

Another Subpoena and Another Lien for ACORN

Attorney General Investigates Group for Fraud Involving Long-Unpaid Taxes

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The Louisiana Attorney General's Office has served another subpoena on a bank in its probe of ACORN, and a lead investigator said state fraud charges are still possible even though the embattled activist group has paid its far-past-due Louisiana payroll taxes.

"If you rob someone and then pay the money back at a later date, it doesn't mean you didn't rob them," said investigator David Caldwell, who works in the office of his father, state Attorney General Buddy Caldwell. "We're still looking at that.

"If there's an innocent explanation, then there's that. But we have an obligation to investigate under Louisiana law."

David Caldwell said if the investigation points to violations of federal laws, he will forward the findings to the appropriate agency.

Though most of the state tax bill has been paid, the national ACORN organization and its related agencies still owe the federal government more than \$1.5 million, a figure that got incrementally higher last week when the IRS placed yet another lien on the group's holdings.

Neither the IRS nor state revenue officials will discuss individual cases; an ACORN spokesman did not reply to a request for comment for this story.

The latest in a string of more than 75 liens in the past two years was filed Oct. 1 against the main ACORN organization. It seeks to collect \$21,062 for the tax period ending Dec. 31, 2007. A lien for \$514.39 was also filed in the past month against a related group, Wal-Mart Alliance for Reform Now.

The vast majority of those filings involve unpaid payroll taxes for unemployment and Social Security, and similar taxes at the state level.

The Oct. 8 subpoena was served on Whitney National Bank, seeking all manner of financial records regarding ACORN, 126 named affiliates and any other related group with the same business address as the former ACORN headquarters, 1024 Elysian Fields Ave.

It specifically asks for records from Citizens Consulting, the bookkeeping arm of ACORN.

Earlier rounds of subpoenas have been sent to top ACORN leaders, the group's outside accounting firm in New Orleans and bank officials.

Attorney General Buddy Caldwell began a broad investigation of ACORN in June, looking at the organization's failure to pay taxes, the cover-up of an alleged embezzlement by the brother of the group's founder and other financial wrongdoing involving retirement accounts of employees.

In keeping with the analogy of robbing someone and then paying them back, Buddy Caldwell has said if Dale Rathke, brother of founder and the now-deposed national leader Wade Rathke, embezzled as much as \$5 million from the group and then was allowed to quietly repay it, laws may have been broken. The statute of limitations may make that difficult, though his office is still trying to determine whether the source of the missing money was from private money, donated funds or government grants.

ACORN bills itself as the country's largest grassroots organization. It advocates for low- and moderate-income families by helping with tax preparation, fighting for higher pay and urging banks to make home loans in poor neighborhoods. It also aggressively targets low-income communities in its national voter-registration drives.

Some, but not all, of the scores of ACORN organizations are tax-exempt non-profits, but that does not excuse them from paying payroll taxes, both the employer's share and the amounts withheld from an employee's check.

The liens are filed Orleans Parish because the national group's address of record is in New Orleans, even though the organization is in the process of moving its headquarters to Washington, D.C.

A lien is a claim made by the government against a taxpayer's property and other holdings until the payment is satisfied. The lien filing comes after the government has unsuccessfully tried to get payments from the taxpayer.

Liens from the IRS and the state Revenue Department have been filed against more than a dozen ACORN-related agencies, including Citizens Consulting. That organization had a state bill of more than \$300,000 as recently as January of this year, though records indicate it has been paid. The organization had not paid withholding Louisiana taxes for many quarters since the fall of 2002.

Citizens Consulting is still facing more than \$100,000 in tax bills from the IRS.