



# **THE NEW LIBERAL MEGA DONOR:**

HOW THE ARNOLD FOUNDATION IS FUNDING THE LEFT  
AND HARMING OUR COUNTRY

## MEMORANDUM

To: Interested Parties  
From: AAF Research Team  
Date: November 28, 2023  
Re: The New Left Wing Mega Donor No One is Paying Attention To

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There are growing numbers of leftist billionaires that are using vast personal wealth to dramatically change our country in ways that harm the average American and push our country in the wrong direction. Billionaires like George Soros and Tom Steyer have led this effort, but now John Arnold is joining the fray.

In this report, ***The New Liberal Mega-Donor: How John Arnold is funding the left and harming our country***, the American Accountability Foundation, reveals the extent to which John Arnold has used his billions to impose his far-left political preferences on Americans.

The report explores John Arnold's time at Enron – an energy and commodities company based in Houston, Texas that went bankrupt in a major scandal involving widespread fraud – where Arnold began his rise to riches, to his launching of the Laura and John Arnold Foundation (which would eventually become Arnold Ventures, LLC), the main financial vehicle of his activism.

This report shows how Arnold Ventures became a leading contributor to leftist causes across the country, and revolving door of Obama and Biden administration personnel. Here are some of the other findings:

- Arnold Ventures has been at the center of efforts to replace cash bail for criminals with AI alternatives in the name of “racial equity” and fairness for suspected criminals. These systems have proven to only empower criminals, with regular American citizens forced to live with rising crime and murderers being let out early. Even as they push soft-on-crime bail policies, Arnold Ventures uses the guise of fighting crime to push a massive surveillance scheme in major American cities. This scheme raises serious Constitutional questions and threaten the privacy of American citizens.
- Arnold Ventures is trying to use his money to shut down career colleges and vocational schools, in an attempt to force students into government run and traditional leftist universities. This would close off a vital path to economic opportunity for millions of working-class Americans.
- The Arnold Ventures own reports admitted that an employee engaged in “self-dealing.” These financial transactions raise serious ethical questions about the Arnold Foundation's activities.

The left has become adept at using money to implement their agenda despite it being deeply unpopular in America. The American people need to know who John Arnold is



and what he's up to. Arnold often pursues destructive solutions to fix societal problems without regard to those impacted – criminal victims, nontraditional college students, and others have all been burned by Arnold initiatives.

Policymakers unfamiliar with the Arnolds will soon come to know their might. Here is what they need to know about the Real Arnolds.



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## ARNOLD FOUNDATION EMPLOYEE CAUGHT SELF-DEALING

The Arnold Foundation's annual reports for 2017<sup>1</sup>, 2018<sup>2</sup> and 2019<sup>3</sup> admitted that an employee engaged in "self-dealing."

Self-dealing<sup>4</sup> is defined, generally, as either financial transactions between the foundation and a "disqualified person" or an "agreement by a private foundation to make any payment of money or other property to a government official ... other than an agreement to employ such individual for any period after the termination of his government service if such individual is terminating his government service within a 90-day period."

The Arnold Foundation's 2017 report<sup>5</sup> stated that it became aware of an employee's conduct that "violated its code of conduct by having engaged in activities that may also constitute self-dealing as defined by [the Internal Revenue Code<sup>6</sup>]." The Foundation reported that the person was no longer employed by the Foundation and that, "[i]f the Foundation determines that the disqualified person's activities did result in an act of self-dealing, appropriate corrective filings will be made."

A year later, on its 2018 form<sup>7</sup>, the Foundation determined that the disqualified person had, in fact, engaged in self-dealing<sup>8</sup>, and that the Foundation "is taking the appropriate corrective action." Finally, on its 2019 Form<sup>9</sup>, the Foundation stated that it had "taken the appropriate corrective action." Both the 2018 and 2019 reports demonstrate that the self-dealing may have been agreeing "to pay money or property to a government official."

A "disqualified person"<sup>10</sup>, generally, is a government official, foundation manager, or a substantial contributor to the foundation. Since the Arnolds are the only disclosed contributors to the foundation, the list of possible self-dealers is short, but this also raises more questions that are not answered by the filing. Besides dismissing the employee, the Arnold Foundation has taken another important corrective action – they have reorganized the organization, purportedly for tax purposes, rendering them no longer subject to such a thorough examination. Despite the annual report having revealed that the Arnold Foundation identified a crooked employee, they shifted their approach in 2019 to bring the Foundation, their donor-advised fund, and the Action

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<sup>1</sup> [https://apps.irs.gov/pub/epostcard/cor/263241764\\_201712\\_990PF\\_2019020116051526.pdf](https://apps.irs.gov/pub/epostcard/cor/263241764_201712_990PF_2019020116051526.pdf)

<sup>2</sup> [https://apps.irs.gov/pub/epostcard/cor/263241764\\_201812\\_990PF\\_2020010716999397.pdf](https://apps.irs.gov/pub/epostcard/cor/263241764_201812_990PF_2020010716999397.pdf)

<sup>3</sup> [https://apps.irs.gov/pub/epostcard/cor/263241764\\_201912\\_990PF\\_2021022617759358.pdf](https://apps.irs.gov/pub/epostcard/cor/263241764_201912_990PF_2021022617759358.pdf)

<sup>4</sup> <https://www.law.cornell.edu/uscode/text/26/4941>

<sup>5</sup> [https://apps.irs.gov/pub/epostcard/cor/263241764\\_201712\\_990PF\\_2019020116051526.pdf](https://apps.irs.gov/pub/epostcard/cor/263241764_201712_990PF_2019020116051526.pdf)

<sup>6</sup> <https://www.law.cornell.edu/uscode/text/26/4941>

<sup>7</sup> [https://apps.irs.gov/pub/epostcard/cor/263241764\\_201812\\_990PF\\_2020010716999397.pdf](https://apps.irs.gov/pub/epostcard/cor/263241764_201812_990PF_2020010716999397.pdf)

<sup>8</sup> [https://www.law.cornell.edu/definitions/uscode.php?width=840&height=800&iframe=true&def\\_id=26-USC-206644619-501740183&term\\_occur=999&term\\_src=](https://www.law.cornell.edu/definitions/uscode.php?width=840&height=800&iframe=true&def_id=26-USC-206644619-501740183&term_occur=999&term_src=)

<sup>9</sup> [https://apps.irs.gov/pub/epostcard/cor/263241764\\_201912\\_990PF\\_2021022617759358.pdf](https://apps.irs.gov/pub/epostcard/cor/263241764_201912_990PF_2021022617759358.pdf)

<sup>10</sup> <https://www.law.cornell.edu/uscode/text/26/4946>



Now Initiative advocacy organization under the single umbrella of Arnold Ventures, an LLC, which freed them from the self-dealing restrictions<sup>11</sup> on Foundations.

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<sup>11</sup> <https://www.philanthropyroundtable.org/resource/how-to-give-through-a-philanthropic-llc-for-your-philanthropy/>



## **RUNS REVOLVING DOOR OF OBAMA/BIDEN BUREAUCRATS**

John & Laura Arnold have quickly mastered The Old Washington Game by funding a revolving door of activists that move between developing liberal ideas in the Arnold's progressive ivy tower, then orchestrating them in government positions, before returning to the Arnolds homebase.

In fact, they may be one of the most adept practitioners. It works in several ways.

The Arnold Foundation gives activist groups with key officials in their ranks access to government roles with massive influence.

This effort has influenced the most senior levels of the Department of Education. In spring of 2021, the Arnold-funded Toby Merrill<sup>12</sup> was selected as the Deputy General Counsel of the Department of Education. Merrill is previously the founder of Project on Predatory Student Lending<sup>13</sup> (PPSL), a group of lawyers that targets career colleges. Arnold Ventures has contributed close to \$8.5<sup>14</sup> million to the PPSL. Merrill had previously led efforts to reclaim billions of dollars in student loans from career college participants and then revolved to become a senior representative to the entity she was suing.

Arnold Ventures, LLC also hired Claire McCann<sup>15</sup>, who previously was a Senior Policy Advisor at the Obama Department of Education. Despite just leaving the Department of Education, McCann pushed for it to implement policy changes that could have a profound effect on career colleges.

In January, Arnold Ventures brought on Alex Payne from the Department of Education<sup>16</sup> congressional office as the Director of Education Policy and Oversight. In this position, he advocated for policies that harmed career colleges. Arnold Ventures has hired him as the Director of Advocacy<sup>17</sup> for Education Policy where he will continue his jihad against career colleges. Before working at the Department of Education as a lobbyist, he had been a Legislative Assistant for Rep. Rush Holt (D-NJ) and had been a policy advisor for the House Education & Workforce Committee.

When senior officials that fought career colleges from the Obama administration<sup>18</sup> needed jobs, Arnold Ventures, LLC almost fully funded a new organization, the National Students Legal Defense Fund. At least four senior Department of Education

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<sup>12</sup> <https://www2.ed.gov/about/offices/list/ogc/merrill.html>

<sup>13</sup> <https://www.ppsl.org/>

<sup>14</sup> <https://www.arnoldventures.org/grants-search>

<sup>15</sup> <https://www.foxnews.com/politics/top-biden-official-raises-eyebrows-lobbying-former-agency-leaving-government-watchdog-says>

<sup>16</sup> [Department of Education](#)

<sup>17</sup> [Director of Advocacy](#)

<sup>18</sup> <https://www.defendstudents.org/about>



officials<sup>19</sup> work there. The Arnold Foundation contributed \$7.7 million of the group's \$8.5 budget since 2017.

Arnold Ventures LLC's flagship program, the Criminal Justice initiative, is littered with former Department of Justice<sup>20</sup> and officials within state governments<sup>21</sup>. The most recent Arnold Ventures, LLC initiative on U.S. infrastructure was started in May, with the announcement that they hired a senior economic official<sup>22</sup> from the White House and a senior White House Office of Management and Budget aide<sup>23</sup> to run it.

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<sup>19</sup> <https://www.defendstudents.org/about>

<sup>20</sup> <https://www.arnoldventures.org/people/julie-james-j-d>

<sup>21</sup> <https://www.arnoldventures.org/people/virginia-bersch>

<sup>22</sup> <https://www.arnoldventures.org/people/charlie-anderson>

<sup>23</sup> <https://www.arnoldventures.org/people/daniel-schory>





## CONTEMPT FOR NONTRADITIONAL COLLEGE STUDENTS

The Arnolds likely know little about the role that career colleges play, including educating first-generation, veteran, fulltime employed, and minority students in much higher proportions than traditional four-year universities.

Yet Arnold Ventures is the largest single funder working to shut down career colleges. Since 2017 Arnold Ventures have provided 91 grants, totaling \$46.6 million, to organizations and projects focused on advocating for policies governing career colleges. Tellingly, the first grants to identify reforms that address the unfair practices of for-profit colleges were to Harvard University – not exactly an expert of the working-class middle America students that attend career colleges. Shortly afterwards Arnold Ventures dedicated more funds to the Century Foundation and acted as the dominant contributor to Veterans' Education Success, which is run by several liberal Capitol Hill staff members and was founded – likely not coincidentally! – by Carrie Wofford, a law school classmate<sup>24</sup> of Laura Arnold.

Moreover two organizations – the Project on Predatory Student Lending (PPSL) and the National Student Legal Defense Network (NSLDN) – have also received significant support<sup>25</sup> from Arnold Ventures. NSLDN was a new organization staffed<sup>26</sup> mainly with former Department of Education and the Consumer Financial Protection Bureau lawyers from the Obama administration. Both groups litigated and sued the Trump administration to block action on any reforms and now they are leading efforts to eliminate the rights of students to choose a career college. In five years, NSLDN received five grants<sup>27</sup> from Arnold Ventures totaling \$7.7 million. One estimate<sup>28</sup> put the grant total at 90% of the group's operating budget. The \$8.5 million<sup>29</sup> that PPSL has received is a similar portion of its operating budget.

As Phil Hill, the publisher of the On EdTech<sup>30</sup> blog has written, "In the education space... something seemed to have happened around 2017 that led Arnold Ventures to dramatically ramp up their grant-making starting in 2018, and to aggressively fund other think tanks and foundations" –likely, to target career colleges

Now the Arnolds have turned to a new front in their attack on nontraditional students: Online Program Managers (OPMs). OPMs are private companies that provide the technical expertise for many traditional colleges and universities to provide online classes, which expands access to nontraditional students who otherwise may not have the time or money to attend four years of fulltime classes.

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<sup>24</sup> <https://www.arnoldventures.org/stories/signs-hopeful-for-a-compromise-on-protecting-veterans>

<sup>25</sup> <https://www.arnoldventures.org/grants-search>

<sup>26</sup> <https://www.defendstudents.org/about>

<sup>27</sup> <https://www.arnoldventures.org/grants-search>

<sup>28</sup> <https://onedtech.philhillaa.com/p/arnold-ventures-influence-on-ed-policy/>

<sup>29</sup> <https://www.arnoldventures.org/grants-search>

<sup>30</sup> <https://onedtech.philhillaa.com/authors/1407cba2-0aaf-4d37-97fe-502ff4fe7192>



In 2020<sup>31</sup> and 2022<sup>32</sup> Arnold Ventures breathlessly called OPMs “obscured from public view” and a “for-profit pocket” that “slipped by regulators.” Their advocacy supported other OPM cynics like the Century Foundation (see above) which preceded calls for more regulation. Predictably, their progressive friends in the Biden Administration heeded the Arnold call with a February 2023 rule that has since been ridiculed and withdrawn<sup>33</sup>, but will likely rise again.

The Arnolds appear to have little regard for the nontraditional students that attend these schools, ostensibly preferring to route them into state-run community colleges, or traditional private universities even if career colleges are the better fit for the student.

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<sup>31</sup> <https://www.arnoldventures.org/stories/higher-education-watchdogs-urge-oversight-as-schools-push-programs-online>

<sup>32</sup> <https://www.arnoldventures.org/stories/online-program-management-companies-a-for-profit-pocket-within-higher-ed>

<sup>33</sup> <https://www.highereddive.com/news/education-department-further-delays-start-date-of-third-party-servicer-guid/647497/>



## **A DANGEROUS EXPERIMENT TO HELP CRIMINALS**

Billionaire John Arnold is supporting experiments in policing that make our streets less safe.

Arnold Ventures' Public Safety Assessment<sup>34</sup> tool (PSA) purports to help suspected criminals achieve "higher rates of pretrial release" by using an "objective" algorithm.

The releasing suspected criminals from jail and the elimination of supposed racial disparities in the criminal justice system is a stated goal<sup>35</sup> for Arnold Ventures.

The catastrophic results of the left's obsession with alternatives to bail, under the umbrella of the "Defund the Police" movement, are well documented. According to one study<sup>36</sup>, "individuals released on zero bail were subsequently rearrested for a total of 163% more crimes than individuals released on bail."

The foundation preaches a data-centered approach to financial giving to whoever will listen. But Arnold was criticized for a crime data "risk assessment tool," that the foundation developed. The Public Safety Assessment<sup>37</sup> (PSA), which some call the "Arnold tool"<sup>38</sup> purports to simplify judges' pre-trial detention and later bail decisions. It's an algorithmic tool to assist judges on whether it is safe to let criminals out on bail.

A New Jersey court used the data tool to let a criminal, Jules Black, out early on a felony gun charge. Within a week, Black was arrested for the murder of Christian Rogers, who was only 26-years old. These tragic events led to the Rogers family to sue the Arnold foundation and the state of New Jersey.

In New Mexico<sup>39</sup> recently "the Arnold tool" has recommended the release of two murderers in New Mexico. 51-year-old Muhammad Syed is facing first-degree murder charges in the deaths of two Muslim men in Albuquerque, and police have said he is the main suspect for two other ambush killings they believe are connected. Jeff Irving is accused of driving through the Gallup Intertribal Ceremonial parade, injuring 15 people, including two police officers. The Arnold Tool was used to decide whether a suspect will stay behind bars shows both of those men should be released with the minimum amount of supervision.

It is up to a judge whether to follow the Arnold Tool.

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<sup>34</sup> <https://advancingpretrial.org/psa/about/>

<sup>35</sup> <https://advancingpretrial.org/pretrial-justice/pretrial-issues-in-focus/racial-equity/>

<sup>36</sup> <https://katv.com/news/nation-world/study-points-to-connection-between-cashless-bail-and-rise-in-crime-recitivism-repeat-offenders-violent-crimes-violent-crimes-involving-repeat-offenders-prompt-questions-about-sentencing-bail-reform-criminal-justice-system-jails-prisons-marshall-project>

<sup>37</sup> <https://advancingpretrial.org/psa/about/>

<sup>38</sup> <https://ladailypost.com/arnold-tool-pre-trial-risk-assessment-crutch-or-crystal-ball/>

<sup>39</sup> <https://www.kob.com/new-mexico/concerns-remain-over-pretrial-detention-tool-in-two-high-profile-cases/>



But the local District Attorney Raúl Torrez is pushing for one of the individuals to remain locked up.

“If they’re recommending that someone who is accused of two first-degree murders is someone who’s a good candidate for release, I frankly don’t know what the tool is good for,” he said. “He literally was driving away with the murder weapon on his way to Texas, and yet this instrument says to let him out. What sense does that make?”

The New Mexico state legislature recently had a hearing on the Arnold Foundation investment called, “Arnold Tool: Crystal Ball or Crutch,” State legislators have also released a handful of legislative proposals to reign in the Arnold Tool.



## **PUSH FOR UNCONSTITUTIONAL SPYING**

Even as Arnold promotes soft-on-crime bail policies, he uses rising crime to push for unprecedented government surveillance, despite the shocking revelation in recent years of systemic surveillance abuses of government intelligence agencies. Under the guise of “security,” these agencies launched mindboggling surveillance crackdowns on regular Americans simply because of their ideological leanings. But Arnold wants government to have *more* surveillance power.

In 2016, Arnold Ventures used the Baltimore Community Foundation as a vehicle to fund a secret, unchecked and warrantless aerial and signals surveillance program over the city of Baltimore at the behest of the Baltimore Police Department. This surveillance program was conducted by Persistent Surveillance Systems (PSS), an Ohio based company run by Air Force veteran Ross McNutt. In a working paper by the RAND Corporation<sup>40</sup>, the project that Arnold spent \$5 million on from start to finish resulted in a negligible impact on street crime, with carjackings increasing.

Having failed in Baltimore, the program was then pitched to Saint Louis, Detroit, Dayton and other American cities using the same methodologies. While Arnold provided the funding, McNutt went far deeper, finding local allies advocating for his surveillance programs via community organizations created specifically<sup>41</sup> for this purpose nearly overnight. While Baltimore was the only apparent field test, it is clear that Arnold had a continued interest in surveillance—investing far more funds than previously known.

In the aftermath of Arnold’s warrantless surveillance program in 2016, Arnold’s team, led by Ross McNutt of Persistent Surveillance Systems tried a new approach. They enlisted a Baltimore resident to be the face of their program. Through resident Archie Williams, McNutt could appeal to Baltimore residents directly, hosting over 30 meetings with Williams and renaming the program the “Community Support Program.” Williams claimed he felt moved to work with McNutt after hearing him speak about the surveillance project at another event.

Williams had no background in community activism prior to 2016. He hosted an unrelated podcast<sup>42</sup> intermittently in 2018 that by all accounts was not popular. (For example, a review of over 11 years of social media finds no evidence of any activism

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<sup>40</sup> [https://www.rand.org/content/dam/rand/pubs/working\\_papers/WRA1100/WRA1131-1/RAND\\_WRA1131-1.pdf](https://www.rand.org/content/dam/rand/pubs/working_papers/WRA1100/WRA1131-1/RAND_WRA1131-1.pdf)

<sup>41</sup> <https://theappeal.org/baltimores-eye-in-the-sky-plane-is-back-with-a-new-pitch-surveil-the-police/>

<sup>42</sup> <https://www.facebook.com/photo/?fbid=1689198044510365&set=ecnf.100002605570386>



whatsoever.) Williams appeared, seemingly overnight, and instantly began to ingratiate himself on social media with a website and Facebook page for the group, “Community With Solutions.” Yet there is no contact information for him, nor does he appear to be formally attached to either.

Interestingly, McNutt attempted to develop the same strategy of using a community resident to promote his program in his hometown of Dayton, Ohio<sup>43</sup>. McNutt recruited local activists from several neighborhoods with historic crime issues, namely Wright Dunbar and Huber Heights, according to interviews. This effort failed. McNutt then moved on to Saint Louis, to attempt the same recruitment and funding pitch<sup>44</sup>, only to be met with a combined effort from Baltimore and Saint Louis community leaders and activists that caused this attempt to fail.

In what appeared to be an effort to cover the rejection of the program in Saint Louis, the Arnold Foundation itself stated it would not “fund the program in the city due to a lack of investment from the city”, an odd take from a philanthropic organization trying to stop violent crime.

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<sup>43</sup> <https://www.daytondailynews.com/news/local-govt--politics/wide-net-big-problems-cast-new-police-tools/ZsYqHY4mOkLdlvxCPaltOK/>

<sup>44</sup> <https://apnews.com/article/technology-us-news-baltimore-eaf321df94ce8bfa648669f911845751>



## JOHN ARNOLD'S SHADY PAST

Senior Enron executives served hard jail time and shareholders lost \$74 billion<sup>45</sup> dollars during the 2001 collapse of the infamous energy trading giant. Enron's crooked accounting ultimately wiped out more than \$1.5 billion<sup>46</sup> in retirement savings for firefighters, teachers, and others. Yet not everyone was left penniless, jobless or in prison. 27-year-old John Arnold, a star trader on Enron's natural gas trading desk, who according to news reports, apparently made Enron \$750 million<sup>47</sup> in the year before bankruptcy. For his troubles, with "no accusations of wrongdoing attached to his name," John Arnold received an \$8 million<sup>48</sup> dollar bonus, just days before Enron filed for bankruptcy.

With the backing of two other investors and his post-Enron bonus, Arnold and started a new hedge fund named Centaurus Energy<sup>49</sup> in 2002. At its peak, Centaurus had about \$6 billion<sup>50</sup> under management. While his compensation varied on an annual basis, John Arnold personally received \$1.5 billion<sup>51</sup> in compensation in 2009. In 2012, at the age of 38, Arnold closed Centaurus Energy Master Fund. With an estimated net worth of \$3.5 billion<sup>52</sup>, the Laura and John Arnold Foundation was established as his philanthropic initiative in 2008.

In 2021, the most recent year Arnold's tax filings were published, the foundation had \$3.6 billion<sup>53</sup> in total assets.

### **The New Tom Steyer?**

Just like John Arnold, Tom Steyer went from running a hedge fund to leading a non-profit foundation. Steyer previously ran Farallon Capitol, the hedge fund he founded, for 26 years. In the process he made billions, investing in coal power plants<sup>54</sup>—despite his contrived public appeals for progressivism. Americans are fed up with billionaires,

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<sup>45</sup> <https://www.investopedia.com/updates/enron-scandal-summary/#:~:text=At%20the%20time%2C%20Enron's%20collapse.attention%20to%20accounting%20and%20corporate>

<sup>46</sup> <https://www.nytimes.com/2002/01/29/business/enron-s-many-strands-retirement-money-public-funds-say-losses-top-1.5-billion.html>

<sup>47</sup> <https://www.wired.com/2017/01/john-arnold-waging-war-on-bad-science/#:~:text=On%20some%20days%20at%20Enron,%24750%20million%20for%20the%20company>.

<sup>48</sup> <https://www.nytimes.com/2002/07/09/business/corporate-conduct-the-trader-enron-trader-had-a-year-to-boast-of-even-if.html>

<sup>49</sup> <https://www.wsj.com/articles/SB10001424052702303877604577380660352142998>

<sup>50</sup> <https://www.wsj.com/articles/SB10001424052702303877604577380660352142998>

<sup>51</sup> <https://www.livemint.com/Money/99keZhw6lInPGAiejGC8K/Hedge-fund-pay-may-fall-25-in-2009-as-fees-evaporate.html>

<sup>52</sup> <https://www.chron.com/news/houston-texas/article/houston-billionaire-trader-john-arnold-retiring-3530371.php>

<sup>53</sup> <https://projects.propublica.org/nonprofits/organizations/263241764/202233199349106393/full>

<sup>54</sup> <https://www.latimes.com/politics/la-na-pol-2020-tom-steyer-hedge-fund-billionaire-20190711-story.html>



like Steyer and John Arnold telling them what to do when they previously made their billions doing the opposite.

Just like Arnold, Steyer will spend his personal fortune to win a policy debate.

The Arnold fund is flush with cash. For the 2021<sup>55</sup> tax year, the Laura and John Arnold Foundation reported its holdings as nearly \$3.2 billion, up from around \$2.16 billion for 2018<sup>56</sup>. The increase in the Foundation's wealth came largely from capital gains, dividends and interest on investments. Just over \$200 million came from the Arnolds—\$130 million of which was in the form of securities. By donating securities, the Arnolds get a tax deduction of the market value of those securities, and the Foundation can sell them at a later date without paying capital gains tax on any increase in value.

Even with the disclosure requirements for 501(c)(3) private foundations, Arnold has found ways to hide how the Foundation uses its money. For 2019, the Foundation reported that it transferred contributions to three controlled entities. Over \$1.5 million was contributed to Cayman Islands-based TS Impact, Inc. Another Cayman Islands entity, Credit Opportunities Access Fund (International), LP, was paid distributions of over \$1.5 million. A Texas-based investment fund called Hoffer Co-Invest, LP, which was registered in Delaware on June 20, 2013 under file number 5354874, received distributions of over \$1 million.

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<sup>55</sup> <https://projects.propublica.org/nonprofits/organizations/263241764/202233199349106393/full>

<sup>56</sup> [https://apps.irs.gov/pub/epostcard/cor/263241764\\_201812\\_990PF\\_2020010716999397.pdf](https://apps.irs.gov/pub/epostcard/cor/263241764_201812_990PF_2020010716999397.pdf)

