

Second Follow-up Letter to Donors, Charity Regulators, Investigative Journalists and Citizens Worldwide

15 May 2016

Dear Friends,

Before sharing additional detailed Exhibits that offer crucial historical context in chronological order, I must make comments concerning recent press reports and attempts by Clinton allies to downplay defects in the known Clinton Foundation public record from October 1997 to present.

America is too familiar with lawyerly denials emanating from Bill Clinton, Clinton family members, and their allies that try to obscure wrongdoing--we heard some more recently while Mr. Clinton attempted to aid Hillary Clinton's campaign¹.

In fact, major questions remain concerning the roles that Bill Clinton and others played in guise of charity right from the beginning in 1997, all the way to the present, and particularly before December 2009 when Bill Clinton first became a named trustee of one important affiliate.

Larger issues surround inconsistencies and errors in multiple state, federal, and foreign filings for Clinton Foundation entities, that remain uncorrected and defective even after most recent submissions at federal level on 16 November 2015.

So, Clinton supporters should not cheer the possibility that a charity rating service might perform a "stress test" as reassuring²--public charities must not engage in any illegal activities.

Informed conclusions reached by state, federal, and foreign regulators matter much more than any rating service review.

Nor should Clinton detractors obsess about particulars spotlighted in *The Wall Street Journal* on 13 May 2016-- arrangement in 2010 of a \$2 million private investment in Energy Pioneer Solutions ("EPS") that may have benefited Clinton and Democratic Party interests as an outgrowth of Clinton Foundation activities is an issue worth investigating, but it is a relatively small one compared to others.

As you will grow to understand, the EPS case pales in significance compared to a \$150 million investment by the International Finance Corporation ("IFC") in Laureate Education Inc.

¹ See press report found following this link:

<http://wbt.com/bill-clinton-disputes-accuracy-of-report-that-his-foundation-enriched-friends/>

² See press report at the following link:

<http://money.cnn.com/2016/05/12/news/economy/clinton-foundation-charity-navigator/>

(“Laureate”) announced in January 2013, as Bill Clinton continued to collect payments for services to Laureate eventually reaching \$16.5 million that, only recently, have been disclosed..

The Laureate case, part of a multi-billion dollar transaction with far-flung international tentacles, likely also benefited numerous parties who have contributed to Clinton Foundation entities, to Clinton political campaigns, and compensated Clinton family members for speaking engagements.

Still, there is an even larger story--actions and inactions by Clinton Foundation trustees and others call into question whether the various entities, “Initiatives”, and affiliates actually ever were duly constituted tax-exempt organizations.

This question is neither academic nor settled--state, federal, and foreign government regulators can each act, at any time, to revoke operating authorities retroactively for tax-exempt organizations that have made false and materially misleading registrations and reports.

Starting from the beginning, when the Clinton Foundation was formed while questions swirled about earlier fundraising controversies, there are numerous examples including EPS, Laureate, and many others, that serve as a comprehensive case study of how U.S. public charities must not be run, if they wish to offer donors the benefit of making tax-deductible contributions.

When you examine applicable state, federal, and foreign laws that govern how publicly supported charities must be organized and operated, you will appreciate that Clinton Foundation “charities” cannot create private gain that is more than “insubstantial”.

Moreover, insiders (and the definitions of insiders are sweeping) cannot appropriate private gains.

Most important, records must be truthful as well as complete, and financial statements for charities as large as Clinton Foundation entities must be audited by competent outside accounting firms and presented, on a consistent basis.

Instead of complying with these strict requirements, trustees of Clinton Foundation entities have allowed Clinton family members to treat numerous supposed charities as tools to advance personal and political aims, from 23 October 1997 straight through to the present.

Imagine what the FBI and other government authorities can find beyond the public record as they continue to cross-check donor and counterparty records.

Much Bigger Questions: Are Clinton Foundation Entities Even Charities?

Though we have yet to hear from acknowledged charity experts who are familiar with key elements in the public record, beyond those provided on Clinton Foundation websites, some advocates quickly attempted to brush brush back critics.

On 13 May 2015, CNN reported³:

“Clinton Foundation spokesman Craig Minassian insisted Thursday that "absolutely" no laws were broken despite the Wall Street Journal's suggestion that the foundation might have violated a federal law that tax-exempt non-profit organizations must act in the public interest and not in any private interest.”

[Note--state and foreign laws also bar more than insubstantial private gain, and prohibit inurement.]

Around the same moment, Sophia Tesfaye contributed a piece⁴ in *Salon* entitled “Why the Wall Street Journal’s latest “explosive” Clinton Foundation bombshell looks more like a dud” and writers for *Bloomberg Politics* appeared to slough off revelations as more in the never-ending miasma that has dogged Team Clinton for years⁵.

Reports in CNN, *Salon*, and *Bloomberg Politics* soon will be seen as gravely misinformed.

The 12 May 2016 piece⁶ in *The Wall Street Journal*--“Clinton Charity Aided Clinton Friends”--by James V. Grimaldi, opens a window into certain activities, in theory, controlled by the Clinton Foundation that have been held under the auspices of “Clinton Global Initiative” (“Old CGI”) and “Clinton Global Initiative, Inc.” (“New CGI”).

Drawing attention to a suspicious \$2 million transaction in 2010, Mr. Grimaldi misses much larger points but does a service for all of us who care that public charities are not run to create private gain, and that private gains are not appropriated by insiders.

In the first place, Old CGI began hosting expensive and exclusive gatherings in New York City by September 2005, at which attendees interacted with other well-connected guests (including government officials), and then made “commitments to action” that may have had some

³ For the full CNN report, please follow this link:

<http://www.cnn.com/2016/05/13/politics/clinton-foundation-response-wall-street-journal-article/>

⁴ To review this piece, please follow this link:

http://www.salon.com/2016/05/13/why_the_wall_street_journals_latest_explosive_clinton_foundation_bombs_hell_looks_more_like_a_dud/

⁵ Follow this link to read Margaret Talev and Sahil Kapur, “Clinton Controversies Drag on as Next Phase of Campaign Begins:

<http://www.bloomberg.com/politics/articles/2016-05-13/clinton-enters-next-phase-of-campaign-dragging-controversies-with-her>

⁶ If you are a subscriber, you will be able to read this piece by following this link:

<http://www.wsj.com/articles/clinton-charity-aided-clinton-friends-1463086383>

“charitable” components to them, but that certainly were not **exclusively** charitable, as is legally required.

Until recently, these commitments to action were never explained to the general public in other than vague ways. According to the Clinton Foundation website⁷, a commitment to action:

“is a plan for addressing a significant global challenge. Commitments can be small or large and financial or non-monetary in nature. Many commitments are the result of cross-sector partnerships, with CGI members combining efforts to expand their impact. To date, members of the CGI community have made more than 3,400 commitments which have improved the lives of over 430 million people in more than 180 countries.”

What truly independent group has checked any of these impressive sounding contentions? No empowered set of certified professional accountants, has ever completed an informed review of the whole Clinton Foundation history, let alone that of Old CGI and New CGI.

According to its own disclosures, what Old and New CGI have done may be substantial when measured in financial terms--the trouble is that their activities are not captured completely, and consistently at any time since plans took shape for the first CGI annual meeting back in 2005.

A recently added searchable database of commitments to action⁸ is not granular enough and it does not appear to contain all such commitments.

For example, a Clinton Foundation press release dated 21 September 2006⁹ contains details of many commitments to action, including two from “The Follieri Foundation”, an entity that history has shown to be a colorful flight of fantasy¹⁰.

These Follieri commitments do not surface in a search of the database and it is not clear yet how many other commitments to action are incorrectly excluded, or included using incomplete or incorrect information.

A second major set of issues has to do with omitted or false related party disclosures involving Bill, Hillary, and Chelsea Clinton, trustees, key executives, others in position to exercise significant influence over Clinton Foundation entities, and their relatives.

⁷ For more information, please follow this link:

<https://www.clintonfoundation.org/clinton-global-initiative/about-us/commitments-action>

⁸ To reach a portal to this database, please follow this link:

<https://www.clintonfoundation.org/clinton-global-initiative/commitments?keywords=Follieri®ion=&year=>

⁹ The press release is found by following this link:

<https://www.clintonfoundation.org/main/news-and-media/press-releases-and-statements/press-release-clinton-global-initiative-day-two-total-139-commitments-almost-6-b.html>

¹⁰ For press and other summaries of Mr. Follieri’s Clinton Foundation associations, please follow this link:

https://www.google.com/?gws_rd=ssl#q=Follieri+Commitment

Exhibit 37: Undisclosed Activities Working with Laureate Education Inc. Starting in 2010 covers the long and involved history of Clinton family association with Laureate¹¹ and with International Youth Foundation, some of which is noted in Peter Schweizer's Book Clinton Cash.

After Mr. Schweizer's book was published, details surfaced suggesting that Bill Clinton (and by extension his wife) had received \$16.5 million for Mr. Clinton's part-time work starting in 2010 with Laureate¹². Details of these arrangements are not contained in the original 990 for the Clinton Foundation concerning 2010 that was filed on 15 November 2011¹³, or in the amended 990 for 2010 that the Clinton Foundation filed on 16 November 2015¹⁴.

A much larger set of issues involving undisclosed potential conflicts of interest surrounds a \$150 million investment in the riskiest class of equity securities of Laureate, by the IFC¹⁵, announced just as Hillary Clinton departed her tenure as U.S. Secretary of State¹⁶.

As Exhibit 37 will cover in detail, drawing on publicly available documents filed at the U.S. Securities and Exchange Commission¹⁷ concerning Laureate, the IFC investment likely strengthened the financial position of a highly leveraged entity in which many Clinton Foundation donors, and organizations that compensated Clinton family members via speech payments held meaningful financial interests.

Communications retained by counterparties invested in and financing Laureate from origination of the going-private transaction through the IFC investment in January 2013 and onwards to the present seem material to any informed investigation by the FBI.

¹¹ For a nontechnical treatment of potential issues with "for-profit" education generally and with Laureate specifically, please follow this link:

<http://www.nakedcapitalism.com/2015/04/control-fraud-profit-universities-et-tu-bill-clinton.html> .

¹² For an unverified summary of these arrangements, please follow link on the page following:

<https://www.insidehighered.com/quicktakes/2015/08/03/laureate-paid-bill-clinton-165-million>

¹³ For the Clinton Foundation version of the original 2010 990, follow this link and see, especially starting at page 125:

https://www.clintonfoundation.org/files/cf_audited_financials_2009-2010.pdf .

Note also that the Clinton Foundation at all times controlled New CGI so that arrangements among the Clintons, Laureate, International Youth Foundation, and Mr. Becker should have been disclosed in 990s for the Clinton Foundation and for New CGI--they were disclosed in neither.

¹⁴ For the amended version of the 2010 990, follow this link and see, especially, starting at page 65, noting that no amended audit of financial statements is attached:

https://www.clintonfoundation.org/sites/default/files/clinton_foundation_report_public_2010_amended.pdf .

¹⁵ To see the IFC press release announcing its investment, please follow this link:

<http://ifcext.ifc.org/ifcext/pressroom/IFCPressRoom.nsf/0/D9B6433340A60E3385257AFC004EA5BE> .

¹⁶ To see Laureate's press release concerning this investment, please follow this link:

<http://www.laureate.net/NewsRoom/PressReleases/2013/01/IFC-Member-of-the-World-Bank-Group-Makes-Largest-Ever-Education-Investment>

¹⁷ Readers conversant with financial filings will find information found following this link to be informative:

<https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000912766&owner=include&count=40&hidefilings=0>

Moreover, investigators of the Laureate-Clinton *nexus* will wish to consider potentially false and materially misleading registrations and annual reports for the Clinton Foundation and CGI at state level, as well as false and materially misleading disclosures concerning Clinton Foundation and CGI inflows and expenses on IRS Annual Reports (Forms 990),

What is the “Tax-Exempt Purpose” of the Clinton Global Initiative?

Over time, Clinton Foundation observers have attempted to characterize its activities as a kind of evolved, next generation philanthropy, capable of doing almost anything--one such analysis entitled “This is Not Charity” by Jonathan Rauch¹⁸ was published in *The Atlantic* in its October 2007 issue.

I quite agree with the conclusion stated in the title of the Rauch piece--a substantial portion of Clinton Foundation activities is certainly not “charitable” or “tax-exempt” in the accepted legal senses, so I wonder why state, federal, and foreign regulators have allowed the Clinton Foundation to continue operating as it has done, illegally, for so long.

So far, the Clinton Foundation has provided no verified evidence that it applied to the IRS to change its original tax-exempt purposes, by September 2005, from those set forth on page 2 in the original incomplete application dated 23 December 1997, that is available on the Clinton Foundation website¹⁹--these purposes were:

“The William J. Clinton Presidential Foundation will design, construct and initially endow a Presidential archival depository [emphasis added], as defined by 44 U.S.C. Sec. 2101 © to house and preserve the books, correspondence, documents, papers, pictures, photographs, and other memorabilia of President Clinton, as well as other objects or materials related to the papers or events of the official or personal life of President Clinton that have historical or commemorative value. The Foundation will also undertake and support research and educational activities on policy and historical issues related to the life and work of President Clinton, and may construct related facilities in which such research and educational activities will be conducted.[emphasis added]”.

By 4 September 2009, articles of incorporation were filed for New CGI in Arkansas²⁰--Article VII sets forth this entity’s “Purposes”:

“The purposes for which [New CGI] is established are **exclusively charitable [emphasis added]** as set forth in Ark. Code Ann. Section 4-33-201, and shall include engaging governmental, corporate, and nonprofit leaders, as well as

¹⁸ To read the article, please follow this link:

<http://www.theatlantic.com/magazine/archive/2007/10/-this-is-not-charity/306197/>

¹⁹ To see the version supplied by the Clinton Foundation on its website, please follow this link:

https://www.clintonfoundation.org/sites/default/files/clinton_foundation_form_1023_application_for_tax_exemption.pdf

²⁰ Follow this link to the 350 page Application on Form 1023 to authorize New CGI as federally tax-exempt, and visit page 22:

https://www.clintonfoundation.org/sites/default/files/cgi_1023.pdf

college students and online participants, in the development of concrete and measurable commitments to action to address some of the world's most pressing problems.”

The purposes asserted above for New CGI are substantially different than those asserted for the Clinton Foundation in 1997.

Exhibit 18: Unauthorized and Illegal Operation of Clinton Global Initiative Starting by September 2005 explains in exhaustive detail activities described in Clinton Foundation public filings and in the public domain--these activities appear to have been substantial, measured in comparison to other “program service expenses” declared by the Clinton Foundation for calendar years starting in 2005.

Exhibit 32: Unauthorized and Illegal Operation of Clinton Global Initiative, Inc. Starting in September 2009 also provides detail concerning the false and materially misleading application filed by the Clinton Foundation to authorize New CGI as a federally tax-exempt organization on or after 9 August 2010.

In addition to asserting, falsely, that New CGI was not a successor to any other organization, the Clinton Foundation failed to disclose in the New CGI application on Form 1023 numerous and material disqualifying defects in its organization and operating history from 23 October 1997 forward.

Back to the Beginning: Informed Review of the Public Record Actually Matters

A focus upon the chronological history of the Clinton Foundation in context is essential to understanding the long and escalating pattern of illegal activities carried out in its name by trustees, executives, agents, and related parties.

Soon, I will release **Exhibit 1: Fundraising Activities in the Name of the Clinton Foundation--October 1997 through January 2001.**

Careful readers will wish to follow many links that explain, with benefit of hindsight, inquiries certain investigators mounted into fundraising practices and abuses that bear on the question of whether Bill Clinton and certain of his allies would qualify to serve in positions of influence over charities that wished to solicit across state and national boundaries.

As you think about this forthcoming Exhibit, ask yourself how the Clinton Foundation could have no inflows and no outflows from 23 October 1997 through 31 December 1997 as records purport to show--this was certainly a busy period, when lawyers were actively involved.

Kind regards,

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Selected Topics to be Covered in Detail in Forthcoming Exhibits

Exhibit	Topic
1	Fundraising Activities in the Name of the Clinton Foundation--October 1997 through January 2001
2	Fundraising Activities in the Name of the Clinton Foundation for the William J. Clinton Peace Centre in Enniskillen, Northern Ireland, Starting After 1998

3	Undisclosed Administrative Proceedings Against Persons Who Exercised Significant Influence Over Clinton Foundation Activities
4	Fundraising Activities in the Name of the Clinton Foundation for the William J. Clinton Scholars Program at American University in Dubai, Starting After 2000
5	Undisclosed Activities in the Name of American india Foundation Allegedly Providing Earthquake Relief in Gujarat, India Starting in January 2001
6	Undisclosed Activities Working With MindSpirit LLC, Rajat Gupta, and InfoUSA After January 2001
7	Undisclosed Activities Organizing, Helping to Operate, and Fundraising for International AIDS Trust Starting Around January 2001
8	Undisclosed Activities in the Name of the Clinton Foundation Allegedly Fighting HIV/AIDS Internationally Starting in July 2002
9	Undisclosed Activities Working With Ron Burkle and Yucaipa Companies Starting in 2002
10	False and Materially Misleading Organization and Operation of Clinton Foundation HIV/AIDS Initiative, Inc. ("Old CHAI"), Starting in March 2004
11	Submission of False and Materially Misleading Disclosures to Government Authorities Concerning 2003 and Prior Years
12	False and Materially Misleading Accounting for Construction of the Presidential Library and for a Donation to the National Archives and Records Administration on 18 November 2004
13	False and Materially Misleading Accounting for Loans Secured During 2004 to Fund Construction of the Little Rock, Arkansas Complex
14	Illegal Operation and False, Materially Misleading Disclosures Concerning Old CHAI During 2005
15	Fundraising Operations in the Name of the Clinton Foundation Allegedly Providing Tsunami Relief, Starting in January 2005

**Selected Topics to be Covered in Detail in Forthcoming Exhibits
(Continued)**

Exhibit	Topic
16	Unauthorized and Illegal Operation of Alliance for a Healthier Generation Starting in May 2005
17	Unauthorized and Illegal Operation of Bush Clinton Katrina Fund Starting in August 2005
18	Unauthorized and Illegal Operation of Clinton Global Initiative Starting by September 2005
19	Submission of False and Materially Misleading Disclosures to Government Authorities Concerning 2004 and Prior Years
20	Arrangement of "Sham" Merger of Old CHAI into the Clinton Foundation Effective 31 December

	2005
21	Unauthorized and Illegal Operation of Clinton Hunter Development Initiative, Starting in 2006
22	Unauthorized and Illegal Operation of Clinton Climate Initiative Starting in August 2006
23	Deceptive Procurement of Strategic Partnership with UNITAID by September 2006
24	Submission of False and Materially Misleading Disclosures to Government Authorities Concerning 2005 and Prior Years
25	Unauthorized and Illegal Operation of Clinton-Giustra Sustainable Growth Initiative, Starting in June 2007
26	Unauthorized and Illegal Operation of William J. Clinton Foundation UK, Starting in July 2007
27	Submission of False and Materially Misleading Disclosures to Government Authorities Concerning 2006 and Prior Years
28	Unauthorized and Illegal Operation of Gulf Coast Recovery Fund Starting September 2008
29	Deceptive Procurement of a Memorandum of Understanding with President Obama's Transition Team Starting in November 2008
30	Submission of False and Materially Misleading Disclosures to Government Authorities Concerning 2007 and Prior Years

**Selected Topics to be Covered in Detail in Forthcoming Exhibits
(Continued)**

Exhibit	Topic
31	Unauthorized and Illegal Operation of William J. Clinton Foundation Corporation (Florida) starting in June 2009
32	Unauthorized and Illegal Operation of Clinton Global Initiative, Inc. Starting in September 2009
33	Unauthorized and Illegal Operation of Clinton Health Access Initiative, Inc. Starting in September 2009
34	Submission of False and Materially Misleading Disclosures to Government Authorities Concerning 2008 and Prior Years
35	Unauthorized and Illegal Operation of Clinton Bush Haiti Fund Starting in January 2010
36	Unauthorized and Illegal Operation of Alliance for a Healthier Generation, Inc. Starting in February 2010
37	Undisclosed Activities Working With Laureate Education Inc, Starting in 2010
38	Submission of False and Materially Misleading Disclosures to Government Authorities Concerning

	2009 and Prior Years
39	Unauthorized and Illegal Operation of Clinton Health Access Initiative-UK Starting in November 2011
40	Submission of False and Materially Misleading Disclosures to Government Authorities Concerning 2010 and Prior Years