

**Testimony of David Caldwell for the
U.S. House of Representatives Committees on Oversight and Government Reform and the
Judiciary
regarding
the ACORN Forum
December 1, 2009
2:30 P.M, Rayburn 2237**

I want to thank Ranking Member Issa and Ranking Member Smith for inviting me and my office to appear at this Forum today.

The Louisiana Attorney General's Office began its investigation into potential violations of Louisiana State law by ACORN and its affiliated entities in early 2008. In October 2008 a group of ACORN board members, now known as the "ACORN 8," were removed from ACORN'S national board after requesting an independent audit of all ACORN finances; this audit was requested after it was discovered that Dale Rathke, brother of founder Wade Rathke, had embezzled up to five million dollars beginning in 1998, and that this embezzlement was never reported to law enforcement. While this embezzlement ostensibly occurred outside the four year prescriptive period (statute of limitations) for institution of prosecution under Louisiana law, we interviewed several witnesses, including some of ACORN's former board members and other cooperating ACORN employees, to determine whether the source of these funds is either private donor money used against donator intent or taxpayer dollars which would potentially suspend the running of time limitations and make the embezzlement prosecutable under Louisiana law. Interviews from these cooperating employees have also yielded other areas of inquiry which we are currently investigating, including the failure to file (and pay) withholding taxes to the State of Louisiana.

The above mentioned areas of inquiry all require the same type of investigation: to "follow the money." To that end, we have issued several subpoenas. The first two were for records from ACORN International and Whitney bank of New Orleans, who holds the financial records for hundreds of ACORN affiliated accounts, issued in the summer of 2008. Part of the probable cause for the issuance of the subpoena came from the Staff Report entitled "Is ACORN Intentionally Structured as a Criminal Enterprise?" issued by the Committee on Oversight and Government Reform at the U.S. House of Representatives. We have also subpoenaed accounting records from ACORN and CCI (Citizens Consulting Inc.). In the midst of responding to a protective order to the accounting records filed by ACORN's accounting firm at the request of ACORN, we learned that some hard drives had been removed from the New Orleans office, and that these hard drives may contain information pertinent to our investigation. We then immediately obtained a search warrant and executed it at ACORN's main headquarters in New Orleans. We seized 178 hard drives, servers, and other relevant documentation. We have since electronically preserved and physically returned the most vital electronic media to the New Orleans ACORN office.

The purpose of our appearance today is to ask for assistance in coordinating any state and federal law enforcement and regulatory agencies who may be interested in benefitting from a shared investigative effort. The task of properly investigating almost 400 entities and over 600 bank accounts is massive to say the least. Estimates we received from an outside computer forensic firm to do even a targeted forensic review of the hard drives and servers obtained indicate a cost of around \$3.5 million. This cost does not include the necessary forensic accounting review of the 600 + ACORN affiliated accounts. A coordinated effort is the only way to fully and effectively investigate this case.