By Scott Bullock

Just as IJ elevated school choice, eminent domain abuse and campaign finance restrictions to become issues of national prominence, we are poised to do the same with one of the most serious assaults on property rights in the nation today: the abuse of civil asset forfeiture laws.

Civil forfeiture allows the government to seize property and keep the proceeds on the flimsiest of pretenses. As IJ documented in our new report, *Policing for Profit: The Abuse of Civil Asset Forfeiture* (www.ij.org/PolicingForProfit), which I co-authored with several leading scholars, for the first time in its history, the Department of Justice’s forfeiture fund recently topped $1 billion in assets taken from property owners and now available to law enforcement. And that is just one government entity; governments at every level from cities to counties to states and the federal government are in on the take—taking property from individuals who, in many instances, have never been arrested for any crime, much less convicted of one. And while individuals are presumed innocent until proven guilty, when it comes to civil forfeiture, the government turns that concept on its head, requiring that owners prove that their property is “innocent”—or else lose it.

What drives this widespread practice? Police and prosecutors’ offices usually get to keep most or all of the proceeds from this seized and sold bounty, helping to fund their budgets. By giving law enforcement a direct financial incentive in pursuing forfeitures and by stacking the deck against property owners, most state and federal laws encourage policing for profit, not justice.

Indeed, in *Policing for Profit*, we graded the states on their forfeiture laws and other measures of abuse. Only three earned a grade of B or better. Maine earned the highest grade, an A-, largely because all forfeiture revenues go to the state’s general fund, not law enforcement coffers. On the other end of the spectrum, states like Texas and Georgia...
When David Keating founded SpeechNow.org, he wanted to create a group that would allow ordinary people to band together and amplify their voices. SpeechNow.org would collect contributions from individual U.S. citizens and use that money to run independent ads for or against political candidates based on their position on the First Amendment. There was only one problem: Under federal campaign finance laws, David’s plan was illegal.

Although individuals have long been permitted to spend unlimited amounts of their own money on independent political ads, groups like SpeechNow.org are considered “political committees” and subject to a host of restrictions, including limits on how much money a group’s supporters may contribute to fund its speech. In other words, because of speech-squelching campaign finance laws, SpeechNow.org was not able to criticize the very candidates who supported those laws. So in February 2008, SpeechNow.org and its supporters joined with the Institute for Justice and the Center for Competitive Politics to strike down these restrictions on their First Amendment rights.

On January 27, in a rare en banc hearing, all nine active judges of the D.C. Circuit Court of Appeals heard argument in SpeechNow.org v. Federal Election Commission.

The timing could not have been better. Just six days earlier, the U.S. Supreme Court handed down its landmark ruling in Citizens United v. FEC, striking down a federal law that prohibited corporations and unions from running independent political ads. The Supreme Court’s reasoning in Citizens United applies with even greater force to SpeechNow.org—if it is unconstitutional to limit speech by General Motors and the AFL-CIO, then it has to be unconstitutional to limit the ability of ordinary citizens to band together and spend their own money on their own speech.

The importance of the Citizens United ruling to SpeechNow.org’s case was not lost on the judges of the D.C. Circuit. After IJ Senior Attorney Steve Simpson took the podium to begin his argument, he had not said a word before Chief Judge David Sentelle asked, “What can you add to what [Citizens United author] Justice Kennedy said, Mr. Simpson?” The judges were also acutely aware of the First Amendment stakes in the case. At one point, Chief Judge Sentelle flatly told the government’s attorney defending the law, “You don’t seem to value [the] First Amendment . . . very highly, Counsel.”

January’s argument was an important and long-awaited step towards victory for SpeechNow.org. What happens next is up to the D.C. Circuit. There is no way to predict when they will hand down their ruling in the case, but we hope they will do so sooner rather than later. Regardless of what the D.C. Circuit decides, we won’t stop fighting until SpeechNow.org—and all Americans—have regained their First Amendment rights.

Paul Sherman is an IJ staff attorney.
Give These Donors a Bone

BY JOHN WAGNER & JEFF ROWES

EVERY year, more than 100,000 Americans discover that they have often life-threatening blood and bone-marrow diseases like leukemia. For many, the only hope is a transplant of blood-producing marrow cells.

Finding someone to donate the marrow is challenging, though, because the cells must be a near-perfect genetic match with the patient’s own cells, and those are hard to find. Even siblings have compatible marrow cells only 30 percent of the time. Most patients must search nationally and internationally for potential donors.

Only 7 in 10 Caucasian patients who need a donor find one. For African-Americans, the odds are longer still; only one in four do. Tens of thousands of Americans have died for lack of a donor.

It would make sense to encourage donation by offering potential donors an incentive—a gift to a favorite charity, for example, or a scholarship. But federal law forbids doctors, nurses or dying patients to offer any incentives. The intent of the 1984 law, the National Organ Transplant Act, was to prevent the sale of human kidneys for transplant, out of concern that a market in organs could tempt people to risk their health for money by making an irreversible decision to be a donor.

But with marrow donation this is not an issue. Unlike organs, marrow cells—basically, immature blood cells—are renewable. The body grows fresh ones quickly enough to replace those extracted for transplant in about a month. And donating marrow cells is now very safe—in most cases, it’s simply a matter of drawing blood from the donor’s arm and running it through a machine that skims off the marrow cells. Well under half of donations are conducted the old way, by harvesting marrow cells from the donor’s hip.

Interestingly, Congress didn’t bar compensation for all human donors. In writing the 1984 law, it excluded renewable cells like blood or sperm from the payment prohibition, even as it inexplicably included bone marrow.

We have filed in federal district court a constitutional challenge to the marrow prohibition, because we want to set up a pilot program to ascertain the extent to which certain strategic incentives—a $3,000 scholarship, a housing allowance, a charitable gift—could increase marrow-cell donations.

If our suit is successful and incentives are allowed, it would not create a freewheeling market in bone marrow donation. Marrow donation would, and should, remain anonymous—and there would be no negotiation with donors. There would be no buyers or sellers, no possibility of market-like transactions.

But people who provide life-giving marrow cells could, in good conscience, get something in return for helping save a life.

Cancer patients like IJ client Akiim Deshay would have better odds of finding a bone marrow donor if a federal ban on compensating donors were struck down.

John Wagner is a professor of pediatrics and the director of the blood and marrow transplant program at the University of Minnesota.

Jeff Rowes is a senior lawyer with the Institute for Justice, in Arlington, Va.

This article originally appeared in The New York Times. None of the photos appeared in the original publication.
IJ asks U.S. Supreme Court to reverse 9th Circuit decision in Arizona school choice case

By Tim Keller

IJ has asked the U.S. Supreme Court to reverse the 9th U.S. Circuit Court of Appeals’ decision in Winn v. Garriott, which declared Arizona’s 13-year-old scholarship tax credit program unconstitutional. Arizona’s scholarship program allows individual taxpayers to claim a tax credit for donations to nonprofit organizations called school tuition organizations that, in 2008, issued more than 28,000 scholarships to enable low- and middle-income parents to send their children to private schools.

The 9th Circuit’s decision directly conflicts with no fewer than four U.S. Supreme Court cases. This lawsuit, filed 10 years ago by school choice opponents, claims that Arizona, by giving taxpayers the choice to donate to both religious and nonreligious school tuition organizations, is unconstitutionally advancing religion because most taxpayers to date have donated to religiously affiliated charities.

But the most notable thing about this case is what it does not involve: state action advancing religion. Private choice and private actors control every decision in the scholarship program, with no governmental influence or control. Under U.S. Supreme Court precedent, school choice programs based on true private choice pass constitutional muster. The Court stated in its 2002 Zelman v. Simmons-Harris decision, it has “repeatedly recognized that no reasonable observer would think a neutral program of private choice, where state aid reaches religious schools solely as a result of the numerous independent decisions of private individuals, carries with it the imprimatur of government endorsement.”

Arizona structured its tax credit program to be completely neutral with regard to religion. It is taxpayers—not bureaucrats—who decide which privately operated scholarship organizations receive charitable donations, and it is parents who decide which schools to enroll their children in and which organizations to apply to for scholarship funds. Neither taxpayers nor parents have any financial incentive to donate to a religiously affiliated scholarship organization over a nonreligious scholarship organization, or to select religious over nonreligious schools. In fact, because most scholarships do not cover the entire cost of tuition, there are financial disincentives to choosing private schools.

At its core, the legal question in this case is whether Arizona’s tax credit program coerces parents into sending their children to religious schools. The answer to that question is clearly “no” because Arizona leads the nation in educational choices offered to parents. Arizona parents have numerous nonreligious options, including open public school enrollment, back-to-basics traditional academies operated by public school districts, charter and magnet schools, and an innovative, online virtual academy.

Under Arizona’s scholarship program: (1) the state provides no direct aid to religious organizations; (2) taxpayers are free to donate to any school tuition organizations they desire, or donate nothing at all; and (3) no family is coerced into sending their children to a religious school.

Given the high stakes, the U.S. Supreme Court should act quickly and decisively to reverse the 9th Circuit’s opinion. We are asking them to do this without even hearing oral argument. As Judge Diarmuid O’Scannlain, one of eight judges who dissented from the 9th Circuit order denying review by the full appellate court, observed—unless the U.S. Supreme Court intervenes—the decision “jeopardizes the educational opportunities of thousands of children who enjoy the benefits of [the Arizona program] and related programs across the nation.”

A copy of IJ’s petition to the U.S. Supreme Court is available at: www.ij.org/WinnCertPetition.

Tim Keller is the IJ Arizona Chapter executive director.
Restoring the Privileges or Immunities Clause
May Have to Wait for Another Day

By Clark Neily

As we gathered outside the U.S. Supreme Court near dawn on Tuesday, March 2, the forecast called for scattered showers with a chance of liberty. In a few hours, the Justices would hear arguments in McDonald v. City of Chicago, and we would get our first inkling about the possible resurrection of the Privileges or Immunities Clause—a goal IJ has been working toward for nearly 20 years.

McDonald, of course, is the follow-up case to District of Columbia v. Heller, in which the Supreme Court held for the first time that the Second Amendment protects an individual right to keep and bear arms. Unsolved in Heller was whether the Second Amendment applies not just to the federal government, but to state and local governments as well. The answer to that question lies in the Fourteenth Amendment, not the Second.

As the clock ticked down that morning, the atmosphere inside the court grew charged. Many spectators had camped out overnight to ensure they got a seat for the argument, and the pew-like wooden benches to the left of the courtroom were packed with luminaries of the Supreme Court press corps. History was in the making.

Taking the podium for liberty was former IJ law clerk Alan Gura, with whom IJ board member Bob Levy and I had teamed up in litigating Heller. At issue was not simply whether the Fourteenth Amendment protects the right to keep and bear arms, but how: through the Privileges or Immunities Clause or the controversial doctrine of substantive due process? Would the Justices finally embrace the true history and purpose of the Fourteenth Amendment, or would they punt?

The Justices came out swinging, but unfortunately not for originalism.

Chief Justice Roberts began by admonishing Alan that he carried a “heavy burden” in asking the Court to overrule the Slaughter-House Cases, an 1873 decision that virtually wrote the Privileges or Immunities Clause out of the Constitution. A skeptical-sounding Justice Sotomayor inquired whether liberty had been “badly affected” by that decision, and when Justice Ginsburg asked which unenumerated rights the Clause protects, it was as if she were daring Alan to say the words “contract” or “property.” Justice Scalia noted that even he had “acquiesced” in the doctrine of substantive due process and asked whether that would not be “easier” than reviving the Privileges or Immunities Clause, which he caustically dismissed as the “darling of the professoriate.”

Incredibly, despite Alan’s valiant efforts to engage the Court on the history and importance of the Privileges or Immunities Clause, the Justices never made a single reference to the Civil War, Reconstruction, the Black Codes, or any of the events that gave rise to the Fourteenth Amendment.

Although we will not know for sure until the decision comes down, it appears the Supreme Court is still not ready to restore the Privileges or Immunities Clause to its rightful place in the Fourteenth Amendment. But we remain undaunted—after all, we have the text, history, purpose and original understanding of the Constitution on our side. It is only a matter of time before we get the Supreme Court, too.

Clark Neily is an IJ senior attorney.

“But we remain undaunted—after all, we have the text, history, purpose and original understanding of the Constitution on our side. It is only a matter of time before we get the Supreme Court, too.”
By Tim Keller

On a cool, crisp March morning in New Orleans, three unlicensed florists committed a crime on the steps of the federal courthouse. In an act of civil disobedience, these unlicensed florists did the unthinkable—they made and sold floral arrangements without government approval. By arranging and selling flowers without a government-issued license, these florists broke the law. But the real crime is that Louisiana requires aspiring florists to obtain a government-issued license at all, which is why IJ filed a lawsuit challenging the constitutionality of Louisiana’s florist licensing scheme on behalf of these unlicensed florists-turned-civil-rights-activists.

In 2003, IJ filed a similar case challenging this same law. Unfortunately, one of our clients passed away and Hurricane Katrina scattered our other clients, leaving the case unresolved. In this new case, IJ demonstrates its determination to do away with what may well be America’s most outrageous occupational licensing law. If Louisiana can license florists, there is no limit to what it can license or to the burdens it can impose on honest, productive livelihoods.

Louisiana is the only state in the nation that requires individuals to pass a licensing exam before they can arrange and sell flowers. To obtain a license, individuals must pass both a written examination and a practical test requiring them to create four themed floral arrangements that are judged by their future competition—florists who already passed the licensing exam. By giving licensed florists the power to decide who is and who is not qualified to arrange flowers, Louisiana gives existing businesses the power to restrict competition.

It is difficult to conceive of an occupation less in need of government regulation than arranging flowers. There is no reason to require florists to obtain a license because there is no risk to anyone from purchasing floral arrangements from unlicensed florists. There is no justification for a licensing scheme that excludes even a single person—much less significant numbers of people—from pursuing an honest living as a florist.

Among the plaintiffs in the case are Monique Chauvin, Leslie Massony and Debra Wood. They would like to work as retail florists without having to jump through the arbitrary hoops created by Louisiana’s florist-licensing law. But because none of them has passed the state-mandated licensing exam, the only way they can arrange flowers for a living is if they work for a business that employs a licensed florist.

Monique and Leslie work together at Monique’s store, Mitch’s Flowers, in New Orleans. Magazines regularly feature Monique’s floral arrangements, but she has been unable to pass the licensing exam. The licensing regime threatens to shut down her floral shop because the licensed florist she employed passed away in February. Monique now has 90 days to hire another licensed florist—something she does not want to do because licensed florists are no more adept than unlicensed florists. But Monique’s only options are to hire a licensed florist, try to take the exam again herself or close her shop.

Debby Wood started her own floral arranging business after making six floral arrangements for her mother-in-law’s birthday party. At the urging of her family, Debby started Debra Hirsch Wood Designs. She completed all the necessary
April 2010

Experiment Exposes Louisiana’s Pointless and Anti-Competitive Florist Licensing Scheme

Backers of Louisiana’s florist licensing scheme claim it is essential to maintaining professional standards and providing consumers with high-quality floral arrangements. But is that true?

To find out, Dr. Dick Carpenter, IJ director of strategic research, asked Louisiana-licensed florists and unlicensed florists from across the border in Texas to judge a random lineup of floral arrangements—25 from regulated Louisiana and 25 from unregulated Texas.

The result?

Not even the licensed Louisiana florists found any difference in quality that could be attributed to licensure. As reported in Blooming Nonsense: Experiment Reveals Louisiana’s Florist Licensing Scheme as Pointless and Anti-Competitive, the judges rated the Louisiana and Texas arrangements essentially the same.

In focus groups, almost all of the judges—including those licensed by Louisiana—expected no difference in the quality of arrangements because of Louisiana’s licensing law. Many thought that instead of producing quality florists, the licensing scheme served two purposes: raising money for the state through testing and license fees and shutting out competition. And florists scoffed at the idea that licensing is necessary to protect the public. As one Louisiana florist concluded, “You can’t really hurt anybody with a flower.”

In short, the experiment suggests that Louisiana’s licensing scheme does nothing but protect existing license holders from fair competition.

Blooming Nonsense will be a critical part of IJ’s strategy to fight the florist-licensing scheme in court and in the court of public opinion. The report, available at www.ij.org/BloomingNonsense, was released the day IJ filed suit and has already garnered media attention as part of a feature on the florist licensing scheme on Fox Business’ Stossel show.
A sign might seem like an odd way to protest a sign ban, but these protest signs help illustrate exactly what is wrong with Dallas’ new ordinance by showing how effectively windows can be used to deliver a message. In 2008, Dallas passed a law banning all commercial messages from the upper two-thirds of any window or glass door. It also banned signs that cover more than 15 percent of a window. The result: The only signs businesses can hang are tiny signs placed so low that nobody can see them.

Tellingly, the law only targets commercial speech. That is where the protest signs come in. Dallas lets small businesses put anything they want in their windows except speech about the products and services that the business offers. The protest signs are exempt political speech and are thus allowed under the law. But the First Amendment does not give commercial speech less protection than political speech. Neither should the city of Dallas.

Dallas has been aggressively enforcing the new law. Convenience stores (including every 7-Eleven in Dallas) now look eerily vacant, their windows devoid of signs. Dry cleaners (like our client Charlie Patel) are no longer able to effectively advertise weekly specials. Window signs are coming down across Dallas at the behest of city code enforcers. Businesses that refuse to comply face fines of up to $2,000. Dallas’ Mayor Pro Tem was not kidding when he told the local ABC News affiliate that the law represents a “drastic” change for the city.

That is why, on February 24, 2010, small businesses across Dallas began displaying the IJ-designed protest sign. In“
Gifts Anyone Can Afford

Are you looking for a no-hassle way to support the Institute for Justice? How about one that costs you nothing now? Here are two ideas to consider.

Include IJ in your will or living trust.

Bequests are the easiest and most common way to include a charity in your long-term planning, and they are critically important to ensuring IJ’s future viability and strength.

Including IJ in your plans can be as simple as adding a codicil to an existing will. If you would like to make a bequest, just review the following language with your attorney:

I give, devise, and bequeath to the Institute for Justice, tax identification number 52-1744337, 901 North Glebe Road, Suite 900, Arlington, Virginia 22203, (insert total amount, percentage, or remainder of estate) to be used for general operations (or your designated purpose).

You can set aside a specific dollar amount or a percentage of your estate, or give IJ any assets left over after you have provided for your loved ones.

Designate IJ as the beneficiary of your retirement plan, insurance policy, or other cash account.

Naming IJ as a beneficiary of these accounts allows you to make a gift without the need to change an existing will or other financial plans. And like charitable bequests, these gifts may be revoked if your plans or circumstances change.

Because of the unfavorable tax consequences of leaving tax-deferred accounts (like many retirement plans) to non-spousal beneficiaries, these assets can be particularly good candidates for charitable giving. For example, when you name a child as the beneficiary of a retirement account, the account is subject to estate taxation. On top of that, your child would have to pay income tax on the distribution of these plan assets. As a charitable gift, however, the full amount of the account goes to IJ and our fight for liberty.

These gifts will help secure IJ’s future for years to come. Please let us know if you have already made arrangements to include IJ in your plans. Doing so allows us the opportunity to express our appreciation for your support through membership in our Four Pillars Society, which recognizes friends and supporters who have made a commitment to defending and preserving liberty through their estate plans.

For more information, please do not hesitate to contact Melanie Hildreth, the director of IJ’s Four Pillars Society, at (703) 682-9320 x. 222 or mhildreth@ij.org.

Matt Miller is the IJ Texas Chapter executive director.
both earned a D—because their laws make forfeiture easy and profitable for law enforcement—with 90 and 100 percent of proceeds awarded to the agencies that seized the property.

Federal forfeiture law makes the problem worse with so-called “equitable sharing.” Under these arrangements, state and local officials hand over forfeiture prosecutions to the federal government to pursue and then get back up to 80 percent of the proceeds—even when state law bans or limits the profit incentive.

In fact, my co-authors of Policing for Profit, criminal justice researchers Drs. Marian Williams and Jefferson Holcomb of Appalachian State University and Tomislav Kovandzic of the University of Texas at Dallas, examined equitable sharing data and found clear evidence that law enforcement is acting in pursuit of profit. They concluded that when state laws make forfeiture harder and less profitable, law enforcement engages in more equitable sharing. New York, for example, has average forfeiture laws according to IJ’s grades—but is one of the most aggressive states for equitable sharing, earning it a D.

Compounding these problems, most states fail to collect data about the use of forfeiture or its proceeds, thereby creating a system that is opaque, unaccountable and ripe for abuse.

Policing for Profit is the latest report from IJ’s Strategic Research program and will serve as a jumping-off point for litigation and other advocacy for needed reforms.

First, law enforcement should be required to convict people before taking their property. Law enforcement agencies could still prosecute criminals and make them forfeit their ill-gotten possessions—but the rights of innocent property owners would be protected. Second, police and prosecutors should not be paid on commission. To end the profit incentive, forfeiture revenue must be placed in a neutral fund like a state’s general fund. Finally, there must be greater transparency and equitable sharing must be abolished to ensure that when states act to limit forfeiture abuse, law enforcement cannot evade the new rules and keep on pocketing forfeiture money.

“Under civil forfeiture, police and prosecutors can take property without so much as even charging the owner with a crime—and then profit from the proceeds.”
Quotable Quotes

PBS
NewsHour with Jim Lehrer

IJ Senior Attorney Steve Simpson:
“Citizens United will affect elections in the way that the First Amendment was designed to affect elections, which is to allow people to speak out and influence the course of their government and the course of their elections. One of the things that Justice Kennedy said in today’s decision was that the First Amendment protects not only speech, it protects speakers as well. If speakers are to speak effectively, they have to spend money.”

USA Today

“A 7-decades-old [Louisiana] law requires florists to pass a test and get a license to arrange and sell flowers, making Louisiana the only state in the USA with such a requirement . . . A lawsuit filed in U.S. District Court here last week is challenging the law’s constitutionality, claiming it infringes on a resident’s right to earn a living. The suit, filed by the Institute for Justice, a libertarian non-profit law firm based in Washington, D.C., lists as plaintiffs four local florists who have either failed the test or refuse to take it. [Tim] Keller is with the Institute for Justice, which has taken the case pro bono. ‘This case is about more than just licensing florists,’ he said. ‘It can set a precedent that restores economic liberty to its rightful place as a fundamental American right.’”

Huffington Post

IJ Director of Activism and Coalitions Christina Walsh: “What would you do if your favorite neighborhood watering hole was being demolished for a rich, greedy developer? Handcuff yourself to the bar, naturally. Since hearing their favorite tavern was going to be condemned, regulars at Freddy’s Bar & Backroom in Brooklyn bolted a chain to the bar and have been practicing handcuffing themselves to it in protest of the imminent bulldozers . . . As long as New York’s high court continues to rubber stamp any declaration of blight and the Legislature refuses to reform its bogus law, favorite neighborhood dives like Freddy’s will continue to be seized and handed over to any developer who comes along with promises of glitzy towers.”
I immigrated from Ecuador because of America's promise of opportunity. I drove a cab but dreamed of starting my own taxi company. Minneapolis slammed the door on entrepreneurs like me, so I helped end its cap on cab licenses. When the existing taxi companies sued to defend their monopoly, I fought the cartel and won.

I am IJ.

—IJ is one of my very favorite liberty-oriented organizations.”

—Walter Williams