

Nonprofit Founder Given 'Excess Benefit'

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WASHINGTON — Project Veritas, the right-wing group known for its sting operations, reported in its latest filing to the I.R.S. that it provided a prohibited “excess benefit” last year to its founder, James O’Keefe.

Every year, the I.R.S. asks nonprofits to report if their executives received undue or excessive benefits. In its 2021 filings with federal and state regulators, Project Veritas said yes, reporting \$20,512 in excess benefits to Mr. O’Keefe.

In those tax filings, submitted in November and posted online by charity regulators in Hawaii, Project Veritas did not describe the benefits.

On Monday, the executive director of Project Veritas, Daniel Strack, said the spending related to Project Veritas staff who accompanied Mr. O’Keefe when he starred in an outdoor production of “Oklahoma!” staged at a farm in Roseland, Va.

“The disclosure on our 990 pertains to Project Veritas staff helping film behind the scenes and staff who were on site to accommodate James,” Mr. Strack wrote in a statement issued through a spokesman, referring to the filing with the I.R.S.

As a result, the group said, Mr. O’Keefe had incurred a tax equal to 25 percent of the excess benefit, or \$5,128. Mr. Strack, through the spokesman, said the tax “has been paid.”

Tax law also requires that nonprofit executives who receive excess benefits “correct” them by repaying the value of those benefits, or face a tax penalty worth double that amount.

In its filings, Project Veritas said Mr. O’Keefe had not repaid the excess benefits as of the end of 2021. On Monday, the group declined to say whether he had done



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James O’Keefe at the Conservative Political Action Conference in Dallas last year.

so since.

Marcus Owens, a lawyer who headed the I.R.S. division overseeing nonprofits, said it was unusual for nonprofits to report an excess benefit transaction but say it had not been corrected. Mr. Owens said that might invite further

Project Veritas says that the tax bill has been paid.

scrutiny from the I.R.S.

Project Veritas, based in the New York suburbs, regularly carries out undercover stings, surveillance operations and ambush interviews, mostly against liberal groups and journalists.

The group grew quickly as Donald J. Trump — an ally and past donor, through Mr. Trump’s own nonprofit — came to dominate Republican politics. Between 2014 and 2021, Project Veritas’s revenue

grew to \$20.7 million, from \$2.4 million, tax filings show.

But the latest filing shows that, in 2021, the group’s expenses also grew rapidly, to \$20.6 million.

Mr. O’Keefe’s compensation fell slightly, to \$405,000. But there was a significant increase in the group’s legal fees, to \$4.7 million.

Project Veritas has been embroiled in several long-running legal battles. Before the presidential election, the group bought a stolen diary belonging to President Biden’s daughter, Ashley, but never published its contents.

Earlier this year, a pair of Florida residents involved in the scheme pleaded guilty to the theft of the diary and other items belonging to Ms. Biden. As part of that federal investigation, F.B.I. agents conducted a court-authorized search of Mr. O’Keefe’s home and seized his electronic devices.

Prosecutors have directly tied Project Veritas to the theft of Ms. Biden’s items in the court papers, indicating an employee for the group had directed the defendants to steal additional items to authenticate the diary and paid them additional money after receiving them.

Mr. O’Keefe recently hired two high-profile defense lawyers — Jeffrey Lichtman and Marc Fernich — to represent him in the matter.

In August, Project Veritas was ordered to pay Stanford University about \$150,000 in legal fees after a federal judge tossed a defamation lawsuit a group filed in 2021. And the following month, a D.C. jury found that the conservative group violated wiretapping laws and fraudulently misrepresented itself to a Democratic consulting firm. Project Veritas was ordered to pay \$120,000 but has appealed the decision.

Project Veritas also has an ongoing defamation suit against The New York Times.