



February 26, 2020

Charles P. Rettig, Commissioner
Internal Revenue Service
1111 Constitution Ave NW
Washington, DC 20224

Re: Bloomberg Family Foundation Inc. and “Bloomberg Philanthropies”

Dear Commissioner Rettig:

Recent news reports and a pattern of activity documented in the public record prompt Government Accountability & Oversight, P.C. to respectfully request that the Internal Revenue Service investigate whether various philanthropic groups affiliated with Presidential Candidate Michael Bloomberg violated their status as tax-exempt organizations, by making contributions for Mr. Bloomberg’s personal and political benefit.

In this letter, we lay out information in the public domain creating the appearance of and supporting a good-faith belief that Mr. Bloomberg, Bloomberg Family Foundation Inc., “Bloomberg Philanthropies”, or other entities affiliated with Mr. Bloomberg, may be operating in violation of the Internal Revenue Code.

Established media outlets have given widespread and fairly in-depth coverage to this pattern of Mr. Bloomberg and/or his Foundation, et al., using charitable dollars in ways that, with his campaign for political office now publicly underway and acknowledged, give the appearance that these expenditures were made to obtain political advantage for this political campaign and otherwise constitute impermissible political activity for an exempt organization.

As one former White House counsel and lawyer for the Democratic National Committee writes, “The law governing the activity of charitable organizations can be complex, but on the question of whether 501(c)(3) charities can engage in political activity, it could not be more straightforward. They cannot. The IRS enforces an ‘absolute’ prohibition on any intervention in political campaigns.”¹

¹ Bob Bauer, *The Disastrous Legal Implications of the Trump Foundation’s Activities*, The Atlantic, June 15, 2018, <https://www.theatlantic.com/ideas/archive/2018/06/the-disastrous-legal-implications-of-the-trump-foundations-activities/562895/>.

I. Introduction

Numerous media reports in recent weeks have noted a complex web of donations made by Michael Bloomberg, Bloomberg Family Foundation Inc., “Bloomberg Philanthropies”, and Bloomberg-affiliated or Bloomberg-funded political action committees (PACs).

For example, on December 14, 2019, the New York Times published an article, “Mayors for Mike: How Bloomberg’s Money Built a 2020 Political Network.”² The article’s subheading is, “Michael Bloomberg is relying on powerful city leaders as allies in his presidential campaign. Several have received grants, training and support packages totaling millions from his foundation.” The reporters set forth “a vast network of city leaders whom he has funded as a philanthropist” with \$350 million in support of projects run or favored by local elected officials across the country.

Excerpts include:

Introducing the endorsement of Bloomberg by Stockton Mayor Michael Tubbs, the paper wrote, “this past June, Mr. Bloomberg’s foundation donated \$500,000 to an education reform group based in Stockton [Calif.]”;

“Before his visit to Stockton, Mr. Bloomberg announced he had also won the endorsement of Mayor Sam Liccardo of San Jose, Calif., who had previously supported [Sen. Kamala] Harris. San Jose won a substantial award through Mr. Bloomberg’s American Cities Climate Challenge — a package worth about \$2.5 million, a city spokeswoman said. Mr. Licardo said there had been ‘no string attached’ to any of the money.”;

“[Bloomberg] has been endorsed so far by eight mayors — from larger cities like San Jose, Calif., and Louisville, KY., and smaller ones like Gary, Ind....For all those endorsers, Mr. Bloomberg has been an important benefactor...More than half have received funding in the form of grants and other support packages from Mr. Bloomberg worth a total of nearly \$10 million, according to a review of tax documents and interviews with all eight mayors.”

Presidential campaigns are not launched overnight but are deliberate undertakings requiring extensive advance planning and organization. This is inarguable. Numerous media outlets have taken notice of the pattern of charitable grants followed by what are otherwise curious endorsements. We suggest these considerations both should inform how the IRS views this unusually politically targeted largesse.

² Alexander Burns, Nicholas Kulish, Shane Goldmacher, *Mayors for Mike: How Bloomberg’s Money Built a 2020 Political Network*, <https://www.nytimes.com/2019/12/14/us/politics/bloomberg-mayors-2020.html>.

Reporting on the surge of outflows, the Washington Post wrote in December 2019 of “Mike Bloomberg’s spending spree: \$8 billion in philanthropy and tens of millions to political causes”.³ On February 15, 2020, The New Yorker wrote, “Why D.C.’s Mayor Endorsed Michael Bloomberg”, noting that “Bloomberg Philanthropies has made an investment in Washington schools”.⁴ On February 14, 2020, ABC news published a story, “Mike Bloomberg's philanthropy pays dividends with emerging political network.”⁵

In that latter story, ABC reported that “Mike Bloomberg may have been a late addition to the 2020 race for president, but the billionaire businessman and former New York City mayor has for years been quietly using his wealth to build what would become a national political network.” Noting the emergence by political beneficiaries of “philanthropic” funds to endorse Bloomberg’s political campaign, the story quotes “Yvette Simpson, an ABC News political contributor and the progressive political action committee, Democracy for America CEO” as saying, about Bloomberg, “The idea that a billionaire gives money to a candidate and doesn't expect something return is a fallacy.”

That major donors “expect something” when making a donation does not reflect a *quid pro quo* or improper use of charitable funds; however, the pattern picked up on in so many media reports, of giving only to subsequently receive that thing the donor most wants and the only thing the political beneficiaries can give, is striking. Upon inquiring into these revelations, Government Accountability & Oversight, P.C. also noticed other aspects of this web of charitable giving suggesting political uses of charitable funds and otherwise warranting further scrutiny.

³ Michael Scherer, *Mike Bloomberg’s spending spree: \$8 billion in philanthropy and tens of millions to political causes*, Washington Post, December 14, 2019, www.washingtonpost.com/politics/mike-bloombergs-spending-sprees-8-billion-in-philanthropy-and-tens-of-millions-to-political-causes/2019/12/14/2F8a9e1956-1d13-11ea-87f7-f2e91143c60d_story.html.

⁴ Isaac Chotiner, *Why D.C.’s Mayor Endorsed Michael Bloomberg*, The New Yorker, February 15, 2020, <https://www.newyorker.com/news/q-and-a/why-dcs-mayor-endorsed-michael-bloomberg> (linking to D.C. press release, <https://mayor.dc.gov/release/mayor-bowser-chancellor-henderson-and-dc-public-education-fund-announce-4-million-donation>).

⁵ Lucien Bruggeman and Soo Rin Kim, *Mike Bloomberg's philanthropy pays dividends with emerging political network*, ABC News, February 14, 2020, <https://abcnews.go.com/Politics/mike-bloombergs-philanthropy-pays-dividends-emerging-political-network/story?id=68972103>.

Mindful of the somewhat similar media inquiry into⁶ and several IRS referrals⁷ about the tax-exempt status of and implications for the Donald J. Trump Foundation, Government Accountability & Oversight, P.C. similarly directs the Internal Revenue Service to publicly available information relating to Bloomberg Philanthropies. Applying the standards articulated in those complaints and that coverage, these patterns similarly warrant investigation.

II. The Internal Revenue Code

The relevant sections of the Internal Revenue Code as it applies to this issue are Sections 501(c)(3), 501(c)(4), and 527, which exempt certain organizations from taxation. Charitable endeavors are usually governed under Sections 501(c)(3) or 501(c)(4), depending on the type of activity involved. Political and campaign-related activities are ordinarily governed by Section 527. We briefly discuss relevant limitations on each type of charitable entity below.

A) Section 501(c)(3)

Charities recognized as tax-exempt under Section 501(c)(3) are prohibited from engaging in lobbying as a substantial portion of their activities and are *absolutely prohibited* from participating in political campaigns.⁸ Bloomberg Family Foundation Inc. operates under Section 501(c)(3) according to its most recent IRS Form 990 that is publicly available.

An organization will be considered to be lobbying if it “contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation.”⁹ The IRS has helpfully provided guidance on its website that “In general, no organization may qualify for section 501(c)(3) status if a substantial part of its activities is attempting to influence legislation (commonly known as lobbying).”¹⁰ IRS guidance further defines lobbying. “Lobbying includes [advocating for] action by Congress, any state legislature, any local council, or similar governing body, with respect to acts, bills, resolutions, or similar items (such as

⁶ See, e.g., Bauer, *The Disastrous Legal Implications of the Trump Foundation's Activities* (FN 1, *supra*), and Jesse Drucker, *How the IRS Could Punish Trump and his Foundation*, New York Times, June 14, 2018, <https://www.nytimes.com/2018/06/14/business/trump-foundation-irs-attorney-general.html>.

⁷ See, e.g., <https://www.citizensforethics.org/press-release/crew-files-complaint-trump-foundation-2/>, <https://s3.amazonaws.com/storage.citizensforethics.org/wp-content/uploads/2016/07/20021840/Donald%20J.%20Trump%20Foundation%20IRS%20complaint%20-%203-21-16.pdf>.

⁸ <https://www.irs.gov/charities-non-profits/charitable-organizations/the-restriction-of-political-campaign-intervention-by-section-501c3-tax-exempt-organizations>.

⁹ <https://www.irs.gov/charities-non-profits/lobbying>.

¹⁰ *Ibid.*

legislative confirmation of appointive office), or by the public in referendum, ballot initiative, constitutional amendment, or similar procedure.”¹¹

Moreover, “[u]nder the Internal Revenue Code, all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office” and “voter education or registration activities with evidence of bias that (a) would favor one candidate over another; (b) oppose a candidate in some manner; or (c) have the effect of favoring a candidate or group of candidates, will constitute prohibited participation or intervention.”¹²

B) Section 501(c)(4)

By contrast to charities organized under Section 501(c)(3), “Organizations described in IRC 501(c)(4), (c)(5), and (c)(6) may engage in an unlimited amount of lobbying, provided that the lobbying is related to the organization's exempt purpose.”¹³ Restrictions on involvement in political campaigns are also relaxed for 501(c)(4) organizations, but intervention in political campaigns is still prohibited from being a charity’s “primary purpose.” However, most contributions to 501(c)(4) organizations are not tax-deductible when such contributions are used for lobbying purposes.

C) Section 527

A political organization subject to Section 527 is a party, committee, association, fund or other organization (whether or not incorporated) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function. Although political organizations are ordinarily not subject to tax, contributions to political candidates are not deductible for other taxpayers as charitable contributions or business expenses.

III. Bloomberg’s Entities

The philanthropic giving of Michael Bloomberg is extensive and somewhat difficult to unravel, due in part to certain necessary privacy protections afforded to exempt entities. Nonetheless, statements by the various Bloomberg entities do not answer the questions raised, but only raise further questions.

¹¹ *Ibid.*

¹² <https://www.irs.gov/charities-non-profits/charitable-organizations/the-restriction-of-political-campaign-intervention-by-section-501c3-tax-exempt-organizations>.

¹³ <https://www.irs.gov/pub/irs-tege/eotopic103.pdf>

The Bloomberg Family Foundation operates under EIN 20-5602483. According to the most recent publicly-available Form 990 (2017), the Bloomberg Family Foundation is currently operating under Section 501(c)(3) of the Internal Revenue Code, although it could have elected to operate instead as a private foundation.¹⁴

The tax filings for the Bloomberg Family Foundation do not tell the whole story, however. Both Michael Bloomberg himself and media reports refer to “Bloomberg Philanthropies”; a website purporting to detail the charitable endeavors of “Bloomberg Philanthropies” exists at www.Bloomberg.org. According to that website:

*“Bloomberg Philanthropies encompasses all of Michael R. Bloomberg’s giving, including his foundation, corporate, and personal philanthropy. In total, he has given \$9.5 billion. Bloomberg has committed the vast majority of the profits from Bloomberg L.P., the global financial technology, data, and media company he founded in 1981, to support the work of Bloomberg Philanthropies. The organization [sic] focuses on five key program areas as well as special Founder’s Projects. It also includes Bloomberg Associates, a pro bono consultancy that works with mayors, and philanthropic activities through Bloomberg L.P.”*¹⁵

Bloomberg Philanthropies appear(s) to operate in conjunction with dozens of other organizations. Its website states that “Bloomberg Philanthropies works with some of the most effective organizations around the world to help achieve our shared goals” and contains a list of dozens of separate nonprofit groups it characterizes as “partners.”¹⁶ The website writes of “partners” in both foreign and local governments, “partners” at Bloomberg L.P., and “partners” at nonprofit groups.¹⁷ Bloomberg L.P., a for-profit Bloomberg-controlled entity, also suggestively refers to its valued “partners” on its own, similarly-named website, www.Bloomberg.com.¹⁸

¹⁴ https://990s.foundationcenter.org/990pf_pdf_archive/205/205602483/205602483_201712_990PF.pdf.

¹⁵ <https://data.bloomberglp.com/dotorg/sites/2/2020/02/About-Bloomberg-Philanthropies-February-2020.pdf>.

¹⁶ <https://www.bloomberg.org/about/our-partners/>.

¹⁷ See FN. 23. The Annual Report for 2019 contains 57 separate mentions of the word “partner” or “partnership.”

¹⁸ <https://www.bloomberg.com/impact/people/philanthropy-and-engagement/>.

Several documents obtained under public records laws reveal coordination between Bloomberg charitable expenditures and the for-profit, Bloomberg L.P.¹⁹ Certain records suggest this overlap between the work of senior “Bloomberg Philanthropies” officials and for-profit Bloomberg advisors (including Mr. Bloomberg’s current presidential campaign chairman) is significant, and understood among political beneficiaries.

For example, one Bloomberg philanthropic project, created to privately hire attorneys for the purpose of “seconding” them to ideologically aligned state Attorneys General to sue the Trump Administration,²⁰ prepares detailed, bi-weekly reports “for Dan Firger at Bloomberg” Philanthropies²¹. The legal non-profit’s leader expressed uncertainty, however, whether Firger “shares these with Kevin Sheekey [*sic*]”,²² who was at the time the Global Head of Communications, Government Relations and Marketing for Bloomberg L.P., and is now Mr. Bloomberg’s presidential campaign manager.

¹⁹ Documents show that a Bloomberg project called America’s Pledge was conceived and strategized in the San Francisco offices of Bloomberg’s business interests, Bloomberg L.P. See, Christopher C. Horner, *Government for Rent: How Special Interests Finance Governors to Pursue Their Climate Policy Agenda*, Competitive Enterprise Institute, September 2018, p. 37 (https://cei.org/sites/default/files/Christopher%20Horner%20-%20Government%20for%20Rent_0.pdf), quoting an August 17, 2017, email from World Resources Institute President Sam Adams to Edie Change of California’s Air Resources Board, Rocky Mountain Institute’s Paul Bodnar, and WRI’s Tyler Clevenger; Subject: America’s Pledge Expert Dialogue—Draft Agenda & Logistical Notes. “The meeting is on Wednesday, August 23, and Thursday, August 24, at the Bloomberg LP offices, Pier 3, Embarcadero #101, San Francisco 94109.” That email is attached to this letter.

²⁰ We note, for example, an organization created by Mr. Bloomberg in 2017, the State Energy & Environmental Impact Center (SEEIC) (Juliet Eilperin, *NYU Law launches new center to help state AGs fight environmental rollbacks*, Washington Post, August 16, 2017, www.washingtonpost.com/politics/nyu-law-launches-new-center-to-help-state-ags-fight-environmental-rollbacks/2017/08/16/e4df8494-82ac-11e7-902a-2a9f2d808496_story.html), begun with \$5.6 million from Bloomberg (<https://www.guidestar.org/profile/20-5602483>) to advance his environmental and energy policy priorities by privately hiring and placing attorneys in state Attorneys General offices (OAGs). About this, the group’s head David Hayes said, “[A]lthough ‘there’s never enough’ funding to support this sort of advocacy, the grant from Bloomberg Philanthropies could support not only litigation against the federal government but also enforcement activities on the state level.”

Maryland’s Deputy Attorney General Carolyn Quattrocki characterized the arrangement to colleagues: “the gist is that Bloomberg is funding through NYU some fellowship positions for mid-career environmental litigators to be farmed out to State Attorneys General to join the fight against Trump’s rollback of our environmental protection laws and regulations.” November 7, 2018 email from Maryland Deputy Attorney General Carolyn Quattrocki to Dana Rosenfeld, Cindy Lewin, Louis Bograd and Eric Biel, Subject: Environmental Fellowship position.

Records show that Maryland AG Brian Frosh was SEEIC’s first Attorney General-recruiter. Bloomberg arguably played a key role in Frosh attaining his office with a key endorsement in a crowded, first primary race in 2013 (John Wagner, *Outgoing New York Mayor Michael Bloomberg endorses Frosh for Md. attorney general*, Washington Post, December 18, 2013, https://www.washingtonpost.com/local/md-politics/outgoing-new-york-mayor-michael-bloomberg-endorses-frosh-for-md-attorney-general/2013/12/18/1d239936-67f8-11e3-8b5b-a77187b716a3_story.html).

²¹ December 17, 2017 email from David Hayes to Brian Frosh, Subject: Fwd: Bi-Weekly Report. “Brian: Per our conversation on Friday, attached is our latest biweekly report, which we prepare for Dan Firger at Bloomberg. I don’t know if he shares these with Kevin Sheekey [*sic*]. My next email will attach the preceding biweekly report. Please give Kevin my best.”

²² It is apparently well-known in certain circles that Mr. Sheekey is a Frosh collaborator as Hayes wrote to Maryland AG Brian Frosh in the same message, “Please give Kevin my best”. *Ibid.*

Helpfully for these purposes, “Bloomberg Philanthropies” publishes an annual report of “its” giving and projects. The most recent report is available online and covers all activity in calendar year 2019.²³ Unfortunately, the report makes no distinction between charitable contributions made by Michael Bloomberg himself, charitable contributions made by the Bloomberg Family Foundation or other Bloomberg-controlled entities, and non-charitable contributions, such as lobbying expenses.

In context, this is concerning and warrants additional scrutiny.

For example, the 2019 Annual Report details a new “Beyond Carbon” campaign, and pledges that the new initiative will “employ and expand the same types of legal, advocacy, and electoral strategies that have proven so successful in the Beyond Coal campaign.” The report goes on to detail similar campaigns relating to “gun violence”, “opioids,” and “supporting mayors’ efforts to engage and empower citizens to participate in creating new policies.” Not coincidentally, these same issues play heavily in Michael Bloomberg’s own presidential campaign materials.²⁴

Left unsaid is whether the legal, advocacy, and electoral arms of the Beyond Carbon campaign, or the others, will be accomplished through a single legal entity or multiple entities.

As discussed above, however, different legal entities must operate under different sections of the Internal Revenue Code for reasons particular to their operations. Charities recognized as tax-exempt under Section 501(c)(3), for example, are prohibited from engaging in substantial lobbying and entirely banned from intervening in political campaigns. Charities organized under Section 501(c)(4) may engage in substantial lobbying, but funds contributed for that purpose are not tax deductible for individual or corporate taxpayers, and may not constitute a proper expenditure of a private foundation’s funds under Section 509(a).

Lastly, although section 527 organizations may engage in political campaigning, funds received by them are never deductible for other taxpayers, and a private foundation recognized under Section 509(a) would never be permitted to contribute to a Section 527 organization.

The word “lobbying” appears only twice in the “Bloomberg Philanthropies” 2019 report, but is broadly euphemized: “legislation” appears three times, “laws” appears 12 times, “policy” appears 17 times, “legislatures” once, and “Congress” four times. Taken together, the report’s numerous references to legislative activities, legislative actions, and legislative proposals belie substantial lobbying or political activity on the part of Bloomberg Philanthropies. If the

²³ https://www.bbhub.io/dotorg/sites/39/2019/06/AnnualReport2019_Digital.pdf.

²⁴ <https://www.mikebloomberg.com/getting-it-done>.

Bloomberg Family Foundation continues to operate as a 501(c)(3) organization, as recent 990s suggest, it would appear from these self-published “Bloomberg Philanthropies” Annual Reports that the organization is engaged in excessive lobbying and supporting legislative and political advocacy that is impermissible under Section 501(c)(3).

IV. Conclusion

Recent and numerous media reports lend credence to the idea that Michael Bloomberg’s charitable contributions have been and continue to be used to support his political campaign for president. Even if these numerous assessments, standing alone, are not sufficient to give rise to an IRS investigation, the rest of the known context suggests a pattern of deliberate use of charitable, tax-exempt dollars for political purposes.

Among the additional information adding concern are the Bloomberg Philanthropies Annual Reports which indicate a troubling mixture of legitimately exempt activity with political advocacy under the guise of numerous organizations, charities, “partners”, a “pro bono consultancy” called Bloomberg Associates, and Michael Bloomberg’s original for-profit business, Bloomberg L.P.

Media outlets suggest the prospect of charitable grants effectively purchasing endorsements for an anticipated run for high political office. The appearance is undeniable. Further scrutiny yielded additional reasons for concern.

We hope that the Internal Revenue Service will address the obvious crisis in public confidence in the integrity of the charitable exemption system,²⁵ and properly investigate the use of substantial amounts of gifts provided for what now appear to be personal/political purposes.

Regards,



Matthew D. Hardin
Executive Director
Government Accountability & Oversight, P.C.

²⁵ In addition to the voluminous complaints and coverage alleging improper political activity by the Donald J. Trump Foundation, and the revelations of millions of dollars in seemingly political contributions in the form of off-books ‘staff’, consultants and media services for elected officials detailed in “Government for Rent”, both cited, *supra*, we also note, Chris White, *Eco-Billionaire Gave \$500K To Oakland Mayor’s Pet Project Shortly Before Climate Lawsuit*, Daily Caller, February 22, 2018, <https://dailycaller.com/2018/02/22/steyer-oakland-mayor-lawsuit-energy-companies/>. “Tom Steyer provided [Oakland Mayor Libby] Schaaf with a \$500,000 donation to Oakland Promise Generation Fund and Children’s Initiative, a project the mayor uses to provide financial assistance to low-income students. The DCNF’s documents also appear to show Steyer and Schaaf meeting less than a year later to discuss a “time sensitive” issue that coincided with the mayor’s decision to sue energy companies.”; “San Francisco announced it would sue companies like BP, Chevron, Exxon and others, shortly after Steyer provided a \$30,000 donation to a ballot initiative headed by the mayor.”

One email shows Mayor Schaaf referencing a similar effort the Steyer’s foundation engaged in with Marin County, which also sued energy companies at about the same time. “”, August 31, 2017 email from Mayor Libby Schaaf to Kat Taylor and her husband Tom Steyer, Subject: <Oakland Promise> Thank you & follow up. Attached hereto.

A June 21, 2018 piece by Energy in Depth Climate highlights Steyer’s work in the #Exxonknew campaign. The piece notes “[a]n investigation of billionaire environmental activist Tom Steyer’s campaign contributions reveals a pattern of unusual donations to several cities and counties in California involved in climate liability litigation against the fossil fuel industry. The donations, all of which were made either shortly before or after the municipalities filed their lawsuits, have been given new significance after the Daily Caller published a memo this week that reveals Steyer’s team discussed opportunities to pay the “California AG and/or one or California city attorney[s] [to] open investigations of Exxon” following the New York Attorney General’s announcement that he was investigating the company for alleged climate fraud.” Spencer Walrath, *EID Review of Steyer Political Campaign Contributions Reveal Potential Big Role in #Exxonknew Campaign* Energy in Depth Climate, June 21, 2018, <https://eidclimate.org/eid-review-of-steyer-political-campaign-contributions-reveal-potential-big-role-in-exxonknew-campaign/>.

See also, e.g., Alana Goodman, *Billionaire Democratic donor funding \$10 million campaign to impeach Trump is linked to national lawsuits against oil companies through memo to his environmental nonprofit group*, Daily Mail, November 13, 2017, <https://www.dailymail.co.uk/news/article-5078897/Wealthy-Democratic-donor-linked-oil-company-lawsuits.html>, and Christopher C. Horner, *Law Enforcement for Rent: How Special Interests Fund Climate Policy through State Attorneys General*, Competitive Enterprise Institute, August 2018, <https://cei.org/sites/default/files/AGpdfFinal.pdf>.