



Energy & Environment Legal Institute Report:

Bootleggers and Baptists . . . and Hucksterism

How the Sierra Club and the Sierra Club Foundation
Violate Non-Profit Law

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Executive Summary

The Sierra Club and the Sierra Club Foundation have stepped over the line. They have engaged in activities that are charitable only to private interests far from their mission. They have attempted to disguise this behavior in a green cloak of high-minded civic duty, but the reality is that the Club and the Foundation are engaging in classic “rent seeking”¹ and profit making – for themselves, for their directors and for private individuals who exchange donations for increased market share. This they cannot do and remain compliant with the law.

This report identifies the Sierra Club’s and the Sierra Club Foundation’s violations of non-profit tax law. Each has participated in improper relationships that Bruce Yandel described as “Bootleggers and Baptists.” “Baptists” point to the moral high ground and give vital and vocal endorsement of laudable public benefits. Bootleggers are simply in it for the money. Today, Yandel’s theory is in full bloom and there is no more prominent “baptist” than the Sierra Club and no more prominent bootleggers than anti-coal (renewable energy) businesses.

But, these bootleggers and baptists have taken a step too far. Despite their claims of moral superiority, the Sierra Club has become a huckster for the bootleggers and the Sierra Club Foundation has been infiltrated and controlled by the bootleggers themselves.

E&E Legal offers this report as an attachment to its formal Internal Revenue Service referral alleging the Sierra Club and the Sierra Club Foundation are in potential noncompliance with the tax law. Such referrals are not unusual. The IRS receives complaints from the general public, members of Congress, federal and state government agencies, and internal sources every year and has established an office tasked exclusively to review these referrals.

The E&E Legal referral, however, is different from recent high-profile complaints to the IRS. For example, liberal watchdog groups have complained to the IRS that the conservative group Crossroads GPS violated the law by spending heavily on campaigns. The E&E Legal complaint is not about politics and political spending. We alert the IRS to two Sierra Club and Foundation practices that appear to violate the law on impermissible benefit to private interests and failure to pay taxes on unrelated business income.

The Sierra Club commits its most blatant violation by sending its members into communities to sell the products of a selected local solar panel company. They have done this in dozens of states and do it for one reason, money. As the Sierra Club’s Chief of Staff Jesse Simons has stated, “This has been a great revenue-generating tool for the Sierra Club.” The Sierra Club makes a \$750 profit from every sale in Maryland and, it appears, has never paid taxes on that commercial enterprise. The Sierra Club markets the products of a single company in each jurisdiction, in direct competition with several other similar companies who cannot rely on the Sierra Club sales force. This violates the law.

A more perfidious problem is the Sierra Club’s, and its money-raising Foundation’s use of its “War on Coal” to not only produce profits for itself, but to conspire with the companies that allows them to

¹ Henderson, David R., “Rent Seeking”, Library of Economics and Liberty, see <http://econlib.org/library/Enc/RentSeeking.html>.

profit from this war. Eight of the Sierra Club Foundation's 18 directors own or operate organizations that directly benefit from the War on Coal. These directors are the captains of the renewable energy industry. While these directors aren't paid by the Sierra Club Foundation, their companies directly profit from the Sierra Club Foundation's primary "program," the War on Coal. Beyond the illegal inurement to these directors' interests is the direct benefit to major donors. Natural gas producer Chesapeake Energy paid \$26 million to the Sierra Club for the express purpose of forcing coal-fired electricity companies to switch to natural gas. This was small potatoes compared to David Gelbaum who, alone, donated more than \$100 million to the Club. Gelbaum controls more than 40 "clean tech" companies that directly benefit from forced shutdown of the coal-power industry. Regardless of their stated purposes, in operational terms, the Sierra Club Foundation wages a war on coal with the obvious intended effect of lining the pockets of its directors and top donors. This, too, is not lawful.

In its legal analysis of these "bootlegger" and "huckster" activities, E&E Legal suggests that both the Sierra Club and the Sierra Club Foundation have violated the tax laws and regulations, and brings these matters to the IRS for careful review and investigation.

Bootleggers and Baptists . . . and Hucksterism

Thirty-one years ago, Bruce Yandel offered what he has called “a perhaps novel but crude theory” on how strange bed-fellows work together to manipulate governments and their regulations. He labeled this theory “Bootleggers and Baptists²,” the essence of which is that social regulation evolves when it is demanded by both of two distinctly different groups. “Baptists” point to the moral high ground and give vital and vocal endorsement of laudable public benefits. Bootleggers are simply in it for the money.³ Today, the theory is now practice and there is no more prominent baptist than the Sierra Club and no more prominent bootleggers than anti-coal businesses.

Had the Sierra Club stopped at simple issue advocacy, they would not be the subject of this report. But they did not. They have become an arm of private industry, going so far as to become an actual marketing arm of private companies. The U.S. Internal Revenue Service has not examined in depth the gradual movement of environmental public charities and foundations away from their “high moral ground” and into the competitive marketplace. That gradual movement has crossed a line the Tax Code does not allow. This report provides the basis for an IRS referral and investigation that, we hope, will lead to greater clarity on the non-profit tax law and its application.

I. Why Refer the Sierra Club and Foundation to the IRS

The Sierra Club and its money-raising arm, the Sierra Club Foundation, have received tax-exempt status from the U.S. Internal Revenue Service under Section 501 of Title 26, the Internal Revenue Code. These rules prohibit a variety of actions. Among them is an absolute ban on “net earnings of such entity inur[ing] to the benefit of any private shareholder or individual.” In addition, the Sierra Club is subject to tax on its unrelated business income under section 511(a) (2)(A) if the income arises from a trade or business; the trade or business is regularly carried on; and, the trade or business is not substantially related to the organization's tax-exempt purpose.

As discussed in the following sections, it appears the Sierra Club generates about a million dollars a year in taxable unrelated business income on which there is no evidence that it intends to or is paying taxes. Further, a non-profit organization may not compete with commercial businesses, but there is clear evidence they do. They operate a store selling all manner of goods. Worse, they have become the marketing arm for two private companies selling solar panels. Each of these activities is suspect. None of them involves the core purposes of the Sierra Club and both of them constitute participation in commercial business.

More difficult is the question alluded to in the title of this report, the historic transition of the Sierra Club and its Foundation away from a grassroots association dedicated to celebration and protection of special environments and ecologies. Beginning in the 1990's, and significantly accelerated in 2007, the Sierra Club and its Foundation have become not merely a tool of industry, each has become an arm of industry. As discussed below, the Foundation's board houses individuals whose companies directly benefit from Sierra Club and Foundation's activities, to the disadvantage of their competitors. This is a growing issue not only for the Sierra Club, but for many grassroots and charitable organizations.

² Yandel, B. "Bootleggers and Baptists: The Education of a Regulatory Economist." Regulation 7, no. 3 (1983):12.

³ Yandel, B. "Bootleggers and Baptists in Retrospect." Regulation 22, no. 3 (1999): 5.

There is no bright line dividing activities that are intended to inform the public about issues of public interest and the overt manipulation of policy debates in a manner intended to favor one industry over another. The problem rising out of this issue is that a non-profit charity and foundation may not create “an Impermissible benefit to ‘private interests,’ [a prohibition that] encompasses not only benefit to insiders but also benefits that an organization may confer on unrelated or even disinterested persons, i.e., outsiders.”⁴ In the context of the tax code, neither a 501(c)(3) (the Sierra Club Foundation) nor a 501(c)(4) (the Sierra Club) may directly benefit a named politician. In the same vein, neither may they directly benefit a private interest. The Sierra Club and its Foundation appear to have gone beyond issue advocacy, narrowing their policy focus in a manner that does not merely directly benefit private interests, but with the intent of creating that benefit by destroying other private interests, to the private benefit of others.

We suggest that there is a line that the law demands not be crossed; and, that line is crossed when those whose interests are directly benefited sit as directors of the organization or are major donors who give money for the express purpose of damaging their competitors. That is the line the Sierra Club and its Foundation have crossed.

This case is the tip of the iceberg with regard to company funding of non-profit advocacy that is intended to harm a company’s competitors. It is an area of tax law yet unformed and needing attention. Because the Sierra Club and its Foundation offer clear facts, they serve to allow the IRS and the courts to firm up this area of law. That is E&E Legal’s purpose in seeking review of these activities.

II. What is going on in the Sierra Club?

We remember the original Sierra Club. It has changed. Founded by John Muir in 1892, he viewed himself as a naturalist tramp – one with political connections. As an “earth father” he established three missions for the Sierra Club: To explore, enjoy, and protect the wild places of the earth; to practice and promote the responsible use of the earth’s ecosystems and resources; to educate and enlist humanity to protect and restore the quality of the natural and human environment. Up until 1992, the Club focused on grass-roots defense of local habitat and direct lobbying on federal and state legislative and regulatory issues. Notably, however, as high profile an organization as it is, the senior management keeps the Club’s business side secret, refusing even to let local chapters in on major policy and financial decision-making. Thus what we can tell you about the Club must be gleaned not from current records, but instead from reports that are a few years old and from investigations by the media who have obtained insider information. The IRS will need to examine the Sierra Club and its Foundation in depth to reveal the totality of their improper activities.

Influence Peddling

This section of the report describes the Sierra Club’s activities on behalf of private interests and in particular, businesses. The Sierra Club’s function on behalf of private businesses involves marketing. There are three aspects to marketing – sales, promotion of products and demotion of competitors’ products. The Sierra Club has been doing each of these. Their long commitment to environmental quality

⁴ *Capital Gymnastics Booster Club, Inc. v. Comm’r*, T.C. Memo 2013-193 (2013); 2013 Tax Ct. Memo LEXIS 203; 106 T.C.M. (CCH) 154

placed them in the unique position of having a national grassroots organization with a substantial lobby presence in Washington, D.C. The value of their grassroots organization is discussed below. Before discussing promotional and demotional marketing, however, it is important to understand the unique positioning the Sierra Club had as it began to market on behalf of private interests.

E&E Legal has issued a report simultaneously with this IRS referral entitled “Improper Collusion Between Environmental Pressure Groups and the Environmental Protection Agency As Revealed by Freedom of Information Act Requests” (September 14, 2014). It provides copies of emails showing the degree of influence the Sierra Club has gained over regulatory activities at the U.S. Environmental Protection Agency (EPA). Specifically,

These emails reveal uncomfortably close, and facially improper relationships between current and former Sierra Club lobbyists, the latter now holding positions with EPA from which they promoted the green groups’ lobbyists, materials, and positions, and played substantial roles in crafting the mutually aligned agenda but now as EPA. For example, the relationship between Michael Goo, recently head of the EPA Office of Policy and a former Natural Resources Defense Council (NRDC) lobbyist, and John Coequet, a top Sierra Club lobbyist running what EPA emails acknowledge is Sierra’s “anti-coal campaign”, is particularly troubling. For example, Coequet worked to ensure Goo participated in meetings of importance to Sierra, while Goo ensured his colleagues paid particular attention to Sierra’s concerns and materials. Other documents demonstrate how Coequet:

- Supplied research and advocacy materials directly to individual activists within EPA, even helping EPA keep score of coal plants to shut down and to be blocked, for “internal use;” Pushed EPA officials to ensure “zombie” coal plants, i.e. plants that had been planned and may one day be built, remain shelved;
- Avoided creating complete logs of their interactions through various means, including, e.g., meeting with Goo at the Marriott Hotel nearby EPA’s headquarters (circumventing detailing their discussions in EPA’s visitor logs, where people most logically would look), and when he was otherwise in the building including for numerous meetings with senior officials Goo facilitated;
- Exploited such a useful pipeline into the Agency that when he was on vacation his Sierra Club team would plead with EPA friends for updates on the grounds that his absence left them feeling out of EPA’s loop.

But Goo and Coequet’s relationship, while notably close and improperly collaborative, was not unique. Documents show that EPA press staff collaborated with a Sierra Club lobbyist to write Sen. Jeanne Shaheen’s (D-NH) statement on the “climate” agenda for a “roundtable” event they participated in. In other instances, green lobbyists provided EPA with their polling on the shared agenda, were directly involved in deciding where EPA would hold public hearings associated with the War on Coal, and ensured hearing attendees would be supportive of their shared agenda. Green lobbyists also receive special treatment from the EPA. EPA officials repeatedly gave green groups a leg up in submitting comments for the administrative record on important regulations. Green groups were able to submit comments ahead of any members of the general public, or other interested parties, even though the comments in question were submitted before the record was open for comment by the general public. EPA employees likewise submitted special interest group comments directly if those groups failed to do so themselves, but had only remembered to pass them along to EPA allies.

These relationships go all the way to the top. Former EPA Administrator Lisa Jackson, a.k.a. “Richard Windsor”, communicated with senior Sierra Club lobbyists via her personal email account, and

used it to “amplify” various PR efforts for their shared agenda. Example after example clearly show that senior leadership in the EPA, made up of career bureaucrats and former Sierra Club activists, execute the Club’s promotional and demotional efforts done on behalf of its corporate donors and its Foundation’s Directors, and do so to the exclusion of other legitimate stakeholders and the public at large.

This influence peddling is far beyond the normal Washington infusion of private sector policy lobbyists into the government after a change in an administration. Federal policies often have direct effects on the marketplace. Indeed, that is usually their purpose. But, such policies are intended to be done in a manner in which the marketplace has a full opportunity to participate. Further, such policies are intended to be neutral, affecting the marketplace evenly. Here, the Sierra Club and its Foundation traded a guarantee of their financial security for an open effort to close down the most economically efficient portion of the electricity industry, done to benefit their directors’ and donors’ companies who were not (and are not) competitive in that marketplace, but for federal subsidies and the forced demise of the coal and natural gas powered electricity sector.

We ask the Internal Revenue Service to view the Sierra Club and the Sierra Club Foundation in light of this unprecedented opportunity to influence government policy. We are unaware of any other non-profit organization that, having gained a position in the governmental apparatus, exploited its position to ensure its own financial security through policies that ensure the financial security of its donors and directors.

Greenwashing

The Sierra Club was grassroots funded until the emergence of the environmental alarmist movement in the mid- to late 1990s. When it became desirable for companies to “greenwash” their activities, these companies found it easiest and cheapest to seek endorsements from, and in return to fund, environmental groups, including the Sierra Club. The Sierra Club came late to this new nonprofit funding model, and it began slowly. Confronted with a continuing funding shortfall, the Club’s management chose to go where the money was and followed the footsteps of other national environmental organizations – an alliance with big business. But, they did not begin with management. They started with the other business deep pocket, labor unions.

The Sierra Club’s first effort at tapping into deep-pocket money was creation of the “Blue-Green Alliance.” Labor unions were losing clout and environmental organizations were short of money. Together they helped each other find, fund and campaign for candidates that supported both labor and green issues. They backed Ralph Nader in the 2000 Presidential election and later created a true political party, running Tom Moore for Minneapolis City Council. Moore earned 2.65% of the vote.

While the Blue-Green Alliance is still around, its focus is on green jobs and the unions don’t see the Sierra Club’s activities as doing much to create meaningful economic opportunity. Still needing money, the Sierra Club turned to the other side of the table and went after corporate management and product endorsement. In 2008, for the first time in its 116-year history, the Sierra Club endorsed a commercial product, Clorox’s Green Works™ product line, receiving in exchange \$1.3 million.⁵ In 2009

⁵ NY Times, “Clorox Courts Sierra Club, and a Product is Endorsed” (March 26, 2008) *available at* http://www.nytimes.com/2008/03/26/business/businessspecial2/26cleanser.html?_r=0.

the Green Works product line's sales jumped more than 50 percent⁶, without question a direct benefit to the company in exchange for the intangible credibility of the Sierra Club, which apparently had a market value of \$1.3 million. This endorsement marked a dramatic shift in the Sierra Club's culture, with clear harm to its commitment to its core mission.

The Sierra Club had been a grassroots driven organization, but the shift to corporate advocacy did not sit well with the grassroots. The Florida chapter openly criticized the headquarters decision to tarnish the organization's credibility by the for-pay association with the Clorox brand. In response, the Sierra Club headquarters suspended the entire 35,000-member Florida chapter for four years.⁷ The Club's Board of Directors went further. In agreeing to the Clorox endorsement, they chose to disregard the Club's corporate endorsement committee that had advised against the proposal, a committee formed to find ways to generate funds through corporate donations. Mother Jones reported on the Clorox deal as "lock-step, corporate stoogery, not dedication to environmental protection."⁸

Expanding Private Corporate Markets

Endorsements and rental of its membership lists to corporations for marketing purposes apparently was not sufficient to generate the amount of funds the Sierra Club and its Foundation wanted. The Club, having turned away from its grassroots culture, wanted to take a leadership role in the emerging "sustainability" initiative that had morphed into global warming activism. To play in that game, the Club needed to significantly expand its funding levels. The logical next step was to go beyond endorsements and work to expand market share as agents of corporations, disguised as policy advocates. In 2007 the Club picked an industry to attack that would allow them to obtain massive donations from the industry's technological competitors in exchange for reducing the industry's market share and increasing that of their new donors. They picked coal. This offered the Sierra Club two ready bootleggers who wanted to expand their market share in electricity generation at the expense of coal – the natural gas industry and the renewable energy industry.

Natural gas is a direct competitor with coal in the electricity generation marketplace. Many coal-fired plants were reaching the end of their normal lives and Environmental Protection Agency regulations were making new coal plants' life-cycle costs on a par with natural gas generation.

The Sierra Club and its Foundation sold the natural gas industry on a "war on coal" and reaped massive rewards. In 2007, the Club convinced Aubrey McClendon, then CEO of natural gas supplier Chesapeake Energy, to support the War. He coughed up \$26.1 million in contributions between 2007 and 2010, and offered an additional \$30 million in 2011.⁹ By then, however, the Sierra Club didn't need McClendon and didn't merely discard him, but added him as an enemy in their war-time expansion, still called the War on Coal, but now a war on any carbon-based energy, including natural gas, funded by the renewable energy industry alone.

⁶ NY Times, "In an Overhaul, Clorox Aims to Get Freen Works Out of Its Niche" (April 21, 2013) *available at* <http://www.nytimes.com/2013/04/22/business/media/cloroxs-green-works-aims-to-get-out-of-the-niche.html>.

⁷ Mother Jones, "Sierra Club Boots Florida Chapter over Clorox Deal" (March 28, 2008) *available at* <http://www.motherjones.com/blue-marble/2008/03/sierra-club-boots-florida-chapter-over-clorox-deal>.

⁸ *Id.*

⁹ Washington Post, "Alliance between natural gas industry, environmental groups fractures" (February 19, 2012).

Understanding the size of the Sierra Club's commitment to the War on Coal helps explain the degree to which the Club shifted its focus from its original grassroots mission to its role as an arm of industry, clothed as environmental activism. The Sierra Club Foundation's 2012 IRS Form 990 lists the three largest programs it funds. Two of these three have the purpose of reducing the use of coal by 80 percent by 2050. These two programs, alone, make up over 52% of the grants given out by the Foundation and 60% of the funding given to the Sierra Club by the Foundation.

Why did the Sierra Club not need the natural gas bootleggers any longer? Because they then had a very wealthy politician from whom to obtain support. During the 2009-2010 campaign season, the Sierra Club spent more than \$1 million¹⁰ supporting candidates like New York Mayor Michael Bloomberg. Bloomberg, however, did not need their money. He needed their on the ground, door-to-door support. This is not a new tactic. While on his staff, Senator Proxmire once explained to E&E Legal's General Counsel why he endorsed clearly uneconomic and clearly inefficient environmental programs that otherwise would earn one of his "golden fleece" awards. He said he traded unthinking support for environmental issues in exchange for on the ground campaign support from environmental organizations during the campaign period. Bloomberg left the Republican Party and took a ride on the green machine. Thereafter, he gave the Sierra Club \$50 million for the War on Coal, thus allowing the Club to abandon its former natural gas allies.

Also replacing Chesapeake Energy are the current bootleggers – the renewable energy industries – a group of conspirators that attempt to hide themselves from direct involvement in the Sierra Club by a thin veil. They are Directors of the Sierra Club Foundation. The Sierra Club is a 501(c)(4) organization that is allowed to lobby. The Sierra Club Foundation is a 501(c)(3) organization that may not. They are two pockets on the same pair of pants. In 2012, for example, the Club raised \$45.7 million for the Foundation. The Club kept \$4.7 million to offset its fund-raising activities, giving the Foundation \$41 million. Then, the Foundation turned around and gave it all back to the Club, throwing in an additional \$4 million to the national offices and another \$4.8 million to the Sierra Club Chapters.¹¹

And, for what purpose did the Foundation give the Club all this money? For the War on Coal. The three largest Foundation projects (as measured by expenses) were (1) the War on Coal [\$27.2 million]; (2) Sierra Club local chapters who are the foot soldiers in the War on Coal [\$2.9 million]; and (3) the "Resilient habitats" program that is part of the "Climate Recovery Partnership" which the Foundation explains is an initiative to "reduce U.S. carbon emissions by at least 80 percent by 2050."

And where are the bootleggers? They sit on the Sierra Club Foundation Board of Directors. Of the 18 Directors, eight of them directly benefit from the War on Coal. While not one of them is paid to be a Director of the Foundation, the organizations they own and/or run are the direct beneficiaries of a transition away from coal and natural gas. The bootleggers are:

Steven Berkenfeld – Vice Chair – Manages Barclays' investment banking coverage of the Cleantech sector.

Sanjay Ranchod – Secretary – Director and Assistant General Counsel of solar company SolarCity.

Geeta Aiyer – Founder and manager of environmental investment funds Walden Capital Management and Boston Common Asset Management.

Peter Cartwright – Managing Partner at renewable energy company EcoPower.

¹⁰ CRC, "The Sierra Club's shift to the Left" <http://capitalresearch.org/2013/06/12939/>.

¹¹ Sierra Club Foundation IRS Form 990 (2012).

Lynn Jurich – Founder and Co-CEO of solar company Sun Run.

Mike Richter – Partner at renewable energy company Healthy Planet Partners.

Dan Shugar – CEO of solar company Solaria Corporation.

Molly O. Ross – Co-Owner and President of Deltex Royalty Company Inc. and LMA Royalties, LTD.
She is also President of the Swift Wings Foundation which she created to support advances in renewable energy, environmental sustainability.

A War on Coal, whose sole purpose is to create monopoly conditions for renewable energy generation by 2050, at significantly increased cost to rate payers, and with no direct, demonstrable positive effect on global warming, is not a charitable purpose. (Keep in mind, those who raise the alarm about global warming have based their fears on the presumption that increases in carbon dioxide emissions should have raised global temperatures significantly over the past 18 years. In the real world, temperatures have remained level for the past 18 years and, based on the most recent analyses, it looks like they will remain level or drop over the next decade.)

Nor are these the only bootleggers. Without question, the biggest of Sierra Club bootleggers is David Gelbaum. He is the single largest donor to the Sierra Club Foundation, donating more than \$100 million.¹² He controls the investment trust Quercus Trust, through which he controls more than 40 “clean tech” (read anti-carbon) companies. He is currently Chairman of the Board and Chief Executive Officer of Entech Solar. Entech was formed to develop concentrating photovoltaic power systems, a failed technology that has nearly bankrupt the company and which the company has had to abandon as cost-inefficient, despite 30 years of functional subsidy from the federal government (NASA). Despite the firm’s technological failures, the war on carbon allows them to continue to develop and market related products for use in the solar energy industry.

In addition, he is a Director of Energy Focus Inc., Clean Power Technologies and Axion Power International, Inc., the latter of which is a battery-based electric generating system manufacturer in direct competition for electric generation from other sources. Because of the Sierra Club’s successes in shutting down coal-fired electricity in California, that state must rely on unreliable solar and wind energy that can only operate efficiently if it is buffered by energy stored on the grid (or by natural gas or coal generation). In light of the state’s movement away from carbon-based electricity, state regulators now require PG&E, Southern California Edison and San Diego Gas & Electric to collectively buy 1.3 gigawatts of energy storage capacity by 2020. The Sierra Club initiative against carbon-based electricity thus translates directly into a massive business opportunity for Gelbaum’s Axion Power products. This is the bootlegger and baptist model in practice. It is businessmen using a non-profit to line their own pockets. It is an effort by private businesses to increase their market share, and it is against the law.

Direct Commercial Sales

Not only has the Foundation and the Club become a “one-off” part of the marketing arm of renewable energy industries, the Sierra Club has now moved beyond its “Baptist” evangelicalism and taken up the role of Hucksterism.

¹² The Foundation Center (<http://www.g.asspockets.org/philanthropy-in-focus/eye-on-the-giving-pledge/profiles/gelbaum>)

If you would like to buy solar panels for your home in Maryland or Utah, just contact the Sierra Club.¹³ Sierra Club members and websites are hucksters for solar energy – and not just the concept. They are the marketing arm of private solar companies who give a kickback to the Sierra Club on each sale. In legal terms, the Sierra Club is obtaining income arising from a trade or business regularly carried on and not substantially related to the organization’s tax-exempt purpose. This violates the law and subjects that income to taxes, something the Sierra Club has never paid. See 26 U.S.C. § 511(a) which imposes a tax on the unrelated business income of 501(c) tax-exempt organizations. To find evidence that this illegal activity is business income, one need go no further than the Sierra Club itself. ““Every home that we get to go solar, Sungevity gives us \$750 back,” Sierra Club Chief of Staff Jesse Simons said in a Sungevity video promoting the campaign. “This has been a great revenue-generating tool for the Sierra Club.”¹⁴

Ostensibly Sungevity attempts to hide behind non-profit jurisprudence by claiming that its program is for “members and supporters” of the Sierra Club and similar environmental organizations, having paid those groups over \$1.5 million for their serves as marketing representatives of the firm. But the ground truth is that Sierra Club members are going door to door, especially in new home developments, marketing the Sungevity brand to anyone who will open their door. Note, these Sierra Clubbers aren’t flacking for the Renewable Energy Corporation, Paradise Energy Solutions, SolarEnergyWorld or Astrum Solar, all Sungevity competitors for the Maryland solar market, nor for Intermountain Wind & Solar, Solartek or Utah Solar & Alternatie Energy, all competitors to the Sierra Club’s Utah business partner, Creative Energies. Nor is Maryland and Utah the only places where the Sierra Club has become an arm of private companies. The Sierra Club marketing for Sungevity (and not for any other local companies) is underway in Arizona, California, Colorado, Connecticut, Massachusetts, New Jersey, New York, and Washington DC.¹⁵ The Sierra Club appears to have established a marketing arm for private solar companies in every state in which it has a chapter.

The traditional term for this kind of third-party marketing is hucksterism. The huckster operates within the marketplace, even if often at the edge of the market rather than in the mainstream. The Sierra Club hucksterism on solar energy is not, however, their first foray into the private market. Like Amazon dot com, the Sierra Club has an online store selling hats, bags, calendars, tee shirts and an organic cotton cap (as opposed to an inorganic one, perhaps).¹⁶ In the alternative, you can go to the REI webpage and buy hats, bags, calendars, and tee shirts, although it is not clear that they have organic cotton caps (or inorganic ones either).¹⁷

Want to go to Italy for a vacation? The Sierra Club will take care of that for you, and you don’t need to be a member.¹⁸ Or you could go to the Rick Steves commercial website for the same deal.¹⁹ This is mainstream, online marketing of commercial products that have nothing whatever to do with the non-profit mission. As explained in the next section, the law does not allow a non-profit to engage in this hucksterism.

¹³ See, <http://content.sierraclub.org/solar/learn-about-solar>; and <http://sierraclubsolar.org/>.

¹⁴ And see, Sierra Club promo for Sungevity at <http://content.sierraclub.org/solar/learn-about-solar>.

¹⁵ <http://content.sierraclub.org/solar/learn-about-solar>.

¹⁶ <http://vault.sierraclub.org/store/merchandise/>.

¹⁷ <http://www.rei.com/c/mens-ball-caps?ir=category%3Amens-hats&r=category%3Amens-clothing%7Cmens-clothing-accessories%7Cmens-hats%7Cmens-ball-caps&page=2>.

¹⁸ <http://content.sierraclub.org/outings/national/trip-search/results>.

¹⁹ <https://www.ricksteves.com/tours/europe>.

III. What does the law allow a non-profit to do?

The tax code and implementing regulations are relatively clear in their intent, but nuances in facts require interpretation and the facts provided above raise the need for new interpretations.

A. Revenue generation

In general, the Sierra Club and its Foundation generates revenue in several ways.

1. The Sierra Club seeks donations on behalf of the Sierra Club Foundation, all of which is washed through the Foundation and given back to the Sierra Club. Because the Foundation is a 501(c)(3) organization, those donations are tax-deductible for the donor. However, the Foundation, as a 501(c)(3) is barred from many activities the Sierra Club itself (a 501(c)(4) organization) is allowed to do. Further the Foundation needs a mix of donations to maintain its 501(c)(3) status. Thus, it needs the grassroots donations the Sierra Club collects to maintain its tax exempt status. Hence, the Foundation takes the Sierra Club donations to maintain its status, but returns them all to the Club so as to allow the funds to be used in a manner the Foundation cannot. Specifically, if donors want their gifts to be used to carry on propaganda, or otherwise attempt to influence legislation, or be used to participate in, or intervene in (including the publishing or distributing of statements), political campaigns on behalf of (or in opposition to) candidates for public office, they must give their donations to the Sierra Club. By washing their money through the Foundation, they keep the Foundation (and, specifically, its other sources of revenues) tax-exempt.
2. The Sierra Club raises donations that it keeps itself. It, too, needs a mix of donations and thus needs to keep sufficient donations from its grassroots members to meet the IRS requirements.
3. The Sierra Club sells its soul. The Club's long history and, prior to the turn of the century, its commitment to its core mission, allowed the Club to establish a reputation as honestly committed to protection of the nation's most valuable ecologies. The Club allowed private corporations to purchase its reputation through marketing schemes aimed at the Clubs membership and through the Club's endorsements of private companies' products.
4. The Sierra Club obtains income from direct sales of goods. The Club's website has a "store" through which it sells all manner of goods that present the Club's logo. These products are not donated to the Club for sale. Rather, the Club buys the products and resells them to anyone who wants them.
5. The Club also sells vacation trips, again to both members and non-members.
6. The Club sells its influence. There is a real difference between a donation to support exploration, enjoyment, and protection of the wild places of the earth; to practice and promote the responsible use of the earth's ecosystems and resources; and to educate and enlist humanity to protect and restore the quality of the natural and human environment (the missions of the Club) and a concerted effort to destroy a sector of the nation's economy (the War on Carbon). The Foundation is supposed to be a charity – something that does not include using its high-minded standing to influence anything. The Club is supposed to be a

civic organization not organized for profit but operated exclusively for the promotion of social welfare. It may use its influence for social welfare, but not for private welfare. The Foundation and the Club sell their influence in exchange for promotion of both social and private welfare.

B. Restrictions on Foundations and Civic Organizations

The Tax Code offers tax-free operation to organizations that offer charity (501(c)(3)) or promote social welfare (501(c)(4)). Both (c)(3) and (c)(4) entities must be organized and operated "exclusively" for a tax-exempt purpose. *Id.* The term "exclusively" is "a term of art" that does not require the entity to operate solely for tax-exempt purposes. *Easter House v. United States*, 12 Cl. Ct. 476, 483 (Cl. Ct. 1987) (citing [Treas. Reg. § 1.501\(c\)\(3\)-1\(c\)\(1\)](#)). Rather, the term "exclusively" means only that "not more than an insubstantial part of an organization's activities [can be] in furtherance of a non-exempt purpose." *Id.* Put in other terms, an entity is not exempt if it operates for "*any substantial* noncharitable purpose." *Ohio Teamsters*, 692 F.2d at 435 (quoting *Harding Hosp., Inc. v. United States*, 505 F.2d 1068, 1072 (6th Cir. 1974)).

To gauge whether an entity meets this standard, the court applies a two-part "organizational" and "operational" test. See [Nationalist Movement v. Comm'r](#), 37 F.3d 216, 219 (5th Cir. 1994) (citing [26 C.F.R. § 1.501\(c\)\(3\)-1](#)). An organization's articles of Incorporation must satisfy the organizational test by (1) limiting the organization's purposes to one or more exempt purposes; and (2) stating that the organization is not to engage, other than as an insubstantial part, in activities that are not in furtherance of a tax-exempt purpose. *Id.* Accordingly, one issue we ask the IRS to review with care is whether the Sierra Club and its Foundation each meet the organizational test.

E&E Legal's analysis, however, documents how far the two organizations have strayed from their stated missions. They are not the first to have done so and for that reason the courts have constructed an operational test to use to review of whether an organization deserves its tax-exempt status. To pass the operational test, the organization must satisfy four requirements. See, *Asmark Inst., Inc. v. Comm'r*, 486 Fed. Appx. 566, 569-70 (6th Cir. 2012).

First, the organization must engage primarily in activities which accomplish one or more of the exempt purposes specified in § 501(c)(3) or (c)(4). Second, the organization's net earnings may not inure to the benefit of private shareholders or individuals. Third, a 501(c)(3) organization must not expend a substantial part of its resources attempting to influence legislation or political campaigns. Fourth, organizations seeking exemption from taxes must serve a valid purpose and confer a public benefit and only a public benefit. *B.S.W. Group, Inc. v. Comm'r*, 70 T.C. 352, 357 (1978).

A fundamental restriction is that the organization may not operate for the benefit of private interests to either shareholders of the organization, or persons controlled, directly or indirectly, by such private interests. 26 C.F.R. § 1.501(c)(3)-1(d)(1)(ii). Impermissible benefit to "private interests" thus encompasses not only benefit to insiders but also benefits that an organization may confer on unrelated or even disinterested persons, i.e., outsiders. *Am. Campaign Acad. v. Commissioner*, 92 T.C. 1053, 1068-1069 (1989).

Nor may a (c)(3) or (c)(4) ignore its duty to pay taxes on unrelated business taxable income. Such income is taxable if (1) The income arises from a trade or business; (2) the trade or business is regularly carried on; and (3) the trade or business is not substantially related to the organization's tax-exempt purpose. Sec. 512(a)(1); *Veterans of Foreign Wars v. Commissioner*, 89 T.C. 7, 19-20 (1987). To be perfectly

clear, "promotion of social welfare does not include . . . carrying on a business with the general public in a manner similar to organizations which are operated for profit." 26 CFR 1.501(c)(4)-1(a)(2)(ii).

These restrictions do not apply to certain profit-like revenues that can meet the definition of a "royalty." A royalty is a payment to use valuable intangible property rights. *Disabled Am. Veterans v. Commissioner*, 94 T.C. 60, 70 (1990), revd. on other grounds 942 F.2d 309 (6th Cir. 1991). Whether income is a royalty is decided based on the facts and circumstances. Sec. 1.512(b)-1, Income Tax Regs. Thus, the Sierra Club can rent out its membership list to a credit card company so that company can market to the Club's members. The Club can receive "royalties" from the rental of the list without creating unrelated business taxable income. But, the Club cannot unfairly use their tax-exempt status to otherwise compete with commercial businesses. *United States v. American College of Physicians*, 475 U.S. 834, 837-838 (1986).

C. Specific violations of the Tax Code

1. Influence Peddling

The proud history of the Sierra Club has been the preservation of unique lands like Yosemite National Park. They have built an organization whose members walk the wild lands and shares their enthusiasm with each succeeding generation. Lobbying to pass preservation legislation has been a mainstay of their work, but the U.S. Tax Code limits the scope of their work. The Club must be operated exclusively for the promotion of social welfare. Organizing trips into the wild may fall within this scope, but attempting to destroy a portion of the U.S. economy is not within their mission no matter how they attempt to clothe that work in pro-environmental garb, and especially when the facts show their efforts cannot produce the environmental benefit they seek.

We do not ask the IRS to take sides on, or otherwise adjudicate the reality of global warming, but we do point to Oregon-based physicist Gordon Fulks who explains, "CO2 is said to be responsible for global warming that is not occurring, for accelerated sea-level rise that is not occurring, for net glacial and sea ice melt that is not occurring . . . and for increasing extreme weather that is not occurring." He bases these comments on NASA data, multiple international sources on sea-ice conditions and on the Intergovernmental Panel on Climate Change 2012 reports.²⁰ These are the things the Sierra Club claims are threatening the ecologies they want to protect. Their concerns are a sham intended to do no more than produce income to the organization.

Further, the Tax Code specifically limits efforts to impermissibly benefit to "private interests." The Sierra Club has gone beyond the allowable limits in its War on Coal. More than half their activities (and revenues) have been dedicated to this "war." The ground facts are that the Sierra Club's anti-carbon activities have been specifically organized and operated in a manner intended to promote non-carbon energy generation. Because the Sierra Club specifically organized around an issue that would allow them to seek rents from anti-coal business interests, and because of the Club's self-proclaimed success in this endeavor, the Club has impermissibly sought to, and succeeded in benefiting private interests through its influence peddling. Put simply, an entity is not exempt if it operates for "any substantial noncharitable purpose." *Harding Hosp., Inc. v. United States*, 505 F.2d 1068, 1072 (6th Cir.

²⁰ New York Post, "Leo vs. science: vanishing evidence for climate change" (9/14/2014) available at, nypost.com/2014/09/14/leo-v-science-vanishing-evidence-for-climate-change/.

1974), The Sierra Club has and we ask the IRS to withdraw the Sierra Club's tax exempt status until it brings itself back within the strictures of the law.

The Sierra Club Foundation has significantly narrower freedoms. They may not expend funds to lobby beyond their allowable limits. More than half the Foundation's grants go to the Sierra Club for just such lobbying efforts. Further, because the Sierra Club itself violates the allowable limits for propaganda and lobbying, the effort to wash money through the Foundation for this purpose makes the Foundation a co-conspirator in the violations of the law.

2. Greenwashing

It is one thing to rent out the good name of an organization. Endorsement of the Clorox line of products is quite another. Had, for example, the Sierra Club endorsed programs to bring children to national parks or municipalities that took steps to preserve natural settings, and in the process gained members or donations, they would have acted within the scope of their mission. But to endorse commercial products that have nothing to do with their mission is not allowed. Clorox's profits on the endorsed products increased by 50 percent in a single year. This clearly falls afoul of 26 C.F.R § 1.501(c)(4)-1(a)(2). These endorsements are not for the purpose of bringing about civic betterments and social improvement. They are intended exclusively to generate revenues to the Club. They are no different than advertising of a product on behalf of that product's manufacturer and are a form of carrying on a business. They are beyond the law and we ask the IRS to withdraw the Sierra Club's tax exempt status until it pays taxes on those revenues.

3. Expanding Private Corporate Markets

Without question, the Sierra Club Foundation's War on Coal inures to the private interests of eight Foundation directors. This is in direct violation of 26 U.S.C. § 501(c)(3) and is sufficient to invalidate the Foundation's non-profit status. Under law, the Foundation must be organized and operated "exclusively" for a tax-exempt purpose. "Put in other terms, an entity is not exempt if it operates for "any substantial noncharitable purpose." *Harding Hosp., Inc. v. United States*, 505 F.2d 1068, 1072 (6th Cir. 1974)), and see, *Asmark Inst., Inc. v. Comm'r*, 486 Fed. Appx. 566, 569-70 (6th Cir. 2012). \$31.6 million of the Foundation's 2012 \$69.5 million in gross receipts was targeted to the War on Coal and related activities. This is 45.5 percent of the Foundation's revenues. This is a substantial noncharitable purpose.

Gelbaum's \$100 million donations that go directly to increase the market share for his 40 "clean tech" companies is a form of inurement to an individual not allowed by law. Although an "outsider" to the Sierra Club Foundation, the benefit to him as the largest donor remains the basis for violation of the Foundation's non-profit status. See, *Am. Campaign Acad. v. Commissioner*, 92 T.C. 1053, 1068-1069 (1989) ("Impermissible benefit to "private interests" thus encompasses not only benefit to insiders but also benefits that an organization may confer on unrelated or even disinterested persons, i.e., outsiders."); and see, *Capital Gymnastics Booster Club, Inc. v. Comm'r*, T.C. Memo 2013-193 (2013); 2013 Tax Ct. Memo LEXIS 203; 106 T.C.M. (CCH) 154.

The IRS has previously taken care to distinguish between shame claims of charity and actual charity. The successful efforts of business men and women to use the Sierra Club for their own corporate purposes is a new version of an old game. We have some difficulty blaming Carl Pope, the then Sierra Club chief executive who was enticed by the offers of cash, but in fact, he took the step he should not

have taken and his successors have followed in those footsteps. The Club and its Foundation have become committed to corporate welfare in place of true charity.

4. Direct Commercial Sales

Finally, the Sierra Club is engaged in direct commercial sales – creating unrelated business taxable income (UBTI) – on which they have never paid taxes. They have a store through which to sell their goods. Had someone donated those goods for resale, they would not be taxable. No one did that.

It appears that the Sierra Club claims these sales as some kind of advertisement of their activities and claims a loss on them, thus avoiding taxes. This is a sham claim. A hat is a hat regardless as to whether there is a logo on it or not. The cost of putting a logo on a hat is but a tiny portion of the cost of the hat or the price of the hat.

The Sierra Club sells more than hats. It functions as a travel agency. Exhibit 1 is a screen shot of the trips it has been offering and not just to members but to non-members as well. The website of this advertisement is shown at the bottom of the exhibit. This travel service is in direct competition with many travel agencies and travel guides. It is a private business that does not “serve a valid purpose and confer a public benefit.” *See, Asmark Inst., Inc. v. Comm’r*, 486 Fed. Appx. 566, 569-70 (6th Cir. 2012).

Far more distressing is the use of Sierra Club funds and members as a sales force for private companies. Exhibit 2 is a copy of an email sent to Steven Milloy by the Sierra Club. Steven is not a Sierra Club member. He did not solicit a sales pitch. But “the Sierra Club and our solar partner, Sungevity” made the pitch as a unitary commercial sales organization. Exhibit 3 is a copy of the Sierra Club website selling the Creative Energys products in the same manner – the Sierra Club acting as the sales force for these two private companies. The IRS rules on this behavior cannot be more clear: “The promotion of social welfare does not include . . . carrying on a business with the general public in a manner similar to organizations which are operated for profit.” 26 CFR 1.501(c)(4)-1(a)(2)(ii). We ask that the IRS to withdraw the Sierra Club’s tax exempt status until it pays taxes on those revenues.

Conclusion

The Sierra Club and the Sierra Club Foundation have stepped over the line. They have engaged in activities that are charitable only to private interests far from their mission. They have attempted to disguise this behavior in a green cloak of high-minded civic duty, but the reality is that the Club and the Foundation are engaging in classic “rent seeking”²¹ and profit making – for themselves, for their directors and for private individuals who exchange donations for increased market share. This they cannot do and remain compliant with the law.

²¹ Henderson, David R., “Rent Seeking”, Library of Economics and Liberty, see <http://econlib.org/library/Enc/RentSeeking.html>.

SIERRA CLUB OUTINGS

WILDERNESS ADVENTURES SINCE 1901

Exhibit 1

167 trips match your search

NAME	TRIP #	DATES	SPACES	
<u>A Taste of Tuscany, Italy</u>	14755A	Sep 14– 25, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Service at Antietam National Battlefield, Maryland</u>	14089B	Sep 14– 20, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Jewels of Croatia: Forests, Rivers, and Islands</u>	14630B	Sep 14– 27, 2014	2	<u>SIGN-UP</u>
<u>Beginners Coastal Ramble Through Point Reyes National Seashore, California</u>	14148A	Sep 14– 19, 2014	1	<u>SIGN-UP</u>
<u>Working Among Wolves: Service at the Wolf Conservation Center, New York</u>	14299A	Sep 14– 21, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Hut-to-Hut in the White Mountains, New Hampshire</u>	14194A	Sep 15– 20, 2014	1	<u>SIGN-UP</u>
<u>Fall Service in the City by The Sea, Newport, Rhode Island</u>	14300A	Sep 15– 21, 2014	More than 5	<u>SIGN-UP</u>
<u>Botswana and Zambia: A Living Eden</u>	14665A	Sep 18– 30, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Wilderness Trail Building in the Red River Gorge, Kentucky</u>	14301A	Sep 20– 27, 2014	3	<u>SIGN-UP</u>
<u>The Continental Divide Trail through Ghost Ranch and the Land of O'Keeffe, New Mexico</u>	14165A	Sep 20– 28, 2014	More than 5	<u>SIGN-UP</u>
<u>Moab Adventure for Women: Hike, Raft, and Ride in Southeast Utah</u>	14261A	Sep 21– 27, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Grasslands Research in the Valles Caldera, New Mexico</u>	14317A	Sep 21– 27, 2014	3	<u>SIGN-UP</u>
<u>Service Among Ancestral Puebloan Ruins, Utah</u>	14302A	Sep 21– 27, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Forbidden Heart of the Rainbow, Navajo Indian Reservation, Arizona and Utah</u>	14166A	Sep 21– 27, 2014	3	<u>SIGN-UP</u>
<u>Autumn in the Stehekin Valley, North Cascades National Park, Washington</u>	14259A	Sep 21– 27, 2014	Waiting List	<u>SIGN-UP</u>
<u>Madagascar Meander</u>	14670B	Sep 24– Oct 9, 2014	4	<u>SIGN-UP</u>
<u>South Bass, Royal Arch, and Elves Chasm Epic, Grand Canyon National Park, Arizona</u>	14169A	Sep 26– Oct 3, 2014	Be First on Waiting List!	<u>SIGN-UP</u>

<u>Secrets of Kanab Canyon, Grand Canyon National Park, Arizona</u>	14168A	Sep 27– Oct 4, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Fall Foliage Hiking in Vermont's Green Mountain National Forest</u>	14262A	Sep 28– Oct 3, 2014	3	<u>SIGN-UP</u>
<u>Wild Trout Recovery in Northern New Mexico</u>	14319A	Sep 28– Oct 3, 2014	Waiting List	<u>SIGN-UP</u>
<u>Naples to Brindisi: Secrets of Southern Italy</u>	14760A	Sep 28– Oct 9, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Moab Adventure for Women: Hike, Raft, and Ride in Southeast Utah</u>	14261B	Sep 28– Oct 4, 2014	Waiting List	<u>SIGN-UP</u>
<u>Autumn Hikes in the Colorful Catskills, New York</u>	14263A	Sep 28– Oct 4, 2014	More than 5	<u>SIGN-UP</u>
<u>Lilting Lighthouse Lore and Labor, Big Sur, California</u>	14304A	Oct 4–11, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Hidden History and Service at Valley Forge National Historic Park, Pennsylvania</u>	14303A	Oct 4–11, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Habitat and History at Fort Ord, Monterey, California</u>	14308A	Oct 5–12, 2014	4	<u>SIGN-UP</u>
<u>Acadia National Park Service, Maine</u>	14305A	Oct 5–11, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Martha's Vineyard Service, Massachusetts</u>	14306A	Oct 5–11, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Canoe or Kayak Way Down Upon the Suwannee River, Florida and Georgia</u>	14207A	Oct 5–11, 2014	More than 5	<u>SIGN-UP</u>
<u>Ancestral Puebloan Cultures in the Southern Rockies: Colorado and New Mexico</u>	14266A	Oct 12–19, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Fall Service at Fallingwater, Pennsylvania</u>	14309A	Oct 12–18, 2014	Waiting List	<u>SIGN-UP</u>
<u>Historic Bartow-Pell Conservancy Service, New York City</u>	14310A	Oct 12–19, 2014	More than 5	<u>SIGN-UP</u>
<u>Current River Canoeing, Ozark National Scenic Riverways, Missouri</u>	14208A	Oct 12–16, 2014	5	<u>SIGN-UP</u>
<u>Sun, Surf, and Sand: Kayaking the Grand Strand, South Carolina</u>	14209A	Oct 12–18, 2014	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Splendors of Jordan: Petra, Desert Hiking, and the Dead Sea</u>	14810A	Oct 15–28,	More than 5	<u>SIGN-</u>

		2014		UP
Fall Foliage on the Coast of Maine	14264A	Oct 15–22, 2014	4	SIGN- UP
Madagascar Meander	14670A	Oct 18– Nov 2, 2014	Waiting List	SIGN- UP
Top of Texas. Guadalupe Mountains National Park	14321A	Oct 18–25, 2014	More than 5	SIGN- UP
Hike, Bike, and Kayak in Vietnam	14685A	Oct 18– Nov 1, 2014	1	SIGN- UP
Caribbean Island Kayaking, Florida Keys and Dry Tortugas, Florida	14210B	Oct 19–25, 2014	Be First on Waiting List!	SIGN- UP
Focus on Birds in Ecuador's Highlands and Lowlands	14805A	Oct 19– Nov 7, 2014	More than 5	SIGN- UP
Autumn Glory in Great Smoky Mountains National Park, North Carolina	14265A	Oct 19–24, 2014	More than 5	SIGN- UP
Hot Springs, Falling Water, and Service in Saline Valley, California	14311A	Oct 19–25, 2014	1	SIGN- UP
Southeast Asia Adventure: Northern Laos and Cambodia	14690A	Oct 20– Nov 2, 2014	2	SIGN- UP
Mount Everest Lodge Trek, Nepal	14695A	Oct 23– Nov 14, 2014	More than 5	SIGN- UP
Sea and Service at Point Reyes National Seashore, California	14312A	Oct 25– Nov 1, 2014	Waiting List	SIGN- UP
Women's Service at Pine Island Conservation Area, Merritt Island, Florida	14313A	Oct 26– Nov 1, 2014	1	SIGN- UP
Autumn Odyssey in Yunnan, China	14675A	Oct 26– Nov 9, 2014	Be First on Waiting List!	SIGN- UP
Caribbean Island Kayaking, Florida Keys and Dry Tortugas, Florida	14210A	Oct 26– Nov 1, 2014	Be First on Waiting List!	SIGN- UP
Land of the Thunder Dragon, Bhutan	14700A	Oct 30– Nov 11, 2014	Be First on Waiting List!	SIGN- UP
Women Backpacking in the Grand Canyon, Arizona	14170A	Nov 1–8,	Be First on Waiting List!	SIGN-

		2014		UP
Marvelous Muleshoe Ranch Service, Gailuro Mountains, Arizona	14314A	Nov 2–8, 2014	Waiting List	SIGN-UP
Hiking Japan's Ancient Buddhist Trails, Rainforests, and Volcanoes	14705A	Nov 3–15, 2014	Be First on Waiting List!	SIGN-UP
Machu Picchu Eco-Lodge Trek, Peru	14800A	Nov 3–13, 2014	Be First on Waiting List!	SIGN-UP
Machu Picchu Eco-Lodge Trek, Peru	14800B	Nov 7–17, 2014	4	SIGN-UP
Islands in the Sun: Kayaking Cayo Costa State Park, Florida	14211A	Nov 16–22, 2014	More than 5	SIGN-UP
Beneath the Aurora Borealis: Sailing the Lofoten Islands, Norway	14770A	Dec 3–11, 2014	Waiting List	SIGN-UP
Panama Canopy: Tropical Birding at its Best	14780A	Dec 6–14, 2014	4	SIGN-UP
Everglades Eco-Adventure, Florida	14178A	Dec 7–13, 2014	More than 5	SIGN-UP
Flamingo Base Camp in Florida's Everglades National Park	14212A	Dec 14–19, 2014	More than 5	SIGN-UP
Natural Highlights of Costa Rica	14775A	Dec 16–28, 2014	More than 5	SIGN-UP
Cruising the Galápagos Islands, Ecuador	15500A	Dec 22, 2014–Jan 3, 2015	Waiting List	SIGN-UP
Up Close in Undiscovered Costa Rica	15505A	Jan 3–13, 2015	5	SIGN-UP
Edge of the Everglades, Florida	15415A	Jan 4–9, 2015	1	SIGN-UP
Caribbean Sun and Sea in Vieques National Wildlife Refuge, Puerto Rico	15401A	Jan 10–16, 2015	More than 5	SIGN-UP
Gliding Through Glacier National Park, Montana	15445A	Jan 17–24, 2015	More than 5	SIGN-UP
Sun, Service, and Whales, Maui, Hawaii	15400A	Jan 18–25, 2015	4	SIGN-UP
Ever Helpful in the Everglades, Florida	15430A	Jan 25–31, 2015	2	SIGN-UP
Extra-Virgin Island Sun, Sand, and Sport, St. John, U.S. Virgin Islands	15402A	Jan 25–31, 2015	5	SIGN-UP
Mayan Mysteries: Jungles, Ruins, and Reefs, Belize and Guatemala	15510A	Jan 26–Feb 9,	More than 5	SIGN-UP

2015

<u>Work and Fun in Sunny St. John, U.S. Virgin Islands</u>	15403A	Feb 1–7, 2015	2	<u>SIGN-UP</u>
<u>Marvelous Muleshoe Ranch Service, Gailuro Mountains, Arizona</u>	15431A	Feb 1–7, 2015	5	<u>SIGN-UP</u>
<u>Mountains, Forests, and Beaches of New Zealand's South Island</u>	15515A	Feb 3–13, 2015	More than 5	<u>SIGN-UP</u>
<u>On Safari in Tanzania</u>	15520A	Feb 5–17, 2015	5	<u>SIGN-UP</u>
<u>Kilimanjaro and Safari, Tanzania</u>	15525A	Feb 6–21, 2015	Waiting List	<u>SIGN-UP</u>
<u>Treasures, Tigers, and the Taj Mahal, India</u>	15530A	Feb 8–21, 2015	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Hut-to-Hut Cross-Country Ski, Papineau-Labelle Wildlife Reserve, Quebec</u>	15447A	Feb 14–20, 2015	More than 5	<u>SIGN-UP</u>
<u>Altar Valley Wildlife Habitat, Arizona</u>	15433A	Feb 15–21, 2015	More than 5	<u>SIGN-UP</u>
<u>Snowshoe Grand Teton National Park, Wyoming</u>	15448A	Feb 15–22, 2015	4	<u>SIGN-UP</u>
<u>Journey Through Untamed Wilderness, Alaska Dogsled</u>	15450A	Feb 15–21, 2015	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Winter Wildlife and Hot Springs, Yellowstone National Park, Wyoming</u>	15449A	Feb 15–22, 2015	3	<u>SIGN-UP</u>
<u>Waterfalls, Waves, and Service in East Maui, Hawaii</u>	15025A	Feb 15–22, 2015	More than 5	<u>SIGN-UP</u>
<u>Devilish Tasmania, Australia</u>	15535A	Feb 17–28, 2015	2	<u>SIGN-UP</u>
<u>Women Weeding in the Wild: Service in Anza Borrego, California</u>	15435A	Feb 21–28, 2015	More than 5	<u>SIGN-UP</u>
<u>Reclaiming the Rosillos, Texas</u>	15434A	Feb 21–28, 2015	More than 5	<u>SIGN-UP</u>
<u>Classic Hikes in Big Bend National Park, Texas</u>	15410A	Feb 22–28, 2015	More than 5	<u>SIGN-UP</u>
<u>Audubon Research Ranch Service, Appleton-Whittell Research Ranch, Arizona</u>	15436A	Feb 22–28, 2015	More than 5	<u>SIGN-UP</u>
<u>Wild, Wonderful Costa Rica</u>	15545A	Mar 1–14, 2015	5	<u>SIGN-UP</u>
<u>Altar Valley Wildlife Habitat, Arizona</u>	15437A	Mar 1–7, 2015	More than 5	<u>SIGN-UP</u>

<u>Natural and Historical Highlights of Israel</u>	15540A	Mar 1–14, 2015	More than 5	<u>SIGN-UP</u>
<u>Active Adventure on the Seventh Continent, Antarctica</u>	15550A	Mar 3–14, 2015	Waiting List	<u>SIGN-UP</u>
<u>Cultural Discovery and Service in Nepal</u>	15555A	Mar 4–17, 2015	More than 5	<u>SIGN-UP</u>
<u>Vietnam Adventure</u>	15560A	Mar 4–19, 2015	Be First on Waiting List!	<u>SIGN-UP</u>
<u>Journey Through Untamed Wilderness, Alaska Dogsled</u>	15446A	Mar 8–14, 2015	4	<u>SIGN-UP</u>
<u>Sand Pine, Silver Water, and Service, Ocala National Forest, Florida</u>	15438A	Mar 8–14, 2015	More than 5	<u>SIGN-UP</u>
<u>Critical Bird Habitat Restoration on Mauna Kea, Big Island, Hawaii</u>	15026A	Mar 8–14, 2015	More than 5	<u>SIGN-UP</u>
<u>Springtime Hiking and Birding in Big Bend National Park, Texas</u>	15420A	Mar 12–18, 2015	Waiting List	<u>SIGN-UP</u>
<u>Saving the San Pedro River, Arizona</u>	15439A	Mar 15–21, 2015	More than 5	<u>SIGN-UP</u>
<u>Magic in the Water, Florida</u>	15418A	Mar 15–21, 2015	More than 5	<u>SIGN-UP</u>
<u>Cross-Country Skiing in the Shadow of Denali, Alaska</u>	15451A	Mar 22–27, 2015	More than 5	<u>SIGN-UP</u>
<u>Hiking Japan's Ancient Buddhist Trails, Rainforests, and Volcanoes, Kyushu</u>	15565A	Mar 23– Apr 4, 2015	Waiting List	<u>SIGN-UP</u>
<u>Spring Rafting, Hiking, Wildflowers, and Wilderness Canyons, Upper Salt River, Arizona</u>	15425A	Mar 24–28, 2015	3	<u>SIGN-UP</u>
<u>Women Backpacking the Wonders of the Grand Canyon, Arizona</u>	15405A	Mar 30– Apr 4, 2015	Waiting List	<u>SIGN-UP</u>
<u>Magic and Mystery of Manaslu, Nepal</u>	15570A	Apr 5–29, 2015	More than 5	<u>SIGN-UP</u>
<u>Into the Heart of Tarahumara Country, Copper Canyon, Mexico</u>	15575A	Apr 12–25, 2015	More than 5	<u>SIGN-UP</u>
<u>Springtime in Western Turkey</u>	15585A	Apr 25– May 8, 2015	5	<u>SIGN-UP</u>
<u>Machu Picchu Eco-Lodge Trek, Peru</u>	15580A	Apr 25– May 5, 2015	Be First on Waiting List!	<u>SIGN-UP</u>

<u>The Enchanted Galápagos Islands, Ecuador</u>	15590A	Apr 27– May 9, 2015	More than 5	<u>SIGN- UP</u>
<u>Hiking in the Hidden Kingdom, Bhutan</u>	15595A	May 3–16, 2015	Waiting List	<u>SIGN- UP</u>
<u>Walking the Cotswolds, England</u>	15600A	May 10– 20, 2015	More than 5	<u>SIGN- UP</u>
<u>Walking the Franciscan Trail, Umbria, Italy</u>	15605A	May 17– 28, 2015	More than 5	<u>SIGN- UP</u>
<u>Hiking Japan's Ancient Buddhist Trails, Rainforests, and Volcanoes, Kyushu</u>	15565B	May 18– 30, 2015	More than 5	<u>SIGN- UP</u>
<u>Mountains, Lochs, and Glens: The West Highland Way, Scotland</u>	15610A	May 18– 27, 2015	1	<u>SIGN- UP</u>
<u>Hiking and History in Southern England</u>	15615A	May 24– Jun 3, 2015	More than 5	<u>SIGN- UP</u>
<u>Springtime in Northern Yunnan, China</u>	15675A	May 24– Jun 7, 2015	More than 5	<u>SIGN- UP</u>
<u>Vienna to Prague: Walking the Czech Greenways, Czech Republic and Austria</u>	15620A	May 28– Jun 10, 2015	More than 5	<u>SIGN- UP</u>
<u>Jewels of Croatia: Forests, Rivers, and Islands</u>	15625A	May 31– Jun 13, 2015	Waiting List	<u>SIGN- UP</u>
<u>Hidden Trails of Cinque Terre and the Italian Riviera</u>	15630A	Jun 2–13, 2015	More than 5	<u>SIGN- UP</u>
<u>Botswana and Zambia: A Living Eden</u>	15635A	Jun 4–16, 2015	More than 5	<u>SIGN- UP</u>
<u>In Search of the Polar Bear in the Land of the Midnight Sun, Norway</u>	15655A	Jun 12–19, 2015	Waiting List	<u>SIGN- UP</u>
<u>Poets and Pilgrims: A Literary Walking Tour of Ireland</u>	15640A	Jun 14–25, 2015	More than 5	<u>SIGN- UP</u>
<u>England's Coast-to-Coast Walk: From the Irish Sea to the North Sea</u>	15650A	Jun 15–28, 2015	Waiting List	<u>SIGN- UP</u>
<u>Prehistory in the Shadow of the Alps, Italy and France</u>	15645A	Jun 15–26, 2015	More than 5	<u>SIGN- UP</u>
<u>Easy Hiking the Dolomites, Italy</u>	15725A	Jun 22–Jul 5, 2015	More than 5	<u>SIGN- UP</u>
<u>Hiking the Alps of Bavaria and Tyrol, Germany and Austria</u>	15660A	Jun 23–Jul 4, 2015	More than 5	<u>SIGN- UP</u>

<u>World-Class Whitewater: Rafting the Middle Fork of the Salmon River, Idaho</u>	15061A	Jun 24–29, 2015	More than 5	<u>SIGN-UP</u>
<u>Kilimanjaro and Safari, Tanzania</u>	15525B	Jun 27–Jul 12, 2015	More than 5	<u>SIGN-UP</u>
<u>Family Fun in Paradise, Costa Rica</u>	15815A	Jun 27–Jul 6, 2015	More than 5	<u>SIGN-UP</u>
<u>Eiger and Jungfrau Up Close, Switzerland</u>	15665A	Jun 28–Jul 6, 2015	More than 5	<u>SIGN-UP</u>
<u>Fire, Ice, and Water, Iceland</u>	15730A	Jul 3–17, 2015	More than 5	<u>SIGN-UP</u>
<u>Finland Discovered: Culture, History, and Nature</u>	15735A	Jul 6–16, 2015	More than 5	<u>SIGN-UP</u>
<u>Dolomiti di Brenta: Trekking the Trentino Alps, Italy</u>	15740A	Jul 15–23, 2015	More than 5	<u>SIGN-UP</u>
<u>Exploring Norway's Fjords and Glaciers</u>	15745A	Jul 19–29, 2015	More than 5	<u>SIGN-UP</u>
<u>Cruising the Galápagos Islands, Ecuador</u>	15850A	Jul 26–Aug 6, 2015	More than 5	<u>SIGN-UP</u>
<u>Machu Picchu, Inca Hikes, and Andean Culture, Peru</u>	15825A	Aug 2–13, 2015	More than 5	<u>SIGN-UP</u>
<u>Exploring Norway's Fjords and Glaciers</u>	15750A	Aug 10– 20, 2015	More than 5	<u>SIGN-UP</u>
<u>In Search of Ancient Ireland</u>	15755A	Aug 15– 28, 2015	More than 5	<u>SIGN-UP</u>
<u>Tanzania Safari in the Footsteps of the Maasai</u>	15680A	Aug 20– 30, 2015	More than 5	<u>SIGN-UP</u>
<u>Adventures in the Scottish Highlands</u>	15760A	Aug 31– Sep 10, 2015	More than 5	<u>SIGN-UP</u>
<u>On Foot in Northern Spain: Camino de Santiago and Picos de Europa</u>	15765A	Sep 2–13, 2015	More than 5	<u>SIGN-UP</u>
<u>England's Coast-to-Coast Walk: Lakes, Dales, Moors, and More</u>	15770A	Sep 6–19, 2015	More than 5	<u>SIGN-UP</u>
<u>A Taste of Tuscany and Cinque Terre, Italy</u>	15780A	Sep 12– 23, 2015	More than 5	<u>SIGN-UP</u>
<u>Jewels of Croatia: Forests, Rivers, and Islands</u>	15785A	Sep 13– 26, 2015	More than 5	<u>SIGN-UP</u>
<u>Easy Hiking Chamonix, France</u>	15775A	Sep 14– 23, 2015	More than 5	<u>SIGN-UP</u>
		Sep 18–		

<u>Trekking the Turquoise Coast of Turkey</u>	15790A	Oct 3, 2015	More than 5	<u>SIGN-UP</u>
<u>Hiking the Greek Islands</u>	15795A	Sep 22– Oct 5, 2015	More than 5	<u>SIGN-UP</u>
<u>Magical Morocco: From Casbahs to Camels</u>	15685A	Sep 26– Oct 11, 2015	More than 5	<u>SIGN-UP</u>
<u>Naples to Brindisi: Secrets of Southern Italy</u>	15800A	Sep 27– Oct 8, 2015	More than 5	<u>SIGN-UP</u>
<u>Walking the Franciscan Trail, Umbria, Italy</u>	15605B	Sep 27– Oct 8, 2015	More than 5	<u>SIGN-UP</u>
<u>Treasures of Sicily, Italy</u>	15805A	Oct 10–21, 2015	More than 5	<u>SIGN-UP</u>
<u>Autumn Alpine Trek in Bhutan</u>	15695A	Oct 10–27, 2015	More than 5	<u>SIGN-UP</u>
<u>Borneo Explorer, Malaysia</u>	15700A	Oct 11–23, 2015	Waiting List	<u>SIGN-UP</u>
<u>Hike, Bike, and Kayak in Vietnam</u>	15705A	Oct 17–31, 2015	More than 5	<u>SIGN-UP</u>
<u>Mt. Everest Lodge Trek, Nepal</u>	15710A	Oct 22– Nov 13, 2015	More than 5	<u>SIGN-UP</u>
<u>Focus on Birds in Ecuador, Hummingbird Heaven</u>	15830A	Oct 25– Nov 11, 2015	More than 5	<u>SIGN-UP</u>
<u>Trekking the Patagonia Circuit, Argentina and Chile</u>	15835A	Oct 26– Nov 6, 2015	More than 5	<u>SIGN-UP</u>
<u>Splendors of Jordan: Petra, Desert Hiking, and the Dead Sea</u>	15845A	Oct 26– Nov 8, 2015	More than 5	<u>SIGN-UP</u>
<u>Machu Picchu Eco-Lodge Trek, Peru</u>	15840A	Nov 2–12, 2015	1 Due to lodging considerations, available space is reserved for One Male	<u>SIGN-UP</u>
<u>Wheels Over Cuba: Conservation at a Crossroads</u>	15720A	Nov 5–15, 2015	More than 5	<u>SIGN-UP</u>
<u>Laotian Hill Tribe Trek</u>	15715A	Nov 8–21, 2015	More than 5	<u>SIGN-UP</u>

<u>Blue Twilight: Sailing the Lofoten Archipelago, Norway</u>	15810A	Nov 26– Dec 4, 2015	More than 5	<u>SIGN- UP</u>
<u>Birding Panama: Camp Darien to Mountain Lodge</u>	15820A	Dec 15– 26, 2015	More than 5	<u>SIGN- UP</u>
<u>Enchanting Galápagos: A Holiday Adventure in Ecuador</u>	16505A	Dec 20, 2015–Jan 1, 2016	More than 5	<u>SIGN- UP</u>
<u>Natural Highlights of Costa Rica</u>	16510A	Dec 21, 2015–Jan 2, 2016	More than 5	<u>SIGN- UP</u>
<u>Exploring Exotic Ecuador: Coast, Andes, and Amazon</u>	16515A	Dec 22, 2015–Jan 3, 2016	More than 5	<u>SIGN- UP</u>
<u>Best of Belize: Rainforest, Ruins, and Reefs</u>	16520A	Dec 26, 2015–Jan 2, 2016	More than 5	<u>SIGN- UP</u>
<u>Treasures of Thailand: Bangkok, Chiang Mai, and the Andaman Sea</u>	16500A	Jan 11–24, 2016	More than 5	<u>SIGN- UP</u>

Exhibit 2

CHOOSE SOLAR

Create a clean-energy future at home



In just over 10 years, average utility rates have skyrocketed - driving up the cost of electricity by over 40%.¹ Can you imagine **how much you'll be paying to power your home in 2020?**

THE GOOD NEWS?

You can lock in predictable rates with **solar**.

GET YOUR FREE QUOTE TODAY

Dear Steve,

In just over ten years, average national utility rates have skyrocketed—**driving up the cost of electricity by over 40% across the country?**¹

In Maryland, electricity rates for one of the state's largest utilities, BGE, rose more than 6% in the last few years.² Can you imagine how much you'll be paying to power your home in 2020?

The good news? You can take control.

With the Sierra Club and our solar partner, Sungevity, you have the opportunity to lock in your electricity rates for the next 20 years for as little as \$0 down **AND** power your home with clean energy with rooftop solar.

Moving beyond dirty fuels and locking in a predictable energy payment—why wouldn't you say yes?

When you go solar with the Sierra Club and Sungevity, not only could you be saving and moving beyond dirty energy, **you'll receive a \$750 credit toward your system right away, and Sungevity will send \$750 to your local Sierra Club chapter.***

Going solar with the Sierra Club and Sungevity is as easy as 1-2-3:

Going solar with the Sierra Club and Sungevity is as easy as 1-2-3.

1. [Request a free solar quote](#)
2. Get all of your solar questions answered by our friends at Sungevity
3. Save \$750 upfront, Sungevity will send \$750 to your local chapter, and you move toward a clean-energy future

[Rooftop solar with the Sierra Club and Sungevity makes it easy to be part of the clean-energy solution in a big way—get started by requesting your free quote today.](#)

Take a stand with us and show utility companies that you have the power to move beyond dirty energy and potentially save money, too.**

Sincerely,



Michael Brune
Sierra Club Executive Director

*Offer only available to new Sungevity customers who reside in AZ, CA, CO, CT, DC, MA, MD, NJ, NM, NY, VT and cannot be combined with other offers or promotions. The individual customer credit will be applied at the time of purchase to be taken off the system cost. A donation will be made to the referral organization within 120 days of system purchase.

**Savings on utility bills and overall costs of electricity are not guaranteed. System size and cost vary according to location, electricity usage and utility company.

1. [Bureau of Labor Statistics: Electricity Price Index Soars to New Record at Start of 2014; U.S. Electricity Production Declining](#)
2. [US Energy Information Administration, 2012](#)

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Exhibit 3

Program Details

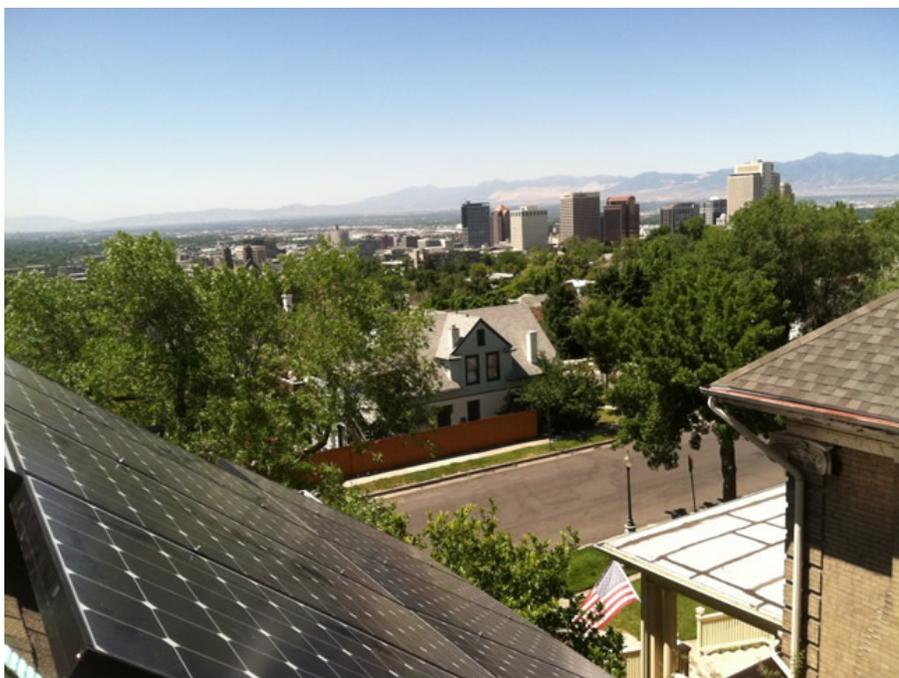
Creative Energies offers the most affordable solar installation options in Utah



[GET A FREE QUOTE](#)

EVENTS

No Events scheduled at this time



Through this initiative, the Sierra Club can guarantee our members and supporters the most affordable solar installation options in Utah. This program is creating local jobs, supporting local solar manufacturers, and each project results in a contribution to the Utah Chapter of the Sierra Club.

What does this mean for you? Solar is affordable and easy!

The payback is fast. Discounts and incentives provide a short payback period, and you'll lock in low energy costs for the long haul.

Your saving are immediate. The day your system is installed, you will see savings. Typical customers save 25% or more on their electricity costs from day one.

The process is simple. Creative Energies makes the process easy, handling all of the paperwork. Their staff of local solar experts will recommend a system that meets your needs.

Solar Program Options

The Sierra Club is proud to be partnered with Creative Energies, a local installation company that offers high quality, affordable solar products.

An exciting development in Utah has made solar more affordable and convenient than ever before. In 2012, Rocky Mountain Power approved a rebate program scheduled to continue for five years. Please contact us to learn more about the rebate application process and to find out if you are eligible.

During the initial phone call, Creative Energies will walk you through a program summary, talk about a few of your options, and answer any questions you have.

After Creative Energies performs the on-site solar evaluation at your home, they will give you specific details on the cost of your system, the annual energy savings, and the expected payback period for your investment.

GET A FREE QUOTE!

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