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Summing up 2014 in the last issue of *Liberty & Law*, Chip Mellor wrote that "IJ is in the right place at the right time with the right strategy." Those words are nowhere better demonstrated than in our work challenging civil forfeiture, which has charged into 2015 with a rapid-fire succession of victories.

Victory in Iowa

In January, a federal district court dismissed the civil forfeiture case against Carole Hinders, the lowa woman who owned and operated Mrs. Lady's Mexican Café for 37 years. As readers will recall, Carole's restaurant only accepted cash, and the IRS used civil forfeiture laws to seize her entire bank account because it deemed her frequent

cash deposits to be suspicious. She was never charged with a crime, and the government forced her to litigate for the past 18 months to get her money back. But after Carole gave sworn deposition testimony making it clear that she was an innocent business owner, the government asked the court to dismiss its own case and agreed to return all of the nearly \$33,000 seized from Carole.

Prosecutors on the Run in New York

Also in January, prosecutors abandoned their case against the Hirsch family on Long Island, N.Y. The IRS had seized almost \$447,000—the entire contents of their family business's bank account—because it deemed the Hirsches' cash

Ending Forfeiture continued on page 10



By Paul Avelar

In December, following a three-year battle in the trial court, a federal district court struck down Arizona's definition of political committee, thereby allowing Arizonans—and IJ client Dina Galassini in particular—to speak about core political issues without the worry of the heavy hand of government censoring such speech.

In almost every state, a political committee is, essentially, a group of two or more people joining together to speak about politics. In Arizona, the definition of political committee is an incomprehensible 183-word monstrosity that triggers numerous ongoing and burdensome requirements. Groups that fail to comply with those requirements can face potentially huge fines, so knowing whether you are a political committee is critical. Unfortunately, it is remarkably easy to unwittingly become a political committee.

Dina sent an email to 23 of her friends and neighbors to join her in two sign-waving protests against a bond issue in the town of Fountain Hills. This act—sending an email before she registered with the government as a political committee—violated the law, and town officials wasted no time in telling her so.

Dina teamed up with IJ following this blatant First Amendment violation; with an early ruling from the court, she was able to hold one of her rallies.

Dina had no idea that she would become a political committee by sending an email. And she's not alone: Arizona's campaign finance laws were so complicated that not even the government lawyers tasked with enforcing them could

"Arizona's campaign finance laws were so complicated that not even the government lawyers tasked with enforcing them could understand when someone became a political committee."

understand when someone became a political committee. This meant that everyone in Arizona was at risk of arbitrary prosecution because the government could pick and choose the speakers who "violated" the law based on nothing more than disapproval of someone's speech.

A federal judge saw the grave First
Amendment problems and ruled that Arizona's
definition of political committee was unconstitutional. First, that definition was unconstitutionally
vague, because people had to guess what it
meant. According to the ruling, it was "not clear
that even a campaign finance attorney would
be able to ascertain how to interpret" the law.

Moreover, the law was overbroad and unduly burdensome because people—like Dina—could unknowingly create political committees and be subject to penalties simply by joining with friends to engage in grassroots political activity.

This ruling protects everyone in Arizona, not just Dina. Moreover, because the definition of political committee is unconstitutional and thus unenforceable, laws that apply to political committees—most of Arizona's campaign finance laws—cannot be constitutionally enforced. Hopefully this decision will encourage courts in other states to take an honest look behind the rhetoric of similar laws and see the reality: These laws are nothing more than heavy burdens placed on the most humble of speakers with no benefit to the public.

Arizona is appealing the decision. If the 9th U.S. Circuit Court of Appeals agrees with this victory, then eight other states will have to take a long, hard look at their definitions of political committee to make sure that ordinary people can understand the law. And IJ will continue to litigate to restore full protection to the political speech of Dina, Arizonans and,

ultimately, all Americans. ◆

Paul Avelar is an IJ attorney.





IJ's School Choice Team Defends Programs in Three State Supreme Courts

By Tim Keller

In the span of three months, IJ will have defended four very different school choice programs in front of three state supreme courts: Alabama, Colorado and North Carolina.

On December 3 of last year, IJ Senior Attorney Bert Gall defended Alabama's two tax-credit programs. Just one week later, IJ Senior Attorney Michael Bindas was (quite literally) a mile high in Denver, defending Douglas County, Colo.'s school-district-created scholarship program. And this month, Dick Komer, who oversees all of IJ's school choice litigation, will be in North Carolina to argue in defense of the state's scholarship program for low-income families.

The U.S. Constitution protects the freedom of parents to choose the educational setting they believe will best serve their children. As the U.S. Supreme Court explained in the 1925 landmark case *Pierce v. Society of Sisters*, the "fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the state to standardize its children by forcing them to accept instruction from public teachers only. The child is not the mere creature of the State; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations."

Recognizing that many families do not have the means to exercise this fundamental right, policymakers nationwide have embraced Milton Friedman's vision of empowering parents to truly direct the education and upbringing of their children. The last few years have seen significant growth in the numbers and types of educational choice programs.

Unfortunately, there are many groups who oppose the effort: Teachers' unions, who fear the loss of money and power that is essential to the public school monopoly; and the ACLU and Americans United for Separation of Church and State,

who espouse principles of equality and fairness, but nevertheless seek to interfere with parents who desire a religious education for their children.

To halt the expansion of school choice programs, these groups routinely file lawsuits in state courts under state constitutions, naming state officials as defendants—which is where IJ comes in.

IJ represents the true beneficiaries of these programs—parents and children—and intervenes in these cases to defend educational choice. But this brings a host of challenges, especially when it comes time to argue in court, where we must split the time at the podium with the states' attor-

neys. This requires IJ's school choice team to build trust with the state over time, which we do by sharing our significant expertise. There has not been a single day since IJ opened its doors 23 years ago that we have not been in court somewhere in the nation defending a school choice program!

Decisions from these three state supreme courts should come relatively soon. We hope to be celebrating mid-2015 with three decisions expanding freedom for parents and bringing hope to thousands of children for a better education.◆

Tim Keller is the managing attorney of the IJ Arizona Office.







a federal lawsuit challenging Savannah's licensing regime.

Already, the lawsuit is gaining national attention and making an impact. In December, *The New York Times* published a big feature about the lawsuit. And Savannah's city council met on December 23—just in time for Christmas—to amend its laws to eliminate the medical exam requirement. The city decided this aspect of its laws was impossible to defend.

The repeal of the doctor exam requirement is a significant victory for Michelle, who suffers from several autoimmune disorders and sometimes has to walk with a cane. Michelle no longer has to worry that the city will decline to renew her license because it deems her too unhealthy to talk.

But Michelle is not going to stop until the city's entire licensing requirement is declared unconstitutional. Michelle believes the appellate court in D.C. got it exactly right: In this country, the only things you should need to work as a tour guide are stories to tell and an audience willing to listen. The government cannot be allowed to decide who is—or is not—allowed to talk.

With our victory in D.C. pointing the way, tour guides in Savannah are making that principle a reality.◆

Robert Everett Johnson is an IJ attorney and the Institute's Elfie Gallun Fellow in Freedom and the Constitution.







Remembering IJ Client Trisha Eck

By Paul Sherman

Every IJ attorney has had a moment when they have said, "We have to take this case." For my colleague Larry Salzman and me, one such moment came when we met Trisha Eck and her husband Tom. Readers met Trisha last April when she teamed up with IJ to challenge Georgia's ban on non-dentist teeth whitening. It is with great sadness that we must report that Trisha passed away on November 3, 2014.

Trisha was the embodiment of a great IJ client. Even though the government had wrongfully shut down her teeth-whitening business, she was never angry. She simply wanted what she was entitled to as an American—the right to earn an honest living—a goal that she pursued with dedication and good cheer. She was a fellow "happy warrior."

Despite this sad news, Trisha's fight is not over. IJ has filed a new lawsuit challenging Georgia's dental monopoly on teeth whitening on behalf of Christina Collins, a teeth-whitening entrepreneur from Savannah, Ga. Like Trisha, Christina was recently ordered to shut down her successful business for selling the same over-the-counter products that countless Americans use every day. We will keep *Liberty & Law*

readers up to date as Trisha's and Christina's fight continues.

Paul Sherman is a senior attorney at IJ.



By Matt Miller

Benjamin Franklin is famously attributed as saying, "beer is proof God loves us and wants us to be happy." And the growing popularity of craft beer around the U.S. only further proves his point. Consumers favor craft beer for its rich flavor, authentic ingredients and the care with which individual brewers create new and innovative beers.

But even though everyone loves craft beer, being a craft brewer is a challenging and highly competitive business. And in Texas, it is a lot more challenging thanks to a meddling government. IJ is fighting for the property rights of small brewers in a case that will help determine whether the Texas craft beer renaissance continues. Austin's Live Oak Brewing, Fort Worth's Revolver Brewing and Dallas' Peticolas Brewing are challenging a new law that requires brewers to give away a valuable part of their business for free to politically-connected beer distributors. Live Oak, Revolver and Peticolas have worked tirelessly to grow their businesses, and they should get to keep what they've built.

Brewers have historically contracted

with distributors to deliver beer outside of their local markets. Under Texas law, this distribution agreement must be exclusive, which means that only a single distributor can sell the beer to a bar, restaurant or retail store in a particular city or territory. Prior to 2013, distributors would pay brewers a substantial amount of money for these distribution rights. Brewers would reinvest this money in new equipment and more staff in order to keep up with increasing demand. It was this model of growth that convinced many entrepreneurs that craft beer was a viable

"Texas is forcing brewers to give away their distribution rights to distributors who never earned them and don't deserve them."



business to start. It provided a clear and sustainable path toward building a thriving craft brewery.

Everything changed in 2013, when Texas passed a law requiring brewers to give away their distribution rights to distributors for free. Brewers that charge for these rights will lose their licenses and be put out of business. Even more galling, distributors get these distribution rights for free, but then can turn around and sell the rights for a profit.

Texas is forcing brewers to give away their distribution rights to distributors who never earned them and don't deserve them. Distributors are profiting from the hard work that brewers have put into building their businesses and the risks they have taken along the way. Because they can no longer sell this part of their business, the law makes it substantially more difficult for craft brewers to grow and enter new markets. And that means fewer beer options in refrigerators and on-tap around the state.

The Texas Constitution does not allow Texas to force brewers to give their property away for free. That is why Live Oak, Revolver and Peticolas Brewing have joined with IJ in this lawsuit, making it IJ's fifth National Food Freedom Initiative case. Brewers should be able—as they have been historically—to negotiate for the value of their distribution rights on the open market. This case will establish that the Texas Constitution protects the property rights that someone owns in a business they've

built and it will keep the taps of entrepreneurship flowing in the Lone Star State.◆

Matt Miller is the managing attorney of the IJ Texas Office.





The government doesn't want Texas brewers to get paid for their hard work.











Nation's Largest Land Grab Defeated

By Melinda Haring

The Pleasant Ridge neighborhood of Charlestown, Ind., is a family community. Neighbors look out for one another and kids grow up playing in each other's yards. But this blue-collar enclave was just at the center of the nation's largest and most contentious eminent domain fight, and its residents proved that you can take on the government and win.

For almost a year, homeowners lived in fear that their homes would be lost. Although Indiana law bans eminent domain for private development, Charlestown's mayor was determined to bulldoze all 354 Pleasant Ridge homes, forcing hundreds of veterans, retirees and long-time residents out into the cold. The mayor wanted to replace the homes

with new development and even applied for state funding to do it. IJ worked with the community to mobilize opposition to the plan, helping residents collect signatures and hosting community events to encourage homeowners to stand up for their rights and draw media attention to their plight. Good news came days before Christmas when the city council rejected the mayor's illegal plan. This meant residents celebrated the holidays without fear of the government knocking on their door.

These are the stories of some of the many residents who were brave enough to stand up to this outrageous threat.



Tina Barnes

Tina (top left), like many
Pleasant Ridge residents, works
hard to provide for her family.
She is a medical receptionist
raising two granddaughters
on her own. Her home is a
duplex, which allows her adult,
handicapped daughter, Kasie,
to live in an independent environment on one side while Tina
and her granddaughters live on
the other.



Barb Coda

Barb, a widowed resident of Pleasant Ridge for more than 35 years, is an avid baker and quilter. She also collects salt and pepper shakers and has approximately 1,000 in her collection. Her home continues to be a gathering place for her extended family. Victory means living out her golden years in peace with the family and friends she loves so dearly.



David Keith

David stands well over six feet tall, and his perfectly manicured yard is just as hard to miss. His backyard includes an irrigation system to water the flowers when he and his wife are off fishing in Kentucky. When he purchased the home in 1968, it was what David describes as a "dump." Over the years, he renovated it into a beautiful home. David intends to give it to his daughter, who is raising two children on her own after her husband passed away.



Three Sisters: Julia Bettler, Sue Southard and Beverly Jean Cairnes

Even in their 70s, these three sisters of Pleasant Ridge exude energy and youth. In fact, Julia and Sue practice Zumba twice a week. Julia and Sue are neighbors and their children would race back and forth between the two homes. Sue's home is perfectly white, including her carpet, couch and cat. She has filled her home with Depression glass and colorful quilts. Victory means that, although she will live nearby, she will not be forced to share a room with her sisters ever again, like she did growing up.



Brenda Wilder

Brenda is a fighter. Although battling breast cancer, she was never too tired to take on Mayor Bob Hall. Brenda's modest apartment is home to three generations and a small dog, but Brenda could not be more grateful for what she has. She grew up in Pleasant Ridge and moved away after joining the Army. Everything was going well until the financial crisis hit in 2008. She lost her job and tragedy struck. Without anywhere to go, Brenda moved back to Pleasant Ridge, where she was able to rent a small apartment. "When you don't have anywhere to go, you go home," she said. Now she knows she can stay.



Melinda Haring is the activism manager at the Institute for Justice.





deposits to be suspicious. But the Hirsch family did nothing wrong. The government held the Hirsches' money for two-and-a-half years without charging them with a crime or giving them a hearing. Then IJ got involved and sued to force the government into court. The government ran from the fight by agreeing to return 100 percent of the money just before its response was due in court, thereby making IJ's lawsuit moot.

In addition to ending the lowa and New York cases, the IRS announced that it would curtail similar seizures in the future, stating that it would not pursue forfeitures of bank accounts where the deposited cash was proved to be the lawfully earned income of legitimate businesses. We will continue to monitor the agency to ensure this policy change is carried out.

Reform in the Nation's Capital

On the legislative front, the Washington, D.C. council voted unanimously in December to reform its civil forfeiture laws. IJ Attorney Darpana Sheth had worked with members of the council for nearly two years to advance reforms that provide property owners with more effective notice when property is seized; require law enforcement to have more

evidence of wrongdoing before forfeiting property; and take away law enforcement's financial incentive in forfeitures by requiring that the proceeds of any forfeitures go to the general fund rather than directly to law enforcement budgets. Short of abolishing civil forfeiture entirely, D.C.'s reform should serve as a model for other cities to follow to strengthen protection for property owners.

U.S. Department of Justice Announces Major Policy Change

As this newsletter goes to print, the U.S. Attorney General has announced an immediate nationwide halt to a major aspect of the Department of Justice's federal civil forfeiture program. The new policy ends a forfeiture practice known as "adoption" and is the most significant federal forfeiture reform in nearly 15 years. Under that program, state law enforcement agencies can turn seized property over to the federal government for forfeiture. The proceeds of the forfeiture are then paid as a bounty to state and local law enforcement agencies. This practice was particularly attractive to law enforcement in states that limit the use of civil forfeiture, allowing them to forfeit property and reap the proceeds when they would not have been able to under state law.



Jeff Hirsch, center, and his brothers, fought the government for two years to recover the \$447,000 it seized from the family's business.

The reform follows a growing wave of outrage about civil forfeiture, which IJ has been exposing since our pathbreaking 2010 report, *Policing for Profit*, and in our subsequent cases and studies. Recent coverage by *The Washington Post*, using data and other input from IJ, revealed that tens of thousands of people never charged with any crime had lost billions of dollars in the past six years as part of a larger program that includes "adoptive seizures."

The new Justice Department policy contains many loopholes—for instance, state and local law enforcement can still *partner with* federal agencies and claim forfeiture proceeds they would not be entitled to under state law—but IJ will build on all this momentum and redouble our efforts in the courts and the media to permanently end civil forfeiture.

Scott Bullock is a senior attorney at IJ.



Roy Wallace, assistant deputy chief of staff G-1, recognizes former IJ client **Pamela Ferrell** for her admirable volunteer work. As an experienced business owner and published author, Ferrell assisted the Army's review of hairstyle policies by providing valuable information and samples of individual hairstyles.

U.S. Army Honors IJ's First Client

Pamela Ferrell and her husband Taalib-Din Uqdah were IJ's first clients. On November 1, 1991, IJ filed a lawsuit on their behalf challenging the constitutionality of Washington, D.C.'s cosmetology licensing scheme. As a result of the lawsuit, the District of Columbia government partly deregulated its cosmetology industry, allowing hair braiders to practice their craft.

Without the constant threat of being shut down, their salon flourished and Pamela has become a recognized authority in the natural haircare industry. Most recently, she assisted the U.S. Army in revising its haircare and grooming guidelines to allow for natural hairstyles such as twists and braids. For her work with the Army, Pamela was recently honored at a ceremony where Lt. Gen. Howard B. Bromberg expressed his "sincere appreciation for your outstanding support during the Army's process of reviewing the hairstyles within Army Regulation."



IJ CHALLENGES FLORIDA'S SKIM MILK Labeling Ban



Mary Lou Wesselhoeft wants to label her skim milk in an honest and truthful way, but Florida is banning her from doing so.

By Justin Pearson

hen is skim milk not skim milk?
If you live in Florida, the answer

can be confusing. Mary Lou Wesselhoeft and her husband, Paul, own Ocheesee Creamery, a small dairy creamery on their farm in the Florida Panhandle. The creamery sells cream skimmed from all-natural, pasteurized whole milk at its store and to local coffee shops. Skimming the cream from whole milk, however, resulted not only in cream, but skim milk as well. So, five years ago, it started selling skim milk.

Mary Lou's skim milk contains a total of one ingredient—pasteurized skim milk—and Mary Lou wanted to label it as exactly that. The creamery sold the milk with this honest label without any complaints or confusion. Many customers purchased the skim milk specifically because it did not contain additives. The creamery's pure skim milk was perfectly safe to

drink, legal to sell and its customers understood what they were buying.

But using an honest label is how Mary Lou ran into trouble. Two years ago, she received an order from the Florida Department of Agriculture and Consumer Services (DACS) that demanded she either stop selling the skim milk immediately or stop calling it skim milk. When milk is skimmed, much of its vitamin A is removed. In Florida, only skim milk that has been artificially injected with vitamin A is allowed to be labeled skim milk.

The government wanted Mary Lou to replace her simple, truthful label with a confusing and misleading label: "Non-Grade 'A' Milk Product, Natural Milk Vitamins Removed." Mary Lou and her customers follow an all-natural dairy philosophy, and she refuses to inject anything into her milk. But that does not matter to DACS, which is trying to censor the creamery from calling the milk what it is—skim milk. Rather than mislead its customers, the creamery stopped selling skim milk.



Florida's labeling requirement hurts consumers by forcing sellers to replace truthful information with confusing and misleading gibberish. People want to know what is in the food they buy. Mary Lou wants to tell them, but the government is trying to censor her instead.

The First Amendment protects the right of businesses to tell the truth, and the U.S. Supreme Court has repeatedly agreed. The government cannot force Mary Lou to say her skim milk is not skim milk. That is why Mary Lou teamed up with the Institute for Justice to file a federal lawsuit in November to protect her right to free speech. This is the fourth case IJ filed as part of its National Food Freedom Initiative.

Protecting freedom of speech for businesses like Ocheesee Creamery is essential to ensuring Americans are free to make, buy, sell, drink and eat the foods of their choice.

Justin Pearson is the managing attorney of the IJ Florida Office.







You Can Fight City Hall

After a two-year eminent domain battle, James Dupree will get to keep his art studio in Philadelphia.

By James Dupree

Last June, *Liberty & Law* readers were first introduced to the fight to save Dupree Studios, my art studio, from being seized through eminent domain by the Philadelphia Redevelopment Authority (PRA). The city wanted to take my 8,600-square-foot studio and replace it with a grocery store and parking lot.

But Dupree Studios is not blighted, and it is not for sale. Thanks to the Institute for Justice and the community support we generated, we defeated this abuse of eminent domain. In December, the PRA dropped its condemnation proceedings to acquire my property, and after years of fighting the system, I get to keep my studio that houses more than 40 years of my life's work.

I found out two years ago that Philadelphia wanted to seize my studio and have spent every day since then fighting the city. I accepted every media interview, invited the community into the studio and built a strong grassroots coalition. The fight was long, intense and, at times, seemed hopeless. IJ constantly encouraged me, helped me refine my strategy and would not let me give up.

The PRA said one of the reasons it abandoned its efforts to take my property was the media storm IJ helped create. The city could not ignore me. I refused to be silenced. I knew my rights. And IJ supported me to the end.

My victory proves that you can beat city hall. This win for the arts community and for property rights puts cities across the nation on notice: Citizens will not allow their properties to be taken unjustly through eminent domain.

I would like to invite *Liberty & Law* readers to visit Dupree Studios so I may personally thank you. Also, please check **www.savedupreestudios.org** for details about a victory party in the spring. I hope my victory is used as a tool to stop eminent domain abuse across the U.S. With IJ's help, we saved Dupree Studios. IJ and its supporters have my eternal gratitude.

James Dupree is a prominent artist in Philadelphia. Five of his paintings are included in the permanent collection of the Philadelphia Museum of Art.



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About the publication

Liberty & Law is published bimonthly by the Institute for Justice, which, through strategic litigation, training, communication, activism and research, advances a rule of law under which individuals can control their destinies as free and responsible members of society. IJ litigates to secure economic liberty, school choice, private property rights, freedom of speech and other vital individual liberties, and to restore constitutional limits on the power of government. In addition, IJ trains law students, lawyers and activists in the tactics of public interest litigation.

Through these activities, IJ challenges the ideology of the welfare state and illustrates and extends the benefits of freedom to those whose full enjoyment of liberty is denied by government.

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Quotable Quotes

Fox News 25 **Austin**

IJ Attorney Arif Panju: "This law does nothing to protect consumers. It is a naked transfer of wealth, from hard-working brewers like Live Oak, who have built up their business, that simply transfers that over to distributors, who haven't earned it, don't deserve it, and only have it because their political connections helped change the law."



The New York Times

"The Institute for Justice has also spent years fighting state laws that restrict the sale of coffins to licensed funeral directors, which protect funeral homes' ability to control coffin sales and impose large markups on their customers. . . . The Institute has mostly succeeded in getting the laws thrown out, not by legislatures but by the courts."

The Des Moines Register (Editorial)

"Sanity has prevailed. After 19 months, the federal government is giving an lowa grandmother her money back.

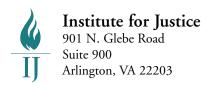
Hinders' bank account should never have been seized to begin with, and at this point it's simply not enough for prosecutors to say, 'Oops, our bad,' and walk away from the case."

Wall Street Journal (Editorial)

"This decision for 'common intelligence' is good news for Ms. Galassini and other grass-roots groups whose speech might be suppressed by burdensome campaignfinance rules. It also means that Arizona laws—and there are many—that refer to political-action committees are unenforceable until the definition is resolved. That leaves the state the choice of appealing the decision or rewriting the definition."

"IJ has made a name for itself challenging nonsensical regulations on economic liberty grounds."

-Breitbart News



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