

June 15, 2015

The Honorable John Koskinen
Commissioner
c/o IRS EO Classification
Mail Code 4910DAL
1100 Commerce Street
Dallas, TX 75242-1198

Re: Complaint Against Walmart Foundation, EIN 205639919

Dear Commissioner Koskinen:

We, the undersigned organizations, representing the interests of our communities, respectfully request that the Internal Revenue Service (“IRS” or “Service”) investigate whether Walmart Foundation, a private foundation that the Service has qualified as exempt under § 501(c)(3) of the Internal Revenue Code (“Code”), has acted contrary to its exempt status by engaging in activities designed to advance the private business interests of its non-exempt corporate sponsor, Wal-Mart Stores, Inc. (“Walmart”). The factual basis for this request is set forth in the attached Background Memorandum, which we summarize below.

As we show, Walmart directly and wholly controls Walmart Foundation, as the Foundation is governed entirely by senior Walmart executives and has no independent directors. Walmart has publicly stated a primary goal to build more retail stores in urban areas, where it often faces public opposition, and Walmart Foundation appears to target its donations and influence its grantees primarily to assist Walmart to achieve those expansion goals, ultimately providing Walmart more than an incidental benefit. Walmart Foundation’s activities are impermissible under the Code.

The applicable Code provisions and principles

IRS regulations provide that “[a]n organization may be exempt as an organization described in section 501(c)(3) if it is organized and operated *exclusively* for [charitable] purposes.” Treas. Reg. § 1.501(c)(3)-1(d)(1)(i) (emphasis added). “An organization will be regarded as operated exclusively for [charitable] purposes only if it engages primarily in activities which accomplish [its charitable purposes]. An organization will not be so regarded if *more than an insubstantial part of its activities* is not in furtherance of an exempt purpose.” *Id.* at §§ 501(c)(3) - 1(c)(1) (emphasis added). If “more than an insubstantial part” of a foundation’s activities do not further its charitable purpose, its tax-exempt status is in doubt and it could incur revocation of its exempt status and other sanctions and penalties.

Given the tax benefits and other advantages that §501(c)(3) organizations receive, there are a number of requirements in place to ensure that their benefits accrue to the public interest rather than any private interests. As the IRS explains, “[a]n organization is not organized or operated exclusively for [charitable purposes] unless it *serves a public rather than a private interest.*” *Id.* at §1.501(c)(3) - 1(d)(1)(ii) (emphasis added). That is, “it is necessary for an organization to establish *that it is not*

organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.” *Id.* (emphasis added).

In order to protect this public/private interest divide, prohibitions against “private inurement” and “private benefit” apply to both public charities and private foundations alike, and a more stringent prohibition against “self-dealing” applies to private foundations.

Private Inurement

Code § 501(c)(3) provides that “no part of the net income of” a tax exempt organization may “inure[] to the benefit of any private shareholder or individual.” The phrase “net income” encompasses all of an organization’s income and assets. *See, e.g., Harding Hosp. Inc. v. United States*, 505 F.2d 1068 (6th Cir. 1974). The phrase “private shareholder or individual” has similarly been interpreted broadly to encompass “Insiders” who are in a position to unjustly enrich themselves at the expense of the organization. Generally speaking, Insiders include an organization’s founders, trustees, directors, officers, key employees, family members of these individuals, and certain entities controlled by them.

Private Benefit

The “private benefit” doctrine looks beyond Insiders to examine whether an organization’s activities are impermissibly benefitting private individuals or entities, whether they are directly connected to the organization or not. As a general rule a tax-exempt organization may provide limited benefits to private individuals or entities, but these benefits must be “incidental” qualitatively and quantitatively when compared to the exempt purposes that are advanced. *See IRS General Counsel Memorandum (GCM) 37789.*

A benefit is qualitatively incidental if it is “a mere byproduct of the public benefit.” *IRS CPE Text 2001, “Private Benefit under IRC 501(c)(3)”*; that is, the objectives of the exempt activity cannot be achieved without necessarily benefiting certain private individuals or entities. To be quantitatively incidental, the private benefit must be insubstantial when measured in the context of the overall benefit conferred by the activity.

Self-Dealing

Federal tax law is particularly concerned that the resources of private foundations are not diverted from public benefit to private gain, given that foundations are more closely controlled and usually receive their funding from a narrower set of sources. The IRS prohibits “self-dealing” with respect to certain “disqualified persons,” a concept that is similar to Insiders under private inurement principles. A disqualified person includes a “substantial contributor,” *see Treas. Reg. § 53.4958-3(e)(2)(ii)*, defined as a donor who gave more than 2 percent of the contributions or bequests received by the organization in this or any of the four previous years. *See id.* (defining “substantial contributor” with reference to IRC § 507(d)(2)(A)). For purposes of self-dealing, Wal-Mart is a disqualified person for Wal-Mart Foundation.

“The transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a private foundation shall constitute an act of self-dealing.” Treas. Reg. § 53.4941(d)-2(f)(1). Among the types of transactions that are generally considered self-dealing are transferring foundation income or assets to, or for the use by or benefit of, a disqualified person. See Code § 4941(d)(1)(A).

Walmart directly and wholly controls Walmart Foundation

Walmart Foundation is a shell for Walmart itself, with no distinct identity of its own. Based on the Foundation’s Form 990-PF for 2013, Walmart Foundation has no independent directors and is governed entirely by senior Walmart executives and Foundation staff members. The President of Walmart Foundation is also Walmart’s Senior Vice President for Sustainability.

Walmart’s stated goal for several years has been to expand its retail stores into urban areas

Amid flagging sales growth at its existing locations, Walmart has sought to expand its operations into new markets. In 2009, a Walmart executive said that successful expansion into urban America could bring the company an additional \$80-100 billion in annual sales. By 2010, the company had ramped up efforts to open new stores in urban areas. Simultaneously, Walmart significantly increased Walmart Foundation’s giving in those same urban areas.

Walmart Foundation giving in an urban area often peaks as Walmart pushes to open stores there

Our analysis of data from Walmart Foundation’s 990-PFs from 2008 to 2013 (the most recent year available) shows that, in cities such as Boston, New York, Washington, and Los Angeles, donations from Walmart Foundation skyrocketed as Walmart pursued controversial plans to open additional stores amidst local controversy about the benefits of Walmart’s stores to those communities.

Walmart explicitly promises charitable giving as part of its store expansion package

When Walmart faces community opposition to new store openings, especially in urban markets, the company often launches a “Walmart community” website aimed at building public support. These websites routinely list charitable giving from Walmart Foundation as one of the benefits of Walmart’s expansion and as part of “what’s at stake” with respect to Walmart’s business plans.

Walmart Foundation precludes grants to those who might cast Walmart “in a negative light”

Further signaling that Walmart may be using Walmart Foundation primarily to bolster Walmart’s business, the Foundation explicitly only solicits state and local grant applications from organizations that do not position Walmart “in a negative light.”

Walmart Foundation advises grantees to promote Walmart

Recipients of Walmart Foundation grants are held to strict standards for publicizing the funding they receive from the Foundation. All publicity materials must be approved in advance by Walmart Foundation staff who appear to be employed by Walmart, not the Foundation. Grantees are encouraged

to name programs funded by the Foundation after Walmart itself and are also told to consider inviting Walmart to their events and to interact with the company's Facebook page.

Conclusion

We respectfully request that the Internal Revenue Service review the attached materials and initiate an investigation to determine whether Walmart Foundation's apparent strategy and activities to serve the private business interests of Walmart violate the standards summarized above that the Foundation must always satisfy in order to comply with and maintain its exempt status. We also ask that, if the Service determines that Walmart Foundation has failed to so comply, the Service impose appropriate sanctions and penalties in order to remedy and end such abuses.

Thank you for your consideration.

Sincerely,

John Eller, State Political Director
Alliance of Californians for Community Empowerment

Matt Ryan, Executive Director
Alliance for a Greater New York (ALIGN)

Rachel Eborá, Executive Director
Bernal Heights Neighborhood Center

Vanessa Moses, Interim Executive Director
Causa Justa :: Just Cause

Alex Tom, Executive Director
Chinese Progressive Association

Neva Walker, Executive Director
Coleman Advocates for Children & Youth

Michael Lyon, Board Member
Grey Panthers

Karina Muniz, Political Director
Mujeres Unidas y Activas

Jonathan Westin, Director
New York Communities for Change

Nikki Lewis, Executive Director
DC Jobs with Justice and Respect DC Coalition

Gordon Mar, Executive Director
San Francisco Jobs with Justice

Jessica Lehman, Executive Director
Senior & Disability Action

Angelica Cabande, Executive Director
South of Market Community Action Network

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

Walmart directly and wholly controls Walmart Foundation

Walmart Foundation governance

The president of Walmart Foundation is Kathleen McLaughlin, who also serves as the company's senior vice president for sustainability.¹ Before joining Walmart, McLaughlin worked at McKinsey & Co for over twenty years, including time with the firm's Retail Practice. McKinsey & Co was behind Walmart's 2004 plan to revamp its image, which included the recommendation that Walmart improve its image by increasing local philanthropy.²

Walmart Foundation has no independent directors. The foundation is governed entirely by senior executives of Walmart and key foundation staffers. Notably, the foundation Vice President was previously the foundation's Senior Director for Business Integration, a title which suggests how deeply connected Walmart Foundation truly is to Walmart's business objectives.

According to its most recent Form 990-PF (2013), Walmart Foundation's directors are:

- Kathleen McLaughlin, Walmart Foundation President and Walmart SVP for Sustainability
- Doug McMillon, Walmart CEO and Walmart Foundation Chairman
- Julie Gehrki, Walmart Foundation Vice President and the foundation's Senior Director of Business Integration³
- Tanya Farah, Walmart Foundation Treasurer and Senior Director of Finance & Systems at Walmart (previously Senior Director of Finance & Systems for Sam's Club, a business unit of Walmart)⁴
- Scott Hardin, Walmart Foundation Secretary and Senior Associate General Counsel for Walmart⁵
- Karrie Denniston, Walmart Foundation Assistant Treasurer and Director of Hunger Relief and Nutrition⁶
- Kabir Kumar, Walmart Foundation Assistant Secretary
- Dan Bartelett, Walmart Foundation Director and Executive Vice President for Corporate Affairs at Walmart⁷

¹ <http://cdn.corporate.walmart.com/89/55/132a5c2742cd98f5c5696c05171c/kathleen-mclaughlin-bio.pdf>

² <http://www.washingtonpost.com/wp-dyn/content/article/2005/10/28/AR2005102802079.html>

³ <https://www.linkedin.com/pub/julie-gehrki/34/98/96b>;

http://www.socialcapitalpartnerships.com/conference/2013speaker/julie_gehrki; <http://www.coca-colascholarsfoundation.org/quest/celebrating-two-of-our-new-alumni-advisory-board-members/>;

<http://m.gazette.net/article/20141223/NEWS/141229901/1057/huntingtown-food-pantry-to-expand-facilities-after-winning-grant&template=southernMaryland>

⁴ <https://www.linkedin.com/pub/tanya-farah/9/bba/b29>

⁵ <https://www.linkedin.com/pub/scott-hardin/5/770/6a9>

⁶ <https://www.linkedin.com/pub/karrie-denniston/7/306/832>

⁷ <http://corporate.walmart.com/our-story/leadership/executive-management/dan-bartlett/>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

- Brett Biggs, Walmart Foundation Director and Executive Vice President and Chief Financial Officer of Walmart International,⁸ a business unit of Walmart
- Marybeth Cornwell, Walmart Foundation Director and Senior Vice President of Home for Walmart US,⁹ a business unit of Walmart
- Cindy Davis, Walmart Foundation Director and Executive Vice President for Global Customer Insights and Analytics at Walmart¹⁰
- Gisel Ruiz, Walmart Foundation Director and Executive Vice President of Walmart's International People Division¹¹ (essentially human resources for Walmart's operations abroad)
- Whitney Head, Walmart Foundation Director and SVP, General Counsel, Asset Protection and Compliance at Sam's Club,¹² a business unit of Walmart
- Kristin Oliver, Walmart Foundation Director and Executive Vice President of Walmart U.S. People¹³ (human resources for the company's American division)

Foundation staff actually work for Walmart

According to the foundation's most recent Form 990-PF, none of the directors were compensated for their roles, they all spent an average of 0 hours per week devoted to their positions, and the foundation has no employees paid more than \$50,000.¹⁴

In fact, Walmart Foundation has virtually no operating and administrative expenses, outside of the grants it pays, further indicating the lack of distinction between Walmart and its philanthropic arm.

Sylvia Burwell, the former head of Walmart Foundation, reported receiving \$400,000 in salary from Walmart as well as a \$500,000 signing bonus from the company (not the foundation) in her public financial disclosure report filed around the time that she was appointed head of OMB.¹⁵ Ms. Burwell also received between \$100,000 and \$250,000 in deferred compensation and a cash incentive payment worth between \$250,001 and \$500,000. Burwell owns various Walmart stock holdings worth between \$700,000 and \$1.5 million.¹⁶ In the same disclosure report, Ms. Burwell identified her relationship with Walmart as "Employment as President, Walmart Foundation; Vice President, Wal-Mart Stores, Inc."¹⁷

⁸ <http://corporate.walmart.com/our-story/leadership/executive-management/brett-biggs/>

⁹ <https://www.linkedin.com/pub/marybeth-cornwell/4/7a5/a94>

¹⁰ <http://corporate.walmart.com/our-story/leadership/executive-management/cindy-davis/>

¹¹ <http://corporate.walmart.com/our-story/leadership/executive-management/gisel-ruiz/>

¹² <http://www3.samsclub.com/newsroom/AboutUs/ExecutiveTeam/218>

¹³ <http://corporate.walmart.com/our-story/leadership/executive-management/kristin-oliver/>

¹⁴ <https://projects.propublica.org/nonprofits/organizations/205639919>

¹⁵ <http://apps.federaltimes.com/projects/files/burwell040913.pdf>

¹⁶ <http://archive.federaltimes.com/article/20130409/DEPARTMENTS06/304090003/OMB-nominee-received-500K-signing-bonus-head-Walmart-Foundation>

¹⁷ <http://apps.federaltimes.com/projects/files/burwell040913.pdf>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

No distinction between Walmart and Walmart Foundation

Walmart Foundation does not have a distinct identity from Walmart. It doesn't even have its own domain name online. The foundation's website is integrated into Walmart's corporate site, at <http://foundation.walmart.com/>, and its staff members' email addresses appear to be housed, like their corporate counterparts, at @Wal-Mart.com.¹⁸

Background: For decades, Walmart's expansion into urban areas has been slowed or stopped by local opposition

In the early 2000s, Walmart was struggling to expand into new, urban markets, a critical component of the company's growth strategy.¹⁹ A 2006 *Wall Street Journal* article reported that local resistance to new Walmart stores caused development to take twice as long in some markets, increasing the cost of expansion for the company.²⁰ The story identified opposition to the company's expansion in markets including Boston, Los Angeles, Miami, New York, and Chicago, where new store openings had been either slowed or stopped.

In 2009, Walmart executive Eduardo Castro-Wright told investors about the importance of urban markets:

Urban markets, I shared with this group last year, it's a big opportunity. If you think of -- there are 50 opportunity markets in the US that we talked about last year, and you look at the size of the retail market in those 50 opportunity markets, it's fairly sizable. As a matter of fact, I think that we shared with the group last year that if you take our current market share in those markets and just move the market share to the average in the country... it then was worth anywhere between \$80 billion and \$100 billion in retail sales. So, as you can imagine, the size of the price being at that level, with that size of opportunity, our intent and a way to go to market in those urban locations, it's real. It's been tested. We will deploy capital in the next few years.²¹

By 2010, with the company having ramped up efforts to expand in urban areas and significantly increased Walmart Foundation giving in urban areas, the company appeared more confident. While

¹⁸

<http://www.thenation.com/sites/default/files/RECOGNIZING%20THE%20WALMART%20FOUNDATION%20FOR%20ITS%20GOOD%20WORKS.pdf>

¹⁹ <http://www.retailingtoday.com/article/walmart-exec-hints-ny-expansion>

²⁰ <http://www.wsj.com/articles/SB115914876072572773>

²¹ Wal-Mart Stores, Inc. 16th Annual Meeting for the Investment Community, Transcript of Day 2, Session 6, 10/22/2009.

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

efforts to open stores in New York to date had been unsuccessful, the company closed an October 2010 meeting for investment analysts with a choir of Walmart employees singing “New York, New York.”²²

The company’s “Walmart Community” websites often promise charitable giving as part of store expansion

When Walmart faces community opposition to new store openings, especially in urban markets, the company often launches a website aimed at garnering community support. Walmart Foundation is featured on almost every one of the Walmart Community websites.

As of May 5, 2015, there are Walmart community sites for the following cities, states, and regions:

- Albuquerque, NM
- Chicago, IL
- Long Island
- Los Angeles, CA
- New York City, NY
- Philadelphia, PA
- Salt Lake City, UT
- San Diego, CA
- Sioux Falls, SD
- St. Louis, MO
- Washington, DC
- California
- Florida
- Georgia
- Maryland
- New England
- Oregon
- Texas
- Washington

²² <http://www.retailingtoday.com/article/walmart-exec-hints-ny-expansion>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

In Washington, DC, Walmart says new stores would bring charitable partnerships to the city

Walmart first announced its intention to open stores in Washington, DC, in late 2010. The idea immediately sparked public opposition, and Walmart developed a community website to advocate for the stores. A page about the proposed stores offers a list of benefits that Walmart stores would bring to the city, the first of which is donations from Walmart Foundation. It reads:

The new Walmarts would bring benefits like:

- **Charitable partnerships in D.C.** Walmart is committed to workforce development and hunger initiatives in Washington, D.C. Last year alone, Walmart and the Walmart Foundation contributed more than \$2.2 million in cash and in-kind gifts to D.C. organizations.

Screenshot from <http://washingtondc.walmartcommunity.com/about-the-stores/>

In December 2013, the first two Walmarts opened in Washington, following a protracted fight by community members. While others were still under construction, Walmart released a study in March 2015 that it said “found that Walmart’s two current DC locations not only create jobs and save families in the District money, but also greatly contribute to the city’s charitable organizations working to better the lives of those in DC.”²³ Walmart hired HR&A Advisors to complete the study and analyze Walmart’s impact in key areas, including “[the] impact of Walmart and the Walmart Foundation’s charitable contributions.”²⁴

Walmart Community websites often list charitable giving as part of “What’s at Stake” in expansion debate

In Utah, San Diego, and Chicago the websites include “What’s at Stake” pages, which identify Walmart Foundation’s contributions as benefits at stake in communities that may reject new Walmart stores. For a proposed Walmart in Salt Lake City, the company wrote under the heading “What’s at Stake”²⁵:

What’s at Stake

Walmart has always been a friend to the state of Utah. The economic and community benefits of Walmart span across the state, and include:

- **Donations to local organizations.** In 2009, Walmart stores, Sam’s Club locations and the Walmart Foundation gave more than \$10.6 million in cash and in-kind donations to local organizations in the communities they serve in the state of Utah.



²³ <http://washingtondc.walmartcommunity.com/new-study-confirms-walmarts-washington-dc-locations-have-positive-economic-impact-on-city/>

²⁴ http://washingtondc.walmartcommunity.com/files/2015/03/Walmart_Economic_Impact_Study.pdf

²⁵ <http://onparleys.walmartcommunity.com/whats-at-stake>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

Screenshot from <http://onparleys.walmartcommunity.com/whats-at-stake>

On the “What’s at Stake” page of the Chicago Walmart Community site, Walmart lists 20 donations to Chicago and Illinois organizations in 2010 and 2011.²⁶ Although it doesn’t mention Walmart Foundation by name, all of the groups and grant amounts match donations listed in Walmart Foundation’s Form 990-PF during this time period.²⁷

The navigation on the company’s San Diego Walmart Community site offers four categories of “What’s at Stake,” including “community.”²⁸ Community, in Walmart parlance, means philanthropy. On the page explaining the community aspect of what’s at stake if Walmart isn’t able to open stores in San Diego, Walmart describes the company’s philanthropy: “In 2013, Walmart and the Walmart Foundation gave \$1.3 billion in cash and in-kind contributions around the world, surpassing 2012’s total by more than \$244 million. Global in-kind donations accounted for \$1 billion, while \$316.3 million was given in cash globally.”²⁹ There is also a fact sheet detailing the previous ten years of San Diego-area donations from Walmart, Sam’s Club, and Walmart Foundation.³⁰

The San Diego community site highlights individual grants, including some directly from Walmart Foundation. Two examples are included below.



Embrace San Diego

The Walmart Foundation recently donated funds to Embrace San Diego’s Embrace the Streets program to provide meals to San Diego’s homeless populations. Embrace’s hunger relief efforts help further Walmart’s commitment to helping end hunger in America. [More...](#)



San Diego Summer Giving Program

Walmart and the Walmart Foundation gave \$1.77 million to help fill gaps created in San Diego when schools close for the summer. The funding is part of a \$25 million nationwide initiative to expand nutrition, learning and employment services for elementary, middle and high school students throughout... [More...](#)

²⁶ <http://chicago.walmartcommunity.com/whats-at-stake/>

²⁷ The only donation not specifically listed is the St. Louis Area Foodbank, which is a part of Feeding America, a major recipient of Walmart Foundation funds.

²⁸ <http://sandiego.walmartcommunity.com/whats-at-stake/>

²⁹ <http://sandiego.walmartcommunity.com/walmart-supports-the-san-diego-community/>

³⁰ <http://sandiego.walmartcommunity.com/wp-content/uploads/2011/02/WMT-EXPAN-BBO-AD-Giving-Back-122410.pdf>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

Screenshots from <http://sandiego.walmartcommunity.com/walmart-supports-the-san-diego-community/>

In Texas, New York City, and Long Island, the company offers a list of facts about Walmart, and highlights Walmart Foundation donations in each location.

#5: Walmart Supports its Local Communities

- In 2011, Walmart stores, Sam's Club locations and the Walmart Foundation gave more than \$28.9 million in cash and in-kind donations to local organizations in the communities they serve in the state of New York.

Screenshot from <http://longisland.walmartcommunity.com/10-facts-you-should-know-about-walmart/>

#9: Walmart Supports Local Communities

- Since 2007, Walmart has contributed about \$13 million to nonprofit organizations based in New York City like the Summer Youth Employment Program, City Harvest, Dress for Success, New Yorkers for Children and Food Bank for New York City, among others
- In New York State, Walmart donated 6,185,890 pounds of food to local food banks – nearly 4.7 million meals in the last fiscal year
- The Chronicle of Philanthropy has named Walmart and the Walmart Foundation the biggest cash contributor to nonprofit and community organizations in the United States

Screenshot from <http://newyork.walmartcommunity.com/10-facts-you-should-know-about-walmart-in-new-york/>

Fact:	Our work with local communities is something we're particularly proud of, and Walmart has a longstanding commitment to the city of Houston.
	Whether we're helping fight hunger by contributing to the Houston Food Bank for their new facility, supporting diversity with gifts to the Urban League and the Houston Hispanic Chamber of Commerce, or providing support to the Houston Fire and Police Departments, we're dedicated to making Houston better. We're dedicated to making Texas better, too. In 2009, Texas's Walmart stores, Sam's Club locations and the Walmart Foundation gave more than \$49.2 million in cash and in-kind donations to local organizations in the communities they serve. Through additional funds donated by customers, and Walmart and Sam's Club associates throughout the state, our contributions in Texas totaled more than \$56.3 million. Learn more about Walmart's philanthropy programs.

Screenshot from <http://texas.walmartcommunity.com/myth-vs-fact-walmart-in-central-houston>

Other community websites aimed at opening new Walmart stores feature entire pages dedicated to philanthropy and highlighting the foundation's work:

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

Community Partnerships

Walmart: A Store of the Community

Walmart's philosophy of operating globally and giving back locally has greatly impacted Portland and communities across Oregon.

In FYE 2010 in Oregon, Walmart locations and the Walmart Foundation awarded more than \$2.5 million in cash and in-kind donations to local organizations in the Oregon communities they serve. Through additional funds donated by customers and Walmart associates throughout the state, Walmart's contributions in Oregon totaled more than \$3 million.

About the Walmart Foundation Oregon State Giving Program

The Walmart Foundation's Oregon State Giving Program supports organizations that create opportunities so people can live better. The program funds initiatives focused on education, workforce development, economic opportunity, environmental sustainability, and health and wellness.

Screenshot from <http://oregon.walmartcommunity.com/community-partnerships/>

Similar examples can be found on the following pages:

- <http://washington.walmartcommunity.com/walmart-and-the-walmart-foundation-gives-back>
- <http://stlouis.walmartcommunity.com/giving-back/>
- <http://maryland.walmartcommunity.com/files/2014/11/Foundation-Giving-in-Prince-Georges.pdf>
- <http://philadelphia.walmartcommunity.com/category/community-involvement/>
- <http://maryland.walmartcommunity.com/the-walmart-foundation/>

Elsewhere, Walmart Foundation donations are listed in a litany of reasons why communities should welcome Walmart:

- <http://siouxfalls.walmartcommunity.com/files/2013/06/Walmart-Sioux-Falls-Final-06031311.pdf>
- <http://georgia.walmartcommunity.com/memorial-drive/>
- <http://stlouis.walmartcommunity.com/south-st-louis/>
- <http://maryland.walmartcommunity.com/duvall-village/>
- <http://sandiego.walmartcommunity.com/community-update/> (see newsletters 1, 3, 4)
- <http://newengland.walmartcommunity.com/local-networks/new-hampshire/>
- <http://georgia.walmartcommunity.com/cascade-road/>
- <http://georgia.walmartcommunity.com/memorial-drive/>
- <http://maryland.walmartcommunity.com/files/2013/05/Walmart - Frederick - Fact Sheet - Final for Web - 07 May 13.pdf>
- <http://maryland.walmartcommunity.com/oxon-hill/>
- <http://maryland.walmartcommunity.com/files/2014/11/Oxon-Hill-Fact-Sheet.pdf>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

- http://maryland.walmartcommunity.com/files/2012/10/Fact_vs_Fiction_belair.pdf
- <http://maryland.walmartcommunity.com/bel-air/>
- <http://florida.walmartcommunity.com/whats-at-stake/>³¹

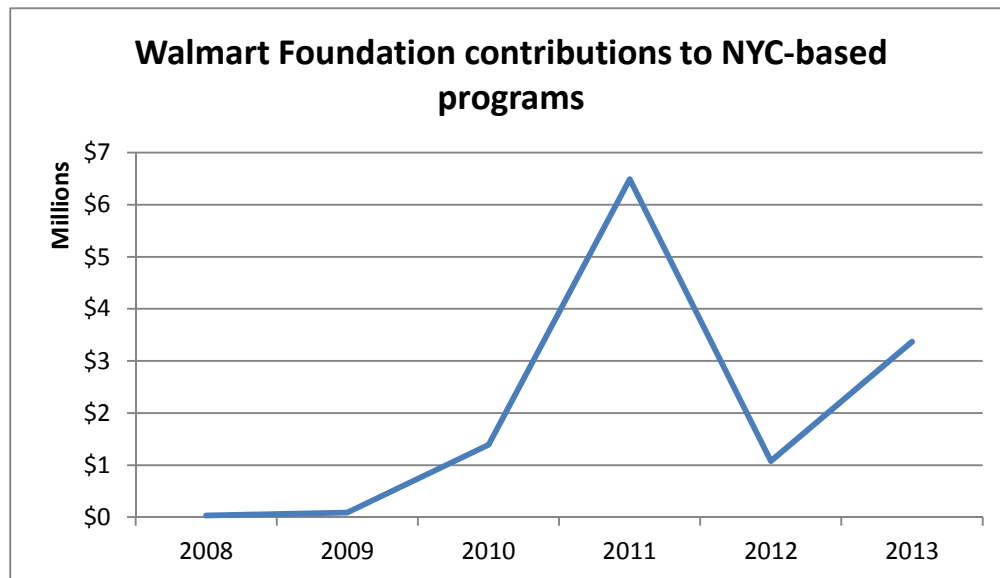
³¹ Many of these donations are listed on Walmart Foundation's 2012 Form 990-PF, even though the foundation isn't named on the site

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

Local Walmart Foundation contributions frequently spike as Walmart tries to open stores in a community

New York, New York

In October 2010, Walmart’s investor meeting ended with the song “New York, New York.” And in 2011, Walmart Foundation’s charitable giving targeting New York City skyrocketed to \$6.5 million, compared with about \$1.4 million the previous year.³² In late 2010 and 2011, the retailer was the subject of community opposition, city council meetings, and intense debate as it looked for a suitable location to open its first store in New York.³³ Walmart came close to opening a store in East New York, Brooklyn, at a site already approved for retail—meaning the company could have avoided a process that had dogged some of its more controversial attempts to open new stores—but the company pulled out of the project in September 2012, in the face of powerful community opposition.³⁴ In 2012 and 2013, Walmart Foundation donations to organizations serving New York City plummeted to a fraction of what they had been during 2011, at the height of Walmart’s interest in opening its first store in the city.



³² Analysis based on Walmart Foundation’s Forms 990-PF; these totals represent grants made to organizations based in New York City and whose missions are to serve the city’s residents.

³³ <http://www.nytimes.com/2010/12/13/nyregion/13walmart.html>

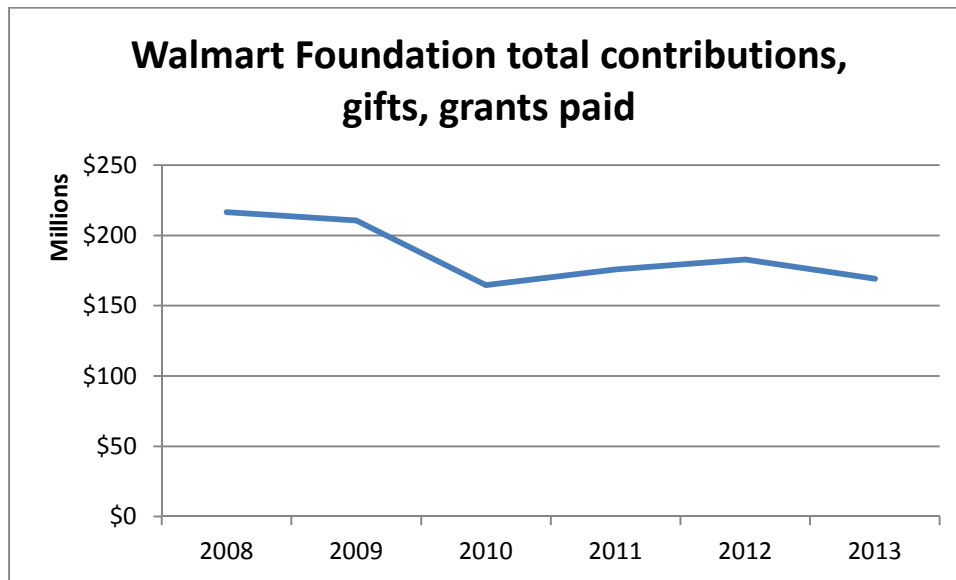
³⁴ <http://www.wnyc.org/story/237540-blog-walmart-backs-out-opening-store-east-brooklyn/>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

The following is the data for the chart above:

Walmart Foundation Contributions for NYC-based programs	
2008	\$33,000
2009	\$90,000
2010	\$1,389,270
2011	\$6,494,424
2012	\$1,076,500
2013	\$3,369,069
Grand Total	\$12,513,263

The spike in New York City was *not* the result of a nationwide change in giving. In comparison, Walmart Foundation's giving overall spiked around 2008 and 2009, preceding the company's shift in focus to new urban markets:

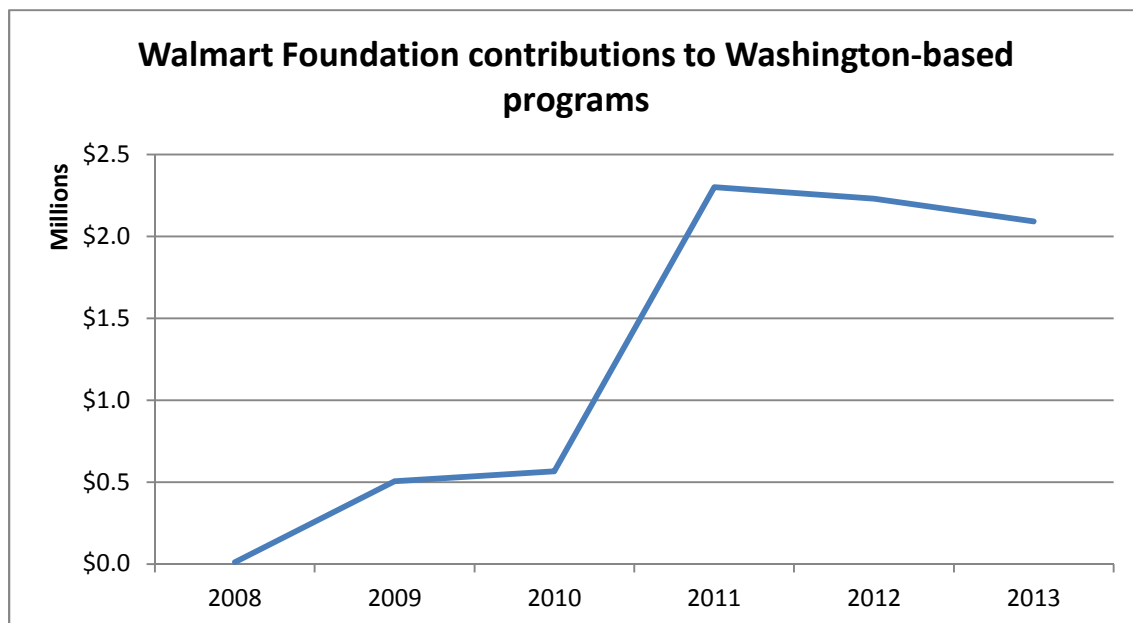


Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

Washington, DC

In 2008, Walmart Foundation donated less than \$50,000 to organizations based in Washington, DC, and primarily serving the local community.³⁵ In late 2010, Walmart announced its plans to build stores in the District. The following year, Walmart Foundation donations to Washington, DC, nonprofits skyrocketed to over \$2.3 million. In November 2011, Walmart agreed to a non-binding “community partnership initiative” with DC’s then-mayor, Vincent Gray. As part of that agreement, Walmart also agreed to provide \$21 million to charitable organizations in DC in the subsequent five to seven years.³⁶ The agreement does not specify that the donations would come from Walmart Foundation, but the areas of interest—hunger relief, health and wellness, education, and workforce development—overlap with the foundation’s mission.³⁷

Even after Walmart gained approval to open several stores in the city, the retailer faced opposition in the form of a living wage bill that would have required large retailers including Walmart to pay employees a minimum of \$12.50 an hour, including benefits. The bill was intensely debated during 2013 before it ultimately passed the city council and was vetoed by the mayor in September 2013. Walmart Foundation continued to award over \$2 million in grants to area organizations annually through 2013.



³⁵ Analysis based on Walmart Foundation’s Forms 990-PF as well as the mission statements and operations of grantees based in the city.

³⁶ <http://www.washingtonpost.com/r/2010-2019/WashingtonPost/2011/11/22/CapitalBusiness/Graphics/DC-Community-Partnership-Initiative-copy.pdf>

³⁷ <http://foundation.walmart.com/our-focus/>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

The following is the data for the chart above:

Walmart Foundation contributions to Washington-based programs	
2008	\$12,000
2009	\$505,500
2010	\$565,000
2011	\$2,451,162
2012	\$2,231,256
2013	\$2,468,034
Grand Total	\$8,232,952

Los Angeles, CA

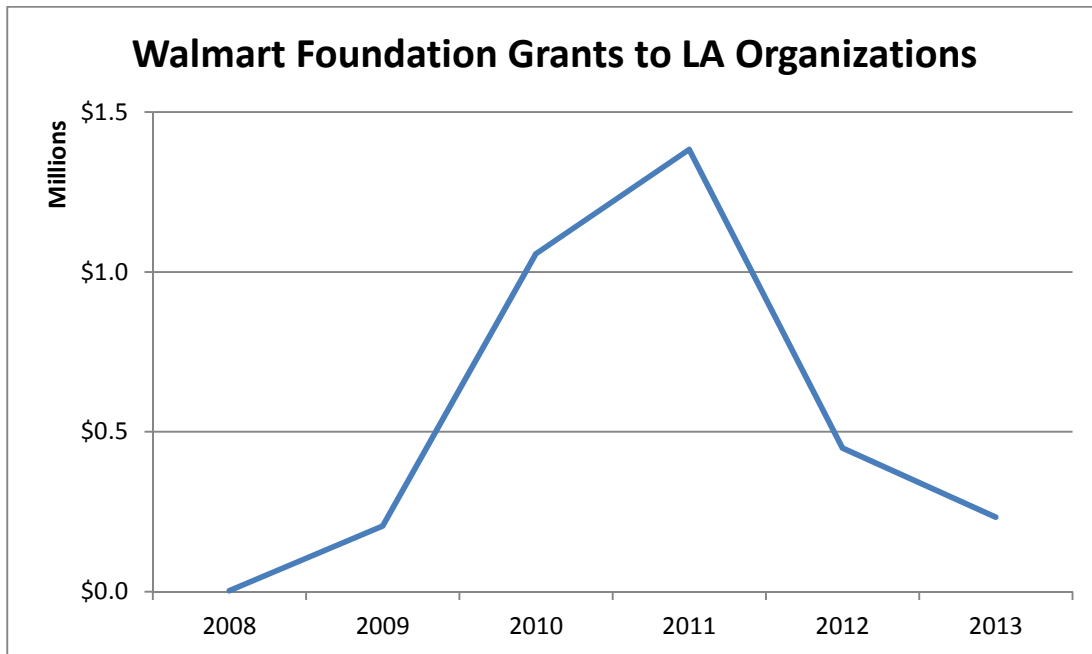
Walmart opened its Neighborhood Market in LA's downtown Chinatown in September 2013, its second store in LA and the first store in Central/Downtown Los Angeles. Walmart's Crenshaw location in South LA had previously opened in 2003.

The first public news reports around Walmart's intent to open the Chinatown store surfaced in February 2012, when reports broke that Walmart had applied for permits with the LA City Department of Building and Safety in late 2011.³⁸ Walmart received approval for those permits in March 2012, one day before the City banned other big box stores from opening.

Walmart Foundation donated a combined total of just over \$200,000 to Los Angeles-based organizations from in 2008 and 2009. The foundation's contributions to area groups spiked in 2010 at \$1.1 million, the year before it filed permit applications for the Chinatown store. Contributions peaked in 2011 at \$1.4 million, just as plans for the store were getting off the ground. The following year, as news of Walmart's intent broke, the raw number of grantees spiked, at 24 in 2012, up from 11 in 2010 and 10 in 2011. Coinciding with the store's grand opening in September 2013, total contributions and the number of grantees had both declined sharply by 2013.

³⁸ <http://capitalandmain.com/2012/02/24/breaking-news-walmart-trying-to-open-first-la-grocery-store-major-fight-looms/>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919



The following is the data for the chart above:

Walmart Foundation contributions to Los Angeles-based programs	
2008	\$3,000
2009	\$205,000
2010	\$1,057,182
2011	\$1,383,000
2012	\$449,365
2013	\$232,648
Grand Total	\$3,330,195

Boston, MA

Beginning in 2011, Walmart sought to open several stores in the Boston area. It first announced plans to open a store in Somerville in July 2011. Then in May 2012, Walmart leased space in Watertown. Only a month later, Walmart announced that it would abandon plans to open both stores after community opposition.³⁹

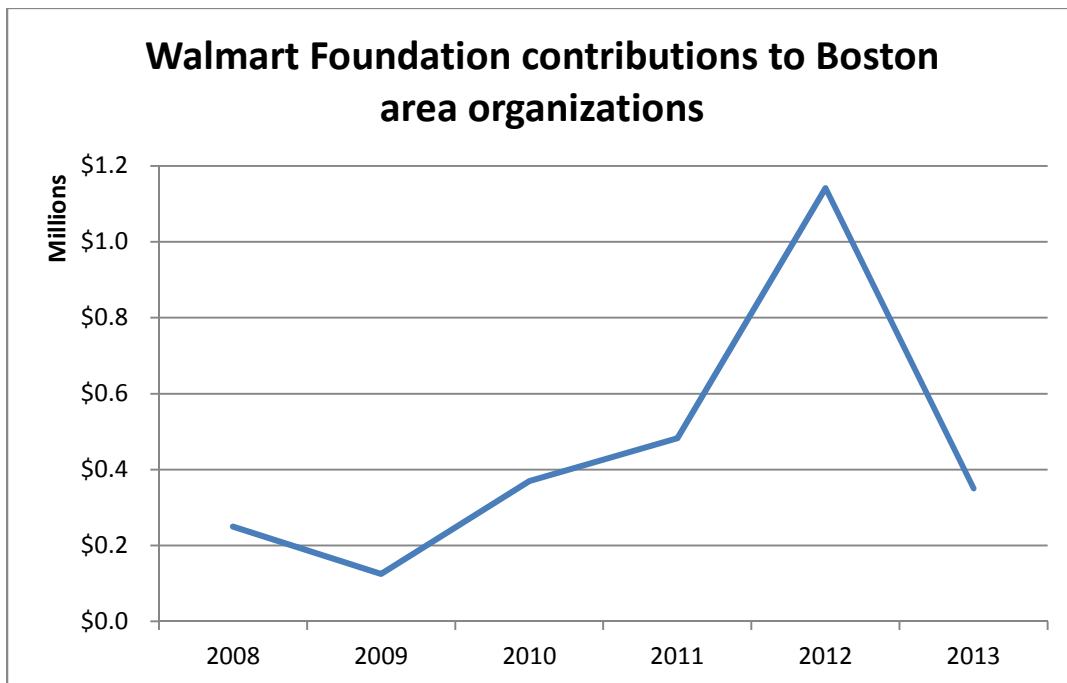
As in other cities, Walmart Foundation contributions in Boston followed a familiar pattern. Grants from the foundation to Boston-area organizations climbed a bit in 2011, the same year that Walmart

³⁹ <http://www.boston.com/businessupdates/2012/06/15/walmart-abandons-plans-for-stores-somerville-watertown/qxuVe4YamCi8LhUlt8TutO/story.html>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

announced its interest in Somerville; hit a dramatic high in 2012 when it leased space in Watertown; and trickled off in 2013, after the company decided to abandon its plans for the area.

While in 2009 the foundation had given just \$125,000 to three area recipients with a local focus, by 2012, the foundation's grants to the area increased ninefold, with more than \$1.1 million going to Boston-area organizations. As community opposition grew and eventually halted Walmart's expansion, Walmart Foundation contributions dropped off in 2013. That year, as the company apparently abandoned plans to expand in the area, contributions fell to just \$350,000.



The following is the data for the chart above:

Walmart Foundation contributions to Boston-area organizations	
2008	\$250,000
2009	\$125,000
2010	\$369,500
2011	\$482,250
2012	\$1,142,000
2013	\$350,000
Grand Total	\$2,718,750

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

Walmart's expectations of grantees

In February 2013, *The Nation* published a four-page memo from Walmart Foundation to its grantees entitled, "Recognizing the Walmart Foundation for Its Good Works."⁴⁰ In it, the foundation outlines strategies for publicizing grants through media outreach, online engagement, and even awards to Walmart Foundation.

Excluding organizations who paint Walmart "in a negative light"

Many of the Walmart Foundation grants in expansion markets appear to be awarded under the foundation's State Giving and Community Giving Programs (this is difficult to confirm precisely because Walmart Foundation only seems to use these program names in its grant application process but not in foundation reporting to the IRS). The guidelines for these two programs both identify opposition to Walmart as a basis for exclusion from eligibility for grants from Walmart Foundation, indicating the company and foundation's motive for charitable giving. Among Walmart Foundation's list of "organization exclusions" for the State Giving Program is "Organizations whose programming or policies may position Walmart, Sam's Club, or the Walmart Foundation in a negative light."⁴¹ Similarly, one of the "funding exclusions" under the Local Giving Program is "Organizations whose programming or policies may position Walmart or the Foundation in a negative light."⁴²

The Foundation encourages grant recipients to publicly praise Walmart

The Walmart Foundation memo to grantees suggests ways that Walmart—not Walmart *Foundation*—can receive credit for its foundation's grants. For example, it explains to grantees that "Incorporating 'Walmart' into the name of programs being supported by the Walmart Foundation helps ensure that those being served and others recognize Walmart whenever the program is referred to by name."⁴³ It also suggests incorporating the Walmart Foundation logo into promotional materials for programs funded by grants. Interestingly, even the letterhead the memo is written on features on the corporate logo and not the foundation's nearly identical one.

Walmart also recommends that grantees engage with the company, and not just the foundation, on social media:

Walmart has a presence on Facebook and our "fans" appreciate hearing about our Foundation work. If your organization is on Facebook, you can engage us by including us in your status

⁴⁰

<http://www.thenation.com/sites/default/files/RECOGNIZING%20THE%20WALMART%20FOUNDATION%20FOR%20ITS%20GOOD%20WORKS.pdf>

⁴¹ <http://foundation.walmart.com/apply-for-grants/state-giving-guidelines>

⁴² <http://foundation.walmart.com/apply-for-grants/local-giving-guidelines>

⁴³

<http://www.thenation.com/sites/default/files/RECOGNIZING%20THE%20WALMART%20FOUNDATION%20FOR%20ITS%20GOOD%20WORKS.pdf>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

update or writing on our wall, for example. Our page is at www.facebook.com/walmart. Please consider becoming a “fan” of us there as well.⁴⁴

Walmart Foundation carefully monitors communications from grantees, requiring that all press materials announcing a grant be approved in advance: “The Walmart Foundation needs to approve press materials, including documents going to the media and materials being posted online like blogs.”⁴⁵ These grants also appear to buy silence from groups that may otherwise have been critical of Walmart.⁴⁶ At a local level, grantees can often be seen speaking out in favor of new Walmart stores opening in the community.

For example, Walmart’s Washington, DC, community page features videos of eleven community members praising the idea of Walmart stores opening in the district, including a number of Walmart Foundation grantees.⁴⁷ The videos include several representatives of the Community College of the District of Columbia (CCDC),⁴⁸ which received over \$1.17 million from Walmart Foundation in 2012 and 2013.⁴⁹ CCDC is slated to receive \$1.7 million total, according to Walmart’s website.⁵⁰

The head of the Capital Area Food Bank, which is a member of Feeding America, is featured in one of the videos,⁵¹ as is a reverend from Allen Chapel AME Church.⁵² In April 2012, Walmart Foundation made a splash for donating a new truck to the Capital Area Food Bank; the truck was unveiled during a community food distribution at Allen Chapel AME Church. Walmart Foundation had donated the truck, valued at \$90,000, earlier in the year through a partnership with Feeding America.⁵³

Another video features the head of DC non-profit Brainfood.⁵⁴ Walmart reportedly paid Brainfood \$50,000 in 2011.⁵⁵ The group lists Walmart Foundation on its sponsors and partners page.⁵⁶

⁴⁴

<http://www.thenation.com/sites/default/files/RECOGNIZING%20THE%20WALMART%20FOUNDATION%20FOR%20ITS%20GOOD%20WORKS.pdf>

⁴⁵

<http://www.thenation.com/sites/default/files/RECOGNIZING%20THE%20WALMART%20FOUNDATION%20FOR%20ITS%20GOOD%20WORKS.pdf>

⁴⁶ <http://www.thenation.com/article/172952/obamas-top-choice-omb-led-walmart-foundations-targeted-giving#>

⁴⁷ <http://washingtondc.walmartcommunity.com/washington-dc-community-voices/>

⁴⁸ <http://player.vimeo.com/video/43147821>

<http://player.vimeo.com/video/43147822>

<http://player.vimeo.com/video/43147823>

<http://player.vimeo.com/video/43147824>

⁴⁹ Walmart Foundation Forms 990-PF

⁵⁰ <http://washingtondc.walmartcommunity.com/washington-d-c-giving-2/>

⁵¹ <http://player.vimeo.com/video/41449277>

⁵² <http://player.vimeo.com/video/41449038>

⁵³ <https://www.capitalareafoodbank.org/2012/04/walmart-donates-new-truck-to-capital-area-food-bank/>

<http://washingtondc.walmartcommunity.com/washington-d-c-giving-2/>

⁵⁴ <http://player.vimeo.com/video/41449842>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

In Los Angeles, Walmart's community site includes a video of Charlie Woo,⁵⁷ who is the past chair of the Asian Rehabilitation Service.⁵⁸ That organization received a \$50,000 grant from Walmart Foundation in 2010. He is also a former chairman of the Los Angeles Area Chamber of Commerce, whose foundation received \$1,000,000 from Walmart Foundation in 2011, the year before Walmart's plans to open a store in the city's Chinatown became public. Mr. Woo is also the CEO of Megatoys, a Walmart supplier.

Dr. Hazel Dukes, President of the NAACP NYS Conference, is quoted in support of Walmart on the Walmart New York Community site.⁵⁹ The NAACP has received more than \$900,000 from Walmart Foundation since 2007.⁶⁰

Phil Banks of 100 Black Men of NY is also featured on the site.⁶¹ 100 Black Men chapters have received multiple donations from Walmart Foundation. The organization received \$225,000 from Walmart Foundation between 2012 and 2013.

⁵⁵ <http://news.walmart.com/news-archive/2011/05/06/walmart-provides-more-than-24-million-to-charitable-organizations-in-washington-dc-during-last-fiscal-year>

http://cdn.corporate.walmart.com/2d/36/0bda71d44a20a565ad4ccdf02021/r_4894.pdf

⁵⁶ <http://brain-food.org/sponsors-and-partners>

⁵⁷ <http://losangeles.walmartcommunity.com/los-angeles-community-voices/>

⁵⁸ https://committee100.org/aboutus/member_bio.php?member_id=157

⁵⁹ <http://newyork.walmartcommunity.com/newyorkersspeakout/>

⁶⁰ The NAACP received \$200,000 in 2007, \$450,000 in 2012, \$250,000 in 2013 and several additional smaller grants.

⁶¹ <http://newyork.walmartcommunity.com/newyorkersspeakout/>

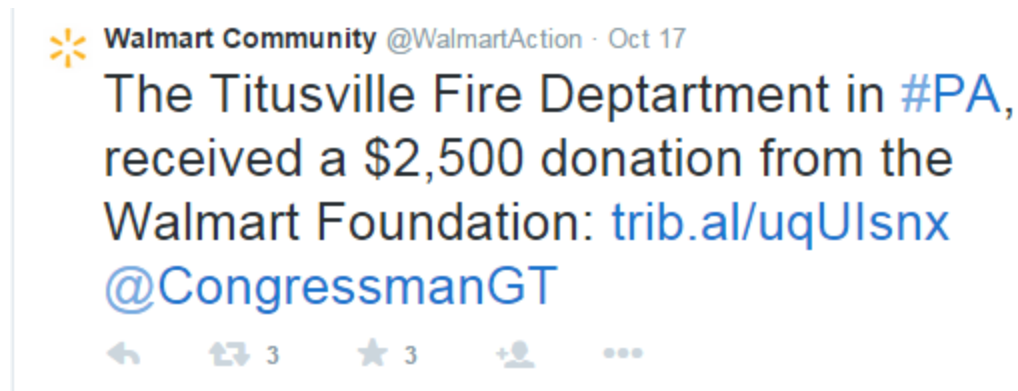
Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

Direct grants to cities and towns where Walmart seeks to expand

Walmart Foundation frequently contributes directly to cities, towns, and counties where Walmart seeks to expand. *The Nation* identified a troubling pattern:

Walmart's [2011 Walmart Foundation Form 990-PF] IRS filing also shows direct donations, totaling over \$250,000, to more than 200 towns, villages and cities. Some are designated for functions like fire services, parks and policing, which have faced cuts in cash-strapped cities across the country. Of the twenty top municipal grantees in the latest IRS filing, at least sixteen currently have Walmart stores and/or are targets for Walmart expansion. At least five have had controversies or political fights over Walmart expansion or zoning. In another four, Walmart has received tax expenditures or other public financing. Other than Walmart's hometown of Bentonville, the city to receive the most cash from the Foundation is Baytown, TX, which a 2004 union-funded report identified as the city that provided Walmart its 8th-largest subsidies in the country, worth \$19 million. In August 2012, Baytown voted to pave the way for an additional Walmart.⁶²

Our analysis of Walmart Foundation contributions from 2008-2013 found that Walmart Foundation gave over 600 grants to cities, counties and public agencies totaling more than \$1.8 million.



Tweet from @WalmartAction, October 17, 2014⁶³

⁶² <http://www.thenation.com/article/172952/obamas-top-choice-omb-led-walmart-foundations-targeted-giving#>

⁶³ <https://twitter.com/WalmartAction/status/523198604614569984>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919

Reminding elected officials of Walmart Foundation grants

The Nation identified other troubling patterns of foundation grants seemingly smoothing over scandals and paving the way for store openings in financially troubled areas:

As Walmart coordinates with its consultants on Capitol Hill to blunt the impact of the [Mexican bribery]scandal, which is the subject of an ongoing congressional inquiry, the Walmart Foundation has used social media to remind lawmakers of its power. Since June [2012], the Walmart Twitter account @WalmartAction has tweeted directly at lawmakers who represent districts where the foundation provided donations. When two Central Valley grants were disbursed from the foundation last month, the Walmart foundation tweeted at Congressman Devin Nunes (R-CA), the local representative. That same day, the Walmart Twitter feed pinged the Mayor of Los Angeles, as well as several other US representatives in Indiana and South Carolina to announce grants and charity work in their communities. The pattern has persisted, with Democrats and Republicans regularly alerted of the Walmart Foundation's work.

This philanthropy produces a steady stream of positive press in local media, as well as serving as a constant reminder to elected officials that Walmart is deeply ingrained in their backyards.⁶⁴



Tweet from @WalmartAction, February 8, 2013⁶⁵

⁶⁴ <http://www.thenation.com/article/172952/obamas-top-choice-omb-led-walmart-foundations-targeted-giving#>

⁶⁵ <https://twitter.com/WalmartAction/status/300067179053850624>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919



Tweet from @WalmartAction, December 20, 2013⁶⁶



Tweet from @WalmartAction, October 28, 2014⁶⁷

Interestingly, the company often uses the hashtag #Walmart, rather than #WalmartFoundation, to draw attention to its messages on Twitter. It also appears that the promotional check from in the photo-op below uses Walmart's logo, not that of the foundation, despite the fact that the donation is reportedly from the foundation.

⁶⁶ <https://twitter.com/WalmartAction/status/414044243393806337>

⁶⁷ <https://twitter.com/WalmartAction/status/527111528370429955>

Supporting Documentation for Complaint against Walmart Foundation, EIN 205639919



Tweet from @WalmartAction, October 7, 2014⁶⁸

⁶⁸ <https://twitter.com/WalmartAction/status/519482868943564800>