh. The 68-year-old Schuh is a former Democratic mayor of St. Petersburg, but ACORN registered the notable politician as a 30-year-old female Republican. When Schuh asked to see his supposed registration card, he found that someone else had signed his name and altered his social security number.⁸⁵

- In Ohio, a grand jury indicted an ACORN worker in Columbus for submitting a false signature and false voter registration form.⁸⁶ 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.⁸⁷ In Cuyahoga County, ACORN and its affiliate Project Vote submitted registration cards that had the highest rate of errors (15%) for any voter-registration group.⁸⁸
- During a traffic stop in Minnesota, police found more than 300 voter registration cards in the car trunk of 19-year-old Joshua Reed, a former ACORN employee.⁸⁹ The cards were weeks and even months old, despite legal requirements that they be submitted to the Secretary of State within 10 days of being filled out and signed.⁹⁰
- In Pennsylvania, Reading’s Director of Elections received numerous calls from individuals who complained that ACORN employees deliberately put inaccurate information on their voter registration forms. The Berks County director of elections said voter fraud was “absolutely out of hand,” and added: “Not only do we have unintentional duplication of voter registration but we have blatant duplicate voter registrations.”⁹¹ The Berks County deputy director of elections added that ACORN was under investigation by the Department of Justice.⁹²
- In Colorado, ACORN employee Kym Cason admitted to forging signatures and registering three of her friends to vote 40 times.⁹³ At least three other ACORN workers

in Colorado were charged with procuring false registrations or faced perjury charges for filling out phony registration cards.⁹⁴ And in January 2005, two ex-ACORN employees were convicted in Denver of perjury for submitting false voter registrations.⁹⁵

- The Racine, Wisconsin district attorney’s office investigated seven voter registration applications Project Vote employees filed in the names of people who said the group never contacted them. Former Project Vote employee Robert Marquise Blakely told the *Milwaukee Journal Sentinel* that he had not met with any of the people whose voter registration applications he signed, “an apparent violation of state law” according to the paper.⁹⁶

The problem persisted in 2005:

- Four ACORN employees submitted as many as 3,000 potentially fraudulent signatures—including that of a county commissioner—on the group’s minimum wage ballot initiative for the city of Albuquerque. Two of the four employees admitted to forging signatures. A local sheriff added: “It’s safe to say the forgery was widespread.”⁹⁷
- The Virginia State Board of Elections admonished Project Vote and ACORN 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.

In a letter to ACORN, the State Board of Elections reported that 56% of the voter registration applications ACORN turned in were ineligible. Further, a full 35% were not submitted in a timely manner, as required by law. The State Board of Elections also commented on what appeared to be evidence

of intentional voter fraud. “Additionally,” they wrote, “information appears to have been altered on some applications where information given by the applicant in one color ink has been scratched through and re-entered in another color ink. Any alteration of a voter registration application is a Class 5 Felony in accordance with § 24.2-1009 of the Code of Virginia.”

The history of voter registration problems by ACORN and Project Vote extends back further than the 2004 election. In 1998, a Project Vote contractor in Arkansas was arrested for falsifying approximately 400 voter registration cards. Some of the addresses listed on these applications were traced to vacant lots, boarded-up buildings, abandoned buildings, and nonexistent house numbers.⁹⁸ In 2003, ACORN submitted 5,379 voter registration cards in St. Louis, Missouri. Of those, only 2,013 appeared to be valid. At least 1,000 are believed to be attempts to register voters illegally.⁹⁹

Pattern and Practice: Denial

The frequency with which ACORN employees are caught turning in fraudulent or erroneous documents indicates the group cares less about obeying laws than pushing its political agenda. When it is periodically forced to answer allegations of fraud, ACORN downplays the harm of its crimes or shifts blame to supposedly rogue employees, whom the organization then fires.

Responding to allegations of thousands of fraudulent ballot signatures in New Mexico’s 2005 minimum wage drive, an ACORN spokesman said: “When you have a mass amount of people trying to do public work, you might have somebody trying to do an illegal activity.”¹⁰⁰ New Mexico ACORN had previously used the same argument. A national spokesperson responded to charges of voter fraud in 2004 by saying: “Whenever there is a massive voter education effort, there could be some problems with some cards.”¹⁰¹ In Michigan, a representative of Project Vote “downplayed the issue ... insisting it involved only a handful of workers and a limited number of registrations,” according to the *Detroit Free Press*.¹⁰²

Government Grant Fraud

Manhattan Institute scholar Sol Stern has characterized ACORN’s shift from the philosophy of National Welfare Rights Organization founder George Wiley, who sent Wade Rathke to Arkansas, to one of using institutions for their advantage:

Instead of trying to overturn “the system”—to blow it up, as George Wiley wanted to do—ACORN burrows deep within the system, taking over its power and using its institutions for its own purposes, like a political Invasion of the Body Snatchers.¹⁰³

For decades, ACORN has accepted government grants. But like all other resources it obtains, the group uses the public’s money to build the infrastructure of the highly political group. And like the other areas in which ACORN is involved, it has misused that public money.

VISTA

As part of former President Lyndon Johnson’s anti-poverty campaign, a federal agency called ACTION operated the Volunteers in Service to America (VISTA) program. Under the Carter Administration, activists took control of the agency and disbursed millions of federal taxpayer dollars to left-wing “community organizations.” Many of those organization—including ACORN—misused those grants, leading the Reagan administration to attempt to phase out the program. Ironically, the VISTA program currently operates under the umbrella of AmeriCorps—another agency from which ACORN misused taxpayer dollars.

Founding ACORN Organizer Gary Delgado explained:

[W]hen two of “their own,” Sam Brown and Marjorie Tabankin, became directors of the ACTION agency and VISTA program during the Carter administration, over three million dollars was funneled directly to ACORN, National People’s Action, Citizen Action, and the Industrial Areas Foundation in both training contracts and VISTA volunteers.¹⁰⁴

Since 1977, ACORN has accepted federal government grants. That year it was awarded a grant to hire VISTA volunteers, who were supposed to be put to work helping

low-income individuals. ACORN used the volunteers—in violation of federal law—for two of its favorite pastimes: politics and union organizing.

Delgado recounts:

[I]n 1977, ACORN had signed a \$470,000 contract with ACTION, the federal agency, to train one hundred VISTA volunteers in ACORN statewide organizations. While this contract guaranteed ACORN free organizers to support and maintain the expansion efforts, it brought its own contradictions and liabilities. While ACORN had previously utilized VISTA volunteers, under the contract the organization agreed to accept one hundred persons (more than doubling its staff) without extensive prior screening. During the contract period, therefore, over half of the ACORN staff was being paid—at a rate higher than regular ACORN staff—by a third party that was often a target of ACORN actions: the federal government. And there was an additional complication: as federal employees, VISTA volunteers were not allowed to take part in electoral activities, a restriction that caused ACORN special problems in the 1980 political campaign.¹⁰⁵ ...

[W]hereas ACORN had managed to recruit, train, and socialize a relatively tight-knit group of organizers prior to 1979, the VISTA contract brought a much larger and more diverse group of people onto the staff, some of whom had different ideas about community organizing. Immediately following the first training session in Little Rock for VISTA volunteers, one of them flew to Washington and demanded to be reassigned, stating, according to former VISTA staff liaison Andrea Kydd, “ACORN is really interested in power, not helping people. They may even be a threat to the government.”¹⁰⁶

Delgado added:

Further troubles emerged when, because of the political-electoral work the organization was engaged in ACORN and other community organizations funded through VISTA’s liberal director, Marge Tabankin (an ex-organizer and foundation director), were investigated by the House Appropriations Committee for using VISTA volunteers in political lobbying activities in

violation of the Hatch Act. The investigation, which resulted in the cutoff of ACORN’s national grant, also charged that ACORN had used VISTA volunteers to organize the Household Workers’ Union in New Orleans. The audits and charges did seriously affect both the organization’s funding base and, to some extent, its fiscal credibility, since federal auditors cited ACORN with “a deliberate effort to conceal evidence of an organization with serious financial problems.” (Of more interest to the *Houston Post* and the *Arkansas Democrat*, however, was ACORN’s refusal to open its financial or membership records to Congressional investigators.) Declaring that ACORN had “religiously avoided federal money up until that point,” Rathke, in a letter to Tabankin, asked that ACORN “not be considered for a national grant.” (In fact, however, ACORN continued to use VISTA through state grants right up to the end of 1980.)¹⁰⁷

The grant was of enormous importance to the organization’s health. Citing a Congressional investigation, an institutional analysis from the Heritage Institute demonstrates the importance of the grant:

It appears that the VISTA grant was crucial to the survival of ACORN. The [Congressional] report quoted an ACORN publication’s account of an October 15, 1977 meeting of the ACORN Executive Board at which consideration was given to the organization’s “policy of taking money from the federal government.” It was noted that “In the past ACORN has avoided being this close to federal funds, but our financial situation is such that we can no longer afford to be as distant—unless we are willing to see the organization risk death.” The report observed that in states “visited where VISTAs were working, ACORN had no more than 1 or 2 staff organizers assigned as compared with a total of 32 VISTAs” and added that “ACORN had at least 16 organizers who were immediately converted to the VISTA payroll upon approval of the grant.” The conclusion reached was that “VISTAs supported by the grant probably comprise the majority of the overall organization.”¹⁰⁸

The Congressional investigation report left no doubt that ACORN violated federal law as it pertained to union activities:

Section 404 of the Domestic Volunteer Service Act prohibits VISTAs from engaging in labor organizing activities and imposes restrictions on funds appropriated under the act from being used “directly or indirectly” for such purposes. ACORN is involved in labor organizing. At its October 1977 meeting, the executive board unanimously endorsed a motion giving the ACORN chief organizer the authority and responsibility to organize the household workers in New Orleans and other unions along the same lines. The ULO (United Labor Organizations), which was described as a “separate entity” that ACORN “is helping to get started,” shares space in the same building as ACORN in New Orleans. The sign in front of the building says “ACORN” on one side and 11ULO11 on the other. The HWOC (Household Workers Organizing Committee), also located in the same building, was said to be a ULO “subsidiary organization.” It was stated that ACORN rents the building and that both ULO and HWOC rent space from ACORN, but the Investigative Staff was unable to verify this arrangement without access to ACORN’s accounting records.

Five VISTAs were actively working with the HWOC, reporting directly to the chief organizer, until late this past spring when the ACTION Office of Compliance directed that the assignments be terminated. There is as yet, however, very much of an indirect involvement of VISTAs and the use of grant money in the labor organizing activity of ACORN. First, ACORN has only limited staff resources Without the VISTAs to take over neighborhood organizing chores, it is doubtful whether the manpower would be available to mount a credible union organizing effort. Thus, the availability of VISTAs is facilitating (if not making practicable) the ACORN move into labor organizing. Second, there are no safeguards, of which the Investigative Staff is aware, to prevent membership dues solicited by VISTAs from being used for labor organizing. The dues are used to cover all expenses of the organization, and these expenses would include, for example, the salary of the chief organizer, who, reportedly, has made himself responsible for the household workers organizing project. The Investigative Staff believes the collection of dues, by VISTAs, which

go in any part to support this kind of activity is in violation of section 404 of the Domestic Volunteer Service Act.¹⁰⁹

Little Rock Housing Scandal

A controversy over public money allocated to ACORN in Arkansas but sent to Louisiana led its former state chairwoman to call the group “one of the biggest scams in Arkansas” and a reverend to say that “as long as ACORN has a finger in it, it ain’t gonna be done right.”¹¹⁰

In the late 1980’s, the Little Rock, Arkansas city board of directors granted \$150,000 to an ACORN land association to fund repairs of local dilapidated houses. But city officials found numerous problems with the project, including a requirement for potential home buyers to become dues-paying ACORN members. Eventually, the City Attorney concluded that there had been at least three contract violations by the ACORN Housing Corporation, including the possibility that the group could borrow money for other purposes while using the housing lots as collateral.¹¹¹

ACORN was charged with the responsibility of using taxpayer dollars to fix up dilapidated houses. But ACORN used the money for its Arkansas Community Housing Corporation, in which they allow buyers of the renovated homes only to acquire the houses, but not the lots. The owner can then resell the home to the Housing Corporation only for the same price for which they bought it.

The *Arkansas Democrat-Gazette* reported that former Arkansas ACORN chair Dorothy Perkins “contended Acorn was building up a land portfolio that would translate to money and power for the national organization.” Perkins alleged that money raised by the community group was “never seen” by the low-income individuals it claims to serve, “and that all the money ended up” under Wade Rathke’s control (which she said was “run like a Jim Jones cult”).¹¹²

Two significant points of contention over the Little Rock housing rehabilitation effort would foreshadow future allegations by the federal government: using grant money as a means to bolster membership and claiming that parts of ACORN’s web were not actually connected.

In this case, an ACORN spokesman said the group required the new homeowners to become dues-paying ACORN members. After attracting the attention of the media and Little Rock officials, ACORN altered the requirement.¹¹³

Also, a city official complained that there “clearly has been a conscious and direct effort” by national ACORN officials to “dominate if not totally control” the local-level project.¹¹⁴ The official added that ACORN’s housing corporation “is inextricably intertwined with at least three other ACORN corporations and is guided in large part by national Acorn program guidelines” and that “The value of physical improvements resulting from the \$150,000 of public money flows directly to Acorn-created corporations.”¹¹⁵

The *Arkansas Democrat-Gazette* was left to conclude in an editorial: “The housing program can operate without these outside groups ... The program deserves a full chance to succeed, without an excessive burden of Acorn baggage.”¹¹⁶

AmeriCorps

In 1994 the ACORN Housing Corporation (AHC) was awarded a \$1.1 million grant by AmeriCorps, a program of the Corporation for National Service (CNS). The money was intended to fund the training of 42 AmeriCorps members in 13 cities. The workers were expected to identify low-income families hoping to purchase a first home, to assist them in finding suitable housing, and to advise them in securing the necessary financing.

During the grant-making process, AHC was asked about its relationship to ACORN, because political advocates were ineligible for the grant. At the time, AHC maintained that it was a completely separate entity from ACORN, and CNS awarded the grant based on this understanding.

Evidence uncovered by Luise Jordan, the Inspector General for AmeriCorps, suggests that this promised separation was simply not true. In testimony before a house subcommittee, Jordan stated:

Our preliminary research determined that AHC was part of a number of ACORN-related organizations. ... Not only did we find references to ACORN

having “created” AHC to serve purposes common to both organizations, we noted numerous transactions and activities involving AHC and other “fraternal” ACORN-related corporations. These transactions included costs charged to AHC, and thus to the CNS grant, by ACORN or other ACORN-related entities. ... Charges of this nature were made to our grant for the AHC locations where AHC and ACORN (or other ACORN-related activities) were co-located.¹¹⁷

AHC’s initial subterfuge pales in comparison to the illegal fundraising scheme it subsequently operated, using its AmeriCorps grant to increase ACORN’s membership.

According to Jordan, one ACORN member in the Dallas regional office stated that “the only reason for having the AmeriCorps program was to gain new ACORN members, and that if AmeriCorps loan counseling clients did not start becoming ACORN members, she could and would halt the AmeriCorps project.”¹¹⁸ Jordan found that this understanding was not limited to the Dallas office. Using government funds to solicit membership in an organization that—like ACORN—participates in direct political advocacy is a violation of federal guidelines.

AHC also utilized its government-funded loan counseling program to steer low-income families toward ACORN memberships. Jordan found that AHC had distributed leaflets stating that low income, first-time homebuyers were required to join ACORN, at an annual cost of \$60, in order to receive the government-subsidized counseling. “An AHC loan counseling client in New Orleans (who is a retired high school business teacher),” she explained, “was escorted by an AmeriCorps member to an ACORN organizer who solicited membership in ACORN. The client felt like she was not going to be allowed to leave until she gave the ACORN organizer a \$60 check, or authorized a \$5 per month automatic bank draft for ACORN membership dues.”¹¹⁹ And as with ACORN’s own employees who attempted to unionize, AmeriCorps members who refused to participate in this illegal fundraising scheme faced the threat of immediate termination.

The Inspector General’s office (IG) was lucky to find out as much about the improper relationship between AHC

and ACORN as it did. And AHC made every effort to obstruct the investigation. The IG issued subpoenas to AHC and ACORN, whose response “did not include several documents, or parts of documents that we had obtained from our other sources.” Jordan later wrote, “Our subpoena clearly called for these documents, and they were critical in supporting the conclusions of our investigation.”¹²⁰ Withholding required documentation was only the beginning of AHC’s attempt to hinder the investigation. AHC also limited the ability of investigators to interview AmeriCorps members in private.¹²¹ This greatly hampered the IG’s ability to obtain reliable information regarding the activities of AmeriCorps members. Eventually, in response to a torrent of red flags raised by the IG, the Corporation for National Service terminated AHC’s grant.

Ongoing Government Grants

Despite its history of misusing government grants, taxpayer dollars continue to roll into ACORN entities:

- ACORN’s American Institute for Social Justice claimed \$240,000 in tax money between fiscal years 2002 and 2003.¹²²
- In 2002 and 2003, ACORN’s American Environmental Justice Project received 100 percent of its revenue from government grants.¹²³ For those years, the Project gave more than 90 percent of that money as a grant to ACORN’s Louisiana chapter. In 2000, government grants accounted for 100 percent of the Project’s income. This time, 100 percent of that money went straight to ACORN. In 1998, 100 percent of the Project’s income derived from government grants. That year, more than \$9,000 was paid in rent to the ACORN-run SEIU Local 100.
- Since 1998, the ACORN Housing Corporation of Pennsylvania has received more than \$824,000 in tax money.¹²⁴
- Between fiscal years 2002 and 2003, the Arizona ACORN Housing Corporation took in more than \$200,000 in government money—accounting for nearly 40 percent of that group’s revenue over that time span.¹²⁵

- Tax forms show that the ACORN Housing Corporation has received more than \$11,230,000 in public funds since fiscal year 1997.¹²⁶ More than \$5,100,000 was paid in fees or grants to ACORN entities.

More grants have been announced:

- \$2 million from HUD to ACORN Associates for fiscal year 2004¹²⁷
- \$999,974 from HUD to ACORN Associates in 2003¹²⁸
- Nearly \$1.2 million from HUD in 2005¹²⁹
- \$1,999,920 from HUD in 2005¹³⁰
- \$572,000 from HUD in 2006¹³¹
- HUD fair housing grants in 2005 for a combined \$196,952¹³²

Anti-Corporatism As Tool For Power

If confrontational actions are key to ACORN’s survival, then a “bad guy” must be found. And, for internal political reasons, ACORN picks a business to target. This explains why, even as their treatment of their own employees suggests otherwise, they continue to fight for economic issues such as the minimum wage.

Delgado notes:

Built into the ACORN model is the use of creative confrontation to polarize the interests of organized low-income people on one side and “monied interests” on the other. In its fifteen-year history, the organization’s actions have lived up to the basic purpose of the activity—“a direct confrontation between a target and the entire assemblage.”¹³³

In a quest to find “monied interests,” ACORN has chosen the notion of corporations. Its Peoples Platform would turn American businesses into serfs: “Corporations shall have their role: producing jobs, providing products, paying taxes. No more. No less. They shall obey our wishes, respond to our needs, serve our communities.” Delgado explained that when developing its political platform options, “ACORN had opted to preserve class unity by developing an anticorporate political program that did not directly address salient issues of race and sex.”¹³⁴

A Closer Look Under The Roof Of ACORN Housing Corporation

2003: Paid \$300,366 in fees to Citizens Consulting.
All itemized grants—totaling \$1,107,480
—are given to ACORN entities.

2002: Paid \$193,371 to Citizens Consulting.
All itemized grants—totaling \$1,076,112
—are given to ACORN entities.

2001: Paid \$222,248 to Citizens Consulting.
All itemized grants—totaling \$1,257,087
—are given to ACORN entities.

2000: Paid \$222,298 to Citizens Consulting.
Itemized grants —totaling \$426,925
—are given to ACORN entities

1999: Paid \$179,511 to Citizens Consulting.

1998: Paid \$182,929 to Citizens Consulting.

1997: Paid \$218,791 to Citizens Consulting.

As Russell notes, the need for attacking business is central to maintaining ACORN's tenuous coalition of interests:

ACORN organizers argue that as long as ACORN deals primarily with economic issues or building political power, low- and moderate-income people will hold together ... This has been an integral part of ACORN's organizing strategy from its inception: to organize people around economic issues, target government and corporations and avoid divisive social issues.¹³⁵

Anti-Corporatism As A Means To Money

ACORN is in business to harass business, and business is booming. While the group has traditionally been ready to accept public acknowledgement of funds from churches and foundations, it has turned more to a new business model: the shakedown. The *New*

York Times reported that of ACORN's \$37.5 million budget for 2006, "only \$3 million comes from membership dues," while "most of the rest comes from foundations, private donations, and 'partnerships' in which onetime corporate targets, like the Household Financial Corporation, pay Acorn to run programs, in this case to educate people about mortgages and loan terms."¹³⁶ Yet that report failed to tease out the fact that the largest source of revenue is derived from those corporate targets. According to scholar and former ACORN organizer Fred Brooks, ACORN now relies heavily on "settlements" with corporate targets. Brooks told a December 2005 conference:

... very, very often the result of a campaign is a victory and a partnership with either a corporation or sometimes it can even be a government entity in a sense. If it's a corporation, there's often a significant amount of money involved in a settlement that furthers ACORN's organizing. Wade refers to this as privileging the base, and I think that's become a very huge part of what ACORN's been doing.

In an interview with Wade Rathke last year, one of the things Wade told us is that currently ACORN received more money directly from corporations in the form of settlements at the end of campaigns, privileging the base as he said, than they do from foundations and churches combined ...¹³⁷

Given that ACORN has taken in tens of millions of dollars from foundations since the mid-1990's, corporate "settlements" must be sizeable.

Areas in which ACORN appears to be "privileging the base" with corporate settlements are its campaigns surrounding housing and banking issues.

ACORN has arranged profitable agreements with land developers. In a move that rankled many other community organizations, New York ACORN endorsed a deal with billionaire development company Forest City Ratner. The deal specified that ACORN would be allowed to market a significant portion of units created by the new development. One New York advocate for

the poor complained:

ACORN stands to gain financially from this agreement, through its contract not only to market the Atlantic Yards project's affordable housing units, but also to promote the entire mega-development, including the basketball arena and 16 skyscrapers of market-rate condos and office space.¹³⁸

One paper reported that the legal agreement stated that ACORN would offer publicity support for the project:

"As long as the Project [the Atlantic Yards] will include the ACORN/ATLANTIC YARDS 50/50 Program as described ... ACORN agrees to take reasonable steps to publicly support the Project by, among other things, appearing with the Developer before the Public Parties, community organizations and the media as part of a coordinated effort to realize and advance the Project and the contemplated creation of affordable housing."¹³⁹

In 2003, the Manhattan Institute's Sol Stern outlined ACORN's manipulation of the Community Reinvestment Act. Stern explains:

ACORN loudly campaigns against "predatory lending," "redlining," and other forms of presumed abuse by financial institutions that supposedly hinder the minority poor from getting the capital needed for home buying and business start-ups. As an antidote, ACORN has latched on to a 1977 federal law, the Community Reinvestment Act (CRA), which was aimed at ensuring that banks do not discriminate against poor minority communities ...

ACORN has found a use for it beyond wielding it as a propaganda tool to suggest that "redlining" still

exists. ACORN has developed a lucrative niche as an "advisor" to banks seeking regulatory approvals. Thus we have J. P. Morgan & Company, the legatee of the man who once symbolized for many all that was supposedly evil about American capitalism, suddenly donating hundreds of thousands of dollars to ACORN. This act of generosity and civic-mindedness came, interestingly, just as Morgan was asking bank regulators for approval of a merger with Chase Manhattan. Not to be outdone, Chase also decided to grant more than \$200,000 to ACORN.

The banks that ACORN has shaken down refuse to discuss their contributions to a political organization that, to put it mildly, is hostile to free enterprise. But one prominent consultant to the financial industry, who preferred to remain anonymous, admits: "The banks know they are being held up, but they are not going to fight over this. They look at it as a cost of doing business." Some of ACORN's fellow community activists are even blunter. "ACORN knows that corporate America has no starch in their shorts and, therefore, what they try to do is buy peace from groups that agitate against them," says Robert L. Woodson, president of the National Center for Neighborhood Enterprise, a community-action group that stresses moral regeneration and individual responsibility rather than government handouts. "The same corporations that pay ransom to Jesse Jackson and Al Sharpton pay ransom to ACORN."¹⁴⁰

The 2000 tax return for the ACORN Housing Corporation disclosed grants from Bank of America, Fleet Services Corporation, Fannie Mae Foundation, Chase Manhattan Foundation, and Wells Fargo Foundation totaling \$4,752,198.

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