



Written by [R. Cort Kirkwood](#) on October 1, 2009

## Memo Warned ACORN of Problems

ACORN's attorney warned the group last year that it needed to get its fiscal and managerial houses in order, reports Matthew Vadum at The American Specator Blog. That warning came in the form of a 15-page memo, Vadum reports, that is the "Holy Grail of ACORN researchers."



Vadum, a researcher at the [Capital Research Center](#), which tracks the funding of left-wing organizations, reports that "ACORN's lawyer warned ACORN 15 months ago to begin fixing its massive internal problems or face certain catastrophe. ACORN didn't listen. It let the problems fester."

Fester they did. ACORN orchestrated voter fraud across the country during 2008. Then came [the prostitution scandal](#) in which ACORN staff members were filmed giving advice on how to open brothel, cheat the Internal Revenue Service, and smuggle child prostitutes into the country and claim them as tax deductions.

The publicity, of course, wasn't favorable. ACORN's [political support in the federal city dried up](#). The Census Bureau [ended its relationship](#) with the group, which was supposed to help with the 2010 population count. The U.S. Senate [voted 83-7](#) to end funding for ACORN via the federal Housing and Urban Development Department. The House [passed a bill](#) 346-75 to end funding. Since 1994, ACORN [has received \\$53 million](#) in taxpayer funds.

The [Internal Revenue Service dropped ACORN](#) from its program that offers volunteer tax advice. Even President Obama, once ACORN'S attorney, ran for cover and [called for an investigation](#) of its practices.

But all of it, apparently, could have been avoided had ACORN stifled its arrogance and followed the advice of its attorney, Elizabeth Kingsley. She wrote a long memo saying the group had to clean up its act.

[Writes Vadum](#), "The Kingsley memo paints a picture of a once-proud activist conglomerate in utter meltdown and confirms some of the most serious allegations about ACORN now being heard on Capitol Hill. The problems with ACORN, she admits, are systemic."

Kingsley roundly criticized the group because its constellation of satellite organizations is so complicated ACORN appears to be involved in illegal activity. Maybe that's because it was, and Kingsley knew it. [Wrote Kingsley](#),

There is no point in having these different corporations in place if they are not respected. If not properly operated, they create difficulties (e.g., potential conflicts of interest for lawyers, non-trivial administrative burden of state filings, and the appearance that someone is trying to hide something under a byzantine corporate structure) without generating the desired benefits, whatever those may be.

[Kingsley wrote](#) that ACORN should stop pretending its network of affiliates are unrelated, and "consider whether direct governance control and/or acknowledged connections are appropriate, rather than trying to pretend that these groups are not connected to one another and create control mechanisms behind the scenes."

One reason all this appeared illegal is that ACORN cashiered eight directors, known as the [ACORN 8](#), who tried, citing Kingsley's memo, to stop the group's flagrant violations of the law. They [filed a criminal complaint](#) against the group with the Justice Department. A report from the minority members of the House Committee on Oversight and



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Government Reform essentially [calls ACORN a criminal conspiracy](#).

She was also worried about the organization's possible tax problems with federal government. The IRS, she wrote, "finds good governance linked to legal compliance, and slipshod or absent governance and internal accountability are red-flags for tax and other legal problems. In this case, the IRS is right."

Little did Kingsley know how corrupt ACORN was when she wrote her memo. A little more than a year later, the group was nailed in a video prostitution sting, where, again, ACORN staff members offered advice on claiming child prostitutes as tax deductions. "Other legal problems," to use Kingsley's term, is rather an understatement.



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