

April 2, 2019

Honorable Charles Rettig
Commissioner of the Internal Revenue Service
1111 Constitution Ave, NW
Washington, D.C. 20224

Dear Commissioner Rettig,

I am writing to urge you to investigate whether the Southern Poverty Law Center (SPLC) should retain its classification as a 501(c)(3) nonprofit organization. Recent news reports have confirmed the long-established fact that the SPLC regularly engages in defamation of its political opponents. In fact, the SPLC's defining characteristic is to fundraise off of defamation.

This business model has paid well. The SPLC has accrued more than \$500 million in assets. According to the group's most recent financial statement, it holds \$121 million offshore in non-U.S. equity funds.¹ The SPLC uses these assets to pay its executives lavish salaries far higher than the comparable household average.

Further, CNN reported that the organization "suffers from a pervasive racist culture," and the SPLC's leader has "been disciplined after a prior investigation into inappropriate conduct."² *The New York Times* has charitably described the organization as "in turmoil" and cited employees' claims that SPLC leadership is "complicit in decades of racial discrimination, gender discrimination, and sexual harassment and/or assault."³

Based on these reports, and in the interest of protecting taxpayer dollars from a racist and sexist slush fund devoted to defamation, I believe that the SPLC's conduct warrants a serious and thorough investigation.

Engaging in systematic defamation is not a tax-exempt purpose: Federal law requires nonprofits classified as 501(c)(3) organizations to comply with IRS guidelines and have a "tax-exempt purpose."⁴

While IRS guidance lists several examples of tax-exempt purposes, engaging in defamation as a business model is of course not one of them. The SPLC defames other organizations in several ways. Each year, the SPLC publishes a so-called "hate map," which ostensibly identifies hate groups such as the Ku Klux Klan and the Nation of Islam. But under the guise of its "hate map," the SPLC also lists its

¹ Southern Poverty Law Center, Inc.'s consolidated financial statements (October 31, 2018), available at https://www.splcenter.org/sites/default/files/1018_final_financial_statement_short.pdf

² Nick Valencia and Pamela Kirkland, *Famous civil rights group suffers from 'systemic culture of racism and sexism,' staffers say*, CNN (March 29, 2019), <https://www.cnn.com/2019/03/29/us/splc-leadership-crisis/index.html>

³ Alan Blinder, *Southern Poverty Law Center President Plans Exit Amid Turmoil*, NEW YORK TIMES (March 22, 2019), <https://www.nytimes.com/2019/03/22/us/splc-richard-cohen-resigns.html>

⁴ Internal Revenue Service guidance on the exempt purposes set forth in section 501(c)(3). Available at <https://www.irs.gov/charities-non-profits/charitable-organizations/exempt-purposes-internal-revenue-code-section-501c3>

mainstream political opponents and faith-based groups, including reputable organizations such as the Family Research Council, the Alliance Defending Freedom, and the Center for Immigration Studies.⁵

The SPLC also defames individuals. It labeled the civil-rights activist Ayaan Hirsi Ali and the British political activist Maajid Nawaz as “anti-Muslim extremists.”⁶ Last June, the SPLC agreed to pay Nawaz – who is himself Muslim – \$3.375 million following a defamation lawsuit.⁷

The SPLC’s defamation has not just damaged the reputation of these mainstream organizations and individuals by lumping them in with the Ku Klux Klan and Nation of Islam; it has resulted in injury and the threat of the loss of life, including an attempted mass murder. In 2012, Floyd Lee Corkins entered and shot up the Family Research Council’s headquarters, while carrying fifteen Chick-fil-A sandwiches that he planned to smear in his victims’ faces. Corkins told investigators that he selected the Family Research Council because the SPLC labeled the organization as a “hate group.”⁸

The SPLC operates as a tax-sheltered slush fund to enrich its leadership: In addition to failing to have a tax-exempt purpose, the SPLC’s peculiar financial situation warrants your attention. Federal law prohibits tax-exempt organizations from inuring to the benefit of any private individual. Yet the SPLC has accrued more than \$500 million in assets as of October 31, 2018. Reportedly and inexplicably, \$121 million of these assets are parked in offshore accounts.

In 2017 alone, these funds were used to pay the organization’s founder and longtime leader, who was recently removed for unspecified inappropriate conduct, more than \$400,000.¹¹ This payment came despite reports that Morris Dees, in addition to allegedly engaging in sexual misconduct,¹² had “ratcheted down his involvement with the organization.”¹³ This is more than nine times the median household income for Montgomery, Alabama, where the SPLC is headquartered.¹⁴

These shady financial practices have earned the SPLC a well-deserved “F” rating from Charity Watch, an independent organization that examines the financial abuses of nonprofit organizations.¹⁵

⁵ David Montgomery, *The State of Hate*, WASHINGTON POST (November 8, 2018), https://www.washingtonpost.com/news/magazine/wp/2018/11/08/feature/is-the-southern-poverty-law-center-judging-hate-fairly/?utm_term=.8a8ef04dd78f

⁶ Emily Jashinsky, *The Southern Poverty Law Center runs ‘a scam,’ charges Ayaan Hirsi Ali*, WASHINGTON EXAMINER (June 12, 2018), <https://www.washingtonexaminer.com/opinion/the-southern-poverty-law-center-runs-a-scam-charges-ayaan-hirsi-ali>

⁷ Douglas Murray, *Pressured, the Southern Poverty Law Center Admits It Was Wrong*, NATIONAL REVIEW (June 18, 2018), <https://www.nationalreview.com/2018/06/southern-poverty-law-center-maajid-nawaz/>

⁸ Carol Cratty and Michael Pearson, *DC shooter wanted to kill as many as possible, prosecutors say*, CNN (February 7, 2013), <https://www.cnn.com/2013/02/06/justice/dc-family-research-council-shooting/index.html>

¹¹ SPLC’s 990 form, available at https://www.splcenter.org/sites/default/files/1018_990.pdf

¹² Bob Moser, *The Reckoning of Morris Dees and The Southern Poverty Law Center*, THE NEW YORKER, (March 21, 2019), <https://www.newyorker.com/news/news-desk/the-reckoning-of-morris-dees-and-the-southern-poverty-law-center>

¹³ Paul Clolery, *Southern Poverty Law Center Fires Co-Founder Dee*, THE NONPROFIT TIMES (March 15, 2019), <https://www.thenonproffitimes.com/news-articles/southern-poverty-law-center-fires-co-founder-dees/>

¹⁴ Census data shows the median household income in Montgomery City is \$44,339, <https://www.census.gov/quickfacts/fact/table/montgomerycityalabama,montgomerycountyalabama/INC110217>

¹⁵ Charity Watch rating available at <https://www.charitywatch.org/ratings-and-metrics/southern-poverty-law-center/192>

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Perhaps the SPLC was founded for noble purposes and decades ago performed some good work, but what is left of the SPLC is no longer operating in a manner consistent with IRS guidelines and applicable law. Based on this concerning information and the flood of recent reports, I encourage you to take immediate action.

Yours very truly,



Senator Tom Cotton

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