

**Congress of the United States**  
**Washington, DC 20515**

September 28, 2010

The Honorable Eric H. Holder, Jr.  
Attorney General  
United States Department of Justice  
950 Pennsylvania, Ave, NW  
Washington, DC 20530

Dear Attorney General Holder:

On September 21, 2010, the U.S. Department of Housing and Urban Development (HUD) Inspector General (IG) released a report entitled, "ACORN Housing Corporation, Inc. Evaluation of HUD Housing Counseling Grant Expenditures."<sup>1</sup> The report contains the findings of an OIG audit of grant funds awarded under HUD's Housing Counseling Program to ACORN Housing Corporation, Inc. (AHC), of Chicago, Illinois. In the report, the IG enumerates ways in which AHC misused and failed to account for more than \$3.25 million in taxpayer dollars.

The IG's report is an independent confirmation of our concerns regarding activities engaged in by ACORN and its affiliates. Specifically, the IG found:

- AHC charged the HUD grant for salaries of terminated employees;<sup>2</sup>
- AHC billed salary expenses for services performed in FY 2008 to its FY 2009 grant award;<sup>3</sup>
- Between 2008 and 2009, AHC spent more than \$2.5 million of HUD grants on salary expenses;<sup>4</sup>
- AHC was unable to document activities performed by employees and failed to maintain accurate payroll records;<sup>5</sup>
- AHC's ability to account for taxpayer dollars "proved problematic in an environment of multiple funding sources and was unsupported;"<sup>6</sup>

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<sup>1</sup> HUD OIG Report, "ACORN Housing Corporation, Inc., Evaluation of HUD Housing Counseling Grant Expenditures," IED-10-002, Sept. 21, 2010 [hereinafter HUD OIG Report].

<sup>2</sup> HUD OIG Report at 12.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 7.

<sup>5</sup> *Id.* at 10-11.

- AHC failed to implement a time and activities reporting system that meets Office of Management and Budget (OMB) Circular A-122 requirements;<sup>7</sup> and,
- AHC's procurement of accounting and legal services, office space, and benefits through "associated" non-profits did not demonstrate "open and free" competition in accordance with 24 CFR Part 84.<sup>8</sup>

The U.S. Department of Justice (DOJ), while previously acknowledging that ACORN has engaged in questionable hiring and training practices, has concluded that there is a lack of evidence to prosecute ACORN as a corporate entity.<sup>9</sup> We call the findings of the report of the HUD Inspector General to your attention so that the Department of Justice can take appropriate action. Please provide a written response stating whether or not DOJ intends to initiate a criminal investigation of the evidence contained in the report.

Thank you for your attention to this important matter. Enclosed for your ready reference are a copy of the HUD Inspector General's September 21, 2010 report and a list of ACORN affiliates. Please contact Daniel Epstein of the House Committee on Oversight and Government Reform staff at (202) 225-5074 or Ivy Johnson on the Senate Committee on Homeland Security and Government Affairs at (202) 224-2627 with any questions about this request.

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<sup>6</sup> *Id.* at 11.

<sup>7</sup> *Id.* at iii.

<sup>8</sup> *Id.* at 19.

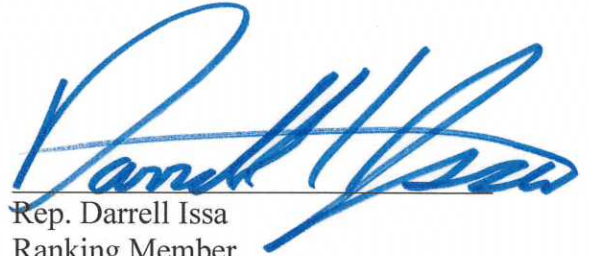
<sup>9</sup> See, e.g., Matthew Vadum, *ACORN Sprouts New Branches*, WASH. TIMES, Aug. 19, 2010; FOX NEWS, *Watchdog Accuses Obama Justice Department of Ignoring ACORN Fraud*, Mar. 11, 2010, citing U.S. Department of Justice, Office of Inspector General & U.S. Department of Justice, Office of Professional Responsibility, *An Investigation into the Removal of Nine U.S. Attorneys in 2006*, September 2008, at 161, available at: <http://www.justice.gov/oig/special/s0809a/final.pdf> (AUSA David Iglesias found no evidence of voter fraud in these cases he reviewed). See also California Department of Justice, Office of the Attorney General, *Report of the Attorney General on the Activities of ACORN in California*, Apr. 1, 2010, available at: [http://ag.ca.gov/cms\\_attachments/press/pdfs/n1888\\_acorn\\_report.pdf](http://ag.ca.gov/cms_attachments/press/pdfs/n1888_acorn_report.pdf); U.S. Government Accountability Office, *Preliminary Observations on Funding, Oversight, and Investigations and Prosecutions of ACORN or Potentially Related Organizations*, June 14, 2010, available at: <http://www.gao.gov/new.items/d10648r.pdf>.

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Sincerely,



Sen. Susan 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: The Honorable Joseph Lieberman, Chairman  
Committee on Homeland Security and Government Affairs  
U.S. Senate
- cc: The Honorable Edolphus Towns, Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives

Enclosures