

Dark-money group asks for IRS to investigate trust steered by central Arkansas congressional candidate

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A conservative, dark-money group has asked the Internal Revenue Service to investigate whether a charitable trust steered by a Democratic central Arkansas congressional candidate should pay taxes.

State Rep. Clarke Tucker's campaign dismissed the Foundation for Accountability and Civic Trust's complaint as a false political attack.

Tucker, D-Little Rock, is challenging Republican incumbent, U.S. Rep. French Hill, R-Ark., for Arkansas' 2nd Congressional District seat.

"Washington GOP-insiders first came after Arkansans' health care when they tried to dismantle the work Clarke did to protect Medicaid expansion here in Arkansas," Graham Senior, Tucker's communications director, said in a statement.

"Now, Congressman Hill's dark-money allies are making a personal attack on Clarke's family and a charitable gift his cousin has made to aid health care policy research and development. This frivolous complaint is a desperate attempt to distract voters from Congressman Hill's record against Arkansas families and workers, which contrasts heavily with Clarke's work here in Arkansas protecting our health care, empowering entrepreneurs, investing in education, and standing up for our veterans."

Mike Siegel, a Hill campaign spokesman, said the congressman wasn't involved in the complaint.

"This complaint was brought to our attention last week and we had no prior knowledge of its existence," Siegel said in a statement. "Time will tell if the complaint is accurate. However, our campaign remains committed to running on Congressman Hill's record of increasing economic opportunity for Arkansans, strengthening national security, and improving government accountability."

The HLB Universal Healthcare Trust was formed in 2015 from the estate of Tucker's second cousin, Cynthia Bost, who died in 2012. It's named for Bost's father, Howard L. Bost, a Mulberry native, who was one of the founders of the University of Kentucky Albert B. Chandler Medical Center and an architect of the Medicare program in the 1960s.

Senior said in a statement to the *Arkansas Times* that Bost directed her primary gift to go to Harvard University, and she selected Tucker to oversee it because he graduated from Harvard.

The trust started with \$1,057,144 in 2015 with Tucker as the sole trustee. He didn't receive any compensation from the trust that year, according to IRS filings.

In an Aug. 1 complaint, the Foundation for Accountability and Civic Trust questioned the \$41,721 in total compensation that Tucker received from 2016-present for managing the foundation.

In 2016, Tucker, who is an attorney, received \$14,239 from the trust. He reported working an average of two hours per work on trust business. That amounts to about 1.1 percent of the trust's total assets, falling in line with the industry standard for trustee compensation, which ranges from 1 percent to 1.5 percent, according to legal literature.

In 2015 and 2016 -- the latest years for which IRS filings for nonprofits are available -- the trust made \$50,000 grants to Harvard. That amount approximately matches the IRS regulation that requires charitable trusts to disburse at least 5 percent of their asset value annually.

While publicly available IRS filings paint incomplete pictures of nonprofits, the Foundation for Accountability and Civic Trust has questioned whether Tucker's compensation was reasonable relative to the trust's charitable activity.

Tucker declined to answer questions about the complaint for this article, and his campaign sent a general statement in response to emailed questions.

The Foundation for Accountability and Civic Trust bills itself as a nonpartisan ethics watchdog, but it's intertwined with conservative and anti-Democrat groups. It's referred to as a "dark-money group" because it's in a class of political organizations that aren't required to disclose their donors.

Nearly the entirety of its funding comes from a conservative fund, Donors Trust, which doesn't reveal its donors. In 2015, Donors Trust contributed \$500,000 to the Foundation for Accountability and Civic Trust, according to IRS filings. The foundation reported \$500,191 in revenue that year.

In 2016, Donors Trust gave \$1,350,000 to the foundation, which reported \$1,350,265 in revenue.

Donors Trust, which in 2016 reported more than \$92.5 million in donations, also gives money to a wide range of conservative groups, including the Federalist Society, the Cato Institute, Americans for Prosperity and Project Veritas -- a group that uses fake identities and heavily edited undercover video footage for sting-like operations on Democratic groups and media organizations.

The Foundation for Accountability and Civic Trust also in 2016 paid America Rising \$180,000 for "research," according to IRS filings. America Rising is a group that conducts opposition research and video tracking on Democrats. Representatives from the group have followed Tucker with a camera and shared the video online.

The foundation has another link to dark money in Arkansas politics in the Judicial Crisis Network -- a conservative, dark-money group that has run ads critical of Arkansas Supreme Court candidates in recent years. Neil Corkery has worked as a treasurer for both organizations.

The majority of the Foundation for Accountability and Civic Trust's targets are Democrats, but a spokesman for the group pointed to a handful of Republicans it has targeted.

"Any attempts to paint our organization as partisan and political is nothing more than an attempt to distract the public from the real issue at hand -- that laws were intentionally broken for political and/or financial gain," Kendra Arnold, the group's executive director, said in a statement.

Arnold recently took the helm of the organization from Matthew Whitaker -- a Republican politician and attorney from Iowa who in 2017 was named Attorney General Jeff Sessions' chief of staff.

In the group's most recent IRS filings, it reported paying Whitaker a salary of \$402,000 in 2016.

The IRS evaluates the compensation of trust managers on a case-by-case basis. It considers a variety of factors -- ranging from the ordinary cost of the services being performed to an officer's expertise -- to determine whether a trustee is eligible for compensation and whether that compensation is reasonable, according to agency regulations.

The Foundation for Accountability and Civic Trust contends that the trust "with no or very limited charitable activity of the private foundation" paid Tucker more than would be "ordinarily paid by like services by like organizations in like circumstances."

The foundation is one of several outside groups from both sides of the political spectrum that have sought to influence the race. Political scientists have said that trend indicates that both parties are taking the race seriously.