



Facts and Observations about The False and Reckless BBB Hit Piece on VIDOL

The February 7, 2018 [news release](#) issued by the BBB and entitled, “BBB: Fundraisers Take Majority of Donations Made To Veterans in Defense of Liberty,” is a materially false, reckless, libelous, and professionally incompetent hit piece on Veterans in Defense of Liberty (VIDOL).

The BBB failed to professionally verify the accuracy of its bogus and fraudulent report about VIDOL and its marketing agency before issuing this release and then participating in spreading it at multiple news sources. Nor did the BBB even have the honest courtesy to provide VIDOL an advance copy of this smear and ambush to allow VIDOL to issue a more timely response with facts proving the BBB release contains false information. It was an ambush.

VIDOL’s mission is to **inform and advocate** about veterans issues and the constitutional, patriotic principles underlying our republic. As a substantial part of VIDOL’s start-up national direct mail program, the first full year of which was 2014, its tax-exempt mission included attempting to reach millions of veterans, their families, and other patriotic citizens using informative direct mail letters and newsletters that bypassed the misinformation or lack of information from what is now known as the “fake news” media. Unlike charities, VIDOL’s 501(c)(4) tax-exempt status enables it to lobby Congress on behalf of veterans’ issues.

The BBB smear led people to believe VIDOL’s mission was charitable, and that a portion of VIDOL’s money is intended to be disbursed to veterans. This smear is evidence by various news reports that the BBB provoked, including those in which the BBB actively participated.

Assuredly because of its conservative, patriotic mission, VIDOL was one of the many organizations whose official tax-exempt recognition was delayed by the leftwing Lois Lerner IRS. This February 7 BBB smear, and the BBB's participating in the spreading of misleading information about VIDOL -- because it is otherwise so objectively false and misleading -- "smells" to be an extension of that bias against conservative, patriotic organizations, but through other large institutions that have power and influence over tax-exempt organizations. The BBB is supposed to review charities, not 501(c)(4) social welfare advocacy organizations, so its attack on VIDOL "smells" even more suspicious. The BBB is engaging in misleading and fraudulent tactics that it purports its mission is to expose. This is yet another problem with the integrity, which news reports have exposed as flawed and biased.

This memo sets forth just some of the reasons why the BBB's release and conduct is reprehensible, reckless, and defamatory. It quotes the BBB's February 7 hit-piece release, followed by the truth.

1. MATERIALLY AND RECKLESSLY MISLEADING: "According to information the group filed with the Internal Revenue Service, very little of the money it collects goes to veterans either."

The BBB release begins by misleading readers to believe VIDOL is a charity: "A Galena, Mo., man recently turned to BBB for advice after receiving dozens of charity mailers ... A Springfield, Mo.-based group called Veterans in Defense of Liberty was among the more than dozen organizations which sent the man donation forms."

VIDOL is a tax-exempt social welfare advocacy and grassroots lobbying organization under Internal Revenue Code (IRC) 501(c)(4). It is not a "charity" under IRC 501(c)(3) created to disburse funds to veterans. ALL of its educational and informational advocacy and fundraising materials are consistent with its mission, and NONE say that VIDOL is created to disburse money to veterans. The BBB statement that no money "goes to veterans" is a misrepresentation of why VIDOL communicates and raises money.

Its website, at <http://vidolamerica.org/>, states its mission (<http://vidolamerica.org/our-mission/>) to educate and inform.

ALL of its mailings provide educational and informational information about the plight of veterans, and the constitutional values for which veterans graced this country with their service.

That the BBB materially misrepresented the mission of VIDOL not only violates the BBB's national standards of evaluating charities ONLY, but demonstrates it is not competent enough to distinguish the very different roles and purposes of 501(c)(4) organizations from 501(c)(3) charities.

Because the BBB reviews charities, not 501(c)(4) organizations, the publication of the release itself is misleading.

2. FALSE: "Fundraisers kept more than 94 percent of money raised for Veterans in Defense of Liberty in 2014 and 2015."

The BBB knows full-well that the public would be shocked and disturbed if a professional fundraiser "kept 94 percent of the money raised for" a charity, and positioned and pushed its whole ambush to harm the reputation and finances of VIDOL, Dr. Magill, and ATA.

The agency that prepares VIDOL's national grassroots direct mail newsletters, American Target Advertising (ATA), is America's oldest and largest cause-related marketing agency. In 2014 and 2015, ATA was paid less than five percent and less than 20 percent, respectively far below and safely within the industry standards.

This information is front and center on VIDOL's Form 990s filed with the IRS.

That the BBB reports "(f)undraisers kept more than 94 percent of the money" is not only grossly and recklessly false, it demonstrates the BBB is unqualified to (1) read a Form 990, and (2) inform the public about matters

involving fundraising, particularly direct mail, or (3) this was a knowing and reckless ambush of the conservative advocacy organization, VIDOL.

The costs of any direct mail program to reach members of the public who are potential and known adherents to a cause include, of course, postage, printing, legal and accounting compliance, processing expenses, and more. That the BBB ignored these facts demonstrates it is either unqualified or lacks the integrity to evaluate direct mail programs.

While one line of the VIDOL 990 does show information that was shorthand for describing these expenses (see #3 below), the BBB never attempted to verify the reality before it issued its smear.

3. FALSE: “American Target Advertising of Manassas, Va., retained \$498,316 of \$517,048 donated to Veterans in Defense of Liberty in 2014. The following year, the business retained \$525,468 out of \$555,764 it collected on behalf of Veterans in Defense of Liberty.”

See # 2 above. VIDOL paid the costs of its national direct mail marketing and grassroots advocacy program. The value of direct mail is that it enables organizations to communicate directly with citizens, just like you or I writing millions of letters providing people news and information that the “fake news” media distorts or ignores. It is the number three form of advertising in America, and number two until just recently with the advent of digital advertising.

As examples of why it is irresponsible for the BBB to say ATA “retained” that much money **in the context of misleading the public about VIDOL’s mission**, nearly 30 percent of the costs were postage paid to the U.S. Postal Service, and nearly 40 percent went to printing. Other costs include processing the mail, none of which was done by ATA, but was done by third parties that were paid by VIDOL.

Also, see # 1 above. The BBB’s incompetence extends to what is well-settled First Amendment law about the costs of fundraising and

advocacy even for charities.¹ The BBB release ignores the [BBB's national standards](#): "Through these standards, we seek to ensure that the charity is financially transparent and *spends its funds in accordance with its mission and donor expectations*."

It is clear from the full context -- as evidenced by the news reports -- that the BBB attempted to deceive the public about VIDOL's mission and grassroots information program.

4. BBB's BAIT AND SWITCH

The BBB release quotes Dr. Magill, leaving readers with the impression that the BBB reached out to him before issuing the smear. However, the BBB contacted Dr. Magill about VIDOL's "do-not-mail" protocols. Dr. Magill does not recall the BBB asking him questions that would verify the costs of the direct mail program, or how those were broken out. And, the BBB never contacted ATA to attempt to verify the information before it published its smear.

Dr. Magill remembers quite clearly that the BBB contacted him about VIDOL's do-not-mail policies, because he is dutiful about respecting

¹ From *Schaumburg v. Citizens for Better Environment*, 444 U.S. 620, 632 (1980):

Prior authorities, therefore, clearly establish that charitable appeals for funds, on the street or door to door, involve a variety of speech interests -- communication of information, the dissemination and propagation of views and ideas, and the advocacy of causes -- that are within the protection of the First Amendment. Soliciting financial support is undoubtedly subject to reasonable regulation, but the latter must be undertaken with due regard for the reality that solicitation is characteristically intertwined with informative and perhaps persuasive speech seeking support for particular causes or for particular views on economic, political, or social issues, and for the reality that, without solicitation, the flow of such information and advocacy would likely cease. Canvassers in such contexts are necessarily more than solicitors for money. Furthermore, because charitable solicitation does more than inform private economic decisions and is not primarily concerned with providing information about the characteristics and costs of goods and services, it has not been dealt with in our cases as a variety of purely commercial speech

people's desire not to receive unwanted mail. This is "bait-and-switch" type of deception by the BBB -- contacting Dr. Magill under the guise of one issue, only to turn around and deceive the public.

5. TRUE: "At the end of the mailer Veterans in Defense of Liberty sent, the group wrote in bold letters 'NO donation to Veterans in Defense of Liberty EVER goes toward paying for ANY sweepstakes prize.'"

Neither any donations to VIDOL nor VIDOL's revenues from any other sources pays for the sweepstakes prizes.

6. DECEPTIVE AND *ULTRA VIRES* (beyond its mission): "Veterans in Defense of Liberty has an 'F' rating, the lowest on BBB's scale."

The BBB's rating system is established for charities, not 501(c)(4) grassroots advocacy and lobbying organizations. The BBB's own [Standards for Charity Accountability](#) focus expressly on charities. VIDOL is not a charity, and should not have been reviewed.

The BBB published this rating about VIDOL contrary to the BBB's own mission, and then actively participated in spreading this information with news media appearances and interviews.

The bias in the BBB's system is exemplified in its review of a liberal organization that the Capital Research Center called "[ACORN's Rival in Shakedown Tactics](#)," the Neighborhood Assistance Corporation of America (NACA). The BBB [wrote](#) of NACA:

This 501(c)4 organization has a BBB Rating of No Rating because this is (sic) not a business. BBB only issues a BBB rating on a business. This organization is also not a charity and therefore BBB would not issue a BBB Charity Report.

The BBB seems to clearly have a double standard for conservative versus liberal organizations.

It was nearly one week after the BBB was caught violating its own standards in its smear of VIDOL that the BBB agreed to remove the negative and *ultra vires* rating. But the BBB's initial publication and active participation in news reports smearing VIDOL live forever on the Internet.

This is very telling about the BBB's level of integrity, for which it has not issued an apology, nor payed its victims the costs of the damages caused by its smears.

CONCLUSION

No marketing or fundraising materials issued by VIDOL state that it is raising money to disburse to veterans, which would be a mission of a charitable organization.

The start-up costs of developing a large, national advocacy program are substantial, especially when an organization employs direct mail. The VIDOL program startup costs were not financed by billionaires, unions, corporations, or grants from foundations, but rely on the small-dollar donations from everyday Americans who wish to rally around the causes of the Constitution, the Flag, decent and respectful treatment of our veterans, and other basic patriotic causes.

The February 7 release issued by the BBB is a false, misleading, reckless, unverified, and professionally incompetent attack on VIDOL.

The damage to VIDOL's reputation is real, and neither St. Louis nor national BBB office has taken any serious steps to fix this deceptive hit piece.