



Labor nonprofit avoids IRS scrutiny while failing to disclose years of lobbying activity

By William Patrick

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TALLAHASSEE, Fla. — In an era of heightened scrutiny against tax-exempt nonprofits, one left-leaning labor group may be ripe for investigation.

But that's up to the Internal Revenue Service.

Critics of the [Restaurant Opportunities Center United Inc.](#)^[2] have long alleged the 501(c)3 is a union-front group that uses [shakedown tactics and taxpayer money](#)^[3] to advance its agenda.

According to its website, the group's charitable nonprofit model involves "workplace justice campaigns" and the promotion of its ideals through research and policy work. The organization is based in New York City and has 10 nationwide affiliates, including in Miami.

On Monday, ROC United co-sponsored a protest outside the U.S. Capitol, where 1,500 participants reportedly gathered to demand federal action on the minimum wage and other social and economic items. ROC United partnered with National People's Action, a Chicago-based coalition of community organizing groups. The event's featured speaker was U.S. Rep. Keith Ellison, D-Minn., a "far-left Democrat" [according to a GovTrack.us bill sponsorship analysis](#)^[4].

Protesters also denounced the National Restaurant Association and corporate lobbying, an odd grievance considering ROC United recently admitted to spending \$70,000 on lobbying in one year.

For several years — including the year it was approved for tax-exempt status — the group claimed on its annual IRS forms that it didn't lobby. It told the IRS a different story in July.

Recently available public tax documents show the Restaurant Opportunities Center United Inc. admitted to spending \$70,000 on lobbying in 2012. Moreover, the group amended three previous years' statements to reflect its past undisclosed legislative and grassroots lobbying expenses.

Jean Souffrant, research and policy director for ROC Miami, admitted to the South Florida group's lobbying efforts in an interview last year during a campaign to persuade lawmakers to force private businesses to pay benefits to their employees.

“We are on the forefront of talking to legislators and doing grassroots lobbying that allows us to speak up for restaurant workers,” Souffrant told Watchdog.org.

Floridians aren’t particularly unsympathetic. Florida has one of the highest minimum wages in the country, and local paid sick leave initiatives have garnered significant public support in certain areas. Exorbitant business costs and potential tax-exempt violations complicate ROC United’s aims, especially in light of alleged partisan abuses by the IRS.

As Watchdog.org previously reported, ROC United was approved for tax-exempt status in June 2010, by the Cincinnati office of the IRS — the same office implicated in the targeting scandal of various conservative groups before the 2012 national elections.

On its 2012 form, stamped “received” by the IRS in August 2013, the group says it “failed to state lobbying expenses,” and “as a result, this is the filer’s first Form 990 that details lobbying expenses.”

“They were doing this without admitting it,” Mike Paranzino, communications director for ROC-Exposed, told Watchdog.org.

ROC-Exposed is a consumer watchdog group that receives support from restaurants and other business groups. ROC-Exposed filed an official complaint with the IRS in April 2013, regarding ROC United’s previously unacknowledged lobbying activities. They’ve yet to hear back from the agency, Paranzino said.

According to the documents, ROC United spent more than \$269,000 on lobbying from 2009 through 2012 — an amount it now says is within its legal limit.

“It sounds like they were attempting a liberal risk-taking approach to their lobbying and they decided at a later date that they no longer wanted to be exposed to that risk,” John Samples, director of the Cato Institute’s Center for Representative Government, told Watchdog.org.

“They probably decided to move away from a test that said lobbying is not a substantial part of what we do and reported how much they’re spending,” he said.

Samples ultimately blames Congress for nonprofit rules that he calls complicated and rooted in ambiguity.

“It’s not like hitting somebody in the face where clearly you’ve violated the law,” he said. “There are no bright lines.”

That leaves the IRS with the power of discretion.

“Given that we had to force them to admit they were lobbying at all should at a minimum lead to an independent audit or IRS investigation,” said Paranzino.

Denying its full scope of activities could have influenced ROC United's initial IRS approval and helped to avoid subsequent review, Paranzino said.

Watchdog.org contacted the IRS for a general comment about whether denying lobbying activities during a period of heightened review and then amending previous tax statements at a later date could be grounds for additional scrutiny for any 501(c)3 group.

After repeated requests for comment, an IRS spokesman said in an email, "Federal law prohibits the IRS from discussing specific taxpayers or cases."

Upon clarifying our request for general information, an agency spokesman declined to be mentioned by name and attested to the agency's lawful conduct.

The spokesman twice said a technical expert would respond to our inquiry, but Watchdog.org did not receive a return response.

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[2] Restaurant Opportunities Center United Inc. : <http://rocunited.org/>

[3] hakedown tactics and taxpayer money: <http://watchdog.org/100043/nonprofit-labor-organizers-using-taxpayer-funds-to-attack-businesses-for-low-wages/>

[4] according to a GovTrack.us bill sponsorship analysis:

https://www.govtrack.us/congress/members/keith_ellison/412215

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