

EXECUTIVE SUMMARY

On September 26, 2017, Campaign for Accountability filed two complaints against Texas anti-abortion nonprofit the Heidi Group and its founder Carol Everett: 1) with the Travis County District Attorney asking for a theft investigation; and 2) with the IRS asking that the group be stripped of its nonprofit status.

Travis County District Attorney Complaint

After it kicked Planned Parenthood out of its Women's Health Program, leaving a dearth of reproductive healthcare providers in the state, Texas granted the Heidi Group, led by Carol Everett, nearly \$7 million in state funds to help subcontractors provide Texas women access to healthcare.

The grants were immediately suspect because the Heidi Group has a history of recklessness with regard to its finances:

- For nine of the 14 years for which tax returns are publicly available, the organization has had negative net assets and has been technically insolvent.
- In 2003 and 2004, the organization spent 4% and 11% of its overall expenditures, respectively, on the "Heidi Group Cruise."
- The organization has been in debt to its founder and CEO, Carol Everett, since 2002.

By March 2017, the Heidi Group had collected nearly a million dollars in state funds despite violations of its contracts:

- The Heidi Group failed to provide deliverables including a 1-800 number to help women find healthcare, improvements to subcontractors' websites, and improved access to contraceptives.
- Many of the clinics with which the Heidi Group subcontracted appear to be ineligible to receive the state funds.

Everett and state government officials knew the Heidi Group was violating its contracts:

- Following a March 2017 report by the *Associated Press* assessing the Heidi Group's shortcomings under the contracts, the Heidi Group's founder and CEO, Carol Everett, left a lengthy voicemail for Ben Taylor, Governor Greg Abbott's Deputy Outreach Director, admitting: "No, we don't look good, and no, we're not doing what I planned to do, and no, we're not doing what I wanted to do."

CfA filed a complaint with the Travis County District Attorney's Office, which has jurisdiction over crimes related to the operation of state government, asking for an investigation into:

- Whether the Heidi Group committed theft under Texas criminal law by deceiving the state into believing it would provide services it never intended to provide, and whether it received state funds for services not provided or not permitted under its grant contracts.
- Whether Carol Everett, in conjunction with others who worked at the Heidi Group, engaged in conspiracy to commit theft by seeking state funds for services not provided or not permitted under its grant contracts.
- Whether the Heidi Group engaged in deceptive business practices by misleading the state, the clinics with which it subcontracted, or the women those clinics served.

IRS Complaint

CfA alleges the Heidi group may have violated its 501(c)(3) status by:

- Engaging in prohibited lobbying activities when Carol Everett repeatedly testified before the state legislature in support of anti-abortion measures and urged others to lobby the legislature and Congress.
- Engaging in prohibited electioneering by endorsing Greg Garrett for Congress in 2016, endorsing Rick Green for the Texas Supreme Court, and opposing Joe Straus for Speaker of the Texas House of Representatives.
- Failing to maintain a board of three independent directors.
- Mispending funds on a cruise and a Lincoln Town Car.

CfA called on the IRS to investigate and, if the Heidi Group is found to have violated the law, strip the group of its 501(c)(3) status.