**United States Congress House Committee on Ways and Means**
**Chairman Jason Smith, Ranking Member Richard Neal Presiding**

Hearing:   **Foreign Influence in American Non-profits: Unmasking Threats from Beijing and Beyond**
Date:       **Tuesday, February 10, 2026**


**Bruce G. Dubinsky, Forensic Accountant**
**Opening Statement**


Good morning, Chairman Smith, Ranking Member Neal, and Members of the Committee. Thank you for the invitation to testify before the Committee at this important hearing.

I appear before you as a forensic accountant with decades of experience investigating fraud and financial misconduct across a wide range of organizations, including tax-exempt organizations operating under various sections of the Internal Revenue Code.

To appreciate the magnitude of the issue before the Committee, it is important to understand the scale of charitable giving in the United States. According to the Giving USA Foundation, total U.S. charitable giving in 2024 exceeded $592 billion.

The fact is that it is extremely difficult to determine how much of that money originates from foreign donors. For most charitable organizations, donor identities reported on their tax Form 990, Schedule B are not publicly disclosed. As a result, we simply do not know how much foreign money is flowing through U.S. nonprofits, or for what purposes.

This lack of visibility creates real national security risks when foreign donors, including foreign governments, state-linked entities, sanctioned actors, or cut-outs, use charitable structures to move money, gain influence, or mask illicit activity.

While foreign donations must comply with U.S. sanctions, anti-terrorism, and anti-money-laundering laws, this is an area with limited transparency and limited scrutiny. That combination makes the system vulnerable to abuse.

For example, foreign state-linked donors may seek to shape U.S. public discourse or policy by funding nonprofits engaged in advocacy, research, community organizing, or media-adjacent work. Even when activity is not criminal, opaque funding can create strategic influence while obscuring who is behind particular agendas.

Money moving through nonprofits is like shipping containers moving through a port. You can count what comes in and what goes out, but without targeted inspection, illicit activity can be hidden inside legitimate flows. If you cannot identify the original source of funds or clearly see how those funds are used, the system can be exploited in harmful and unlawful ways.

A central driver of this problem is the current reporting framework. Most tax-exempt charities satisfy their federal obligations by filing an annual Form 990. While Form 990 provides high-level, aggregated information, it is not designed as a forensic tool capable of detecting financial malfeasance.

Bad actors understand this. They identify weaknesses and structure misconduct to blend into otherwise lawful operations. In my experience, fraud flourishes where reporting lacks granularity and enforcement resources are limited.

This vulnerability is particularly evident in fiscal sponsorships. A fiscal sponsorship allows a public charity to extend its tax-exempt status to a separate project run by some other entity that is often not itself tax-exempt.

When a public charity fiscally sponsors a project, the sponsor is legally responsible for controlling and overseeing how funds are used and how activities are conducted. If it cannot explain where the money went or what the project actually did, the sponsor faces serious exposure, including loss of exemption, excise taxes, civil penalties, and in extreme cases, criminal liability and personal exposure for officers and directors.

Yet current law imposes no requirement for separate, project-level reporting of fiscally sponsored activities on Form 990. There is no dedicated line or schedule for fiscal sponsorships,

so these activities are absorbed into aggregated reporting, producing little meaningful transparency.

Transparency is further reduced by the growing use of donor-advised funds, which separate the identity of the original donor from the recipient organization. In many cases, grants from donor-advised funds to operating charities are made anonymously, further obscuring the flow of money.

In my professional judgment, these vulnerabilities warrant legislative attention. One practical and cost-effective remedy would be to revise Form 990 to include standardized questions focused on fiscal sponsorships, donor-advised funds, foreign operations, and pass-through funding structures. These disclosures would generate structured data that the IRS could analyze using modern tools, including artificial intelligence.

Artificial intelligence can help the IRS identify risk patterns that would otherwise go undetected and allow the agency to focus its limited enforcement resources where they are most needed. Properly deployed, AI would function as a screening tool, much like fraud detection systems used by financial institutions, flagging unusual patterns for human review while leaving compliant charities untouched.

Combined with improved disclosure, this approach would allow the IRS to proactively identify risk, allocate resources more efficiently, and strengthen oversight without impeding legitimate charitable work.

Thank you, Chairman Smith, Ranking Member Neal, and Members of the Committee. I look forward to your questions.

Bruce G. Dubinsky

<u>Below is a synopsis of my professional background ( a copy of my full curriculum vitae is available upon request)</u>

Bruce G. Dubinsky earned his Master of Science in Taxation (with high honors) from Georgetown University in 1987, and his Bachelor of Science in Accounting from the University of Maryland in 1983. He is a Certified Public Accountant[1], Certified Fraud Examiner, Certified Anti-Money Laundering Specialist, Certified Valuation Analyst, Certified in Financial Forensics, and earned a certificate as a Master Analyst in Financial Forensics. Bruce previously served as the Chairman of the Association of the Certified Fraud Examiners Board of Regents.

Bruce is the founding member of Dubinsky Consulting, LLC. His investigation practice is focused on providing dispute consulting services and fraud investigation services to a variety of clients, including law firms, corporations, governmental agencies, law enforcement bodies and self-regulatory organizations.

Based in South Florida, Bruce's career as a forensic accountant spans 43 years having worked on hundreds of complex and high-profile engagements throughout his career. He has provided testimony as an expert witness over 100 times and has testified in over 80 trials, many of which were jury trials. Bruce frequently works on complex litigation cases where the claims in many instances are in the billions of dollars.

Mr. Dubinsky has been qualified and testified as an expert witness in cases involving criminal and civil financial fraud, Ponzi schemes, SEC and FINRA enforcement actions, commercial business damages, business valuations, federal income, estate and gift taxation, GAAP, GAAS and related accounting issues as well as and bankruptcy matters. He has been employed on numerous occasions as a testifying expert for federal income tax matters by the United States Department of Justice (DOJ), Tax Division, as well as the Office of Chief Counsel for the Internal Revenue Service.

Bruce frequently appears on national news media to comment about breaking stories involving tax fraud, white collar crime and other types of business-related frauds.  He has also appeared on

---

[1] CPA license in the state of Florida is on voluntary inactive status as of December 31, 2025.

Netflix's docuseries about the Bernie Madoff Ponzi.  Bruce is also frequently quoted in national print media when time is of the essence to get expert commentary for a breaking story.