



April 23, 2026

Internal Revenue Service
Acting Commissioner Scott Bessent
Headquarters Building
1111 Constitution Avenue, NW
Washington, DC 20224

RE: Updated Request for Review of Tax-Exempt Status of the Southern Poverty Law Center (SPLC)

Dear Acting Commissioner Bessent,

We are writing to supplement our original request¹ that the Internal Revenue Service begin an investigation to review the tax-exempt status of the above-referenced organization, the Southern Poverty Law Center, Inc. (“SPLC”) located at 400 Washington Avenue, Montgomery, AL 36104. SPLC currently operates as a 501(c)(3) nonprofit under the Internal Revenue Code. SPLC’s EIN number is 63-0598743.² The SPLC has recently been criminally indicted, providing new grounds for a potential revocation of the organization’s tax-exempt status.³

Our prior submission sought a review of the SPLC’s status based on its hyper-partisan political activity, and out of concern that the organization’s actions no longer fulfilled a charitable purpose. We highlighted that the SPLC has, over time, become an organization that promotes hatred based on partisan considerations. They liken normal, mainstream, conservative beliefs, to that of the KKK. They label political candidates and government officials, only Republicans, on their hate lists or hate watch articles. They only tie conservative advocacy groups to their hate map, not progressive or liberal ones.

On Tuesday, April 21, 2026, a grand jury in Montgomery, Alabama, returned an 11-count indictment (the “Indictment”) against the SPLC, alleging wire fraud, false statements to a federally insured bank, and conspiracy to commit concealment money laundering. The United States Attorney’s Office for the Middle District of Alabama, Northern Division filed two forfeiture actions to recover proceeds of the alleged fraud scheme. The SPLC is alleged to have secretly funneled more than \$3 million in donor funds to individuals associated with violent extremist groups including the Ku Klux Klan, Aryan Nations, and National Socialist Party of America.⁴

¹ James Fitzpatrick to IRS Commissioner Scott Bessent, October 9, 2025. (attached).

² Southern Poverty Law Center, Form 990: Return of Organization Exempt from Income Tax, 2022, accessed April 22, 2026, <https://www.splcenter.org/wp-content/uploads/2025/05/splc-2023-irs-990.pdf>.

³ *United States of America v. Southern Poverty Law Center, Inc.*, Indictment, Docket 2:26-cr-00139-ECM-KFP-1, (U.S. District Court for the Middle District of Alabama, Northern Division, April 21, 2026). (“Indictment”).

⁴ U.S. Department of Justice, “Federal Grand Jury Charges Southern Poverty Law Center for Wire Fraud, False Statements, and Conspiracy to Commit Money Laundering,” press release, April 21, 2026,



Given the severity of these new allegations in addition to our original concerns, a thorough investigation into the SPLC's tax-exempt status should be initiated.

I. Who We Are

The Center to Advance Security in America (CASA) is a nonpartisan organization dedicated to improving the safety and security of the American people. CASA educates and informs the American people about the actions of their government, non-profit organizations such as the SPLC, and officials who impact the people's safety, peace, and security, and civil rights.

II. Background

The Indictment provides a chilling account of an organization that funded the very hate it purports to fight, unbeknownst to its donors. In the DOJ's press release, Acting Attorney General Todd Blanche stated that "The SPLC is manufacturing racism to justify its existence... [u]sing donor money to allegedly profit off Klansmen cannot go unchecked. This Department of Justice will hold the SPLC and every other fraudulent organization operating with the same deceptive playbook accountable. No entity is above the law."⁵ FBI Director Kash Patel similarly stated that the organization "lied to their donors, vowing to dismantle violent extremist groups, and actually turned around and paid the leaders of these very extremist groups - even utilizing the funds to have these groups facilitate the commission of state and federal crimes."⁶ The funded extremist groups include the Ku Klux Klan, United Klans of America, Unite the Right, National Alliance, National Socialist Movement, Aryan Nations affiliated Sadistic Souls Motorcycle Club, National Socialist Party of America (American Nazi Party), and American Front.⁷

The SPLC has had a longstanding practice of paying informants within the hate organizations it monitors. The Indictment alleges that this behavior crossed several legal and ethical lines, with those paid informants (also known as field sources) "engaging in the active promotion of racist groups."⁸ The SPLC is alleged to have opened bank accounts connected to a series of fictitious entities to facilitate the covert financing of this illicit behavior, and to have made numerous false statements in the process of opening these accounts. The entities were never incorporated, had no legitimate employees and conducted no real business. These accounts were opened by individuals within the SPLC who would later rise to quite prominent positions like Chief Financial Officer and Director of the Intelligence Project.⁹

<https://www.justice.gov/opa/pr/federal-grand-jury-charges-southern-poverty-law-center-wire-fraud-false-statements-and>.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Indictment, 1.

⁹ Ibid., 6.



Among the more notable examples of this scheme is paying over \$270,000 between 2015 and 2023 to a field source (referred to as F-37 in the Indictment) who was a member of the online leadership chat group that planned the now infamous 2017 “Unite the Right” event in Charlottesville, Virginia, allegedly making racist posts under the SPLC’s supervision and helping to coordinate transportation to the event.¹⁰ Another source, F-9, was affiliated with the neo-Nazi group the National Alliance and was paid over \$1,000,000 between 2014-2023, including allegedly being paid to illegally break into the headquarters of another violent extremist group to steal 25 boxes of documents for the SPLC’s use as the basis for a story published on their website.¹¹ Beyond these direct payments, the Indictment alleges that the SPLC used its field sources to “indirectly funnel money to other violent extremist group leaders.”¹²

III. Legal Standard and Analysis

To qualify for tax-exempt status under Section 501(c)(3), a group must operate exclusively for exempt purposes. A tax-exempt organization may not engage in illegal activities, and “if more than an insubstantial part of its activities is not in furtherance of an exempt purpose, an organization will not be regarded as ‘operated exclusively’ for exempt purposes.”¹³ As the Supreme Court established in *Walz v. Tax Commission*, tax-exempt status is not a right, but rather a privilege that is reserved for entities that act as “beneficial and stabilizing influences in community life.”¹⁴ A later decision further explained that charitable organizations are exempted to “encourage the development of private institutions that serve a useful public purpose or supplement or take the place of public institutions of the same kind.”¹⁵ They are to be “beneficial to the social order of the country as a whole, or to a particular community.”¹⁶

The SPLC Has Allegedly Engaged in Disqualifying Illegal Activity

As the Supreme Court explained in *Better Business Bureau of Washington, D.C., Inc. v. United States*, where it interpreted a provision similar to current IRC Section 501(c)(3), “the presence of a single [nonexempt] purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly [exempt] purposes.”¹⁷ In a frequently-referenced case, a district court noted that, if it were not for the limitations of the illegality doctrine, “Fagan’s school for pickpockets would qualify for a charitable trust.”¹⁸

¹⁰ *Ibid.*, 4.

¹¹ *Ibid.*

¹² *Ibid.*, 5.

¹³ *National Foundation v. U.S.*, 13 Cl. Ct. 486, 491 (1987).

¹⁴ *Walz v. Tax Commission of the City of New York*, 397 U.S. 664 (1970).

¹⁵ *Bob Jones University v. U.S.*, 461 U.S. 574, 588 (1983).

¹⁶ *Id.* at 595.

¹⁷ 326 U.S. 279, 283 (1945).

¹⁸ *Green v. Connally*, 330 F. Supp. 1150 (D.C.D.C. 1971) (three judge panel), *aff’d per curiam sub nom., Coit v. Green*, 404 U.S. 997 (1971).



At the Exempt Organization Continuing Professional Education Technical Instruction Program for 1985, the IRS explained why tax-exempt organizations may jeopardize their exempt status if they engage in illegal activity:

The Service views illegality as one of the criteria by which an organization's activities are evaluated. Rev. Rul. 80-278, established a three-part test to determine whether an organization's activities will be considered permissible under 501(c)(3): (1) the purpose of the organization is charitable; (2) the activities are not illegal, contrary to a clearly defined and established public policy, or in conflict with express statutory restrictions; and (3) the activities are in furtherance of the organization's exempt purpose and are reasonably related to the accomplishment of the purpose...

Because benefit to the public is an underlying justification for charitable tax benefits, organizations which increase governmental burdens cannot justify tax exemption. Organizations engaged in illegal activity increase the governmental burden of law enforcement, while activities that are inconsistent with public policy obviously increase, rather than reduce, governmental costs and burdens, and are inconsistent with the basic requirement that exempt organizations serve a public purpose.¹⁹

Unlike some legal doctrines, illegality does not have a rigid statutory test. Over the years, case law and IRS guidance have shaped this analysis into several factors to determine whether an organization should lose tax-exempt status due to potential illegal activity.²⁰ First is whether the organization engages in activities that are illegal under federal, state, or local law. Second is whether illegal activities are a substantial part of what the organization does. This is determined by the IRS "substantiality test." The "substantiality test" involves several factors including the amount of time, effort, and resources the organization dedicates to the potential illegal activity, the centrality of the potential illegal activity to the organization's mission, and the overall context of the organization's operations.²¹ Third, whether the illegal activity contradicts or undermines the organization's stated exempt purpose. Finally, whether the organization has taken corrective action, if illegal activity occurred in the past.²²

The IRS has specifically noted that the worst activities could negate tax-exempt status despite being small in quantity, writing that "very little planned violence or terrorism would constitute 'substantial' activities not in furtherance of exempt purposes."²³ The Service also determined that it will hold an organization responsible for its officers' and employees' illegal actions when: 1) the organization's officials act under actual or purported authority to act for the

¹⁹ Jean Wright and Jay H. Rotz, "Illegality and Public Policy Considerations," U.S. Department of the Treasury-Internal Revenue Service, 1994, 2, <https://www.irs.gov/pub/irs-tege/eotopic194.pdf>. (referencing 1980-2 C.B. 175).

²⁰ Ibid.

²¹ "J. Activities That Are Illegal or Contrary to Public Policy," U.S. Department of the Treasury-Internal Revenue Service, 1985, <https://www.irs.gov/pub/irs-tege/eotopicj85.pdf>.

²² Ibid.

²³ Wright and Holtz, *Illegality and Public Policy Considerations*, 6.



organization; 2) agents for the organization act within their authority to act; or 3) acts are ratified by the organization.²⁴

The Indictment alleges numerous violations of federal law, including six counts of wire fraud, which involves the use of interstate wire, radio, or television communications to execute a scheme to defraud or obtain money or property by false pretenses.²⁵ The SPLC is also charged with four counts of knowingly making false or misleading statements on applications to a federally insured bank.²⁶

During the bank's internal investigation of these fraudulent accounts, the President and CEO of the SPLC, as well as the Chair of the Board, admitted in writing that the accounts were opened for the benefit of the SPLC.²⁷ Count 11 of the Indictment alleges conspiracy to commit concealment money laundering, by conducting "financial transactions designed to conceal the true nature, source, ownership and control of fraudulently donated money the SPLC paid to Fs."²⁸ The Indictment also incorporates the six counts of wire fraud into an additional charge of forfeiture.²⁹

Taken as a whole, these alleged illegal activities are quite substantial in nature. Three million dollars—sent directly to organizations who stood for the very thing SPLC purported to fight against—is a significant amount of money, even for an organization as large and deep-pocketed as the SPLC. Maintaining a network of field sources over many years could not have been accomplished without a considerable expenditure of time and organizational resources above and beyond those cited in the Indictment. The SPLC used those sources to create reports and solicit donors, demonstrating their centrality to its core mission. Supporting groups that SPLC labeled as "hate" groups appears to have been a "more than insubstantial part of its activities."³⁰

Additionally, no corrective action has been taken. To the contrary, the SPLC's leadership has vehemently denied any wrongdoing.³¹ Consequently, a once universally-esteemed organization now stands accused of financing and exacerbating the very problem it was created to fight.

It is hardly in the public interest to stoke anger by making it appear as if hate groups are more prominent than they actually are. It is certainly not in the public interest to pay those groups while advertising to donors that they are fighting the very hate groups that SPLC paid. To

²⁴ *Ibid.*

²⁵ 18 U.S.C. § 1343; Indictment, 9.

²⁶ 18 U.S.C. § 1014; Indictment, 9.

²⁷ Indictment, 10.

²⁸ 18 U.S.C. § 1956(a)(1)(B)(i); Indictment, 11.

²⁹ 18 U.S.C. § 981(a)(1)(C); 28 U.S.C. § 2461(c); Indictment, 12-13.

³⁰ *National Foundation*, 13 Cl. Ct. at 491.

³¹ Alexandra Koch et al., "DOJ Says Southern Poverty Law Center Funneled \$3M to White Supremacist, Extremist Groups Like KKK," *Fox News*, April 22, 2026, <https://www.foxnews.com/politics/doj-says-southern-poverty-law-center-funneled-3m-white-supremacist-extremist-groups-like-kkk>.



continue to classify SPLC as a charity would not be “beneficial to the social order of the country as a whole,”³² therefore, that status should be examined.

IV. Conclusion

The SPLC’s alleged illegal activities are grounds for an immediate investigation and potential revocation of charitable status. This step would not shut the SPLC’s doors. It would simply no longer receive the tax benefits extended to non-political organizations that further the public interest listed within Section 501(c)(3) of the Internal Revenue Code. It would also likely require a subsequent determination of when the revocation should be backdated to ensure that the SPLC could not improperly benefit from its partisan and other potentially illegal activities. Given the far-reaching activities of the SPLC that have been uncovered and investigated by the DOJ, Congress, news outlets, and watchdog organizations in recent years, we believe that the American people are entitled to a full investigation into the potentially illegal activities of SPLC as outlined in our prior complaint and in this supplemental letter.

Thank you for your attention to this matter and your continued service to our country.

Sincerely,

James Fitzpatrick
Director
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³² *Bob Jones University*, 461 U.S. at 588.



Attachment:

James Fitzpatrick, Director, Center to Advance Security in America, *Letter to Acting IRS Commissioner Scott Bessent*, Oct. 9, 2025