



Written by [Denise Behreandt](#) on November 2, 2008

ACORN: No Business Like Poverty Business

ACORN proves the axiom of the modern welfare state — that there's no business like the poverty business. Although ACORN runs a large conglomerate of social-activist anti-poverty front groups out of a New Orleans hub, it is registered as a nonprofit corporation in Arkansas, which does not require financial disclosure. This has allowed it keep its own finances shielded from public scrutiny, while demanding transparency from all others.

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The group's nonprofit status refers only to its corporate form. That is, ACORN must be organized for a public purpose and have no stockholders, unlike a regular corporation. However, it is not tax exempt under federal law, since it does advocacy and lobbying that would run afoul of IRS restrictions, such as endorsing political candidates.

ACORN was started in 1970 by Stephen Wade Rathke, a former SDS radical and Boston-based community organizer. The group now consists of so many interlocking associations, corporations, and affiliates that investigators have trouble identifying them all. One research organization numbers them at 174, but the Capital Research Center puts the number closer to 300. One blogger came up with 294 of them by running a Lexis/Nexis search of organizations registered to ACORN's 1024 Elysian Fields address in New Orleans.

The core of ACORN's fundraising started with a member-dues model. The group has used that money to leverage federal, state, and local government grants totaling tens of millions of dollars. It also receives union cash for organizing activities and political campaign funds for get-out-the-vote drives. It now runs radio stations, businesses like a furniture company, a magazine, mortgage counseling centers, schools, a consulting company that advises other nonprofits, and a lobbying outfit, all as profit centers. Only a small portion of its revenue now derives from dues.

The *New York Times* has estimated that the ACORN empire takes in at least \$37.5 million a year, not counting its many nonprofit subsidiaries. A number of other sources of income — such as union





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payments, get-out-the-vote program fees, and housing organizations — were not included in that figure, so the total may likely be many tens of millions higher. Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy (NCRP) and a former ACORN executive, estimates that the total budget for ACORN and all its affiliates was over \$40 million as long ago as the year 2000. Just one of its nonprofits, ACORN Housing Corp, Inc., took in almost \$50 million in donations between 1993 and 2004, not counting its revenue-producing projects.

ACORN is really a family business: Wade Rathke's brother Dale was — until a recent embezzlement scandal — the financial guru. Dale was also a partner in many of the connected organizations, and he ran ACORN's financial operation out of a related corporate entity called Citizens Consulting, Inc. (not to be confused with another ACORN subsidiary called Citizens Services, Inc., which got \$832,000 from the Obama campaign). Dale's wife, Cornelia, a New Orleans socialite, has also been in a bunch of the ACORN projects. Other subsidiaries have employed Wade's wife, Beth Butler, and at least one of their children has worked on the anti-Wal-Mart campaign.

The Rathkes figured out many ways to siphon money out of various entities, turning ACORN into a virtual personal ATM. For example, Wade has personally run a "chief organizer fund," which collects large payments from various ACORN outfits for providing consulting help. Rathke-controlled subsidiaries such as Peoples Equipment Resources Corp., one of many Rathke alter-egos that Wade personally controls, vacuum up money from other ACORN entities.

On a bigger scale, ACORN orchestrates payments to the Rathkes through union groups. For instance, Hospitality, Hotel & Restaurant Organizing Council (HOTROC), a Rathke-controlled organ, received a \$58,654 payment from the New Orleans local of Service Employees International Union, which Wade Rathke also heads, and which has many financial and business ties with ACORN. The ACORN affiliate Citizens Consulting, Inc., formerly headed by Dale Rathke, received over \$500,000 from ACORN for "lobbying" over the last several years and even larger payments from Project Vote, which works with ACORN on voter registration.

No information appears to be available on the personal wealth or property of any of the Rathke family members.

One of the Rathke's methods of deriving personal profit went a little further than just obfuscation and secret deals. ACORN officials have recently admitted that Dale Rathke embezzled \$948,607.50 from ACORN and its affiliated organizations in 1999 and 2000. However, ACORN insiders decided to keep the situation quiet and not alert law enforcement. Incredibly, Dale Rathke remained on ACORN's payroll until June of this year, when the scandal forced the resignation of both Dale and his brother Wade from ACORN. Two board members are now suing Wade Rathke for the coverup, and a criminal investigation is possible. Wade is, however, still working for an ACORN international affiliate.

A former chairwoman of ACORN, Dorothy Perkins, said ACORN is "run like a Jim Jones cult" (referring to the the group that followed pastor Jim Jones to Guyana and committed mass suicide at his instruction). Perkins complained that none of the money collected by ACORN was ever seen by the low-income individuals it claimed to represent, but ended up under the control of Wade Rathke himself. There is a resemblance to the slavish loyalty required of a cult in the official written policy of the ACORN 2006 Missouri wages campaign:

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*



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days of work.... Grounds for termination include drug or alcohol abuse on the job and not meeting the quota. [Emphasis added.]

Such hours would be illegal under state or federal wage and hour laws, or any union contract. As this writer reported in an [earlier installment](#) in this series, unions are not allowed in ACORN, although the organization sponsors many projects to organize workers into unions. Rathke won't even allow the employees of his own union to be unionized. When the staff of the Rathke-led New Orleans Local 100 of Service Employees International Union wanted to be unionized, he organized a union-busting effort and thwarted it. Like the "greedy" businesses he targets, busting the union allowed him to keep much more money than if he paid the higher-than-market wages that his union demands of others.

The ACORN view of businesses — excepting, of course, the ones that it runs — is set out in its "People's Platform" document:

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.

This class-envy rhetoric demonstrates woeful ignorance of the origins of the wealth that ACORN wishes to share in, as though such enterprises should be compelled to bow to the wishes of those who are not responsible for producing the wealth.

The business of harassing business appears to be good business for ACORN. It routinely runs Jesse-Jackson-style corporate shakedowns, which often result in corporate "contributions" or partnerships in which ACORN is paid to provide "education" to the target. One example of many is Household Finance Corporation, which was targeted by ACORN and eventually ended up paying ACORN to run a program to educate people about mortgages and loan terms. It also gets sweetheart deals to join in land development and housing projects such as Forest City Ratner's giant Atlantic Yards project in Brooklyn, New York, where it will profit from marketing "affordable" housing units.

Outright donors include some of the biggest names in the liberal pantheon: The Bill and Melinda Gates Foundation (\$1.4 million), Rockefeller Family Fund, Inc. (\$4.13 million), George Soros' Open Society Institute (\$550,000), Ford Foundation (\$1.3 million), Catholic Campaign for Human Development (\$1.1 million), even the Ben and Jerry's Foundation, along with many others. That is in addition to the over \$100 million in government funding its various subsidiaries have received in recent years.

It seems, however, that ACORN only likes tax dollars to go one direction. The Capital Research Center has uncovered 230 federal, state, and local tax liens amounting to some \$3.7 million owed by ACORN and its various subsidiaries. Almost \$1 million is owed to the IRS in federal taxes alone, probably in the category of "payroll" taxes, which fund the types of social giveaway programs ACORN loves.

We likely haven't heard the last of ACORN and Wade Rathke, especially if Barack Obama becomes president. According to an Internet publication, *Labor Watch*, on December 1, 2007, Obama "agreed to meet with ACORN in his first 100 days [as president] and said: 'Before I even get inaugurated, during the transition, we're going to be calling all of you in to help us shape the agenda. We're going to be having meetings all across the county with community organizations so that you have input into the agenda for the president of the United States of America.'"

If the ethics of ACORN represent those of a future Obama administration, the next four years promise to resemble the scandal-of-the-month club into which the Clinton administration devolved.

This article is the final installment in a four-part series on ACORN. The other articles are:



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