

Congress of the United States

Washington, DC 20510

September 18, 2009

The Honorable J. Russell George
Treasury Inspector General for Tax Administration
P.O. Box 589
Ben Franklin Station
Washington, D.C. 20044-0589

Dear Inspector General George:

We write to express concern regarding the activities of the Association of Community Organizations for Reform Now (“ACORN”) and its receipt of federal funds. As you are probably aware, states and localities have issued indictments related to voter registration efforts by ACORN employees and volunteers during last fall’s election.¹ In addition, the House Committee on Oversight and Government Reform issued a minority staff report alleging that ACORN may have engaged in other serious wrongdoing.

Specifically, we are worried ACORN may have failed to comply with §§ 501(c) and 527(f) of the Internal Revenue Code (“IRC”) and the accompanying Internal Revenue Service (“IRS”) regulations. We are concerned that ACORN may have been permitted to engage in lobbying activities that are not exempt. We ask that you review the IRS’s Criminal Investigation Department and its enforcement efforts with respect to taxable nonprofit corporations engaging in political activities that go unreported. We are concerned that this problem may be systemic and go beyond ACORN. We request that your investigation include, but not be limited to, the following concerns:

1. Whether or not ACORN, which receives federal funds, used § 501(c)(3) resources for impermissible partisan work and used § 527 funds for its activities.
2. Whether or not Citizens Consulting Inc. (“CCI”), a taxable nonprofit, co-managed the accounts of various tax-exempt and non-exempt affiliates, many of which receive federal funds and some of which are § 527 organizations.
3. Whether or not ACORN engaged in lobbying and made political expenditures/contributions, including those that are exempt under 2 U.S.C. § 441b(b)(2), without reporting them to the IRS even though the organization files Form 1120 corporate income tax with the IRS.

¹ Steve Friess, *Acorn Charged in Voter Registration Fraud Case in Nevada*, NEW YORK TIMES, May 5, 2009.

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4. Whether or not ACORN/CCI transferred political contributions and dues, but failed to use procedures that satisfy federal and state campaign laws, failed to maintain adequate records, and used transferred monies to earn investment income for the organization.²

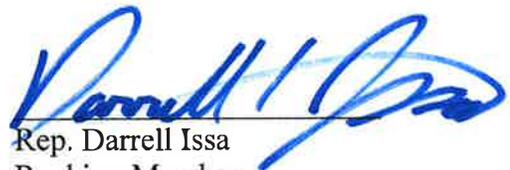
For purposes of your investigation, ACORN and its affiliates includes but are not limited to: ACORN, Project Vote/Voting for America, Inc., CCI, Citizens Services Inc. ("CSI"), ACORN Housing Corporation ("AHC"), ACORN Community Labor Organizing Center ("ACLOC"), American Institute for Social Justice ("AISJ"), SEIU Local 100, SEIU Local 880, ACORN Institute, ACORN Votes, and Communities Voting Together ("CVT").

Thank you for your attention to these matters. Please provide updates to Daniel Epstein of the House Committee on Oversight and Government Reform staff at (202) 225-5074 or Ivy Johnson of the Senate Committee on Homeland Security and Government Affairs staff at (202) 224-0609 on the status of your investigation.

Sincerely,



Senator Susan M. Collins
Ranking Member
U.S. Senate Committee on Homeland
Security and Government Affairs



Rep. Darrell Issa
Ranking Member
U.S. House Committee on Oversight
and Government Reform

cc: Chairman Edolphus Towns

² Treas. Reg. § 1.527-6(e).