

BROADCAST TRANSCRIPT

Lou Dobbs Tonight

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LOU DOBBS: New investigations, new charges against the left-wing activist group ACORN Senate Republicans charging ACORN has been running a big shell game taking in millions of dollars in both charitable donations and federal tax dollars using them for its own political agenda. Ines Ferre has our report.

(BEGIN VIDEOTAPE)

INES FERRE, CNN CORRESPONDENT (voice-over): The flow of money between ACORN affiliates is a "big shell game" according to the Republican staffers. Senator Chuck Grassley's tax team found in 2006 ACORN had 94 organizations under its umbrella, some nonprofit some for profit. Many of them were located at one address in New Orleans.

It also found that ACORN's four largest charities received more than \$20 million in revenue in 2006, most of it through charitable contributions and government grants. More than 50 percent of that money went to other ACORN affiliates including taxable entities. The National Legal and Policy Center says the study is exactly what the IRS needs to fully investigate ACORN.

PETER FLAHERTY, NATIONAL LEGAL AND POLICY CENTER: It looks like ACORN and its affiliates could be one big laundromat. Government money goes in, foundation money goes in, and it comes out as political action and into the pockets of those people running ACORN.

FERRE: ACORN's response to the study was, "Senator Grassley clearly told the staff to dig out old files on ACORN, wrap them up to a bow tie and release them to the public as if there was any substance to his accusations. If you actually read the report, it is based on outdated information and draws no relevant conclusions."

The study comes amidst the controversy over a video showing ACORN workers giving questionable, if not fraudulent, advice to undercover activists posing as a pimp and a prostitute. Grassley is just one senator asking the IRS to investigate ACORN, others have asked the FBI, the Justice Department, the Treasury and Labor Department to do their own investigation.

The IRS recently dropped ACORN from its volunteer tax assistance program and Congress voted to cut its funding.

(END VIDEOTAPE)

FERRE: And ACORN is being investigated in at least 10 states for voter registration fraud. ACORN has launched an internal investigation into how it delivers its service, but not the allegations of voter registration fraud. Congressman Lamar Smith says ACORN's announcement is too little too late saying, "an internal audit will only tell us what we already know, ACORN is poorly managed and has little regard for the law" -- Lou.

DOBBS: Yeah, the investigations are only beginning. The inspector general of Internal Revenue Service, an investigation by the Justice Department on grants that have been received, calls by Lamar Smith, Congressman Smith for a full blown FBI investigation. And as you reported, these calls that you just mentioned in your report, I mean ACORN is now under full assault by investigators and it looks like it will only intensify. Thank you very much, appreciate it, Ines Ferre.