

**HEARING ON INTERNAL REVENUE
SERVICE TARGETING CONSERVATIVE GROUPS**

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BEFORE THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

MAY 17, 2013

SERIAL 113-FC07

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U.S. GOVERNMENT PUBLISHING OFFICE

89-457

WASHINGTON : 2016

For sale by the Superintendent of Documents, U.S. Government Publishing Office
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**HEARING ON INTERNAL REVENUE SERVICE
TARGETING CONSERVATIVE GROUPS**

FRIDAY, MAY 17, 2013

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D.C.

The committee met, pursuant to call, at 9:00 a.m., in Room 1100,
Longworth House Office Building, the Honorable Dave Camp
[chairman of the committee] presiding.
[The advisory of the hearing follows:]

HEARING ADVISORY

Chairman Camp Announces Hearing on Internal Revenue Service Targeting Conservative Groups

Washington, May 13, 2013

Congressman Dave Camp, (R-MI), Chairman of the Committee on Ways and Means, and Congressman Sander Levin (D-MI), Ranking Member of the Ways and Means Committee, today announced that the Committee will hold a hearing on the Internal Revenue Service (“IRS”) practice of targeting applicants for tax-exempt status based on political leanings. **The hearing will take place on Friday, May 17, 2013, in Room 1100 of the Longworth House Office Building, beginning at 9:00 A.M.**

Acting Commissioner of the Internal Revenue Service, Mr. Steve Miller, and the Treasury Inspector General for Tax Administration, J. Russell George, will be the only witnesses at the hearing. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

Since June 2011, the Committee on Ways and Means has been investigating whether the Internal Revenue Service discriminated against taxpayers based on political opinions. News reports indicate that the agency is now admitting this past practice.

In announcing the hearing, Chairman Camp said, **“The American public expects the Internal Revenue Service to be apolitical in its enforcement of our tax laws. News that the agency admits it targeted American taxpayers based on politics is both astounding and appalling. The Committee on Ways and Means will get to the bottom of this practice and ensure it never takes place again.”**

In announcing the hearing, Ranking Member Sander Levin said, **“The American people must have the fullest confidence that organizations requesting tax exemption receive completely unbiased treatment from the Internal Revenue Service and are never singled out by name or political views. The nation deserves a complete understanding of this matter, and as Chairman Camp and I discussed this morning, it is essential that there be a thorough and bipartisan investigation and effective remedial action.”**

FOCUS OF THE HEARING:

The hearing will focus on the Internal Revenue Service’s practice of discriminating against applicants for tax-exempt status based on the political leanings of the applicants.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings” Select the hearing for which you would like to submit, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Thursday, May 30, 2013.** Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package de-

liveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-3625 or (202) 225-5522.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and MUST NOT exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://www.waysandmeans.house.gov/>.

Chairman CAMP. The Committee on Ways and Means will come to order.

On May 10th, Lois Lerner, Director of Exempt Organizations for the Internal Revenue Service division that oversees tax exempt groups, finally acknowledged that the agency had been targeting conservative-leaning political organizations. Four days later the Treasury Inspector General for Taxpayer Administration confirmed that “The IRS used inappropriate criteria to identify organizations applying for tax exempt status.” The report also confirmed that this abuse of power began as far back as 2010.

This revelation goes against the very principles of free speech and liberty upon which this country was founded. The blatant disregard with which the agency has treated Congress and the American taxpayer raises serious concerns about leadership at the IRS.

Let’s establish the facts that we do know. Based on the TIGTA report we know that for an 18-month period beginning in spring 2010 IRS employees in the agency’s Determinations Unit employed key words such as “tea party,” “Patriot” and “9/12” to target applications for tax exempt status. These groups were then subjected to further IRS investigation and document requests. IRS employees later expanded their search to include groups concerned about government spending, debt, taxes, the Constitution, the Bill of Rights, or trying to “make America a better place to live.” Let me repeat

that. People were targeted for trying to make America a better place to live.

These Americans had their applications delayed for nearly 3 years and at least 98 applicants were asked for improper and inappropriate information such as donor lists and whether family members planned to run for political office. During that delay and while applications of conservative groups sat untouched for more than a year, other applications with names like “progress” and “progressive” were approved in just a matter of months. The headline in USA Today from earlier this week really says it all. “IRS gave liberals a pass; Tea Party groups put on hold.”

TIGTA’s audit found that some of those cases should have been set aside because of concerns related to their potential political activity, but no such review was done. Without objection, I enter the USA Today news report into the record.

[The news article follows:]

USA TODAY**IRS gave liberals a pass; Tea Party groups put on hold**

By Gregory Korte

May 15, 2013

WASHINGTON -- In the 27 months that the Internal Revenue Service put a hold on all Tea Party applications for non-profit status, it approved applications from similar liberal groups, a USA TODAY review of IRS data shows.

As applications from conservative groups sat in limbo, groups with obviously liberal names were approved in as little as nine months. With names including words like "Progress" or "Progressive," these groups applied for the same tax status and were engaged in the same kinds of activities as the conservative groups.

The controversial, 3-year-old strategy to manage the increasing number of political groups seeking tax-exempt status came under fire Tuesday. The agency's own inspector general blamed IRS leadership for "ineffective management."

The Justice Department wants to know if that was more than just mismanagement. Calling the IRS' actions "outrageous and unacceptable," Attorney General Eric Holder said Tuesday that he has asked the FBI to investigate. "We're examining the facts to see if there were any criminal violations," he said.

A federal official who has been briefed on the matter said the investigation could focus on potential violations of civil rights law, including targeting groups based on political affiliation and infringing free speech. The official, who is not authorized to comment publicly, said authorities could consider possible violations of the Hatch Act, which restricts political activities of government workers.

The IRS inspector general, in an audit issued Tuesday, said the agency used "inappropriate criteria that identified Tea Party and other organizations applying for tax-exempt status based upon their names or policy positions" instead of evidence of political activity. The tax exemption requires that organizations have "social welfare" as their primary purpose, but IRS officials said the rules are unclear how much political activity they can engage in.

The White House says it knew nothing of the screening until a few weeks ago. In a statement Tuesday, President Obama said, "The report's findings are intolerable and inexcusable." Obama said he has directed Treasury Secretary Jack Lew "to hold those responsible for these failures accountable, and to make sure that each of the Inspector General's recommendations are implemented quickly, so that such conduct never happens again."

Contributing: Kevin Johnson



Chairman CAMP. This week we learned that senior IRS officials knew about this activity almost 2 years ago in June of 2011 and IRS's leadership in Washington knew of it in May 2012, a year ago. Despite a 2-year long investigation by this committee, the IRS never told the American people or their representatives about this simple truth. In fact, we were repeatedly told no such targeting was happening. That isn't being misled, that is lying.

But now we know the truth, or at least some of it. We also know that these revelations are just the tip of the iceberg. It would be a mistake to treat this as just one scandal. This may be the one generating headlines, but in total I count at least five serious violations of taxpayer rights, the right to be treated fairly, honestly and impartially by their government.

First, back in August of 2010 a White House official discussed the status of a private company, the tax status of a private company, a clear intimidation tactic.

Second, in June of 2010 the targeting of conservative groups began.

Third, in May of 2011 the IRS started to threaten donors to conservative-leaning nonprofits that they were liable for certain taxes.

Fourth, in March of 2012 the Huffington Post published a confidential 2008 donor list of the National Organization for Marriage, a conservative tax exempt organization.

Fifth, but unlikely the final transgression, Pro Publica announced that the IRS had leaked confidential applications for tax exempt status from conservative groups.

Mr. Miller, with all due respect, this systematic abuse cannot be fixed with just one resignation or two, and as much as I expect more people need to go, the reality is this is not a personnel problem. This is a problem of the IRS being too large, too powerful, too intrusive and too abusive of honest, hard-working taxpayers.

There isn't a person I come into contact with at home or anyone in this country frankly who does not fear the IRS. They fear getting something wrong on their tax filing and they fear the IRS's ability to audit them and wreak havoc in their lives, especially when all they are trying to do is improve their lives, let alone, God forbid, trying to make America a better place to live, which is what the IRS targeted them for.

Under that kind of thinking, every civic group in America is at risk, the Knights of Columbus, the Rotary, the Jaycees, the American Legion and VFW clubs. I am sure you are aware of the saying that the power to tax is the power to destroy. Well, under this administration the IRS has abused its power to tax and it has destroyed what little faith and hope the American people had in getting a fair shake in Washington.

This will not stand. Trimming a few branches will not solve the problem when the roots of the tree have gone rotten. And that is exactly what has happened with our entire tax system. It is rotten at the core and it must be ripped out so we can start fresh. Only then will the American people get a tax system that treats them fairly and honestly as they deserve. And while that is a larger discussion, it is directly tied to the issue before us today, how and why our tax system has gone so far off track.

Many questions still remain. Why did the IRS repeatedly target the American people and then keep that fact covered up for so long? Who started the targeting? Who knew? When did they know and how high did it go? Who leaked the private taxpayer information? Why were the names of donors asked for and what was done with those lists before they were supposedly discarded? And when did the administration know about each of these and what was its reaction?

Listening to the nightly news, this appears to be just the latest example of a culture of cover-up and political intimidation in this administration. It seems like the truth is hidden from the American people just long enough to make it through an election.

The American people have a right to the truth, to a government that delivers the facts, good or bad, no matter what. President Obama promised to be different and to deliver a better government, the most transparent in history. He was right, America deserves better. It is time to end the corruption at the IRS and fix a Tax Code that allows Washington and the IRS to pick who wins and who loses in America.

I expect nothing less than total cooperation by the IRS and this administration as we investigate what happened and what we must do to fix it.

I now recognize Ranking Member Levin for the purpose of his opening statement and thank him for his commitment to pursue this issue.

Mr. LEVIN. Thank you, Mr. Chairman. I am going to read my opening statement. I will expand on it a bit, now that I have heard the opening statement of the chairman.

This committee on a bipartisan basis takes seriously its oversight role and we are fully committed to ensuring an IRS that serves the American people fairly and efficiently. What is now completely clear is that the management and oversight of the agency's handling of tax-exemption applications have completely failed the American people. I emphasize that. As we know from the Inspector General's audit, the agency used totally inappropriate criteria in its review of tax-exemption applications, singling out organizations for review based on their name or political views rather than their actual activities.

These criteria changed four times over 2 years with little management review or oversight. Applications sat for years. Work stopped for 13 months while one department waited to hear back from another. Questions were asked that were not necessary. Again, no oversight, no accountability. All of us are angry at this on behalf of the Nation and we are determined to get answers to our questions about how this happened to ensure that it does not happen again.

Finally, throughout this time the IRS leadership has demonstrated a total disregard for the oversight role of the Congress and this committee. Former IRS Commissioner Shulman testified in front of us in March 2012 and said that "no targeting" was going on. Two months later he was briefed on the IG's investigation and was fully informed that indeed singling out by name had occurred on his watch. He had an obligation to return to this committee and

set the record straight. So did Mr. Miller. Neither fulfilled their obligations.

A little more than a week ago Lois Lerner was in front of our Oversight Subcommittee. She serves as the Director of the Exempt Organization Division and she has been directly involved in this matter. Yet she failed to disclose what she knew to this committee, choosing instead to do so at an ABA conference 2 days later. This is wholly unacceptable and one of the reasons that we believe, and as I stated several days ago, Ms. Lerner should be relieved of her duties.

Chairman Camp and I put together this hearing on a bipartisan basis to get the facts. We must seek the truth, not political gain.

I just want to add in that regard, Mr. Camp has said listening to the nightly news this appears to be just the latest example of a culture of cover-ups and political intimidation in this Administration. It seems like the truth is hidden from the American people just long enough to make it through an election.

I totally, totally disagree. If this hearing becomes essentially a bootstrap to continue the campaign of 2012 and to prepare for 2014, we will be making a very, very serious mistake and indeed not meeting our obligation of trust to the American people.

You are here today, Mr. Miller, you are here today, the Inspector General, to talk about what happened, how it happened, where it happened and who knew what when. And if instead this hearing essentially becomes an effort to score political points, it will be a disregard of the duties of this committee.

So I conclude with the sentence we must seek the truth, not political gain. We look forward to full and forthcoming answers to our questions today.

Chairman CAMP. Thank you. Before the witnesses are recognized for their opening statements I will first swear them in. While this is the prerogative of every committee chair, it has not been the custom here at Ways and Means, but then it is not customary for this committee to have been so repeatedly misled by an agency under its purview. So while it is always against the law to provide false statements to Congress, the act of swearing in a witness impresses upon him or her the gravity of the proceeding and the need to tell the full and complete truth.

Please raise your right hands.

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. MILLER. I do.

Mr. GEORGE. I do.

Chairman CAMP. Let the record reflect the witnesses answered in the affirmative. Thank you.

I would like to welcome J. Russell George, who has been the Treasury Inspector General for Tax Administration. I think we will wait for the camera pool to leave at this point.

Thank you. I would like to welcome J. Russell George, who has been the Treasury Inspector General for Tax Administration since 2002, and Mr. Steven Miller, who is currently the Acting Commissioner for the IRS. Thank you both for being with us today. You

will each have five minutes to present your testimony, with your full written testimony submitted for the record.

Mr. George, we will begin with you. You are recognized for 5 minutes.

**TESTIMONY OF THE HONORABLE J. RUSSELL GEORGE,
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION**

Mr. GEORGE. Chairman Camp, Ranking Member Levin, Members of the Committee, thank you very much for the opportunity to discuss our report concerning oversight by the Internal Revenue Service of groups that apply for tax exempt status. As you are aware, the organization that I lead, the Treasury Inspector General for Tax Administration, protects the integrity of the Federal tax system. Our audit was initiated based on concerns expressed by Members of Congress because of taxpayer allegations that they were subject to unfair treatment by the IRS.

Our report issued earlier this week addresses three allegations: First, that the IRS targeted specific groups applying for tax exempt status; second, that they delayed the processing of these groups' applications; and, third, that the IRS requested unnecessary information from groups it subjected to special scrutiny. All three allegations were substantiated.

The IRS used inappropriate criteria to target for review Tea Party and other organizations based on their name and policy positions. This practice started in 2010 and continued to evolve until June of 2011. As the monitor shows, the IRS was following inappropriate criteria. Let me read to you these criteria from a briefing held by the IRS's exempt organizations function in June of 2011.

The criteria included the words "tea party," "patriots" or "9/12 project." Another listed criterion was that the groups' issues included government spending, government debt or taxes. Yet another listing criteria appeared as education of the public by advocacy or lobbying to "make America a better place to live." Finally, the criterion consisted of any statements in the case file criticizing how the country is being run.

The reason these criteria were inappropriate is that they did not focus on tax exempt laws and Treasury regulations. For example, 501(c)(3) organizations may not engage in political campaign intervention. 501(c)(4) organizations can, but it must not be their primary activity. Political campaign intervention is action taken on behalf of or against a particular candidate running for office.

Although these criteria appeared in the IRS's own documentation as of June 2011, IRS employees actually began selecting Tea Party and other organizations for review in early 2010. From May of 2010 through May of 2012, a team of IRS specialists in Cincinnati, Ohio, referred to as the Determinations Unit selected 298 cases for additional scrutiny. According to our findings, the first time that executives from Washington, D.C. became aware of the use of these criteria was June 2011 with some executives not becoming aware of the criteria until April or May of 2012.

The IRS's inappropriate criteria remained in effect for approximately 18 months. After learning of the inappropriate criteria, the Director of Exempt Organizations changed the criteria in July of 2011 to remove references to organization names and policy posi-

tions. However, Cincinnati staff changed the criteria back to target organizations with specific policy positions, but this time they did not include Tea Party or other named organizations. Finally, in May of 2012, after learning that the criteria had again been changed, the Exempt Organizations Director of Rulings and Agreements changed the criteria to be consistent with laws and regulations.

The organizations selected for review for significant political campaign intervention, again 298 in all, experienced substantial delays in the processing of their applications. The organizations experiencing these delays included Tea Party organizations, patriot organizations, 9/12 organizations among other organizations.

As shown on the monitor, the status as of December 2012 for 296 cases that we reviewed was 108 cases had been approved, 28 cases were withdrawn, and 160 cases were still open. Zero cases had been denied. Of the cases still open, some had been in progress for over three years and crossed two election cycles without resolution. Of the 108 cases approved, 31 were Tea Party, 9/12 or patriot organizations.

My final point is that the IRS requested unnecessary information for many political cases. In fact, 98 of 170 cases that received follow-up requests for information from the IRS had unnecessary questions. Our evidence indicates that staff at the Determinations Unit in Cincinnati sent these letters out with little or no supervisory review. The IRS later determined these questions were unneeded, but not until after media accounts and questions by Members of Congress arose in March of 2012.

Examples of the unnecessary information requested included the names of past and future donors, listings of all issues important to the organization and what the organizations' positions were regarding such issues, and whether officers or directors have run for public office or would be running for public office in the future.

Months after receiving these questions, 12 of the 98 organizations either received a letter or a telephone call from the IRS stating that their applications were approved and they no longer needed to respond to the additional requests. The IRS informed another 15 organizations that they did not need to respond to previous requests for information and instead they were sent a revised request for information. Regarding the donor information received from applicants, the IRS informed us that they destroyed that information.

In closing, our audit found clear evidence that each of the three allegations were correct. Was the IRS using inappropriate criteria in its review of organizations applying for tax exempt status? Yes. Was the IRS delaying their applications? Yes. And, finally, did the IRS ask inappropriate and unnecessary questions of applicants? Again, yes.

These findings have raised troubling questions about whether the IRS has effective management oversight and control, at least in the Exempt Organizations function, so that the public can be reassured that the IRS is impartial in administering the Nation's tax laws fairly.

Chairman Camp, Ranking Member Levin, Members of the Committee, thank you for the opportunity to present my views. I look forward to your questions.

Chairman CAMP. Thank you, Mr. George.
[The prepared statement of Mr. George follows:]

**HEARING BEFORE THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES**

**“IRS TARGETING OF APPLICANTS FOR
TAX-EXEMPT STATUS”**



**Testimony of
The Honorable J. Russell George
Treasury Inspector General for Tax Administration**

May 17, 2013

Washington, D.C.

TESTIMONY
OF
THE HONORABLE J. RUSSELL
GEORGE
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION
before
the
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

"The IRS Targeting of Applicants For
Tax-Exempt Status"

May 17, 2013

Chairman Camp, Ranking Member Levin, and Members of the Committee, thank you for the invitation to provide testimony on the subject of the Internal Revenue Service's (IRS) processing of certain applications for tax-exempt status. The Treasury Inspector General for Tax Administration, also known as TIGTA, has provided ongoing oversight of the IRS's Tax Exempt and Government Entities Division, Exempt Organizations' (EO) customer service and compliance efforts, including those related to political activities. For example, several reviews have covered the IRS's political activities compliance initiative,¹ as well as the processing of political action committees' returns.² My testimony today focuses on the results of our most recently issued report.³ In this report, TIGTA determined whether allegations were founded that the IRS: 1) targeted specific groups applying for tax-exempt status, 2) delayed processing targeted groups' applications for tax-exempt status, and 3) requested unnecessary information from targeted groups. Our report is included as an attachment to the testimony, and I will provide highlights of our key findings.

Organizations, such as Internal Revenue Code (I.R.C.) Section (§) 501(c)(3)⁴ charities, seeking Federal tax exemption are required to file an application with the

¹ TIGTA, Ref. No. 2005-10-035, *Review of the Exempt Organizations Function Process for Reviewing Alleged Political Campaign Intervention By Tax-Exempt Organizations* (Feb. 2005); TIGTA, Ref. No. 2008-10-117, *Improvements Have Been Made to Educate Tax-Exempt Organizations and Enforce the Prohibition Against Political Activities, but Further Improvements Are Possible* (June 2008).

² TIGTA, Ref. No. 2005-10-125, *Additional Actions Are Needed to Ensure Section 527 Political Organizations Publicly Disclose Their Actions Timely and Completely* (Aug. 2005); TIGTA, Ref. No. 2010-10-018, *Improvements Have Been Made, but Additional Actions Could Ensure That Section 527 Political Organizations More Fully Disclose Financial Information* (Feb. 2010).

³ TIGTA, Ref. No. 2013-10-053, *Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review* (May 2013).

⁴ I.R.C. § 501(c)(3) (2012).

IRS. Other organizations, such as I.R.C. § 501(c)(4)⁵ social welfare organizations,⁶ may file an application but are not required to do so. The IRS's EO function's Rulings and Agreements office, which is based in Washington, D.C., is responsible for processing applications for tax exemption. Within the Rulings and Agreements office, the Determinations Unit in Cincinnati, Ohio, is responsible for reviewing applications as they are received to determine whether the organization qualifies for tax-exempt status. If the Determinations Unit needs technical assistance⁷ processing applications, it may call upon the Technical Unit in Washington, D.C., which is within the Rulings and Agreements office.

Most organizations requesting tax-exempt status must submit either a Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*, or Form 1024, *Application for Recognition of Exemption Under Section 501(a)*,⁸ depending on the type of tax-exempt organization.

The I.R.C. section under which an organization is granted tax-exempt status affects the activities it may undertake. For example, I.R.C. § 501(c)(3) charitable organizations are prohibited from directly or indirectly participating in or intervening in any political campaign on behalf of or in opposition to any candidate for public office (hereinafter referred to as political campaign intervention).⁹ However, I.R.C. § 501(c)(4) social welfare organizations, I.R.C. § 501(c)(5)¹⁰ agricultural and labor organizations,¹¹ and I.R.C. § 501(c)(6)¹² business leagues¹³ may engage in limited political campaign intervention.

The IRS receives thousands of applications for tax-exempt status annually. Between fiscal years 2009 and 2012, the IRS received approximately 60,000-65,000

⁵ I.R.C. § 501(c)(4) (2012).

⁶ Organizations that promote social welfare primarily promote the common good and general welfare of the people of the community as a whole, such as a nonprofit organizations providing financial counseling, youth sports, and public safety.

⁷ Assistance such as interpretation of the tax law or guidance on issues that are not covered by clearly established precedent.

⁸ Form 1024 is used by organizations seeking tax-exempt status under a number of other I.R.C. sections, including I.R.C. § 501(c)(4) social welfare organizations, I.R.C. § 501(c)(5) agricultural and labor organizations, and I.R.C. § 501(c)(6) business leagues.

⁹ Political campaign intervention is the term used in Treasury Regulations §§ 1.501(c)(3)-1, 1.501(c)(4)-1, 1.501(c)(5)-1, and 1.501(c)(6)-1. I.R.C. § 501(c)(3) defines political campaign intervention as directly or indirectly participating in or intervening in any political campaign on behalf of or in opposition to any candidate for public office.

¹⁰ I.R.C. § 501(c)(5) (2012).

¹¹ Agricultural organizations promote the interests of persons engaged in raising livestock or harvesting crops, and labor organizations include labor unions and collective bargaining associations.

¹² I.R.C. § 501(c)(6) (2012).

¹³ Nonprofit organizations such as chambers of commerce, real estate boards, and boards of trade that promote the improvement of business conditions.

applications for I.R.C. § 501(c)(3) status each year. In addition, receipts for I.R.C. § 501(c)(4) applications increased between fiscal years 2009 and 2012 from approximately 1,700 to more than 3,300 annually.

During the 2012 election cycle, some Members of Congress raised concerns to the IRS about its selective enforcement efforts and reemphasized its duty to treat similarly situated organizations consistently. In addition, several organizations applying for I.R.C. § 501(c)(4) tax-exempt status made allegations that the IRS: 1) targeted specific groups applying for tax-exempt status, 2) delayed the processing of targeted groups' applications for tax-exempt status, and 3) requested unnecessary information from targeted organizations. Lastly, several Members of Congress requested that the IRS investigate whether existing social welfare organizations are improperly engaged in a substantial, or even predominant, amount of campaign activity.¹⁴

We initiated this audit based on concerns expressed by Congress and reported in the media regarding the IRS's treatment of organizations applying for tax-exempt status. We focused our efforts on reviewing the processing of applications for tax-exempt status and determining whether allegations made against the IRS were founded. Over 600 tax-exempt application case files were reviewed by TIGTA. We did not review whether specific applications for tax-exempt status should be approved or denied.

Results of Review

In summary, we found that all three allegations were substantiated. The IRS used inappropriate criteria that identified for review Tea Party and other organizations applying for tax-exempt status based upon their names or policy positions instead of indications of potential political campaign intervention. Because of ineffective management by IRS officials: 1) inappropriate criteria were developed and stayed in place for a total of more than 18 months, 2) there were substantial delays in processing certain applications, and 3) unnecessary information requests were issued to the organizations.

Inappropriate Criteria Were Used to Identify Potential Political Cases

The IRS developed and began using criteria to identify tax-exempt applications for review by a team of specialists that inappropriately identified specific groups applying for tax-exempt status based on their names or policy positions, instead of developing

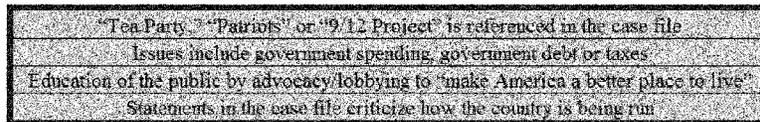
¹⁴ A second audit is planned to assess how the EO function monitors I.R.C. §§ 501(c)(4)-(6) organizations to ensure that political campaign intervention does not constitute their primary activity.

criteria based on tax-exempt laws and Treasury Regulations. The criteria evolved during 2010.

- In early Calendar Year 2010, according to an IRS Determinations Unit specialist, the IRS began searching for applications with “Tea Party,” “Patriots,” or “9/12” in the organization’s name as well as other “political-sounding” names (hereinafter referred to as potential political cases).
- In May 2010, a Determinations Unit specialist and group manager began developing a spreadsheet that would become known as the “Be On the Look Out” listing (hereinafter referred to as the “BOLO” listing), which included the emerging issue of Tea Party applications.
- In June 2010, Determinations Unit managers and specialists began training Determinations Unit specialists on issues to be aware of, including Tea Party cases.
- By July 2010, Determinations Unit management stated that it had requested its specialists to be on the lookout for Tea Party applications.

In August 2010, the Determinations Unit distributed the first formal BOLO listing. The criteria in the BOLO listing were stated as “Tea Party organizations” applying for I.R.C. § 501(c)(3) or I.R.C. § 501(c)(4) status.

EO function officials in Washington, D.C. stated that Determinations Unit specialists interpreted the general criteria in the BOLO listing and developed expanded criteria for identifying potential political cases. By June 2011, these criteria included:



The Director, EO, stated that the expanded criteria were a compilation of various Determinations Unit specialists’ responses on how they were identifying Tea Party cases. We asked the Acting Commissioner, Tax Exempt and Government Entities Division; the Director, EO; and Determinations Unit personnel if the criteria were influenced by any individual or organization outside the IRS. All of these officials stated that the criteria were not influenced by any individual or organization outside the IRS. Instead, the Determinations Unit developed and implemented inappropriate criteria due to insufficient oversight provided by management and other human capital challenges.

Specifically, first-line management in Cincinnati, Ohio approved references to the Tea Party in the BOLO listing criteria. As a result, inappropriate criteria remained in place for more than 18 months.¹⁵ Determinations Unit managers and employees also did not consider the public perception of using these criteria when identifying these cases. Moreover, the criteria developed showed that the Determinations Unit specialists lacked knowledge of what activities are allowed by I.R.C. § 501(c)(3) and I.R.C. § 501(c)(4) organizations.

However, developing and using criteria that focus on organization names and policy positions instead of the activities permitted under the Treasury Regulations does not promote public confidence that tax-exempt laws are being applied impartially. The IRS's actions regarding the use of inappropriate criteria over such an extended period of time has brought into question whether the IRS has treated all taxpayers fairly, which is an essential part of its mission statement.¹⁶

After being briefed on the expanded criteria in June 2011, the Director, EO, immediately directed that the criteria be changed. In July 2011, the criteria were changed to focus on the potential "political, lobbying, or advocacy" activities of the organization and references to these cases were changed from "Tea Party cases" to "advocacy cases." These criteria were an improvement over using organization names and policy positions because they were more consistent with tax-exempt laws and Treasury Regulations.

However, the team of Determinations Unit specialists subsequently changed the criteria in January 2012 without senior IRS official approval because they believed the July 2011 criteria were too broad. The January 2012 criteria again focused on the policy positions of organizations, instead of tax-exempt laws and Treasury Regulations. After three months, the Director, Rulings and Agreements, in Washington, D.C. learned the criteria had been changed by the team of specialists and subsequently revised the criteria again in May 2012. The May 2012 criteria more clearly focus on activities permitted under the Treasury Regulations. We are not aware of any additional changes to the criteria during our audit. We are continuing to look into whether any violations of

¹⁵ The 18 months were not consecutive. There were two different time periods when the criteria were inappropriate (May 2010 to July 2011 and January 2012 to May 2012).

¹⁶ The IRS's mission is to provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

the Internal Revenue Service Restructuring and Reform Act of 1998¹⁷ (RRA 98) have occurred and if any political influence caused the change in criteria.¹⁸

Potential Political Cases Experienced Significant Processing Delays

The organizations that applied for tax-exempt status and that had their applications forwarded to the team of specialists for additional review experienced substantial delays. As of December 17, 2012, many organizations had not received an approval or denial letter for more than two years after they submitted their applications. Some cases have been open during two election cycles (2010 and 2012).

Potential political cases took significantly longer than average to process due to ineffective management oversight. Once cases were initially identified for processing by the team of specialists in February 2010, the Determinations Unit Program Manager requested assistance via e-mail from the Technical Unit to ensure consistency in processing the cases. However, the Determinations Unit waited more than 20 months (February 2010 to November 2011) to receive draft written guidance from the Technical Unit for processing potential political cases.

The team of specialists stopped working on potential political cases from October 2010 through November 2011, resulting in a 13-month delay, while they waited for assistance from the Technical Unit. Many organizations waited much longer than 13 months for a decision while others have yet to receive a decision from the IRS. For example, as of December 17, 2012, the IRS had been processing several potential political cases for more than 1,000 calendar days (approximately 3 years). Some of these organizations received requests for additional information in Calendar Year 2010 and then did not hear from the IRS again for more than a year while the Determinations Unit waited for assistance from the Technical Unit. For the 296 potential political cases we reviewed, as of December 17, 2012, 108 applications had been approved, 28 were withdrawn by the applicant, none had been denied, and 160 cases were open from 206 to 1,138 calendar days (some crossing two election cycles).

¹⁷ Pub. L. No. 105-206, 112 Stat. 685, 1998 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

¹⁸ It is a violation of RRA 98 § 1203(b)(3) for IRS employees to falsify or destroy documents to conceal mistakes made by any employee with respect to a matter involving a taxpayer or taxpayer representative and a violation of RRA 98 § 1203(b)(6) for IRS employees to violate the Internal Revenue Code, Treasury Regulations, or policies of the IRS for purposes of retaliating against or harassing a taxpayer. Proven violations of Section 1203 require the termination of the offending IRS employee.

The IRS Requested Unnecessary Information for Many Potential Political Cases

After receiving draft guidance in November 2011 from the Technical Unit on processing potential political cases, a different team of specialists in the Determinations Unit began sending requests for additional information in January 2012 to organizations that were applying for tax-exempt status. For some organizations, this was the second letter received from the IRS requesting additional information, the first of which had been received more than a year before this date. These letters requested that the information be provided in two or three weeks (as is customary in these letters) despite the fact that the IRS had done nothing with some of the applications for more than one year. After the letters were received, organizations seeking tax-exempt status, as well as Members of Congress, expressed concerns about the type and extent of questions being asked.

After this media attention, the Director, EO, stopped issuance of additional information request letters and provided an extension of time to respond to previously issued letters. EO function headquarters Washington, D.C. office employees reviewed the additional information request letters prepared by the team of specialists and identified seven questions that they deemed unnecessary, including requests for donor information, position on issues, and whether officers have run for public office. Subsequently, the EO function instituted the practice that all additional information request letters for potential political cases be reviewed by the EO function headquarters office before they are sent to organizations seeking tax-exempt status. In addition, EO function officials informed us that they decided to destroy all donor lists that had been sent in for potential political cases which the IRS determined it should not have requested.

The Determinations Unit requested unnecessary information because of a lack of managerial review, at all levels, of these information requests before they were sent to organizations seeking tax-exempt status. Additionally, as mentioned earlier, we concluded that Determinations Unit specialists lacked knowledge of what activities are allowed by I.R.C. § 501(c)(3) and I.R.C. § 501(c)(4) tax-exempt organizations. In May 2012, a two-day workshop was provided to the team of specialists to train them on what activities are allowable by I.R.C. § 501(c)(4) organizations, including lobbying and political campaign intervention.

IRS's Response to Our Recommendations

TIGTA made nine recommendations to provide more assurance that applications are processed in a fair and impartial manner in the future without unreasonable delay. The IRS agreed to seven of our nine recommendations and proposed alternative

corrective actions for two of our recommendations. However, we do not agree that the alternative corrective actions will accomplish the intent of the recommendations. One of these recommendations was that the IRS should clearly document the reason applications are chosen for further review for potential political campaign intervention. The second was that the IRS should develop specific guidance for specialists processing potential political cases and publish the guidance on the Internet. Further, the IRS's response also states that issues discussed in the report have been resolved. We disagree with this assertion. Until all of our recommendations are fully implemented and the numerous applications that were open as of December 2012 are closed, we do not consider the concerns in this report to be resolved. In addition, as part of our mission, TIGTA will also determine whether any criminal activity or administrative misconduct occurred during this process. The attached TIGTA report includes additional information on all nine recommendations and the IRS's planned corrective actions and completion dates.

We at TIGTA are committed to delivering our mission of ensuring an effective and efficient tax administration system and preventing, detecting, and deterring waste, fraud, and abuse. As such, we plan to provide continuing audit and investigative coverage of the IRS's efforts to administer the tax-exempt laws.

Chairman Camp, Ranking Member Levin, and Members of the Committee, thank you for the opportunity to update you on our work on this tax administration issue and to share my views.



J. Russell George
Treasury Inspector General for Tax Administration

Following his nomination by President George W. Bush, the United States Senate confirmed J. Russell George in November 2004, as the Treasury Inspector General for Tax Administration. Prior to assuming this role, Mr. George served as the Inspector General of the Corporation for National and Community Service, having been nominated to that position by President Bush and confirmed by the Senate in 2002.

A native of New York City, where he attended public schools, including Brooklyn Technical High School, Mr. George received his Bachelor of Arts degree from Howard University in Washington, D.C., and his Doctorate of Jurisprudence from Harvard University's School of Law in Cambridge, MA. After receiving his law degree, he returned to New York and served as a prosecutor in the Queens County District Attorney's Office.

Following his work as a prosecutor, Mr. George joined the Counsel's Office in the White House Office of Management and Budget where he was Assistant General Counsel. In that capacity, he provided legal guidance on issues concerning presidential and executive branch authority. He was next invited to join the White House Staff as the Associate Director for Policy in the Office of National Service. It was there that he implemented the legislation establishing the Commission for National and Community Service, the precursor to the Corporation for National and Community Service. He then returned to New York and practiced law at Kramer, Levin, Naftalis, Nessen, Kamin & Frankel.

In 1995, Mr. George returned to Washington and joined the staff of the Committee on Government Reform and Oversight and served as the Staff Director and Chief Counsel of the Government Management, Information and Technology subcommittee (later renamed the Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations), chaired by Representative Stephen Horn. There he directed a staff that conducted over 200 hearings on legislative and oversight issues pertaining to Federal Government management practices, including procurement policies, the disposition of government-controlled information, the performance of chief financial officers and inspectors general, and the Government's use of technology. He continued in that position until his appointment by President Bush in 2002.

In addition to his duties as the Inspector General for Tax Administration, Mr. George serves as a member of the Recovery Accountability and Transparency Board, a non-partisan, non-political agency created by the American Recovery and Reinvestment Act of 2009 to provide unprecedented transparency and to detect and prevent fraud, waste, and mismanagement of Recovery funds. There, he serves as chairman of the Recovery.gov committee, which oversees the dissemination of accurate and timely data about Recovery funds.

Mr. George also serves as a member of the Integrity Committee of the Council of Inspectors General for Integrity and Efficiency (CIGIE). CIGIE is an independent entity within the executive branch statutorily established by the Inspector General Act, as amended, to address integrity, economy, and effectiveness issues that transcend individual Government agencies; and increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General. The CIGIE Integrity committee serves as an independent review and investigative mechanism for allegations of wrongdoing brought against Inspectors General.

Chairman CAMP. Mr. Miller, you are now recognized for 5 minutes.

**STATEMENT OF THE HONORABLE STEVEN T. MILLER, ACTING
COMMISSIONER, INTERNAL REVENUE SERVICE, AND DEP-
UTY COMMISSIONER FOR SERVICES AND ENFORCEMENT**

Mr. MILLER. Thank you, Mr. Chairman. Thanks for the opportunity to be here today. Unfortunately, given time considerations, we received the notice of hearing within the last 2 days, the IRS was unable to prepare written testimony. I would note that I have a very brief statement before I take your questions.

First and foremost, as Acting Commissioner I want to apologize on behalf of the Internal Revenue Service for the mistakes that we made and the poor service we provided. The affected organizations and the American public deserve better. Partisanship or even the perception of partisanship has no place at the IRS. It cannot even appear to be a consideration in determining the tax exemption of an organization.

I do not believe that partisanship motivated the people who engaged in the practices described in the Treasury Inspector General's report. I have reviewed the Treasury Inspector General's report and I believe its conclusions are consistent with that. I think that what happened here was that foolish mistakes were made by people trying to be more efficient in their workload selection. The listings described in the report, while intolerable, was a mistake and not an act of partisanship.

The agency is moving forward. It has learned its lesson. We have previously worked to correct issues in the processing of the cases described in the report and we have implemented changes to make sure that this type of thing never happens again. Now that TIGTA has completed its fact finding and issued its report, management will take appropriate action with respect to those responsible.

I would be happy to answer your questions.

[The prepared statement of Mr. Miller follows:]



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D. C. 20224

APR 20 2013

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Joseph H. Grant, Acting Commissioner, Tax Exempt and
Government Entities

SUBJECT: "Inappropriate Criteria Were Used to Identify Tax-Exempt
Applications for Review"

Thank you for the opportunity to review the draft report and for your review of this issue. We appreciate your recommendations for improvements to our processes.

We recognize that some errors occurred in the handling of the influx of advocacy cases and we appreciate TIGTA's acknowledgment of our steps to improve the process. As further outlined below, significant improvements in this area are in place and we are confident that what transpired here will not recur.

We believe it is important to put this matter into context. Starting in 2010, Exempt Organizations (EO) observed a significant increase in the number of section 501(c)(3) and section 501(c)(4) applications from organizations that appeared to be, or planned to be, engaged in political campaign activity. Between 2008 and 2012, the number of applications for section 501(c)(4) status more than doubled. We also received numerous referrals from the public, media, watchdog groups, and members of Congress alleging that specific section 501(c)(4) organizations were engaged in political campaign activity to an impermissible extent.

Similar to our approach in other areas (e.g., credit counseling, down payment assistance organizations, etc.), EO sought to assign cases to designated employees. Centralization of like cases ensures that specific employees who have been trained on the relevant issues can adequately review the applications. In this way the IRS learns of new trends (as was the case in credit counseling), and can approach cases in a uniform way to promote consistency and quality. While this is the correct approach for handling certain classes of cases, centralization does slow the progress of some applications (at least initially). Therefore, it is important to take this action only in appropriate situations and to designate cases for centralization in an equitable manner.

It is our view that centralization was warranted in this situation. First, it is important to recognize the intensely fact-specific nature of the determination of whether an

organization is described in section 501(c)(4). To be recognized as exempt under section 501(c)(4), an organization must be engaged primarily in the promotion of social welfare. This requires a review of all activities, a classification of activities into those that promote social welfare and those that do not, and a balancing of both classes of activities. Note that the promotion of social welfare does not include political campaign intervention. And in cases where there is the potential of political campaign intervention, the application process becomes even more difficult. EO must first determine whether any activities described in the application constitute political campaign intervention and must also determine whether the applicant is primarily engaged in social welfare activity in light of any political campaign intervention and any other non-exempt activity. There are no bright line tests for what constitutes political campaign intervention (in particular, the line between such activity and education) or whether an organization is primarily engaged in social welfare activities.

The second reason that centralization was warranted in this case is that the applications EO began to receive in 2010 were in many cases vague as to the activities the applicants planned to conduct. Many applications included what appeared to be incomplete or inconsistent information. For example, a number of applications indicated that the organization did not plan to conduct political campaign activity, but elsewhere described activities that appeared in fact to be such activity. It was also clear that many organizations did not understand what activities would constitute political campaign intervention under the tax law. For these reasons, it was necessary in many cases for us to gather additional information. And we believe it was important that we be consistent in how we developed these cases.

While centralization was warranted, the manner in which we initially designated cases for centralization was inappropriate. We should centralize like cases by a review of the facts contained in the application and not just by name. While it is necessary to consider a variety of information in the screening process (including flags for current emerging issues) we recognize that selection based on organization name was not appropriate for these cases. As the report discusses, we have a new approval process by which we designate a class of cases for centralization. Decisions with respect to the centralized collection of cases must be made at a much higher level of the organization. We believe this will prevent a recurrence of what happened in this case.

The report also describes mistakes that were made in the process by which these applications were worked. The IRS recognizes that there were delays and, in some instances, information requests that were overbroad. As the report notes, we took steps to modify the original approach. First, we reviewed all cases to determine the appropriate scope of review for each case. We also established a process by which each assigned revenue agent works in coordination with a specific technical expert. With respect to information requests, in some cases the Internal Revenue Manual prescribed deadlines for applicants to respond were too short, and we requested donor names unnecessarily. In these instances, we informed organizations that they had more time and that we would work with them if they could provide the

information we requested in an alternative manner. In cases in which the donor names were not used in making the determination, the donor information was expunged from the file.

It is important to understand that centralization of these cases did not dictate how the case ultimately was or will be resolved. As the report illustrates, EO's selection of an organization for further development does not mean that EO will deny the application, but means that EO needs to resolve questions arising from the application before we can grant tax-exemption. Moreover, the majority of cases selected for full development were not selected based on the organizations' names. Finally, all cases, whether selected by name or not, were worked in the same fashion.

The results to date support our approach. Of the nearly 300 section 501(c)(4) advocacy cases, to date we have approved more than 120 (nearly 30 have withdrawn their requests). Note that the report appears to view approvals as evidence that EO should not have looked closely at those applications. That is not the case. Many of these organizations did not supply enough information in their initial applications to merit approval so that further development was necessary. In many cases, this further development and back-and-forth discussion with the taxpayer allowed EO to conclude that the legal requirements were satisfied and allowed the applicant to better understand its responsibilities and the law.

EO is dedicated to reviewing applications for tax-exempt status in an impartial manner. Centralization of like cases furthers quality and consistency. The mistakes outlined in the report resulted from the lack of a set process for working the increase in advocacy cases and insufficient sensitivity to the implications of some of the decisions made. We believe the front line career employees that made the decisions acted out of a desire for efficiency and not out of any political or partisan viewpoint. And as the report discusses, these issues have been resolved.

Our response to your recommendations is found in the attachment. If you have any questions about this response, please contact Lois G. Lerner, Director, Exempt Organizations, at 202-283-8848.

Attachment

Attachment:

Recommendation 1: Ensure that the memorandum requiring the Director, Rulings and Agreements, to approve all original entries and changes to criteria included on the BOLO listing prior to implementation be formalized in the appropriate Internal Revenue Manual.

Corrective Action: We will ensure that the procedures set forth in the memorandum requiring the Director, Rulings and Agreements, to approve in advance all original entries and changes to the BOLO are made part of the Internal Revenue Manual.

Implementation Date: September 30, 2013

Responsible Official: Director, Exempt Organizations

Recommendation 2: Develop procedures to better document the reason(s) applications are chosen for review by the team of specialists (e.g., evidence of specific political campaign intervention in the application file or specific reasons the EO function may have for choosing to review the application further based on past experience).

Corrective Action: We will review our screening procedures to determine whether, and to what extent, additional documentation can be implemented without having an adverse impact on the timeliness of our case processing.

Implementation Date: September 30, 2013

Responsible Official: Director, Exempt Organizations

(Note: We consolidate here the text of Recommendations 3, 5, 6 and 9, and we provide a single, consolidated response to these recommendations following the text of Recommendation 9, below.)

Recommendation 3: Develop training or workshops to be held before each election cycle including, but not limited to, the proper ways to identify applications that require review of political campaign intervention activities.

Recommendation 5: Develop guidance for specialists on how to process requests for tax-exempt status involving potentially significant political campaign intervention. This guidance should also be posted to the Internet to provide transparency to organizations on the application process.

Recommendation 6: Develop training or workshops to be held before each election cycle including, but not limited to: a) what constitutes political campaign intervention versus general advocacy (including case examples) and b) the ability to refer for follow-up those organizations that may conduct activities in a future year which may cause them to lose their tax-exempt status.

Recommendation 9: The Director, EO, should develop training or workshops to be held before each election cycle including, but not limited to, how to word questions in additional information request letters and what additional information should be requested.

Corrective Action: We will develop training on the topics described in the recommendations 3, 5, 6, and 9. Because election cycles are continuous, we will develop a schedule that ensures staff have the training as needed to handle potential political intervention matters.

Implementation Date: January 31, 2014

Responsible Official: Director, Exempt Organizations

Recommendation 4: Develop a process for the Determinations Unit to formally request assistance from the Technical Unit and the Guidance Unit. The process should include actions to initiate, track, and monitor requests for assistance to ensure that requests are responded to timely.

Corrective Action: We will develop a formal process for Determinations to request assistance and to monitor such requests.

Implementation Date: June 30, 2013

Responsible Official: Director, Exempt Organizations

Recommendation 7: Provide oversight to ensure that potential political cases, some of which have been in process for three years, are approved or denied expeditiously.

Corrective Action: While this is an ongoing project, we are closely overseeing the remaining open cases to ensure that we reach determinations as expeditiously as possible.

Implementation Date: April 30, 2013

Responsible Official: Director, Exempt Organizations

Recommendation 8: Recommend to IRS Chief Counsel and the Department of the Treasury that guidance on how to measure the "primary activity" of I.R.C. § 501(c)(4) social welfare organizations be included for consideration in the Department of the Treasury Priority Guidance Plan.

Corrective Action: We will share this recommendation with the IRS Chief Counsel and Treasury Office of Tax Policy.

Implementation Date: May 3, 2013

Responsible Official: Acting Commissioner, Tax Exempt and Government Entities

Chairman CAMP. All right. Thank you, Mr. Miller. Are you still Acting Commissioner of the IRS?

Mr. MILLER. I am, sir.

Chairman CAMP. And were you appointed by the President of the United States to that position?

Mr. MILLER. Yes.

Chairman CAMP. And when was that?

Mr. MILLER. I was designated as acting in November of 2012.

Chairman CAMP. 2012. And if I am not mistaken, you hold actually two titles, Acting Commissioner of the IRS and also Deputy Commissioner for Services and Enforcement.

Mr. MILLER. I do, sir.

Chairman CAMP. And in your role as Deputy Commissioner for Services and Enforcement, according to the IRS website in that capacity you direct and oversee all major decisions with regard to the Tax Exempt and Government Entities Division?

Mr. MILLER. That is a division that reports through—to me through the Tax Exempt and Government Entities Office, yes.

Chairman CAMP. So the website is accurate?

Mr. MILLER. Yes.

Chairman CAMP. And then who do you report to in that position, actually in both of your positions, first as Deputy Commissioner for Services and Enforcement?

Mr. MILLER. In the Deputy Commissioner role I would report to the Commissioner, if there was one. Without a Commissioner and holding both hats, I would report to the Deputy Secretary.

Chairman CAMP. Of—

Mr. MILLER. Treasury.

Chairman CAMP. Treasury. And is it not a violation of IRC 6103 to disclose confidential America taxpayer information?

Mr. MILLER. It is.

Chairman CAMP. And that really applies to all taxpayer information?

Mr. MILLER. I am not quite sure what that means, to be honest.

Chairman CAMP. In practice, it is basically all tax—it is not just the return, it is—

Mr. MILLER. 6103 obligates us not to disclose taxpayer information.

Chairman CAMP. Were you ever made aware in August of 2010 that a White House official in a conference call with reporters disclosed the confidential tax structure of a private company?

Mr. MILLER. I probably read it in the paper, sir.

Chairman CAMP. Okay. You were made aware through news reports?

Mr. MILLER. I think that is probably it. It was a long time ago.

Chairman CAMP. Did you take any steps when you learned of that?

Mr. MILLER. I don't recall. I am not—I don't recall. I will have to get back to you on that, sir.

Chairman CAMP. So you didn't inform the Inspector General of that or your superiors that you recollect?

Mr. MILLER. I am not sure why I would have to notify the superiors. It was in the papers. I don't remember whether we made a referral or I made a referral at that time.

Chairman CAMP. All right. According to the Inspector General audit, the targeting of conservative groups began in March of 2010. When were you made aware?

Mr. MILLER. I was aware of that on May 3rd of 2012.

Chairman CAMP. And how were you made aware?

Mr. MILLER. I was made aware of not the targeting, but I was made aware of the process that was described in the TIGTA report when I asked some of our people to go out and take a look at the cases subsequent to the public discussion of over broad letters coming out.

Chairman CAMP. So that would have been in your role as Acting Director as well as the Deputy Commissioner for Services and Enforcement?

Mr. MILLER. No, I was deputy at that time.

Chairman CAMP. You were deputy at that time. And when you say you asked some of our people, who would that have been?

Mr. MILLER. So I asked the senior technical adviser for Tax Exempt and Government Entities to lead a team and take a look and see what was going on in terms of cases that had gotten those letters.

Chairman CAMP. Did you inform anyone of that action that you took or those steps?

Mr. MILLER. So I did that. I mean, I asked the senior technical adviser to do that in late March, March 23rd or 26th, something like that, and she and her team came back to talk to me in May, and subsequent to that I am sure I informed the Commissioner. But the Commissioner was aware of the letters as well.

Chairman CAMP. Did you inform anyone other than the Commissioner at that time?

Mr. MILLER. You mean up the chain, sir?

Chairman CAMP. Yes.

Mr. MILLER. I don't believe so.

Chairman CAMP. Or the Inspector General?

Mr. MILLER. The Inspector General was aware of it and had made it clear to us they were aware of it and were in looking at it at that time.

Chairman CAMP. Okay. Was there a time when you became aware of the IRS launching audits against conservative donors? That would have been in about May of 2010.

Mr. MILLER. Yes. I don't remember the date, sir, but, yes, in that time frame. Again, there were press accounts and Congressionals coming in and talking about that.

Chairman CAMP. And did you learn that from the press or did you learn that from inquiries from Congress?

Mr. MILLER. I don't know. It could have been either. It came up in a meeting and then it hit the press, and so I don't know.

Chairman CAMP. In any event, after learning of that information of the audit, what steps did you take?

Mr. MILLER. We investigated what happened, we took a look, and ultimately I issued a directive that said that the law in the area was not that clear, that we had not been enforcing in that area substantially since the period of I believe a 1982 or something like that revenue ruling that talked about gift tax and (c)(4) organizations, and I said let's not enforce right now. Let's talk about it, let's study it, and we will put out guidance, and that guidance will be prospective. I thought that was the fair thing to do, Mr. Camp.

Chairman CAMP. When you say "we investigated," who would that have been?

Mr. MILLER. I don't remember, but we took a look at the issue, we looked at how it happened, and I think you were looking at it as well, your committee, sir.

Chairman CAMP. I mean when you say "we," what does that mean? Who in the agency—

Mr. MILLER. The IRS looked at the issue.

Chairman CAMP. I mean what department?

Mr. MILLER. It would have been counsel. I don't know that it was Exempt Organizations. I am sorry, sir, I am not going to be able to answer with particularity there.

Chairman CAMP. Were you ever made aware of the publication of the confidential 2008 donor lists of the National Organization for Marriage, a conservative tax exempt organization?

Mr. MILLER. I was.

Chairman CAMP. And when was that?

Mr. MILLER. That date I will have to get back to you on, sir, but I remember the issue.

Chairman CAMP. And how did you find out about that?

Mr. MILLER. I don't remember. It might have been press, it might have been somebody coming to us with a congressional complaint.

Chairman CAMP. And when you learned of that publication, did you take any steps?

Mr. MILLER. I believe we made a referral to TIGTA, yes.

Chairman CAMP. At that time. And you are not sure when that referral was made?

Mr. MILLER. It would have been in the same timeframe.

Chairman CAMP. All right. Shortly after you became aware of it?

Mr. MILLER. It would have been.

Chairman CAMP. Were you ever made aware of the IRS leak of confidential applications for the tax exempt status of the conservative group ProPublica?

Mr. MILLER. I was.

Chairman CAMP. Again, when were you made aware of that?

Mr. MILLER. Again, sir, I am not going to be able to give you a perfect timeline, but approximately the time that it became public is when I became aware, so you would know that from the timeline.

Chairman CAMP. Did you inform anyone else of that?

Mr. MILLER. I believe the service informed TIGTA at that time, yes.

Chairman CAMP. In each of these instances I have asked you about, did you ever come forward and inform the Congress?

Mr. MILLER. I don't believe so, unless it came up in conversation or testimony. Can I suggest something Mr. Camp on those two, just to let you know—

Chairman CAMP. This would be the National Organization of Marriage and ProPublica?

Mr. MILLER. On those two situations we went to TIGTA, and I think Mr. George can speak to what they find, what they found. We made the referral, and I believe what they found was that those disclosures were inadvertent and that there has been discipline in one of those cases for somebody not following procedures. But I will obviously let Mr. George speak to that.

Chairman CAMP. But you never informed the Congress of any of these things that you are aware of, any of these items I have asked you about this morning.

Mr. MILLER. They were in the press, sir.

Chairman CAMP. All right. Well, obviously the IRS mission statement says that the role of the IRS is to help America's taxpayers understand and meet their tax responsibilities and enforce the law with integrity and in fairness to all, and I think clearly your mission is not being met.

Mr. George—I guess I would just have one last question, Mr. Miller. When asked the truth and you know the truth and you have a legal responsibility to inform others of the truth but you don't share that truth, what is that called?

Mr. MILLER. I always answer questions truthfully, Mr. Camp.

Chairman CAMP. All right. Mr. George, were you ever made aware of the alleged disclosure of the confidential tax structure of a private company?

Mr. GEORGE. We have been alerted to it.

Chairman CAMP. You personally were made aware of it?

Mr. GEORGE. To one in specific or in general?

Chairman CAMP. You specifically.

Mr. GEORGE. To a specific company or in general, sir?

Chairman CAMP. It was a specific company, but there was a disclosure of taxpayer information. The confidential tax structure, as you know, any information is considered confidential, particularly the tax structure of a private company. Were you made aware of that public disclosure?

Mr. GEORGE. We are made aware of public disclosure of information that is protected by Title 26, Section 6103, yes.

Chairman CAMP. Are you aware of the instance I am referring to?

Mr. GEORGE. The one that you referred to?

Chairman CAMP. Yes.

Mr. GEORGE. I am aware of that, yes, sir.

Chairman CAMP. And when were you made aware of that?

Mr. GEORGE. I don't have the exact date, sir.

Chairman CAMP. Okay. How were you made aware of that?

Mr. GEORGE. I believe it came through my Office of Investigations or it could have been put through a hotline. That I am not completely certain of.

Chairman CAMP. So you don't believe you learned of it from an IRS employee?

Mr. GEORGE. I generally do not below the Commissioner or Deputy Commissioner level interact with the average IRS employee. It goes through a chain of command.

Chairman CAMP. That would include the Commissioner.

Mr. GEORGE. Yes.

Chairman CAMP. So no IRS employee informed of you this information?

Mr. GEORGE. Most likely it would have come from one of my principal deputies, and they may have received that information from someone, I don't believe at the Commissioner level, but it may have been at the Deputy Commissioner level.

Chairman CAMP. But you are not aware. You can't tell us for sure?

Mr. GEORGE. At this time I cannot, sir.

Chairman CAMP. Were you ever made aware of the alleged publication of a confidential 2008 donor list of the National Organization for Marriage?

Mr. GEORGE. I both read in the newspapers allegations to that effect. But I have to make it clear, Mr. Chairman, that the Internal Revenue Code has very strict rules as it relates to the way that confidential taxpayer information is revealed, and we at TIGTA are the ones who enforce those rules, so I have to be very careful as to exactly how I respond and whether or not I can even acknowledge publicly some of these revelations that you are inquiring about.

Chairman CAMP. Did you respond to that information?

Mr. GEORGE. A review has been taken.

Chairman CAMP. Is it ongoing?

Mr. GEORGE. I will have to confer with my colleague, if you will give me a moment. Is it ongoing, yes or no?

It is not ongoing.

Chairman CAMP. All right. There are daily reports of new allegations of IRS misconduct, political targeting, and it is clear that more work needs to be done. Is your office continuing to investigate these allegations?

Mr. GEORGE. Yes, we are, sir.

Chairman CAMP. All right. Thank you.

Mr. Levin is recognized.

Mr. LEVIN. Thank you very much. I wanted to go on to other things, but the incidents that Mr. Camp has been talking about, the disclosure, what years were those, Mr. Miller?

Mr. MILLER. Again, sir, I apologize for not having the date at hand. They have been a couple of years now I believe.

Mr. LEVIN. A couple years. Who was the Commissioner at that time?

Mr. MILLER. I believe it was Mr. Shulman.

Mr. LEVIN. Who appointed Mr. Shulman?

Mr. MILLER. Mr. Bush.

Mr. LEVIN. All right. Let me start with two key issues. There is no question about the inappropriate criteria. I want to focus on that. But let me first ask right up front if I might, Mr. Russell, during the course of your audit, were you allowed access to everyone you requested to interview—Mr. George?

Mr. GEORGE. To my knowledge we were not denied access to anyone.

Mr. LEVIN. Did you interview employees in both Cincinnati and in D.C.?

Mr. GEORGE. Correct. Yes, we did, sir.

Mr. LEVIN. On page 7, Mr. George, of the IG report, it states, "All of these individuals stated that the criteria were not influenced by any individual or organization outside the IRS." Is that correct?

Mr. GEORGE. That is the information that we received. Correct, sir.

Mr. LEVIN. Did you find any evidence of political motivation in the selection of the tax exemption applications?

Mr. GEORGE. We did not, sir.

Mr. LEVIN. Mr. Miller, during your review of this matter, you indicated when you started it, did you find any evidence of political

motivation on the part of employees involved in processing the applications at issue?

Mr. MILLER. We did not, sir.

Mr. LEVIN. If we could put on the screen the organizational chart, is that possible, from the report? Is someone going to do that? It is called high level organizational report.

Mr. Miller, in 2010 the inappropriate criteria that singled out applications for tax-exempt status by name was developed by what office?

Mr. MILLER. It would be developed by an office that actually is not on here, but is on page 2 of this, is under Lois Lerner's jurisdiction.

Mr. LEVIN. And where are those employees located?

Mr. MILLER. For the most part they are located in Cincinnati. There is about 140 folks who do this sort of work in Cincinnati. There are a handful of people around the country that report in to Cincinnati as well.

Mr. LEVIN. In 2011 the report finds that the Director of Exempt Organizations, EO, on this chart, and I am afraid it is not on the screen yet, this is Ms. Lerner's position, became aware of the inappropriate criteria. She ordered the criteria changed and it was changed in 2011 to no longer refer by name Tea Party or Patriot.

Mr. George, is that correct?

Mr. GEORGE. That is correct, sir.

Mr. LEVIN. Mr. Miller, as then deputy, were you aware of the problem with the criteria in June and July of 2011?

Mr. MILLER. I was not, sir.

Mr. LEVIN. In January 2012, the criteria was changed again to "organizations involved in limiting, expanding government, educating on the Constitution and the Bill of Rights, and socioeconomic reform movement." The IG's report indicates that this change was again made in the Cincinnati Determinations office without executive approval.

Mr. George, is that correct?

Mr. GEORGE. That is correct, sir.

Mr. LEVIN. It was changed without executive approval?

Mr. GEORGE. That is our understanding.

Mr. LEVIN. The May 2012 criteria that are in place today, it states organizations with indicators of significant amounts of political campaign intervention. The IG report states that "It more clearly focuses on the activities permitted under the Treasury regulations."

Mr. George, is that correct?

Mr. GEORGE. That is correct, sir.

Mr. LEVIN. I have no further questions. My time is up.

Chairman CAMP. At this time I yield to the chairman of the Oversight Subcommittee, Dr. Boustany.

Mr. BOUSTANY. Thank you, Mr. Chairman.

Mr. Miller, on March 22, 2012, the Oversight Subcommittee held a hearing in this room and I specifically asked then Commissioner Shulman about reports that the IRS had been targeting Tea Party groups and other conservative groups, and I would like to play the video of his response. Can we have the video.

[Video: “Mr. Shulman: There is absolutely no targeting. This is the kind of back and forth that happens when people apply for 501(c)(4)s.”]

Mr. BOUSTANY. This was in March, March 22nd of 2012. Knowing what you know now, was Commissioner Shulman’s response truthful?

Mr. MILLER. It was incorrect, but whether it was untruthful or not, look, when you talk about targeting, and we should really get into this, Dr. Boustany, because when you talk about targeting it is a pejorative term. What happened here was, and I am not defending the list, but what happened here, and I would like to go through the application process, what happened here is that someone saw some Tea Party cases come through, they were acknowledging that they were going to be engaged in politics. This was the timeframe in 2010 when Citizens United was out. There was a lot of discussion in the system about the use of (c)(4)s. People in Cincinnati decided let’s start grouping these cases. Let’s centralize these cases. The way they centralized it, troublesome. The concept of centralization, not. And we are not targeting these people in that sense. What we are doing is making sure that we bring them in and have people—

Mr. BOUSTANY. Let me ask you this. You said incorrect, but not untruthful. Was he not informed of this process?

Mr. MILLER. To my knowledge, I don’t believe he knew at the time.

Mr. BOUSTANY. Because in March you sent a technical adviser to Cincinnati, there were press reports, there were letters from Chairman Camp and myself dating back to 2011. So clearly there was congressional interest in this issue, press reports. And you are saying he was not informed of this?

Mr. MILLER. So let’s divide the world into a couple of pieces here. There is the list that was used and there was the processing of the cases. At that time we were aware that there were issues in the processing of the cases. We were not aware of the list. I asked in late March, actually after the hearing I believe, for us to go in and take a look, because I thought there were problems in processing of the cases. They came back with both pieces, yes, there were problems with processing of the cases and there were problems with the lists.

Mr. BOUSTANY. So you were given a complete briefing on this improper selection based on political beliefs, and this briefing was I think you said May 3rd of 2012, is that correct?

Mr. MILLER. So I would recharacterize your question, sir. I was informed of what we had found out to date. TIGTA was in there at the time. I was told that there was a use of the list. The list seemed obnoxious to us, as it does to you, and we were going to take actions on that. And, yes, that was in May.

Mr. BOUSTANY. And you say it was not targeting, but why was only one side of the political spectrum signaled out in this?

Mr. MILLER. So I think what happened was, look, they get 70,000 applications in there for 150 or 200 people to do. They triaged those. People look at them and they send them either through the system because they are okay, into a mix of folks so that they can get technically fixed up, and some go for substantive

questions. Politics is an area where we always ask more questions. It is our obligation under law to do so. As Mr. George indicated, 501(c)(3) organizations can't do it, (c)(4) organizations can do some of it. Our obligation—

Mr. BOUSTANY. Mr. Miller, we have received letters describing process, but we are trying to get to the heart of this matter. At the briefing in May of 2012 you were told that tax exempt applications were being targeted if they contained terms such as “tea party,” “we the people,” “patriots” and so forth, many of the terms that Chairman Camp referenced. And knowing these practices, knowing that, you sent letters to Congress acknowledging our investigation of these allegations but consistently omitted that such discriminatory practices that are alleged were actually in fact taking place. Why did you mislead Congress and the American people on this?

Mr. MILLER. Mr. Chairman, I did not mislead Congress nor the American people. I answered the questions as they were asked.

Mr. BOUSTANY. Why didn't you tell us about the terms?

Chairman CAMP. Time has expired. Mr. Crowley is recognized.

Mr. CROWLEY. Thank you, Mr. Chairman.

Mr. George, you are the Inspector General at the Treasury, is that correct?

Mr. GEORGE. Actually, there are three Inspectors Generals within the Department of the Treasury. I am the Inspector General exclusively focused on the IRS or the system of tax administration.

Mr. CROWLEY. Over the IRS. Very good. And you were appointed by then President Bush, is that correct?

Mr. GEORGE. Yes, correct.

Mr. CROWLEY. And you state in your report that no one outside the IRS was involved in this political targeting of not-for-profit organizations, is that correct?

Mr. GEORGE. That is the finding of this particular audit, sir.

Mr. CROWLEY. Your audit, your findings are that no outside groups were involved, correct?

Mr. GEORGE. Yes. As of now, that is our opinion.

Mr. CROWLEY. Mr. George, who was the last presidentially appointed IRS Commissioner?

Mr. GEORGE. It was Douglas Shulman.

Mr. CROWLEY. Douglas Shulman, correct?

Mr. GEORGE. Yes, that is correct.

Mr. CROWLEY. Appointed by President George W. Bush, is that correct?

Mr. GEORGE. Yes, that is correct, sir.

Mr. CROWLEY. And Mr. Shulman was Commissioner when these improper and outrageous activities that both sides of the aisle recognize as being outrageous and improper, when they occurred, is that correct?

Mr. GEORGE. Yes, it is.

Mr. CROWLEY. Mr. George, prior to Commissioner Shulman, the last political head or political appointee of the IRS was Mr. Mark Everson, is that correct?

Mr. GEORGE. That is correct, sir.

Mr. CROWLEY. He was also appointed by President George W. Bush?

Mr. GEORGE. Yes, I believe so.

Mr. CROWLEY. And during his tenure, it is widely believed that groups like the NAACP, progressive churches that were in opposition to the war in Iraq and environmental groups were targeted by the IRS.

Mr. Miller, while you were appointed Acting Commissioner at the IRS, you are not a—you are career Civil Service, is that not the case?

Mr. MILLER. It is, sir.

Mr. CROWLEY. And you are not a political appointee?

Mr. MILLER. I am not a political appointee.

Mr. CROWLEY. What I am trying to point out and basically to debunk is the notion or idea of the political statements and I believe nonfactual statements by Chairman Camp to link these scandals to the White House or solely the targeting of conservative groups. I was the person last week who asked the question of Ms. Lerner as to whether or not the IRS were investigating political not-for-profit organizations, and at that hearing we were not given a proper—we were not given an answer. I think Mr. Boustany would agree. Rather, the world only learned after she was asked a planted question at a press event, and that is simply unacceptable. But what I also think is important is to keep this, at least in at this point in time, I would hope in a nonpartisan or maybe a bipartisan context, because we want to find the facts. We want to find out who knew what when and why steps were or were not taken.

I was as outraged when I learned that when she was asked the question why she did not tell Congress when she was before Congress, her response was apparently no one ever asked her. I asked her and she didn't answer the question. So we are all outraged. We are all upset about this. I don't believe nor do any of my colleagues believe that any organization, political organization, should be targeted solely because of their thought. That is on both sides of the spectrum. And I would dare say during the prior administration by Mr. Shulman and Mr. Everson that there was targeting of political entities as well. That has to end. That has to end on both sides. And the President has been very forthright and very strongly condemning that type of action as the entire administration has, as has Mr. Lew.

So I would really ask the chairman and my colleagues on the other side, let's get the answers. Ask the questions, get the facts, and then we can draw our own conclusions.

With that, I yield back the balance of my time.

Chairman CAMP. Thank you. Mr. Brady is recognized.

Mr. BRADY. Chairman, thank you for getting to the truth in this scandal.

Let's look at one of the Tea Party groups in my community. The founder, a small businesswoman, originally filed for tax exempt status in July of 2010. Fully 20 months later, in February 2012, she received a letter from the IRS with numerous follow-up questions, a lot of them intrusive, but she answered every one of them and returned it well within the 2-week time limit. Now, almost 3 years to the day that she first filed her application is still pending.

But let's look at what happened to her in the 3 years since she applied. Beginning in December 2010 she was visited by the FBI

Domestic Terrorism Unit. Her personal returns and her business returns were both audited by the IRS. She received four FBI inquiries. And her business received unsolicited audits, unscheduled audits by OSHA, the Commission on Environmental Quality and the ATF twice.

Now, this is a citizen and a small businesswoman who had never been audited by the IRS or any of these agencies until she applied to you for tax exempt status for her Tea Party.

The broader question here, is this still America? Is this government so drunk on power that it would turn its full force, its full might, to harass and intimidate and threaten an average American who only wants her voice and their voices heard?

Mr. MILLER, who in the IRS is responsible for targeting conservative organizations?

Mr. MILLER. Sir, let me first say I cannot speak to a given case. We have talked about 6103—

Mr. BRADY. This is not just one case. You know we are talking about the whole list the Inspector General put up there. Who is responsible for targeting these groups?

Mr. MILLER. So again I am going to take exception to the concept of targeting because it is a loaded term. The listing was done by individuals—

Mr. BRADY. This was not a listing. You created a be-on-the-look-out list. That is not a centralized government mandated or directed listing. You had a be-on-the-lookout list that you acknowledge. You have the cases the Inspector General already verified. So the question remains, who is responsible for targeting these conservative organizations?

Mr. MILLER. So, again, and I think if you look at the TIGTA report, it answers your question.

Mr. BRADY. There are no names in the Inspector General's report. So I am asking you not only as the Acting Commissioner but as the Deputy Commissioner over this organization, who is responsible for targeting these individuals?

Mr. MILLER. So I don't have names for you, Mr. Brady, and I am willing to try to find that out. I think TIGTA is looking at that right now. I don't think—targeting, again, is wrong.

Mr. BRADY. You are telling us you have no knowledge of who initiated or who approved this targeting of conservative organizations?

Mr. MILLER. I will stand by what the TIGTA report has put out there as the facts.

Mr. BRADY. Can you assure this committee that none of the information provided to the IRS by these groups was shared or given to any other Federal agency?

Mr. MILLER. That would be a violation of law and I do not believe that happened.

Mr. BRADY. You can assure us there was absolutely no sharing of this information to other government agencies?

Mr. MILLER. TIGTA and others will look at that, but I would be shocked, Congressman, if that happened. Shocked.

Mr. BRADY. If your earlier answers are any indication, we will all read about it in the media. We ought to be getting the truth from you.

Mr. Chairman, I yield back.

Chairman CAMP. Thank you. Mr. Rangel is recognized.

Mr. RANGEL. Thank you, Mr. Chairman.

Is it safe to say that these things that we all are outraged occurred under the Bush appointees as well as the Obama appointees?

Mr. MILLER. There were no Obama appointees. So under Mr. Shulman—I am not sure—I apologize, Mr. Rangel. I am not sure what—are we talking about—

Mr. RANGEL. The people that were—once it was discovered that people were put under a list, a lookout list, that type of thing, regardless of what you call it, were the people responsible in Treasury Department appointed by President Bush as well as continued service under President Obama? It was basically the question that Mr. Crowley was asking about.

Mr. MILLER. At the IRS, the Commissioner was appointed under the Bush administration. Obviously, at Treasury those would be—at main Treasury, those individuals would be Obama appointees.

Mr. RANGEL. What I am trying to say, this outrage is not Democrat and Republican, it involves the credibility of government as relates to American citizens. Now, the President has indicated outrage. You have indicated outrage. So I would assume that we are on the same side in trying to determine how did this happen, who was responsible for it, how far did this cancer go, how quickly can we cut it out, so that tens of thousands of IRS employees have the stigma of corruption taken away from them. That you, Mr. Miller, who is a career employee, don't have to explain to your kids and friends that you are not involved in a scandal. That all of the people that serve the government—it's too late for the Congress, but it's not too late for the government to try to get its reputation cleaned up for America.

So I don't want to see anger with you two, but I certainly hope before this hearing is over that you share with us how you intend to have your voices heard so that America would know that, whether this was criminal activity or a mistake, I don't know, but we have to get on with it.

Now, under 501(c)(4) we're supposed to allow political activity to take place, meaning that you can make political donations without saying how much and who made the donations. Right?

Mr. MILLER. I think if I could restructure it, under 501(c)(4) organizations donors and their contributions are not public information, if that was the question.

Mr. RANGEL. So you can make political contributions.

Mr. MILLER. You can make contributions to 501(c)(4) that are used for political purposes.

Mr. RANGEL. Yes. And you can do this, as long as it is not the prior primary purpose, you can do this for 49 percent of whatever the activities are without technically violating the law. Is that not correct?

Mr. MILLER. The test is whether your primary activities are social welfare in nature.

Mr. RANGEL. And primary means that technically you could do 49 percent political.

Mr. MILLER. We have never been that precise.

Mr. RANGEL. I know, but I am asking, you could say that.

Mr. MILLER. Yes.

Mr. RANGEL. And after the Supreme Court decision in Citizens Union, there was—what? United, whatever.

The applications for this type of corporations increased dramatically, did it not?

Mr. MILLER. They did double, yes, sir.

Mr. RANGEL. So you don't have to be a political expert to know that there was an increase in political donations given to 501(c)(4)s.

Mr. MILLER. And I think that if one looks at the reporting on the forms 990 of political activities and the money spent, it will show an explosion in that money as well, yes, sir.

Mr. RANGEL. And so, again, it's almost an invitation, as the law is written, for abuse in terms of political activities for corporations that primarily are supposed to be doing social service work. Is that not correct?

Mr. MILLER. It is something that we have to look at closely, yes, sir.

Mr. RANGEL. I mean you should have wanted to look at this earlier, before this what my friends call a scandal. I mean, this is wrong, to abuse the tax system. This screams out for tax reform, does it not?

Mr. MILLER. I think it's an area ripe for redefinition and reform, yes, sir.

Mr. RANGEL. Well, regardless of whether Democrats or Republicans did something like this, the outrage should still be there. Is that not correct?

Mr. MILLER. The outrage as to—

Mr. RANGEL. The abuse.

Mr. MILLER. Yes.

Mr. RANGEL. This section of the law has been abused by government employees, not by all of them, but by some of them. And our job is to find out who they are. And all I want to get from you, Mr. Miller, and you, Mr. George, that it's your integrity that is on the line, it's the President's, it's the administration's, it is the IRS employees that work hard each and every day, and unfortunately it's the Congress that's involved in this. People are losing confidence in our government. And I hope that you feel the same sense to find out what caused this, how it could happen, and help us to restore the confidence that Americans should have in their government.

I yield the balance of my time.

Chairman CAMP. All right. Thank you.

Mr. Ryan is recognized for 5 minutes.

Mr. RYAN. Thank you.

Mr. Miller, we have now established, and you have acknowledged that you were briefed on May 3rd that there was improper criteria used for tax-exempt applications. At the briefing in May 3rd you were told that tax-exempt applications were being targeted if they contained terms such as Tea Party, we the people, patriots, Bill of Rights, Constitution, government spending, taxes, and those that criticized how the country was run.

After that, knowing of these practices, you sent letters to Congress acknowledging our investigation of these allegations, but omitted that the discriminatory practices were alleged in fact taking place. Then, remember this briefing took place May of 2012, then you came here to a subcommittee hearing on this issue on July 25th, where we were investigating the discriminatory filters used to hold up the 501(c)(4) applications of groups. Specifically, you were told that these conservative groups felt that they were being harassed, and you were asked this question. Quote, "What kind of letter or action is taking place at this time that you are aware of?" And then, knowing full well that these filters were being used to target certain groups, you said, and I quote, "I am aware that some 200 501(c)(4) applications fell into this category, the determination letter process. We did group these organizations together to ensure consistency, to ensure quality. We continued to work those cases," close quote. That was your answer to this committee after you had received the briefing that these targeting was occurring, which you just earlier acknowledged was outrageous.

Now, the law governing how you must respond to congressional inquiries requires you to tell not only the truth, but to tell the whole truth. You, quote, "cannot conceal or cover up by any trick, scheme, or device a material fact." How is that not misleading this committee? You knew the targeting was taking place. You knew the terms Tea Party, patriots were being used. You just acknowledged a minute ago that they were outrageous. And then when you were asked about this after you were briefed about this, that was the answer you gave us? How can we not conclude that you misled this committee?

Mr. MILLER. So that was a lot of questions, sir.

Mr. RYAN. It's one. How can we conclude that you did not mislead this committee?

Mr. MILLER. I did not mislead the committee. I stand by my answer then, I stand by my answer now. Harassment discussion that was part of that question implies political motivation. There is a discussion going on. There is no political motivation.

Mr. RYAN. Let me ask it again.

Mr. MILLER. May I answer the question, sir?

Mr. RYAN. Let me—I am going to help give you some clarity here. Here is the question you were asked. What kind of letter or action is being taken place at this time that you are aware of?

Mr. MILLER. So the discussion of the context of that—and again, we need to go back and look at the context—there was the listing, there was the treatment of the cases. My understanding of that question was the treatment of the cases, because all of the letters—and he was talking, I think it was Mr. Marchant, was talking about: I'm hearing that people are complaining about letters. My response was to that. We found out about those letters, we dealt with them. As has been explained, we gave more time, we went and talked to them about expanding the way they could answer it, and we dealt I think fairly and successfully with the donor list issue.

Mr. RYAN. You knew of our concern of this targeting. You knew of the allegations that had been reported to this committee. We brought you here to talk about it. You had received a briefing that

this targeting was taking place, but you did not divulge that to this committee when we were asking questions about this. You said in your answer that you were aware some 200 501(c)(4) applications fell into this, quote, “category.” We did these groupings together to ensure consistency, to ensure quality. We continue to work those cases.

You didn’t mention targeting based on ideology. You didn’t mention targeting based on buzz words like Tea Party or patriots or 9/12. You knew that, but you didn’t mention this to the committee. Do you not think that that is a very incomplete answer?

Mr. MILLER. I answered the question truthfully.

Mr. RYAN. All right. Let me ask you one more question. You just gave us a list the other day of approved tax-exempt applications for advocacy organizations through 2009 May. We don’t know how long these applications sat or how long it took to process them. Just from Mr. Rangel’s questioning and from earlier testimony, the IRS was doing this because they were concerned about political activities by nonprofits. That’s the debate that seems to be taking place here.

Some of these that were approved were Chattanooga Organize for Action, the Progressive Leadership Alliance, and the Progressive USA. If you were concerned about political activity, did you have targeting lists that contained words like progressive or organizing in their names?

Mr. MILLER. So let me—let’s step back again, and let me walk you through the process. We centralize cases based on political activity evidenced in the file. We took a shortcut on some of it, but we collected, to be blunt, more than Tea Party cases. Mr. George’s own report says 70—

Mr. RYAN. There were no progressive or organizing words that were used for targeting. Is that correct?

Mr. MILLER. That’s correct. But we collected more people because any time it was seen that political activity was part of the file it went into this grouping.

Chairman CAMP. All right. Thank you. Time has expired.

Mr. McDermott’s recognized.

Mr. MCDERMOTT. Thank you, Mr. Chairman. These days Congress can’t seem to agree on whether the sun is shining, but this issue has brought us together in a way unlike anything we have seen here. We all agree these applications were poorly handled and that the IRS stiff-armed us, basically, at best, when we asked about it. Our public servants ought to be held to a higher standard, and none more so than the agency that oversees and enforces the tax collection.

The IRS is an easy target, and everybody wants to get a pitchfork when the tax man comes. But with our 24-hour media cycle passing around lighter fluid, it’s getting harder and harder to get to the facts and fix what really has gone on here. There is a difference, in my mind, between stupid mistakes and malicious mistakes. The overwhelming majority of applications for tax-free status for political activities were from far right groups. And examiners took a shortcut, which they clearly regret, deeply regret. The report says in black and white on page 7, quote, “The Determination Unit employees stated that they considered the Tea Party cri-

terion as a shorthand term for all potential political cases,” close quote. These applications were singled out for their names and policy positions, not for the activities, which is really what they should have been singled out for.

Some of these political groups were delayed in getting their taxpayer status, and that was wrong. Much as I dislike the right, I think it’s wrong to be unevenhanded in government application. The Inspector General report says that no one acted out of malice or political motivation.

Mr. George, I want to know, do you still stand by that?

Mr. GEORGE. We have no evidence at this time to contradict that assertion, sir.

Mr. MCDERMOTT. If we really want to root out the causes of this we need to talk about campaign finance laws, and Citizens United decision in 2010, which is when this all started. It all started right after Citizens United. People saw the door open. We can get in, we can do political advertising, and we won’t have to report anybody’s name. Applications for secret money political organizations increased by fourfold after that Supreme Court.

This small group of people in the Cincinnati office screwed up. Nobody’s going to deny that. They simply screwed up. But the Congress, this committee messed up by not giving any clear criteria for what a real charitable organization is. The law is not clear, and people have to make judgments, and that means they got to collect a lot of data to try and figure out what people are actually up to.

Mr. Miller, clearly there is a problem with our current way of determining what an organization’s primary purpose is, and I want to ask you in a minute about that. I want you to think about it while I am talking. But as I watch this conversation shift from find out what’s right and wrong and fix it to the IRS is broken and let’s repeal it—imagine a country without—we could have repealed that along with the Obamacare yesterday. I am reminded that it’s only part right, part wrong. It’s also about Republicans’ story line in this agenda. We need to find some truth here, and I have heard members of this committee now talk about it. The IRS can’t access your medical file. Is that true, Mr. Miller?

Mr. MILLER. Correct, sir.

Mr. MCDERMOTT. They cannot find out your private medical information.

Mr. MILLER. That’s correct, sir.

Mr. MCDERMOTT. Their job in Obamacare is simply to collect paid financial information on which a determination is made as to whether somebody can get a subsidy for their premium. Is that correct?

Mr. MILLER. Were you covered and over what period is what we would be getting.

Mr. MCDERMOTT. It is not a fascist takeover that’s going on here of the healthcare system. And let’s not forget that the IRS has one of the hardest and most hated jobs, and there are thousands and thousands of good, solid, hard-working Americans who work every day to run the system. And a couple of people make a problem, that does not damage the organization, in my view. You get rid of the people who made the problem.

But I would really like to hear from you, Mr. Miller, what do you need that would make it so that this wouldn't have happened before?

Mr. MILLER. So there are two things, sir. And I appreciate the kind words for our people, because we are an incredibly hard-working and honest group, frankly, and that seems to be forgotten in all this.

With respect to political activity, it would be a wonderful thing to get better rules, to get more clear rules. And in terms of our ability to get to this work, it would be—it would be good to have a little budget that would allow us to get more than the number of people we have to do 70,000 applications and to do our job in looking at whether an organization is tax exempt or not.

Chairman CAMP. All right. Time has expired.

Mr. Nunes is recognized.

Mr. NUNES. Thank you, Mr. Chairman.

Mr. Miller, do you know the director of the IRS' Exempt Organizations Division, Lois Lerner?

Mr. MILLER. I do, sir.

Mr. NUNES. Are you aware that she testified before this committee last Wednesday, on May 8th?

Mr. MILLER. I believe I was.

Mr. NUNES. Are you aware that she did not acknowledge this investigation at the time?

Mr. MILLER. Actually, I do not know that. But I was engaged in other testimony that day.

Mr. NUNES. Were you aware that the IRS was preparing a statement to put out during this time last week?

Mr. MILLER. Yeah. I don't know whether we knew at that time or not.

Mr. NUNES. Wouldn't have Ms. Lerner known that at the time last week when she testified before this committee?

Mr. MILLER. Don't know that.

Mr. NUNES. Did you know that Ms. Lerner was going to appear last Friday, May 10th, on a panel called "News From the IRS and Treasury" at the American Bar Association conference?

Mr. MILLER. I knew she was appearing. I did not know the topic.

Mr. NUNES. Did you or any of your subordinates direct Lois Lerner to make the public statement at the panel discussion acknowledging the targeting of tax-exempt groups?

Mr. MILLER. It was a prepared Q&A.

Mr. NUNES. Do you know Ms. Celia Rody, a member of IRS's Advisory Council on Tax-Exempt and Government Entities?

Mr. MILLER. I do.

Mr. NUNES. Was Ms. Rody's question to Ms. Lerner about targeting conservative groups planned in advance?

Mr. MILLER. I believe that we talked about that, yes.

Mr. NUNES. Did you ever have any contact, either by email, phone, or in person with the White House regarding the targeting of tax-exempt groups from 2010 until today?

Mr. MILLER. Absolutely not.

Mr. NUNES. How about the Department of Treasury?

Mr. MILLER. I certainly would have had some conversations with Treasury in my role as Acting Commissioner, because I reported to them. On this topic it was very—it would have been, I believe, I have to go back and look, but very recent that that conversation would have taken place.

Mr. NUNES. How about President Obama's reelection campaign?

Mr. MILLER. No.

Mr. NUNES. Did you ever have any contact with anyone associated with Organizing for America or its nonprofit successor Organizing for Action?

Mr. MILLER. No.

Mr. NUNES. Did you ever have any contact with anyone associated with ProPublica?

Mr. MILLER. I don't believe so, but there was, when this whole thing came out, that was previously referenced, I think the IRS might have talked to them, yes.

Mr. NUNES. Something that would probably clarify your involvement in any of this, Mr. Miller, would be if you submitted to this committee your emails, phone records, and personal schedule from 2010 until you resigned. Would you be willing to do that?

Mr. MILLER. I'll have to see what's legally appropriate.

Mr. NUNES. You know we could subpoena those records.

Mr. MILLER. I understand. And I will have to talk to my—the lawyers in the agency. I am just saying I don't know. You're asking me and, you know, we'll talk.

Mr. NUNES. Mr. Chairman, I would suggest that we work hard to get those records. I would also encourage you to contact Ms. Rody and Ms. Lerner to testify before this committee at our earliest possible time.

I just have one last question, Mr. Miller. You really are not taking any acknowledgment that you knew anything, that you didn't do anything wrong. You have said that numerous times on the record today, that you did nothing wrong. So I find it hard to believe—why did you resign or why are you resigning?

Mr. MILLER. I never said I didn't do anything wrong, Mr. Nunes. What I said is contained in the questions. I resigned because as the Acting Commissioner what happens in the IRS, whether I was personally involved or not, stopped at my desk. And so I should be held accountable for what happens. Whether I was personally involved or not, a very different question, sir.

Mr. NUNES. Well, I hope that you would be willing to submit all your emails, phone records, any personal meetings that you had in the last 4 years. And I think that would really, I think, keep your reputation in good standing with this committee and the American people.

Mr. MILLER. Obviously, we'll have to talk about that. But I'm not saying no. I'm not. I just don't know.

Mr. NUNES. Thank you, Mr. Miller.

I yield back my time, Mr. Chairman.

Chairman CAMP. Mr. Neal is recognized.

Mr. NEAL. Thank you, Mr. Chairman. Mr. Chairman, earlier you referenced an article from USA Today. And I would like, for the purpose of this hearing, to insert an article from Bloomberg News that appeared on May 14th, indicating that there were

Democratic-leaning organizations that were the focus of the IRS as well.

Chairman CAMP. Without objection.
[The information follows:]

Bloomberg

IRS Sent Same Letter to Democrats That Fed Tea Party Row

By Julie Bykowitz and Jonathan D. Samit - May 14, 2013

The Internal Revenue Service, under pressure after admitting it targeted anti-tax Tea Party groups for scrutiny in recent years, also had its eye on at least three Democratic-leaning organizations seeking nonprofit status.

One of those groups, Emerge America, saw its tax-exempt status denied, forcing it to disclose its donors and pay some taxes. None of the Republican groups have said their applications were rejected.

Progress Texas, another of the organizations, faced the same lines of questioning as the Tea Party groups from the same IRS office that issued letters to the Republican-friendly applicants. A third group, Clean Elections Texas, which supports public funding of campaigns, also received IRS inquiries.

In a statement late yesterday, the tax agency said it had pooled together the politically active nonpartisan applicants -- including a "minority" that were identified because of their names. "It is also important to understand that the group of centralized cases included organizations of all political views," the IRS said in its statement.

President Barack Obama, in a statement last night, called the IRS employees' actions "intolerable" and directed Treasury Secretary Jacob J. Lew to hold "those responsible for these failures accountable."

Tax (GDP%NPOT) agency officials told lawmakers in a briefing yesterday that 471 groups received additional scrutiny, a total that indicates a crackdown on politically active nonprofit groups that extends beyond the Tea Party outfits.

Broader Hearings

Some lawmakers on Capitol Hill and campaign finance watchdog groups are pressing to expand congressional hearings to encompass everything the IRS is doing concerning nonprofits, including whether such groups should be allowed to spend money on political efforts at all.

Ron Wyden, an Oregon Democrat who sits on the Senate Finance Committee, which is conducting its own IRS investigation, has introduced legislation with Alaska Republican Senator Lisa Murkowski to require all groups spending money on politics to disclose their donors.

"These problems will continue as long as there is an absence of clear and enforceable rules," Wyden told reporters yesterday. "In the absence of clear and enforceable rules the bureaucracy pretty much makes it up as they go along."

Political spending by nonprofits incorporated under Section 501(c)(4) of the tax code has increased since the U.S. Supreme Court (1000L) in 2010 removed limits on independent corporate and union spending and other court rulings paved the way for wealthy individuals to spend unlimited sums in elections.

\$1 Billion

Outside groups -- including nonprofit social-welfare groups that don't disclose their donors -- spent \$1 billion in the 2012 elections, three times as much as they did four years earlier, according to the Center for Responsive Politics, based in Washington.

"The real problem is that phony 501(c)(4) groups are exploiting the tax laws to protect donors who don't want to be held accountable for vicious, deceitful political ads," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington.

In early 2011, the IRS denied the tax-exempt status of an affiliate of the San Francisco-based Emerge America, which trains Democratic women to run for office. The agency said it was disqualified because the group's activities were "conducted primarily for the benefit of a political party and a private group of individuals, rather than the community as a whole."

Approvals Revoked

The decision was a surprise because four of Emerge America's affiliates and its main headquarters already had been approved as nonprofits.

The tax agency on Oct. 21, 2011, revoked those approvals. The national organization and its state affiliates are now incorporated under Section 527 of the tax code.

"We didn't even get the opportunity to answer questions," said Karen Middleton, president of Emerge America. "We would have welcomed the opportunity to respond to a questionnaire."

An Austin, Texas-based group, Progress Texas, received a letter from the IRS in February 2013 when it sought nonprofit status. The letter came from the agency's Laguna Niguel, California, office, which

sent essentially the same queries to Republican-leaning groups.

As with the Tea Party groups, the IRS sought copies of promotional materials, backgrounds of officers, meeting minutes and specifics about activities, such as get-out-the-vote drives, that the organization said it would conduct.

Due Diligence

Matt Glazer, former executive director, said the questionnaire was time-consuming though not intrusive.

"It is up to the IRS and the government to do the due diligence necessary," Glazer said in a telephone interview yesterday. "I'm not saying it was fun but it was important."

His group was approved.

Clean Elections Texas, a Dallas-based group that backs taxpayer funding of elections -- a position that aligns with many Democrats -- also had to answer queries.

"The IRS is finally doing its work, that was my feeling about it," Liz Wally, the group's executive director, said yesterday in a telephone interview. Her group was also approved for nonprofit status.

Two law firms that represent 33 Republican-leaning organizations that say they were targeted by the IRS have said none of their clients was rejected for tax-exempt status.

Long Delays

Two of the groups gave up after long delays, said Gene Kapp, a spokesman for American Center for Law and Justice. Of the 27 groups the Washington-based firm represents, 15 have been approved and the other 10 are awaiting word from the IRS, Kapp said.

Documents made public by lawyers for the Tea Party groups showed that they received letters from three other IRS offices besides Cincinnati -- Washington D.C. and two in California, El Monte and Laguna Niguel.

Dan Backer, a Washington-based attorney who represents six Tea Party organizations, said it is "laughable" that low-level employees targeted the Republican-friendly groups.

"That's just not how government works," he said in a telephone interview. "There's a boss who said, here is who we are targeting and here is what we are going to ask them."

The IRS controversy reared up last week when Lois Lerner, the official in charge of overseeing tax-

exempt groups, said the agency was wrong to pay special attention to organizations that used key words such as “tea party” or “patriot” or had policy positions on smaller government.

Her May 10 disclosure came ahead the Inspector General’s report out yesterday. The report concludes that “ineffective management” allowed the inappropriate criteria to be developed and kept in place for more than 18 months.

To contact the reporters on this story: Julie Bykowitz in Washington at jbykowitz@bloomberg.net; Jonathan D. Salant in Washington at jsalant@bloomberg.net

To contact the editor responsible for this story: Jeanne Cummings at jcummings21@bloomberg.net

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Mr. NEAL. Thank you. Mr. Chairman, when I woke up this morning, as I do just about every morning now, I went to my phone, and I was curious about what the word of the day would be. And the word of the day, because Merriam-Webster is located in my hometown—and, Mr. Miller, you have rejected the term targeted. Is that correct?

Mr. MILLER. I think it’s a term that implies something that didn’t exist here.

Mr. NEAL. Okay. Let me draw you into the weeds based upon what Merriam-Webster, by sheer irony this morning, suggested, and that is they used the term litmus test, which they define as a single factor—as an attitude, event, or a fact—that is decisive in choosing these organizations. Would you say that there was a litmus test?

Mr. MILLER. No, sir. The litmus test, if any, was political activity.

Mr. NEAL. Political. Okay. I have one of my constituents who contacted my office yesterday outlining a pretty egregious situation. He is treasurer of a small nonprofit in Massachusetts, a volunteer organization, I should note, and their association was told by the IRS employees that they were not required to file a form 990 because of their small size, so they didn’t file one. This past November, they received a letter from the IRS saying that their tax-exempt status had been revoked for failure to file the necessary forms, without any advanced notice.

So the IRS told them they no longer needed to file the forms, but instead of notifying them first about the problem, and allowing them to fix it, especially in light of the advice they were given by IRS, the IRS just went ahead and revoked their tax-exempt status. They now have to reapply and pay. This is a nonprofit that’s been around for 60 years.

Now, taxpayers should not be intimidated by the IRS. There is broad agreement on that today. The American people should not be afraid of the IRS. There is broad agreement on that today. But we should be able to rely on advice that they provide and not be pun-

ished for it. So I hope that we are going to have an opportunity to work on this specific constituent issue.

But I want to turn to a topic of recent focus by the IRS, and that's obviously the question today, and it's the allegation that it's their political views that have caused them to become that focus. We all know that's outrageous and not acceptable, and a thorough review will get us to the bottom of this and ensure that it never happens again. But let's not forget something this morning. Even with the egregious actions that have been acknowledged by the IRS, there is still an underlying problem here, and that's 501(c)(4)s being engaged in politics. After Citizens United, the IRS was flooded with applications, as you've indicated, seeking 501(c)(4) status. And why was that? It's in large part because Super PACs must disclose their donors while 501(c)(4)s do not.

As policymakers, we have many disagreements on this committee and between the parties. However, I think that we should be able to agree on that whole notion of disclosure.

Now, the case that unleashed the torrent of money in public life was *Buckley v. Valeo* in 1976, which the Court held that money enabled speech. But the caveat included in that opinion, which, while never fully acknowledged, probably was written by Justice Brennan, quote, "The suggestion that sunlight is said to be the best of disinfectants, electric light the most efficient policeman."

So as part of our scrutiny I think that we all ought to be able to agree, based upon this problem here today, that the simple act of transparency and disclosure would alleviate much of what has happened here. There wasn't this rush because they wanted to join the Sisters of Mercy and Common Cause for the purpose of engaging politics. It was in many instances to hide the donors.

Now, I'm hoping that we can get to the bottom of this in fuller context. But I want to ask you specifically, Commissioner, has anyone been disciplined directly related to this development, review, approval, and use of inappropriate criteria? And have any actions, corrective actions been put in place to ensure that this does not happen again?

Mr. MILLER. So let me walk through, and the answer to that is yes. What happened in May, when I was told this, I asked the management there to reassign an individual who had been involved in these letters that were objectionable. I also asked for oral counseling to be given to the person who we thought at the time was responsible for the listing. I also was aware that TIGTA was looking at this. And as I mentioned in my statement, now that they are out with the facts, we will be able to look again.

I should note, just because, Mr. Camp, this is—I got to be very careful here—the oral counseling that was provided, it turned out that that person may not have been involved. So what was done in lieu of that was all the managers in that group were brought in and walked through the new processes and explained that this was no way to behave as the IRS.

The last thing is, sir, is that in terms of the future, the listing cannot be done and cannot be changed absent a very high level of approval at the executive level.

Chairman CAMP. All right. Thank you.

Mr. Tiberi is recognized.

Mr. TIBERI. Thank you, Mr. Chairman.

Mr. Miller, in January of 2010 an organization called Liberty Township Tea Party in Ohio applied for tax-exempt status. There is no resolution of their application to this day. Liberty Township Tea Party received 35 questions, I have got them in front of me, in March of 2011, but really there were 94 questions when you look at all the subquestions. The letter directs the applicant to provide, under penalty of perjury, some of the following information: copies of all activity on Facebook and Twitter, resumes of all past and present employees, whether a past or present employee or their family members plans to run for office in the future.

Mr. Chairman, I would like to submit a copy of a Dispatch, Columbus Dispatch article from yesterday that references this. And in fact, Mr. Chairman, in the Article I quote a board member from Liberty Township Tea Party who is actually in the audience today, Tim Savaglio. Quote, “We’re an educational group,” Savaglio said. “We don’t have a paid staff. We don’t take stands. We don’t endorse candidates. We don’t man phone banks. We don’t do any of those kinds of political activities.”

Mr. Miller, a question—

Chairman CAMP. Without objection, the article will be placed in the record.

[The information follows:]

Investigation by IRS

Ohio tea party members remember grilling

By Jack Torry and Jessica Wehrman THE COLUMBUS DISPATCH

WASHINGTON — When Ohio’s Liberty Township Tea Party asked the Internal Revenue Service for tax-exempt status as a charitable organization IRS officials last year in Cincinnati fired back a list of 35 questions.

They wanted to know the organization’s relationship with Justin Binik-Thomas, a tea party member in Cincinnati who had never worked with the township organization. They wanted a “list of all the issues that are important to your organization” and “your position regarding each issue.”

Questions like those — which IRS officials admitted on Friday were aimed primarily at tea party organizations — have provoked bipartisan outrage on Capitol Hill and have caused considerable heartburn for the tax-collection agency and the Obama administration, which faces accusations that it targeted political foes for extra scrutiny.

An independent investigator for the U.S. Treasury Department concluded in a report released Tuesday that the IRS “used inappropriate criteria” that targeted tea party and other organizations for extra scrutiny based on their names or policy positions rather than whether they were involved in political campaigns.

The Justice Department has launched a criminal probe.

Today, Tim Savaglio, a board member for the Liberty Township Tea Party, will join scores of conservatives from Ohio and across the country on Capitol Hill, where they’ll share similar stories of what they see as abuse by the IRS.

While the focus so far has been on 501(c)(4) “social welfare” organizations — which blossomed during the 2010 and 2012 election seasons in part because they gave organizations flexibility to spend money on some political activities without disclosing donors — Savaglio’s organization wanted IRS approval to qualify as what is known as a 501(c)(3) charitable organization. The IRS has yet to grant approval.

“We’re an educational group,” Savaglio said. “We don’t have a paid staff. We don’t take stands. We don’t endorse candidates. We don’t man phone banks. We don’t do any of those kinds of political activities.”

In Cincinnati, Binik-Thomas said he was shocked when he found out that the IRS was asking questions about him of a group he barely knew. He’d been involved in the Cincinnati Tea Party — he’d even served as a spokesman — but said he had not worked with the Liberty Township Tea Party.

“The obvious questions that come to your mind are, ‘Why am I targeted amongst all the others?’” Binik-Thomas said. “Where does this information go in the end? Clearly, it’s housed in the IRS, but does it get shared with other government agencies? Do I get an audit? If I do, is it against my business? All of those things go through your mind.”

George Brunemann, a Cincinnati engineering consultant, was audited by the IRS in 2011. He said IRS staff informed him that he was being audited because of his relationship with the Cincinnati Tea Party.

Brunemann said he believes the IRS flagged him and his wife, Nancy, because they dealt with cash flow from a 2010 tea party rally at the University of Cincinnati and put a large deposit in the bank. But the IRS agent’s comments made it clear to them that their affiliation with the tea party put them at risk. He said other tea party officials had warned him of the possibility.

Although the vast majority of independent organizations examined by the IRS tend to be conservative, at least one of Ohio’s most prominent liberal policy groups might have faced similar scrutiny from the IRS. Innovation Ohio, a relatively new group created by some of former

Democratic Gov. Ted Strickland’s top aides, filed for tax-exempt status as a 501(c)(3) organization on Aug. 17, 2011.

Dale Butland, a spokesman for Innovation Ohio, said the IRS’ Cincinnati office sent a letter in February asking for more information before it could rule on the group’s application.

Butland declined to share the letter with The Dispatch but said the IRS asked for information such as the names of Innovation Ohio's donors and amounts of money donated in 2011, names of corporate officers and people sitting on the board of directors, identities of anyone employed by

Innovation Ohio who is a registered lobbyist, the group's lease agreement for its Downtown Columbus office and square footage of its office. Butland said Innovation Ohio answered the questions, and its status request was approved on May 16, 2012 — nine months after it first applied.

"We didn't have any problem providing the answers to their questions," Butland said. "At the time, though, we did think, 'My goodness, they are asking a lot of questions like the name of your donors and this and that.' Now, in retrospect, from what I can see, apparently they were asking these same questions of lots of organizations."

Dispatch Reporter Joe Vardon contributed to this story.

jtorry@dispatch.com jwehrman@dispatch.com

A closer look

WHAT IS A 501(C)(4)?

A 501(c)(4) group is a social-welfare organization as defined by the Internal Revenue Code. Under federal law, it must not be organized for profit and must operate primarily to further the common good and general welfare of the people of the community. Political organizations have also used 501(c)(3) status, which is for charitable purposes.

IS THE INVOLVEMENT OF 501(C) GROUPS IN ELECTIONS NEW?

No. Bill Allison of the Sunlight Foundation traces use of such organizations for political purposes to a 1996 get-out-the-vote effort organized by Democrat Harold Ickes, a senior adviser in the Clinton administration. But recent court decisions have helped pave the way for more groups to apply for tax-exempt status in order to garner donations that aren't publicly disclosed.

ARE 501(C)(4) GROUPS ALWAYS POLITICAL?

No. According to the nonprofit watchdog GuideStar, Columbus 501(c)(4)s include the Rotary Club, the Columbus District Golf Association and the Columbus Italian Club.

WHEN ARE 501(C)(4) ORGANIZATIONS NOT ALLOWED TO INTERVENE IN POLITICAL CAMPAIGNS?

According to the IRS: "The promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on

behalf of or in opposition to any candidate for public office. However, a Section 501(c)(4) social-welfare organization may engage in some political activities, so long as that is not its primary activity." In general: As long as 51 percent of the work done by the organization is not political, it usually gets a pass.

Source: The IRS and Sunlight Foundation

Mr. TIBERI. Thank you, Mr. Chairman.

Mr. Miller, question 26 of the IRS questionnaire to the tea party group is as follows: "Provide details regarding your relationship with Justin Binik-Thomas," an American citizen who is in the audience today, who still doesn't know why he was question number 26. The Dispatch article goes on to say, "Binik-Thomas said he was shocked when he found out that the IRS was asking questions about him of a group he barely knew. He had been involved in a Cincinnati tea party. He'd even served as a spokesman. But he said he had not worked with the Liberty Township Tea Party."

Quote, "The obvious question that comes to mind are, why am I being targeted amongst all the others? Where does this information go in the end? Clearly, it's housed in the IRS, but does it get shared with other government agencies? Do I get an audit? If I do, is it against my business? All of those things go through your mind."

Now, to this day he doesn't know why his name is question number 26 for an organization who still hasn't received approval since January of 2010. Now, the article goes on to say, Democratic Governor Ted Strickland, former governor of Ohio, his top aides, who I know, very political, filed for tax-exempt status as a 501(c)(3) organization in August of 2011. They were approved 9 months later.

Mr. Miller, another organization in Ohio, the Ohio Liberty Coalition, this is their—part of their documents in response to IRS requests. This is only part of it. And this, all these documents weren't enough for the IRS to approve their application. And in fact, Tom Z., who is a former president of the organization who is here today, said that they applied in June 2010. They finally received approval—this wasn't enough by the way—in December of 2012, 1 month after the November election.

There is another lady I met in the audience from Ohio, Fremont, Ohio, who indicated that her group had a book club, and the IRS demanded a list of all the books that they had read and a book report from the group explaining what was in the books that they read. You can't make this stuff up. This is unbelievable.

Now, Mr. Miller, I don't know how you can defend any of this, and I don't know how you can say that it's not political when the liberal group got an exempt status and three that I just mentioned didn't for over 2 years. Mr. Nunes mentioned Ms. Lerner. Who was her boss in 2011 and 2012? Who did she report to?

Mr. MILLER. I believe it would have been——

Mr. TIBERI. Sarah Ingram maybe?

Mr. MILLER. Part of that time, and part of that time another gentleman.

Mr. TIBERI. Okay. And that other gentleman has since submitted his resignation?

Mr. MILLER. I believe so.

Mr. TIBERI. And what is Ms. Ingram doing today? What's her job title?

Mr. MILLER. She works on our—on implementing the Affordable Care Act.

Mr. TIBERI. Okay. Who promoted her to that position?

Mr. MILLER. I would have moved her into that position.

Mr. TIBERI. Why would you promote somebody to that position who was in charge of the Exempt Organization Division, which certainly has had some controversy over the last couple years under an investigation?

Mr. MILLER. Because she is a superb civil servant, sir.

Mr. TIBERI. So she had nothing do with this?

Mr. MILLER. I wouldn't imagine so. By the way, I can't speak to individual cases. I can say generally we provided horrible customer service here. I will admit that. We did. Horrible customer service. Whether it was politically motivated or not is a very different question.

Mr. TIBERI. You targeted an individual. You targeted an individual, an American who still doesn't know to this day why he was question number 26.

Chairman CAMP. All right. Time is expired.

Mr. BECERRA is recognized.

Mr. BECERRA. Thank you, Mr. Chairman.

Gentlemen, thank you very much for your testimony. And let me key off of something, Mr. Miller, you said. You said foolish mistakes were made. I think the President actually said it better. He said that the handling of those tax-exempt applications in that process at the IRS was outrageous and intolerable. No excuse. And as much as we know that the folks at IRS have a thankless job because they have to go and tell their fellow Americans that they may be audited, or they have to do this work understaffed, we have to maintain the confidence in the system, because it's a voluntary system of payment of our taxes.

Mr. MILLER. Agreed.

Mr. BECERRA. And so you are right, it was a foolish mistake. But the President is even more correct that it was outrageous and intolerable.

Now, let me also focus on something, Mr. George, you said. When you were asked was there any finding or evidence of political motivation here, you said no.

Mr. GEORGE. That's correct, sir.

Mr. BECERRA. Okay. And so what we find is a situation where inexcusable activity took place, because it erodes the confidence of the American people in a system where they participate voluntarily. And if there is a place in public service where you have to have the highest level of conduct and standards, it's at the IRS.

And so, Mr. Miller, I think it's unfortunate for those who are in positions of authority, but the buck has to stop somewhere, and I think that's exactly what we are saying. That should not diminish

the good work that has been done by anyone within the IRS over the years. And so I hope you understand that you are here today talking to us because we need to get to the bottom of this. We need to clean up and clear out so we can go back to the business of making sure that people respect the fact that we have a voluntary system of paying our taxes.

Having said that, let me ask a question of Mr. George. In your report you indicate that, and I think I am quoting correctly here, "There appeared to be some confusion by the Determinations Unit specialists and applicants on what activities are allowed by Internal Revenue Code section 501"—or "allowed by I.R.C. 501(c)4 organizations. We believe this could be due to the lack of specific guidance on how to determine the, quote, 'primary activity,' end quote, of a (c)4 organization. Treasury regulations state that (c)4 organizations should have social welfare as the 'primary activity' of their mission. However, the regulations do not define how to measure whether social welfare is an organization's 'primary activity.'"

So, Mr. George, a question. Could some of these delays in processing some of these applications have been avoided if there were clearer guidance on section 501(c)(4) organizations and what their primary activity constitutes?

Mr. GEORGE. A direct answer is, yes, sir. But I should also note that that Determinations Unit did seek clarity from Washington headquarters, and it took months before they received a response.

Mr. BECERRA. And that's a great way then to lead to Mr. Miller. I think what we have been saying for quite some time, many of us, is that there is not clarity in what is social welfare. So you have many (c)4 organizations, these nonprofit organizations, the good guys I'll call them, who are trying to do good work, and they're being tainted by some of these organizations that are out there doing nothing more than political activity because the Supreme Court gave them license now to go ahead and use a nonprofit status to go out there and do politics.

Is the law clear, Mr. Miller, in your mind on what is political campaign activity?

Mr. MILLER. No, it's very difficult, sir.

Mr. BECERRA. Can you distinguish between section 501(c)(4) organizations and, say, a Section 527 political organization?

Mr. MILLER. That's difficult, but presumably the level of political activities and expenditures needs to be less in the 501(c)(4) area.

Mr. BECERRA. Let me then suggest to you, Mr. Miller, to go back in your opportunity with your fellow employees at the IRS, and, Mr. George, you in your capacity as our Inspector General, and thank you for your service, to please communicate that we need to get you all to give us your sense of what is the best guidance so we don't have this proliferation of organizations that are abusing of the nonprofit status at taxpayer expense, because they get all these writeoffs, so that we won't run into this situation again and the American people can have confidence in their system and in their government. I thank you.

And, Mr. Chairman, I yield back the balance of my time.

Chairman CAMP. Thank you.

Mr. Reichert's recognized.

Mr. REICHERT. Thank you, Mr. Chairman.

Mr. Miller, I have of course like about 15 minutes to question you, but I only have 5. I'm disappointed I'm hearing: I don't know, I don't remember, I don't recall, I don't believe. Who knew? You don't even know who investigated the case, but yet you say it was investigated. But you don't even know who investigated it. I am puzzled by that. You're not instilling a lot of confidence in this panel and the people across this country.

But I want to go back to your version to the word target or targeted. And you said there was no targeting because there was no intent. Notwithstanding the intent of IRS personnel, would you not agree that certain groups were treated differently because of their name or policy position?

Mr. MILLER. So I believe, sir, that the—

Mr. REICHERT. Were groups treated differently—that's the question—because of their belief, policy position, or their name?

Mr. MILLER. No.

Mr. REICHERT. That's a yes-or-no question.

Mr. MILLER. I said no, sir.

Mr. REICHERT. No?

Mr. MILLER. No.

Mr. REICHERT. No one was treated differently?

Mr. MILLER. May I answer? I would like to be a little broader than a yes/no. I understand your view, sir.

My understanding of the cases that went into this queue is that it included elements from throughout the political spectrum, that of the 300 cases that were looked at by the Treasury Inspector General, 70 of the 300 had Tea Party in the name.

Mr. REICHERT. Okay.

Mr. MILLER. My understanding is that the organizations—

Mr. REICHERT. Excuse me. Mr. Miller?

Mr. MILLER. Yes, sir?

Mr. REICHERT. Mr. Miller, it's my time, and I'm going to take it back for now. I'm not going to be delayed here. So your answer was no, no one was treated differently. But to take you back to Mr. Ryan's question, you knew that groups with the term Tea Party had been automatically subjected to extra scrutiny. You've admitted that today. You acknowledged your investigation into whether certain groups were being treated differently. Whether there was intent or not, didn't this committee have the right to know?

Mr. MILLER. I answered all questions truthfully, sir.

Mr. REICHERT. Didn't this committee have the right to know that groups were being treated differently? That you have this group of 200, 300, whatever the number was, did not this committee have the right to know?

Mr. MILLER. I answered all the questions I was asked.

Mr. REICHERT. So your answer is a non-answer once again. It's an easy question. Do you not think that Congress has the right to know all the information that you knew?

Mr. MILLER. So look, Congress was going to find out.

Mr. REICHERT. Does this committee—Mr. Miller, does this committee have the right to know the information that you knew? Yes or no?

Mr. MILLER. This committee—

Mr. REICHERT. Yes or no?

Mr. MILLER.—was always going to get that information. TIGTA was looking at it.

Mr. REICHERT. But you testified before this committee, Mr. Miller, and did not—

Mr. MILLER. This concept that we were not going—

Mr. REICHERT. Please, Mr. Miller.

Mr. MILLER. Yes, sir?

Mr. REICHERT. You testified before this committee, and you did not provide the information, you did not share the information you knew. So my question is, do you not believe that—this is the United States Congress here that you are accountable to, which is accountable to the people, the American citizens across this country. Do you not believe that it's your job to provide us with the information that you knew so that, as you said, the people of this country can be properly served honestly?

You're a law enforcement agency for crying out loud. I was a cop for 33 years. Now, you raised your right hand today. Did this committee have the right to know what you knew? Yes or no?

Mr. MILLER. I answered all questions truthfully. I also will tell you that it was—

Mr. REICHERT. Let me ask—

Mr. MILLER. I didn't have all the facts.

Mr. REICHERT. I'm going to go to Mr. George because my time is—you are not going to cooperate with me, Mr. Miller, and you've been uncooperative during this hearing.

Mr. George, we've heard that an early draft of your report indicates that you were unable to determine who initially directed the IRS employees to target groups based on their political beliefs. Is that true?

Mr. GEORGE. That we were unable to, correct.

Mr. REICHERT. Yes.

Mr. GEORGE. Yes.

Mr. REICHERT. Mr. Miller, you're the Commissioner. Who is responsible? You conducted the investigation. Who was responsible?

Mr. MILLER. I don't have that name, sir.

Mr. REICHERT. Why don't you have the name?

Mr. MILLER. I tell you the name that I was originally—

Mr. REICHERT. Have you asked anybody?

Mr. MILLER. Yes. I asked—

Mr. REICHERT. Who did you ask? You don't have that name either.

Mr. MILLER. I'll be glad to provide those names.

Mr. LEVIN. Let him answer the question.

Mr. REICHERT. Mr. Levin, it's my time.

Chairman CAMP. It's the gentleman from Washington State's time.

Mr. REICHERT. Who did you ask?

Mr. MILLER. I asked the senior technical adviser.

Mr. REICHERT. And what's the senior technical adviser's name?

Mr. MILLER. Nancy Marks.

Mr. REICHERT. And what did Nancy tell you? Who is responsible?

Mr. MILLER. That I don't remember, to be honest with you.

Mr. REICHERT. You don't remember again.

Chairman CAMP. All right. Time has expired. The committee will—there are votes on the floor of the House of Representatives. So the committee will recess for 15 minutes.

[Recess.]

Chairman CAMP. The committee will come to order. If everyone can take their seats.

Mr. Doggett is recognized for 5 minutes.

Mr. DOGGETT. Thank you, Mr. Chairman.

What happened here is outrageous and inexcusable and unless those of us who strongly disagree with the Tea Party on many issues defend it from any impairment and allow it to be as wrong as it wants to be, we impair our democracy.

Mr. George, many charges have been made here this morning. You as Inspector General under Title V, Section 2 have a statutory responsibility as Inspector General to prevent and detect fraud and abuse in the programs and operations of the IRS, do you not?

Mr. GEORGE. That is correct, sir.

Mr. DOGGETT. And as best I can determine, sir, you have fulfilled that responsibility faithfully and forthrightly. Let me ask you if using the extensive audit and investigation powers you have as Inspector General you have found any evidence of corruption at the IRS?

Mr. GEORGE. No, not at this time, sir.

Mr. DOGGETT. Yes, sir. And let me ask you, sir, with your extensive powers if you have found that our tax system is rotten at the core?

Mr. GEORGE. No, definitely not rotten at the core, sir.

Mr. DOGGETT. Yes, sir. And let me ask you, sir, if you have using your statutory powers and fulfilling your responsibility determined that the IRS picks who wins and who loses in America?

Mr. GEORGE. I don't believe that is the case.

Mr. DOGGETT. No, sir, you have not. And the statements that were made and very inflammatory charges at the beginning of this hearing it is obvious have no basis in fact, at least any fact that has yet been demonstrated this morning. It is important that in addressing and fully correcting one wrong we not complete and be involved in other wrongs such as encouraging the proliferation of secret corporate money, not just the proliferation and pollution of our democracy by that money, but that it be tax subsidized secret corporate money; that we not permit those who have a fundamental disagreement with the progressive tax system using this incident as a basis for shifting even more of the burden of financing our defense and our essential government services on to working people; that we not permit those who have an agenda that has now been voted 37 times to try to undermine the full and effective implementation of the Affordable Health Care Act so that the health care crisis is ended for families across this country. That is what is at stake here. That is what has been discussed here. It is not based on any fact associated with this investigation to this date, as indicated by the Republican-appointed Inspector General whose job it was to determine whether any of these charges had merit.

Let me move to an area where I disagree with some of my Democratic colleagues and their comments this morning. I don't believe

there is any lack of clarity in the statute here. The statute that is in effect has been in effect for decades, and it requires that before there is tax exempt status, as Mr. Lawrence O'Donnell, as the CREW Group, the Citizens for Responsibility and Ethics in Washington, has pointed out in a petition, you are to be denied this status if you are not exclusively engaged in social welfare, according to the statute. Is that not correct? The statute is explicit. It uses the word "exclusively." The regulation the IRS adopted 30 or 40 years ago uses different language.

Mr. GEORGE. If this is addressed to me, Mr. Doggett, I have to demur to the Secretary. That is a tax policy question and I am not in a position—

Mr. DOGGETT. I am not asking you for tax policy, I am just asking for a clear reading of the statute, and a clear reading of the statute that has been in place for decades and is in place today says that there should be a denial of tax exempt status to any group that is not exclusively engaged in social welfare operations, and it was only after a regulation adopted long ago, long before any of you were at the IRS, that changed "exclusively" to "primarily," that there was even any discretion for this section to be involved in this operation.

Mr. GEORGE. Mr. Doggett, I do know that we have indicated that some clarification from those in the policy area of the Department of the Treasury might be needed in this area to help clarify again.

Mr. DOGGETT. In April, Citizens for Responsibility and Ethics in Washington filed a petition with the Treasury Department and the IRS to address that. If the statute, the clear wording of the statute had been followed, we would not be having to deal today with selective enforcement, we wouldn't have any problems with enforcement in this area at all. And I hope that that petition is honored and responded to promptly as I believe you have fulfilled your responsibilities, Mr. George, as Inspector General.

Thank you for your testimony, and, Mr. Miller, thank you for yours and for stepping aside.

Chairman CAMP. Thank you. The time has expired.

Mr. Roskam is recognized.

Mr. ROSKAM. Thank you, Mr. Chairman.

Mr. Miller, you may object to the word "targeting," but it is used in the IG report 16 times. So it is a common understanding of the word, and so I would just suggest that it is a well settled doctrine and we not weighs a lot of time parsing on it.

You admit that you spoke with Ms. Lerner and Celia Roady about the planted question beforehand. Can you tell us more about that conversation?

Mr. MILLER. I did not speak to Celia Roady, and I believe I did talk to Lois about the possibility of now that the TIGTA report was finalized, now that we knew all the facts, now that we had responded in writing and everything was done, did it make sense for us to start talking about this in public.

Mr. ROSKAM. Can you walk me through the logic that animated in your mind at the time where you thought it would be a good idea to make a public disclosure to the American Bar Association

rather than coming and following up on your duty to disclose that to the House?

Mr. MILLER. So we were going to do it at the same time, I believe. Our intent was to talk to you all at the same time.

Mr. ROSKAM. But that did not happen, did it?

Mr. MILLER. It did not happen, I don't believe.

Mr. ROSKAM. What other recollection do you have or what other experience did you have when you were talking with Ms. Lerner about this scheme to have the planted question at the ABA?

Mr. MILLER. I am not sure what you are asking, sir.

Mr. ROSKAM. I am asking what is your recollection of that conversation?

Mr. MILLER. We talked about what would be said and how we might do it.

Mr. ROSKAM. Where did the conversation take place?

Mr. MILLER. I believe it was over the phone.

Mr. ROSKAM. What day did the conversation take place?

Mr. MILLER. I would have to look back at my notes on that, sir.

Mr. ROSKAM. You have got notes on that?

Mr. MILLER. I would have to try to find them. I am not sure I do.

Mr. ROSKAM. Why did you say you have notes if you don't think you have notes?

Mr. MILLER. Sir, please.

Mr. ROSKAM. Please. Do you have notes or don't you have notes?

Mr. MILLER. I don't know.

Mr. ROSKAM. Okay. Let's shift gears. A little while ago you were engaged with Mr. Reichert on the question as to whether you knew that this committee, this whole idea of does the committee have the right to know this information, and then you sort of sheltered yourself in this idea of well, I have always told the truth. Let's set that aside for a moment.

Now, you are a lawyer and I am a lawyer. You know that in the process of discovery Mr. Miller that when you find subsequent information counsel has a duty to disclose that to the opposite party. There is no Perry Mason moment. There is no gotcha moment. There is no litigious situation where somebody comes in and says, oh, we are just showing up, your honor, with this information and we haven't disclosed it to the other side.

Don't you acknowledge that you had a duty based on your testimony before this committee of what your actual knowledge was, didn't you have a duty, Mr. Miller, to come forward and disclose that to the committee based on all the cascading inquiries that had happened from the Ways and Means Committee directed to you?

Mr. MILLER. I don't believe so, sir. What was happening was I was in possession of some facts. I was not in possession of all facts. We had done an internal review to see what we needed to do to get these cases moving because again the processing was bad, the listing was bad, those are two different pieces we were dealing with. TIGTA was in at exactly the same time. They were getting all the facts. We were going to wait for them to get the facts so that I didn't come in and either mess up their investigation or otherwise give you facts that were not correct, sir.

Mr. ROSKAM. So you weren't concerned about the timing of the TIGTA investigation when you and Ms. Lerner made the decision to move forward and do the planted question, is that right?

Mr. MILLER. It was done.

Mr. ROSKAM. It was done.

Mr. MILLER. We had all the facts and we had made our written response.

Mr. ROSKAM. Right. I understand that. So in other words you had the actual information. The totality of the information that you are describing today, you had it all in your possession at the time at which you were under a scheme with Ms. Lerner to go and do a planted question, is that right?

Mr. MILLER. I sort of object to the term "scheme." We had the information. We were reaching out to the committee at the same time.

Mr. ROSKAM. An understanding, a written or not written down contemplated play, a manipulation, call it what you will, you had all of the information, isn't that right?

Mr. MILLER. We were reaching out to the committee at the same time.

Mr. ROSKAM. What form did that outreach take?

Mr. MILLER. We called to try to get on the calendar.

Mr. ROSKAM. You called to try and get on the calendar. Is that all you got?

Mr. MILLER. It is the truth.

Mr. ROSKAM. Okay. You know, I find it incredibly ironic, you know, on the one hand you are arguing today that the IRS is not corrupt, but the subtext of that is you are saying, look, we are just incompetent. And I think it is a perilous pathway to go down. There is sort of this notion that hasn't been satisfactorily answered and that is if the targeting wasn't targeting, if the targeting wasn't based on philosophy, how come only conservatives got snagged?

Mr. MILLER. They didn't, sir. Organizations from all walks and all persuasions were pulled in. That is shown by the fact that only 70 of the 300 organizations were Tea Party organizations of the ones that were looked at by TIGTA.

Mr. ROSKAM. Your testimony is in contradiction to the IG testimony.

I yield back.

Chairman CAMP. The time has expired. Mr. Thompson is recognized.

Mr. THOMPSON. Thank you, Mr. Chairman. I appreciate the fact we are having this hearing and want very much to be able to get to the bottom of this. More important, I want to make sure or as important I want to make sure that we are able to do all that we can to prevent it from ever happening again for all of the same reasons that many of my colleagues on both sides of the aisle mentioned today. And I want to associate myself with the outrageous and intolerable group as to where I think this ranks.

What I would like to know, General George first, in your testimony you had a section that is titled Results of Review where you say the IRS used inappropriate criteria for identifying these organizations. Is that legal?

Mr. GEORGE. Is it legal?

Mr. THOMPSON. I am trying to get a sense of what is appropriate criteria.

Mr. GEORGE. It is not illegal, sir, but it was unusual.

Mr. THOMPSON. So then you enumerate them, inappropriate criteria were developed and stayed in place for a total of more than 18 months. Is that illegal?

Mr. GEORGE. It is not illegal, but it was inappropriate.

Mr. THOMPSON. I understand that. I am just trying to get a sense of—

Mr. GEORGE. If I may, it is contrary to Treasury regulations and other policies then in place by the Department.

Mr. THOMPSON. I understand. The substantial delays, is that illegal or inappropriate?

Mr. GEORGE. Inappropriate.

Mr. THOMPSON. And then the third, the unnecessary information, illegal or inappropriate?

Mr. GEORGE. Inappropriate.

Mr. THOMPSON. Okay. Thank you very much.

You also outline recommendations that you think are most critical and explain whether if they are enacted they are enough to prevent this from happening again. Are they?

Mr. GEORGE. The vast majority are, and the IRS agreed to the vast majority of them.

Mr. THOMPSON. And do you have some mechanism, some matrix, for making sure that they are put in place and is there a plan to go back and review these and to continue your good work of review to ensure that your recommendations are being followed out and that your recommendations are enough to protect the citizens of our great country?

Mr. GEORGE. Mr. Thompson, you anticipated almost our entire future plan. We are both going to take a look to see whether the IRS has successfully implemented, and as I believe you indicated or someone did, the President indicated that he was going to ensure that the IRS complies with those recommendations, and it would definitely be our intention to follow up to guarantee that that has occurred.

Mr. THOMPSON. One of the responsibilities that we have is also an oversight responsibility. Is there something in your recommendations and in your subsequent plans that will keep us in that loop, or are we going to have to find out about this outrageous and intolerable behavior through some other means?

Mr. GEORGE. Mr. Thompson, we publish an audit plan each year laying out which audits that we are going to engage in. We request information or we solicit ideas from Congress, from the administration and from anyone who has a tangible role in the system of tax administration. And it is our intention to once again do that, and there is no doubt in my mind that we will follow up with Congress on this matter on a regular basis.

Mr. THOMPSON. Thank you.

Mr. Miller, what are your obligations in regard to reporting this type of behavior to Congress?

Mr. MILLER. I would have to go back and take a look. I don't believe there is an obligation. What happened here, sir, is we knew TIGTA was in. I knew TIGTA was in in May, almost immediately

when we were involved. We had had a meeting with Mr. George and company in May where there was an indication they would be done this summer. Our understanding is they were going to get the facts, they were going to get them out there. There was never the intention or belief that these facts would not come out in full.

Mr. THOMPSON. General George, is there a need to pass specific legislation that would make it more difficult or hopefully impossible for this to happen again and to strengthen the requirements for reporting when something this outrageous and intolerable takes place?

Mr. GEORGE. Mr. Thompson, I will answer your question in full, but I have to again preface that the Secretary has delegated tax policy questions to the Assistant Secretary—

Mr. THOMPSON. This is a process question.

Chairman CAMP. Time has expired so you can supplement that answer in writing if you wish.

Mr. Gerlach is recognized for 5 minutes.

Mr. GERLACH. Thank you, Mr. Chairman.

According to the Inspector General's report, the IRS started its inappropriate handling of certain tax exempt organization applications in early 2010, and to swing back to some of your prior testimony, Mr. Miller, you indicated that you never spoke—excuse me, before I ask that question let me highlight two pieces of media articles that appeared also, one in 2010 as well as one more recently in September 2010. There was an article in the Weekly Standard concerning the concerns of the coke industry's attorney that there had been confidential taxpayer information potentially in the hands of senior administration officials that were part of an August 27, 2010, on-the-record background briefing.

Subsequently just a few days ago there in the USA Today there was a column and op-ed by a gentleman connected with the National Organization of Marriage who indicates in that op-ed that the release of this organization's confidential tax return to the Human Rights Campaign is a canary in the coal mine of IRS corruption. Contrary to assertions that the targeting of Tea Party groups was an error in judgment by low level IRS bureaucrats, the release of this confidential data to a group of this nature suggests the possibility of complicity at the highest levels of politics and government.

So back to the question of whether there was any information sharing of taxpayer records, taxpayer returns, with anybody outside of the IRS, Mr. Miller, you indicated in testimony some moments ago that you never spoke personally or communicated personally with anyone in the White House about the sharing of confidential taxpayer information, is that correct?

Mr. MILLER. I believe so.

Mr. GERLACH. Do you have any reason to believe that at some point you did from say January 2010 speak to somebody in the White House or communicate in another way with somebody in the White House about the sharing of confidential taxpayer information?

Mr. MILLER. I don't think that would happen.

Mr. GERLACH. So the answer is no, you did not?

Mr. MILLER. I don't believe I did.

Mr. GERLACH. Are you aware of any other IRS official from that time period to present that communicated with anybody in the White House concerning the sharing of confidential taxpayer information to somebody outside of the IRS?

Mr. MILLER. Can I ask, are you asking whether I am aware—

Mr. GERLACH. I am asking whether you are aware of anybody else in the IRS that ever from January 2010 to present communicated or spoke with anybody in the White House about the sharing of confidential taxpayer information?

Mr. MILLER. So I don't believe so, but what I am confused about, sir, I will apologize, but just so I am clear of what I am answering, are you talking about whether I believe we shared information?

Mr. GERLACH. Whether you have information or belief that any confidential taxpayer information, taxpayer being individuals, being organizations, being businesses, all of that information being shared with somebody outside of the IRS in violation of Section 6103?

Mr. MILLER. I have no knowledge of that. That is a question I understand. Thank you, sir.

Mr. GERLACH. You did indicate previously, however, in questioning you did speak yourself with Treasury Department officials regarding the sharing of information. I am not saying the White House now, I am saying the Treasury Department. If I wrote that correctly, you did speak to somebody in Treasury about that at some point, is that correct?

Mr. MILLER. I don't think so.

Mr. GERLACH. Again—

Mr. MILLER. Let's be clear—

Mr. GERLACH. I will ask the question more clearly and more directly. Did you ever speak or communicate with anybody in Treasury Department who was not within the IRS about the sharing of confidential taxpayer information in violation of 6103?

Mr. MILLER. Can I rephrase it and you tell me—

Mr. GERLACH. No, I phrase the questions and you phrase the answers.

Mr. MILLER. If you are asking me whether did I ever share 6103—

Mr. GERLACH. I didn't ask that. Did you ever communicate or speak with anybody in the Treasury Department, not within the IRS, about the sharing of confidential information, taxpayer information?

Mr. MILLER. I don't believe so. But I don't know whether you are talking about the subject, which would be absolutely fine to talk to them about—

Mr. GERLACH. That is what I am trying to inquire about, Mr. Miller. I am trying to find out what you did, what you knew and when you knew that and who you spoke with. So you are saying today that at no time from January 2010 to present did you speak to somebody in the Treasury Department about the sharing of confidential taxpayer information?

Mr. MILLER. No. What I am saying, sir, is the following—

Mr. GERLACH. I would like an answer to my question, sir. Did you ever do that?

Mr. MILLER. Did I ever talk to them about the sharing—

Mr. GERLACH. Talk or communicate. It might have been by email. It might have been by fax. It might have been by sign language.

Mr. MILLER. I don't believe so. I can tell you categorically I never shared information. Did I ever talk to them about the rules around it? I don't think so, but that would be permissible.

Mr. GERLACH. Were you aware, I think to Chairman Camp's questions you were aware of news reporting about the National Organization of Marriage and the concern they had about the sharing of their confidential information. You indicated on the record that you were aware of that news story. So on that story or any other story did you talk or communicate with anybody outside of the IRS in Treasury about that issue?

Mr. MILLER. I don't know. I don't believe so though.

Mr. GERLACH. Okay. Will you check all of your records, all of your notes, all of your emails and get back to this committee about whether your answer is different than what you are providing right now.

Mr. MILLER. Yes. But what I can say again is—

Mr. GERLACH. I have a limited time.

Chairman CAMP. Time has expired at this point, so why don't we move on to Mr. Kind.

Mr. KIND. Thank you, Mr. Chairman, and thank you, gentlemen, for your testimony here today. I think it has been illuminating and very helpful.

Mr. Miller, let me start with you. I assume you agree with the premise that if there is an agency in the Federal Government that just needs to be above approach, no hint of bias, partisanship, ill-treatment, mistreatment, unequal treatment to any individual or any organization, it is the IRS, is that right?

Mr. MILLER. I agree, sir, and that is what is so sad about this.

Mr. KIND. And obviously the optics of what happened there in the Cincinnati office in reviewing the applications, this is what comes from it, is that right?

Mr. MILLER. The perception is bad.

Mr. KIND. It is my understanding, too, that based on the Inspector General's report and the recommendations, the IRS has taken that up and is trying to do their best to implement that to ensure that this does not happen in the future again?

Mr. MILLER. We will implement all recommendations and it will not happen again.

Mr. KIND. Mr. Neal asked you previously in his line of questioning about the accountability, who is being held accountable and why. Obviously you have rendered your resignation to the President and he has accepted that as Commissioner of IRS, is that right?

Mr. MILLER. I have done so to the Secretary.

Mr. KIND. Okay. And any other instances of accountability as far as those at the Cincinnati office, those in charge of the Cincinnati office in the development and use of this criteria?

Mr. MILLER. So I think I mentioned there were two instances in which there was counseling suggested and there was a reassignment of someone. But what I should say and what I said in my

opening statement is we now have possession of the facts with respect to the TIGTA report. Now is the time we should be looking at that, once we have the facts.

Mr. KIND. Any pushback in the IRS with the Inspector General's report and some of the recommendations they are making? Any difference of opinion?

Mr. MILLER. There is no air between us on the recommendations.

Mr. KIND. Okay. Is there a rule for the Congress to be working with the IRS to ensure that something like this does not happen in the future? I am thinking specifically of post-Citizens United and 70,000 applications that was submitted and a doubling I understand of (c)(4) applications too. Do you feel there is sufficient personnel in order to expedite the review of these applications?

Mr. MILLER. There are not sufficient personnel.

Mr. KIND. Of course, I don't think we will have many recommendations on the other side as far as allocating more resources to the IRS so you are sufficiently staffed in order to deal with the huge influx that the IRS is experiencing right now. I think there is a role for the Congress and we have got to share some responsibility as well.

But Mr. George, let me ask you, I think part of the problem is the definition of the criteria of primarily engaged in social welfare seems to be an inherently subjective criteria with no clear bright lines or clear rules. I think the IRS is trying to further define that for the division in Cincinnati. But is there further tightening of that definition which would be helpful to IRS personnel when it comes time to review the applications?

Mr. GEORGE. The answer is yes.

Mr. KIND. Is that something that has to be done internally with IRS or is there a role for Congress to intervene and try to help further define and present some more objective and bright line rules when it comes to reviewing social welfare applications?

Mr. GEORGE. It is my understanding that the IRS has the authority to do this on its own without legislative fixing.

Mr. KIND. I think obviously this committee will need to be working with IRS too to ensure that that gets done, because otherwise it is going to be an inherently flawed human process of subjectively applying this criteria, I feel, especially with the huge influx of applications.

Now, some of this has been delved into but I think it is so important that it needs to be reiterated. Mr. George, I apologize if you think you made yourself clear on it, but according to your report you found no bias or partisanship behind the development and the use of the criteria for selecting applications from the Cincinnati office, is that right?

Mr. GEORGE. That is correct, sir. But we did find gross mismanagement in the overall—

Mr. KIND. That is clear in your report too. Did you find any evidence that anyone outside the IRS was involved in the development and review?

Mr. MILLER. Not at this time, sir.

Mr. NAME. Not the White House or Treasury?

Mr. GEORGE. That is correct, sir.

Mr. KIND. Thank you. Thank you, Mr. Chairman.

Chairman CAMP. Thank you. I will recognize Dr. Price for 5 minutes.

Mr. PRICE. Thank you, Mr. Chairman.

I think if I am sitting at home trying to figure out what is going on here and listening to the testimony and the remarkable revelations some of these questions, you get some snickers after some of them, but you have the Federal Government asking what books you read, you have the Federal Government asking whether or not you know anybody in your organization that is going to run for political office. This is chilling stuff. This is very, very serious.

Mr. Miller, do you accept the findings of the IG report?

Mr. MILLER. We do, sir.

Mr. PRICE. One of those findings is that groups were targeted. Do you accept that finding?

Mr. MILLER. I would not characterize it as targeting, but—

Mr. PRICE. You can understand why others would believe, including the Inspector General, would believe that groups were targeted?

Mr. MILLER. I think the groups that were put into the centralized grouping would have gone in—they would have gone in whether we had done the correct thing—

Mr. PRICE. You described the list of criteria being used to identify these groups as obnoxious, correct?

Mr. MILLER. Correct.

Mr. PRICE. And it is not just Tea Party groups, right? It is not just conservative groups. In fact there are religious organizations, are there not?

Mr. MILLER. I don't know that, sir.

Mr. PRICE. Are you not aware that there are religious organizations that were identified by the list of criteria that were formulated?

Mr. MILLER. I am actually unaware that there were. And I say that as though I don't know. I have looked at the list, but very quickly.

Mr. PRICE. Are you aware that there were some Baptist church organizations that were identified for greater scrutiny?

Mr. MILLER. I was not aware of that, sir.

Mr. PRICE. Who is Sarah Hall Ingram?

Mr. MILLER. She is an executive at the Internal Revenue Service who does the Affordable Care Act work for them.

Mr. PRICE. That is where she works now?

Mr. MILLER. Yes, sir.

Mr. PRICE. Where did she work during the period of time under question here, 2010 to 2012?

Mr. MILLER. Someone has corrected my prior comment, I think. So 2011 and 2012 I think she was already working on Affordable Care Act. I don't know when in 2010 we made that.

Mr. PRICE. Did she ever hold the title of Director of Tax Exempt Organizations for the IRS?

Mr. MILLER. She held the division commissioner title.

Mr. PRICE. So she had responsibility over much of the concerns and discussion that we are having today, is that correct?

Mr. MILLER. At the time she was division commissioner, yes.

Mr. PRICE. Would she have known about this list of criteria that has been formulated, had been formulated?

Mr. MILLER. I have no reason to believe that she would.

Mr. PRICE. That she would?

Mr. MILLER. Yes. I have no reason to believe that she would. I am sorry if I wasn't clear. I don't think so.

Mr. PRICE. You don't think she knew about the criteria of the folks under her responsibility?

Mr. MILLER. There are a couple of thousand folks.

Mr. PRICE. Have you ever had that conversation with her?

Mr. MILLER. No.

Mr. PRICE. You have never asked her whether she knew?

Mr. MILLER. So, I am not sure she was in that time at the time, sir.

Mr. PRICE. I know you have identified her current position with one with the IRS oversight over the ACA and regulations related to the ACA, is that correct?

Mr. MILLER. Correct.

Mr. PRICE. Who appointed her?

Mr. MILLER. I moved her into that job.

Mr. PRICE. You have also said that in the context of the criteria list and what we are talking about today that the IRS "provided horrible service." Correct?

Mr. MILLER. I think that is correct.

Mr. PRICE. That is what you said earlier today. And the individual who was overseeing a portion of this and had responsibility for the provision of this "horrible service" now sits over the entity at the IRS that will determine whether or not people are complying with the rules of the ACA, is that not correct?

Mr. MILLER. No, I don't think it is, sir.

Mr. PRICE. So Sarah Ingram is not at the IRS over control of the regulatory—

Mr. MILLER. She was for at most a period of the time, but we would have to go back. I don't think your timeline works perfectly, sir. I would have to go back and check. There may be a period of time when she was still in that job, but she had transferred over—

Mr. PRICE. Mr. McDermott in questioning you said the IRS wouldn't have any access to medical records, is that correct?

Mr. MILLER. I believe that is correct.

Mr. PRICE. So it would be unnecessary for them to gain access to medical records, correct?

Mr. MILLER. I can't—

Mr. PRICE. It would be unnecessary?

Mr. MILLER. I think so.

Mr. PRICE. Isn't that how you described the questions and the information that the IRS folks were gaining through the criteria list, unnecessary?

Mr. MILLER. I think—are you talking about the letters that came out?

Mr. PRICE. I am saying that there is a parallel here in the expansive nature of what the IRS has done. Would you care to re-characterize the "unnecessary" word? Is it illegal what they have done?

Mr. MILLER. It is absolutely not illegal.

Mr. PRICE. It is not illegal what the IRS has done?

Mr. MILLER. Sir, let me understand the question. What is your statement as to what is illegal?

Mr. PRICE. Do you believe it is illegal for employees of the IRS to create lists to target individual groups and citizens in this country?

Mr. MILLER. I think the Treasury Inspector General indicated that it might not be, but others will be able to tell that.

Mr. PRICE. What do you believe?

Mr. MILLER. I don't believe it is. I don't believe it should happen. Please don't get me wrong. It should not happen.

Mr. PRICE. Thank you, Mr. Chairman.

Chairman CAMP. Thank you. Mr. Blumenauer is recognized for 5 minutes.

Mr. BLUMENAUER. Thank you, Mr. Chairman, and I appreciate the opportunity for our being able to listen to the witnesses and try and develop the record and people putting forth their own ideas, their own questions, clarification. I think, Mr. Inspector General, that you have provided a tremendous service with the report, straightforward, identifying mismanagement, inappropriate activity, and I hope that people will be able to actually read the report, to reflect on it.

I appreciate your being here, Mr. Miller. It is not the most comfortable. I appreciate that you as a career civil servant accepted responsibility even though you hadn't done these things directly and resigned. It is an air of responsibility you don't often see in the political arena, I will say. But I am hopeful that we can continue to probe, to direct, to make sure that no political entity is subjected to inappropriate activity on behalf of the IRS.

I appreciate some of my colleagues talking about efforts that we can do to clarify laws and regulations together to be able to make sure that there is less ambiguity and there are better standards, but I also think at some point it will be interesting to reflect on Congress' role in what the chairman referred to in pretty strong terms about a Tax Code.

When I came here in the 104th Congress there were 114,000 employees in the IRS. Since I have been here, Congress in its wisdom has expanded the Code, made it more complex, and cut dramatically the men and women who are on the front lines to deal with it. There is an inadequate training budget. We have had this testimony just across the Capitol before the Senate this last week. And I really hope that there is an opportunity to think about how we support the integrity of the Internal Revenue Service, not just by making sure there isn't inappropriate or gross mismanagement, there is accountability, there is clarification, but we rely on it to be able to function. And Congress has slowly been starving the budget of the IRS at a time when each of those employees, each dollar spent on those employees, gives the Federal Government about \$214 in revenue. And for us to not make sure that it is adequately staffed, adequately trained, adequately equipped invites shortcuts, makes it harder to have the oversight and the accountability and harder for overall performance.

I think it is inexcusable to cross the line. I think it is important that we bear down, we understand, we make sure it doesn't happen again. But I also think as the Congress has made the Code more and more complex, given the IRS fewer and fewer resources to administer it, made it difficult to train, I think it undermines the ability to take a complex entity that relies on self-reporting and people having confidence in it. And I am hopeful that this isn't something that we slide past.

I appreciate, Mr. Chairman, your interest in simplifying and reforming the Code, but I also hope that we look at the tasks they have been given, the budget they have been given, and think a little bit about maybe a rate of return that would more than pay for itself if we invested in training, in management, and having more than 150 people to deal with the avalanche of these applications.

I guess that wasn't so much a question, but it is something that occurred to me, and I know, Mr. Miller, you had referenced the stress that that group is on and how hard it is to keep track. And at some point if you would provide to the committee, I am not putting you on the spot now, but some reflections on what it would take to do this right, I think it would be a valuable part of the committee's record going forward, because we all want it to have integrity, we want it done right, we want to treat our employees and the taxpayers properly.

Thank you.

Chairman CAMP. Thank you. Mr. Buchanan is recognized.

Mr. BUCHANAN. Thank you, Mr. Chairman.

Mr. Miller, I want to talk a little bit about the culture of the organization, looking at the note, your bio, 90,000 employees, \$12 billion budget. You have been there 25 years. I am concerned.

I guess to start off, we have got a mission statement there. I am very concerned about the breadth and the depth of maybe what is going on. I think a lot of employees probably do a good job, but I have been a person who has been in business 30 years and run larger organizations. So you have a mission statement in terms of talking about working for the American people, doing what is right, playing by the rules.

Is that something that is internalized at the IRS or is that just something on a website?

Mr. MILLER. I believe, Congressman, it is internalized, and the vast majority of our folk are hard-working, incredibly honest people. I am going to tell you, and you guys should hear, that as these discussions occur, it is damaging to the morale of those people and it is probably ultimately damaging to the sense of voluntary compliance which underlies our entire tax system.

Mr. BUCHANAN. Let me say obviously I think there is probably a lot of good people, but at the same time we have a massive PR problem at minimum.

Mr. MILLER. We do.

Mr. BUCHANAN. And this has got to be dealt with quickly. It can't just drag on for 6 months to a year. So I think we need to get to the bottom of it. The other thing, let me just ask, in terms of that size organization, who is in charge? Who is the boss? How is that hierarchy, how does it work? I ran a very decentralized business where I had a corporate structure, but I had managers

and partners in different operations. How is the IRS, you know, in terms of being an Acting Commissioner, you have been there 25 years, who do you report to or the Commissioner ideally in the past, who do they report to and at what point when something like this comes up, who is involved at the next level up?

Mr. MILLER. So the reporting chain and the organization, there are two deputies reporting to the Commissioner and the Commissioner reports to the Deputy Secretary of Treasury.

Mr. BUCHANAN. Who is ultimately responsible?

Mr. MILLER. The Commissioner, Acting Commissioner. Not Treasury. The Treasury relationship is such that they would not be involved.

Mr. BUCHANAN. So who would be responsible for you? Who basically asked you to resign or fired you?

Mr. MILLER. It would be Secretary Lew.

Mr. BUCHANAN. The Secretary of the Treasury. The other thing is, let me ask you, there has been two people that have been—were you terminated or fired? What happened there? Or are you getting ready to retire?

Mr. MILLER. I was asked to resign and I will retire under the Civil Service rules.

Mr. BUCHANAN. On what basis do you feel like you are getting asked, and maybe one other person I guess got asked, but it seems like there is a lot of other people ideally in Cincinnati and Washington and other parts that haven't been held accountable.

Mr. MILLER. I'm not sure what the question is, sir. If I could answer it and then tell me if I am answering the wrong question.

Mr. BUCHANAN. Go ahead.

Mr. MILLER. We are not done yet. We are not. We now have the Treasury Inspector General's report. We now have the sense of the facts. Now is the time for those that remain, including the incoming Acting Commissioner, Mr. Warfel, to take those actions.

Mr. BUCHANAN. Let me mention as it has been brought up with a couple of the ladies that work with you, Lois Lerner and Sarah Ingram, what is being done about those two? Because they have been in the press, there is a lot of concern about that. They ran a large operation and it seems to be at the heart of the issues today. I think that has got to get dealt with in a very aggressive clear way in the next week or two.

Mr. MILLER. I don't know whether it will be or not. That will be up to the new Acting Commissioner.

Mr. BUCHANAN. Let me just ask you in terms of the new Acting Commissioner, are we looking to get a permanent Commissioner, or is this going to be, you know, for a period of time?

Mr. MILLER. I don't have that information. I would assume, however, that we ought to have a nomination—

Mr. BUCHANAN. I hope, because I think at the end of the day that leadership matters and getting the right culture, the right environment within the organization, the IRS, it needs incredible leadership and incredible integrity and we need to make sure that that person, not so much the acting one, but the permanent one, is the right person going forward.

I yield back.

Mr. MILLER. I very much agree, sir.

Chairman CAMP. Ms. Schwartz is recognized for 5 minutes.

Ms. SCHWARTZ. Thank you. I appreciate the opportunity to ask questions. Let me just say a couple of things and then ask a question, and I will attempt to be brief. This is not an easy hearing for you or for us.

We are outraged on behalf of the American people. That is number one. The American people deserve to be able to trust their government for fairness and lack of bias, and that was violated. And that violation is outrageous and unacceptable to us and I hope to you.

And the fact that, number two, there need to be changes. It is already happening. Some changes you are making. But we need to be assured that those changes will be made. Things happen, investigations have to be done, and then changes have to be made to ensure the American people that we know that and we will not accept bias or discrimination in any way. I think that is clear to all of us.

The second thing I will say is that this committee and Congress also has a responsibility to do this in our own questioning and our demand for accountability and transparency from you, from the administration, from everything that happened, to do it in a way that is not political either. I think we have to be very careful about that, and I would compel all of my colleagues to make sure that we also engage in this in a way that is clear and fair and nonpolitical. We all agree that something has to be done and we should do it.

So my question though is really about sort of more broadly what is going on in the divisions that handle the applications for nonprofit status. I have heard in my own office that groups come to us that have applied for nonprofit status, mostly 501(c)(3), not (c)(4), which is the issue here, but the backlog is a year. They don't understand why it takes so long. They don't understand why—they are not clear about what is wrong with their application. They are not hearing back. And given some of the cuts that we have made, nonprofit groups in particular, the ones—the 501(c)(3) in particular, but really are looking to try and make up some of the gaps that are here, you know, to be able to raise money and charitable contributions and to make a difference in our communities.

And I for one need to have better clarification about what the criteria is, why don't they hear back, why those applications are taking longer than a year, if there are problems with them what kind of questions you legitimately can ask and ones you can't and how we can move this process forward. And I think that we have every reason to ask those questions and get those kinds of answer also on behalf of our constituents.

Again, it goes for all of the nonprofit organizations. If there are reasons to review an application in greater depth, and there may well be, certainly we have to understand that better and so do the people making those applications. They should not be in the dark about the criteria. They should not be in the dark about why it is sitting on somebody's desk or receiving more review.

So if you could clarify for us now, Mr. Miller, or give us some more information as we go forward about what that criteria is and what we can expect and what we can explain and how we can help you make sure that you are doing this right, and when they mess up, Mr. George, you are in there doing that investigation and get-

ting those answers and correcting those and we can ensure the American people of the right process, the fairness of that process, the criteria that is being used, and a timely, appropriate responsive process to American taxpayers and certainly to nonprofit, hopeful nonprofit organizations.

So I will give you a chance to answer that. It would be appreciated.

Mr. MILLER. I think probably it is a big enough question that we will follow up in writing. But the process right now is, as I have mentioned, is that we have a limited number of people, 140 to 200, that work on the 70,000 applications that come in for tax exempt status. Most of those are 501(c)(3) organizations.

Now, 501(c)(3) organizations get a number of tax benefits. They get deductibility of contributions. They get the ability in some instances to issue bonds. They get State tax exemptions, property tax exemptions, postal rate reductions. These are significant benefits in addition to just tax exemption and we have to look at them. We do. And many of them are small organizations that should go through very quickly, and some of them are large organizations that we need to take a look at, the largest hospital systems, the largest universities. There are some large organizations.

Then you look at particular issues within them. And we will look for, is there inurement, is there private benefit, is there political activity going on. Because, again, (c)(3)s, no political activity is permissible. (C)(4)s, some, but not a primary amount of activities can be political in nature. Those are things that take time. We try to look. We try to move them along as fast as we can. We do not have enough people right now.

Ms. SCHWARTZ. So you feel you don't have enough staff but you are clear about the criteria. This will be a continuing conversation.

Chairman CAMP. I am afraid time has expired.

Mr. Smith is recognized for 5 minutes.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Miller, could you define political activity as it would relate to the agency and the applications?

Mr. MILLER. Under the Internal Revenue Code political campaign activity has some definitional limits. You need a candidate. You need a candidate for public office. And that is sort of what you need for it to be a political campaign activity under 501(c)(3) and 501(c)(4). A little different under 527 rules.

Mr. SMITH. And was it the concern about political activity that led to the centralization organization of reviewing the applications?

Mr. MILLER. I believe it was. It was the fact that we were seeing more applications indicating that they might be doing political activity. And it is an area that is very difficult for us. Is it education? Is it an issue ad? Is it actual campaign intervention? Those are very difficult for us to parse out.

The decision was made to try to get them into one group and educate their people. How they started that process was one of the problems here. The other probable here, as I have mentioned, is the method of processing these cases was flawed, and I think that the TIGTA report and Mr. Russell's report goes into great detail on the problems that we saw in terms of the lack of communication between pieces of the service, the letters that were going out that

were overly broad and the complaints that we were getting rightfully from those who were given a remarkably little amount of time to explain an awful lot of stuff.

Mr. SMITH. And how many employees at the IRS would you say would have been associated before the centralization and then after the centralization?

Mr. MILLER. I am not sure of the question, sir.

Mr. SMITH. The number of employees associated with the applications were greater in number before the centralization, is that accurate?

Mr. MILLER. It might be. I don't really know the answer to that. It might have been the same X number of people, but they were centralized versus spread out.

Mr. SMITH. Now, it was mentioned earlier in testimony, in questions, that donor lists were requested by the IRS, is that accurate?

Mr. MILLER. That is accurate. In some cases.

Mr. SMITH. In some cases.

Mr. MILLER. Not all these cases by any stretch of the imagination, sir.

Mr. SMITH. And did the acquisition of those lists ever lead to additional—or did those lists trigger any further inquiries or new inquiries?

Mr. MILLER. No. I believe what happened is when they hit the paper, we discussed it. We told people that—I will go back for a moment. Donors can be relevant, but they certainly shouldn't be in every case. They shouldn't be asked in every case. They can be relevant if a donor has a contract with the organization, if the donor is doing it for a political purpose, but to just ask for donors without a rationale shouldn't be done.

When we saw that it happened we asked that, you know, if they hadn't sent them in, we reached out and said don't send them in. If they had sent them in, we said we are not going to use these, and we didn't. You will not find them used in any of these cases. There was something, I don't know how many of these cases there were, maybe 30 or something like that is my understanding, I could be wrong on that, more than half of those were not Tea Party cases that got these donor list requests, by the way. But going back, it was overly broad. It was not necessary.

Mr. SMITH. Thank you, Mr. Miller.

Mr. George, I will ask you the same question. In the cases where donor lists were requested, was it your finding that those lists perhaps triggered further inquiries?

Mr. GEORGE. Well, I don't have an answer to that aspect of your question, Mr. Smith. I do know that 27 donor lists were requested.

Mr. SMITH. Twenty-seven donor lists were requested.

Mr. GEORGE. Correct.

Mr. SMITH. Mr. Miller, on the safeguards against bias I think the underlying concern of this entire situation is that bias was applied. Can you share whether there were safeguards in place that were not honored to try to prevent the bias before this situation came about?

Mr. MILLER. So, obviously I don't think, and, again whether it was bias or perception of bias will play out over time. Let me tell

you that we have something on the exam side of the house that has worked remarkably well, and that is before anybody gets selected for examination by reason of political activity it goes through a committee. So no one person can do this. And that cuts down on the bias. We do a better job of precisely explaining why we are doing it. On the determ side, less so. So what we have done is elevated the issuance of the criteria to a higher level in the organization.

Mr. SMITH. Thank you. Mr. George?

Mr. GEORGE. I would just point out, sir, of the 27, 13 were from Tea Party groups of the donor lists.

Mr. SMITH. All right.

Chairman CAMP. Thank you. Time has expired.

Mr. Davis is recognized.

Mr. DAVIS. Thank you very much, Mr. Chairman, and I want to thank both of you gentleman for being here.

Everybody that I have heard make a statement or comment, every reviewing body that has had an opinion, have suggested that obviously there was some behavior on the part of senior level IRS staff that was unwarranted, unacceptable, intolerable, and, of course, should never happen again. It is also clear that there have been management challenges such as such as who has the authority to do what relative to policy as well as operational procedures.

Mr. George, let me ask you, when did you start the audit?

Mr. GEORGE. Our audit, sir, began with a request from a congressional staff member in—I want to give you the exact date, sir, and I do have that here. March 1st of 2012 was when we were initially contacted by a Government Reform staff member, and our audit began in roughly May, or March rather, of 2012. We had meetings prior to that, but I would point to March of 2012.

Mr. DAVIS. Mr. Miller, when did you first learn of the audit or know about the audit?

Mr. MILLER. Sometime in that same timeframe. It would have been in March when we certainly were aware that TIGTA was taking a look at this at some juncture at that time.

Mr. DAVIS. So you knew that this was underway pretty much from the beginning?

Mr. MILLER. I did.

Mr. DAVIS. And did it ever occur perhaps to have certain kinds of conversations, interactions with whoever would be determined as your superiors?

Mr. MILLER. I mean, I'm sure Mr. Shulman knew. I'm not sure that anybody above Mr. Shulman knew.

Mr. DAVIS. Let me ask you, Mr. George, during your investigation we've heard all kinds of allegations. As a matter of fact, some people have even been suggesting that a good thing to know is who's going to be the next person to go to jail, who's going to be indicted.

During your investigation did you or was it reported to you by any of your investigators that there was any apparent criminal intent or activity on the part of these employees?

Mr. GEORGE. Nothing out of the initial review of the audit to that effect, Mr. Davis, but there will be subsequent review on our part on this matter.

Mr. DAVIS. You know, after listening to all of the discussion and reading all of the information that I've read, I am not convinced that this is a great big political conspiracy. I would certainly admit that there has been some ineptitude, there has been some lack of serious management procedures used and adhered to.

Let me ask both of you, since you've had considerable experience with the Internal Revenue Service, what would be your recommendations to the new Commissioner coming in?

Mr. Miller.

Mr. MILLER. There is no question that this has damaged the reputation of this organization and the new Commissioner needs to take steps to ensure that we have restored that trust that's so essential. And that's where he or she should take action.

Mr. DAVIS. Mr. George.

Mr. GEORGE. And I would point out, sir—and this is one of the recommendations that we make—training is necessary at all levels on a repeated basis of IRS staff, and especially in terms of the political season. You have a lot of turnover, especially at lower levels at the IRS, and people simply need to know and to be kept up informed—up to date rather—of the new regulations and requirements.

Mr. DAVIS. Thank you very much, Mr. Chairman, and I yield back.

Chairman CAMP. Thank you.

Mr. Schock is recognized.

Mr. SCHOCK. Thank you, Mr. Chairman.

Let me begin by saying that I am most concerned that the IRS attempt a week ago to clean up and apologize for abusing conservative organizations seeking tax-exempt status is really the proverbial tip of the iceberg. The IRS' stellar reputation of being above partisan politics has been shattered by these revelations, and these revelations now seem to be far from complete. The IRS at first revealed that the words Tea Party, patriots, and a few other phrases triggered extra scrutiny. Since then, more and more revelations have come to light.

Mr. Chairman, I have with me a 150-page document given to me by the Thomas More Society detailing a number of pro-life organizations throughout the country which in application to 501(c)3 status were given horrible instances of IRS abuse of power, political and religious bias, and a repression of their constitutional rights.

I'm going to submit these documents detailing what these organizations went through to the Treasury Inspector General for Tax Administration, asking for a reply to this committee about the degree of abuse these organizations received during their application for tax-exempt status.

[The information follows:]

MEMORANDUM

TO: The Honorable Aaron Schock, Member of Congress
Committee on Ways and Means

FROM: Thomas Brejcha, Peter Breen, Sally Wagenmaker, Esqs.
Thomas More Society

RE: IRS Harassment of Pro-Life Organizations

DATE: May 16, 2013

SUMMARY

Legal cases handled by the Thomas More Society indicate that the Internal Revenue Service (“IRS”) harassment of nonprofit organizations extends well beyond “Tea Party” and “Patriot” groups, even to organizations whose primary purpose is to support and defend innocent human life. Three of these organizations are or were clients of the Thomas More Society. Included with this memorandum are contemporaneous documents related to these three organizations’ interactions with the IRS. Private information has been redacted.

Along with the other IRS cases recently made public, these cases form a pattern of an unconstitutional and illegal corruption of the Internal Revenue Service review process. We urge the Committee on Ways and Means to thoroughly investigate these abuses, so that those responsible may be brought to justice.

I. Christian Voices for Life of Fort Bend County (Texas) (Exhibits A-1 - A-5)

On February 28, 2011, Christian Voices for Life of Fort Bend County (“CVL”) received a letter from the IRS requesting additional information on their tax exempt form. [Exh. A-1]

On March 15 & 16, 2011, “CVL” requested legal help from the Thomas More Society. [Exh. A-2 & Exh. A-3]

On March 17, 2011, Mrs. Wagenmaker, Thomas More Society special counsel, contacted the IRS requesting, and receiving, an extension of the IRS’ March 21, 2011 deadline to reply.

On March 31, 2011, the IRS sent another letter requesting more information from “CVL” and asking if they engage in any illegal activities. [Exh. A-4]

On April 12, 2011, Mrs. Wagenmaker sent a letter on behalf of “CVL” to the IRS demanding they issue tax exempt status immediately. [Exh. A-5]

On April 14, 2011 CVL's tax exempt status was approved. On April 16, 2011, CVL received in the mail its 501(c)(3) tax exempt status. The issuance was memorialized with a contemporaneous press release. [Exh. A-6]

II. Coalition for Life of Iowa (Exhibits B-1 - B-6)

October 20, 2008 CLI applied for the tax exempt status.

On April 27, 2009, Coalition for Life of Iowa ("CLI") received their first inquiry from the IRS requesting additional information on their application for exemption. [Exh. B-1]

On May 14, 2009, "CLI" responded in a letter to the IRS providing the additional information requested. [Exh. B-2]

At the end of May and the beginning of June 2009, "CLI" stated they received "a couple" of calls from the IRS. During these calls, "CLI" answered numerous questions regarding their praying and/or picketing outside of Planned Parenthood. During one call, the IRS agent demanded that each of the board members sign a declaration that they would not picket Planned Parenthood. "CLI" was told that, once the signed declaration was sent, that they would receive their IRS determination letter. [Exh. B-4]

On June 10, 2009, "CLI" sent a letter to the IRS requesting further clarification of the definitions of "organize," "picketing," and "protesting" in relation to the requested signed declaration. [Exh. B-3]

On or near June 12, 2009, Coalition for Life of Iowa (CLI) sought out help from the Thomas More Society and became our client.

On June, 22, 2009, "CLP" received another letter requesting more blatantly offensive information regarding prayer meetings and signs being held outside of Planned Parenthood. [Exh. B-5] Item #2 questions the prayer vigils held by "CLI," making incorrect assumptions of federal law, as if section 501(c)(3) could *only* make statements about "scientific or medical facts" in order to be "educational." Section 501(c)(3) organizations may legitimately engage in a very wide range of educational activities, including advocacy for or against all sorts of causes.

On July 2, 2009, Thomas More Society's special counsel sent a letter to the IRS on behalf of "CLI" demanding tax exemption status be issued immediately. [Exh. B-6] At the time, the Thomas More Society issued a press release noting the demand. [Exh. B-9]

On August 4, 2009, Thomas More Society received the IRS determination letter confirming issuance of CLI's tax exempt status. The IRS determination letter was dated July 9, 2009, but was delayed approximately one month in receipt. [Exh. B-7] Thomas More Society's special counsel had requested status on the application on July 29, 2009, a request answered on August 7, 2009. [Exh. B-8] Upon receiving the IRS determination letter, the Thomas More Society issued a contemporaneous press release. [Exh. B-10]

III. Daniel and Angela Michael (Exhibits C-1 - C-3)

On January 10, 2011, the IRS issued a letter opening an investigation into Small Victories, a pro-life organization with revenue of approximately \$100,000/yr. [Exh. C-1]

According to our client, Small Victories, after a year of regular phone calls from the IRS (approximately one call every 2-3 weeks), the IRS closed its investigation in January of 2012.

Non-profit special counsel Sally Wagenmaker issued her opinion after reviewing the organization's 990s [Exh. C-2] and the IRS demand letter [Exh. C-3]. In our professional opinion, there is nothing in the 990 that would give rise to justification to these types of questions or to a one-year-long investigation of this organization.

FEB-28-2011 14:48

IRS TEGE

P.002

INTERNAL REVENUE SERVICE
TE/GE DIVISION: GRP 7886
9350 FLAIR DR., 2ND FLR.
EL MONTE, CA 91731-2885

Department of the Treasury
Pacific Coast Area

DATE: February 28, 2011

Employer Identification Number:

27-2263399

CHRISTAIN VOICES FOR LIFE OF FORT BEND COUNTY
 C/O MARIE MCCOY
 P O BOX 18882
 SUGARLAND, TX 77496

Person to Contact – GRP 7886

TYRONE THOMAS

ID# 95046

Telephone Number:

(626) 312-3610 Ext - 5037

(626) 312-2926 Fax

Response Due Date:

March 21, 2011

DEAR APPLICANT:

Before we can recognize your organization as being exempt from Federal income tax, we must have enough information to show that you have met all legal requirements. You did not include the information needed to make that determination on your Form 1023, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code.

To help us determine whether your organization is exempt from Federal income tax, please send us the requested information by the above date. We can then complete our review of your application.

If we do not hear from you within that time, we will assume you do not want us to consider the matter further and will close your case. In that event, as required by Code section 6104(c), we will notify the appropriate state officials that, based on the information we have, we cannot recognize you as an organization of the kind described in Code section 501(c)(3). As a result, the Internal Revenue Service will treat your organization as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new Form 1023.

In addition, if you do not provide the requested information in a timely manner, we will consider that you have not taken all reasonable steps to secure the determination you requested. Under Code section 7428(b)(2), your not taking all reasonable steps in a timely manner to secure the determination may be considered as failure to exhaust administrative remedies available to you with-in the Service. Therefore, you may lose your rights to a declaratory judgment under Code section 7428.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Thank you for your cooperation.

Sincerely yours,

T. Thomas

TYRONE THOMAS

Exempt Organizations Specialist

Letter 1312 (DC/PL)

Exh. A-1

Page 2

NAME: CHRISTIAN VOICES FOR LIFE OF FORT BEND COUNTY
EIN: 27-2263399

Note: Your response to this letter must be submitted over the signature of an authorized person or of an officer whose name is listed on the application. Also, the information you submit should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

PLEASE ATTACH:

**A COPY OF THIS LETTER WITH ALL CORRESPONDENCE SENT TO AGENT
with all Additional Information Requests:**

Please mail requested information to:

US Mail:

**INTERNAL REVENUE SERVICE
TE/GE DIVISION GROUP 7886
9350 FLAIR DRIVE 2ND FLR
EL MONTE, CA 91731-2885
ATTN: TYRONE THOMAS**

THANK YOU

-3-

Will any officers, directors, members, or their relatives, receive a salary, reimbursement for expenses, or any other form of payment from your organization? If so, explain fully, and include the recipients' names, their duties and the number of hours each week that they will devote to such duties. State the amount of compensation each will receive and the basis for arriving at the amounts of such payments.

Please provide copies of any written leases, contracts, or agreements entered into by your organization.

Have you applied for any grants? If yes, send us a copy of grant application.

Will you charge a fee for your services? If yes, send a list of those fees and services.

Send us a list of all your programs and the estimated percentage of time you will spend on each program (base on 100%).

A 501(c)(3) organization is both organized and operated exclusively for charity and educational purposes. Part of your program does not meet that test; which is the "Action Chain/Opportunities". You will need to drop this program to be consider a charitable organization.

If you do not want to drop/stop this program; you may want to consider another code section: IRC 501(c)(4). Please call me if you want to discuss this further.

You may see our website and review Pub. 557 and review 501(c)(3) and code section 501(c)(4).

From: [REDACTED]
Sent: Tuesday, March 15, 2011 1:38 PM
To: [REDACTED]
Subject: tax status

[REDACTED]

This does not pertain directly to 40 Days for Life, but I hope you can help us. Christian Voices for Life applied for 501c3 tax status, but the agent handling our application told us that standing on the street with signs (as we do for both Life Chain and 40 Days) was not allowed under 501c3, we would have to be 501c4. We have only a short time more to respond. We were going to just bite the bullet and be 501c4, but I just found out that [REDACTED] is a 501c3 and their activities are similar to ours. Are there other organizations doing 40 Days (and/or Life Chain) that have gotten 501c3 status? Should I tell the agent to ask the national office for technical advice? (We also have a web site with information, and offer speakers, but Life Chain and 40 Days are a major part of our activities.)

From Publ 892: Key district offices must request technical advice from the National Office on any exempt organization status issue for which there is no published precedent or for which there is reason to believe that nonuniformity exists. If an

[https://mail.google.com/mail/u/0/?ui=2&ik=306716148d&view=pt&q=\[REDACTED\]&psize=20&pd=50&pr=100&search=app](https://mail.google.com/mail/u/0/?ui=2&ik=306716148d&view=pt&q=[REDACTED]&psize=20&pd=50&pr=100&search=app) Exh. A-2 1/11

5/14/13

Thomas More Society Mail - re: tax status

organization believes that its case falls within this category, it should ask the District Director to request technical advice. If a determination letter is issued based on technical advice from the National Office, no further administrative appeal is available on the issue that was the subject of technical advice.

In order to appeal the decision we would need
 "A statement outlining the law or other authority the organization is relying on"

Any advice?

[REDACTED]
 Executive Director
Christian Voices for Life
www.ChristianVoicesforLife.org

If you continue in My word, then you are truly disciples of Mine; and you will know the truth, and the truth will make you free. John 8:31-32.

Marie McCoy <[REDACTED]>
 To: Thomas More Society <[REDACTED]>

Wed, Mar 16, 2011 at 2:34 PM

Mr. Breen,

Thank you so much for your offer of help. I have drafted a letter to reply to the one I received from the IRS agent. I have quoted his questions and comments. The rest of his letter seemed to be a standard format stating that I did not provide the information needed to determine if I met all the legal requirements for being exempt, and that I must provide the requested information in a timely manner (Response due date March 21, 2011). If they do not hear from me within that time, they will close the case.

I have spoken the agent a few times on the phone. The first time was when I was just trying to find out our status, and he said he would look at the application and call me back. When we spoke the second time he verbally explained that standing on the street with signs was not allowed under 501c3, we would need to be 501c4. I was surprised and tried to explain that we were not political, but he repeated that such activities meant that we were an "Action" organization, and came under c4. I gave him my fax number and he faxed me the letter. I called him once more and told him that we would be pursuing the 501c4, and he told me to fill out the 1024 application form and send it directly to him, and that we would not need to submit an additional fee. As I was working on the 1024, it came to my attention that [REDACTED] was a

[https://mail.google.com/mail/u/0/?ui=2&ik=306716148d&view=pt&q=\[REDACTED\]&psize=20&pd=50&pr=100&search=app](https://mail.google.com/mail/u/0/?ui=2&ik=306716148d&view=pt&q=[REDACTED]&psize=20&pd=50&pr=100&search=app) Exh. A-3 6/11

5/14/13

Thomas More Society Mail - re: tax status

501c3, and they have very similar activities to ours. Obviously, it would be greatly to our advantage to be a 501c3.

Marie McCoy
Executive Director

Christian Voices for Life

www.ChristianVoicesforLife.org

If you continue in My word, then you are truly disciples of Mine; and you will know the truth, and the truth will make you free. John 8:31-32.



TAX EXEMPT AND
GOVERNMENT ENTITIES DIVISION
9350 FLAIR DR, 2ND FLR., EL MONTE, CA 91731
(626) 312-3610 EXT-5037 (626) 312-2927 FAX

FAX

To: <i>Ms. Sally R. W.</i>	From: Tyrone Thomas
Fax: <i>J</i>	Pages: 1 OF 4
Phone:	Date:
Rec:	CC:

- Urgent
 For Review
 Please Comment
 Please Reply
 Please Recycle

Comments:

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or the employee or agent for delivering the communication to the intended recipient you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the Senders immediately by telephone call, and return the communication at the address above via the United States Postal Service.

Exh. A-4

**INTERNAL REVENUE SERVICE
TE/GE DIVISION: GRP 7887
9350 FLAIR DR, 2ND FLR.
EL MONTE, CA 91731-2885**

**Department of the Treasury
Pacific Coast Area**

DATE: March 31, 2011

Employer Identification Number:

27-2263399

CHRISTIAN VOICES FOR LIFE OF FORT BEND COUNTY

Person to Contact – GRP. 7886

C/O MARIE MCCOY

TYRONE THOMAS

P O BOX 18882

ID# 95046

SUGAR LAND, TX 77496-8882

Telephone Numbers:

(626) 312-3610 Ext-6037

(626) 312-2926 Fax

Response Due Date:

April 14, 2011

Dear Sir / Madam:

Thank you for the information recently submitted regarding your application for exemption. Unfortunately, we need more information before we can complete our consideration of your application.

Please provide the information requested on the enclosure by the response due date shown above. Your response must be signed by authorized person or an officer whose name is listed on the application. Also, the information you submit should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

To facilitate processing of your application, please attach a copy of this letter to your response.

If you do not provide the requested information in a timely manner, we will assume that you do not want us to consider your application further and will close your case.

If you do not respond to the information request by the due date, we will conclude that you have not taken all the steps necessary to completed your application for exemption Under section 7428(b) (2) of the Code, you must show that you have taken all the reasonable steps to obtain your exemption letter under IRS procedures in a timely manner and exhausted your administrative remedies before you can pursue a declaratory judgment. Accordingly, if you fail to timely provide the information we need to enable us to act on your application, you may lose your right to a declaratory judgment under Code section 7428.

Letter 2382

Page 2

Name: CHRISTIAN VOICES FOR LIFE OF FORT BEND COUNTY
EIN: 27-2263399

If you have any question concerning this matter, or you cannot respond by the due date, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,
Tyrone Thomas
TYRONE THOMAS
Exempt Organization Specialist

CHRISTIAN VOICES FOR LIFE OF FORT BEND COUNTY**CASE # 440193036****Questions:**

1. In your educational program, do you education on both sides of the issues in your program? Please explain.
2. Does your organization try to influence people to vote or support a particular candidate for political office? Please explain
3. During your "Life Chain and 40 Days for Life" program: do you try to block people to enter a building, i.e. medical clinic, or any other facility?
4. Do you attempt to talk to someone trying to enter a medical clinic, or any other building facility? Please explain.
5. Please explain what you are during in the two programs in question 3 above?



Michael P. Mosher
Sally R. Wagenmaker
Ryan K. Oberly
Charles V. Hoggen

April 12, 2011

Mr. Tyrone Thomas
Internal Revenue Service
TE/GE Division: Grp 7886
El Monte, CA 91731-2885

*Via Facsimile No. 626-312-2926
and U.S. Mail*

Re: Christian Voices for Life of Fort Bend County -- FEIN 27-2263399
Pending Form 1023 Application;
Response to IRS's Second Request for More Information Dated March 31, 2011
(Case #440193036)

Dear Mr. Thomas:

I am writing on behalf of Christian Voices for Life of Fort Bend County ("Christian Voices for Life") in regard to its pending IRS Form 1023 application, and particularly your second request for more information dated March 31, 2011. Enclosed for your convenience is a copy of your March 31 correspondence. My client's IRS Form 2848 evidencing my authority to do so is already filed with the IRS.

A. Christian Voices for Life is Entitled to a Favorable IRS Determination Letter.

As set forth in its IRS Form 1023 application, Christian Voices for Life is a small charitable organization that is dedicated to promoting a culture of life through education, prayer, and other ministry activities. In all respects, I believe that it is organized and operated in accordance with section 501(c)(3) of the Internal Revenue Code for qualified charitable purposes. This conclusion is based on my office's more than thirty years' experience in successfully applying for tax-exempt recognition of more than 1,500 public charities, including organizations very similar to Christian Voices for Life.

The following answers are provided in response to the following questions in the IRS's March 31 correspondence, and they plainly do not alter such result. Accordingly, the IRS should issue a favorable determination letter to Christian Voices for Life without further delay.

33 N. LaSalle St., Ste. 3400, Chicago, IL 60602
Tel: 312-220-0019 • Fax: 312-220-0700
www.mosherlaw.com

Exh. A-5

MOSHER & WAGENMAKER, LLC
 Attorneys at Law
 April 12, 2011
 Page 2

B. IRS Questions Per Its March 31 Correspondence

1. **“In your educational program, do you education [sic] on both sides of the issues in your program? Please explain.”**

a. **This Question is Legally Inappropriate Under Current Legal Standards.**

For purposes of section 501(c)(3) qualification, the term “educational” includes the following definition: “The instruction of the public on subjects useful to the individual and beneficial community.” Treas. Reg. § 1.501(c)(3)-1(d)(3)(i)(b). The IRS’ definition of “educational” further expressly includes organizations that “advocate a particular position or viewpoint.” Treas. Reg. § 1.501(c)(3)-1(d)(3). To the extent that Christian Voices for Life’s website materials, its speakers’ materials, prayers, or its volunteers’ signs could be deemed to constitute “advocacy,” they fall well within section 501(c)(3)’s definition of “educational.”

Your question implies some sort of legal duty to provide a balanced presentation of educational information. But this has not been the legal standard under section 501(c)(3) for a quarter century now, as explained below.

In 1986, the IRS issued official guidance on how advocacy of a particular viewpoint or position may be “educational” within the meaning of section 501(c)(3). Sec. Rev. Proc. 86-43. In this Revenue Procedure, the IRS first emphasized its “position of *disinterested neutrality* with respect to the beliefs advocated by an organization.” Id. at § 2.02 (emphasis added). In addition, “advocacy of particular viewpoints or positions may serve an educational purpose even if the viewpoints or positions being advocated are unpopular or are not generally accepted.” Rev. Proc. 86-43 at § 3.01. Thus, one’s disagreement with a particular message does not alter its educational nature.

Furthermore, as the D.C. Circuit Court of Appeals recognized in Big Mama Rag, Inc. v. United States, 631 F.2d 1030 (D.C. Cir. 1980), educational communications may be brief and emotionally compelling, such as conveyed through signs or bumper stickers:

“The American Cancer Society’s cause may be better served by a bumper sticker picturing a skull and crossbones and saying ‘smoking rots your lungs’ than by one that merely states ‘smoking is hazardous to your health.’ Both are intended to impart the same message, and they are identical in degree of specificity of the underlying facts.”

631 F.2d at 1039. Holding up signs containing one’s views about issues thus certainly may qualify as educational.

MOSHER & WAGENMAKER, LLC
 Attorneys at Law
 April 12, 2011
 Page 3

In Big Mama Rag, the D.C. Court of Appeals ruled that the IRS's prior "full and fair exposition" standard for determining whether advocacy was educational or not – as contained in the Treasury regulations interpreting section 501(c)(3) – was unconstitutionally vague and therefore infringed First Amendment free speech rights. Id. at 1034-35; see also Treas. Reg. § 1.501(c)(3)-1(d)(3)(i)(b) ("full and fair exposition" standard). In *Revenue Procedure 86-43*, the IRS expressly recognized this constitutional invalidation. See Rev. Proc. at § 2.03.

The IRS' current focus is thus not on the advocated viewpoints or positions themselves, but rather on the organization's *method* to communicate them to others. Id. at §§ 2.03, 2.04 and 3.02 (citing National Alliance v. United States, 710 F.2d 868 (D.C. Cir. 1983)). Accordingly, an organization's advocacy activities are "educational" unless its presentations contain one or more of the following elements: (a) viewpoints or positions that are unsupported by the facts; (b) distorted facts; (c) substantial use of inflammatory and disparaging terms as well as conclusions expressed more on the basis of strong emotional feelings than of objective evaluations; or (d) an approach not aimed at developing the intended audience's understanding. Rev. Proc. 86-43 at § 3.03. Notably, in some circumstances, "an organization's advocacy may be educational even if one or more of these factors are present." Id. at § 3.04. Consequently, the question of whether an organization's activities are "educational" or not should be evaluated generously in favor of inclusion.

b. Christian Voices for Life's Methods of Communicating Its Educational Viewpoints are Appropriate.

In this case, none of the above improper elements is present. Instead, Christian Voices for Life exclusively engages in posting factual information on its website, making speakers available who similarly rely on and speak about fact-based information and positions, prayer vigil activities, and peaceable assemblies that demonstrate Christian compassion and love. *See enclosed website general materials, website materials on topics and speakers, "40 Days for Life" Statement of Peace and volunteer commitment/waivers, and "Life Chain" Code of Conduct and volunteer commitment/waivers.* For example, the topical materials that are available through Christian Voices for Life's website refer to scientific evidence, not opinion or rhetoric. *See enclosed website materials on topics and speakers.*

In addition, Christian Voices for Life does not allow any inflammatory language, disparaging terminology, or similar activities whatsoever. Rather, all participants must commit to being "peaceful, prayerful, and polite," with no threatening, physical contact or verbal abuse allowed. *See "40 Days for Life" Statement of Peace and volunteer commitment/waivers, and "Life Chain" Code of Conduct and volunteer commitment/waivers.* Similarly, no trespassing or

MOSHER & WAGENMAKER, LLC
Attorneys at Law
 April 12, 2011
 Page 4

other illegal conduct is allowed. *Id.* To make sure that such procedures are properly followed, Christian Voices for Life appropriately monitors and supervises its volunteers.

Christian Voices for Life's use of signs further exemplifies its peaceable, respectful, and educational standards of conduct, all consistent with the applicable legal standard under Big Mama Rag and IRS authority. More specifically, Christian Voices for Life allows only signs that it provides for its Life Chain vigils, with factual and spiritual messages such as "Abortion Kills Children," "Abortion Hurts Women," "Jesus Forgives and Heals," "Pray to End Abortion," "Adoption the Loving Option," and "Lord Forgive Us and Our Nation." Signs with identical or substantially similar messages are used in connection with the 40 Days for Life vigils. Volunteers may bring their own signs for this program, but the same strict standards apply. Signs provided by Christian Voices for Life include the following message: "Pray to End Abortion," "Pregnant? Need Help? 800-395-HELP," and "Before I formed you in the womb I knew you. – God" (Bible verse). See also "40 Days for Life" *Statement of Peace's suggested permissible signage*.

These individual expressions are protected by the First Amendment rights of religious freedom, freedom of assembly, and free speech. Furthermore, the signs legitimately serve to educate others on sanctity of life principles, such as the inherent value of tiny, developing human beings, the importance of considering this fact in dealing humanely with perceived "problem pregnancies," and the detrimental effects of abortion on women. In no way could those signs reasonably be interpreted to present distorted facts, inflammatory or disparaging terms, or unsupported facts that would disqualify them from being "educational" under the IRS's own methodology test. See Rev. Proc. 86-43 at § 3.03.

These communications also fit the definition of "charitable" activities under section 501(c)(3). The term "charity" includes:

"Relief of the poor and distressed or of the underprivileged; advancement of religious beliefs . . . and promotion of social welfare by organizations designed to accomplish any of the above purpose"

Treas. Reg. § 1.501(c)(3)-1(d)(2). Christian Voices for Life's operations fit squarely within this definition. Indeed, the Coalition's entire efforts are aimed at helping the distressed (i.e., the unborn), advancing religious beliefs about the sanctity of life, and promoting social welfare through increased respect for life. Signs containing messages like "Pray to end abortion" and "Pregnant Women need Support not Abortion" are completely consistent with such aims.

MOSHER & WAGENMAKER, LLC
 Attorneys at Law
 April 12, 2011
 Page 5

2. **“Does your organization try to influence people to vote or support a particular candidate for political office. Please explain.”**

As Christian Voices for Life stated in its original Form 1023 application and its response to the IRS’s first request for information, the answer is “No.” This question is unduly repetitive.

3. **“During your ‘Life Chain and 40 Days for Life,’ program: do you try to block people to enter a building, i.e., medical clinics, or any other facility?”**

The answer to this question is “Never.” Christian Voices for Life does not condone, sponsor, or otherwise approve of any behavior involving threats, the use of physical force, intimidation, trespassing, or other illegal or inappropriate acts. These restrictions are exemplified in its “40 Days for Life – Statement of Peace,” which expressly prohibits participants from “threaten[ing], [making] physical[] contact, or verbally abus[ing]” any abortion “employees, volunteers, or customers.” See *enclosed Statement of Peace*. Every volunteer must sign an agreement expressly stating that he or she will abide by the prescribed protocols, including his or her agreement to “conduct myself in a safe and cautious manner in order to avoid harm to myself or others.” See *enclosed 40 Days for Life Volunteer Commitments/Waivers (Youth and Adult) and Life Chain Volunteer Commitments/Waivers (Youth and Adult)*.

4. **“Do you attempt to talk to someone trying to enter a medical clinic, or any other building facility? Please explain.”**

The answer to this question is similarly “No.” Christian Voices for Life’s activities consist entirely of making information available through its websites and public speakers as forums such as churches and community centers, prayer vigils on the public spaces outside of abortion facilities, and responding to persons who initiate contact and express interest in learning more from Christian Voices for Life.

Under any circumstances, Christian Voices for Life would not approve or allow its participants to badger, harass, or intimidate or engage in otherwise offensive behavior towards others. Indeed, Christian Voices for Life specifically instructs its participants that “acting in a violent or harmful manner immediately and completely disassociates me from the 40 Days for life campaign.” See *enclosed Statement of Peace*. Christian Voices for Life further instructs participants to be “exemplary citizen[s]” who “stay silent and prayerful in response to misconduct from others.” See *enclosed Life Chain Code of Conduct*.

MOSHER & WAGENMAKER, LLC
 Attorneys at Law
 April 12, 2011
 Page 6

5. **“Please explain what you are during [sic] in the two programs in question 3 above?”**

Assuming that the IRS is seeking more information about Life Chain and 40 Days for Life, please see the “Explanations and additional answers to questions” provided in support of Christian Voices for Life’s original Form 1023 and the enclosed website materials for additional program descriptions. Both programs are designed to increase awareness of abortion and the harm it causes and to encourage others to join in prayer and fasting, all within the scope of section 501(c)(3) tax exemption.

The use of Life Chains is a peaceful movement originally started by Please Let Me Live Education Fund, a section 501(c)(3) public charity organized as a California nonprofit corporation. As stated in Christian Voices for Life’s website, the Life Chain is “a visual statement of solidarity by our local Christian community.” See enclosed *Christian Voices of Life’s website materials*. Life Chains are prayer vigils held in public areas along major traffic thoroughfares, simply as a Christian witness against abortion. See *Form 1023 “Explanations” at pp. 2-3*.

The 40 Days for Life is an international prayer and outreach campaign that consists of three components: peaceful vigils outside abortion facilities; distribution of educational materials; and prayer and fasting. See *Form 1023 “Explanations” at p. 3 and enclosed Christian Voices for Life’s website materials*. Many recognized tax-exempt public charities, such as the Houston Coalition for Life, use 40 Days for Life as prayer and outreach programs.

C. IRS Statements Regarding “Action Chain/Opportunities”

In your February 28, 2011 correspondence, you seem to indicate Christian Voices for Life may be an “action” social welfare organization under section 501(c)(4) of the Internal Revenue Code, and particularly that it must “drop” its “Action Chain/Opportunities” program in order to fall within section 501(c)(3). As I stated in my March 17, 2011 correspondence to you, this statement appears to be based only on the inclusion of the otherwise innocuous word “action” in Christian Voices for Life’s articles of incorporation.

By any stretch of the imagination, Christian Voices for Life certainly is not an “action organization” in IRS parlance, as it engages in absolutely no partisan political activity or lobbying. See *Treas. Reg. § 1.501(c)(3)-1(c)(3)*. As explained above, the “Life Chain” program (to which perhaps you were referring) consists solely of a “visual statement of solidarity” by participants, in no way related to any political activity or lobbying whatsoever. Further, to the

MOSHER & WAGENMAKER, LLC

Attorneys at Law

April 12, 2011

Page 7

extent that the term "action" is objectionable within its articles of incorporation, Christian Voices for Life is completely willing to remove such word and instead use the term "public witness."

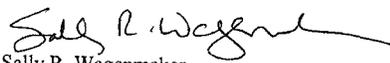
D. Concluding Remarks

I believe that we have now fully and exhaustively answered the IRS's inquiries regarding Christian Voices for Life's qualification for public charity status under section 501(c)(3). Nothing in its materials indicates that Christian Voices for Life is engaged in anything but qualified tax-exempt activities within the meaning of section 501(c)(3). Therefore, it is legally entitled to tax-exempt recognition through prompt issuance of an IRS determination letter.

Christian Voices for Life's message, its religious nature, and its goal of promoting life may not be appealing to some people. Nevertheless, such viewpoints should not result in further delay, prejudice, or other ill treatment within the context of seeking legitimate IRS recognition of Christian Voices for Life's tax-exempt status under section 501(c)(3).

I appreciate your careful consideration of these matters, and I look forward to receiving the IRS's determination letter. In the meantime, please feel free to contact me with any questions or to discuss this matter further.

Sincerely,



Sally R. Wagenmaker

Enclosures: Declaration of Marie McCoy
IRS Thomas/McCoy correspondence dated March 31, 2011
Christian Voices for Life general website materials
Christian Voices for Life website materials on topics and speakers
40 Days for Life Statement of Peace
40 Days for Life Volunteer Commitments/Waivers (Youth and Adult)
Life Chain Code of Conduct
Life Chain Volunteer Commitments/Waivers (Youth and Adult)

cc: Ms. Marie McCoy (via email, w/ encl.)
Mr. Peter Breen (via email, w/ encl.)

SRW:ms
O:\ClientFiles\EMP3844-Thomas More Society, The\1.TR.CLV.response.to.IRS.3-31-11.wpd

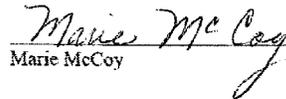
33 N. LaSalle St., Ste. 3400, Chicago, IL 60602
Tel: 312-220-0019 • Fax: 312-220-0700
www.mosherlaw.com

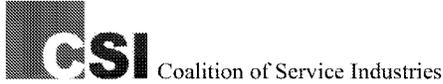
MOSHER & WAGENMAKER, LLC
Attorneys at Law
April 6, 2011
Page 8

DECLARATION

Under penalties of perjury, I declare that I have examined the foregoing and enclosed information, including accompanying documents and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

Dated: April 8, 2011


Marie McCoy



FOR THE RECORD

An International Services Agreement

Advancing Liberalization Using a Next-Generation Plurilateral Approach

January 19, 2012

The enormous promise of open global markets for services trade and investment remains to be fulfilled. It is imperative that the international community now actively formulate an effective strategy to deliver new services trade and investment liberalization as part of a broader strategy to renew global economic growth. Two fundamental changes require this new and more focused approach.

First, ways and means of doing business in the 21st century global economy - and new barriers - are evolving much faster than the ability of traditional multilateral trade and investment negotiations to keep pace. For example, the Internet integrates services and manufacturing and, as a result, adds value throughout global supply chains and creates tremendous growth in cross border trade.

Traditional barriers to services trade are still very important. Equally important is creating an environment which enables technology-driven services trade and investment. For example, securing the ability to send and receive data over reliable networks is essential to facilitating cross-border trade in services since most such trade is, at its essence, the exchange of data. Manufacturing also depends on the transfer of data across borders. Other complex issues like the role of state-owned enterprises and regulatory coherence must also be addressed.

The very great promise for the US economy of open global markets for services direct investment, supported by a recent working paper by the US International Trade Commission staff, is only partially fulfilled. The international community must now devise an effective vehicle for delivering new services trade and investment liberalization that responds to the realities of this century's global business.

Second, it has become clear that the traditional approach to services liberalization through multilateral negotiations in the WTO is not welcomed by all its Members at this time. The WTO does, however, provide a useful framework on which those who are interested in moving forward can build.

These two fundamental factors mean that the United States and others committed to liberalization in the international community must find additional global pathways to develop 21st

MAR-31-2011 13:42

IRS TEGE

P.002

INTERNAL REVENUE SERVICE
TE/GE DIVISION: GRP 7887
9350 FLAIR DR. 2ND FLR.
EL MONTE, CA 91731-2885

Department of the Treasury
Pacific Coast Area

DATE: March 31, 2011

Employer Identification Number:

27-2263399

CHRISTIAN VOICES FOR LIFE OF FORT BEND COUNTY
 C/O MARIE MCCOY
 P O BOX 18882
 SUGAR LAND, TX 77496-8882

Person to Contact – GRP. 7886

TYRONE THOMAS
ID# 95046

Telephone Numbers:

(626) 312-3610 Ext-5037

(626) 312-2926 Fax

Response Due Date:

April 14, 2011

Dear Sir / Madam:

Thank you for the information recently submitted regarding your application for exemption. Unfortunately, we need more information before we can complete our consideration of your application.

Please provide the information requested on the enclosure by the response due date shown above. Your response must be signed by authorized person or an officer whose name is listed on the application. Also, the information you submit should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

To facilitate processing of your application, please attach a copy of this letter to your response.

If you do not provide the requested information in a timely manner, we will assume that you do not want us to consider your application further and will close your case.

If you do not respond to the information request by the due date, we will conclude that you have not taken all the steps necessary to completed your application for exemption Under section 7428(b) (2) of the Code, you must show that you have taken all the reasonable steps to obtain your exemption letter under IRS procedures in a timely manner and exhausted your administrative remedies before you can pursue a declaratory judgment. Accordingly, if you fail to timely provide the information we need to enable us to act on your application, you may lose your right to a declaratory judgment under Code section 7428.

Letter 2382

Page 2

Name: CHRISTIAN VOICES FOR LIFE OF FORT BEND COUNTY
EIN: 27-2263399

If you have any question concerning this matter, or you cannot respond by the due date, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,
Tyrone Thomas
TYRONE THOMAS
Exempt Organization Specialist

CHRISTIAN VOICES FOR LIFE OF FORT BEND COUNTY**CASE # 440193036****Questions:**

- 1. In your educational program, do you education on both sides of the issues in your program? Please explain.**
- 2. Does your organization try to influence people to vote or support a particular candidate for political office? Please explain**
- 3. During your "Life Chain and 40 Days for Life" program: do you try to block people to enter a building, i.e. medical clinic, or any other facility?**
- 4. Do you attempt to talk to someone trying to enter a medical clinic, or any other building facility? Please explain.**
- 5. Please explain what you are during in the two programs in question 3 above?**

About Us Speakers Information News & Events Contact Us 281-614-3908
Prayer Life Chain 40 Days for Life



If you continue in My word, then you are truly disciples of Mine, and you will know the truth, and the truth will make you free. John 8:31-32.

Share |

News & Events

We are participating in the largest ever 40 Days for Life campaign!

246 cities, across the U. S. and around the world will be simultaneously conducting campaigns, from March 9 to April 17, 2011. We will be using prayer and fasting, a peaceful prayer vigil at an abortion facility, and community outreach to work toward an end to abortion in our communities. 40 Days for Life campaigns have seen amazing results!



Find out more about this powerful prayer and witness event. **more**

Christian Voices for Life of Fort Bend County

We are here to inform the community, particularly people of faith, about life issues. We want to share the truth about abortion and other issues relating to the sanctity of human life, and about the healing and forgiveness of Jesus Christ. We offer factual information and speakers to not only educate, but also inspire service to our brothers and sisters to help prevent abortions in our community. We will organize events that provide an opportunity for Christians to put their faith into action.

Get involved...Become a Volunteer!

Volunteer with Christian Voices for Life. Be a liaison to your church, or ask about other ways you can help. If you would like to make a difference, contact us today to see how you can be a part of this life changing ministry.

Home Resources Get Involved 40 Days Contact Us
About Us Information Donations Life Chain Topics
Our Staff Speakers Prayer Be a Church Liaison Church Involvement



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New & Events Contact Us 261-610-3586

Home About Us Speakers Information Prayer Life Chain 40 Days for Life

<![endif]>



is an exciting, prayerful pro-life campaign that has mobilized over 400,000 Christians, led over 150,000 Christians to pray at abortion facilities, many for the first time, and produced amazing results. Over 3500 babies and women (that we know of) have been saved from abortion. 43 abortion workers have left their jobs (including Abby Johnson, the former Director of a Planned Parenthood clinic and author of *unPlanned* (her story). Nine clinics have closed following a 40 Days campaign!

There are three components: prayer and fasting, constant vigil, and community outreach.

1. **Prayer and Fasting:** Participating individuals will pledge to pray and fast for greater respect for human life in Fort Bend County. Each person may choose exactly how they will do that. Daily devotionals and prayer requests are available by email from the national 40 Days for Life leadership. Fasting may mean abstaining from food, or from other pleasures, such as video games, computers and television.

2. **Constant vigil:** We will hold a prayer vigil at Planned Parenthood at 3727 Greenbriar Dr., Stafford (**Map**), where chemical abortions are performed. (Chemical abortions are done with pills rather than surgery. Individuals are asked to pray for one hour per week for the period of the campaign. Our goal is to have constant prayer from:

7 a.m. to 7 p.m., Monday through Saturday, March 9 – April 16.

3. **Community outreach:** This component will involve delivery of a door hanger with pro-life information and referrals for help with an unexpected pregnancy. (See the design for the door hanger [here](#).) We will also seek to speak to our neighbors, asking them to join us in prayer to end abortion. By identifying those who are pro-life, we can help connect them to opportunities for action.

How can I help?

First of all, make your own pledge to pray and fast for an end to abortion.

Sign up to participate in the vigil. Our vigil calendar is available [here](#). After registering and being verified, you will be able to sign up for hours and for daily emails from the national offices.

See www.40daysforlife.com to learn more about the international campaign.

Spread the word! Download our *flyer* and *talking points* documents and send emails to your friends and family. Make phone calls. Talk to everyone and invite them to participate. Contact us (see below) to get a 40 Days T-shirt and/or car magnet ribbon and be ready to answer when people ask you "What's 40 Days for Life?" Volunteer to help deliver door hangers and speak to neighbors. See below to contact us.

Donate: Only \$10 will put buy 320 doorhangers, \$25 will allow us to reach 800 homes. \$50 will pay for 15 posters to publicize 40 Days for Life in churches and other locations. \$100 will pay half the cost of our training and support from the national leadership.

To donate, please send checks to Christian Voices for Life, PO Box 18882, Sugar Land, TX 77496.

Please contact: Marie McCoy - phone [REDACTED] - Email: [REDACTED]

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Our Staff	Speakers	Prayer	Be a Church Liaison	Church Involvement

New & Events Contact Us 231.610.3985

Home About Us Speakers Information Prayer Life Chain 40 Days for Life

What/ When is Life Chain

Share |

Life Chain is a peaceful and prayerful public witness of pro-life Americans standing on a public highway for an hour and a half with signs proclaiming 'Abortion Kills Children', 'Abortion Hurts Women', 'Jesus Forgives and Heals' and other messages. Life Chains have been held each October throughout the U.S. and Canada for over 20 years. (Primary date is the first Sunday of October, alternate dates may be chosen locally.) It is a visual statement of solidarity by our local Christian community that abortion is grievously wrong and that the church Christ founded is opposed to the unmerciful killing of unborn children. It is an opportunity for the participants to join together in prayer for conversion of abortionists and all who defend them, for an end to legal abortion in our nation, and for Gods use of our witness to change hearts in our local community. In 2009, over 1450 cities and towns held Life Chains in over 1700 locations. Approximately 700 people participated in Sugar Land and 200 in Rosenberg.

For history and general information <http://www.nationallifechain.org>
 For locations in US and Canada: <http://www.lifechain.net>

Oct 3, 2010 was a beautiful day! We once again had about 700 Christians in Sugar Land and Missouri City, and 200 in Rosenberg, proclaiming the truth about abortion on our major highways. Please join us in 2011!

Church Involvement:

Life Chain is a church-based activity. It is the pastors and other members of each participating church who publicize the event and encourage participation among their members. In your church would like to be involved, please contact us - we would be happy to include you. While this is a Christian-led activity, and some signs refer to Jesus and Lord, members of any faith, or of no faith, who wish to join us in a witness proclaiming the truth about abortion are welcome to participate.

Individuals who wish to participate on their own are of course also welcome.

For Sugar Land/ Missouri City: Please contact Marie McCoy: [Redacted]
 Email: [Redacted]

For Richmond/ Rosenberg: Please contact Stacy Goodwyne: [Redacted]
 Email: [Redacted]

How can I help?

Volunteers can help in many ways to make our Fort Bend Life Chains successful. Please **contact us** if you are interested in being a church liaison to promote your church's participation in Life Chain, or in helping in other ways to approach local pastors or otherwise promote the event.

Phone: [Redacted] Email: [Redacted]

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[Prayer](#)
[New & Events](#)
[Life Chain](#)
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[40 Days for Life](#)

Topics

[Share |](#)

Click on the link to download the corresponding information. Once the PDF file opens, choose 'Save a copy'.

- [Abortion Overview](#)
- [Abortion Breast Cancer Link](#)
- [Abortion Recovery](#)
- [Abortion Risks and Consequences](#)
- [Abortion Statistics: World, U.S., TX, Fort Bend County](#)
- [Abortion techniques](#)
- [Adoption](#)
- [Christian View of Abortion](#)
- [Embryonic Stem Cell Research](#)
- [Fetal Development](#)
- [Hormonal Birth control as Abortifacient](#)
- [In Vitro Fertilization](#)
- [Morning After Pill](#)
- [The Power of Words](#)
- [Why Women Have Abortions](#)
- [What Can I Do?](#)

**Pastors may also be interested in the following articles by Rev. Frank Pavone of Priests for Life:
Addressing Abortion with Confidence: A Message for Pastors**

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Speaker Topics

[Share](#) |

We would be happy to speak on the following topics or to work with you to suit your needs:

Biology of Reproduction and Abortion Techniques	Pregnancy Center Mission and Services
Christian View of Abortion	Who Chooses Abortion and Why
Post-abortion Syndrome and Recovery	What can be Done to Prevent Abortion

Speakers



Marie McCoy

Marie McCoy is our Executive Director. Marie has extensive experience in pro-life ministry, having served as Executive Director of the Pregnancy Resource Center of Fort Bend County for many years. Marie has a Ph.D. in Biochemistry and has gained extensive knowledge of life issues through reading and attendance at many conferences, as well as her experience at the pregnancy center. She is currently on the Board of Directors of PRC. Marie has been an active member of St. Laurence Catholic community since 1991, and also currently serves on the Pastoral Council of St. Laurence.



Paula Jones

Paula has an MABS degree from Dallas Theological Seminary, and Biblical Counseling Degree from Light University. She has been a practicing Biblical Coun-selor for the past 13 years in women's ministries and the Women's Pregnancy Center.



Tracie Shellhouse

Tracie is the current Executive Director of the Pregnancy Resource Center of Fort Bend County. She has eight years CPC experience and service in the Pro-Life movement. She was the Sexual Purity/Integrity program director and developer for Pure Choices at PRC of Shelby County, AL (2004-2008)



Angie Borges

Angie Borges has volunteered as a peer counselor at the Pregnancy Resource Center of Fort Bend County for several years, and also served as Interim Executive Director in 2009. She is currently the Chairman of the Board of PRC.

40 DAYS FOR LIFE™

Statement of Peace

- I will only pursue peaceful solutions to the violence of abortion when volunteering with the 40 Days for Life campaign.
- I will show compassion and reflect Christ's love to all Planned Parenthood employees, volunteers, and customers.
- I understand that acting in a violent or harmful manner immediately and completely disassociates me from the 40 Days for Life campaign.
- I am in no way associated with Planned Parenthood or its affiliates by way of employment, informant, volunteer, client, or otherwise.

While standing in the city right of way in front of 3727 Greenbriar Drive, Stafford:

- I will not obstruct the driveways or approach cars entering the driveways.
- I will stand in the approximate area of the grass where a sidewalk would be if one were present. I will yield to any pedestrians wishing to walk on the grass.
- I will not litter on the public right of way or private property.
- I will not place a yard sign in the public right of way or on private property, and will not display a large banner.
- I will display only approved signs, with no disturbing images.
- I will closely attend to any children I bring to the prayer vigil.
- I will not threaten, physically contact, or verbally abuse Planned Parenthood employees, volunteers, or customers.
- I will not vandalize private property.
- I will cooperate with local city authorities.
- I will be responsible for my own safety.

Signs will be provided. Ribbons will be attached so that the signs may be worn on the participant's back, while one faces the clinic and prays. If participants wish to bring your own signs, they must be limited to these:

40 Days for Life / (healthy) Fetal image

Life Chain signs: Pray to End Abortion

Abortion Hurts Women

Jesus Forgives and Heals

A Pregnant Woman Needs Support not Abortion

Option Line: Problem Pregnancy? / 1-800-395-HELP / www.Optionline.org

Silent No More: I Regret My Abortion / My Abortion Hurt Me

40 Days for Life Waiver - Youth

Parents: I (name indicated below) grant permission for my child or children (name(s) indicated below), to participate in 40Days for Life. In consideration for the participation of my child or children in 40Days for Life, I hereby release and forever discharge for my children, myself, my child's other parent if known and alive, my heirs, executors, administrators, and assigns, Christian Voices for Life of Fort Bend County, _____ (church name) and all parties involved in the planning and staging of 40Days for Life (including their officers, board, pastors, staff and volunteers), jointly and severally from, and hereby waive, any and all claims, demands, damages or causes of action of any nature whatsoever, including claims for death, damage, loss, injury or illness, arising out of my child's or children's participation in 40Days for Life. Further, I hereby grant full permission to any and all of the foregoing to use my child's photograph or any other record of this event for any legitimate purpose.

Youth: As a participating youth signed below, I attest and verify that I will abide by the expected **Statement of Peace. I am fully aware of the risks and hazards of this activity and agree that I will conduct myself in a safe and cautious manner** in order to avoid harm to myself or others.

I CERTIFY THAT I HAVE READ THIS DOCUMENT AND FULLY UNDERSTAND ITS CONTENT. I AM AWARE THAT IT IS A RELEASE OF LIABILITY AND A CONTRACT AND I SIGN IT OF MY OWN FREE WILL.

_____	_____	
Print Name of Youth	Signature of Youth	
_____	_____	_____
Print Name of Parent or Guardian	Signature of Parent or Guardian	Date

_____	_____	
Print Name of Youth	Signature of Youth	
_____	_____	_____
Print Name of Parent or Guardian	Signature of Parent or Guardian	Date

_____	_____	
Print Name of Youth	Signature of Youth	
_____	_____	_____
Print Name of Parent or Guardian	Signature of Parent or Guardian	Date

_____	_____	
Print Name of Youth	Signature of Youth	
_____	_____	
Print Name of Parent or Guardian	Signature of Parent or Guardian	

LIFE CHAIN Code of Conduct

[The Code of Conduct is printed on the back of each LIFE CHAIN sign, along with an introductory statement on Why We Are Here (at the LIFE CHAIN). Together, they emphasize the critical importance of Christian behavior in a public setting. With the Code of Conduct on the back of each sign, it is less needful that it be passed out separately, but Chainers still must know what is expected of them before coming to the LIFE CHAIN. To this end, pastors can play an important role in preparing their congregations.]

- 1— Be humble but be bold as you stand today against the greatest injustice our nation has ever faced.
- 2— In the spirit of Christian love, commit to being peaceful, prayerful, and polite, in word and deed. Any misconduct from passersby should be met with silence, which will convey your inner peace.
- 3— Do not respond to motorists. Please stay silent and prayerful and your response to any situation will be proper. Do not wave or gesture. Do not frown or smile in response to motorists. Our mission is to pray and stand against abortion—with the solemnity our mission deserves.
- 4— Help others. Watch for mothers (and dads) who need help with children, and assist the elderly with chairs and other needs.
- 5— Pick up any trash near you before leaving your area.
- 6— Drive carefully, and park legally. Buddy-up, if possible, to minimize traffic woes. Use crosswalks, and do not hold up traffic. Watch your small children at all times. During the Chain, stand back from the street and do not extend your sign over the curb. Give immediate passage to other pedestrians. Only small children should eat during the LIFE CHAIN.
- 7— Thank you for being a strong public witness for Christ and for being an exemplary citizen in our local area.

From “The Life Chain Manual” © 1991, Please Let Me Live (the organization who started the first Life Chain in 1987 in Yuba City, CA.) See www.nationallifechain.org for more information on Life Chain.

Life Chain Waiver - Youth

Parents: I (name indicated below) grant permission for my child or children (name(s) indicated below), to participate in LIFE CHAIN. In consideration for the participation of my child or children in LIFE CHAIN, I hereby release and forever discharge for my children, myself, my child's other parent if known and alive, my heirs, executors, administrators, and assigns, Christian Voices for Life of Fort Bend County, _____ (church name) and all parties involved in the planning and staging of Life Chain (including their officers, board, pastors, staff and volunteers), jointly and severally from, and hereby waive, any and all claims, demands, damages or causes of action of any nature whatsoever, including claims for death, damage, loss, injury or illness, arising out of my child's or children's participation in LIFE CHAIN. Further, I hereby grant full permission to any and all of the foregoing to use my child's photograph or any other record of this event for any legitimate purpose.

Youth: As a participating youth signed below, I attest and verify that I will abide by the expected Code of Conduct. I am fully aware of the risks and hazards of this activity and agree that I will conduct myself in a safe and cautious manner in order to avoid harm to myself or others.

I CERTIFY THAT I HAVE READ THIS DOCUMENT AND FULLY UNDERSTAND ITS CONTENT. I AM AWARE THAT IT IS A RELEASE OF LIABILITY AND A CONTRACT AND I SIGN IT OF MY OWN FREE WILL.

_____ Print Name of Youth	_____ Signature of Youth
_____ Print Name of Parent or Guardian	_____ Signature of Parent or Guardian
	_____ Date

_____ Print Name of Youth	_____ Signature of Youth
_____ Print Name of Parent or Guardian	_____ Signature of Parent or Guardian
	_____ Date

_____ Print Name of Youth	_____ Signature of Youth
_____ Print Name of Parent or Guardian	_____ Signature of Parent or Guardian
	_____ Date

_____ Print Name of Youth	_____ Signature of Youth
_____ Print Name of Parent or Guardian	_____ Signature of Parent or Guardian

IRS had questioned Christian Voices for Life of Fort Bend County, Texas, involvement with 40 Days for Life and Life Chain

<https://www.thomasmore.society.org/2017/05/4116/cv/>

May 14, 2015

admin

April 18, 2011—Today, the Thomas More Society received notice from the Internal Revenue Service that the IRS has agreed to drop its objections and recognize [Christian Voices for Life](#) of Fort Bend County, Texas, as a tax exempt public charity.

The IRS had withheld approval from the group while issuing repeated requests for information, including whether group members “try to block people to [sic] enter a . . . medical clinic” during [40 Days for Life](#) and [Life Chain](#) events and whether the group does “education on both sides of the issues.” In their response letter of April 12, Thomas More Society attorneys had alleged that the IRS’ requests were unconstitutional and demanded tax exempt recognition. The IRS’ notice of recognition is dated April 14.



“The illegal IRS requests here clearly sought to delay and hinder the good work of this new pro-life organization,” said Thomas More Society executive director and legal counsel Peter Breen. “This is not the first time that Internal Revenue Service personnel have attempted to place unconstitutional restrictions on pro-life organizations, but we do hope that this will be the last time.”

Christian Voices for Life is a small charitable organization based in Fort Bend County, Texas, dedicated to peaceably promoting a culture of life through education, prayer and other ministry activities. Read the IRS determination letter [here](#).

The media continues to report on this story! See President and Chief Counsel Tom Brejcha’s interview with OneNewsNow [here](#). To listen to the interview click the link and press “play” on the upper right side of the website!

Exh. A-6

Internal Revenue Service
P.O. Box 2508 - Room 4522
Cincinnati, Ohio 45201

Department of the Treasury

April 27, 2009

Coalition for Life of Iowa
c/d Gerald T Sullivan
1800 First Ave. NE
200 Wells Fargo Bank Building
Cedar Rapids, Iowa 54202-5435

Employer Identification Number:
61-1521447
Person to Contact - Group #:7821
Ms. Richards
ID# 0677002
Contact Telephone Numbers:
513-263-3283 Phone
513-263-3662 Fax
Response Due Date:
May 18, 2009

Dear Sir or Madam:

We need more information before we can complete our consideration of your application for exemption. Please provide the information requested on the enclosure by the response due date shown above. Your response must be signed by an authorized person or an officer whose name is listed on your application. Also, the information you submit should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

To facilitate processing of your application, please attach a copy of this letter to your response. This will enable us to quickly and accurately associate the additional documents with your case file.

If we do not hear from you within that time, we will assume you no longer want us to consider your application for exemption and will close your case. As a result, the Internal Revenue Service will treat you as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new application.

In addition, if you do not respond to the information request by the due date, we will conclude that you have not taken all reasonable steps to complete your application for exemption. Under Code section 7428(b)(2), you must show that you have taken all the reasonable steps to obtain your exemption letter under IRS procedures in a timely manner and exhausted your administrative remedies before you can pursue a declaratory judgment. Accordingly, if you fail to timely provide the information we need to enable us to act on your application, you may lose your rights to a declaratory judgment under Code section 7428.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

/s/ Ms. Richards

Ms. Richards, CPA
Exempt Organizations Specialist

Enclosure: Information Request

Letter 1312

Exh. B-1

AXED 5-18-9

Coalition for Life of Iowa
 April 27, 2009
 61-1521447

Additional Information Requested:

1. Please read the following Penalties of Perjury statement:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

Then, please have a governing body member sign and date below, indicating you agree to the Declaration and return a copy with your response.

Name	Date
2. You stated that you sponsored a Forum on Stem Cells, End of Life Decisions and a possible forum on Contraception. Please describe in detail the information provided at each of these forums. Will there be advocating for certain changes in the law or proposed legislation? Please provide the copies of all advertisements, schedules, syllabuses, handouts, a summary of each person's speech, and any other information provided for each of these forums.
3. Does your organization have a website. If so, please provide the website address.
4. Will your activities influence legislation? What activities will you conduct to influence legislation (i.e., lobbying, appeals to the voters, letter writing)? What percentage of your time (including volunteer labor) and funds will you devote to attempting to influence legislation?
5. State whether you will intervene in any political campaign on behalf of any candidate for public office? If so, will this be your primary activity? What percentage of your time (including voluntary labor) and funds will you devote to intervening in political campaigns?
6. Will you intervene in or advocate for the election or support of partisan political candidates who support your cause(s)? If so, explain such activity in detail.

PLEASE DIRECT ALL CORRESPONDENCE REGARDING YOUR CASE TO:

US Mail:

Internal Revenue Service
 Exempt Organizations
 P. O. Box 2508
 Cincinnati, OH 45201
 ATT: Ms. Richards
 Room 4522
 Group 7821

Street Address:

Internal Revenue Service
 Exempt Organizations
 550 Main St, Federal Bldg.
 Cincinnati, OH 45202
 ATT: Ms. Richards
 Room 4522
 Group 7821

Letter 1312 (Rev. 12/2007)

4/27/09 5-18-09

Dear Ms. Richards;

May 14, 2009

Thank you for your attention to our 501c3 application.

Additional Information Requested:

1. Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

2. Forum information

Cloning and Stem Cells: A Reality Check, a forum we helped plan with two other local pro-life groups, Linn Area Pro-Life United, and Lutherans for Life. I have enclosed the program, advertising poster, Dr. Don Nelson's power point outline, and brochures we had available on a display table. This is all the paperwork we have from this past forum.

We do not have the outline for Dr. James I. Lamb but his talk focused on biblical ties to the whole cloning and stem cell topic.

Kim Lehman did not have an outline and spoke with out notes but covered general political mechanics and did not endorse any political candidate.

End of Life Decisions

I have enclosed Dr. William L. Toffler's outline, Father Michael Black's outline, and an article by Prof. Emeritus Charles E. Rice that contains the information that was used in his talk and his credentials. Other items enclosed are the registration form, program, advertising poster and various handouts and brochures available on a display table at the forum.

3. We do not have a website. We do have a calendar with the following link:
<http://www.google.com/calendar/embed?src=coalitionforlife@gmail.com>

4. Our activities will not be conducted to influence legislation. We conform to local Church guidelines in not supporting any political candidate. We have many church members that want to keep our activities in with what would get approval from their pastor (who wants to keep his church's tax exempt status). We may share information about what has happened in the Congress or White House but do not organize campaigns to a particular candidate. We will not make an appeal to the voters for a particular candidate, or write letters to the editor in favor of a particular candidate. All activities we would do would be bi-partisan.

5. We do not intend to participate or intervene in any political campaign directly or indirectly on behalf of (or in opposition to) any candidate for public office.

Exh. B-2

6. We do not intend to intervene in or advocate for the election or support of partisan political candidates who support our cause (s).

Sincerely,
Susan J. Martinek
Coalition For Life
PO Box 864
Cedar Rapids, Iowa 52404
[REDACTED]

AXED 5-18-9

Coalition for Life of Iowa
PO Box 864
Cedar Rapids, Iowa 52406

June 10, 2009

Ms. Richards, CPA
Exempt Organizations Specialist
Internal Revenue Service
PO Box 2508 – Room 4522
Cincinnati, Ohio 45201

Dear Ms. Richards;

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

We as the governing body of Coalition for Life of Iowa have discussed signing a letter with the following information: That we do not organize picketing and or protesting outside Planned Parenthood or other similar organizations. We respectfully request a definition of the following words: organize, picketing, protesting. This is so we know what guidelines we need to be sure we are within with future actions. Also we respectfully request where in the Form 1023 Application for Recognition of Exemption under section 501(c)(3) this is addressed? This is so we know what guidelines we need to be sure we are within with future actions.

Sincerely,
Susan J. Martinek

Coalition for Life of Iowa
[Redacted]
[Redacted]

Faxed 6-11-9

Exh. B-3

----- Forwarded message -----

From: [REDACTED]
Date: Tue, Jun 16, 2009 at 7:35 AM
Subject: IRS phone conversations
To: [REDACTED]
Cc: [REDACTED]

Phone conversations with the IRS agent Ms. Richards

I have received a couple of phone calls from Ms. Richards, Exempt Organizations Specialist for the Internal Revenue Service at the end of May and the beginning of June, 2009. During the phone calls we discussed the following things.

She wanted to know if we organized picketing/protests at Planned Parenthood. I said no. She asked if we planned to, I said no. Then I shared that some of our members do picket/protest at PP but that the Coalition for Life of Iowa did not organize it or participate it as the Coalition For Life of Iowa but as an individual or another group. She asked her Boss or another supervisor if that was okay and they said it was okay.

During the other phone call I asked if it was okay to pray outside of Planned Parenthood. I admitted that we have organized that. I asked if that was okay. She excused herself to ask another person and then returned and said it would be okay, and how could that be stopped? But to be careful so that what we were doing would not be construed as protesting or picketing such as by the Police. And to not stop cars from coming in the parking lot or to be harassing/or confrontational with the clients going in. I said we do not even talk to them.

She said we do need to send in a letter with the entire board's signatures stating that under perjury of the law we do not picket/protest or organize groups to picket/protest outside of Planned Parenthood. Once they receive this our application will go through.

Susan Martinek
6/16/9

Exh. B-4

6/16/2009 2:24 PM



**Internal
Revenue
Service**

**Tax Exempt/Government Entities Division (TE/GE)
Exempt Organizations**

Facsimile Cover Sheet

To: Sally Wagonmaker	From: Ms. Richards
Phone Number:	ID Number: 0677002
FAX Number: [REDACTED]	Phone Number: 513-263-3283
Form Number:	Fax Number: 513-263-3682
Application Form Number:	Date: 06/23/09
Copy to:	Number of Pages (including cover sheet) :

Comments:

Mailing Address

TE/GE Division
P.O. Box 2508
Cincinnati, OH 45201
Attn: Ms. Richards Rm 4-522

Office Delivery

TE/GE Division
F.O.B. Room 4-522
550 Main Street
Cincinnati, OH 45202
Attn: Ms. Richards

***Please DO NOT fax additional information if it is more than 10 pages.**

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone, and return the communication at the address via the United States Postal Service. Thank you.

For forms/information see the IRS Web site at www.irs.gov to download forms, instructions and publications

Exh. B-5

FEE-01-1996 14:44

P.02/03

Internal Revenue Service
P.O. Box 2508 - Room 4522
Cincinnati, Ohio 45201

Department of the Treasury

June 22, 2009

Coalition for Life of Iowa
 c/o Sally Wagonmaker
 19 S. LaSalle Street, Ste 1400
 Chicago, IL 60603

Employer Identification Number:
 61-1521447
Person to Contact - Group #:
 Ms. Richards - 7821
 ID# 0677002
Contact Telephone Numbers:
 513-263-3283 Phone
 513-263-3662 Fax
Response Due Date:
 July 6, 2009

Dear Sir or Madam:

Thank you for the information recently submitted regarding your application for exemption. Unfortunately, we need more information before we can complete our consideration of your application.

Please provide the information requested on the enclosure by the response due date shown above. Your response must be signed by an authorized person or an officer whose name is listed on the application. Also, the information you submit should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

To facilitate processing of your application, **please attach a copy of this letter to your response.**

If you do not provide the requested information in a timely manner, we will assume that you do not want us to consider your application further and will close your case.

If you do not respond to the information request by the due date, we will conclude that you have not taken all the steps necessary to complete your application for exemption. Under section 7428(b)(2) of the Code, you must show that you have taken all the reasonable steps to obtain your exemption letter under IRS procedures in a timely manner and exhausted your administrative remedies before you can pursue a declaratory judgment. Accordingly, if you fail to timely provide the information we need to enable us to act on your application, you may lose your right to a declaratory judgment under Code section 7428.

If you have any questions concerning this matter, or you cannot respond by the due date, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,
 /s/ Ms. Richards, CPA
 Exempt Organizations Specialist

Letter 2382

Coalition for Life of Iowa
June 22, 2009
61-1521447

Page 2

Additional Information Requested:

1. Please read the following Penalties of Perjury statement:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

Then, please have an officer sign and date below, indicating you agree to the Declaration and return a copy with your response.

Name	Date
------	------

2. Please explain how all of your activities, including the prayer meetings held outside of Planned Parenthood are considered educational as defined under 501(c)(3). Organizations exempt under 501(c)(3) may present opinions with scientific or medical facts. Please explain in detail the activities at these prayer meetings. Also, please provide the percentage of time your organization spends on prayer groups as compared with the other activities of the organization.
3. In a phone conversation with POA it was asked about certain signs that may or may not be held up outside of a Planned Parenthood. Please explain in detail the signs that are being held up outside of Planned Parenthood and explain how they are considered educational.

PLEASE DIRECT ALL CORRESPONDENCE REGARDING YOUR CASE TO:

US Mail:

Internal Revenue Service
Exempt Organizations
P. O. Box 2508
Cincinnati, OH 45201
ATT: Ms. Richards
Room 4522
Group 7821

Street Address:

Internal Revenue Service
Exempt Organizations
550 Main St, Federal Bldg.
Cincinnati, OH 45202
ATT: Ms. Richards
Room 4522
Group 7821

MOSHER & ASSOCIATES

Attorneys at Law

19 South LaSalle St Ste 1400
Chicago IL 60603-1414

Telephone (312) 220-0019
Facsimile (312) 220-0700
www.mosherlaw.com

Michael P. Mosher
Sally R. Wagenmaker
Ryan K. Oberly
Charles V. Hogren
Jacob J. Zehnder

July 2, 2009

Ms. Richards, CPA
Exempt Organizations Specialist, ID No. 0677002
Internal Revenue Service
550 Main St., Federal Bldg.
Room 4522, Group 7821
Cincinnati, Ohio 45202

Via Federal Express
Tracking No. 7967 4532 7060

RE: Coalition for Life of Iowa
FEIN: 61-1521447
Pending Form 1023 Application; Request for Additional Information

Dear Ms. Richards,

I am writing in response to your June 22, 2009 request for additional information from my client the Coalition for Life of Iowa ("Coalition for Life" or "Coalition"). Per your request, a copy of your letter is enclosed herewith. For all of the following reasons, the IRS should immediately issue its written determination recognizing the Coalition's tax-exempt status under section 501(c)(3).

A. Introduction

The Coalition for Life was incorporated on August 25, 2004 as a not-for-profit corporation under Iowa law. At all relevant times, the Coalition has been organized and operated for religious, educational, and charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. Due to limited availability of funds, however, the Coalition had to wait until October 20, 2008 to apply to the IRS for recognition of its tax-exempt status. Consequently, the Coalition's tax exemption will be effective only from the date that the IRS issues a favorable determination letter. At this point, the Coalition's Form 1023 application remains pending and unresolved.

The Coalition for Life's Form 1023 application and accompanying exhibits clearly demonstrate its tax-exempt qualification under section 501(c)(3). Nevertheless, the IRS has repeatedly sought information that is unnecessary and in violation of constitutional principles affecting the Coalition's supporters. For example, your June 22, 2009 letter seeks information about "prayer meetings" and "certain signs that may or may not be held up outside of a Planned Parenthood" facility, even though section 501(c)(3) organizations are uniformly allowed to engage in religious activities and non-partisan advocacy efforts. These inquiries indicate some very wrong assumptions about the Coalition and the applicable law. As a result, the Coalition has been prejudiced and has suffered harm since it is unable to solicit and receive tax-deductible charitable contributions.

Exh. B-6

MOSHER & ASSOCIATES*Attorneys at Law*

Ms. Richards
Internal Revenue Service
July 2, 2009
Page 2

The Coalition for Life is dedicated to principles of preserving life. Consequently, the Coalition certainly would never engage in or sanction activities that incite people to violence, involve destruction of property, or are otherwise illegal. The fact that certain individuals in very isolated, egregious situations involving abortion clinics have caused tragic personal harm to others should not mean that the Coalition is denied its tax exempt status or subjected to repeated, unwarranted inquiries about its own educational, religious, and charitable activities promoting sanctity of life principles. Many other organizations regularly advocate on both sides of these issues, and they have not been hindered in obtaining or maintaining tax-exempt status under section 501(c)(3).

The purpose of this letter is thus to clarify the Coalition for Life's tax-exempt qualification, to address the IRS' inquiries, and to request issuance of a favorable IRS determination letter. If such determination letter is not issued promptly, we are fully prepared to seek relief through all available avenues of administrative and judicial appeals and to seek other appropriate redress.

B. Factual Background**1. The Coalition for Life's Organizational Documents**

The Coalition for Life is expressly "organized for charitable, religious and educational activities that qualify it as an exempt organization under section 501(c)(3)." See Articles of Incorporation, enclosed herewith and submitted in support of the Coalition's Form 1023 application, at Art. VI. These exempt purposes include "the education and counseling of citizens of Iowa about the sanctity of life from conception to death." See Articles of Incorporation at Art. IV. The Coalition for Life's purposes are based expressly on traditional religious beliefs:

We believe in the protection of all human beings from conception to natural death. Because every human is created in the image and likeness of God, every human life is sacred.

Bylaws at Article I (enclosed herewith and submitted in connection with the Coalition's 1023 application). These beliefs are grounded in Biblical authority, science, and basic principles of human dignity.

2. The Coalition for Life's Exempt Activities

As detailed in its supporting 1023 narrative, the Coalition for Life carries out its tax-exempt work by sponsoring educational forums and coordinating with other like-minded groups to educate the public and otherwise promote sanctity of life principles. Thus far, the Coalition for Life's efforts to organize and hold educational forums has comprised nearly all of its tax-exempt activities. The Coalition expects this level of activity and emphasis to continue indefinitely.

MOSHER & ASSOCIATES*Attorneys at Law*

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The Coalition's forums consist of scheduled speakers, organized presentations, and distribution of educational materials. See forum materials submitted in support of the Coalition's Form 1023 application and in response to the IRS' April 27, 2009 request for information. The forums are open to the public, and only modest fees are charged to cover actual expenses incurred. The forums are organized in cooperation with well-respected professionals such as professors, priests, attorneys, doctors, and other health care providers.

The Coalition for Life is also supportive of prayer and fasting efforts by individuals and other area organizations involved with sanctity of life issues. These activities include distributing information about upcoming area prayer meetings and coordinating efforts with churches and other like-minded organizations for them. In effect, the Coalition mainly serves in this area as a liaison for other organizations that engage in prayer and fasting activities. Thus far, the Coalition has helped to organize only one prayer event, which took place in January 2009. This activity involved group prayer at a church, a peaceful walk to a public area outside of Planned Parenthood, and praying the Catholic rosary together. The group then disbanded.

The Coalition is aware that from time to time, individuals who may or may not be involved with the Coalition gather for prayer outside of a Planned Parenthood facility. These gatherings are consistently small (ten or fewer people), peaceful, not in any way disruptive, and consist solely of silent and spoken prayers. No prayer takes place on private property, nor are there ever any attempts to interfere with patrons or employees of the facility. Some of the individuals have displayed signs containing short messages about sanctity of life principles, such as "Stop abortion," "Pray to end abortion," and "Women deserve better than abortion." No graphic pictures are ever displayed on such signs. To the best of the Coalition's knowledge, the people praying do not engage in any heckling, yelling, or other hostile behavior. Rather, they all exhibit a respectful attitude consistent with the Coalition's sanctity of life principles. In the Coalition leaders' understanding, the prayer activities are intended to communicate with God and petition God for aid, to encourage other believers, and to serve as an evangelistic witness to nonbelievers of the spiritual aspects of human life. The Coalition does not sponsor or organize these informal prayer sessions.

3. The Coalition for Life's Prior Communications with the IRS

The Coalition for Life's Form 1023 application amply demonstrates its qualification for tax-exempt status under section 501(c)(3). As detailed in its supporting narrative, the Coalition for Life's focus is on educational activities designed to promote respect for life, including two forums thus far on stem cell and end of life topics as well as coordination with local groups that pray and fast for religious purposes. As represented in its Form 1023 application, the Coalition does not engage in any lobbying or partisan political activity.

Nevertheless, more than six months after the Coalition filed its Form 1023 application, the IRS issued a written request asking whether the Coalition for Life engaged in any lobbying

MOSHER & ASSOCIATES

Attorneys at Law

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or partisan political activity. See enclosed IRS correspondence dated April 27, 2009. Through its president, Ms. Susan J. Martinek, the Coalition for Life cooperated fully in writing, affirming that it does not engage in any such activity. The Coalition also provided the requested documentation regarding its educational forums.

I understand that you then contacted Ms. Martinek via telephone to question whether the Coalition engaged in any "picketing" or "protest" activities at Planned Parenthood. Apparently, this inquiry was distinct from any question of lobbying or partisan political activity. In addition, questions were raised about prayer activity, particularly outside Planned Parenthood. You then asked Ms. Martinek to have all Coalition Board members sign a statement that the Coalition will not "picket" or "protest" outside of Planned Parenthood or similar organizations and will not "organize" others to do so. You further indicated that the IRS would approve the Coalition's pending Form 1023 application once such statement was submitted.

Upon careful consideration of your oral request, the Board became concerned about whether its supporters' constitutional free speech, freedom of association, and freedom of religion rights would be violated by such restrictions. Accordingly, the Coalition responded with a letter dated June 10, 2009, in which it respectfully requested the following clarifications: (a) definitions of the terms "organize", "protest", and "picket" for purposes of permissible activities by section 501(c)(3) organizations and their supporters; and (b) an explanation of how such request is relevant to its pending Form 1023 application and tax-exempt status. See enclosed letter. As Ms. Martinek explained in writing, these questions were intended to help the Coalition to comply with applicable legal requirements for section 501(c)(3) organizations.

The Coalition then consulted with legal counsel, and I contacted you by telephone to reiterate the Coalition Board's requests for clarification. You did not provide any guidance, however, as to either the definitions or the relevance of the IRS' pending request. Instead, you expressed the legally erroneous view that the Coalition is *not allowed per se to engage in "advocacy" as a section 501(c)(3) organization*. You also indicated that you would "check further" with your manager on this matter and be back in touch with me shortly.

Instead of a return phone call, I received your June 22, 2009 written request, seeking more information about the Coalition's prayer activities, use of signs outside of Planned Parenthood, and how its activities are "educational" as that term is used for purposes of section 501(c)(3). The information contained herein is fully responsive to your enumerated requests, including the requested officer's declaration (No. 1), information regarding the Coalition's activities including prayer (No. 2), and an explanation of how the signs at issue are educational and otherwise expressions of permissible advocacy (No. 3). At this point, it is unclear whether you are still requiring the Board members' statement that they will not engage in or organize "picketing" and "protest" activities as a condition of IRS approval here.

MOSHER & ASSOCIATES*Attorneys at Law*

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C. Applicable Legal Standards

The IRS' requests come perilously close to violating the First Amendment constitutional rights of the Coalition's supporters, and they are not otherwise germane to the Coalition for Life's pending Form 1023 application. As you acknowledged verbally to me over the telephone, the Coalition's application is now ripe for approval. The IRS's delay and questioning of the Coalition's tax-exempt, legitimate activities constitutes unnecessary and prejudicial interference with the Coalition's legal right to a tax-exempt determination. Consequently, the IRS should approve the Coalition's 1023 application without further delay.

As with any Form 1023 application, the central inquiry here is whether the Coalition for Life is "organized and operated exclusively" for one or more purposes listed in section 501(c)(3) of the Code, such as religious, charitable, scientific, or educational purposes. Treas. Reg. §1.501(c)(2)-1(a). As reflected in the Coalition for Life's Articles of Incorporation and Bylaws, it clearly satisfies the first part of this test because it is expressly organized for "charitable, religious, and educational activities." See Articles of Incorporation at Art. IV and VI, Bylaws at Art. I. The Coalition for Life similarly satisfies the second part of this test because it operates exclusively for charitable, religious, and educational purposes.

1. Charitable Operations

The Coalition for Life operates generally for charitable purposes within the meaning of section 501(c)(3). The Coalition operates on a shoe-string budget, relying entirely on charitable contributions and minimal fees to help cover forum expenses. No commercial activity whatsoever occurs here. Rather, the Coalition for Life's operations consist entirely of activities and goals intended to help educate others, encourage prayer, and promote basic values of human dignity.

2. Religious Operations

It could not be more obvious that the Coalition operates as well for religious purposes. The Coalition works with churches, encourages prayer and fasting in accordance with generally held Christian principles, and expressly bases its corporate mission on God. Indeed, the Coalition's entire foundation is that, in accordance with the Bible's teachings, human beings are made in the image and likeness of God.

3. Educational Operations – Forums, Advocacy

The vast majority of the Coalition's activities have thus far been educational in nature. For purposes of section 501(c)(3), the term "educational" includes the following definition: "The instruction of the public on subjects useful to the individual and beneficial community." Treas. Reg. § 1.501(c)(3)-1(d)(3)(i)(b). This regulation specifically describes the Coalition as an example of an educational organization: "An organization whose activities consist of presenting

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public discussion groups, forums, panels, lectures, or similar programs.” Treas. Reg. § 1.501(c)(3)-1(d)(3)(ii), Ex. (2).

The IRS’ definition of “educational” further expressly includes organizations that “advocate a particular position or viewpoint.” Treas. Reg. § 1.501(c)(3)-1(d)(3). To the extent that forum speakers’ materials, prayer notices, or certain individuals’ signs could be deemed to constitute “advocacy,” they fall well within section 501(c)(3)’s definition of “educational.”

Over twenty years ago, the IRS issued official guidance on how advocacy of a particular viewpoint or position may be “educational” within the meaning of section 501(c)(3). See enclosed Rev. Proc. 86-43. In this Revenue Procedure, the IRS first emphasized its “position of *disinterested neutrality* with respect to the beliefs advocated by an organization.” *Id.* at § 2.02 (emphasis added). In addition, “advocacy of particular viewpoints or positions may serve an educational purpose even if the viewpoints or positions being advocated are unpopular or are not generally accepted.” Rev. Proc. 86-43 at § 3.01. Thus, one’s disagreement with a particular message does not alter its educational nature.

Furthermore, as the D.C. Circuit Court of Appeals recognized in Big Mama Rag, Inc. v. United States, 631 F. 2d 1030 (D.C. Cir. 1980), educational communications may be brief and emotionally compelling, such as conveyed through signs or bumper stickers:

“The American Cancer Society’s cause may be better served by a bumper sticker picturing a skull and crossbones and saying ‘smoking rots your lungs’ than by one that merely states ‘smoking is hazardous to your health.’ Both are intended to impart the same message, and they are identical in degree of specificity of the underlying facts.”

631 F.2d at 1039. Holding up signs containing one’s views about issues thus certainly may qualify as educational.

In Big Mama Rag, the D.C. Court of Appeals ruled that the IRS’ “full and fair exposition” standard for determining whether advocacy was educational or not – as contained in the Treasury regulations interpreting section 501(c)(3) – was unconstitutionally vague and therefore infringed First Amendment free speech rights. *Id.* at 1034-35; see also Treas. Reg. § 1.501(c)(3)-1(d)(3)(i)(b) (“full and fair exposition” standard). In Revenue Procedure 86-43, the IRS expressly recognized this constitutional invalidation. See Rev. Proc. at § 2.03.

The IRS’ current focus is thus not on the advocated viewpoints or positions themselves, but rather on the organization’s *method* to communicate them to others. *Id.* at §§ 2.03, 2.04 and 3.02 (citing National Alliance v. United States, 710 F.2d 868 (D.C. Cir. 1983)). Accordingly, an organization’s advocacy activities are “educational” unless its presentations contain one or more of the following elements: (a) viewpoints or positions that are unsupported by the facts; (b) distorted facts; (c) substantial use of inflammatory and disparaging terms as well as conclusions

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expressed more on the basis of strong emotional feelings than of objective evaluations; or (d) an approach not aimed at developing the intended audience's understanding. Rev. Proc. 86-43 at § 3.03. Notably, in some circumstances, "an organization's advocacy may be educational even if one or more of these factors are present." *Id.* at § 3.04. Consequently, the question of whether an organization's activities are "educational" or not should be evaluated generously in favor of inclusion.

4. The Coalition's Actual or Potential "Advocacy" Is Educational Within the Meaning of Section 501(c)(3).

The Coalition's activities plainly fall with the definition of "educational" under section 501(c)(3). Substantially all of its activities are in connection with its educational forums, which are traditional seminars involving speakers on religious, scientific, moral, and practical issues. The Coalition's remaining activities are similarly educational: they inform supporters and other interested persons of prayer meetings and other events related to sanctity of life concerns.

Your inquiries and requests are misplaced regarding the Coalition's prayer meetings, use of signs, and potential "picketing" and protest" activities outside of Planned Parenthood. The Coalition itself has never sponsored any sign displays during prayer meetings or otherwise. Rather, some individuals have reportedly displayed signs containing short messages expressing traditional religious views about the sanctity of life, such as "Women deserve better than abortion" and "Pray to end abortion." These individual expressions are protected by the First Amendment rights of religious freedom, freedom of assembly, and free speech. Furthermore, the signs legitimately serve to educate others on sanctity of life principles, such as the inherent value of tiny, developing human beings, the importance of considering this fact in dealing humanely with perceived "problem pregnancies," and the detrimental effects of abortion on women.

Such signs are also generally consistent with the Coalition's views, but nowhere have been represented to be those of the Coalition. Even if such messages were officially sanctioned by the Coalition as its own, in no way could those signs reasonably be interpreted to present distorted facts, inflammatory or disparaging terms, or unsupported facts that would disqualify them from being "educational" under the IRS' own methodology test. *See* Rev. Proc. 86-43 at § 3.03. To the extent that the Coalition may sponsor the use of educational signs in the future, whether outside of a Planned Parenthood facility or elsewhere, the Coalition will take great care to ensure that they contain permissible forms of advocacy under section 501(c)(3) and in accordance with Revenue Procedure 86-43.

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 Internal Revenue Service
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5. The Coalition's Potential "Advocacy" is Otherwise "Charitable" Within the Meaning of Section 501(c)(3).

To the extent the IRS may disagree that the Coalition's potential use of signs about the sanctity of life are "educational", such communications would otherwise fall within the definition of "charitable" activities under section 501(c)(3). The term "charity" includes:

"Relief of the poor and distressed or of the underprivileged; advancement of religious beliefs . . . and promotion of social welfare by organizations designed to accomplish any of the above purpose"

Treas. Reg. §1.501(c)(3)-1(d)(2). The Coalition's operations fit squarely within this definition. Indeed, the Coalition's entire efforts are aimed at helping the distressed (i.e., the elderly, the disabled, the unborn), advancing religious beliefs about the sanctity of life, and promoting social welfare through increased respect for life. Signs containing messages like "Pray to end abortion" are completely consistent with such aims.

Furthermore, the Coalition expressly may utilize signs and other forms of advocacy as a qualified charitable organization:

The fact that an organization, in carrying out its primary purpose, *advocates* social or civic changes or presents *opinion* on controversial issues with the intention of molding public opinion or creating public sentiment to an acceptance of its views does not preclude such organization from qualifying under section 501(c)(3) so long as it is not an "action" organization of any one of the types described in paragraph (c)(3) of this section.

Id. (emphasis added). By any stretch of the imagination, the Coalition for Life certainly is not an "action organization," as it engages in absolutely no partisan political activity or lobbying. See Treas. Reg. § 1.501(c)(3)-1(c)(3).

D. Discriminatory Treatment of the Coalition

Interestingly enough, Planned Parenthood – the very organization that the IRS apparently is seeking to protect against the small prayer gatherings and occasional signs – is itself a section 501(c)(3) tax-exempt organization subject to the same legal constraints regarding "advocacy." Yet this organization and its local affiliates boldly engage in widespread "advocacy" efforts. For example, Planned Parenthood's 2007 annual report identifies itself as a "health care advocate" and boasts specifically of numerous advocacy efforts. The annual report even prominently displays a picture of a banner held by many people that reads, "*Real Sex Ed Saves Lives.*" See enclosed Planned Parenthood materials at Annual Report excerpt. Planned Parenthood's own website declares that its national offices "provide support for the . . . advocacy mission" of its

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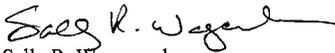
local affiliates. Id. at website excerpt (“Local and State Offices”). Local affiliates engage in high profile advocacy efforts such as marches and television advertisements. See, e.g., id. at “Press Releases” and “Newroom” excerpts.

As the court recognized in Big Mama Rag, “the discriminatory denial of tax exemption can impermissibly infringe free speech.” 631 F.2d at 1034 (citation omitted). The IRS’ questions about prayer time, so-called “picketing” and use of signs is clearly improper, given the Coalition’s legal right as a tax-exempt organization to engage in educational and charitable advocacy and its own plainly charitable, religious, and educational activities. To delay approval of the Coalition’s Form 1023 application, through the IRS’ specious inquiries, is discriminatory and prejudicial to the Coalition and its participants’ constitutionally protected rights.

E. Conclusion

For all of the above reasons, the IRS should immediately issue its written determination recognizing the Coalition’s tax-exempt status under section 501(c)(3) without further inquiry or delay.

Sincerely,


Sally R. Wagenmaker

Enclosures: June 22, 2009 IRS request for information
Articles of Incorporation
Bylaws
April 27, 2009 IRS request for information
May 14, 2009 Martinek/Richards correspondence
IRS Revenue Procedure 86-43
Planned Parenthood materials (website excerpts)

cc: Ms. Susan Martinek, Coalition for Life in Iowa President (via email, w/o encl.)
Mr. Tom Brejcha, Thomas More Society President (via email, w/o encl.)
Mr. Peter Breen, Thomas More Society Executive Director (via email, w/o encl.)

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Attorneys at Law

Ms. Richards
Internal Revenue Service
July 2, 2009
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DECLARATION

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

Susan J. Martinek
Susan J. Martinek
President, Coalition for Life of Iowa

02W28
C:\Clients\lev\EMP\3844-Thomas More Society, The\LTR\Coalition\JRM.Richards.1023 Response.wpd

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **JUL 09 2009**
COALITION FOR LIFE OF IOWA
PO BOX 864
CEDAR RAPIDS, IA 52406-0864

Employer Identification Number:
61-1521447
DLN:
17053298302008
Contact Person: MS RICHARDS ID# 31609
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170 (b) (1) (A) (vi)
Form 990 Required:
Yes
Effective Date of Exemption:
May 15, 2008
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)

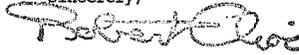
Exh. B-7

-2-

COALITION FOR LIFE OF IOWA

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

A handwritten signature in cursive script that reads "Robert Choi".

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Publication 4221-PC

CSR R
LAWYERS

1800 First Avenue NE
200 Wells Fargo Bank Building
Cedar Rapids, Iowa 52402-5435
Telephone: 319-364-0171
Facsimile: 319-364-1370
Website: www.crawfordsullivan.com

CRAWFORD, SULLIVAN, READ & ROEMERMAN, P.C.

James W. Crawford (1911-1988)
Gerald T. Sullivan
Thomas B. Read
William H. Roerman
Peter B. Welch
Sherry L. Schulte
Stephanie A. Legislator
Thomas J. Wilkinson, Jr., Of Cou

Writer's Direct E-mail:
[REDACTED]

October 20, 2008

Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 312
Covington, KY 41011

Re: Coalition for Life of Iowa, 61-1521447
Application for §501(c)(3) Recognition

Dear Sir or Madame:

Enclosed is the Form 1023 Checklist for the "Coalition for Life of Iowa". Also enclosed is the Form 2848 "Power of Attorney and Declaration of Representative" which names the undersigned as Representative.

The "Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code" (Form 1023) is also enclosed along with a description of activities and a flyer used in collecting funds. The board members are completely volunteer and none of the board members receive compensation.

Also attached to the Form 1023 are the Articles of Incorporation that were filed with the Iowa Secretary of State, the duly approved Bylaws, and the complete financial records for 2006, 2007 and so far in 2008. The last attachment page of the Form 1024 is the assignment of the EIN.

If there is any other information needed, please contact the undersigned.

Sincerely yours,

CRAWFORD, SULLIVAN, READ
& ROEMERMAN, P.C.

GERALD T. SULLIVAN

GTS:jmw

Enclosures

Form 1023 Checklist (Revised June 2006)

Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

Note. Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.

- Assemble the application and materials in this order:
 - Form 1023 Checklist
 - Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
 - Form 8821, *Tax Information Authorization* (if filing)
 - Expedite request (if requesting)
 - Application (Form 1023 and Schedules A through H, as required)
 - Articles of organization
 - Amendments to articles of organization in chronological order
 - Bylaws or other rules of operation and amendments
 - Documentation of nondiscriminatory policy for schools, as required by Schedule B
 - Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation* (if filing)
 - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.
- User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.
- Employer Identification Number (EIN)
- Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
 - You must provide specific details about your past, present, and planned activities.
 - Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
 - Describe your purposes and proposed activities in specific easily understood terms.
 - Financial information should correspond with proposed activities.
- Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.

Schedule A	Yes ___ No ___	Schedule E	Yes <input checked="" type="checkbox"/> No ___
Schedule B	Yes ___ No ___	Schedule F	Yes ___ No ___
Schedule C	Yes ___ No ___	Schedule G	Yes ___ No ___
Schedule D	Yes ___ No ___	Schedule H	Yes ___ No ___

Form 2848 (Rev. June 2008) Department of the Treasury Internal Revenue Service	Power of Attorney and Declaration of Representative ▶ Type or print. ▶ See the separate instructions.	OMB No. 1545-0150 For IRS Use Only Received by: Name _____ Telephone _____ Function _____ Date ____/____/____
Part I Power of Attorney Caution: Form 2848 will not be honored for any purpose other than representation before the IRS.		
1 Taxpayer information. Taxpayer(s) must sign and date this form on page 2, line 9.		
Taxpayer name(s) and address Coalition For Life of Iowa PO Box 864 Cedar Rapids, Iowa 52406	Social security number(s) _____ _____ _____ Daytime telephone number (319) 362-9339	Employer identification number 61 1521447 Plan number (if applicable)
hereby appoint(s) the following representative(s) as attorney(s)-in-fact:		
2 Representative(s) must sign and date this form on page 2, Part II.		
Name and address Gerald T Sullivan, 1800 First Ave. NE, 200 Wells Fargo Bank Building, Cedar Rapids, Iowa, 52402-5435	CAF No. _____ Telephone No. 319-364-0171 Fax No. 319-364-1370 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>	
Name and address _____	CAF No. _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>	
Name and address _____	CAF No. _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>	
to represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:		
3 Tax matters		
Type of Tax (income, Employment, Excise, etc.) or Civil Penalty (see the instructions for line 3)	Tax Form Number (1040, 941, 720, etc.)	Year(s) or Period(s) (see the instructions for line 3)
Exemption	1023	2004-2008
_____ _____ _____		
4 Specific use not recorded on Centralized Authorization File (CAF), if the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. Specific Uses Not Recorded on CAF <input type="checkbox"/>		
5 Acts authorized. The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks (see line 6 below), the power to substitute another representative or add additional representatives, the power to sign certain returns, or the power to execute a request for disclosure of tax returns or return information to a third party. See the line 5 instructions for more information. Exceptions. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. See Unenrolled Return Preparer on page 1 of the instructions. An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Treasury Department Circular No. 230 (Circular 230). An enrolled retirement plan administrator may only represent taxpayers to the extent provided in section 10.3(e) of Circular 230. See the line 5 instructions for restrictions on tax matters partners. In most cases, the student practitioner's (levels k and l) authority is limited (for example, they may only practice under the supervision of another practitioner). List any specific additions or deletions to the acts otherwise authorized in this power of attorney: _____ _____ _____		
6 Receipt of refund checks. If you want to authorize a representative named on line 2 to receive, BUT NOT TO ENDORSE OR CASH , refund checks, initial here _____ and list the name of that representative below. Name of representative to receive refund check(s) ▶ _____		
For Privacy Act and Paperwork Reduction Act Notice, see page 4 of the instructions. Cat. No. 11980J Form 2848 (Rev. 6-2008)		

- 7 Notices and communications.** Original notices and other written communications will be sent to you and a copy to the first representative listed on line 2.
- a If you also want the second representative listed to receive a copy of notices and communications, check this box
- b If you do not want any notices or communications sent to your representative(s), check this box
- 8 Retention/revocation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same tax matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here.
- YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

9 Signature of taxpayer(s). If a tax matter concerns a joint return, both husband and wife must sign if joint representation is requested, otherwise, see the Instructions. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ **IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED.**

Susan Martinek _____ 10-16-08 _____
 Signature Date Incorporator / Initial Director
 Title (if applicable)

Susan Martinek _____
 Print Name PIN Number Coalition For Life of Iowa
 Print name of taxpayer from line 1 if other than individual

 Signature Date Title (if applicable)

 Print Name PIN Number

Part II Declaration of Representative

Caution: Students with a special order to represent taxpayers in qualified Low Income Taxpayer Clinics or the Student Tax Clinic Program (levels k and l), see the Instructions for Part II.
 Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Circular 230 (31 CFR, Part 10), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others;
- I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent under the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer's organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer's immediate family (for example, spouse, parent, child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(c) of Circular 230).
 - h Unenrolled Return Preparer—the authority to practice before the Internal Revenue Service is limited by Circular 230, section 10.7(c)(1)(viii). You must have prepared the return in question and the return must be under examination by the IRS. See Unenrolled Return Preparer on page 1 of the Instructions.
 - k Student Attorney—student who receives permission to practice before the IRS by virtue of their status as a law student under section 10.7(d) of Circular 230.
 - l Student CPA—student who receives permission to practice before the IRS by virtue of their status as a CPA student under section 10.7(d) of Circular 230.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ **IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED.** See the Part II Instructions.

Designation—insert above letter (a-r)	Jurisdiction (state) or identification	Signature	Date
a	Iowa	<i>[Signature]</i>	10-16-08

Form 1023 (Rev. June 2006) Department of the Treasury Internal Revenue Service	Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code	OMB No. 1545-0056 Note: If exempt status is approved, this application will be open for public inspection.
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Use the instructions to complete this application and for a definition of all bold items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at www.irs.gov for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

Part I Identification of Applicant

1 Full name of organization (exactly as it appears in your organizing document)		2 c/o Name (if applicable)	
Coalition For Life of Iowa			
3 Mailing address (Number and street) (see instructions)		Room/Suite	4 Employer Identification Number (EIN)
PO Box 864			61-1521447
City or town, state or country, and ZIP + 4		5 Month the annual accounting period ends (01 - 12)	
Cedar Rapids, Iowa 52406-0864		12	
6 Primary contact (officer, director, trustee, or authorized representative)		b Phone:	319-366-1684
a Name: Susan Martinek		c Fax: (optional)	319-362-9339
7 Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, <i>Power of Attorney and Declaration of Representative</i> , with your application if you would like us to communicate with your representative.		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
8 Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9a Organization's website:			
b Organization's email: (optional)			
10 Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ.		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
11 Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY)		8 / 25 / 04	
12 Were you formed under the laws of a foreign country? If "Yes," state the country.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

For Paperwork Reduction Act Notice, see page 24 of the instructions. Cat. No. 17133K Form 1023 (Rev. 6-2006)

Part II Organizational Structure

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.**

- 1 Are you a corporation? If "Yes," attach a copy of your articles of incorporation showing certification of filing with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification. Yes No
- 2 Are you a limited liability company (LLC)? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application. Yes No
- 3 Are you an unincorporated association? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments. Yes No
- 4a Are you a trust? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments. Yes No
- b Have you been funded? If "No," explain how you are formed without anything of value placed in trust. Yes No
- 5 Have you adopted bylaws? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected. Yes No

Part III Required Provisions in Your Organizing Document

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. **DO NOT file this application until you have amended your organizing document.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): Articles IV, and VI
- 2a Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c. Do not complete line 2c if you checked box 2a. Article VII
- 2b If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph).
- 2c See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state:

Part IV Narrative Description of Your Activities

Using an attachment, describe your past, present, and planned activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors

1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual compensation, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
Susan Martinek	Incorporator / Initial Director	2550 Worthington Dr. SW Cedar Rapids, Iowa, 52404-7332	none
Mary Daley	Incorporator / Initial Director	PO Box 461 Cedar Rapids, Iowa, 52405-0864	none
Bill Brennan	Director	1639 Park Towne Ct. NE # 10 Cedar Rapids, Iowa 52402	none
Jim Burke	Director	PO Box 864 Cedar Rapids, Iowa 52406-0864	none
Rose Hanson	Director	PO Box 864 Cedar Rapids, Iowa 52406-0864	none

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

b List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)

c List the names, names of businesses, and mailing addresses of your five highest compensated independent contractors that receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)

The following "Yes" or "No" questions relate to *past, present, or planned* relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

- 2a Are any of your officers, directors, or trustees related to each other through family or business relationships? If "Yes," identify the individuals and explain the relationship. Yes No
- b Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees. Yes No
- c Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship. Yes No
- 3a For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.
- b Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through common control? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement. Yes No
- 4 In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.
 - a Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy? Yes No
 - b Do you or will you approve compensation arrangements in advance of paying compensation? Yes No
 - c Do you or will you document in writing the date and terms of approved compensation arrangements? Yes No

Not applicable

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- d Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements? Yes No
- e Do you or will you approve compensation arrangements based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. Yes No
- f Do you or will you record in writing both the information on which you relied to base your decision and its source? Yes No
- g If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is reasonable for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.

5a Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c. Yes No

b What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation? *Not applicable*

c What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?

Note: A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.

6a Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. Yes No

b Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. Yes No

7a Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine that you pay no more than fair market value. Attach copies of any written contracts or other agreements relating to such purchases. Yes No

b Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales. Yes No

8a Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f. Yes No

- b Describe any written or oral arrangements that you made or intend to make.
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms are or will be negotiated at arm's length.
- e Explain how you determine you pay no more than fair market value or you are paid at least fair market value.
- f Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.

9a Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f. Yes No

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- b Describe any written or oral arrangements you made or intend to make.
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms are or will be negotiated at arm's length.
- e Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
- f Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

Part VI Your Members and Other Individuals and Organizations That Receive Benefits From You

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to past, present, and planned activities. (See instructions.)

- 1a In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals. Yes No
- b In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations. Yes No
- 2 Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program. Yes No
- 3 Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services, or funds. Yes No

Part VII Your History

The following "Yes" or "No" questions relate to your history. (See instructions.)

- 1 Are you a successor to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G. Yes No
- 2 Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E. Yes No

Part VIII Your Specific Activities

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to past, present, and planned activities. (See instructions.)

- 1 Do you support or oppose candidates in political campaigns in any way? If "Yes," explain. Yes No
- 2a Do you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a. Yes No
- b Have you made or are you making an election to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities. Yes No
- 3a Do you or will you operate bingo or gaming activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Yes No
- b Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such arrangements. Yes No
- c List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.

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Part VIII Your Specific Activities (Continued)

4a Do you or will you undertake fundraising? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.) Yes No

<input checked="" type="checkbox"/> mail solicitations	<input type="checkbox"/> phone solicitations
<input type="checkbox"/> email solicitations	<input type="checkbox"/> accept donations on your website
<input checked="" type="checkbox"/> personal solicitations	<input type="checkbox"/> receive donations from another organization's website
<input type="checkbox"/> vehicle, boat, plane, or similar donations	<input type="checkbox"/> government grant solicitations
<input checked="" type="checkbox"/> foundation grant solicitations	<input type="checkbox"/> Other

Attach a description of each fundraising program. *See attached financial data.*

b Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements. Yes No

c Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements. Yes No

d List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.

e Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors. Yes No

5 Are you affiliated with a governmental unit? If "Yes," explain. Yes No

6a Do you or will you engage in economic development? If "Yes," describe your program. Yes No

b Describe in full who benefits from your economic development activities and how the activities promote exempt purposes. Yes No

7a Do or will persons other than your employees or volunteers develop your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees. Yes No

b Do or will persons other than your employees or volunteers manage your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees. Yes No

c If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.

8 Do you or will you enter into joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate. Yes No

9a Are you applying for exemption as a childcare organization under section 501(k)? If "Yes," answer lines 9b through 9d. If "No," go to line 10. Yes No

b Do you provide child care so that parents or caretakers of children you care for can be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k). Yes No

c Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k). Yes No

d Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k). Yes No

10 Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed. Yes No

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Part VII Your Specific Activities (Continued)

11 Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution. Yes No

12a Do you or will you operate in a foreign country or countries? If "Yes," answer lines 12b through 12d. If "No," go to line 13a. Yes No

b Name the foreign countries and regions within the countries in which you operate.

c Describe your operations in each country and region in which you operate.

d Describe how your operations in each country and region further your exempt purposes.

13a Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a. Yes No

b Describe how your grants, loans, or other distributions to organizations further your exempt purposes.

c Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract. Yes No

d Identify each recipient organization and any relationship between you and the recipient organization.

e Describe the records you keep with respect to the grants, loans, or other distributions you make.

f Describe your selection process, including whether you do any of the following:

(i) Do you require an application form? If "Yes," attach a copy of the form. Yes No

(ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused. Yes No

g Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.

14a Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15. Yes No

b Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.

c Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries. Yes No

d Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors. Yes No

e Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information. Yes No

f Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately. Yes No

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Part VIII Your Specific Activities (Continued)

- 15 Do you have a close connection with any organizations? If "Yes," explain. Yes No
- 16 Are you applying for exemption as a cooperative hospital service organization under section 501(e)? If "Yes," explain. Yes No
- 17 Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)? If "Yes," explain. Yes No
- 18 Are you applying for exemption as a charitable risk pool under section 501(n)? If "Yes," explain. Yes No
- 19 Do you or will you operate a school? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity. Yes No
- 20 Is your main function to provide hospital or medical care? If "Yes," complete Schedule C. Yes No
- 21 Do you or will you provide low-income housing or housing for the elderly or handicapped? If "Yes," complete Schedule F. Yes No
- 22 Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H. Yes No

Note: Private foundations may use Schedule H to request advance approval of individual grant procedures.

Part IX Financial Data

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

A. Statement of Revenues and Expenses					
Type of revenue or expense	Current tax year		3 prior tax years or 2 succeeding tax years		(e) Provide Total for (a) through (d)
	(a) From January To October	(b) From January To December	(c) From October To December	(d) From To	
Revenues					
1 Gifts, grants, and contributions received (do not include unusual grants)	2008	2007	2006	see financial data	
2 Membership fees received		2945.00	200.00		
3 Gross investment income					
4 Net unrelated business income					
5 Taxes levied for your benefit					
6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					
7 Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)		880.00			
8 Total of lines 1 through 7		3825.00	200.00		
9 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)					
10 Total of lines 8 and 9					
11 Net gain or loss on sale of capital assets (attach schedule and see instructions)					
12 Unusual grants					
13 Total Revenue Add lines 10 through 12					
14 Fundraising expenses		189.98			
15 Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)					
16 Disbursements to or for the benefit of members (attach an itemized list)					
Expenses					
17 Compensation of officers, directors, and trustees					
18 Other salaries and wages					
19 Interest expense					
20 Occupancy (rent, utilities, etc.)					
21 Depreciation and depletion					
22 Professional fees					
23 Any expense not otherwise classified, such as program services (attach itemized list)	58.00	2491.75	22.00		
24 Total Expenses Add lines 14 through 23	58.00	2681.73	22.00		

Part IX Financial Data (Continued)

B. Balance Sheet (for your most recently completed tax year) 2007 Year End:

Assets		Year End:
		(Whole dollars)
1	Cash	178.00
2	Accounts receivable, net	3825.00
3	Inventories	
4	Bonds and notes receivable (attach an itemized list)	
5	Corporate stocks (attach an itemized list)	
6	Loans receivable (attach an itemized list)	
7	Other investments (attach an itemized list)	
8	Depreciable and depletable assets (attach an itemized list)	
9	Land	
10	Other assets (attach an itemized list)	
11	Total Assets (add lines 1 through 10)	4003.00
Liabilities		
12	Accounts payable	2681.73
13	Contributions, gifts, grants, etc. payable	
14	Mortgages and notes payable (attach an itemized list)	
15	Other liabilities (attach an itemized list)	
16	Total Liabilities (add lines 12 through 15)	
Fund Balances or Net Assets		
17	Total fund balances or net assets	
18	Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)	

19 Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain. Yes No

Part X Public Charity Status

Part X is designed to classify you as an organization that is either a private foundation or a public charity. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a private operating foundation. (See instructions.)

- 1a Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If you are unsure, see the instructions. Yes No
- b As a private foundation, section 509(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document. Go to line 2.
- 2 Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line 3. If "No," go to the signature section of Part XI. Yes No
- 3 Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4. Yes No
- 4 Have you attached either (1) an affidavit or opinion of counsel (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation? Yes No
- 5 If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.
 - a The organization is not a private foundation because it is:
 - 509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A.
 - b 509(a)(1) and 170(b)(1)(A)(ii)—a school. Complete and attach Schedule B.
 - c 509(a)(1) and 170(b)(1)(A)(iii)—a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C.
 - d 509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D.

Part X Public Charity Status (Continued)

- e 509(a)(4)—an organization organized and operated exclusively for testing for public safety.
- f 509(a)(1) and 170(b)(1)(A)(v)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- g 509(a)(1) and 170(b)(1)(A)(v)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

6 If you checked box g, h, or i in question 5 above, you must request either an advance or a definitive ruling by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

- a **Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at www.irs.gov or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code.

For Organization

.....
 (Signature of Officer, Director, Trustee, or other authorized official) (Type or print name of signer) (Date)

 (Type or print title or authority of signer)

For IRS Use Only

.....
 IRS Director, Exempt Organizations (Date)

- b Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (j).

- (i) (a) Enter 2% of line 8, column (e) on Part IX-A, Statement of Revenues and Expenses. 76.50
- (b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.
- (ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A, Statement of Revenues and Expenses, attach a list showing the name of and amount received from each disqualified person. If the answer is "None," check this box.
- (b) For each year amounts are included on line 9 of Part IX-A, Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A, Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.

- 7** Did you receive any unusual grants during any of the years shown on Part IX-A, Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual. Yes No

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Part XI User Fee Information

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed \$10,000 annually over a 4-year period, you must submit payment of \$750. If your gross receipts have not exceeded or will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$300. See instructions for Part XI, for a definition of gross receipts over a 4-year period. Your check or money order must be made payable to the United States Treasury. User fees are subject to change. Check our website at www.irs.gov and type "User Fees" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.

1 Have your annual gross receipts averaged or are they expected to average not more than \$10,000? Yes No
 If "Yes," check the box on line 2 and enclose a user fee payment of \$300 (Subject to change—see above).

2 Check the box if you have enclosed the reduced user fee payment of \$750 (Subject to change—see above).

3 Check the box if you have enclosed the user fee payment of \$300 (Subject to change).

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here  Sue Martinek (Type or print name of signer) 10/16/08 (Date)
 (Signature of Officer, Director, Trustee, or other authorized official) Incorporator / Initial Director (Type or print title or authority of signer)

Reminder: Send the completed Form 1023 Checklist with your filled-in-application. Form 1023 (Rev. 6-2006)

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Schedule A. Churches			
1a	Do you have a written creed, statement of faith, or summary of beliefs? If "Yes," attach copies of relevant documents.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	Do you have a form of worship? If "Yes," describe your form of worship.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2a	Do you have a formal code of doctrine and discipline? If "Yes," describe your code of doctrine and discipline.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	Do you have a distinct religious history? If "Yes," describe your religious history.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c	Do you have a literature of your own? If "Yes," describe your literature.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3	Describe the organization's religious hierarchy or ecclesiastical government.		
4a	Do you have regularly scheduled religious services? If "Yes," describe the nature of the services and provide representative copies of relevant literature such as church bulletins.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	What is the average attendance at your regularly scheduled religious services?		
5a	Do you have an established place of worship? If "Yes," refer to the instructions for the information required.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	Do you own the property where you have an established place of worship?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6	Do you have an established congregation or other regular membership group? If "No," refer to the instructions.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7	How many members do you have?		
8a	Do you have a process by which an individual becomes a member? If "Yes," describe the process and complete lines 8b-8d, below.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	If you have members, do your members have voting rights, rights to participate in religious functions, or other rights? If "Yes," describe the rights your members have.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c	May your members be associated with another denomination or church?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d	Are all of your members part of the same family?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9	Do you conduct baptisms, weddings, funerals, etc.?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10	Do you have a school for the religious instruction of the young?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11a	Do you have a minister or religious leader? If "Yes," describe this person's role and explain whether the minister or religious leader was ordained, commissioned, or licensed after a prescribed course of study.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b	Do you have schools for the preparation of your ordained ministers or religious leaders?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12	Is your minister or religious leader also one of your officers, directors, or trustees?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
13	Do you ordain, commission, or license ministers or religious leaders? If "Yes," describe the requirements for ordination, commission, or licensure.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
14	Are you part of a group of churches with similar beliefs and structures? If "Yes," explain. Include the name of the group of churches.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
15	Do you issue church charters? If "Yes," describe the requirements for issuing a charter.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
16	Did you pay a fee for a church charter? If "Yes," attach a copy of the charter.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
17	Do you have other information you believe should be considered regarding your status as a church? If "Yes," explain.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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Schedule B. Schools, Colleges, and Universities			
If you operate a school as an activity, complete Schedule B			
Section I Operational Information			
1a Do you normally have a regularly scheduled curriculum, a regular faculty of qualified teachers, a regularly enrolled student body, and facilities where your educational activities are regularly carried on? If "No," do not complete the remainder of Schedule B. <input type="checkbox"/> Yes <input type="checkbox"/> No			
b Is the primary function of your school the presentation of formal instruction? If "Yes," describe your school in terms of whether it is an elementary, secondary, college, technical, or other type of school. If "No," do not complete the remainder of Schedule B. <input type="checkbox"/> Yes <input type="checkbox"/> No			
2a Are you a public school because you are operated by a state or subdivision of a state? If "Yes," explain how you are operated by a state or subdivision of a state. Do not complete the remainder of Schedule B. <input type="checkbox"/> Yes <input type="checkbox"/> No			
b Are you a public school because you are operated wholly or predominantly from government funds or property? If "Yes," explain how you are operated wholly or predominantly from government funds or property. Submit a copy of your funding agreement regarding government funding. Do not complete the remainder of Schedule B. <input type="checkbox"/> Yes <input type="checkbox"/> No			
3 In what public school district, county, and state are you located?			
4 Were you formed or substantially expanded at the time of public school desegregation in the above school district or county? <input type="checkbox"/> Yes <input type="checkbox"/> No			
5 Has a state or federal administrative agency or judicial body ever determined that you are racially discriminatory? If "Yes," explain. <input type="checkbox"/> Yes <input type="checkbox"/> No			
6 Has your right to receive financial aid or assistance from a governmental agency ever been revoked or suspended? If "Yes," explain. <input type="checkbox"/> Yes <input type="checkbox"/> No			
7 Do you or will you contract with another organization to develop, build, market, or finance your facilities? If "Yes," explain how that entity is selected, explain how the terms of any contracts or other agreements are negotiated at arm's length, and explain how you determine that you will pay no more than fair market value for services. <input type="checkbox"/> Yes <input type="checkbox"/> No			
<i>Note. Make sure your answer is consistent with the information provided in Part VIII, line 7a.</i>			
8 Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services. <input type="checkbox"/> Yes <input type="checkbox"/> No			
<i>Note. Answer "Yes" if you manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.</i>			
Section II Establishment of Racially Nondiscriminatory Policy			
Information required by Revenue Procedure 75-50.			
1 Have you adopted a racially nondiscriminatory policy as to students in your organizing document, bylaws, or by resolution of your governing body? If "Yes," state where the policy can be found or supply a copy of the policy. If "No," you must adopt a nondiscriminatory policy as to students before submitting this application. See Publication 557. <input type="checkbox"/> Yes <input type="checkbox"/> No			
2 Do your brochures, application forms, advertisements, and catalogues dealing with student admissions, programs, and scholarships contain a statement of your racially nondiscriminatory policy? <input type="checkbox"/> Yes <input type="checkbox"/> No			
a If "Yes," attach a representative sample of each document.			
b If "No," by checking the box to the right you agree that all future printed materials, including website content, will contain the required nondiscriminatory policy statement. <input type="checkbox"/>			
3 Have you published a notice of your nondiscriminatory policy in a newspaper of general circulation that serves all racial segments of the community? (See the instructions for specific requirements.) If "No," explain. <input type="checkbox"/> Yes <input type="checkbox"/> No			
4 Does or will the organization (or any department or division within it) discriminate in any way on the basis of race with respect to admissions; use of facilities or exercise of student privileges; faculty or administrative staff; or scholarship or loan programs? If "Yes," for any of the above, explain fully. <input type="checkbox"/> Yes <input type="checkbox"/> No			

Schedule C. Hospitals and Medical Research Organizations

Check the box if you are a **hospital**. See the instructions for a definition of the term "hospital," which includes an organization whose principal purpose or function is providing hospital or medical care. Complete Section I below.

Check the box if you are a **medical research organization** operated in conjunction with a hospital. See the instructions for a definition of the term "medical research organization," which refers to an organization whose principal purpose or function is medical research and which is directly engaged in the continuous active conduct of medical research in conjunction with a hospital. Complete Section II.

Section I Hospitals

- 1a Are all the doctors in the community eligible for staff privileges? If "No," give the reasons why and explain how the medical staff is selected. Yes No
- 2a Do you or will you provide medical services to all individuals in your community who can pay for themselves or have private health insurance? If "No," explain. Yes No
- b Do you or will you provide medical services to all individuals in your community who participate in Medicare? If "No," explain. Yes No
- c Do you or will you provide medical services to all individuals in your community who participate in Medicaid? If "No," explain. Yes No
- 3a Do you or will you require persons covered by Medicare or Medicaid to pay a deposit before receiving services? If "Yes," explain. Yes No
- b Does the same deposit requirement, if any, apply to all other patients? If "No," explain. Yes No
- 4a Do you or will you maintain a full-time emergency room? If "No," explain why you do not maintain a full-time emergency room. Also, describe any emergency services that you provide. Yes No
- b Do you have a policy on providing emergency services to persons without apparent means to pay? If "Yes," provide a copy of the policy. Yes No
- c Do you have any arrangements with police, fire, and voluntary ambulance services for the delivery or admission of emergency cases? If "Yes," describe the arrangements, including whether they are written or oral agreements. If written, submit copies of all such agreements. Yes No
- 5a Do you provide for a portion of your services and facilities to be used for charity patients? If "Yes," answer 5b through 5e. Yes No
- b Explain your policy regarding charity cases, including how you distinguish between charity care and bad debts. Submit a copy of your written policy.
- c Provide data on your past experience in admitting charity patients, including amounts you expend for treating charity care patients and types of services you provide to charity care patients.
- d Describe any arrangements you have with federal, state, or local governments or government agencies for paying for the cost of treating charity care patients. Submit copies of any written agreements.
- e Do you provide services on a sliding fee schedule depending on financial ability to pay? If "Yes," submit your sliding fee schedule. Yes No
- 6a Do you or will you carry on a formal program of medical training or medical research? If "Yes," describe such programs, including the type of programs offered, the scope of such programs, and affiliations with other hospitals or medical care providers with which you carry on the medical training or research programs. Yes No
- b Do you or will you carry on a formal program of community education? If "Yes," describe such programs, including the type of programs offered, the scope of such programs, and affiliation with other hospitals or medical care providers with which you offer community education programs. Yes No
- 7 Do you or will you provide office space to physicians carrying on their own medical practices? If "Yes," describe the criteria for who may use the space, explain the means used to determine that you are paid at least fair market value, and submit representative lease agreements. Yes No
- 8 Is your board of directors comprised of a majority of individuals who are representative of the community you serve? Include a list of each board member's name and business, financial, or professional relationship with the hospital. Also, identify each board member who is representative of the community and describe how that individual is a community representative. Yes No
- 9 Do you participate in any joint ventures? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. Also, submit copies of all agreements. Yes No

Note. Make sure your answer is consistent with the information provided in Part VII, line 8.

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Schedule C. Hospitals and Medical Research Organizations (Continued)**Section I Hospitals (Continued)**

- 10 Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services. Yes No
Note. Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.
- 11 Do you or will you offer recruitment incentives to physicians? If "Yes," describe your recruitment incentives and attach copies of all written recruitment incentive policies. Yes No
- 12 Do you or will you lease equipment, assets, or office space from physicians who have a financial or professional relationship with you? If "Yes," explain how you establish a fair market value for the lease. Yes No
- 13 Have you purchased medical practices, ambulatory surgery centers, or other business assets from physicians or other persons with whom you have a business relationship, aside from the purchase? If "Yes," submit a copy of each purchase and sales contract and describe how you arrived at fair market value, including copies of appraisals. Yes No
- 14 Have you adopted a conflict of interest policy consistent with the sample health care organization conflict of interest policy in Appendix A of the instructions? If "Yes," submit a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," explain how you will avoid any conflicts of interest in your business dealings. Yes No

Section II Medical Research Organizations

- 1 Name the hospitals with which you have a relationship and describe the relationship. Attach copies of written agreements with each hospital that demonstrate continuing relationships between you and the hospital(s).
- 2 Attach a schedule describing your present and proposed activities for the direct conduct of medical research; describe the nature of the activities, and the amount of money that has been or will be spent in carrying them out.
- 3 Attach a schedule of assets showing their fair market value and the portion of your assets directly devoted to medical research.

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Schedule D. Section 509(a)(3) Supporting Organizations

Section I Identifying Information About the Supported Organization(s)

1. State the names, addresses, and EINs of the supported organizations. If additional space is needed, attach a separate sheet.

Name	Address	EIN

2. Are all supported organizations listed in line 1 public charities under section 509(a)(1) or (2)? If "Yes," go to Section II. If "No," go to line 3. Yes No

3. Do the supported organizations have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)? Yes No

If "Yes," for each 501(c)(4), (5), or (6) organization supported, provide the following financial information:

- Part IX-A, Statement of Revenues and Expenses, lines 1-13 and
- Part X, lines 6b(i)(a), 6b(i)(b), and 7.

If "No," attach a statement describing how each organization you support is a public charity under section 509(a)(1) or (2).

Section II Relationship with Supported Organization(s)—Three Tests

To be classified as a supporting organization, an organization must meet one of three relationship tests:
 Test 1: "Operated, supervised, or controlled by" one or more publicly supported organizations, or
 Test 2: "Supervised or controlled in connection with" one or more publicly supported organizations, or
 Test 3: "Operated in connection with" one or more publicly supported organizations.

1. Information to establish the "operated, supervised, or controlled by" relationship (Test 1)
 Is a majority of your governing board or officers elected or appointed by the supported organization(s)? If "Yes," describe the process by which your governing board is appointed and elected; go to Section III. If "No," continue to line 2. Yes No

2. Information to establish the "supervised or controlled in connection with" relationship (Test 2)
 Does a majority of your governing board consist of individuals who also serve on the governing board of the supported organization(s)? If "Yes," describe the process by which your governing board is appointed and elected; go to Section III. If "No," go to line 3. Yes No

3. Information to establish the "operated in connection with" responsiveness test (Test 3)
 Are you a trust from which the named supported organization(s) can enforce and compel an accounting under state law? If "Yes," explain whether you advised the supported organization(s) in writing of these rights and provide a copy of the written communication documenting this; go to Section II, line 5. If "No," go to line 4a. Yes No

4. Information to establish the alternative "operated in connection with" responsiveness test (Test 3)
- a. Do the officers, directors, trustees, or members of the supported organization(s) elect or appoint one or more of your officers, directors, or trustees? If "Yes," explain and provide documentation; go to line 4d, below. If "No," go to line 4b. Yes No
 - b. Do one or more members of the governing body of the supported organization(s) also serve as your officers, directors, or trustees or hold other important offices with respect to you? If "Yes," explain and provide documentation; go to line 4d, below. If "No," go to line 4c. Yes No
 - c. Do your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of the supported organization(s)? If "Yes," explain and provide documentation. Yes No
 - d. Do the supported organization(s) have a significant voice in your investment policies, in the making and timing of grants, and in otherwise directing the use of your income or assets? If "Yes," explain and provide documentation. Yes No
 - e. Describe and provide copies of written communications documenting how you made the supported organization(s) aware of your supporting activities.

Schedule D. Section 509(a)(3) Supporting Organizations (Continued)

Section II Relationship with Supported Organization(s)—Three Tests (Continued)

- 5** Information to establish the "operated in connection with" integral part test (Test 3)
 Do you conduct activities that would otherwise be carried out by the supported organization(s)? If "Yes," explain and go to Section III. If "No," continue to line 6a. Yes No
- 6** Information to establish the alternative "operated in connection with" integral part test (Test 3)
a Do you distribute at least 85% of your annual net income to the supported organization(s)? If "Yes," go to line 6b. (See instructions.) Yes No
 If "No," state the percentage of your income that you distribute to each supported organization. Also explain how you ensure that the supported organization(s) are attentive to your operations.
b How much do you contribute annually to each supported organization? Attach a schedule.
c What is the total annual revenue of each supported organization? If you need additional space, attach a list.
d Do you or the supported organization(s) earmark your funds for support of a particular program or activity? If "Yes," explain. Yes No
- 7a** Does your organizing document specify the supported organization(s) by name? If "Yes," state the article and paragraph number and go to Section III. If "No," answer line 7b. Yes No
b Attach a statement describing whether there has been an historic and continuing relationship between you and the supported organization(s).

Section III Organizational Test

- 1a** If you met relationship Test 1 or Test 2 in Section II, your organizing document must specify the supported organization(s) by name, or by naming a similar purpose or charitable class of beneficiaries. If your organizing document complies with this requirement, answer "Yes." If your organizing document does not comply with this requirement, answer "No," and see the instructions. Yes No
- b** If you met relationship Test 3 in Section II, your organizing document must generally specify the supported organization(s) by name. If your organizing document complies with this requirement, answer "Yes," and go to Section IV. If your organizing document does not comply with this requirement, answer "No," and see the instructions. Yes No

Section IV Disqualified Person Test

You do not qualify as a supporting organization if you are controlled directly or indirectly by one or more disqualified persons (as defined in section 4946) other than foundation managers or one or more organizations that you support. Foundation managers who are also disqualified persons for another reason are disqualified persons with respect to you.

- 1a** Do any persons who are disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), appoint any of your foundation managers? If "Yes," (1) describe the process by which disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons and the foundation managers they appoint, and (3) explain how control is vested over your operations (including assets and activities) by persons other than disqualified persons. Yes No
- b** Do any persons who have a family or business relationship with any disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), appoint any of your foundation managers? If "Yes," (1) describe the process by which individuals with a family or business relationship with disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons, the individuals with a family or business relationship with disqualified persons, and the foundation managers appointed, and (3) explain how control is vested over your operations (including assets and activities) in individuals other than disqualified persons. Yes No
- c** Do any persons who are disqualified persons, (except individuals who are disqualified persons only because they are foundation managers), have any influence regarding your operations, including your assets or activities? If "Yes," (1) provide the names of these disqualified persons, (2) explain how influence is exerted over your operations (including assets and activities), and (3) explain how control is vested over your operations (including assets and activities) by individuals other than disqualified persons. Yes No

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Schedule E. Organizations Not Filing Form 1023 Within 27 Months of Formation			
Schedule E is intended to determine whether you are eligible for tax exemption under section 501(c)(3) from the postmark date of your application or from your date of incorporation or formation, whichever is earlier. If you are not eligible for tax exemption under section 501(c)(3) from your date of incorporation or formation, Schedule E is also intended to determine whether you are eligible for tax exemption under section 501(c)(4) for the period between your date of incorporation or formation and the postmark date of your application.			
1.	Are you a church, association of churches, or integrated auxiliary of a church? If "Yes," complete Schedule A and stop here. Do not complete the remainder of Schedule E.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2a.	Are you a public charity with annual gross receipts that are normally \$5,000 or less? If "Yes," stop here. Answer "No" if you are a private foundation, regardless of your gross receipts.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
b.	If your gross receipts were normally more than \$5,000, are you filing this application within 90 days from the end of the tax year in which your gross receipts were normally more than \$5,000? If "Yes," stop here.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3a.	Were you included as a subordinate in a group exemption application or letter? If "No," go to line 4.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b.	If you were included as a subordinate in a group exemption letter, are you filing this application within 27 months from the date you were notified by the organization holding the group exemption letter or the Internal Revenue Service that you cease to be covered by the group exemption letter? If "Yes," stop here.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c.	If you were included as a subordinate in a timely filed group exemption request that was denied, are you filing this application within 27 months from the postmark date of the Internal Revenue Service final adverse ruling letter? If "Yes," stop here.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.	Were you created on or before October 9, 1969? If "Yes," stop here. Do not complete the remainder of this schedule.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	If you answered "No" to lines 1 through 4, we cannot recognize you as tax exempt from your date of formation unless you qualify for an extension of time to apply for exemption. Do you wish to request an extension of time to apply to be recognized as exempt from the date you were formed? If "Yes," attach a statement explaining why you did not file this application within the 27-month period. Do not answer lines 6, 7, or 8. If "No," go to line 6a.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6a.	If you answered "No" to line 5, you can only be exempt under section 501(c)(3) from the postmark date of this application. Therefore, do you want us to treat this application as a request for tax exemption from the postmark date? If "Yes," you are eligible for an advance ruling. Complete Part X, line 6a. If "No," you will be treated as a private foundation.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	Note. Be sure your ruling eligibility agrees with your answer to Part X, line 6.		
b.	Do you anticipate significant changes in your sources of support in the future? If "Yes," complete line 7 below.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

7 Complete this item only if you answered "Yes" to line 6b. Include projected revenue for the first two full years following the current tax year.

Type of Revenue	Projected revenue for 2 years following current tax year		
	(a) From To	(b) From To	-(c) Total
1 Gifts, grants, and contributions received (do not include unusual grants)			
2 Membership fees received			
3 Gross investment income			
4 Net unrelated business income			
5 Taxes levied for your benefit			
6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)			
7 Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)			
8 Total of lines 1 through 7			
9 Gross receipts from admissions, merchandise sold, or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)			
10 Total of lines 8 and 9			
11 Net gain or loss on sale of capital assets (attach an itemized list)			
12 Unusual grants			
13 Total revenue. Add lines 10 through 12			

8 According to your answers, you are only eligible for tax exemption under section 501(c)(3) from the postmark date of your application. However, you may be eligible for tax exemption under section 501(c)(4) from your date of formation to the postmark date of the Form 1023. Tax exemption under section 501(c)(4) allows exemption from federal income tax, but generally not deductibility of contributions under Code section 170. Check the box at right if you want us to treat this as a request for exemption under 501(c)(4) from your date of formation to the postmark date.

Attach a completed Page 1 of Form 1024, Application for Recognition of Exemption Under Section 501(a), to this application.

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Schedule F. Homes for the Elderly or Handicapped and Low-Income Housing

Section I General Information About Your Housing

1 Describe the type of housing you provide.

2 Provide copies of any application forms you use for admission.

3 Explain how the public is made aware of your facility.

4a Provide a description of each facility.
 b What is the total number of residents each facility can accommodate?
 c What is your current number of residents in each facility?
 d Describe each facility in terms of whether residents rent or purchase housing from you.

5 Attach a sample copy of your residency or homeownership contract or agreement.

6 Do you participate in any joint ventures? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. Also, submit copies of all joint venture agreements. Yes No

Note. Make sure your answer is consistent with the information provided in Part VIII, line 8.

7 Do you or will you contract with another organization to develop, build, market, or finance your housing? If "Yes," explain how that entity is selected, explain how the terms of any contract(s) are negotiated at arm's length, and explain how you determine you will pay no more than fair market value for services. Yes No

Note. Make sure your answer is consistent with the information provided in Part VIII, line 7a.

8 Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services. Yes No

Note. Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.

9 Do you participate in any government housing programs? If "Yes," describe these programs. Yes No

10a Do you own the facility? If "No," describe any enforceable rights you possess to purchase the facility in the future; go to line 10c. If "Yes," answer line 10b. Yes No

b How did you acquire the facility? For example, did you develop it yourself, purchase a project, etc. Attach all contracts, transfer agreements, or other documents connected with the acquisition of the facility.

c Do you lease the facility or the land on which it is located? If "Yes," describe the parties to the lease(s) and provide copies of all leases. Yes No

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Schedule F. Homes for the Elderly or Handicapped and Low-Income Housing (Continued)

Section II Homes for the Elderly or Handicapped

- 1a Do you provide housing for the elderly? If "Yes," describe who qualifies for your housing in terms of age, infirmity, or other criteria and explain how you select persons for your housing. Yes No
- b Do you provide housing for the handicapped? If "Yes," describe who qualifies for your housing in terms of disability, income levels, or other criteria and explain how you select persons for your housing. Yes No
- 2a Do you charge an entrance or founder's fee? If "Yes," describe what this charge covers, whether it is a one-time fee, how the fee is determined, whether it is payable in a lump sum or on an installment basis, whether it is refundable, and the circumstances, if any, under which it may be waived. Yes No
- b Do you charge periodic fees or maintenance charges? If "Yes," describe what these charges cover and how they are determined. Yes No
- c Is your housing affordable to a significant segment of the elderly or handicapped persons in the community? Identify your community. Also, if "Yes," explain how you determine your housing is affordable. Yes No
- 3a Do you have an established policy concerning residents who become unable to pay their regular charges? If "Yes," describe your established policy. Yes No
- b Do you have any arrangements with government welfare agencies or others to absorb all or part of the cost of maintaining residents who become unable to pay their regular charges? If "Yes," describe these arrangements. Yes No
- 4 Do you have arrangements for the healthcare needs of your residents? If "Yes," describe these arrangements. Yes No
- 5 Are your facilities designed to meet the physical, emotional, recreational, social, religious, and/or other similar needs of the elderly or handicapped? If "Yes," describe these design features. Yes No

Section III Low-Income Housing

- 1 Do you provide low-income housing? If "Yes," describe who qualifies for your housing in terms of income levels or other criteria, and describe how you select persons for your housing. Yes No
- 2 In addition to rent or mortgage payments, do residents pay periodic fees or maintenance charges? If "Yes," describe what these charges cover and how they are determined. Yes No
- 3a Is your housing affordable to low income residents? If "Yes," describe how your housing is made affordable to low-income residents. Yes No
Note. Revenue Procedure 96-32, 1996-1 C.B. 717, provides guidelines for providing low-income housing that will be treated as charitable. (At least 75% of the units are occupied by low-income tenants or 40% are occupied by tenants earning not more than 120% of the very low-income levels for the area.)
- b Do you impose any restrictions to make sure that your housing remains affordable to low-income residents? If "Yes," describe these restrictions. Yes No
- 4 Do you provide social services to residents? If "Yes," describe these services. Yes No

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Schedule G. Successors to Other Organizations

1a Are you a successor to a for-profit organization? If "Yes," explain the relationship with the predecessor organization that resulted in your creation and complete line 1b. Yes No

b Explain why you took over the activities or assets of a for-profit organization or converted from for-profit to nonprofit status.

2a Are you a successor to an organization other than a for-profit organization? Answer "Yes" if you have taken or will take over the activities of another organization; or you have taken or will take over 25% or more of the fair market value of the net assets of another organization. If "Yes," explain the relationship with the other organization that resulted in your creation. Yes No

b Provide the tax status of the predecessor organization.

c Did you or did an organization to which you are a successor previously apply for tax exemption under section 501(c)(3) or any other section of the Code? If "Yes," explain how the application was resolved. Yes No

d Was your prior tax exemption or the tax exemption of an organization to which you are a successor revoked or suspended? If "Yes," explain. Include a description of the corrections you made to re-establish tax exemption. Yes No

e Explain why you took over the activities or assets of another organization.

3 Provide the name, last address, and EIN of the predecessor organization and describe its activities.
Name: _____ **EIN:** _____
Address: _____

4 List the owners, partners, principal stockholders, officers, and governing board members of the predecessor organization. Attach a separate sheet if additional space is needed.

Name	Address	Share/Interest (if a for-profit)

5 Do or will any of the persons listed in line 4, maintain a working relationship with you? If "Yes," describe the relationship in detail and include copies of any agreements with any of these persons or with any for-profit organizations in which these persons own more than a 35% interest. Yes No

6a Were any assets transferred, whether by gift or sale, from the predecessor organization to you? If "Yes," provide a list of assets, indicate the value of each asset, explain how the value was determined, and attach an appraisal, if available. For each asset listed, also explain if the transfer was by gift, sale, or combination thereof. Yes No

b Were any restrictions placed on the use or sale of the assets? If "Yes," explain the restrictions. Yes No

c Provide a copy of the agreement(s) of sale or transfer.

7 Were any debts or liabilities transferred from the predecessor for-profit organization to you? If "Yes," provide a list of the debts or liabilities that were transferred to you, indicating the amount of each, how the amount was determined, and the name of the person to whom the debt or liability is owed. Yes No

8 Will you lease or rent any property or equipment previously owned or used by the predecessor for-profit organization, or from persons listed in line 4, or from for-profit organizations in which these persons own more than a 35% interest? If "Yes," submit a copy of the lease or rental agreement(s). Indicate how the lease or rental value of the property or equipment was determined. Yes No

9 Will you lease or rent property or equipment to persons listed in line 4, or to for-profit organizations in which these persons own more than a 35% interest? If "Yes," attach a list of the property or equipment, provide a copy of the lease or rental agreement(s), and indicate how the lease or rental value of the property or equipment was determined. Yes No

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Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures

Section I *Names of individual recipients are not required to be listed in Schedule H. Public charities and private foundations complete lines 1a through 7 of this section. See the instructions to Part X if you are not sure whether you are a public charity or a private foundation.*

- 1a** Describe the types of educational grants you provide to individuals, such as scholarships, fellowships, loans, etc.
b Describe the purpose and amount of your scholarships, fellowships, and other educational grants and loans that you award.
c If you award educational loans, explain the terms of the loans (interest rate, length, forgiveness, etc.).
d Specify how your program is publicized.
e Provide copies of any solicitation or announcement materials.
f Provide a sample copy of the application used.
- 2** Do you maintain case histories showing recipients of your scholarships, fellowships, educational loans, or other educational grants, including names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) to officers, trustees, or donors of funds to you? If "No," refer to the instructions. Yes No
- 3** Describe the specific criteria you use to determine who is eligible for your program. (For example, eligibility selection criteria could consist of graduating high school students from a particular high school who will attend college, writers of scholarly works about American history, etc.)
- 4a** Describe the specific criteria you use to select recipients. (For example, specific selection criteria could consist of prior academic performance, financial need, etc.)
b Describe how you determine the number of grants that will be made annually.
c Describe how you determine the amount of each of your grants.
d Describe any requirement or condition that you impose on recipients to obtain, maintain, or qualify for renewal of a grant. (For example, specific requirements or conditions could consist of attendance at a four-year college, maintaining a certain grade point average, teaching in public school after graduation from college, etc.)
- 5** Describe your procedures for supervising the scholarships, fellowships, educational loans, or other educational grants. Describe whether you obtain reports and grade transcripts from recipients, or you pay grants directly to a school under an arrangement whereby the school will apply the grant funds only for enrolled students who are in good standing. Also, describe your procedures for taking action if the terms of the award are violated.
- 6** Who is on the selection committee for the awards made under your program, including names of current committee members, criteria for committee membership, and the method of replacing committee members?
- 7** Are relatives of members of the selection committee, or of your officers, directors, or substantial contributors eligible for awards made under your program? If "Yes," what measures are taken to ensure unbiased selections? Yes No
- Note.** If you are a private foundation, you are not permitted to provide educational grants to disqualified persons. Disqualified persons include your substantial contributors and foundation managers and certain family members of disqualified persons.

Section II *Private foundations complete lines 1a through 4f of this section. Public charities do not complete this section.*

- 1a** If we determine that you are a private foundation, do you want this application to be considered as a request for advance approval of grant making procedures? Yes No N/A
- b** For which section(s) do you wish to be considered?
 4945(g)(1)—Scholarship or fellowship grant to an individual for study at an educational institution
 4945(g)(3)—Other grants, including loans, to an individual for travel, study, or other similar purposes, to enhance a particular skill of the grantee or to produce a specific product
- 2** Do you represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring? Yes No
- 3** Do you represent that you will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants described in line 2? Yes No

Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures (Continued)

Section II Private foundations complete lines 1a through 4f of this section. Public charities do not complete this section. (Continued)

- 4a** Do you or will you award scholarships, fellowships, and educational loans to attend an educational institution based on the status of an individual being an *employee of a particular employer*? If "Yes," complete lines 4b through 4f. Yes No
- b** Will you comply with the seven conditions and either the percentage tests or facts and circumstances test for scholarships, fellowships, and educational loans to attend an educational institution as set forth in Revenue Procedures 76-47, 1976-2 C.B. 670, and 80-39, 1980-2 C.B. 772, which apply to inducement, selection committee, eligibility requirements, objective basis of selection, employment, course of study, and other objectives? (See lines 4c, 4d, and 4e, regarding the percentage tests.) Yes No
- c** Do you or will you provide scholarships, fellowships, or educational loans to attend an educational institution to employees of a particular employer? Yes No N/A

If "Yes," will you award grants to 10% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39? Yes No
- d** Do you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer? Yes No N/A

If "Yes," will you award grants to 25% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39? If "No," go to line 4e. Yes No
- e** If you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer, will you award grants to 10% or fewer of the number of employees' children who can be shown to be eligible for grants (whether or not they submitted an application) in that year, as provided by Revenue Procedures 76-47 and 80-39? Yes No N/A

If "Yes," describe how you will determine who can be shown to be eligible for grants without submitting an application, such as by obtaining written statements or other information about the expectations of employees' children to attend an educational institution. If "No," go to line 4f.

Note. Statistical or sampling techniques are not acceptable. See Revenue Procedure 85-51, 1985-2 C.B. 717, for additional information.
- f** If you provide scholarships, fellowships, or educational loans to attend an educational institution to *children of employees of a particular employer* without regard to either the 25% limitation described in line 4d, or the 10% limitation described in line 4e, will you award grants based on facts and circumstances that demonstrate that the grants will not be considered compensation for past, present, or future services or otherwise provide a significant benefit to the particular employer? If "Yes," describe the facts and circumstances that you believe will demonstrate that the grants are neither compensatory nor a significant benefit to the particular employer. In your explanation, describe why you cannot satisfy either the 25% test described in line 4d or the 10% test described in line 4e. Yes No

Coalition For Life of Iowa 61-1521447

Part I, Line 7

Gerald T Sullivan
 Crawford, Sullivan, Read and Roemer, P.C.
 1800 First Ave NE
 200 Wells Fargo Bank Building
 Cedar Rapids, Iowa 52402-5435

Part I, Line 10

Our annual gross receipts have not been over \$25,000.00.

Form 1023 Part V

Coalition For Life of Iowa 61-1521447

1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual compensation, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
Susan Martinek	Incorporator / Initial Director	2550 Worthington Dr. SW Cedar Rapids, Iowa, 52404-7332	none
Mary Daley	Incorporator / Initial Director	PO Box 461 Cedar Rapids, Iowa, 52406-0864	none
Bill Brennan	Director	1639 Park Towne Ct. NE # 10 Cedar Rapids, Iowa 52402	none
Jim Burke	Director	PO Box 864 Cedar Rapids, Iowa 52406-0864	none
Rose Hanson	Director	PO Box 864 Cedar Rapids, Iowa 52406-0864	none

Form 1023 (Rev. 6-2008)

1a continued

Name	Title	Mailing Address	Compensation
Mary Cherion	Director	PO Box 864 Cedar Rapids, Iowa, 52406-0864	none
Ron Digmann	Director	PO Box 864 Cedar Rapids, Iowa 52406-0864	none
Matthew Dake	Director	4440 E Ave. NE Cedar Rapids, Iowa 52402-3127	none
Roberta Peters	Director	PO Box 864 Cedar Rapids, Iowa 52406-0864	none

Form 1023 Part V

Coalition For Life of Iowa 61-1521447

1a continued

Name	Title	Mailing Address	Compensation
Mary Cherion	Director	PO Box 864 Cedar Rapids, Iowa, 52406-0864	none
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Roberta Peters	Director	PO Box 864 Cedar Rapids, Iowa 52406-0864	none

the Psalmist writes — in the divine image of His Creator. Man lives, moves, and has his being in God. Before, then, we can be said to “belong” to others, even before we belong to ourselves, we belong to the one who “formed our inmost being” (Ps 139). Obviously, cloning blasphemes this sacredness. It seeks to eradicate the divine origins of the human person by reducing his spiritual and bodily unity (*corpore et anima unus*) to a mere thing of atoms and cells. And if this is all he is, then what is to prevent his being used as a plaything in the hands of scientists and doctors? Indeed, what then is the difference between man and beast?

Some years back science tempted us with *in vitro* fertilization, and our culture gave way; we were tempted by surrogate motherhood, and our culture gave way. Finally, as a logical consequence of man playing the part of God, science tempts us with genetic cloning. Let us pray earnestly that our culture will not give way again.

Geoffrey Surtees, M.T.S., J.D.

This pamphlet, #0332, is available from
CATHOLICS UNITED FOR LIFE
 New Hope, Kentucky 40052
 100 for \$10.00+\$4.00s&H

For further information, contact
Center for Law & Justice International
 New Hope, Kentucky
 40052
 (502) 549-5454

GENETIC CLONING



*and the
Sanctity of
Human Life*

ONE MIGHT THINK that the recent talk regarding the cloning of human beings throws the question of the sanctity of human life into a new light. It does not. Though we might be dealing here with a new area of bioethical consideration, we are not dealing with a new set of morally evaluative criteria. Indeed, the same principles of faith and reason which tell us that *in vitro* fertilization, surrogate motherhood, and other means of “producing” children in scientific laboratories are immoral, apply to this latest technological innovation as well. In fact, it is the technology alone which makes the cloning procedure innovative; the notion that “you shall be as gods,” and therefore usurp a privilege of God alone — in this case, creation — is as old as the temptation in the Garden of Eden.

The evil involved in man presuming to be the sole author of creation is illustrated well in a Jewish fable retold by Cardinal Ratzinger in his book, *The God of Jesus Christ*:

... one day the prophet Jeremiah, with the help of his son, succeeded in creating a living man by combining some words and letters. On the forehead of the Golem — the man created by man — were inscribed the letters used to unveil the mystery of creation: “Yahweh is Truth.” The Golem removed one of the seven letters of the Hebrew phrase, and the inscription then read: “God is dead.” The prophet and his son were filled with terror and asked the Golem what he was up to. And the new man replied: “Since you have learned to create man, God is dead. My life means the death of God. For where man is all-powerful, God no longer has any power.”

Genetic cloning does not make man “all-powerful” — nothing ever could — and God will always remain the Author of life, but what this tale reveals for us is that genetic cloning is a work of *hubris*, of Promethean pride before the divine.

The manner in which the human person ought to be brought into being is disclosed for us through faith and reason. In cooperation with the sexual union and mutual self-giving of husband and wife — a relation which mirrors the love of Christ for His Church — God creates and calls forth a human person from nothingness (a far more awesome event than science could ever hope to concoct). And though the newly conceived child may inherit his genes and other biological data from his parents, his soul — the unifying principle of the person — is the work of God alone. A child should be born of the indissoluble love of his parents, because it is this love which will nurture, educate, and rear the child for the benefit of society and for the glorification of God. To divorce the integral components that lie at the origin of the human person — man and God, procreation and marital love — is to attempt to divorce the integral components of the human person himself: body and soul. Such a divorce has been tried before, in the materialism of the Enlightenment, and it is a divorce from which we continue to suffer.

The infamous German philosopher, Friedrich Nietzsche, wrote that the essence of the will to power lies in “the making of all things manipulable.” Perhaps nothing manifests this idea more so than the cloning and reproduction of human beings. Why? Because it seeks to manipulate the very work of creation Scripture tells us is a “little lower than the angels” and declared by God to be “very good”: human life itself. Inasmuch as human life is a gift of God, it is sacred and inviolable, and therefore should not be subjected to the manipulation or denigration involved in genetic cloning. Though *Genesis* tells us that man was made from the dust to which he shall return, the “Book of Beginnings” also tells us that man is gifted with the very “breath” of God; that he has been made — fearfully and wonderfully, as

Coalition for Life Mission Statement

We believe in the protection of all human beings from conception to natural death. Because every human is created in the image and likeness of God, every human life is sacred. Our mission is to educate people in the greater Cedar Rapids area concerning respect life issues. We will work with other groups and individuals to build a culture of life by sharing our resources in order to strengthen our efforts.



Thank you for joining us today. We hope this forum has been helpful for you and your family. If you have any additional questions please write to Coalition for Life at P.O. Box 864 Cedar Rapids, Iowa 52406 or email us at coalitionforlife@gmail.com.

End of Life Decisions FORUM



"Cherish all Human Life"

**Mercy Medical Center
Hallegan Education Center**

Parking in ramp - Level #1, South Door

Saturday, April 28th 2007
9:00 AM - 2:45 PM

Sponsored by



Forum Agenda

- 8:00 A.M. Registration
- 9:00 A.M. Jason Bestler, Welcome
Rev. Michael Black, Opening Prayer
- 9:15 A.M. Rev. Michael Black, "Where Does
Dignity End?"
- 10:00 A.M. Rev. Michael Black, Q&A
- 10:15 A.M. Break
- 10:30 A.M. Dr. William L. Toffler, "End of Life
Decisions - How can we be sure to
make the right choice?"
- 11:15 A.M. Professor Charles E. Rice, "Legal
Aspects and Their Moral Implications."

- NOON LUNCH BREAK -

- 1:00 P.M. Ms. Leanne Burrack, "The Gift of Hospice"
- 1:45 P.M. Break
- 2:00 P.M. Jason Bestler, Speaker Q&A

Sponsors and Acknowledgements:

Linn Area Lutherans for Life
Linn Area Pro-Life United
St. Elizabeth Celebrate Life
St. Ludmilla Pro-Life With Love
St. Matthew Sanctity of Life

All coming together as:
Citizens for Life

"...there is a great challenge to perfect creation—be it oneself, be it the world." - Pope John Paul II

Many, many thank-yous to Xavier High School for its generous contribution of the LaSalle Theatre for our use today, including, but not limited to:
Tom Keating, Principal

Cloning and Stem Cells:

A Reality Check

May 14, 2005

Update: Stem Cells and Cloning

Donald Nelson, M.D.

Overview

- What are stem cells?
- What is the medical promise?
- How is this related to cloning?

What are Stem Cells?

Special cells that can give rise to multiple cell types

Undifferentiated "blank cells"

All cells ultimately start from stem cells

Most cells differentiate

Some remain as stem cells

What are Stem Cells?

- Master cells can give rise to the 210 different types of tissue in the human body.
- They have the ability to divide for an indefinite period of time.



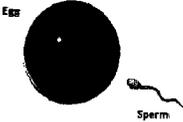
Traditional Stem Cell Types



- **Totipotent**
Can become an entire human being.
- **Pluripotent**
Can develop into any body cell.
- **Multipotent**
Thought only to differentiate into cells of same tissue type.

Cell Differentiation in the Embryo

Upon fertilization, the egg becomes a totipotent cell that can give rise to all cell types



Egg

Sperm

Proximity Effects on Cell Growth

All the cells of the embryo are genetically identical. Early in development each cell is capable of becoming an entire embryo if isolated. But they develop differently (differentiate) because of their location in the cell mass and relationship to other cells.

The diagram illustrates the progression from a single cell through various stages: In Vitro Fertilization, Totipotent Cells, Inner Cell Mass, Blastocyst, Fetus, and finally a human figure.

The Cellular Family Tree

Stem cells -> 210 different tissues

- Three basic cell layers
 - Ectoderm (outer layer)
 - Skin / Brain and Nervous System
 - Mesoderm (middle layer)
 - Skeleton / Muscles / Heart / Blood
 - Endoderm (inner layer)
 - Respiratory tract / GI tract / Liver / Pancreas

The Cellular Family Tree

- Within each cell line, some cells differentiate into specific types.
- A few cells remain less differentiated, as multipotent stem cells.
- So stem cells are found in the embryo, but there are also stem cells in most adult tissues also.

Why the Medical Interest in Stem Cells?

- Stem cells play a role in the body's healing process.
- In natural replacement of worn-out cells: red blood cells, white blood cells.
- In repair of injury to muscle, bone, etc.

A microscopic image showing a cluster of cells, with the word "Science" overlaid in a stylized font.

Why the Medical Interest in Stem Cells?

- Can the natural replacement / repair process be augmented & stimulated?
- Can stem cells be induced for repair or replacement in situations where this doesn't ordinarily happen?
- Can stem cells be genetically altered to produce results the natural process could not produce?

Replacing Lost or Missing Cells

- Salamander can regenerate a limb or tail
- Tissue growth affected by proximity to other tissues

An illustration of a salamander, showing its body and tail, used to represent the concept of tissue regeneration.

Prospects for Medical Treatments

Replace cells destroyed by cancer treatment

- Bone marrow transplant – myeloma, lymphoma, leukemia
- Brain tumor, neuroblastoma
- Breast cancer, ovarian cancer, testicular cancer

Prospects for Medical Treatments

Replace cells that degenerate

- Alzheimer's disease
- Parkinson's disease (dopamine-producing cells in brain stem)
- Diabetes (insulin-producing islet cells of pancreas)
- Multiple sclerosis (myelin-producing cells that insulate nerve fibers)

Prospects for Medical Treatments

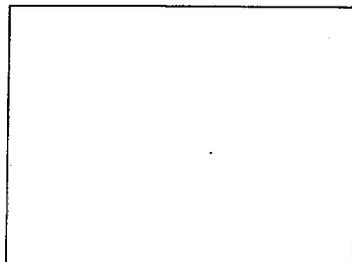
Replace cells that are physically injured

- Spinal cord injury (nerve fibers)
- Heart muscle (after heart attack)
- Brain tissue (after stroke)
- Amputated limbs (multiple tissues)

Prospects for Medical Treatments

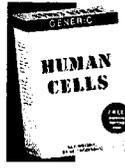
Create new populations of cells to replace defective cells (gene replacement)

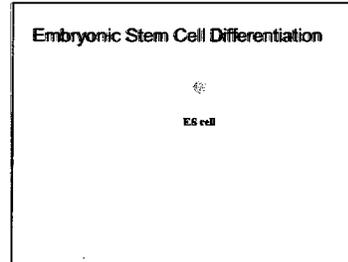
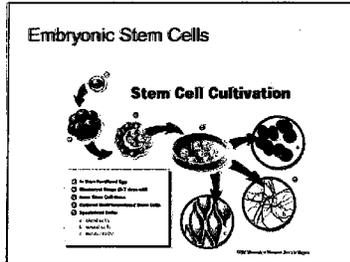
- Introduce HIV-resistant cells in AIDS patients
- Treat inherited diseases such as hemophilia or Gaucher's disease
- Replace blood-forming cells in sickle-cell disease



Sources of Stem Cells

- Embryo
- Fetus
- Umbilical Cord
- Placenta
- Adult Tissues





Sources of Embryonic Stem Cells

From embryos created to treat infertility

- In-vitro fertilization (IVF) "Spare" embryos
- Estimated 100,000 to 400,000 in storage in U.S.

Embryos created for experimentation

Cloned embryos

Fetal Stem Cells

- Similar potential to embryonic stem cells
- Derived from germ cells in the gonads of aborted fetuses

Adult Stem Cells

Undifferentiated cells removed from within a population of differentiated cells (another tissue).

Term applies to any stem cells derived from tissue other than embryo inner cell mass or fetal germ cells

Sources of Adult Stem Cells

Bone marrow	• Muscle
Fat	• Salivary
Brain	• Cornea
Skin	• Tendon
Lung	• Cartilage
Liver	• Thymus
Pancreas	• Synovium
Breast	• Umbilical cord
Tooth pulp	• Placenta
Blood	

Embryonic vs Adult Stem Cells

<ul style="list-style-type: none"> • Totipotent -- can produce any type of tissue • Can reproduce indefinitely • Available only during early stages of life • Obtaining stem cells sacrifices the embryo 	<ul style="list-style-type: none"> • Multipotent -- can produce some, but not all types of cells? • Limited life span • Available from birth onward • Can be obtained without harming the donor
--	---

Why the Interest in Cloning?



WHY GENETIC RESEARCH SCIENTISTS SHOULDN'T BE FORGOTTEN SINGERS...

Why the Interest in Cloning?

- Embryonic stem cells potentially useful for more types of treatments than adult stem cells (?)
- Embryonic cells can't be obtained from the patient to be treated
- Cells from a different source will be different genetically; therefore undergo immunologic rejection like an organ transplant

Why the Interest in Cloning?



- Cloning can produce embryos that are genetically "identical" to the patient.
- Cells from these embryos should be accepted by the patient's body as native, not foreign
- Cloned individual could donate organs to the patient

What is Cloning?

- Producing one individual that is genetically identical to another
- We clone plants when we take seedlings from an existing plant
- Cloning animals is harder

What is Cloning

- Take genetic material (cell nucleus) from one individual
- introduce into a reproductive environment (unfertilized egg cell)
- Allow the cell division/growth process to proceed to produce another individual
- The process may be stopped at desired stage based on purpose of the cloning (research, harvesting stem cells, reproduction)

Many thanks to:

World Wide Web: Google Images
Christian Medical & Dental Associations:
Standards 4 Life
Family Research Council

Cloning and Stem Cells: REALITY CHECK

A Free Public Forum



- Where do stem cells come from?
- What is cloning; how is it done?
- What medical treatments or cures might come from research in this area?
- What moral and ethical issues are involved?
- What are the legal and political implications?

Speakers:

Dr. Donald Nelson, Cedar Rapids Physician
Dr. James Lamb, National Director, Lutherans for Life
Kim Lehman, Lobbyist, Iowa Right to Life

Saturday, May 14, 2005

1:00 - 5:00 P.M.

**Xavier High School
6300 42nd St NE
Cedar Rapids, Iowa**



Sponsored by: Citizens for Life

Linn Area Lutherans for Life

St. Matthew's Sanctity of Life

Pro-Life with Love

Linn Area Pro-Life United

more alternatives to embryonic stem cells research?

likely, scientists' papers are published virtually that show that *adult stem cells* are being used types of diseases:

• been found that adult stem cells (fibroblast cord cells) can differentiate in lung, liver, cartilage, bone, and skin pancreatic islet cells. They are used to treat leukemia, stroke cell • spinal cord injuries, and more • cell lines can be grown from the body, thus overcoming any protein synthesis problems and any need for expensive drug therapy.

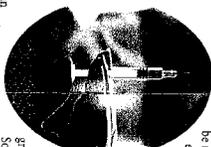
• cells are much more accessible than in cells. They are located throughout the human in tissue. • n cells are more controllable and haven't been • mutants to form tumors or to behave differently ill, as with embryonic stem cells.

it is involved in the stem controversy?

• ven much debate about the government's role stem cell research. President George W. Bush • the use of federal funds under limited circum- • ing the use of only embryonic stem cells that • not allowing the killing of any future embryos. • d a large amount of federal funds for research • cord, placenta, adult, and animal stem cells." • discussion, those who support using stem cells • porting a false choice either we use stem cells • or there will be no hope of a cure for the • at other diseases and injuries. This is obviously • ly ethical enemies of research with adult stem • g that stem cells from embryos need not be used.

it does the Church teach his issue?

• encyclical letter *Fides et Ratio* ("Faith and • John Paul II showed us that both faith and • used to seek and find the truth, such is the case • embryonic stem cell research and cloning. Faith



BRAIN X PICTURE

tells us it is wrong to take a human life; reason and knowledge of basic biology tell us that an embryo (whether cloned, obtained through in vitro fertilization, or naturally fertilized) is clearly a human life.

• The Church has consistently taught that human life must be respected at its very origin: "Human life must be respected and protected absolutely from the moment of conception. From the first moment of his existence, a human being must be recognized as having the rights of a person — among which is the inalienable right of every innocent being to life" (*Declaration of the Doctrine of the Faith, Dominus Vivax*, I, ¶ 5, 1988, ¶ 4.6). In his 1985 encyclical *Benedictus Deus* ("The Concept of Life"), John Paul II emphasized that "the direct and voluntary killing of an innocent human being is always gravely immoral" (¶ 3; see also nn. 60, 65).

• Some say that the good to be accomplished by healing diseases and injuries through the use of embryonic stem cells justifies the evil of destroying some human embryos. However, this argument violates one of the most basic principles of morality: that one may not do evil to achieve good (see Romans 8:8; *Humanae Vitae* [on the regulation of birth, n. 14]; *Veritatis Splendor* ["The Splendor of Truth," nn. 71-82]). It also reduces people, specifically embryonic human beings, to their usefulness.

Why should Catholics be concerned?

• In a presentation to a United Nations committee, Archbishop Renato R. Martino has said, "Human embryonic cloning, even when done in the name of bettering humanity, is still an affront to the dignity of the human person."

• Contemplating the vulnerability and weakness — and, indeed, our — of the human embryo should make us pause in wonder and awe. We need to reflect on the gift of humanity itself, and then weeping about the issues of embryonic stem cell research and cloning becomes clear. One may not kill a human embryo for any reason. One may not use the human embryo or its cells in a utilitarian way. We have a responsibility to proclaim the truth about these issues.

• Pope Benedict XVI's first encyclical, *Deus Caritas Est* ("God Is Love"), states, "The Christian's program — the program of the Good Samaritan, the program of Jesus — is a heart which sees. This heart sees where love is needed and acts accordingly" (¶ 31). The Christian heart sees the humanity in the embryo and acts accordingly to protect the most vulnerable of human life.

Where to go for more information

The following documents are available at the Vatican website: www.vatican.va:

- *Deus Caritas Est* ("God Is Love"), Pope Benedict XVI
- *Dominus Vivax* ("The Gift of Life"), Sacred Congregation for the Doctrine of the Faith
- *Evangelium Vitae* ("The Gospel of Life"), Pope John Paul II
- *Fides et Ratio* ("Faith and Reason"), Pope John Paul II
- *Humanae Vitae* (On the Regulation of Birth), Pope Paul VI
- Intervention by the Holy See Delegation at the Special Committee of the 57th General Assembly of the United Nations on Human Embryonic Cloning, Archbishop Renato R. Martino
- *Reflections on Cloning*, Pontifical Academy for Life
- *Veritatis Splendor* ("The Splendor of Truth"), Pope John Paul II

• • •
Creedendum of the Catholic Church, Second Edition, nn. 2270-2275.

Do No Harm: The Condition of Americans for Research Ethics, www.stemcellresearch.org

For additional Catholic resources or to order bulk copies of this pamphlet contact:

Our Sunday Visitor
 200 Neo Plaza • Huntington, IN 46750
 1-800-348-2440 • Fax: 1-800-498-5709 • www.osv.com

ISSN: 159276-527-5 • Inventory Number: 1700
 By Lara L. Scheler

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US \$14.95
 ISBN 13: 978-1-58275-247-7
 ISBN 10: 1-58275-247-7

Research for the Faithful

research, has been promoted by scientists, doctors as one of the most important types of therapy. It offers the promise of treating some of the leading causes of death, including diabetes, Parkinson's disease, Alzheimer's disease, heart disease, and spinal cord injuries. Why, then, is there such a heated argument about stem cell research?

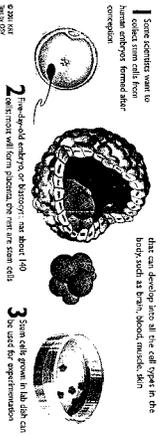
It are n cells?

Stem cells are a unique type of undifferentiated cell, which are able to divide and remain open to the capability to form other types of cells. There are two types of stem cells:

Embryonic stem cells: These are found throughout the body (in the embryo and the fetus) and remain open to the capability to form many other types of cells, such as blood, liver, muscle, and so on. They can differentiate into any type of cell in order to replace or repair worn-out cells.

Embryonic stem cells:

Some scientists believe that embryonic stem cells can be used to create a human embryo, which would then be used for reproductive purposes.



Embryonic stem cells are a type of cell that can be used to create a human embryo, which would then be used for reproductive purposes.

Stem cell research is morally wrong?

Stem cell research is morally wrong because it involves the creation and use of human embryos. Some people believe that embryos are human beings and should be treated with the same respect as any other human being.



Embryonic stem cells are a type of cell that can be used to create a human embryo, which would then be used for reproductive purposes.

What are the moral concerns with embryonic stem cell research?

Embryonic stem cells are obtained by taking a five- to seven-day-old human embryo and extracting the inner cell mass. These cells can then be cultured and grown in a laboratory to grow into specific types of cells. If such an embryo is used to create a human being, the entire genetic inheritance of the human being that it will become — does not have its inner cell mass extracted. It will grow and mature as usual (into a fetus, baby, child, and adult). Therefore, the extraction of these cells constitutes the taking of a human life, and the use of embryonic stem cells is ethically wrong.

Embryos created in the process of in vitro fertilization are particularly vulnerable to being used for embryonic stem cell research, because there are usually more embryos created than are implanted in the mother. The remaining embryos are often frozen for possible later use. It has been suggested by many who are not concerned about the welfare of these frozen embryos that they should be used to obtain their cells for embryonic stem cell research.

However, these embryos are being used to create human beings, and it is not morally permissible to take their lives to obtain their cells.

What is cloning?

Cloning (also called somatic cell nuclear transfer) is the process of creating a new human being. The nucleus of a somatic (body) cell is transferred into an egg cell, and the egg cell is fertilized to create a new human being.

Scientists speak today of the possibilities of cloning human beings for several purposes:

- "Reproductive" cloning: A cloned embryo is created and then implanted in a woman's uterus to produce children. This is the most controversial form of cloning because it involves the creation of a human being.
- "Therapeutic" cloning: A cloned embryo is created and used to produce stem cells. The stem cells are then used to create a human being.

In the end, they both really are the same thing: a human being is created, and it is used to produce stem cells. The only difference is what is done with the stem cells. "Therapeutic" cloning is only for research or therapeutic purposes. "Reproductive" cloning is for the purpose of creating a new human being.

Cloning is also inbred with a logic of "production" and is a highly controversial issue. It uses them as literal "factories" for the production of human beings. It uses them as literal "factories" for the production of human beings. It uses them as literal "factories" for the production of human beings.

Numerous animals, including a sheep named Dolly and a dog named Cappy, have been cloned. However, cloning humans for "therapeutic" purposes is still very controversial. It is not clear if it is morally permissible to create a human being for the purpose of producing stem cells.

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What is cloning?

Cloning (also called somatic cell nuclear transfer) is the process of creating a new human being. The nucleus of a somatic (body) cell is transferred into an egg cell, and the egg cell is fertilized to create a new human being.

Scientists speak today of the possibilities of cloning human beings for several purposes:

- "Reproductive" cloning: A cloned embryo is created and then implanted in a woman's uterus to produce children. This is the most controversial form of cloning because it involves the creation of a human being.
- "Therapeutic" cloning: A cloned embryo is created and used to produce stem cells. The stem cells are then used to create a human being.

In the end, they both really are the same thing: a human being is created, and it is used to produce stem cells. The only difference is what is done with the stem cells. "Therapeutic" cloning is only for research or therapeutic purposes. "Reproductive" cloning is for the purpose of creating a new human being.

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With embryonic stem cell research?

Embryonic stem cells are obtained by taking a five- to six-day-old human embryo and extracting the inner cell mass. These cells can then be cultured and given growth factors to grow into specific types of cells. If such an embryo already contains the entire genetic inheritance of the parent, it will become — does not have its inner cells extracted, it will grow and mature as usual (into a baby, child, and adult). Therefore, the extraction of stem cells constitutes the taking of a human life, and the use of embryonic stem cells is ethically wrong.

Embryos created in the process of in vitro fertilization are particularly vulnerable to being utilized for embryonic stem cell research, because there are usually more embryos than are implanted in the mother. The remaining embryos are often frozen for possible later use. It has been estimated by many who are not concerned about the welfare of these frozen embryos that they are "excess" and should be used to obtain their cells for embryonic stem cell research.

However, these embryos are living human beings, and it is not morally permitted to take their lives to obtain their cells.

Stem cells are formed after fertilization and develop into all cell types in the body, such as brain, blood, muscle, skin.



3 Stem cells grown in a dish can be used for experimentation.

What are the medical concerns with embryonic stem cell research?

- Embryonic stem cells are considered somewhat uncontrollable; it has been found that they form tumors in animal experiments.
- Scientists have found that gene expression in embryonic stem cells is extremely erratic and can differ widely from cell to cell. This could mean that if used in transplants, the cells could exhibit aberrant behavior due to cell variation in gene and protein expression.
- Embryonic stem cells exhibit the cellular markers of the original donor of the cells, which can cause an

mal organ transplants, in order to avoid graft-versus-host disease, the physician would need to treat the recipient with immunosuppressive drugs (which can involve undesirable side effects).

One way that has been proposed to get over this immunosuppression problem is to "clone" a human embryo from a patient's own cells and then to "harvest" the embryo's cells.

What is cloning?

Cloning (also called somatic cell nuclear transfer) is the process of making an embryonic human being in the laboratory. The nucleus of a somatic (body) cell is transferred into a denuded egg and stimulated to divide and grow into a new human being.

Scientists speak today of the possibilities of cloning human beings for both "reproductive" and "therapeutic" purposes:

- "Reproductive" cloning: A cloned embryo is created and then implanted into a woman's womb, to bring it to birth. This is considered cloning to produce children. This illicitly moves human procreation out of the setting of marital intimacy and into the laboratory.
- "Therapeutic" cloning: A cloned embryo is created and instead of implanting it into a woman's womb, the embryo is killed in order to obtain its stem cells for research or therapeutic use. The assumption is that the cells can be retransplanted into the person from whom the clone is made (for the purposes of treating disease or injury), without immune rejection of the cells. This type of cloning is sometimes known as the "clone and kill" technique, since the embryo is killed during the procedure of harvesting its stem cells.

In the end, they both really are the same thing: a human being is cloned. The only difference is what is done with the cloned human being. It is either allowed to grow, or is killed for research or therapeutic purposes. So-called therapeutic cloning clearly is not "therapeutic" for the embryo, since it loses its life in the process.

Cloning is also imbued with a logic of production and is a highly utilitarian way of treating human beings. It uses them as literal "factories" for the production of their cells, without regard for their inherent dignity as persons. The Pontifical Academy for Life rejects cloning because it "denies the dignity of the person subjected to cloning and the dignity of human procreation." Additional casualties of the cloning process are women. In cloning, women are radically exploited and reduced to a few of their purely biological functions (providing ova and womb).

Numerous animals, including a sheep named Dolly and a dog named Snuppy, have been cloned. In the last few years, some laboratories have been trying to clone humans for "therapeutic use." It seems, however, that scientists still may have a long way to go before a human can be cloned. Recently, a Korean scientist's team caused a scandal by falsifying data, saying in a prestigious scientific journal that they had performed human cloning, and the scientists had to retract the papers they had written. Several private U.S. and European research laboratories continue to perform research attempting to clone human beings.

cells would be almost identical to the patient's cells, and theoretically would not cause immunological problems. However, the cloned embryo would still be a human embryo — a living human being in its earliest stages of formation — which would be intentionally killed in order to extract its embryonic stem cells.



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1. *Donum Vitae*

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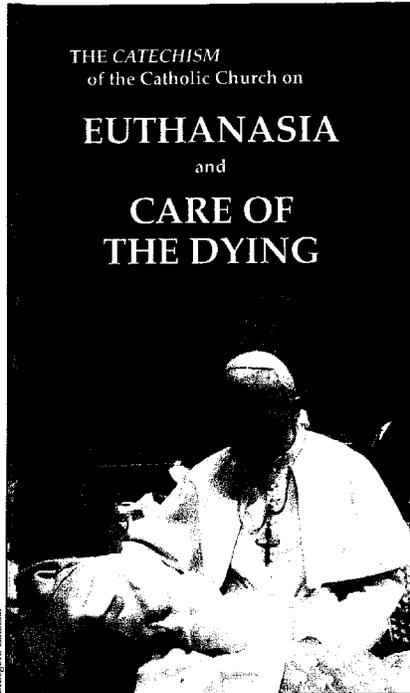
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Intentional euthanasia, whatever its forms or motives, is murder.

It is gravely contrary to the dignity of the human person and to the respect due to the living God, his Creator. [CCC 2324]



AMERICAN LIFE LEAGUE

LIFE SUPPORT

the ventilator

NOTES

1 A variety of medical means are used to support or treat impaired breathing. One type of oxygen is supplied by a ventilator and by a mask; the other is supplied by a tube that helps the patient whose body is having difficulty taking oxygen out of the air.

A ventilator works by supplying air and/or oxygen under pressure; pressure increases, causing air flow into the patient's lungs; pressure then decreases, and the lungs elastically recoil, expelling carbon dioxide.

2 A patient on a ventilator in an intensive care unit usually has other kinds of equipment in use, mostly for making observations about the patient's condition. For example, such equipment may electronically monitor heart rate, breathing rate, blood pressure, the amount of oxygen in the tissues of the body and other functions. In other words, many "machines" in intensive care units are used not so much to treat the patient as to make accurate observations that can be used to treat the patient more effectively.

3 The Science of Medicine in this century has improved its practice to protect and preserve the life of the patient who is a person. The science of medicine has advanced to the point where the very concept of medicine, extending its aid beyond the cure of a patient, has become a part of promoting the overall health of human beings. A consequence of this new outlook is that the relation between physician and patient has gradually taken on increasingly organized and complex forms that are meant to safeguard the citizen's health from birth to old age." (Pope John Paul II, *A Patient For Person*, Oct. 27, 1980, Address to the Congresses of Physicians and Surgeons.)

Some medical conditions necessitate ventilator support for a short time; others for extended, perhaps indefinite, periods. It is important to understand that use of the ventilator is not an end in itself. The purpose of the ventilator is to help the patient breathe. While the patient may need help adjusting his or her life to such necessary medical treatment, it would not be morally permissible to foreclose or discontinue ventilator support because the patient's life is considered no longer worth living.

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The important thing to know is that both the ventilator and the inhaler are forms of treatment. Therefore, this decision to use a ventilator should be made in the same way decisions about other forms of treatment and care are made—by determining whether it will protect, preserve and prolong life.

The value of a ventilator

More specifically, we ought to choose medical treatments, including a ventilator that will support breathing and ultimately restore normal breathing. A ventilator ought to be used to treat patients with conditions for which ventilatory support is known to be effective, such as pneumonia, asthma, head injuries and drug overdose. During and after certain anesthetics, or simply preceding breathing support and comfort after major surgery, often the use of a ventilator is included. In the typical case, the ventilator benefits the patient by helping him or her to breathe more effectively.

The use of the ventilator is effective in respiration as an aid in the care of the patient. Even when the ventilator is used to cause the patient to be more comfortable, its use continues to be effective in breathing and respiration.¹

To those who say, "I never want to be put on a ventilator," we can see that the assumption that probably underlies this sentiment is apt to be false. Ventilators are used commonly and effectively to protect, preserve and to prolong life. With the assistance of a ventilator, a person can continue to live and serve God.

Breathing is something we do all the time, mostly even without thinking about it. We take a breath in, we blow it out. We must breathe to live.

When difficulty with breathing occurs, treatment and care are expected. Sometimes a ventilator is needed. To refuse and to deny assistance for something as essential as breathing would not be in accord with right reason. Good ought to be done; evil must be avoided.

Sometimes breathing needs assistance, e.g., an inhaler or a ventilator. Experience shows that an inhaler can be helpful for asthma. A ventilator can be helpful to treat other diseases and injuries. While we are grateful for the ability to breathe without the need of an inhaler or ventilator, if ever these are needed to assist breathing, we should request them and treatment with them ought to be expected.

The term, "respirator" is often used to refer to a ventilator. The ventilator is an aid in breathing, aid in respiration, is desired and promoted by the use of the ventilator. Ventilation is the movement of air in and out of the body. Respiration in the lungs takes oxygen out of the air to be used by the body in exchange for carbon dioxide exhaled out of the body into the air.

In everyday life, for breathing to occur, an impulse originates in the brain and is conducted along nerves to muscles used in breathing. These muscles are those of the chest wall and the diaphragm (a muscle that separates the chest from the abdomen). The muscles contract, causing the chest to expand, resulting in lungs filled with oxygen-rich air. Nervous impulses stop and the muscles relax. The chest elastically recoils, exhaling carbon dioxide into the air. Other organs used in breathing include the trachea (the windpipe), smaller air passages known as bronchi and bronchioles and the lungs.

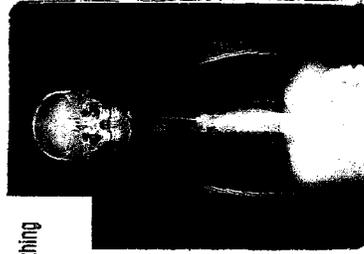
The actual exchange of oxygen and carbon dioxide takes place in the lungs, as well as in living tissues throughout the body via circulation. The heart pumps, circulating blood to and through the lungs and then throughout the body. In the lungs, the blood takes in oxygen and gives up carbon dioxide. Then the blood circulates throughout the rest of the body where an opposite exchange occurs: the blood gives up oxygen and takes in carbon dioxide. This exchange in the lungs and in the tissues is respiration.

The ventilator aids breathing

When the parts of the brain that control breathing or the organs and tissues for breathing are diseased or injured, a ventilator helps until normal functioning is restored. For example, people with head injuries and respiratory diseases typically receive relief and help from the use of a ventilator.

This machine is properly called a "ventilator" since it supports the ventilation part of breathing. In other words, a ventilator moves air; it does not and cannot cause the other part of breathing—respiration. That is, it does not and cannot exchange oxygen and carbon dioxide as occurs in

lungs and body tissues. Respiration can occur only when the body's respiratory and circulatory systems are otherwise intact and functioning properly. Respiration is a human function, not a machine's. The more accurate term "ventilator" should always be used.



The ventilator moves air into and out of the air spaces to help the patient to breathe more effectively, which improves respiration. When the living body of a person with interdependence of organs and systems receives an adequate supply of needed oxygen, and carbon dioxide is exhaled adequately, healing can occur. If respiration is supported inadequately by the ventilator, although all other treatments remain in place, death can occur.

An effective treatment

By now it should be clear that in terms of function, a ventilator, like an inhaler, is a means of treatment for a patient who needs help breathing. While an inhaler is typically pulled out of a pocket and used almost anywhere without much technical skill or training, a ventilator is used primarily in a hospital, often in an intensive care unit. Some types of ventilators, however, are portable and may be used outside the hospital.

identical sets of criteria (which in itself should cause considerable concern) for determining "irreversible cessation of all brain functions." At that point, in practice, the ventilator will often be continued. Everyone in attendance can witness the intact circulatory system via the sound or oscilloscopic display of the beating heart and blood pressure. The intact respiratory system is manifest through the normal color of the skin. The exchange of oxygen and carbon dioxide can be verified by determining blood oxygen and carbon dioxide levels. The intact, independent functioning of circulatory and respiratory systems can be observed easily by any and all, merely by applying pressure to the skin, resulting in blanching only to be followed by normal color within a few seconds after removal of the pressure. With more sophistication, an intact endocrine system (pituitary, thyroid and adrenal hormone production) can often be demonstrated. Detoxification by the intact liver can be documented through appropriate testing. If the individual declared "brain dead" is pregnant, then the mother and the fetus can be maintained until the fetus matures and is better able to adjust to extraterrestrial environment (JAMA, Sept. 3, 1982).

Clearly, there are many signs, including the vital signs, which both physicians and laymen are accustomed to associate with being alive. When support by the ventilator is stopped, everything else might stop, or sometimes, the individual resumes spontaneous breathing.

In the process of declaring "brain death," an apnea test is done. This involves stopping the ventilator and observing the patient. During this, test the carbon dioxide increases which causes acidosis. This test could cause the patient's condition to get worse. Then, according to the UDDA, the individual manifests the other set of criteria, irreversible cessation of circulatory and respiratory functions, the findings more identified with what has been acceptable for centuries as death. Are we not being asked to accept two clearly distinguishable situations as equivalent and identical?

To be fully informed about organ donation and transplantation requires that the donor be informed that "brain death" is not identical and equivalent to true biological death. Only healthy organs are suitable for transplantation. Circulation and respiration must be occurring in a living person until organs are taken. After a declaration of "brain death," minutes before the heart is cut out, the transplant surgeon stops the heart. After the heart is excised the donor is truly dead.

Realize...

To say that a patient with a beating heart, normal pulses, normal blood pressure, normal coloring, and a normal temperature is dead is false.

To remove an unpaired vital organ prior to true death is ethically and morally unacceptable.

If brain-related criteria are not based on valid scientific data, removal of an unpaired vital organ results in death.

To consent to or decline permission for organ donation requires that the donor or surrogate be fully informed about the meaning of the declaration of "brain death" and organ transplantation.

"Brain death" laws, followed by living will and death-with-dignity laws, are a part of or lead to euthanasia or eurythanasia. *Eurythanasia* is a Greek word translated as "imposed death," which is more accurate than "euthanasia." In the Netherlands, a person can be legally killed without his or her consent.

A human being is a person throughout life. Attributes of a living human being include thinking, judging, loving, willing, and acting. When it is predicted that a particular living human being will not be capable of demonstrating these attributes again, this or she is still a living human person with human rights. To say that a person on a ventilator declared "brain dead" is certain to die and therefore is no longer a person, is to deny reality.

Great care must be taken not to declare a person dead even one moment before death has actually occurred. Death should be declared only after, not before, the fact to declare death prematurely is to commit a fundamental injustice. A person is still alive, even a moment before death and must be treated as such.

In conclusion, we believe that destruction of the entire brain can occur, but that the criteria to determine this state reliably have not been established. Cessation of brain function is not the same as destruction. Death ought not to be declared unless there is destruction of the entire brain, and of the respiratory and circulatory systems as well.

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**Understanding
"Brain Death"**

Paul A. Byrne, M.D., Neonatologist
Richard G. Nilges, M.D., Neurosurgeon
and Walt F. Weaver, M.D., Cardiologist



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are clinically ascertainable." In one sentence, whatever stringency there was has been reduced to no more than what can be "clinically ascertainable." Thank God there is more physiology taking place in all of us than what is clinically ascertainable.

If one uses the British Criteria, the British Commission is not necessary to include EEG evaluation in determining "brain death." Thus, if the cortex is still functioning, but is wholly cut off from manifesting its activity clinically by damage elsewhere in the brain—something that does occur and which an EEG can clearly show—then this functioning (which could involve memory, feelings, emotion, etc.) is suddenly considered irrelevant to the person's life or death. According to the NIH Study, 8% of patients declared dead on the basis of criteria that omit the EEG still have cortical activity when evaluated by nonclinical means (EEG). Action such as excision of a beating heart, then, results in killing at least one in twelve under such circumstances. As Dr. A. Earl Walker (*Clinical Neurosciences*, 1975) wrote, this represents "an anomalous and undesirable situation," the general public probably would use much stronger words.

In January, 1981, there is "deep disagreement" whether brain death is synonymous with death. Death of the brain is not the same as death in a traditional sense. "With such disagreement, why does every state have a 'brain death' law?"

Dead mother, live baby

Editorial comment in *The Journal of the American Medical Association* on Sept. 3, 1982, includes "Now we are told a brain dead patient can nurture a child in the womb, which permits live birth several weeks post-mortem? Perhaps this is the straw that breaks the conceptual camel's back.... the death of the brain seems not to serve as a boundary. It is a tragic, ultimately fatal loss, but not death itself." The American Bar Association and the Uniform Commission as well as others have supported the Uniform Determination of Death Act (UDDA).

The UDDA accepts two separate, readily distinguishable clinical situations as death, both of which can be manifested successively in the same individual. For example, an individual can be determined to be "dead" based on any one of more than 40, non-

brain that recovers with or without an alarm clock. Narcotics and toxins result in cessation of many brain functions. An antidote or body metabolism restores these functions. Destruction includes alteration of the brain's electrical or organic change resulting in losing the essential function of brain death." Criteria determine only cessation of function, not destruction of even the brain, much less destruction of the person.

Suspect criteria—40 ways to be "brain dead"

Brain-related criteria are not based on valid scientific data. The Harvard Criteria were published without any patient data, and there were no references to basic scientific reports. The Minnesota Criteria evolved from a study of 25 patients. Only nine had an EEG and of those, two had "biologic" activity in their EEG and "brain death" had been declared. The conclusion: No longer is it necessary to do an EEG.

A patient could be declared dead by one set of criteria and alive by another

It seems scientifically invalid not to use an EEG in the diagnosis of "brain death" if any degree of certainty is to be obtained. The British Criteria do not include the EEG. This omission was due to the influence of the Minnesota Criteria, which do not require an EEG. The National Institutes of Health Criteria were based on a study of 40 sets of criteria. They are supposed to be verified by larger study. But in this study, a physician is free to use any one of these 40 sets. Thus, patient John Doe could be determined "brain dead" by Doctor A, who chooses to follow one set of criteria and, yet, Doctor B by adhering to a different set of criteria could confirm that this same John Doe is, in fact, alive.

Bending the criteria

No matter how seemingly rigid the criteria are, the ease with which they can be bent is manifested in the report by the 1981 President's Commission for the Study of Ethical Problems in Medicine and Biomedical Research (page 162): "An individual with irreversible cessation of all functions of the entire brain, including the brain stem, is dead. The 'functions' of the entire brain' that are relevant to the diagnosis are those that

transplantation, or the physician might benefit. Often the limits for liability after the death of a patient are less than the liability for continued life with a handicapped. On how about benefit for all mankind? Research has been done after the declaration of "brain death" based on absence of certain brain functions.

"Brain dead"—treated as alive

The person is declared to be "brain dead," but then is treated as "alive"—declared to be "brain dead" based on absence of some brain functions, but the heart is beating, blood pressure can be recorded, and when the knee is tapped, the knee jerk is present. The skin color is normal, but when pressure is applied to the skin, it will blanch. The color will then return when the pressure is removed. The person is declared "brain dead," but is treated as alive—a contradiction. Suction and postural drainage are done to prevent pneumonia. The patient is turned to prevent bedsores. How can a cadaver develop pneumonia or a bed sore? How can a person defect in the answer to no, then he is still alive and treated as if he is dead? How can it be possible to kill a living person. If the answer is yes, then the question is, which set of criteria was used to make the determination of "death"?

Brain-related criteria for death involve around three types of observations. The first is clinical observation of absence of certain brain functions, e.g., shining a light in the eye and observing no response of the pupil or putting ice water in the ear and observing no eye movement. Another is doing an electroencephalogram, commonly known as an EEG. The EEG is a recording of electrical activity from the surface of the brain. Little or no information is obtained from deeper in the brain. The Minnesota and British criteria (sets of standards for diagnosing "brain death") do not even include the EEG. A third method, included in some criteria, is a technique used to evaluate absence of circulation to the brain. These circulatory tests are not based on an understanding of the physiology of the effect of spasms of the vessels that result in what is being searched for, i.e., no circulation to the brain.

"Brain death" criteria equate less of functioning with physical destruction. An analogy to help understand this is to consider that a computer cannot function without electrical current. Yet it is not destroyed and can function again when electricity is supplied. During sleep there is loss of some functioning of the

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We live in a "disposable society," where it is common to discard whatever no longer functions. When a declaration of "brain death" is based on absence of brain functions, the individual is declared "dead" but then is often treated as "alive" until it is more convenient to take organs. This represents a major and unacceptable change in the patient-doctor contact, as well as in patient-hospital and doctor-hospital relations, and in social relations as well.

"Brain death" revolves around a person's being dead enough to have vital organs legally removed yet not dead enough to be cremated or buried. Organ transplantation is the main reason "brain death" was devised. We are not opposed to organ transplantation, but we are opposed to removing a vital organ from someone who, if he or she is not yet dead, certainly will be dead after the organ has been removed. We are likewise opposed to research on those determined to be dead based on cessation of brain functions, but who are otherwise alive.

Living—not dead

The life span on Earth for a person is somewhat analogous to a line drawn on a board. The line has a beginning and an end. Life on earth for a human being is a continuum from the beginning to the end. At any point on the continuum, for that is the same human being, lifeless to say, life is "not smooth." Thus, like the line can be drawn with its zig and downs. Often, just before death, it can be said that the person is critically ill, and it seems that the patient will not live on Earth much longer; the patient is alive and living. Death is the state of absence of life. Death is a negative. After death what can be observed is destruction, and continued destruction, of the remains of someone.

If he or she is not dead before, he or she will certainly be dead after vital organ removal

The pronouncement of death has changed radically over the past 30 years. Before 1970, the physician and other interested parties had only one objective—to be sure that a person not be buried or cremated alive. The new approach is not as sure—now, there is needless risk of sacrificing one patient's life to benefit another. For example, the expense of medical care may be a factor for the relatives of those who pay the bills, or another patient may benefit through organ

transplantation, or the physician might benefit. Often the limits for liability after the death of a patient are less than the liability for continued life with a handicap. Or how about benefit for all mankind? Research has been done after the declaration of "brain death" based on absence of certain brain functions.

"Brain dead"—treated as alive

The person is declared to be "brain dead," but then is treated as "alive"—declared to be "brain dead" based on absence of some brain functions, but the heart is beating, blood pressure can be recorded, and when the knee is normal, but when pressure is applied to the skin color is normal, but when pressure is applied to the skin, it will blanch. The color will then return when the pressure is removed. The person is declared "brain dead," but is treated as alive—a contradiction. Suction and postural drainage are done to prevent pneumonia. The patient is turned to prevent bedsores. How can a cadaver develop pneumonia or a bed sore?

Is the person dead? If the answer is no, then he is still alive and must be treated as such. If the answer is unknown, one is not free to remove vital organs and possibly kill a living person. If the answer is yes, then the question is, which set of criteria was used to make the determination of "death"?

Brain-related criteria for death revolve around three types of observations. The first is clinical observation of absence of certain brain functions, e.g., shining a light in the eye and observing no response of the pupil or putting ice water in the ear and observing no eye movement. Another is doing an electroencephalogram, commonly known as an EEG. The EEG is a recording of electrical activity from the surface of the brain. Little or no information is obtained from deeper in the brain. The Minnesota and British criteria tests of standards for diagnosing brain death do not even include the EEG. A third method, included in some criteria is a technique used to evaluate absence of circulation to the brain. These circulatory tests are not absolute and at times might actually result in the side effect of spasm of the vessels, thus causing what is being searched for, i.e., no circulation to the brain.

Brain death criteria require loss of functioning with physical destruction. An analogy to help understand this is to consider that a computer cannot function without electrical current. Yet it is not destroyed and can function again when electricity is supplied. During sleep there is loss of some functioning of the

brain that recovers with or without an alarm clock. Narcotics and toxins result in cessation of many brain functions. An antidote or body metabolism restores these functions. Destruction includes alteration of the basic structure, i.e., structural or organic change resulting in losing the capacity to function. "Brain death" criteria determine only cessation of function, not destruction of even the brain, much less destruction or death of the person.

Suspect criteria—40 ways to be "brain dead"

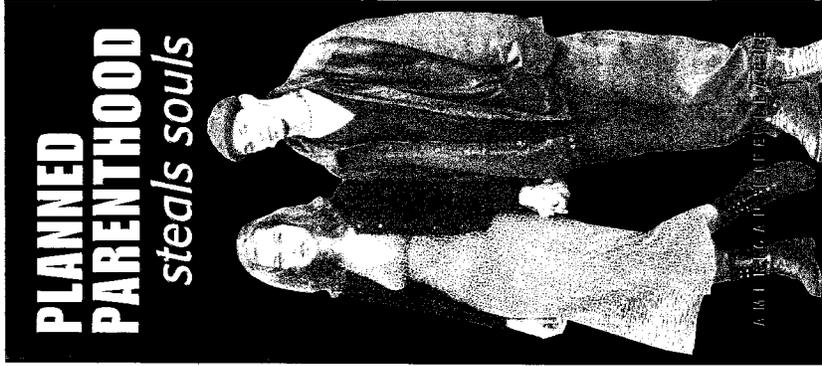
Brain-related criteria are not based on valid scientific data. The Harvard Criteria were published without any patient data, and there were no references to basic scientific reports. The Minnesota Criteria evolved from a study of 25 patients. Only nine had an EEG done and of these, two had "biologic" activity in their EEG after "brain death" had been declared. The conclusion: No longer is it necessary to do an EEG.

A patient could be declared dead by one set of criteria and alive by another

It seems scientifically invalid not to use an EEG in the diagnosis of "brain death." If any degree of certainty is to be obtained, The British Criteria do not include the EEG. This omission was due to the influence of the Minnesota Criteria, which do not require an EEG. The National Institutes of Health Criteria were based on a very limited study and were supposed to be verified by a larger study, but this was never done. There are more than 40 sets of criteria. A physician is free to use any one of these 40 sets. Thus, physician Doe could be determined "brain dead" by Doctor A who chooses to follow one set of criteria and, yet, Doctor B, by adhering to a different set of criteria could confirm that this same John Doe is, in fact, alive.

Bending the criteria

No matter how seemingly rigid the criteria are, the ease with which these can be bent is manifested in the report by the 1987 President's Commission for the Study of Ethical Problems in Medicine and Biomedical Research (page 162): "An individual with irreversible cessation of all functions of the entire brain, including the brain stem, is dead. The functions of the entire brain that are relevant to the diagnosis are those that



Planned Parenthood reveals these findings in a report on its programs in Europe:

- The level of participation of youth ages 15-19 has steadily declined in the Dutch Reformed Church and the Dutch Catholic Church in the last 30 years, from 60% in 1965 to 9% in 1993.
- France is about 90% Catholic, but like Germany and the Netherlands, church participation has drastically declined from a high of 80% in the 1960s to between 4% and 7% after 1980.
- In France, the Catholic leadership, in recognizing the loss of members, has acknowledged that it cannot and should not dictate its members' decisions over sexuality-related matters.

(www.wecandobetter.org/report.pdf, pages 20-21)

For the sake of our children's souls, we must protect them from any program provided or influenced by Planned Parenthood—wherever and under whatever guise it may be offered.



P.O. Box 1350
Stafford, VA 22555

phone: (540) 659-4171
fax: (540) 659-2586
e-mail: jbrown@all.org
web: www.all.org

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PLANNED PARENTHOOD *steals souls*



Planned Parenthood sells sex, but merely as bait to steal souls—your children's souls. This is why we must fight Planned Parenthood!

There's no question that as an organization, Planned Parenthood considers sexual activity between unmarried young people to be a good thing—and that society as a whole should adopt this mindset.

Just to cite one example, Planned Parenthood's Oregon Team Report looks at what the organization considers a successful effort in France, Germany and the Netherlands. According to this report, "success doesn't really rest on programs and services alone. It is the societal thinking—the norms—that make the Dutch, German and French successes possible. It is the openness and the acceptance that young people will have intimate sexual relationships without being married and that these relationships are natural and contribute to maturing into a sexually healthy adult." (www.wecandobetter.org/report.pdf, page v)

Planned Parenthood continually fights *against* abstinence-only sex education programs and fights for programs that further its philosophy.

This philosophy is illustrated in a sex education book for children age 10 and older that Planned Parenthood pushes nationally at every opportunity, and has even given away free to young people at its conferences. The book is called *It's Perfectly Normal*, by Robie Harris. The title tells the story.

Planned Parenthood's programs push young people into accepting the idea that sex is a recreational activity to be pursued whenever you feel you are ready.

This acceptance of sexual sin is very dangerous for our young people. We must remember that the Apostle Paul tells us, "Avoid immorality. Every other sin a person commits is outside the body, but the immoral person sins against his own body." (1 Corinthians 6:18)

As Planned Parenthood's philosophy reaches more and more of our young people, it will result in declining church attendance, and—more importantly—lost souls.

and to entrust ourselves to St. Joseph, the patron of a happy death. (1014)

By his death and Resurrection, Jesus Christ has "opened" heaven to us. The life of the blessed consists in the full and perfect possession of the fruits of the redemption accomplished by Christ. He makes partners in his heavenly glorification those who have believed in him and remained faithful to his will. Heaven is the blessed community of all who are perfectly incorporated into Christ. (1026)

This mystery of blessed communion with God and all who are in Christ is beyond all understanding and description. Scripture speaks of it in images: life, light, peace, wedding feast, wine of the kingdom, the Father's house, the heavenly Jerusalem, paradise: "No eye has seen, nor ear heard, nor the heart of man conceived, what God has prepared for those who love him."¹ (1027)



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- ¹ Gen 3:19
- ² GS 18
- ³ Rom 6:23
- ⁴ Phil 1:23
- ⁵ Lumen Gentium
- ⁶ Heb 9:27
- ⁷ 1 Cor 2:9

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The Catechism of the Catholic Church on

Death & Dying in Union with Christ



The first man was not only created good, but was also established in friendship with his Creator and in harmony with himself and with the creation around him, in a state that would be surpassed only by the glory of the new creation in Christ. (374)

Man, tempted by the devil, let his trust in his Creator die in his heart and, abusing his freedom, disobeyed God's command. This is what man's first sin consisted of. (397)

The harmony in which they had found themselves, thanks to original justice, is now destroyed.... Finally, the consequence explicitly foretold for this disobedience will come true: man will "return to the ground,"¹ for out of it he was taken. *Death makes its entrance into human history.* (400)

"It is in regard to death that man's condition is most shrouded in doubt."² In a sense bodily death is natural, but for faith it is in fact "the wages of sin."³ For those who die in Christ's grace it is a participation in the death of the Lord, so that they can also share his Resurrection. (1006)

Death is the end of earthly life. Our lives are measured by time, in the course of which we change, grow old and, as with all living beings on earth, death seems like the normal end of life. That aspect of death lends urgency to our lives: remembering our mortality helps us realize that we have only a limited time in which to bring our lives to fulfillment.... (1007)

Death is the consequence of sin. The Church's magisterium... teaches that death entered the world on account of

man's sin. Even though man's nature is mortal, God has destined him not to die. Death was therefore contrary to the plans of God the Creator and entered the world as a consequence of sin. "Bodily death, from which man would have been immune had he not sinned," is thus "the last enemy" of man left to be conquered. (1008)

Jesus, the Son of God, freely suffered death for us in complete and free sub-



mission to the will of God, his Father. By his death he has conquered death, and so opened the possibility of salvation to all men. (1019)

Death is transformed by Christ. Jesus, the Son of God, also himself suffered the death that is part of the human condition. Yet, despite his anguish as he faced death, he accepted it in an act of complete and free submission to his Father's will. The obedience of Jesus has transformed the

curse of death into a blessing. (1009)

Because of Christ, Christian death has a positive meaning.... What is essentially new about Christian death is this: through Baptism, the Christian has already "died with Christ" sacramentally, in order to live a new life; and if we die in Christ's grace, physical death completes this "dying with Christ" and so completes our incorporation into him in his redeeming act.... (1010)

The Christian who unites his own death to that of Jesus views it as a step towards him and an entrance into everlasting life. (1020)

In death, God calls man to himself. Therefore the Christian can experience a desire for death like St. Paul's: "My desire is to depart and be with Christ."⁴ He can transform his own death into an act of obedience and love towards the Father, after the example of Christ.... (1011)

Death is the end of man's earthly pilgrimage, of the time of grace and mercy which God offers him so as to work out his earthly life in keeping with the divine plan, and to decide his ultimate destiny. When "the single course of our earthly life" is completed,⁵ we shall not return to other earthly lives: "It is appointed for men to die once."⁶ There is no "reincarnation" after death. (1013)

The Church encourages us to prepare ourselves for the hour of our death. In the litany of the saints, for instance, she has us pray: "From a sudden and unforeseen death, deliver us, O Lord"; to ask the Mother of God to intercede for us "at the hour of our death" in the *Hail Mary*;

What happens to the rest of the embryos?

- Many embryos die in the transfer process since they are fragile.
- Some embryos are unwanted and eliminated because they are considered genetically inadequate.
- Some embryos are stored alive in freezers.
- Some embryos are simply killed as they are washed down the sink.ⁱⁱ

Why is this wrong?

It is a scientific fact that human life begins at conception/fertilization. From conception a human embryo has a complete genetic code, and his or her growth and development are totally coordinated from within.

"Human life must be respected and protected absolutely from the moment of conception. From the first moment of his existence, a human being must be recognized as having the rights of a person."ⁱⁱⁱ

When this fundamental moral line is violated or obscured, categories of people become devalued and they become easily used for utilitarian purposes.

What about infertile couples who desperately want a child

No one has the right to a child. Even for the most loving of couples, there is no right to a child through either normal conjugal relations or reproductive technologies.

What is IVF?

"In vitro" literally means "in glass." In vitro fertilization (IVF) is a process whereby human life is generated in a laboratory environment such as a glass petri dish.

How is IVF carried out?

The process of IVF begins when fertility technicians administer hormone treatments to a woman. The hormones hyper-stimulate the woman's ovaries to produce a number of eggs at one time. The eggs are collected from the woman's body and then combined with sperm. The resulting embryos are nourished in laboratory cultures and inserted into the woman's body with the hope that one embryo will successfully implant in the lining of the womb and develop. The process is very controlled and involves numerous trips to the IVF center.

How does IVF cause the death of human embryos?

The Jones Institute, one of the pioneers of IVF, reports that only 10 to 20% of the human embryos produced by IVF ever result in a normal pregnancy.^{iv} The Centers for Disease Control estimated that in 1998, 28,000 babies were born through IVF in the United States. This means that 140,000 - 280,000 human embryos are missing from the equation for that year alone.

IVF Violates Human Dignity

Science and technology have made enormous contributions to our lives and society. But the fact that a certain procedure is technologically possible does not make it ethically right.

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turns children into commodities. When a couple undergoes IVF, they are saying, "I want a child no matter what," and the child becomes an object. This evolves into a selective mentality, whereby couples choose the kind of child they want.

After all, a child is a gift. Cooperating with God's plan for human procreation means that all children are accepted gifts.

F did not bring harm or to human embryos, would it be okay?

It is wrong because it separates a child from the conjugal union. In IVF, couples make themselves masters of human life instead of servants.

The conjugal union has both a unitive and a creative purpose. In other words, conjugal intimacy is meant to express love and fruitfulness.

When the human person is a unity of body and spirit, both the unitive and creative meanings of the conjugal union must be expressed spiritually and physically. The biblical notion of "two become one flesh" (cf. Gen 2:24) has a concrete meaning here.

The conjugal union is expressed both spiritually and physically. And at the same time, the unitive dimension of conjugal union includes both spiritual benefits and physical ones. When conjugal union is physically

fruitful, a couple participates in God's creative act instead of dominating it.

What is the fundamental principle?

Any reproductive technique that replaces the conjugal act undermines the meaning of conjugal union and is an affront to human dignity.

Is there a connection between IVF and cloning?

Once IVF is accepted, there is no substantial reason to oppose cloning. Both take human procreation out of the context of conjugal union. IVF begins the slippery slope that leads to cloning, eugenics and experimentation on human embryos.

Is there a connection between IVF and contraception?

One can easily understand that contraception is a violation of this same principle. Contraception is a separation of the creative meaning from the unitive meaning of conjugal union. In other words, it's like saying "yes" to spousal love but "no" to the possibility of a child.

When human procreation is disconnected from sexual relations, spouses can quickly become objects for sex. When the human dignity of the spouse is not respected, it

becomes difficult to recognize human dignity in others, especially the preborn child.

How does marital integrity protect human dignity?

Maintaining both the unitive and creative meanings of conjugal union guards against the demand for children as a right and the use of spouses for sex. Respect for love and life as essential aspects of marital integrity helps ensure that spouses and children are appreciated as gifts. On a profound level, marital integrity is needed to protect human dignity.

Some embryos conceived in normal conjugal relations die. Why is it a big deal if embryos die in the process of IVF?

In normal conjugal relations, no one makes the intentional choice to cause the death or harm of embryos. In IVF, there is an intentional choice to carry out a procedure whose consequences are known in advance.

Isn't adoption the same as demanding a child?

Adopting a child is accepting someone who, because of some unfortunate circumstance, needs a loving home. Adoption is a generous act focused on a child who already exists.

Using IVF is a gift, but it is not a gift that exists into existence.

What are the results of IVF that they have?

God allows freedom through IVF. Children have every child and deserves

However, the condone IVF born outside mean we should

Are there any alternatives for infertile couples?

There are natural ways that help couples to have children. The study of fertility and conception. The study of fertility and conception. The study of fertility and conception. The study of fertility and conception.

- i. www.jonesinst
- ii. San Francisco
- iii. Catechism of the
- iv. Pope Paul VI 1968
- www.popepaul

Today, it is obvious that the American family is in severe crisis.

Due to the divorce rate and births out of wedlock, we have become a nation of single-parent families. Our children are not as well educated and often not as well cared for; there is an increase in sexual abuse of children; crime is continuously increasing among our youth; both parents in a two-parent family are working outside of the home to support fewer children. Our young people are faced each day with images of sexual immorality and, in some places, sexual education programs that endanger their immortal souls!

After decades of legalized abortion, Christians need to reconsider and to prayerfully question what part the contraceptive mentality has played in this radical change in the American society — once a Christian nation — and in the lives of its families.

If, indeed, the use of contraception contradicts God's will, then it contradicts and distorts the full truth about the God-given meaning and purpose of marriage, society's most fundamental institution.

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sure of sexual relations but the rejection of God's creative power in His gift of new human life.

Then there is abortion, both the pharmaceutical and surgical destruction of human life in the womb. Abortion takes over where contraception fails to prevent human life.

Contraceptive sexuality opens the way for approving all types of sexual behavior. Even the breakdown of stable family life coincides with the deviations made acceptable by man's domination of human fertility through contraceptives and abortion.

The contraceptive mentality stimulates sexual education programs which violate the rights of parents and undermine the chastity of our youth.

Christians need to look at the roots of the contraceptive mentality and the fruits of the tree (Planned Parenthood, population control groups, government family planning programs) that promotes contraception, abortion, and sex education programs that "permit" any type of sexual behavior as long as it does not result in a live birth.

Has contraception been good for us?

The development of chemical and mechanical forms of birth control was heralded with the expectation of liberation — liberation from marital difficulties, from unemployment and poverty, from child abuse, from illegitimate births, from overpopulation. It was to be a means to produce greater goods for family life — marital stability, healthier and better cared for children, happier families, etc.

marriage and family life? Should we interpret God's will as somehow needing to be updated to suit our 20th century situations, or is God's will consistent in all ages?

In opposition to the Biblical ideal, many people today consider a small family of about two children to be ideal. More children are thought to constitute a burden on both parents and society.

The popularizing of contraception and modern notions of family size did not come from a Christian source, but from a source that is in every way opposed to Christian morality!

Before World War I, Margaret Sanger formed the Birth Control League. Now known as Planned Parenthood, it is the world's primary promoter and provider of contraception, surgical abortion, abortifacients and permissive sex education. Sanger's organization has advocated providing contraception and abortion services for minors without parents' knowledge or consent. Where Planned Parenthood is at work, true Christian notions of sexual morality, marriage and family are undermined and radically changed.

So successful has Planned Parenthood been in popularizing notions of contraception as both good and necessary that most people take for granted the convenience of contraceptive use within or outside the bond of matrimony.

What is the legacy of Planned Parenthood and contraception?

Contraception is the fundamental tool for sexual immorality — without it, there could be no movement of sexual license or "sexual liberation"!

The new contraceptive sexuality encourages the choice of the union and plea-

Christians always approved contraception as a moral family planning?

Contraception is widely used. Its morality is rarely questioned, few realize that, according to the *nomination of Christian behavior*, the use of contraceptives is wrong. For years, Christians universally opposed artificial contraception as a serious violation.

Catholic bishops at the Second Vatican Council of 1962-65, and the Church of England in 1969, gave their own historic approval to the use of birth control for married couples. The National Council of Churches (forerunner of the National Council of Churches) also gave approval that contraceptive use was a cause of sexual immorality. It was widely criticized by leaders who warned that it would certainly result in a breakdown of family and for society.

Restrictive laws were enacted in many states. Attitudes had radically changed. In 1973, the Supreme Court ruled that what was licit for married couples was also licit for the unmarried. No significant opposition to government getting into family planning — that is, distributing contraceptives — and distributing contraceptives through organizations such

Are all forms of Family Planning contraceptive?

NO. Some so-called "contraceptives" are, in reality, abortifacients that destroy human life in the womb. Christians are often unaware of this fact; therefore, it is important to distinguish between the many types of birth control.

CONTRACEPTION is any method of preventing conception by unnatural means or by the use of artificial barriers such as condoms, diaphragms, spermicides, etc.

STERILIZATION involves surgical procedures that render men or women "sterile" — that is, incapable of conceiving a child while still capable of sexual relations. These procedures are intended to be permanent.

In God's plan, sexual intercourse is exclusively a marriage act; it ought to be at least implicitly a renewal of the for-better-and-worse of the marriage covenant. However, the body language of contraception is dishonest because it contradicts the marriage covenant. It says clearly, "I take you for better but definitely *not* for the imagined worse of possible pregnancy."

As Planned Parenthood with tax monies. After 1973, government involvement included abortion services.

Christians need to re-examine and question the effect of a pervasive contraceptive mentality. Is it consistent with the law of God and the moral welfare of our families and society?

ABORTIFACIENTS are like human "pesticides" that cause the destruction of human life in the womb. Birth control pills, intra-uterine devices and pharmaceutical products such as "morning after" pills, RU-486, Depo-Provera, and Norplant are abortifacient-producing drugs and devices. Less than 1/4 of all abortions in the U.S. are actually surgical abortions. An estimated 78% are "quiet" abortions (almost 7 million a year) caused by abortifacients.

SURGICAL ABORTION is used as a form of birth control. Recent studies reveal that 57% of women seeking abortions were using contraceptives. When contraception fails to prevent pregnancy, the married couple to understand their own fertility and to make decisions together about their family life. Through natural methods, married couples can open their wills to God and not expectance of contraceptive His will from their marital relations.

NATURAL METHODS OF FAMILY PLANNING are neither contraceptive nor abortifacient. They enable the married couple to understand their own fertility and to make decisions together about their family life. Through natural methods, married couples can open their wills to God and not expectance of contraceptive His will from their marital relations.

the married couple themselves barren by unexcuse God's, create sexual relations?

In Scripture, life is and children a blessing life. Children are desired they make a family powerful.

Lo, children are a her the fruit of the womb is man; so are children of a the man that hath his qu (Ps. 127)

Jesus himself del and refused to allow them away.

Can the new cont be consistent with God or does it simply refuse God has willed to call:

Christian steward tion to use God's gift will. The power to bring human persons — into and serve God in this nally with Him in his greatest gifts to marriage

Why have Christians toward contraceptive radically?

Were Christians up mistaken about God's Or have modern thin economic and social c necessary evolution in t



- Why do "brain dead" patients often receive intravenous fluids, antibiotics, ventilator care, and other life support measures?
- Why is it wrong to tell families their "brain-dead" loved one is dead?
- Why do "brain-dead" organ donors often receive anesthesia and other drugs to stop natural physical responses when they're undergoing vital organ harvesting?
- How can "brain dead" patients have normal body functions, including vital signs, if they're dead?
- How can a "brain-dead" pregnant mother deliver a normal, healthy infant?
- Why does a ventilator work on a "brain-dead" person, but not on a dead person?
- Why is it wrong to carry out burial or cremation of a "brain-dead" person?
- Are "brain-dead" persons really dead?
- Are they alive?

It seems clear that in certain cases we are playing games with human lives for utilitarian gain. So glaring is the reality of this issue that there are those who now argue that doctors should not be burdened with determination of death criteria, since the good of organ donation outweighs the harm (killing) done to the donor. Scary, isn't it?

Government involvement

The federal government is deeply involved in transplant programs for reasons that are unclear. A federal mandate issued in 1998 states that physicians, nurses, pastors, and other healthcare workers may not speak to a family of a potential organ donor about transplantation without first obtaining approval from the regional organ retrieval system.

If there is the possibility of vital organs available for transplant, a trained "designated requester" visits with the family first, even if the family adamantly opposes organ donation. If someone at the hospital speaks to the family first, the hospital risks losing its accreditation and / or federal funding.

Why the "designated requester"? Studies show that these people have greater success obtaining permission for organ donation. They're trained to sell the concept, using emotionally-laden phrases such as "gift of life," "your loved one's heart will live on in someone else," and other similar platitudes, all empty of any true meaning.

Where does the money go?

The donation and transplant industry costs billions of dollars a year, according to several sources (e.g., a 1996 series by *Forbes Magazine*). But it's difficult to obtain financial data. One thing is clear: donor families do not receive any monetary benefit from their "gift of life."

Something to think about

Based on what you've just read, take a moment to ponder the following:

- Why can health insurance cover intensive care costs on "brain dead" patients?

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e-mail: j.Brown@ALL.org

web: www.ALL.org

© 2007 American Life League, Inc.

Paul A. Byrne, M.D., Neurologist
Richard G. Nelliges, M.D., Neurosurgeon
and Walt F. Weaver, M.D., Cardiologist

 **IRS** Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248464870
Aug. 07, 2009 LTR 4170C E0
61-1521447 000000 00
00015869
BODC: TE

 MOSHER AND ASSOCIATES
% SALLY WAGENMAKER
19 SOUTH LASALLE SUITE 1400
CHICAGO IL 60603

38447

Person to Contact: Ms. Lane
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of July 29, 2009, regarding the tax-exempt status of Colition for Life of Iowa.

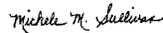
Our records indicate that a determination letter was issued in May 2009, granting this organization exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate this organization is not a private foundation within the meaning of section 509(a) of the Code because it is described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to this organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to the organization or for its use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown above.

Sincerely yours,



Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I

Exh. B-8

 **IRS** Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

008447.591473.0047.002 1 AT 0.357 532



MOSHER AND ASSOCIATES
% SALLY WAGENMAKER
19 SOUTH LASALLE SUITE 1400
CHICAGO IL 60603

08447

CUT OUT AND RETURN THE VOUCHER AT THE BOTTOM OF THIS PAGE IF YOU ARE MAKING A PAYMENT,
EVEN IF YOU ALSO HAVE AN INQUIRY.



The IRS address must appear in the window.

Use for payments

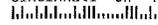
BODCD-TE

0248464870

Letter Number: LTR4170C
Letter Date : 2009-08-07
Tax Period : 000000



611521447

INTERNAL REVENUE SERVICE
P.O. Box 2508
Cincinnati OH 45201


MOSHER AND ASSOCIATES
% SALLY WAGENMAKER
19 SOUTH LASALLE SUITE 1400
CHICAGO IL 60603

611521447 JQ COAL 00 2 000000 670 0000000000

Thomas More Society » IRS Demands Assurances that Coalition for Life of Iowa Will Not Oppose Planned Parenthood

<https://www.thomasmoresociety.org/?p=00007409#ref>

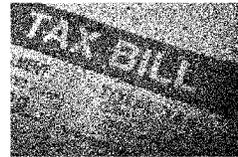
May 14, 2013

admin

Update: Victory! IRS agrees to issue 501(C)(3) letter without delay!

Thomas More Society demands that the IRS grant tax-exempt status to the Iowa Coalition as required by law.

After inquiring about the "educational" nature of the Coalition for Life of Iowa's activities, the IRS stated that it would not grant a tax exemption unless the Coalition agreed to limit its "picketing" and "protesting" of a local Planned Parenthood. Compliance with this request would result in a restriction of the speech of the Coalition for Life, as well as a breach of its First Amendment rights. While other non-profits have had no trouble attaining tax-exempt status from the IRS, this unwarranted ultimatum reveals prejudice toward a Pro-Life organization and, by extension, the Pro-Life movement. Such demands should never arise in the IRS's decision-making process to grant tax-exempt status for any applicant non-profit organization.



"If the IRS can discriminate against one non-profit, section 501(c)(3) group based on its religious affiliation, then the IRS could theoretically regulate the speech of any other non-profit organization," said Tom Brejcha, president and chief counsel of the Thomas More Society.

More Information

Exh. B-9

Thomas More Society » IRS Officially Grants Tax Exempt Status to New Non-Profit Group, Coalition for Life of Iowa

<https://www.thomasmoresociety.org/2009/08/04/irs/>

May 14, 2013

admin

Facing legal challenge from the Chicago-based Thomas More Society, IRS backs off from objections to the Coalition's prayers and protests against Planned Parenthood

Chicago, Aug. 4—Today attorneys from the Thomas More Society, a national public interest law firm based in Chicago, finally received an official "Determination Letter" from the Internal Revenue Service granting tax exempt status to the Coalition for Life of Iowa, a newly formed grass roots pro-life citizen group based in Cedar Rapids, Iowa, under Section 501(c)(3) of the Internal Revenue Code. The IRS had long delayed approval of the Coalition's request for the exemption, pressing it for "details" about the content of its members' prayers at a Planned Parenthood abortion facility and demanding that it refrain from activities at Planned Parenthood that could be construed as protesting or picketing by police or harassing or being confrontational with abortion-bound clients. IRS also demanded that every member of the board of directors of the Coalition sign a statement, under penalty of perjury, that they will not picket or protest or organize others to picket or protest outside of Planned Parenthood.

Last month the Coalition asked Thomas More Society for help, and the Society retained non-profit law and tax specialist, Sally Wagenmaker, of the Chicago law firm, Mosher & Associates, to assist with the case. Wagenmaker wrote IRS a lengthy recital of legal objections to its inquiries and demands (posted at www.thomasmoresociety.org), threatening legal action if the IRS persisted in violating the Coalition's First Amendment rights. Soon thereafter, the IRS quietly advised the Coalition that it would receive its tax exemption, and now the IRS's official Determination Letter has just arrived, albeit dated as of July 9, 2009.

"This is a great victory for the Coalition for Life of Iowa, and for all non-profit groups," said Tom Brejcha, president and chief counsel of the Thomas More Society. "The IRS must operate within the constraints of law, and it cannot condition the grant of tax exempt status on the forfeiture or surrender of First Amendment rights on the part of any non-profit group or individual American citizens. We join the Coalition for Life of Iowa in the celebration of its victory and remain prepared to defend advocates for life against government abuse or threats – no matter however, wherever, or whenever they may suffer such abuse or threats."

The IRS Letter of Determination now confirms that the Coalition for Life of Iowa is a legitimate 501(c)(3) public charity, donations to which are fully tax deductible.

News Coverage

- [IRS approves exemption for pro-life group after 'prejudicial' investigation](#)—Catholic News Agency

Exh. B-10

**Internal Revenue Service
Tax Exempt and Government Entities Division**

Department of the Treasury

Date: 1/10/2011

Small Victories
P.O. Box 143
Highland, IL, 62249

Taxpayer Identification Number:
37-1389677
Form:
990 Return
Tax Year(s) Ended:
December 31, 2008
Person to Contact/ID Number:
Jusquin Rodriguez
90-3402
Contact Telephone Number:
(312) 566-2572
Contact Fax Number:
(312) 566-3912

Dear Mr. Michael:

We are examining the above form for the year(s) indicated and we need information from you to complete our examination. The information needed is listed on the attached Information Document Request (IDR). We encourage you to provide any other documents or explanatory material that you believe will be helpful for our review.

Please send this information to us within 30 days from the date of this letter. Copies are acceptable as long as they are legible. If you have any questions please contact me at the telephone number shown in the heading of this letter.

If you have any questions or need to reschedule our appointment, please contact me at the telephone number shown in the heading of this letter.

Section 1.6033-2(i)(2) of the Income Tax Regulation provides, in part, that every organization exempt from tax shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status. Failure to comply with our request for information could result in the loss of your tax exempt status.

We realize some organizations may be concerned about an examination of their returns. We hope we can relieve any concerns you may have by briefly explaining why we examine exempt organization returns and what your appeal rights are if you do not agree with the results.

We examine returns to verify the correctness of income or gross receipts, deductions and credits and to determine that the organization is operating in the manner stated, and for the purpose set forth, in its application for recognition of exemption.

When we complete the examination, we will explain our recommendations and how they may affect your exempt status or tax liability, such as employment, excise or unrelated business income taxes. You should fully understand any recommended changes and their ramifications. Please do not hesitate to ask questions about anything that is not clear to you.

Letter 3506 (Rev 11/2003)
Caslog Number 34799U

Exh. C-1

If we recommend changes involving your tax liability and you agree with the changes, we will ask you to sign an agreement form. By signing the form, you will indicate your agreement to the amount shown as a refund due or additional tax owed.

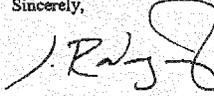
You do not have to agree with our recommendations. You may request a conference at a higher level as explained in the copy of the appeal procedures that we will provide to you.

If we conduct our examination with your representative, you must file a Power of Attorney in order for your representative to receive or inspect confidential information. You may use Form 2848, *Power of Attorney and Declaration of Representative* (or any other properly written power of attorney or authorization), for this purpose.

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,



Revenue Agent

Enclosures:
Publication 1
IDR

Letter 3808 (Rev 11/2003)
Catalog Number 34799U

Form 4564 (Rev. September 2008)	Department of the Treasury — Internal Revenue Service Information Document Request	Request Number 1	
To: (Name of Taxpayer and Company Division or Branch) Szaall Victories P.O. Box 143 Highland, IL, 62249		Subject Governance	
Please return Part 2 with listed documents to requester identified below		SAIN number	
Description of documents requested Purpose: To verify exempt operations and ascertain the independence of the board of directors, as well as the role of the directors in the organization.		Submitted to: Daniel Michael	
<ol style="list-style-type: none"> 1. Your Internal Revenue Service exempt status determination letter. 2. Your Form 1023, Application for Exemption. 3. Any other notices, ruling, determination, or examination letters you have received from the IRS. 4. Your Governing instruments (i.e. Articles of Incorporation, charter, bylaws, etc.). 5. All amendments made to any governing documents with date of ratification. 6. List of current and former (12/31/2008) officers, directors, and key employees (names, addresses, and telephone numbers). 		Date of Previous Requests (mm/dd/yyyy) n/a	
Information Due By 1/24/2011	At Next Appointment <input type="checkbox"/>	Mail In <input checked="" type="checkbox"/>	
From:	Name and Title of Requester Joaquin Rodriguez- Revenue Agent	Employee ID number 90-3402	Date (mm/dd/yyyy) 1/10/2011
	Office Location 230 S. Dearborn, Chicago, IL, 60603		Telephone Number (312) 566-2572
Catalog Number 23145K	www.irs.gov	Part 1 - Taxpayer's File Copy	Form 4564 (Rev. 9-2008)
PAGE 03/10	MICHAELS RESTAURANT	6186548453	05/15/2013 09:27

Form 4564 (Rev. September 2008)	Department of the Treasury — Internal Revenue Service Information Document Request		Request Number 3
To: (Name of Taxpayer and Company Division or Branch) Small Victories P.O. Box 143 Highland, IL, 62249		Subject Questionnaire	Submitted to: Daniel Michael
SAIN number		Date of Previous Requests (mm/dd/yyyy)	
Please return Part 2 with listed documents to requester identified below			
Description of documents requested			
Purpose: To understand organization's history, activities, organizational and financial operations, and internal controls			
<p>1) Please prepare type written responses to the questions presented on the attached schedule in detail.</p> <p>2) Please provide all minutes to board meetings for the years ending December 31, 2007, 2008 and 2009.</p>			
Information Due By <u>January 24, 2011</u>		At Next Appointment: <input type="checkbox"/>	Mail in <input checked="" type="checkbox"/>
From:	Name and Title of Requester	Employee ID number	Date (mm/dd/yyyy)
	Juquin Rodriguez- Internal Revenue Agent	90-3402	1/10/2011
	Office Location		Telephone Number
	230 S. Dearborn, Chicago, IL, 60604		(312) 566-2572
Catalog Number 23145K	www.irs.gov	Part 1 - Taxpayer's File Copy	Form 4564 (Rev. 9-2008)

Small Victories
 EIN: 37-1389677
 Agent: J. Rodriguez
 Date: 1/10/2011

Please provide type written responses to the following questions regarding the history, operations, activities and internal controls as related to Small Victories.

Purpose: To enable the Internal Revenue Service ascertain the purpose, operations, and organization of Small Victories.

Have you read Publication 1 and understand your taxpayer rights?

History

- 1) Please provide a detailed history of Small Victories.

Board of Directors

- 1) Please describe the role of the board of directors as related to the operations of the organization.
- 2) How many board members are there?
- 3) Please provide a list of the current board of directors; include, name, title and description of duties, and number of hours spent per week on performing duties.
- 4) How often does the board of directors meet?
- 5) Is the board of directors compensated? If so how much? (Please separate by position)

Activities

- 1) Please describe the organization's activities and day to day operations.
- 2) Does the organization produce any publications, literature, or other media?

Financials

- 1) Please provide a detailed description of how books and records are maintained and how revenues and expenses are accounted for.
- 2) How many bank accounts does the organization maintain?
- 3) Are all revenues generated deposited into the organizations accounts? If no, please explain.
- 4) Are all expenses paid out of the organizations accounts? If no, please explain.
- 5) Who writes checks? Who signs checks? How many signatures are required?
- 6) Please describe your internal controls.

Short Form
Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

▶ Sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities, and certain controlling organizations as defined in section 512(b)(13) must file Form 990 (see instructions)
All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year may use this form
▶ The organization may have to use a copy of this return to satisfy state reporting requirements

Form **990-EZ** OMB No 1545-1150
2010
Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2010 calendar year, or tax year beginning JANUARY 1, 2010, and ending DECEMBER 31, 2010

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization
SMALL VICTORIES NFP

D Employer identification number
37-1389677

E Telephone number
618-654-5800

F Group Exemption Number
▶

G Accounting Method Cash Accrual Other (specify) ▶

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

I Website: ▶ SMALL VICTORIES USA.COM

J Tax-exempt status (check only one) - 501(c)(3) 501(c) () (insert no) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ. ▶ \$ 0

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)
Check if the organization used Schedule O to respond to any question in this Part I

Revenue	1	Contributions, gifts, grants, and similar amounts received	1	101,556.00
	2	Program service revenue including government fees and contracts	2	0.00
	3	Membership dues and assessments	3	0.00
	4	Investment income	4	0.00
	5a	Gross amount from sale of assets other than inventory	5a	0.00
	5b	Less cost or other basis and sales expenses	5b	0.00
	5c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	0.00
	6	Gaming and fundraising events		
	6a	Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	0.00
	6b	Gross income from fundraising events (not including \$0.00 of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	0.00
	6c	Less direct expenses from gaming and fundraising events	6c	0.00
	6d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d	0.00
	7a	Gross sales of inventory, less returns and allowances	7a	0.00
	7b	Less cost of goods sold	7b	0.00
	7c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	0.00
	8	Other revenue (describe in Schedule O)	8	0.00
	9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8	9	101,556.00
Expenses	10	Grants and similar amounts paid (list in Schedule O)	10	0.00
	11	Benefits paid to or for members	11	0.00
	12	Salaries, other compensation, and employee benefits	12	0.00
	13	Professional fees and other payments to independent contractors	13	0.00
	14	Occupancy, rent, utilities, and maintenance	14	0.00
	15	Printing, publications, postage, and shipping	15	0.00
	16	Other expenses (describe in Schedule O)	16	101,191.00
17	Total expenses. Add lines 10 through 16	17	101,191.00	
Net Assets	18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18	365.00
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	3832.82
	20	Other changes in net assets or fund balances (explain in Schedule O)	20	0.00
	21	Net assets or fund balances at end of year. Combine lines 18 through 20	21	4197.82



Exh. C-2

Part V Other Information (Note the statement requirements in the instructions for Part V.)
Check if the organization used Schedule O to respond to any question in this Part V.

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O		<input checked="" type="checkbox"/>
34	Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions)		<input checked="" type="checkbox"/>
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, explain in Schedule O why the organization did not report the income on Form 990-T		
a	Did the organization have unrelated business gross income of \$1,000 or more or was it a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements?	<input checked="" type="checkbox"/>	
b	If "Yes," has it filed a tax return on Form 990-T for this year (see instructions)?	<input checked="" type="checkbox"/>	
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N		<input checked="" type="checkbox"/>
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions <input type="text" value="0.00"/> 37a		
b	Did the organization file Form 1120-POL for this year?		<input checked="" type="checkbox"/>
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?		<input checked="" type="checkbox"/>
b	If "Yes," complete Schedule L, Part II and enter the total amount involved <input type="text" value="0.00"/> 38b		
39	Section 501(c)(7) organizations: Enter		
a	Initiation fees and capital contributions included on line 9 <input type="text" value="0.00"/> 39a		
b	Gross receipts, included on line 9, for public use of club facilities <input type="text" value="0.00"/> 39b		
40a	Section 501(c)(3) organizations: Enter amount of tax imposed on the organization during the year under section 4911 <input type="text" value="0.00"/> ; section 4912 <input type="text" value="0.00"/> ; section 4955 <input type="text" value="0.00"/>		
b	Section 501(c)(3) and 501(c)(4) organizations: Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		<input checked="" type="checkbox"/>
c	Section 501(c)(3) and 501(c)(4) organizations: Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="text" value="0.00"/>		
d	Section 501(c)(3) and 501(c)(4) organizations: Enter amount of tax on line 40c reimbursed by the organization <input type="text" value="0.00"/>		
e	All organizations: At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T.		<input checked="" type="checkbox"/>
41	List the states with which a copy of this return is filed <input type="text" value="ILLINOIS"/>		
42a	The organization's books are in care of <input type="text" value="DANIEL MICHAEL"/> Telephone no. <input type="text" value="618 654-5900"/> Located at <input type="text" value="812 13th Street Highland Illinois"/> ZIP + 4 <input type="text" value="62249-0143"/>		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	Yes	No
	If "Yes," enter the name of the foreign country <input type="text"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
c	At any time during the calendar year, did the organization maintain an office outside of the US? If "Yes," enter the name of the foreign country: <input type="text"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041—Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <input type="text" value="43"/>		
44a	Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	Yes	No
	<input type="text"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b	Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c	Did the organization receive any payments for indoor tanning services during the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d	If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Yes	No
45 Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 47-49b and 50, and complete the tables for lines 50 and 51

Check if the organization used Schedule O to respond to any question in this Part VI

	Yes	No
47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	<input checked="" type="checkbox"/>	<input type="checkbox"/>
48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	<input checked="" type="checkbox"/>	<input type="checkbox"/>
49a Did the organization make any transfers to an exempt non-charitable related organization?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b If "Yes," was the related organization a section 527 organization?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				

f Total number of other employees paid over \$100,000

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
NONE		

d Total number of other independent contractors each receiving over \$100,000

52 Did the organization complete Schedule A? **Note.** All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	<i>Daniel Michael</i> Signature of officer	5/13/11 Date
	DANIEL MICHAEL Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name B S HALLER	Preparer's signature <i>Donnie Haller</i>	Date 5/12/11	Check <input checked="" type="checkbox"/> if self-employed	PTIN P00149815
	Firm's name HALLERS TAX SERVICE	Firm's address 1515 BROADWAY HIGHLAND II 62249	Firm's EIN	Phone no. 618-654-9544	

May the IRS discuss this return with the preparer shown above? See instructions Yes No

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization
SMALL VICTORIES NFP

Employer identification number
37-1389677

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state.
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III—Functionally integrated d Type III—Other
 - e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
 - f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
 - g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	Yes	No
(ii) A family member of a person described in (i) above?	11g(ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)	

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the instructions for Form 990 or 990-EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2010

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	65,480.00	68,960.00	73,422.00	104,505.00	101,556.00	413,923.00
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf	0.00	0.00	0.00	0.00	0.00	0.00
3 The value of services or facilities furnished by a governmental unit to the organization without charge	0.00	0.00	0.00	0.00	0.00	0.00
4 Total. Add lines 1 through 3	65,480.00	68,960.00	73,422.00	104,505.00	101,556.00	413,923.00
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						0.00
6 Public support. Subtract line 5 from line 4						413,923.00

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4	65,480.00	68,960.00	73,422.00	104,505.00	101,556.00	413,923.00
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	0.00	5.40	9.80	4.30	4.50	24.00
9 Net income from unrelated business activities, whether or not the business is regularly carried on	0.00	0.00	0.00	0.00	0.00	0.00
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)	0.00	0.00	0.00	0.00	0.00	0.00
11 Total support. Add lines 7 through 10						413,947.00
12 Gross receipts from related activities, etc. (see instructions)					12	0.00

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶

Section C. Computation of Public Support Percentage		
14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f))	14	100 %
15 Public support percentage from 2009 Schedule A, Part II, line 14	15	63 %
16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input checked="" type="checkbox"/>		
b 33 1/3% support test—2009. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Total Expenses For 2010

Rent- \$3000.00
Phone- \$507.00
Gasoline Expense- \$11990.00
Vehicle Payments- \$9985.00
Office Expenses- \$10497.00
Vehicle Parts- \$2469.00
Supplies for Small Victories- \$3652.00
Calendars- \$210.00
Insurance Expenses- \$2001.00
Conferences & Mission Trips- \$3752.00
Food & Groceries for Girls- \$4090.00
Gifts & Supplies for Girls- \$29067.00
Gifts to other Ministries- \$17445.00
Advertising Expense- \$2217.00
Miscellaneous Expenses- \$709.00

Total Expenses- \$101191.00

**Short Form
Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

▶ Sponsoring organizations of donor advised funds; organizations that operate one or more hospital facilities, and certain controlling organizations as defined in section 512(b)(13) must file Form 990 (see instructions). All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year may use this form.
▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-1150
2011
Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Form 990-EZ

A For the 2011 calendar year, or tax year beginning JAN 15, 2011, and ending DEC 31, 2011

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization
SMALL VICTORIES NFP
Number and street (or P.O. box, if mail is not delivered to street address) Room/suite
PO BOX 143
City or town, state or country, and ZIP + 4
HIGHLAND IL 62249

D Employer identification number
37-1389677

E Telephone number
(618) 654-5800

F Group Exemption Number

G Accounting Method Cash Accrual Other (specify) _____

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

I Website: ▶ N/A

J Tax-exempt status (check only one) - 501(c)(3) 501(c) () (insert no.) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization or a section 527 organization and its gross receipts are normally not more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ. ▶ \$ 99,259.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I.)
Check if the organization used Schedule O to respond to any question in this Part I

1	Contributions, gifts, grants, and similar amounts received	1	99,259.
2	Program service revenue including government fees and contracts	2	0.
3	Membership dues and assessments	3	0.
4	Investment income	4	0.
5a	Gross amount from sale of assets other than inventory	5a	0.
5b	Less: cost or other basis and sales expenses	5b	0.
5c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	0.
6	Gaming and fundraising events		
6a	Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	0.
6b	Gross income from fundraising events (not including \$ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	0.
6c	Less: direct expenses from gaming and fundraising events	6c	0.
6d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d	0.
7a	Gross sales of inventory, less returns and allowances	7a	0.
7b	Less: cost of goods sold	7b	0.
7c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	0.
8	Other revenue (describe in Schedule O)	8	0.
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8	9	99,259.
10	Grants and similar amounts paid (list in Schedule O)	10	0.
11	Benefits paid to or for members	11	0.
12	Salaries, other compensation, and employee benefits	12	0.
13	Professional fees and other payments to independent contractors	13	0.
14	Occupancy, rent, utilities, and maintenance	14	0.
15	Printing, publications, postage, and shipping	15	0.
16	Other expenses (describe in Schedule O)	16	102,996.
17	Total expenses. Add lines 10 through 16	17	102,996.
18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18	-3,737.
19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	4,198.
20	Other changes in net assets or fund balances (explain in Schedule O)	20	
21	Net assets or fund balances at end of year. Combine lines 18 through 20	21	461.

BAA For Paperwork Reduction Act Notice, see the separate instructions. Form 990-EZ (2011)

69 Exh. C-2 4

Part V Other Information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V.) Check if the organization used Schedule O to respond to any question in this Part V

	Yes	No
33 Did the organization engage in any activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O	<input type="checkbox"/>	<input checked="" type="checkbox"/>
34 Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
35 a Did the organization have unrelated business gross income of \$1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b If "Yes," to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If "Yes," complete Schedule C, Part III	<input type="checkbox"/>	<input type="checkbox"/>
36 Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N	<input type="checkbox"/>	<input checked="" type="checkbox"/>
37 a Enter amount of political expenditures, direct or indirect, as described in the instructions <input type="checkbox"/> 37a 0.	<input type="checkbox"/>	<input type="checkbox"/>
b Did the organization file Form 1120-POL for this year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
38 a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If "Yes," complete Schedule L, Part II and enter the total amount involved	<input type="checkbox"/>	<input type="checkbox"/>
39 Section 501(c)(7) organizations. Enter:	<input type="checkbox"/>	<input type="checkbox"/>
a Initiation fees and capital contributions included on line 9	<input type="checkbox"/>	<input type="checkbox"/>
b Gross receipts, included on line 9, for public use of club facilities	<input type="checkbox"/>	<input type="checkbox"/>
40 a Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under section 4911 = 0.; section 4912 = 0.; section 4955 = 0.	<input type="checkbox"/>	<input type="checkbox"/>
b Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	<input type="checkbox"/>	<input type="checkbox"/>
d Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization	<input type="checkbox"/>	<input type="checkbox"/>
e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8866-T	<input type="checkbox"/>	<input checked="" type="checkbox"/>
41 List the states with which a copy of this return is filed <input type="checkbox"/> Illinois	<input type="checkbox"/>	<input type="checkbox"/>

42 a The organization's books are in care of DANIEL MICHAEL Telephone no (618) 654-5800
 Located at 812 13TH STREET HIGHLAND IL ZIP + 4 62249-0143

	Yes	No
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c At any time during the calendar year, did the organization maintain an office outside of the U.S.? If "Yes," enter the name of the foreign country: _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>

See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.

43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year 43

	Yes	No
44 a Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Did the organization receive any payments for indoor tanning services during the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	<input type="checkbox"/>	<input checked="" type="checkbox"/>
45 a Did the organization have a controlled entity of the organization within the meaning of section 512(b)(13)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule B may need to be completed instead of Form 990-EZ (see instructions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I. Yes No
46 X

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI

47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If 'Yes,' complete Schedule C, Part II Yes No
47 X

48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E 48 X

49a Did the organization make any transfers to an exempt non-charitable related organization? 49a X

b If 'Yes,' was the related organization a section 527 organization? 49b X

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None'

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation
NONE				

e Total number of other employees paid over \$100,000 ▶

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None'

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
NONE		

e Total number of other independent contractors each receiving over \$100,000 ▶

52 Did the organization complete Schedule A? Note: All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A ▶ Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Date 5/7/2012
 Signature of officer: Daniel Michael
 Type or print name and title: DANIEL MICHAEL Treasurer/Secretary

Preparer Use Only
 Preparer's name: BONNIE HALLER Preparer's signature: BONNIE HALLER Date: 05/03/12 Check if self-employed PTIN: P00149815
 Firm's name: HALLER'S TAX SERVICE
 Firm's address: 1515 BROADWAY Firm's EIN: HIGHLAND IL 62249 Phone no: (618) 654-8544

May the IRS discuss this return with the preparer shown above? See instructions ▶ Yes No
 Form 990-EZ (2011)

SCHEDULE A (Form 990 or 990-EZ) Department of the Treasury Internal Revenue Service	Public Charity Status and Public Support Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust. Attach to Form 990 or Form 990-EZ. See separate instructions.	OMB No 1545-0047 <div style="border: 1px solid black; padding: 2px; display: inline-block;">2011</div> Open to Public Inspection
Name of the organization SMALL VICTORIES NFP		Employer identification number 37-1389677

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

- The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)
- 1 A church, convention of churches or association of churches described in section 170(b)(1)(A)(i).
 - 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
 - 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
 - 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
 - 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(v). (Complete Part II.)
 - 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
 - 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
 - 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
 - 9 An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
 - 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
 - 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III - Functionally integrated d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
- | | Yes | No |
|--|-----|----|
| (i) A person who directly or indirectly controls, either alone or together with persons described in (i) and (ii) below, the governing body of the supported organization? | | |
| (ii) A family member of a person described in (i) above? | | |
| (iii) A 35% controlled entity of a person described in (i) or (ii) above? | | |

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in column (i) listed in your governing documents?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the US?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "usual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc (see instructions)						12
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2010 Schedule A, Part II, line 14	15	%
16a 33-1/3% support test – 2011. If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 33-1/3% support test – 2010. If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test – 2011. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test – 2010. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions. ▶ <input type="checkbox"/>		

BAA

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal yr beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions and membership fees received (Do not include any 'unusual grants'.)	68,960.	73,422.	104,505.	101,556.	99,259.	447,702.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	0.	0.	0.	0.	0.	0.
3 Gross receipts from activities that are not an unrelated trade or business under section 513	0.	0.	0.	0.	0.	0.
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf	0.	0.	0.	0.	0.	0.
5 The value of services or facilities furnished by a governmental unit to the organization without charge	0.	0.	0.	0.	0.	0.
6 Total. Add lines 1 through 5	68,960.	73,422.	104,505.	101,556.	99,259.	447,702.
7a Amounts included on lines 1, 2, and 3 received from disqualified persons	0.	0.	0.	0.	0.	0.
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year	0.	0.	0.	0.	0.	0.
c Add lines 7a and 7b	0.	0.	0.	0.	0.	0.
8 Public support (Subtract line 7c from line 6.)						447,702.

Section B. Total Support

Calendar year (or fiscal yr beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6	68,960.	73,422.	104,505.	101,556.	99,259.	447,702.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	5.	10.	4.	5.	5.	29.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	5.	10.	4.	5.	5.	29.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)	68,965.	73,432.	104,509.	101,561.	99,264.	447,731.
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	99.99 %
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	63.00 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f))	17	0.01 %
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	0.00 %

19a 33-1/3% support tests - 2011. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization.

b 33-1/3% support tests - 2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization.

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions.

SMALL VICTORIES NFP 37-1389677

1

Schedule O (Form 990 or 990-EZ), Supplemental Information to Form 990 or 990-EZ
Form 990-EZ, Part I, Line 16 Other Expenses

Other expenses (describe in Schedule O)	
RENT	3,000.
SUPPLIES	1,850.
PHONE	666.
WATER	160.
GIFTS & SUPPLIES FOR GIRLS	33,401.
GIFTS TO OTHER MINISTRIES	15,033.
VEHICLE REPAIRS & LICENSE	2,551.
VEHICLE PAYMENTS	9,204.
OFFICE EXPENSE 8046	8,046.
GAS EXPENSE ULTRASOUND VAN	12,476.
FOOD GROCERIES RENT FOR GIRLS	5,929.
MISSION CONFERENCE & TRIPS	3,650.
INSURANCE EXPENSE	2,363.
ADVERTISING EXPENSE	3,415.
PRO LIFE DINNER EXPENSE	744.
MISCELLANEOUS EXPENSE	508.
Total	102,996.

Sally R. Wagenmaker <[REDACTED]>
 To: Emily Zender <[REDACTED]>

Wed, May 15, 2013 at 10:36 AM

Hi Emily,

Attached are the 2011 and 2010 Form 990-EZ's for Small Victories. Nothing in these tax returns indicates that anything was amiss with the organization. Accordingly, I am at a loss to understand why the IRS would target Small Victories and ask such detailed questions about the governance, operations, and finances.

On its face, this IRS correspondence seems overreaching. The year-long further IRS investigation gives me additional pause, particularly since per your information the IRS never found anything wrong. Instead, the IRS apparently

<https://mail.google.com/mail/u/0/?ui=2&ik=306716148d&view=pt&search=inbox&th=13ea8876a6b13c7>

Exh. C-3

1/2

5/15/13

Thomas More Society Mail - For your Review

picked on this pro-life organization through its extended questioning.

Sally Wagenmaker
 Attorney at Law
 Wagenmaker & Oberly, LLC
 122 S. Michigan, Suite 1220
 Chicago, IL 60603
 Ph: [REDACTED]
 Fax: [REDACTED]

www.wagenmakerlaw.com

Trusted Advisors to Nonprofits

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Mr. SCHOCK. I would like to just highlight a few of those purported abuses and ask for your opinion on them. In a letter from the IRS Office of Exempt Organizations specialists in El Monte, California, specifically the Pacific Coast division—I would note this is not in the Cincinnati division—to the Christian Voices for Life of Fort Bend County in Sugar Land, Texas, dated March 31, 2011, that I have here with me today, they were asked specifically—again, this is a pro-life group—“In your educational program do you do education on both sides of the issues in your programs?”

Mr. MILLER, your knowledge of the 501(c)3 application, is that an appropriate question to ask?

Mr. MILLER. So I'm going to be honest and I'm not going to be able to speak to a specific development letter in a specific case. I don't know that I can do that under 6103.

Mr. SCHOCK. Okay. Let me ask you about another letter that was received by a pro-life group, this one in Iowa. Their question specifically asks from the IRS to the Coalition for Life of Iowa, quote, “Please detail the content of the members of your organization's prayers.”

Would that be an appropriate question to a 501(c)3 applicant, the content of one's prayers?

Mr. MILLER. It pains me to say I can't speak to that one either. But that's—

Mr. SCHOCK. You don't know whether or not that would be an appropriate question to ask?

Mr. MILLER. Speaking outside of this case, which I don't know anything about, it would surprise me that that question was asked.

Mr. SCHOCK. And finally, during another applicant's conversation or back and forth, they were asked specifically, quote, “Please detail certain signs that may or may not be held up outside of a Planned Parenthood facility,” end quote.

Would that be an appropriate follow-up to an applicant for 501(c)3 application?

Mr. MILLER. Again, I don't know what the context would be. But, again, that doesn't sound like the usual question.

Mr. SCHOCK. Thank you. Well, hopefully, Mr. George and the Inspector General's office can enlighten us.

Mr. George, during your investigations are you aware of the three letters submitted by Senators Baucus, Schumer, and Durbin written to the IRS, specifically Mr. Shulman, asking them to give extra scrutiny to 501(c)4 applications?

Mr. GEORGE. I am aware of it, but I don't know the details, sir.

Mr. SCHOCK. So in your investigation so far, in questioning employees of the IRS, did you ask them specifically whether or not these letters from sitting United States Senators influenced or impacted their decisions around these cases?

Mr. GEORGE. I do not believe that was part of the inquiry, sir.

Mr. SCHOCK. Will you ask those questions in the future?

Mr. GEORGE. I will ask that, if appropriate. We will certainly do so, if appropriate.

Mr. SCHOCK. Thank you.

Mr. Chairman, I'm particularly troubled by some on this committee who seem to want to rationalize or justify the inappropriate behavior by the IRS in these cases by their disagreement with the

Citizen United ruling of our Supreme Court. I think we all know that our Nation is a Nation of laws and we either abide by those laws or not, to our peril. And whether we agree with the Citizens United ruling or not should not be justification for this agency, which is charged with upholding the rule of law equitably for all people in all groups, regardless of party affiliation or motive.

Specifically, Mr. Miller, I was troubled by your comment that you found this grouping—Mr. George, with the Inspector General's office calls it targeting—to be inappropriate but not illegal. I'm wondering if you can give me examples of other targeting within the IRS that you're aware of that would be inappropriate but not illegal.

Mr. MILLER. So I probably, Congressman, should tell you that I don't know—it's my belief that what happened here wasn't illegal, but I suppose there are some facts that might come out that would indicate otherwise. But it's not my area. I don't know. But it certainly was inappropriate, no question about that. I'm unaware—we have used listings elsewhere—

Mr. SCHOCK. Can you give me a few examples?

Mr. MILLER. A credit counseling organization would be one of those that were used a name to pull those cases together to work in a consistent and fair manner.

Chairman CAMP. All right. Time is expired.

Ms. Jenkins is recognized.

Ms. JENKINS. Thank you, Mr. Chairman.

You know, we've heard a lot of outrage, a lot of anger and disappointment. But I have to tell you, after sitting here for a couple hours, I'm sad and I'm sick to my stomach that Americans could be targeted by a government agency based on their political beliefs.

Mr. Miller, in response to Congressman Nunes you mentioned that you had a discussion with Treasury—someone at Treasury—regarding the TIGTA report. I was just wondering if you could give us more details about when that conversation occurred and with whom.

Mr. MILLER. So I don't—I don't know the precise date, but it would have been very recently after the report was done. And I think I think Mr. George can speak to when he indicated to some parts of Treasury as well. It might have been in the same time-frame.

Ms. JENKINS. So would that have been the first time you had a discussion with someone from Treasury about this situation?

Mr. MILLER. This situation being the listing and the treatment of these cases?

Ms. JENKINS. Correct.

Mr. MILLER. I think so.

Ms. JENKINS. So out of all of the news reports that have come out in the last couple years there was never a discussion at IRS with Treasury about the situation until just recently?

Mr. MILLER. You asked the question, was the TIGTA report? Yeah, the TIGTA report was described and discussed with them recently. I don't believe the specifics were described or discussed with them earlier, but I don't know that. They weren't by me, I don't think.

Ms. JENKINS. Okay. Who was your conversation with?

Mr. MILLER. I would have talked at some point to Mr. Patterson, the chief of staff, and subsequent to Mr. George's discussion with Mr. Wolin, I spoke to Mr. Wolin.

Ms. JENKINS. You spoke with whom?

Mr. MILLER. Mr. Wolin.

Mr. JENKINS. Mr. Wolin?

Mr. MILLER. Wolin.

Ms. JENKINS. And how did that conversation go? What did Treasury have to say?

Mr. MILLER. We just talked through the troubling nature of the reports. I indicated that we had worked on fixing the problem. And that's what we talked about.

Ms. JENKINS. They didn't give you any advice and counsel on how to move forward?

Mr. MILLER. No.

Ms. JENKINS. Okay.

Mr. George, how often do you meet with Treasury leadership and IRS leadership regarding open audits?

Mr. GEORGE. With IRS leadership, we meet monthly with the Commissioner or Acting Commissioner on a standing basis and then we'll have communications as necessary. The Secretary holds a monthly meeting with bureau heads. And in conjunction with those meetings I meet monthly with the General Counsel of the Department of the Treasury, and then on an as-needed with the Deputy Secretary, Mr. Wolin.

Ms. JENKINS. Okay. When did you first alert Treasury leadership and IRS leadership about this specific audit?

Mr. GEORGE. I alerted Commissioner—then-Commissioner Shulman on May 30, 2012. I subsequently alerted the General Counsel of the Department of the Treasury on June 4. And subsequently—and I do not have the exact date—alerted the Deputy Secretary, Neal Wolin, about this matter. And then upon his assumption into the position, I mentioned it to Secretary Lew.

Ms. JENKINS. Okay. So May 30 would have been the first time that Mr. Shulman would have known about the troubling allegation.

Mr. GEORGE. From my perspective. I would assume that people within the Internal Revenue Service would have given him a heads-up about this troubling matter, but I can't say that for certain.

Ms. JENKINS. Okay. In your report you indicate that the decisions to target Americans based on political beliefs were made only within the IRS. How did you determine that?

Mr. GEORGE. These were through interviews with IRS staffers both in Cincinnati, Ohio, as well as in Washington, D.C., at the headquarters of the Determinations Unit and the Exempt Organizations Unit.

Ms. JENKINS. So did you interview Mr. Miller?

Mr. GEORGE. We did not interview Mr. Miller.

Ms. JENKINS. So how would you know—did you interview anyone at Treasury?

Mr. GEORGE. We did not. And the reason for that is because at the time of our interviews we had no indication, because this was

an ongoing matter, and we didn't have any indication from those initial interviews that they were implicated in this matter.

Ms. JENKINS. So had anyone given you any indication that you needed to visit with someone higher, you would have had the authority—

Mr. GEORGE. Most definitely.

Chairman CAMP. All right. Time has expired.

Mr. Paulsen's recognized.

Mr. PAULSEN. Thank you, Mr. Chairman.

There have been a lot of news reports this week that this has been a bad week for the President or a bad week for the administration. But I will just tell you, after hearing additional testimony this morning myself, that this is a bad week for America. That's the bottom line. And when supposedly neutral actors in our government choose sides and the results end up being highly corrosive to our democracy, this is a violation, clearly, of the trust of the American people.

Mr. George, your report indicated and you've testified that the IRS improperly requested donor lists from targeted organizations. Obviously, that's a concern from the perspective of the pattern of behavior at the IRS based on the report from delays of applications and targeting and also the dissemination of confidential information.

But let me ask you this. How long did the IRS, because you acknowledged this just earlier from 27 different organizations, how long did the IRS have in its possession these lists, these improper lists that they shouldn't have had in their possession from 27 different organizations?

Mr. GEORGE. Congressman, they did not indicate, and we did inquire the length of time that they maintained that information. But, again, they did acknowledge that once they realized they should not have collected it, they destroyed it. But I do not have a direct answer as to how long they held on to it.

Mr. PAULSEN. Mr. Miller, do you know how long the improperly obtained lists were in the IRS' possession?

Mr. MILLER. I don't know. And, look, they were—the letters were bad. They were just way too broad. Should they have asked for them? Probably not. Was it bad intent or bad management? My guess and my understanding, bad management. When we found out about it we reached out to people who hadn't sent them yet and we told them, don't send them. We went to people had sent them and told them we are not going to use them unless we need to, and we didn't. And at that point my understanding is that we did not use them in any of those cases and they are not being retained. They would have been destroyed in the ordinary course of our records retention rules.

Mr. PAULSEN. Mr. George, were you able to confirm that the lists were actually destroyed, and if so, how were you able to confirm that?

Mr. GEORGE. It's through the testimony—the interviews that were conducted by our auditors. Now, I have to admit that that was not done under oath, but we have to go by what we were told by the employees.

Mr. PAULSEN. Mr. George, do you have any idea how many donors were involved as a part of those lists?

Mr. GEORGE. Again, 27 is my understanding of the lists of donors requested. So within the list, I'm not sure. But as I pointed out, 13 of the 27 were from Tea Party groups.

Mr. PAULSEN. Okay. Mr. Miller, let me ask, is it an IRS practice to ask about a group's relationship with a specific person who's not a part of an organization that is applying for nonprofit status as a part of an application process?

Mr. MILLER. So it can be, depending on the facts, based on is there a contractual relationship that could be an issue, is there undue influence going on in some fashion. For example, we would be looking at—we would be looking at private benefit.

The one other thing, I want you to know that the donor lists, because I want to just make it clear, 13 were Tea Party, but I believe—my numbers are just a little different, two one way or another—but the Tea Party ones include 9/12 patriots. The listing folks were the minority of the people who got the donor questions. I just want to clarify the record there.

Mr. PAULSEN. Sure. Mr. Miller, has the IRS ever asked a question of an individual, have they ever asked what's your relationship with John Doe when they ask an organization that's applying status? Is that a common practice? Have you asked that question?

Mr. MILLER. I'm sorry. Can you rephrase that, sir?

Mr. PAULSEN. Well, Mr. Tiberi was going down a line of questioning earlier about lengthy process of a questionnaire that was filed with an organization and the IRS had asked the question on number 26 of an individual: Provide details regarding your relationship with this individual.

Is that a common practice? Does the IRS normally do that?

Mr. MILLER. I don't know what we're talking about there, and it's on an individual case, and I really should not and cannot speak to an individual case, sir. I'm sorry.

Mr. PAULSEN. Would it be safe to say that knowing that that's probably inappropriate, would there be repercussions or some sort of discipline that might be followed up if that was determined to be appropriate on that type of a questionnaire—question?

Mr. MILLER. It would depend on the context, again, and I don't have the context, and why it was asked and was it a lack of controls and was it a mistake or was it something different than that.

Mr. PAULSEN. Thank you, Mr. Chairman. I yield back.

Chairman CAMP. Thank you.

Mr. Marchant is recognized.

Mr. MARCHANT. Mr. Miller, let's go back to the IRS planted question issue. When was Celia Rody told to ask the question?

Mr. MILLER. I don't have, you know, exact knowledge on that. I did not do that.

Mr. MARCHANT. Who told her to ask the question?

Mr. MILLER. I don't know, actually. I'm not sure. It might have been Lois Lerner, but I really am not sure.

Mr. MARCHANT. What did you tell her about the background of the issue?

Mr. MILLER. What did I tell who?

Mr. MARCHANT. Rody.

Mr. MILLER. I did not have any conversations with Celia.

Mr. MARCHANT. Did anyone give her a copy, an advanced copy of the IG's report?

Mr. MILLER. I don't believe so. But, again—again, I did not have those conversations. But I would be shocked if that happened.

Mr. MARCHANT. And how long did she know about the report before the committee knew?

Mr. MILLER. Again, you'd have to ask the people who had the conversation. But, again, it would shock me if she knew anything before she had the conversation with whomever she had it with.

Mr. MARCHANT. On March the 28th I wrote the Commissioner a letter that basically asked him whether local Tea Party groups in my district were being harassed or given lengthy questionnaires and were being discouraged from seeking tax-exempt status. That was March 28. On June the 22th I got a letter from Mr. Grant that basically gave me a lot of assurances that nothing like that was taking place and that nothing out of the ordinary was going on and that they were following just regular order.

Then, following the timeline, shortly after my first letter—shortly before my first letter, Mr. Boustany asked in a hearing, an oversight hearing, if there was anything going on over at IRS about these applications. And he was told by Commissioner Shulman: I can give you assurances there is absolutely no targeting going on.

Following that same timeline, on July the 25th, we had another Oversight Committee hearing in which Commissioner Miller and I had an extended conversation about this very subject. And that conversation is in this transcript. Anyone can get this on the Internet and can read the questions. But the questions were very specifically about Tea Party groups and their difficulties in getting their tax-exempt status, the lengthy conversations that they were having, the questionnaires that they were having to answer.

Again, Mr. Miller, in that exchange that you and I had, I came away from that with I felt the assurances by you and your office that there were no extraordinary circumstances taking place and that this was just a backlog and there was nothing going on.

Mr. Miller, was that your impression of the hearing that day?

Mr. MILLER. No, sir. What I said there and what I understood your question to be was, again, we divide this world in two; there's a question of the selection process and there's a question of what was going on at the time of your question. At the time of your question what was out in the public domain and what I thought we were discussing was the letters, as you called the questionnaires. Those were the overbroad letters that have been referred to continuously here.

Again, I stand by my answer there. There was not—I did talk about the fact that we had centralized, I believe—I have to take a look at it—but I was talking about the fact that we had fixed that problem.

Mr. MARCHANT. But at that time—you knew by that time that there were lists being made, there were delineations, there was discrimination going on, and that there were steps being taken to try to correct it. But you knew that it was going on at that time.

Mr. MILLER. We had corrected it. TIGTA was taking a look. At that time my assumption is TIGTA was going to be done with their

report that summer. I was not going to go there because I did not have full possession of all the facts, sir.

Mr. MARCHANT. Well, this is a list of questions that, in my case, my local Northeast Tarrant County Tea Party was sent, and it's a list that most taxpayers would not answer and most taxpayers should not have to answer. But it asks some questions that should have never been asked: a printed copy of every page of your Web site, every tweet from your Twitter account, every—personal resumes from all your board members, copies of every flier you ever made and every flier any guest speaker ever handed out, explain your relationship with True the Vote, a copy of every single email ever sent by our group.

This is a list that is overly burdensome, and, in my case, it has led to deep discouragement on these parties and has limited their ability to education the public.

Can I find out, as a Member of Congress, the groups in my district that have applied for and either been denied or their application continues to be in suspension?

Mr. MILLER. With Mr. Camp's help you could, granting 6103 authorities. But the application process, until it's done, is 6103 information. And if it's denied then there's redacted versions going out. If it's approved then everything becomes public. So within the constraints of 6103, which Mr. Camp can grant you the ability to see, that could happen.

Mr. MARCHANT. Yield back.

Chairman CAMP. The time has expired.

Yes, I think there would be restrictions on my sharing that with Mr. Marchant, however.

So Ms. Black is recognized for 5 minutes.

Mrs. BLACK. Thank you, Mr. Chairman. And I want to go back to what Mr. Paulsen said a few minutes ago, because as I sit here and listen to this testimony, having read the report and multiple sources of information that are now coming out, I'm going to tell you that the trust for the IRS, to begin with, was already shaky by the American people. I know whenever someone gets any piece of information from the IRS, it doesn't feel very good and they're not very confident, even before this happened, that they're going to be treated fairly. But what has happened here in this testimony that we're getting today is very disturbing. And I want to say what Mr. Price said. If I was sitting at home watching this on C-SPAN, I would probably be questioning again, there doesn't seem to be clarity here, how can I trust.

Let me go back to, as I'm listening to your testimony in your opening remarks, you referred to this as foolish mistakes. And then you acknowledged in the response to Mr. Rangel that there was abuse. So this is just more than foolish mistakes. This was abuse. And then you said to Mr. Ryan's response that you felt that the applicants were dealt with fairly. And then you turned around and said, answering to Mr. Neal, that there was a litmus test that was a political activity. And you then said, Politics is always where we ask questions in these kinds of applications.

I want to go to page number 6 on the report that does talk about the words that were used like Tea Party and patriots. Then, another point in time, issues including government spending, debt,

taxes, public advocacy and lobbying to make America better. And I want to know, if you say that yes, there is a litmus test and that politics is always where we ask questions anytime there's an application that seems to go there, can you give me some other words that would have been used beside what appears to me to be all conservative questions? Was there a progressive—that we should look for anything in the application, then, that says progressive? Was that anywhere?

Mr. MILLER. So I think what—and I'll refer to Mr. George's statement, I believe his statement indicated what my understanding is, which is this was not the only thing that our folks were looking at as they scanned—

Mrs. BLACK. But you're not answering my question. Was there anything in any of this criteria that was outside of what I'm seeing in this report that would have indicated to me that other than conservative groups who were applying for this status, that you had a word in there anywhere to say okay, the litmus test is this seems to be political, so we always look at political. Where's the word "progressive"?

Mr. MILLER. I'm not arguing that the list was bad and that the list was conservative-based.

Mrs. BLACK. Excuse me, I'm going to reclaim my time on this, because then I would say it's targeted. You can't have that both ways. That's targeting. And there's 16 times in this report that says that there was targeting. So I believe that as you're giving this testimony that you can't have that both ways.

Now there's also ineffective management that is talked about in this report. Even if you get outside of this and say okay, there was no targeting, I want to know how a couple of employees that are considered low level could have done what was done here. Because this says to the American people that out of thousands of employees that you have at the IRS, there's ineffective management there. Nobody's watching this. If this was noted in 2010 and in 2013 we're just now finding out about this, that certainly is ineffective management. Because there should have been somebody that was overlooking this that said this must stop and I'm going to come back in 30 days to make sure it is stopped. But it continued and it continued and now we've got 400 applications, some of them over 3 years.

This is more than ineptitude. This is more than just mismanagement. And I know my time is going to run out here. So Mr. George, I want to come to you, because you told Ms. Jenkins that you told the General Counsel of the Treasury on June 4.

Mr. GEORGE. Correct.

Mrs. BLACK. You cannot recall the exact date that you told the Deputy Secretary, Neal Wolin. Do you recall if it was soon after informing the General Counsel? Was it like a week, a month?

Mr. GEORGE. I cannot give a timeframe but I can say that it was shortly thereafter.

Mrs. BLACK. Could we get that date? Is that possible to get that date?

Mr. GEORGE. You know, unfortunately, I don't keep a date planner. But I'll do my best, Ms. Black. If I have it, I'll supply it to the committee.

Mrs. BLACK. Thank you very much.

Chairman CAMP. All right. Mr. Read is recognized.

Sorry, time is expired.

Mrs. BLACK. Thank you, Mr. Chairman.

Mr. REED. Thank you, Mr. Chairman.

Mr. Miller, Mr. George, we've sat here for quite some time and I will tell you that this is offensive. This is offensive to hear this testimony. What I'd like to do is—I know you're disagreeing with the word "targeting," Mr. Miller. I suggest the American people will make that determination. I'll give this whole situation a name. It's the IRS targeting-gate. I'll put it right out there. And we're going to get to the bottom of it. We're going to keep on this until we're done.

As you sit here today, you were not fired from your job. And I can tell you, in my private experience you would've been fired on the spot. And all you were allowed to do is resign and retire. And now you come here and somehow try to say I did the honorable thing by falling on my sword. Nothing bad is going to happen to you. You're going to get your full benefits. You're going to get everything that is associated with your retirement as an IRS employee.

Mr. MILLER. Nothing bad is happening to me, Congressman?

Mr. REED. Financially. You're allowed to retire. That's the level of accountability in Washington, D.C. now. You came here on the taxpayer dollar today. You're getting a paycheck for being here today, correct?

Correct?

Mr. MILLER. Correct.

Mr. REED. I want to know who, what, where. And you know when my good colleague, my good friend from Michigan, Mr. Levin, started this, he said, We need to ask to who, what, where, and how. One question he didn't put in his opening comment was why. And we have dodged and weaved this whole time for this entire hearing as to why this happened. And I don't think we're going to get an answer to it today.

But Mr. George, I want to get to the bottom of your report. And I appreciate the work you have done. You referenced that there was gross mismanagement in regards to this situation. I want to know who you identified that had the responsibility to manage this situation. I want names, I want to know where they worked, when they worked, and what they did.

Mr. GEORGE. Lois Lerner is the primary individual, who is located in Washington. Joseph Grant was her supervisor. He, too, was located in Washington. And located in Cincinnati there were a number of people; a director named Holly Paz, P-A-Z. She was the Acting Director for a significant period of time that this was occurring. And then there were various management technical unit managers and the like. I can supply a full listing of those names at your request.

Mr. REED. That is my request, and I would formally request that.

Mr. GEORGE. Mr. Reed, may I please beg your indulgence? I need to make something clear in response to both Mrs. Black and Mr. Paulsen. When I had my discussions with the Commissioner

and with the Secretary and the General Counsel, it was not to inform them of the results of the audit. It was to inform them of the fact that we were conducting the audit. And I just want to make sure I was clear on that.

Mr. REED. Let's follow up on that. When you had the conversation with the Secretary, when exactly did that occur?

Mr. GEORGE. That happened shortly after he took office. So it was after the policy had already been stopped and the issues had been, we hoped, resolved.

Mr. REED. Mr. George, as a country lawyer from western New York, you made some comments in your testimony about the partisanship determination. You kept referencing something that I've seen many times in my legal career: at this time. That implies to me that there are additional investigations coming down the pipeline that potentially could uncover such information. Isn't that correct?

Mr. GEORGE. That is an accurate statement, sir.

Mr. REED. I will be eagerly awaiting those future investigations. And I applaud your work and I ask you to continue to do that work.

Mr. Miller, I just want to understand exactly. As we just had identified by Mr. George numerous people in your organization that you had ultimate oversight for, his ability to identify those individuals, you didn't identify those individuals in any type of management oversight when you became aware of this situation in May of 2012 and reached out to those individuals?

Mr. MILLER. I certainly was aware of my own management chain, yes, sir.

Mr. REED. Okay. And so who in your management chain specifically did you talk to about this situation?

Mr. MILLER. After May, you mean, of 2012?

Mr. REED. After you became aware of it you said you talked to two people in your management chain.

Mr. MILLER. I'm sure I talked to Joseph Grant. I probably talked to Lois as well.

Mr. REED. Those two, that's all you talked to.

Mr. MILLER. I talked to the folks who went out and worked on the case. And I mentioned Nan Marks in that regard.

Mr. REED. That was Nancy Marks who was in Cincinnati that you orally disciplined?

Mr. MILLER. No, no, no. Nancy Marks is a senior technical adviser who led a team to take a look at this in Cincinnati.

Mr. REED. And who was the employee again that you orally disciplined that you thought may have something to do with it?

Mr. MILLER. I apologize. I don't remember the name. We can give it to you. I'll just have to give it to you after the hearing.

Mr. REED. You said that person that was orally disciplined probably wasn't involved in it but there was a potential other employee. Who was that other employee?

Mr. MILLER. Let me go back because there were two employees, one of whom was reassigned, one of whom I asked to be orally counseled. The one that was to be orally counseled, they have even informed me may not have been the right person. They pulled all

the managers in to talk to them in lieu of an individual that they didn't know which one was which.

Mr. REED. Do you have those names?

Mr. MILLER. I'll have to send them to you, sir.

Mr. REED. I formally request for the record those names.

Chairman CAMP. Thank you. Mr. Young is recognized.

Mr. YOUNG. Mr. Miller, I want to know why all of this happened. You and Ms. Lerner have said over the past week that IRS officials started targeting Americans for their political beliefs in March of 2010. That was after observing a surge in applications for status as 501(c)4. So it's your rationale. To support this claim, you both cited an increase from about 1,500 applications in 2010 to nearly 3,500 in 2012. But data contained in the IG audit says the targeting began in March 2010, before this uptick. In fact, the audit also says on page 3 that the number of 501(c)4 applications for all of 2010 was actually less than in 2009.

Mr. Miller, you've said here today that you accept the IG report's finding of fact.

Mr. MILLER. Uh-huh.

Mr. YOUNG. How do you reconcile the facts I've just laid out showing no uptick in 501(c)4 applications with your stated motivation for targeting conservative groups?

Mr. MILLER. So I'll have to go back and look at the numbers, sir, but I think there was an uptick. And whether it was 2008—

Mr. YOUNG. You've already indicated here, sir, that you agreed with the findings of fact in the IG report. It says there was no uptick. How do you reconcile the two?

Mr. MILLER. I've got to look at the numbers, sir. I can't speak to that.

Mr. YOUNG. So you don't agree with the IG report?

Mr. MILLER. I would have to look at the IG report on that.

Mr. YOUNG. Mr. Miller, in June of 2011 Ms. Lerner learned about the practice of targeting conservative groups for compelled disclosure of donor lists and other information. She learned that was going on for more than a year, whereupon she claims she attempted to put a stop to it. Yet I have a letter here bearing Ms. Lerner's name. It's dated March 16, 2012. In that letter she directs a conservative Indiana group to comply with a previously sent inappropriate information request under penalty of perjury. I have that request here.

So one year after she said she stopped this practice, Ms. Lerner sent a letter demanding the group fulfill a request she had already determined to be inappropriate, a request that included a demand for donor information.

This strikes me as peculiar, to say the least. And it seems to contradict claims that somebody at the IRS tried to stop the harassment in 2011.

Further, this Indiana group had their 501(c)(4) status denied on February 18, 2013. But 4 days later, on February 22, 2013, their 501(c)(4) request was granted, even though they never provided the required information.

So after seeing these actions and an approval of an application that looks a lot to me like someone was covering their tracks over

that 4-day period, how can I assure my constituents that employees of the IRS aren't targeting conservative groups they disagree with?

Mr. MILLER. Let me put this in sort of time order because, again, there's some fundamental mashing of issues. There are two issues here. One is the list issue, which began about the time you say it did, I believe, and one is how we processed the cases. The donor list letter—and I'm not speaking because I don't know that case—but the donor list letter issue occurred much later in time. It actually occurred I believe—and I will have to go back and check this—but I believe it occurred after Lois had stepped in and stopped the listing, the first issue.

The development of those cases was still problematic. We had not gotten to the bottom of that. And that's why that would've been the case. I don't have an answer for you on the last piece of that.

Mr. YOUNG. Wait a second here. She said she had resolved this situation. She said she had stopped the targeting of conservative groups. A year later, she demands a group fulfill a request for the inappropriate information. I don't believe you've addressed that issue, sir. You've got 30 seconds left to do so.

Mr. MILLER. I apologize. First, you should know while her signature is on there, her signature is on 70,000 applications. So let's not personalize this one to Ms. Lerner. Secondly, and probably more importantly—I mean, I think that, again, my understanding and what I think Mr. George has said is that in 2011, June or July, whatever it was, she handled and fixed the list issue. The cases were still in development. The cases needed to be in development. There were issues. We just did a remarkably bad time of it.

Mr. YOUNG. All right, sir. It's just curious, I'll reiterate, a denial on February 18, 2013 and then a granting 4 days later. It does look a bit fishy there. We have to clarify that.

Chairman CAMP. The time has expired. You'll have to respond in writing.

Mr. Kelly.

Mr. KELLY. Thank you, Mr. Chairman. Mr. George, you have been on the job since November of 2004, is that correct, in your current position?

Mr. GEORGE. Yes, 2004.

Mr. KELLY. Anything rise to this level before?

Mr. GEORGE. No, nothing.

Mr. KELLY. Can I ask you, why did it take so long from the first time we knew that this was happening until you got the report done? The President said just the other day—I think it was yesterday—that he just got a look at the report and that's the first time he knew anything about it, other than reading it in the papers, I guess.

Mr. GEORGE. Are you asking—

Mr. KELLY. Have you ever seen anything of that magnitude before. It's never come up before.

Mr. GEORGE. No, it has not.

Mr. KELLY. Thank you. Mr. Miller, now you've been on the job for quite some years. But the current job you're in is from November 9, 2012. Is that right? So you just took over as Acting Commissioner.

Mr. MILLER. In November of '12, yes. I have both jobs.

Mr. KELLY. But before that, one of your jobs, you were the Commissioner of Tax Exempt and Government Entities Division. So you actually were in the job that we're questioning now that group of what was happening there. So would you have been in Cincinnati?

Mr. MILLER. No.

Mr. KELLY. You were never in Cincinnati.

Mr. MILLER. No.

Mr. KELLY. So is Cincinnati some outpost?

Mr. MILLER. So, obviously, the IRS is a nationwide organization.

Mr. KELLY. No, I understand that. And I want to tell you, listen, believe me, if you think it's uncomfortable sitting over there, you ought to be a private individual when the IRS is across from you questioning. So I've got to tell you, it's uncomfortable for everybody.

But my question more specifically is: So how did Cincinnati get to where they are? How did they develop that strategy and how did they know to go after these certain groups? How did they target those folks? A couple of rookies just showed up and didn't really know what they were doing?

Mr. MILLER. Again, I would point to the TIGTA report on what happened.

Mr. KELLY. No, I understand that. I understand that. But I'm hearing—it's always these are low-level people that pushed the wrong button.

Now when Cincinnati can't figure out, who do they confer with? Who's their counsel when they're looking at these tax exempt entities. Does it come back here to D.C.? Yes or no, does it come back to D.C.?

Mr. MILLER. Yeah.

Mr. KELLY. Okay. All right. So D.C. and Cincinnati would be pretty well connected in understanding what's going on. So this doesn't come as a great shock to anybody. In fact, I would say it doesn't come as a shock. You know what it does to the American people? It really establishes what they've feared so often. I have a grandson who's afraid to get out of bed at night because he thinks somebody under the bed is going to grab him. And I think most Americans feel that way about the IRS. You get a letter from you folks, or a phone call, it's with terror that you look at it. And now this kind of reconfirms that, You know what? They can do almost anything they want to anybody they want any time they want.

This is very chilling for the American people. I know that you're resigning. You're walking away from it. But this is not going to go away. This is a Pandora's Box that has been open. And I don't think we can get the lid back on it. And I don't believe that the White House just found out about this in the news report because he happened to grab a TV shot or just read Mr. George's report and said, You know what? Anybody hear about this before? I'm just getting a first look at this. Shouldn't somebody be responsible? I'm thinking maybe Treasury falls in there. I'm not sure how we understand how that organizational chart works.

But I am really concerned. Now I've got to tell you, where you're sitting, you should be outraged. But you're not. The American people should be outraged. And they are. And this committee, this has

nothing to do with political parties. This has to do with highly targeted groups. This reconfirms everything that the American public believes. This is a huge blow to the faith and trust that the American people have in their government. Is there any limit to the scope of where you folks can go? Is there anything at all? Is there anywhere that we can ask you? Is there any question that you shouldn't have asked? My goodness, how much money do you have in your wallet, who do you get emails from, whose sign do you put up in your front yard? This is a tax question? And you don't think that's intimidating? It's sure as hell intimidating. And I don't know that I got any answers from you today and I don't know that—what Mr. George has done is great work, but you know what? There's a heck of a lot more that has to come out in this. And anybody to sit here today and listen to what you have to say, I am more concerned today than I was before. And the fact that you all can do just about anything you want to anybody. You know, you can put anybody out of business that you want any time you want. And I got to tell you, you talked about you're a horribly run organization. If you're on the other side of the fence, you're not given that excuse. And when the IRS comes in to you, you're not allowed to be shoddy, you're not allowed to be run horribly, you're not allowed to make mistakes. You're not allowed to do one damn thing that doesn't come in compliance. If you do, you're held responsible right then. I just think the American people have seen what's going on right now in their government. This is absolutely an overreach and this is outrage for all America.

I yield back.

Chairman CAMP. Mr. Griffin is recognized for 5 minutes.

The committee will come to order.

We will have order in the committee. Mr. Griffin is recognized for 5 minutes.

Mr. GRIFFIN. Thank you, Mr. Chairman. I want to make a couple of comments first. The surge in these groups that are the subject of this hearing is not related to a Supreme Court case, if there was a surge at all. It's related to the nonsense in Washington. That's why people were getting engaged. In fact, the Supreme Court case that has been so much discussed here has no bearing on these groups, ultimately. That's ridiculous. What this hearing has demonstrated for me is that our most expansive Federal powers are given to our most intrusive agency. And then you add on top of that incompetence or whatever else we have and it's a disaster.

My colleague here talks about asking people how much money they've got in their wallet. I got a text last night at dinner from a friend of mine who's a supporter in Arkansas, in Little Rock. He's being audited. Yesterday morning he had to meet with the IRS. He was outraged. He sent me a text. He said, They asked me how much cash do you carry in your wallet? How much cash does your wife carry in her wallet? Do you use the Internet?

You know, I don't care what rules are written down or not written down. These people ought to have enough common sense to know that this is just stupid to ask this kind of stuff. And if they don't know that on their own, without something written in a regulation, they ought to quit or be fired. It is craziness.

Now I've known you for a long time, Joe, and I've looked at your investigation. I appreciate the work you've done. It is really an audit, let's be clear to the press. This is not an investigation. You did not request emails, you did not do what you would do in an investigation. There's a reason you don't know who came up with this. You didn't investigate that. You might be now. Are you?

Mr. GEORGE. I'm not in a position, sir, to discuss whether or not—

Mr. GRIFFIN. That means you are. Okay. So the bottom line is for those looking, this is an audit. And it's helpful. But it's the tip of the iceberg. It's the tip of the iceberg. It's looking at metrics at interviewing some folks.

We worked together years ago up here on the Hill, right in the building next to us, and we know how important emails are. And I trust that you're going to get to the bottom of the emails.

Let me just mention real quickly, if you want to know where a lot of this comes from, look at Senator Levin's letter. Senator Levin specifically mentioned a bunch of the groups that you all targeted. The other Senators made the points, but they didn't mention specific groups. It was Senator Levin's letter, to some extent. You all were doing what Democrat Senators were asking. A lot of the press here ought to go to the Senate when you're done and ask them some questions.

Now with regard to Sarah Hall Ingram, you may have been confused as to when she worked there, but she was there from 2009 to 2012. You said you had horrendous customer service. And what happened to her? She got \$100,000 in bonuses and she was promoted. Wow. Incredible.

You said the buck stops with you. Well, it stopped with her before that. She was directly in charge of these rules of this targeting. What did she get? Bonuses and moved to a job. You know what her job is now? She's coordinating Section 1414 of ObamaCare? What is that? That's the provision that says that there's an exemption or an exception to disclosure of tax information. What is that? That means the Treasury can share your tax information with HHS for the purposes of implementing ObamaCare to see whether you have got a really expensive health care plan or what have you. It's right there in Section 1414.

So she provided horrendous customer service under her watch and now she's going to do the same implementing ObamaCare. Swell. This is a perfect example of why we need tax reform. If you want to diminish and limit the power of the IRS, you've got to reduce the complexity of the Tax Code and take them out of it.

Thank you, Mr. Chairman.

Chairman CAMP. Thank you. Mr. Renacci is recognized for 5 minutes.

Mr. RENACCI. Thank you, Mr. Chairman. Gentleman, as a CPA who's represented many taxpayers in the last three decades, I'm really appalled. I'm really appalled that the agency was able to take these actions.

Mr. George, you made a comment, you said that these actions, even though they were contrary to the Treasury policy at the IRS, it was not illegal but inappropriate.

Mr. Miller, if a taxpayer was in front of your agency and they did something that was contrary to Treasury policy, would that be illegal or inappropriate?

Mr. MILLER. If they did something contrary, no.

Mr. RENACCI. Treasury policy on their tax return.

Mr. MILLER. No. We'd be auditing them.

Mr. RENACCI. I know you'd be auditing them. But I've seen your agency bring people to tears because you say it's inappropriate. It's just amazing the way you're answering some of these questions. You answered a question to Mr. Roskam, and you said, I don't know. If an American taxpayer said to you in an audit, I don't know the answer, what would your agency do to that person?

Mr. MILLER. We would work with them.

Mr. RENACCI. I've seen what you've done to them when they say they don't know. That's the problem. That's what the problem here is.

Mr. Miller, you talked about at some point in time you said these were serious infractions. You said you were outraged. When were you outraged? When did you first learn of this and when did you become outraged?

Mr. MILLER. May 3 of 2012.

Mr. RENACCI. So May 3 of 2012 you became outraged. You testified in front of this committee on July of 2012. Why weren't you outraged then?

Mr. MILLER. I was answering the questions that I was asked, sir, and I knew that TIGTA had this under its viewing and that this was going to come out.

Mr. RENACCI. But you were outraged a couple months before. You didn't let Congress know of your outrage at that point in time.

Mr. MILLER. At that point in time I fixed the problem.

Mr. RENACCI. You fixed the problem.

Mr. Chairman, I want to offer in the record a statement from one of my constituents, the Ohio Christian Alliance.

Chairman CAMP. Without objection.

[The prepared statement of the Ohio Christian Alliance follows:]



Advocating for Life, Faith, and Freedom in the Public Square

To: Chairman David Camp U.S. House Ways and Means Committee
 From: Chris Long, President of Ohio Christian Alliance

Subject: Timeline of OCA Ed fund process of application for tax-exempt status from February 8th 2011- February 21st 2012.

The Ohio Christian Alliance submits this material for the purpose of providing members of Congress and the U.S. House Ways and Means Committee with information that may help them in their ongoing investigation of the IRS handling of tax-exempt applications during the period of 2010-2012. The timeline provided in this report details the process with dates and specifics of the Ohio Christian Alliance application process for tax-exempt determination 1023 request. OCA has been organized since 1991, and has acted as a C4 advocacy organization. Many of our activities over the years were C3 oriented projects; we thought it only prudent that we would file for a C3 educational trust to benefit our contributors who would then be entitled to a tax deduction for their contribution to the OCA ED fund. As we listed in our application, the ED fund would be involved in non-partisan voter registration efforts, in churches and community groups. We would also provide educational materials and host conferences and seminars for educational purposes.

OCA hired Bopp Coleson and Bostrom Attorneys at law out of Terre Haute Indiana to file our 1023 application. Below is a timeline of our filing, along with an excerpt of questions that were subsequently submitted to the office of OCA, to address within a time-window of 21 days from December 9th- December 30th, 2011. The letter was dated December 9th but was received in the OCA office on December 12th, giving us 18 days to respond and that during the Holiday season. Our application was filed on February 8th, 2011. A letter from the IRS indicating that they had received our application and that it was being assigned to a special agent was dated March 17th, 2011. The letter indicated that we could expect a response within 90 days. Month after month passed, with no response from the IRS. We then became curious and asked our attorneys whether this was a normal procedure. They too were surprised by the length of time the application was taking.

For nine months we heard nothing, and then on December 12th, we received a letter dated December 9th that was tantamount to a demand letter, indicating that if we did not respond to the six additional questions by December 30th, 2011, they would then assume that we no longer wish for them to consider our application for exemption and would consequently close our case. As result, they stated they would treat us as a taxable entity, they also indicated that if they received the application after December 30th, then they would require us to file for a new application. Thankfully our attorneys were available in mid-December and were able to expeditiously return an answer to the IRS. OCA did receive a letter of determination for its C3 dated February 1st, 2012, nearly thirteen months since our original filing.

Time line of events of the OCA ED Fund filing:

- February 8, 2011 The filing of the Ohio Christian Alliance Educational Fund form 1023 Application for Recognition of Exemption was submitted.
- March 17, 2011 A letter was sent from the IRS stating that the 1023 application was received and that 'you can expect to be contacted within approximately 90 days from the date of this notice.'
From March 17th 2011-December 9th 2011 There was no contact from the IRS.
- December 9, 2011 A letter was sent from the IRS requiring "additional information" with response due date of December 30, 2011. Stated "If we do not hear from you within that time, we will assume you no longer want us to consider your application for exemption and will close your case. As a result, the Internal Revenue Service will treat you as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new application."
- December 23rd 2011 OCA submitted its response to the IRS to the additional questions.
- February 21, 2012 Letter of determination received. It was nearly 13 months from the time of our filing of the application until the date on which we received the notification of our determination letter for the OCA Ed Fund.

Here are two of the six questions in which the special agent requested additional information from OCA of the filing of the application which caused us to wonder the purpose behind the questions.

1. *"The narrative indicates that the organization 'opposes anti-Christian bigotry and defends the rights of Christians'. Please describe how the organization achieves this purpose. For example, will the organization engage in legal action against activity the organization interprets as Christian bigotry, or are the actions of the organization against anti-Christian bigotry more accurately classified as educational in nature. If the organization has engaged in such activity, please describe the actions taken by the organization. Otherwise, please describe the type of action the organization may take to address anti-Christian bigotry."*
2. *"Please supply a chronology and complete description of all activities of your organization since the date of your formation on April 29, 2010, as well as those activities planned for the next 12 months."*

We have two questions we would like to have entertained:

- 1) Was the 13 months a reasonable amount of time for application, or was OCA ED fund put through an additional level of review for the processing of our application?
- 2) How were other organizations, similar to the mission of OCA ED fund, processed during the same time period?

We appreciate Chairman Camp and the members of the U.S. House Way and Means Committee for receiving our report and taking the time to investigate this matter. OCA submits this material for the purpose of providing actual testimony by an organization that had its tax-exempt application in process during the time in question, in which additional scrutiny by some IRS agents was applied to certain applicants solely based upon their representation of conservative interests.

Mr. RENACCI. The Ohio Christian Alliance is one of those organizations. They were applying for a (c)3, an educational trust. They are advocating life, faith, and freedom. What was the IRS concerned about? What were they scared about when it comes to life, faith and freedom?

Mr. MILLER. Sir, I can't speak to an individual case. I have no knowledge of it.

Mr. RENACCI. I'm just using an example. Life, faith, and freedom, that's something that the IRS would pull an application for? Actually, it took over 13 months. The timeline on this, they filed in February of 2011. In March they were told they would have an

answer in 90 days. In December, they got a letter that said they had 2 weeks to respond to it or their application would be denied. And then they responded.

By the way, some of the questions—you talked about what are some of the questions. They list here: Is your organization—were the actions of the organization against anti-Christian bigotry more accurately classified as education in nature? Is your organization engaged in such activity?

Are some of those questions appropriate?

Mr. MILLER. I don't know because it is a specific case. But I will say one of our difficult areas is determining what's politics and what's education. It's a very difficult line.

Mr. RENACCI. I don't think anything in this application leaned toward politics. It leaned toward, as I said, life, faith and freedom.

Mr. Miller, I understand that after the Presidential election the IRS approved dozens of applications from conservative groups. Why was there such a large approval after the election?

Mr. MILLER. I don't have that information. My information is that in May I asked that the cases be grouped in a fashion that we move them quickly through and try to fix the process problems we had. There were a number of applications from tea parties and others that were approved at that time. And we pushed hard.

Mr. RENACCI. Was the process changed post-election?

Mr. MILLER. Not that I'm aware of.

Mr. RENACCI. Mr. Chairman, I yield back.

Chairman CAMP. Thank you, Mr. Renacci.

That brings this hearing to an end. But I promise the American people this investigation has just begun.

Hearing adjourned.

[Whereupon, at 12:50 p.m., the committee was adjourned.]

[Submissions for the Record follow:]

The Honorable Sam Johnson

Congressman Sam Johnson

Statement for the Record

May 24, 2013

Hearing on Internal Revenue Service Targeting Conservative Groups

Mr. Chairman,

Thank you for holding this hearing. The American people deserve to know the truth so that those in the IRS who are responsible will be held fully accountable.

I would also like to thank the Inspector General for its important work.

The bottom-line is that the IRS has been used as a political weapon.

Folks and groups back home seeking to express their support for our hard-fought freedoms and liberties ... for limited government ... for a better America ... should never be subjected to intimidation because of their political beliefs. Never!

By way of example, back home, the Allen Area Patriots seem to me to have been a target of the IRS. Back in July 2010, the group applied for 501(c)(4) status. As of today, the group has not had a response. That's nearly three years ago. In February 2012, the IRS sent the Allen Area Patriots a set of 19 questions including such onerous and irrelevant questions such as those relating to the employment of the group's key officials.

And I would like to point out that in the letter accompanying the 19 questions, the IRS asks applicants to declare that the information they provide is "true, correct, and complete."

Unfortunately, the IRS has failed time and again to hold itself to this standard.

The actions of the IRS are simply outrageous and unacceptable.

We must make sure this never happens again.



The Honorable Richard Hudson

Office of Congressman Richard Hudson
429 Cannon House Office Building
Washington, D.C. 20515

May 17, 2013

Prepared Statement by Congressman Richard Hudson before the House Ways and Means Committee for a Hearing on "Internal Revenue Service Targeting Conservative Groups"

Chairman Camp, Ranking Member Levin, I appreciate the opportunity to submit this statement before the Committee today on a growing scandal within the current Administration. When I first learned the Internal Revenue Service (IRS) had targeted conservative groups during the 2012 election, I was outraged by the reports indicating a nonpartisan government agency was actually engaging in political activities and using their taxpayer-funded resources to knowingly violate IRS policy against such activities.

Perhaps the most troubling revelation to me, and the constituents which I represent in North Carolina's Eighth District, is the fact that these organizations, groups dedicated to promoting limited government, individual liberty and free speech, have been singled out. The American people expect the IRS and other agencies like Health and Human Services (HHS), Department of Justice (DOJ), Department of Homeland Security (DHS) and Social Security Administration (SSA) to refrain from engaging in political activities of any sort and it is incumbent upon the Congress to ensure those expectations are met.

Congressional leaders learned of numerous complaints from conservative groups who believed they were being targeted. Stories of harassing demands and sometimes outright bullying were a common theme in these complaints. Yet, when asked, the IRS repeatedly misled the public. In this Committee last year, then-IRS Commissioner Douglas Shulman testified before the House Ways and Means Committee and stated that conservative political groups were not being targeted. Now that we know the truth, it is difficult to comprehend how these lies can be reconciled.

I am pleased to know that this Committee and others are investigating this egregious breach of public trust. I look forward to working with you to get to the bottom of this and ensuring to my constituents and the American people that this practice does not happen again. I thank you for your time today and look forward to working with you on behalf of the American people.

STAFF CONTACT: Michael Thornberry, Legislative Director; (202) 225-3715



National Organization for Marriage**MEMORANDUM**

May 22, 2013

TO: Members of the United States Senate
Members of the House of Representatives

FROM: Brian S. Brown
President, National Organization for Marriage (NOM)

RE: IRS Release of Confidential Tax Return To Group Headed By President Obama's National Campaign Co-Chair

We write to provide you background on the illegal release by the Internal Revenue Service of the National Organization for Marriage's (NOM) confidential 2008 Form 990 Schedule B tax return containing confidential donor information which was provided to the Human Rights Campaign (HRC), a group then headed by President Obama's national Campaign Co-Chair.

While many people are aware that NOM is a victim of IRS abuse, they mistakenly believe that we had our nonprofit application held up for further scrutiny by the IRS. Instead, we had confidential taxpayer and donor information stolen by the IRS and given to our arch political enemy. As we set out below, the information could only have originated with the IRS itself.

By way of background, NOM is the leading pro-marriage organization in America. NOM operates as a nonprofit corporation, exempt from income taxation under section 501c(3) and c(4) of the Internal Revenue Code. NOM annually files with the Internal Revenue Service Form 990 which includes, under Schedule B, a list of our major donors. Nonprofit corporations are required to provide copies of their Form 990 tax return, but they can redact the name and identifying information of donors.

Our principal opponent in the war on marriage is the Human Rights Campaign (HRC). HRC and others in the gay marriage movement have waged a war of intimidation and harassment against NOM and those active in the effort to preserve marriage. For example, the HRC operates a website called "NOM Exposed."

As part of their campaign of harassment, the HRC has demanded that NOM reveal the identity of all our major donors. NOM, like virtually every other major nonprofit group, does not disclose its donors.

In late 2011 or early 2012, President Obama appointed several people to serve as national Co-Chairs of his reelection campaign. One of those Co-Chairs was Joseph Solomnese, president of the HRC. As a Co-Chair, Mr. Solomnese was expected to raise

substantial sums of money from the homosexual community to support President Obama's reelection.

A few months after being named as President Obama's campaign Co-Chair, the HRC published on "NOM Exposed" our confidential tax return, Form 990, Schedule B, containing the identity and confidential information of dozens of our major donors during 2008. HRC claimed they received the return from a "whistle blower." It was immediately published by the Huffington Post and other liberal publications and blogs.

The document released by HRC contained a mask intended to block out a section of each page of the tax return. Every page contained the same mask at the same location on the page. Computer programs were able to determine that the mask was applied as a "layer." When the layer was removed, the following information could be seen:

"THIS IS A COPY OF A LIVE RETURN FROM SMIPS. OFFICIAL USE ONLY" together with the number "100560209."

According to the Internal Revenue Manual, the language on the document is the header that the IRS's Central Information System inserts on documents that are e-filed.

It is thus indisputable that the document published by the HRC – the same organization headed by President Obama's national Campaign Co-Chair – originated with the Internal Revenue Service. Disclosure of confidential tax returns is a felony, punishable by \$5,000 fine and up to 5 years in prison per unauthorized disclosure or inspection. Disclosure also exposes the Government (though, according to judicial decisions, not private individuals who further disseminate the illegally-obtained tax returns) to statutory damages of \$1,000 per disclosure, or actual and punitive damages.

NOM has vigorously complained to governmental officials about the many violations of federal law that have occurred concerning the illegal release of NOM's confidential tax records. This includes requests for investigation and prosecution to the Department of Justice and the Treasury Department's Inspector General for Tax Administration (TIGTA). Attached is a copy of the request for investigation filed with the Department of Justice.

TIGTA investigators interviewed NOM officials and were provided extensive documents, but the government has since stonewalled any attempt to provide information on the source of the stolen tax return, whether there was communication or coordination with the HRC, and whether any information was shared with the White House or the Obama reelection campaign.

NOM filed parallel Freedom of Information Act requests with the IRS and TIGTA last August, for example, seeking any records within each agency. The IRS declined to produce any of the relevant records from its files, claiming that they were under the jurisdiction of TIGTA. A follow-up FOIA request pointing out the error was met with a second non-response response, falsely claiming that the relevant records had been

produced in response to NOM's first request. But the most egregious response to date was provided on May 3 of this year the very same statute that prohibits unauthorized disclosure of tax returns prohibits the government from disclosing who committed these felonies! (TIGTA bureaucrats wrote, "Specifically, records compiled pursuant to a Title 26 investigation, including even the fact of an investigation, are the protected return information of the subject(s) of the investigation.") In sum, neither the IRS, DOJ or any other government agency has brought charges against the individuals who committed these felonies in over a year, and they are using a convoluted interpretation of the statute prohibiting disclosure to shield the identity of those same individuals from NOM.

While the recent revelations about IRS abuses concerning Tea Party and other conservative organizations are quite alarming, they pale in importance to the actions by the Internal Revenue Service concerning NOM. **To reiterate, our confidential tax return containing the identity of dozens of major donors was leaked by the IRS – a felony - and subsequently published by our chief political enemy – a group headed by a national Co-Chair of President Obama's reelection campaign.** This is a stunning and chilling set of circumstances. It reveals that no taxpayer is safe from retaliation by the IRS.

We hope that the Congress will treat seriously the horrendous abuses visited on NOM by the IRS and the utter failure of the Obama Administration to investigate the abuses and numerous violations of federal law. We urge the Congress to utilize its powers of subpoena and investigatory authority to get to the bottom of this matter. The American people are entitled to no less than a full accounting of who is responsible for the theft of NOM's tax documents, and whether others were involved or aware of the activities.

We also urge Congress to consider a clarifying amendment that would prevent the IRS from using the non-disclosure statute to shield IRS employees who violate the statute. In addition, we urge Congress to consider clarifying that private individuals who knowingly or with gross negligence further disclose illegally-obtained tax return information are not just subject to criminal prosecution, but are civilly liable to the victimized taxpayer.

We stand ready to assist the Congress in any way to get to the bottom of this issue and are available to testify on this issue should such be desired.

Thank you for your consideration.



Kathryn Keneally
 Assistant Attorney General
 950 Pennsylvania Avenue, NW
 Washington, DC 20530-0001

April 25, 2012

Re: Request for Immediate Investigation into Unauthorized and Illegal Release of Confidential Taxpayer Information & Referral for Criminal Prosecution

Dear Assistant Attorney General Keneally:

The undersigned serve as officers of the National Organization for Marriage (NOM), a nonprofit corporation recognized by the Internal Revenue Service ("IRS") as a social welfare organization, exempt from taxation pursuant to IRC Section 501(c)(4).

As you are aware, an organization such as NOM is required to annually file its Form 990 information return with the IRS, including its Schedule B, Schedule of Contributors. 26 U.S.C. § 6033. Schedule B is the list of donors to tax-exempt organizations who contribute \$5,000 or more during the reporting period, but it is a schedule that is filed solely with the IRS and is not a public document. Specifically, the Internal Revenue Code ("IRC") provides that

The information required to be furnished by sections 6033, 6034, and 6058, together with the names and addresses of such organizations and trusts, shall be made available to the public at such times and in such places as the Secretary may prescribe. **Nothing in this subsection shall authorize the Secretary to disclose the name or address of any contributor to any organization or trust** (other than a private foundation, as defined in section 509 (a) or a political organization exempt from taxation under section 527) which is required to furnish such information.

26 U.S.C. § 6104(b) (emphasis added).

Recently NOM discovered that its 2008 Form 990 Schedule B ("2008 Schedule B") has been unlawfully obtained from the IRS by the Human Rights Campaign ("HRC") and the Huffington Post and published by both of these entities, as well as subsequent publication by other organizations and individuals.¹

It is apparent from the copy of the NOM's 2008 Schedule B that appears on the HRC and Huffington Post websites that the purloined 2008 Schedule B is the *official* version filed with the IRS, such that the source of the illegal public release can *only* be the IRS.

The unauthorized public release of NOM's 2008 Schedule B is a violation of federal law. See 26 U.S.C. § 6103.

Please consider this as NOM's formal request for an immediate investigation of the circumstances surrounding this matter, to identify the person(s) responsible for these illegal actions and

¹ NOM is aware of numerous news entities that have republished this confidential tax document, including New York Magazine, Mother Jones, and The Daily Beast. This mass publication has led to further dissemination of confidential information through countless blogs and social media websites.

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the referral of those IRS employee(s) and others for prosecution by the appropriate authorities for violation of federal criminal statutes.

The specific facts and applicable law are detailed more fully below.

The Facts

On or about March 30, 2012, the Human Rights Campaign published NOM's 2008 Schedule B on its website at <http://www.hrc.org/blog/entry/one-of-noms-top-secret-donors-revealed-mitt-romney>. See Attachment 1 (Copy of article as published)²; Attachment 2, *Screenshot of HRC website* (taken April 2, 2012) (highlighting NOM's Schedule B to all website visitors.)

On March 30, 2012, the Huffington Post published an article about NOM's 2008 Schedule B (see http://www.huffingtonpost.com/2012/03/30/mitt-romney-gay-marriage_n_1391867.html?ref=politics).³ The article was entitled "Mitt Romney's PAC Funded Anti-Gay Marriage Group Under the Radar" and linked to the full Schedule B with all contributor information from NOM's 2008 Schedule B posted on the Huffington Post website.

The document posted by the HRC on its website, and linked from the Huffington Post website, is a PDF document on which the original IRS information has been obscured. By removing the layer that was added to the PDF document, we have been able to ascertain the IRS information that appears on the original document. "THIS IS A COPY OF A LIVE RETURN FROM SMIPS. OFFICIAL USE ONLY" appears across the top of each page, and the number "100560209" is stamped across the middle of each page. See Attachment 3 (side-by-side comparison of document as posted by HRC and document with redaction layers removed.)

Only the IRS would have the Form 990 with this "Official Use" information emblazoned on each page. According to the Internal Revenue Manual, Section 3.11.12.1.26 (01-01-2012), the language "THIS IS A COPY OF A LIVE RETURN FROM SMIPS" is the header that the IRS's Central Information System inserts on documents that are e-filed.

Pursuant to 26 U.S.C. § 6104, NOM must make the public portions of its Form 990 available for public inspection. NOM posts these public documents on its website. See NOM, Financial Reports, (http://www.nationformarriage.org/site/c.0mL2KeN0LzH/b.5493925/k.A78A/Financial_Reports.htm) Further, in the past, HRC has published the publicly available NOM Form 990, which, of course, does not include confidential contributor information. See HRC, NOM Exposed, "The Mysterious Five Donors." (<http://hrc.org/nomexposed/section/the-mysterious-5-donors>). Notably, HRC links to a copy

² On April 11, 2012, NOM sent a letter to HRC demanding that it remove the 2008 Schedule B and any information obtained therein from its website within 24 hours. NOM discovered that, by the morning of April 13, 2012, HRC had quietly removed the 2008 Schedule B and altered the blog post to remove all references to this illegally-obtained document.

³ On April 11, 2012, NOM sent a letter to the Huffington Post demanding that it remove the 2008 Schedule B and any information obtained therein from its website within 24 hours. As of this writing, the information has not been removed.

of NOM's public 990 from 2009 and 2010.⁴ The illegally published 2008 Schedule B differs from these publicly available Form 990 copies in three key ways. First, the 2008 Schedule B posted on HRC's website is a clean version of the document, meaning it does not appear to have stamps or markings as are found on the 2009 and 2010 990's. Second, the 2008 Schedule B has a distinctive white rectangle across the page, which we have discovered to be a redaction tool to cover up a numbered stamp underneath. Third, we discovered that the 2008 Schedule B posted by HRC had been cropped in such a way as to hide the IRS markings (described above) while it does not appear that the 2009 and 2010 990's have been similarly altered. While NOM does retain the 2008 Schedule B, it does not maintain a version with these distinctive markings on the top, bottom, and across the middle. We reasonably believe that the illegally published 2008 Schedule B was only under the custody and control of the IRS. Clearly, the *only* source of the illegally published 2008 Schedule B is the IRS.

Either the 2008 Schedule B was illegally released by one or more IRS employees, either deliberately or in response to someone impersonating a NOM official, or someone has breached the IRS computer system, obtained the official 2008 Schedule B and disseminated it. Either scenario is troubling, calls into question the integrity of the IRS and its document storage, and constitutes violation(s) of federal law.

Violations of Federal Law

The information contained in 2008 Schedule B is confidential and proprietary and is furnished to the IRS alone. *See* 26 U.S.C. §§ 6103(a) and 6104(b). NOM and other exempt organizations are assured by law that the donor information is not subject to disclosure. 26 U.S.C. §§ 6103(a), 6104(b).

The Form 990 that is required to be disclosed by all exempt organizations specifically excludes the requirement for disclosure of the Schedule B confidential donor information. *See* General Instructions, IRS, Schedule B (Form 990, 990-EZ, or 990-PF) (2011) ("Public Inspection: For all other organizations that file Form 990 or 990-EZ, the names and addresses of contributors are not required to be made available for public inspection."); IRS, Instructions for Form 990 Return of Organization Exempt From Income Tax (2011), Appendix D, "Public Inspection of Returns" (same).

Notwithstanding the statutory protection against disclosure of confidential donor information provided in good faith to the IRS, NOM's 2008 Schedule B has been obtained from the IRS and publicly disseminated.

Section 7213(a) of Title 26 of the U.S. Code makes it a felony, punishable by fine of up to \$5,000 and/or imprisonment for up to 5 years, for any officer or employee of the United States willfully to disclose confidential tax return information.⁵ It is also a felony for any person to whom the

⁴ *See* HRC, NOM Exposed, "The Mysterious Five Donors," <http://hrc.org/nomexposed/section/the-mysterious-5-donors>. The article includes links the 2009 Form 990 (<http://www.hrc.org/files/assets/resources/NOM-2009-990.pdf>) and the 2010 Form 990 (http://www.scribd.com/fullscreen/75061039?access_key=key-22meh5wfbxa2nnw5usiq). *See* Attachment 4 (copies of the first page of NOM's 2009 and 2010 Form 990 posted by HRC.)

⁵ Under 26 U.S.C. § 7213(a)(1):

It shall be unlawful for any officer or employee of the United States or any person described in section 6103(n) (or an officer or employee of any such person), or any former officer or employee, willfully to disclose to any person, except as authorized in this title, any return or

confidential tax return information is disclosed willfully to print or publish the material.⁶

Not only the individuals who obtained the 2008 Schedule B from the IRS and disclosed it to persons outside the IRS, but also the organizations and individuals who have subsequently disseminated NOM's confidential donor information have committed felony violations of federal law and must be identified and punished.

Obligation of USDOJ Tax Division for Investigation of this Matter

The United States Department of Justice ("DOJ") is authorized and obligated to prosecute criminal violations of federal law. *See* 28 U.S.C. §§ 509, 510, & 515-19. The Attorney General oversees the DOJ and has assigned this responsibility to the DOJ Tax Division, Criminal Enforcement Sections ("CES"), which are responsible for handling or supervising federal criminal tax prosecutions. *See* 5 U.S.C. 301; 28 C.F.R. §§ 0.1 & 0.70(b). The Tax Division "oversee[s] all federal criminal tax enforcement" and "has responsibility for all criminal proceedings arising under the internal revenue laws." U.S. Atty Man. §§ 6-4.010 & 6-4.200. "The Criminal Enforcement Sections are staffed with prosecutors who are particularly skilled at investigating, prosecuting and evaluating complex financial crime cases." http://www.justice.gov/tax/about_us.htm. Further, "[t]he federal criminal tax enforcement program preserves the integrity of our self-assessment tax system through the vigorous enforcement of the internal revenue laws." *Id.*

Either an IRS employee(s) deliberately and illegally obtained and released confidential taxpayer information filed by NOM with the IRS as required by law, or source(s) outside the IRS breached the government computers to obtain and disseminate NOM's 2008 Schedule B. Either is a violation of 26 U.S.C. 6103.

The Tax Division, through the CES, is obligated to investigate and learn the source of the breach and prosecute those responsible to the fullest extent of the law. Ensuring IRS employee integrity is a key component of the CES' mission, because IRS employee malfeasance undermines the IRS's ability to effectively enforce tax laws and collect taxes. Only vigorous enforcement of the internal revenue laws will prevent similar abuses in the future.

NOM's Demand for Investigation and Prosecution.

return information (as defined in section 6103(b)). Any violation of the paragraph shall be a felony punishable upon conviction by a fine in any amount not exceeding \$5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution, and if such offense is committed by any officer or employee of the United States, he shall, in addition to any other punishment, be dismissed from office or discharged from employment upon conviction for such offense.

⁶ Under 26 U.S.C. § 7213(a)(3):

It shall be unlawful for any person to whom any return or return information (as defined in section 6103(b)) is disclosed in a manner unauthorized by this title thereafter willfully to print or publish in any manner not provided by law any such return or return information. Any violation of this paragraph shall be a felony punishable by a fine in any amount not exceeding \$5,000, or imprisonment of not more than 5 years, or both, together with the costs of prosecution.

NOM has *not* and would not release its 2008 Schedule B to the public. Such disclosure is not required by law and, in fact, federal law protects donors to NOM from public dissemination of their confidential information.

Thus, the publication of the officially filed Schedule B can only have occurred as the result of a third party's illegal actions: either one or more IRS employees or an external source who has unlawfully obtained access to confidential IRS computers and confidential taxpayer information.

In either case, it is clear that a federal crime has been committed.

NOM hereby respectfully requests an immediate and thorough investigation into this matter in order to determine (1) whether an officer or employee of the United States is responsible for the unlawful release of NOM's 2008 Schedule B and should be prosecuted; (2) whether the source of the breach was through violation of the IRS's electronic data systems; and (3) how HRC, the Huffington Post, and others obtained NOM's 2008 Schedule B and their role in stealing NOM's confidential donor information and whether they, or any of them, should be prosecuted for their violation of federal law.

We submitted a request for investigation with the Treasury Department's Inspector General for Tax Administration as well.

Thank you for your attention to this serious matter.

Please respond to the undersigned at the above address. If further information from us is needed, please contact us at (202) 457-8060. We will await your response as to the next steps in addressing this situation.

Sincerely,



Dr. John C. Eastman, Chairman



Brian Brown, President
National Organization for Marriage

cc with enclosures:
Ronald A. Cimino
Deputy Assistant Attorney General for Criminal Matters
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Rosemary E. Paguni, Chief
Criminal Enforcement, Northern Region
601 D Street NW
Washington, DC 20530

One of NOM's Top Secret Donors Revealed: Mitt Romney | Backstory B... <http://www.hrc.org/blog/entry/one-of-noms-top-secret-donors-revealed-mi...>

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March 30, 2012 | [Dan Rafter](#) (<http://www.hrc.org/staff/dan-rafter/>)
on screen, NOM <http://www.hrc.org/blog/entry/one-of-noms-top-secret-donors-revealed-mi...>
Alabama (<http://www.hrc.org/blog/entry/one-of-noms-top-secret-donors-revealed-mi...>)
Florida (<http://www.hrc.org/blog/entry/one-of-noms-top-secret-donors-revealed-mi...>)
Blog (<http://www.hrc.org/blog/>)
GOP Primary (<http://www.hrc.org/gop/>)
Mitt Romney (<http://www.hrc.org/romney/>)
Anti-Golf Industry (<http://www.hrc.org/anti-golf/>)
Anti-Light Industry (<http://www.hrc.org/anti-light/>)
Marriage & Relationships (<http://www.hrc.org/marriage-and-relationships/>)

One of NOM's Top Secret Donors Revealed: Mitt Romney

We often talk about how hard NOM works to hide their donors – even if it means circumventing the law – but now, we've learned the identity of one of their high-profile financial supporters: Mitt Romney.

Financial documents obtained by HRC reveal that Mitt Romney donated \$10,000 to the National Organization for Marriage in 2008 – essentially funding NOM's strategy (<http://www.hrc.org/blog/entry/breaking-story-us-ic-confidential-documents-shed-light-on-nom-strategy/>) of using racial division and unfounded scare tactics to attack LGBT equality, at the same time that NOM was fighting for Prop 8 in California.

Join HRC in calling on Mitt Romney to immediately denounce NOM's divisive strategy. [Ad now \(https://secure3.convio.net/hrc/site/AdvocacyForm?context=advocacy&page=UserAction&id=1401\)](https://secure3.convio.net/hrc/site/AdvocacyForm?context=advocacy&page=UserAction&id=1401).

The money came via Romney's "Free and Strong America" PAC during a time when NOM was heavily engaged in passing Proposition 8. The 2008 IRS Form 990 is available at the bottom of this post.

Schedule B Part 990-B, 990-E, or 990-T		Schedule of Contributors		Year: 2008	
Name of the organization		Employer identification number			
National Organization for Marriage Inc.		50130000			
1a	1b	1c	1d	1e	
SSN	Name, address, and ZIP + 4	Appropriate descriptive title	Free of contribution	Person	Noncash
33	PO Box 17280 Washington DC 20036	Mitt Romney		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Example: Part 8 if there is a return contribution					

HRC reviewed copies of Romney's Free and Strong America PAC's filings with the Federal Election Commission – and no contribution to NOM was disclosed in those documents. The filings are available from the FEC (<http://query.nictusa.com/cgi-bin/fecmg?CC044928D>). But, HRC did discover an Alabama-based "Free and Strong America" PAC that in 2008 does disclose the \$10,000 contribution to NOM. Available on page 3 at: <http://www.sos.state.al.us/PEL/SOSELPDF.001/E0090861.PDF> (<http://www.sos.state.al.us/PEL/SOSELPDF.001/E0090860.PDF>).

The evidence continues to pile up and is painting a very clear picture of Mitt Romney's anti-LGBT associations. A candidate can't claim to be "better" for gay rights than [Ted] Kennedy if it's convenient, but then fund a far-right anti-LGBT strategy to keep other interest groups happy. [Ad now \(https://secure3.convio.net/hrc/site/AdvocacyForm?context=advocacy&page=UserAction&id=1401\)](https://secure3.convio.net/hrc/site/AdvocacyForm?context=advocacy&page=UserAction&id=1401) and tell Romney to denounce NOM's strategy.

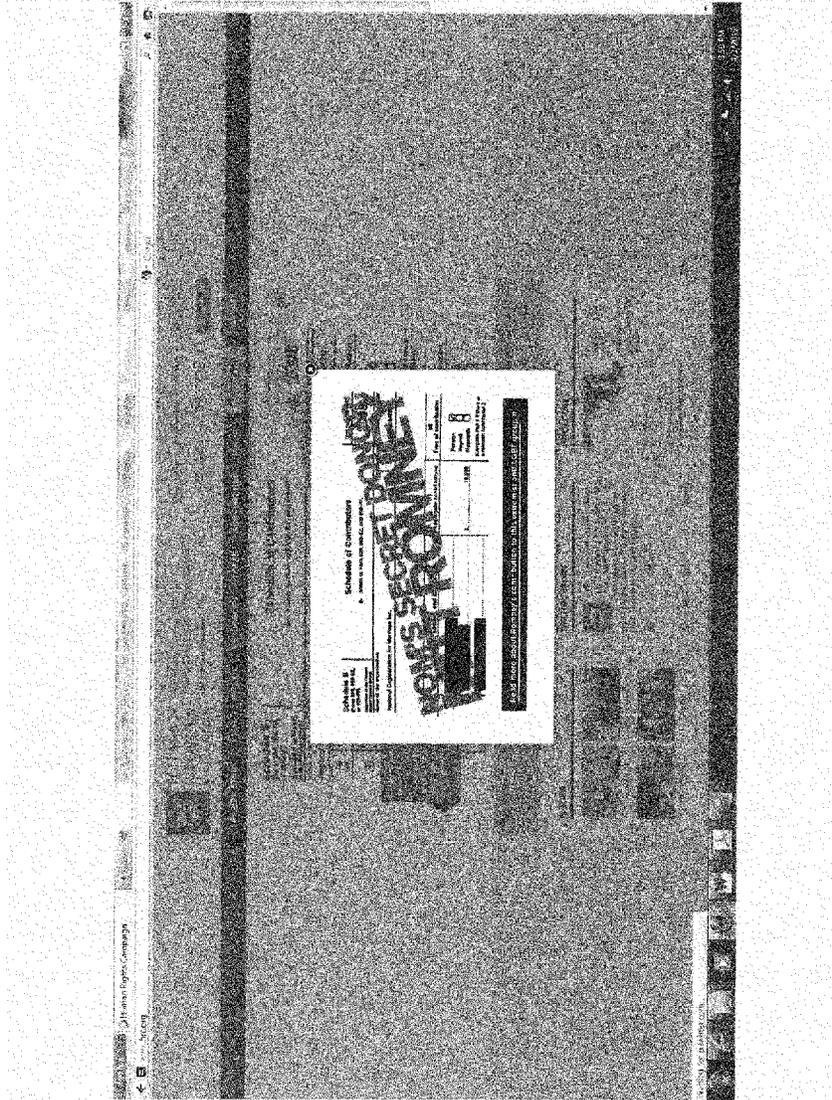
[NOMSchedule2008PDF \(http://www.sos.state.al.us/PEL/SOSELPDF.001/E0090861.PDF\)](http://www.sos.state.al.us/PEL/SOSELPDF.001/E0090861.PDF)
[NOMSchedule2008PDF \(http://www.sos.state.al.us/PEL/SOSELPDF.001/E0090860.PDF\)](http://www.sos.state.al.us/PEL/SOSELPDF.001/E0090860.PDF)

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Attachment 2
(Redactions Added to Protect Donor Information)

As posted by Human Rights Campaign with all masks turned off

Schedule B
Partners, directors, officers, and key employees

Schedule of Contributors
Name of the contributor
Address of the contributor
City and state and ZIP code
Date of birth (MM-YY)
2008
Employer identification number
SS
00000000

Partners:
Form 990 or 990-EZ
 501(c)(3) () partner (checked) organization
 501(c)(3) () partner (checked) individual that was treated as a private foundation
 501(c)(3) () partner (checked) corporation
 501(c)(3) () partner (checked) partnership

Directors:
Form 990 or 990-EZ
 501(c)(3) () director (checked) organization
 501(c)(3) () director (checked) individual that was treated as a private foundation
 501(c)(3) () director (checked) partnership

THIS IS A COPY OF A LIVE RETURN FROM DHS. OFFICIAL USE ONLY.

Partners:
Form 990 or 990-EZ
 501(c)(3) () partner (checked) organization
 501(c)(3) () partner (checked) individual that was treated as a private foundation
 501(c)(3) () partner (checked) corporation
 501(c)(3) () partner (checked) partnership

Directors:
Form 990 or 990-EZ
 501(c)(3) () director (checked) organization
 501(c)(3) () director (checked) individual that was treated as a private foundation
 501(c)(3) () director (checked) partnership

General Rules:
Partners, directors, officers, and key employees are those individuals who are named in the return as being involved in the organization's operations during the year. This includes individuals who are named in the return as being involved in the organization's operations during the year, even if they are not named in the return as being involved in the organization's operations during the year. This includes individuals who are named in the return as being involved in the organization's operations during the year, even if they are not named in the return as being involved in the organization's operations during the year. This includes individuals who are named in the return as being involved in the organization's operations during the year, even if they are not named in the return as being involved in the organization's operations during the year.

Attachment 3

As posted by Human Rights Campaign with all masks turned off

Schedule B
Partners, directors, officers, and key employees

Schedule of Contributors
Name of the contributor
Address of the contributor
City and state and ZIP code
Date of birth (MM-YY)
2008
Employer identification number
SS
00000000

Partners:
Form 990 or 990-EZ
 501(c)(3) () partner (checked) organization
 501(c)(3) () partner (checked) individual that was treated as a private foundation
 501(c)(3) () partner (checked) corporation
 501(c)(3) () partner (checked) partnership

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 501(c)(3) () director (checked) partnership

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 501(c)(3) () director (checked) individual that was treated as a private foundation
 501(c)(3) () director (checked) partnership

General Rules:
Partners, directors, officers, and key employees are those individuals who are named in the return as being involved in the organization's operations during the year. This includes individuals who are named in the return as being involved in the organization's operations during the year, even if they are not named in the return as being involved in the organization's operations during the year. This includes individuals who are named in the return as being involved in the organization's operations during the year, even if they are not named in the return as being involved in the organization's operations during the year. This includes individuals who are named in the return as being involved in the organization's operations during the year, even if they are not named in the return as being involved in the organization's operations during the year.

Attachment 3

Form 990 **Return of Organization Exempt From Income Tax** OMB No. 1545-0047
2009

Under sections 501(c)(3), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2009 calendar year, or tax year beginning 2009, and ending 2009

B Check if applicable:
 Address change
 Name change
 Initial return
 Rerelected
 Amended return
 Application period

C Name of organization: National Organization for Marriage Inc.
D Employer identification number: 26-0240488
E Telephone number: (885) 884-3604
F Name and address of principal officer: Neil Corby
 20 Nassau Street, Princeton, New Jersey 08542

G Gross receipts: 7,372,981
H Is this a group return for affiliated? Yes No
I Are all activities included? Yes No
J Website: nationalformarriage.org
K Form of organization: Corporation Trust Association Other
L Year of formation: 2007 **M State of legal domicile:** VA

Part III Summary

1 Briefly describe the organization's mission or most significant activities:
 The mission is to promote the importance of, and advocate for, marriage between one man and one woman in law and society.

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets.

3 Number of voting members of the governing body (Part VI, line 1a): 9

4 Number of independent voting members of the governing body (Part VI, line 1b): 9

5 Total number of employees (Part V, line 2a): 5

6 Total number of volunteers (estimate if necessary): 17

7a Total gross unrelated business revenue from Part VII, column (C), line 12: 73

7b Net unrelated business taxable income from Form 990-T, line 56: 0

	Prior Year	Current Year
8 Contributions and grants (Part VII, line 1h)	2,967,495	7,168,386
9 Program service revenue (Part VII, line 2g)		
10 Investment income (Part VII, column (A), lines 3, 4, and 7d)	1,385	672
11 Other revenue (Part VII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		255,823
12 Total revenue—add lines 8 through 11 (must equal Part VII, column (A), line 12)	2,968,880	7,372,981
13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,368,590	2,118,860
14 Benefits paid to or for members (Part IX, column (A), line 4)		
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	394,173	648,132
16 Professional fundraising fees (Part IX, column (A), line 11a)	24,806	476,541
16b Total fundraising expenses (Part IX, column (D), line 25) >	744,842	
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24d)	1,182,611	4,233,120
18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	2,969,289	7,476,438
19 Revenue less expenses. Subtract line 18 from line 12	-110	-103,457
20 Total assets (Part X, line 10)	Beginning of Current Year: 113,662	End of Year: 140,022
21 Total liabilities (Part X, line 26)	70,255	286,056
22 Net assets or fund balances. Subtract line 21 from line 20	43,417	-146,034

Part VII Signature Block

Under penalties of perjury, I declare that I have prepared this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
 Signature of officer: *Neil Corby* Date: 11/14/10
 Type or print name and title: Neil Corby, Treasurer

Preparer's information
 Preparer's name (for use if not an employee): Conkoff and Associates LLC
 PO Box 6213, Silver Spring, Maryland 20916-6213
 Date: 11-14-10
 Check if self-employed
 Preparer's identifying number (see instructions): 0519132
 Phone no.: 1-301-996-6681

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For more information on the e-filed return, see the separate instructions. **Form 990 (2009)**

12-07-11 06:29PM xerox@lanews.org

12-07

Form 990 **Return of Organization Exempt From Income Tax** OMB No. 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except for trusts, benefit trusts or private foundations)

12-07-2010
Open to Public Inspection

Department of the Treasury Internal Revenue Service

A For the 2010 calendar year, or tax year beginning **2010** and ending **2010**

B Check if applicable: Address change Name change Initial return Termination Amended return Association during year

C Name of organization: **National Organization for Marriage Inc.**

D Employer identification number: **26-0240488**

E Doing business as: **2028 K Street, NW**

F Number and street or P.O. box if mail is not delivered to street address: **Washington, DC 20008**

G Phone number: **202-894-3604**

H City or town, state or country, and ZIP+4: **Washington, DC 20008**

I State telephone area: **202**

J Website: **nationalomn.org**

K Form of organization: Corporation Trust Association Other

L Fiscal year-end: **2007**

M State of legal domicile: **VA**

Part I Summary

1. Briefly describe the organization's mission or most significant activities:
The mission is to promote the importance of, and advocate for, marriage between one man and one woman in law and society.

2. Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
3. Number of voting members of the governing body (Part VI, line 1a)	3 / 10
4. Number of independent voting members of the governing body (Part VI, line 1b)	4 / 7
5. Total number of individuals employed in calendar year 2010 (Part V, line 2a)	9 / 17
6. Total number of volunteers (estimate if necessary)	8 / 0
7a. Total unrelated business revenue from Part VIII, column (C), line 12	7a / 0
b. Net unrelated business taxable income from Form 990-T, line 34	7b / 0

	Prior Year	Current Year
8. Contributions and grants (Part VII, line 1b)	1,104,206	2,157,742
9. Program service revenue (Part VII, line 2g)		
10. Investment income (Part VIII, column (A), lines 3, 4, and 7d)	617	129
11. Other revenue (Part VIII, column (A), lines 5, 6d, 6e, 9c, 10c, and 11b)	388,923	388,374
12. Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,572,023	2,546,245
13. Grants and similar amounts paid (Part IX, column (A), lines 1-3)	2,118,850	2,164,605
14. Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	649,122	1,209,021
15. Professional fundraising fees (Part IX, column (A), line 11a)	478,541	190,102
16. Total fundraising expenses (Part IX, column (C), line 2)	1,598,410	
17. Other expenses (Part IX, column (A), lines 11b-11g, 11f-24d)	4,232,125	2,688,737
18. Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 26)	7,478,439	50,587,378
19. Revenue less expenses. Subtract line 18 from line 12	-103,457	-1,131,134

	Beginning of Current Year	End of Year
20. Total assets (Part X, line 1e)	180,022	32,836
21. Total liabilities (Part X, line 2e)	220,842	1,223,700
22. Net assets or fund balances. Subtract line 21 from line 20	-40,840	-1,191,164

Part III Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here: *[Signature]* Date: **11-15-11**

Preparer Type of preparer's name: **JTC Consulting** Preparer's signature: *[Signature]* Date: **11-15-11** Check if sole preparer. Preparer's EIN: **77-0110132**

Preparer Use Only Employer's name: **Cannon and Associates LLC** Employer's address: **PO Box 5213, Silver Spring, MD 20915-6213** Employer's EIN: **301-581-5651** Phone no.: **301-581-5651**

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions. Form 990 2010



INSPECTOR GENERAL
FOR TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20005

May 3, 2013

Mr. Brian S. Brown, President
Dr. John C. Eastman, Chairman
National Organization for Marriage
C/O ActRight Legal Foundation
209 West Main Street
Plainfield, Indiana 46168

Dear Mr. Brown and Dr. Eastman:

This is in response to your Privacy Act request, dated April 15, 2013, seeking access to records maintained by the Treasury Inspector General for Tax Administration (TIGTA). The TIGTA Disclosure Branch received your request on April 18, 2013. Specifically, you are requesting that TIGTA provide the following information, including any records related to or supporting the same information:

1. Whether the investigation of Complaint No. 63-1204-0051-C is open or closed.
2. Whether the allegations made in Complaint No. 63-1204-0051-C, including the allegations made in the April 11, 2012 letter from the Requestors to TIGTA, were substantiated or were not substantiated.
3. If the subject(s) of Complaint No. 63-1204-0051-C has/have exhausted all reasonable appeals, any action taken by TIGTA, or any other agency, as a result of Complaint No. 63-1204-0051-C.

You have requested that TIGTA disclose this information pursuant to a routine use in TIGTA's System of Records Notice under the Privacy Act. However, in addition to the Privacy Act, the release of TIGTA Title 26 (I.R.C.) investigative records, if any, is also governed by the confidentiality provisions of I.R.C. § 6103. Specially, records compiled pursuant to a Title 26 investigation, including even the fact of an investigation, are the protected return information of the subject(s) of the investigation. Your complaint (#63-1204-0051-C) concerned allegations of an unauthorized disclosure of return information by a third party, which is an allegation of a potential violation of I.R.C. § 7213. Therefore, pursuant to I.R.C. § 6103, TIGTA can neither admit nor deny the existence of any records responsive to your current request.

Moreover, we note that this request asks for information which was encompassed in previous FOIA requests you made to TIGTA.¹ A review of TIGTA Disclosure Branch indices revealed you previously submitted FOIA requests (case numbers #2012-FOI-00205 and 2012-FOI-00232) to TIGTA on August 9, and September 21, 2012, respectively, seeking information that encompasses items 1-3 of your current request. Furthermore, you appealed TIGTA's initial decisions (2012-APP-00025 and 2013-APP-00004) on September 21, and December 3, 2012, respectively. Your requests and subsequent appeals for this information have been addressed by TIGTA previously and a copy of each decision is enclosed for your reference.

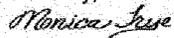
We have enclosed an Information Sheet that explains your administrative appeal rights. You may appeal this decision within thirty-five (35) days from the date of this letter. Your appeal must be in writing and signed by you. You should address the envelope as follows:

Freedom of Information Act Appeal
Treasury Inspector General for Tax Administration
Office of Chief Counsel
City Center Building
1401 H Street, NW, Suite 469
Washington, DC 20005

No fees were assessed in the processing of this request because the cost incurred was less than \$25.00, the threshold set by Treasury's FOIA regulation.

If you have any questions, please contact Government Information Specialist Monica Frye at (202) 622-2738 and refer to case number 2013-FOI-00144.

Sincerely,



Monica Frye
(for) Amy P. Jones
Disclosure Officer

Enclosures

¹ Because it is TIGTA policy to process requests for information under the statute that provides the greatest access to the requested records, we processed your prior requests under the FOIA.

Information on a TIGTA Determination to Withhold Records Exempt From the Freedom of Information Act – 5 U.S.C. § 552

Appeal Rights

You may file an appeal with the Treasury Inspector General for Tax Administration (TIGTA) within 35 days after we (1) determine to withhold records, (2) determine that no records exist, or (3) deny a fee waiver or a favorable fee category. If some records are released at a later date, you may file within 35 days after the date the last records were released. The appeal must be in writing, must be signed by you, and must contain the following information: your name and address; description of the requested records; date of the initial request (and a copy, if possible); date of the letter denying the request (and a copy, if possible). You should mail your appeal to:

Freedom of Information Act Appeal
Treasury Inspector General for Tax Administration
Office of Chief Counsel
City Center Building
1401 H Street, NW, Suite 469
Washington, DC 20005

Judicial Review

If we deny your appeal, or if we do not send you a reply within 20 days (not counting Saturdays, Sundays, or legal public holidays) after the date we receive the appeal, you may file a complaint with the U.S. District Court in the district where (1) you reside, (2) your principal place of business is located, or (3) the records are located. You may also file in the District Court for the District of Columbia.

The court will treat your complaint according to the Federal Rules of Civil Procedure (F.R.C.P.). Service of process is governed by Rule 4(d)(4) and (5), which requires that a copy of the summons and complaint be (1) personally served on the United State Attorney for the district in which the lawsuit is brought; (2) sent by registered or certified mail to the Attorney General of the United States at Washington, C.C.; and (3) sent by registered or certified mail to:

Treasury Inspector General for Tax Administration
Office of Chief Counsel
City Center Building
1401 H Street, NW, Suite 469
Washington, DC 20005

In such a court case, the burden is on the Treasury Inspector General for Tax Administration to justify withholding the requested records, determining that no records exist, or denying a fee waiver or a favorable fee category. The court may assess against the United States reasonable attorney fees and other litigation costs incurred by the person who takes the case to court and who substantially prevails. You will have substantially prevailed if the court determines, among other factors, that you had to file the lawsuit to obtain the records you requested and that the Treasury Inspector General for Tax Administration had no reasonable grounds to withhold the records. See Internal Revenue Service Regulations 26 CFR 601.702 for further details.

Exemptions

The Freedom of Information Act, 5 U.S.C. § 552, does not apply to matters that are:

- (b)(1) (A) specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy and
- (B) are, in fact, properly classified under such an Executive Order;

265

Bruce Jones

Bruce Jones
177 Chestnut Street, Avenel, New Jersey 07001
Direct: 732-829-5486

May 20, 2013

Re: IRS Abusive Tactics

I was and still are seeking employment, but running into 10 are more persons applying for the same open positions and some open and upfront age discrimination (I am 57 Years Old); have not provided the results of suitable employment. Unfortunately, New Jersey unemployment rate is still 9%.

Previously; I utilized my investments and any other funds to keep my home on track while seeking employment and incurred penalties and interest from this because I was unable to pay the owed monies in full to the IRS. So, I set up a payment plan.

After several months of paying the agreed payment of \$200 per month, not including interest and penalties; I contacted the IRS by letter and phone December 2012 after noticing on the back of their correspondence that there is an Economic Hardship request for a reduction in penalties.

Instead of getting the penalties and interest reduced; the IRS actually tripled the interest and penalties without providing any explanation or discussion in writing or phone conversation.

The original Interest each month was \$27.07 The original penalty each month was \$26.56

Now, as of May 2013 the Interest and Penalties have tripled? I have never been late as a part of the agreement and have paid as agreed. I have copies of all paid checks from my banks as proof of this activity.

As of May 2013; The Interest is now \$81.75 and the Penalty is now \$80.27 which makes it impossible to pay off the original interest and penalties each month that is deducted from the \$200.000 principal payment before being applied to the principal amount owned.

Still seeking employment and paying the balance amount owned plus penalties and interest from my unemployment benefits; is making it impossible to pay of this ever increasing interest and penalties.

As an honorable discharged U.S. Marine Corps veteran who serviced my country with honor; this is an unbelievable Situation.

(Page #1 of 2)

(Page#2)

Since you were conducting hearing on the IRS; this was an opportunity to show what veterans and American citizens are going through.

Without the ever increasing penalties and interest that increase each month; the principal amount owed can actually be paid off quicker and be less of an oppressive burden in the present situation of unemployment.

Best Regards,

Bruce Jones,
U.S.M.C. Veteran
Direct: 732-829-5486

267

Bruce Jones
177 Chestnut Street
Avenel, New Jersey 07001

December 24- 2012

Internal Revenue Services
P.O. Box 804527
Cincinnati, Ohio 45280-4527

Re: 2011 Failure to Pay Penalties and Interest Charges (Social Security#XXX-XX-XXXX)

I am writing to address the penalties and interest charges that I have been paying since I was unable to pay the full amount of taxes.

Paying the taxes was already a burden since I have been laid off from my job of ten years and have been unable to get hired since then.

The reason I occurred the taxes was due to having to use retirement accounts to keep my household bills and other obligation current; thus getting penalties for early withdrawals.

I am continually burdened because I am paying the taxes, IRS penalties, and interest charges from my weekly unemployment benefits that end on December 31, 2012.

I am requesting that the IRS consider removing any further penalties and interest charges on the remaining balance of the taxes.

The loss of a long term job and the still tough hiring environment has created an economic hardship that I could never imagine.

Thank You for your consideration.

Bruce Jones,
U.S.M.C. Veteran



ACLU

WASHINGTON
LEGISLATIVE OFFICE



May 17, 2013

Honorable Dave Camp
Chairman
House Committee on Ways and Means
1101 Longworth HOB
Washington, DC 20515

Honorable Sander Levin
Ranking Member
House Committee on Ways and Means
1101 Longworth HOB
Washington, DC 20515

Re: ACLU Statement for Hearing on IRS Selective Enforcement

Dear Chairman Camp and Ranking Member Levin:

AMERICAN CIVIL
LIBERTIES UNION
WASHINGTON
LEGISLATIVE OFFICE
915 LONG STREET, NW, 6TH FL
WASHINGTON, DC 20005
TEL: 202.344.1441
FAX: 202.544.0750
WWW.ACLU.ORG

LADRA M. MURPHY
DIRECTOR

NATIONAL OFFICE
110 BROAD STREET, 18TH FL.
NEW YORK, NY 10004-2406
TEL: 212.649.2800

OFFICERS AND DIRECTORS
SHARON V. FRISMAN
PRESIDENT

ANTHONY D. ROMERO
EXECUTIVE DIRECTOR

ROBERT BLUMER
TREASURER

On behalf of the ACLU, a non-partisan organization with over half a million members, countless additional supporters and activists and 53 affiliates nationwide, we write to the committee regarding the recent revelations of selective enforcement at the Internal Revenue Service ("IRS") against conservative organizations seeking tax exempt status.

The ACLU is one of the nation's premiere organizations advocating on behalf of the freedoms guaranteed in the First Amendment, and we do so for everyone regardless of where they fall on the political spectrum. We have defended Planned Parenthood and the Susan B. Anthony List, members of the Communist Party and Oliver North, and atheist students and Jerry Falwell. We do so because the freedoms of speech and association mean nothing unless they apply to all equally. That conviction comes from our own history as a group formed to protect dissenters facing selective enforcement by a hostile White House during World War I.

Without qualification, the news last week that the IRS's Determinations Unit ("DU") at its Exempt Organizations ("EO") function used inappropriate, and politically freighted, criteria to identify Tea Party and other conservative groups for heightened scrutiny raises serious constitutional concerns.

That said, we welcome the Obama administration's swift condemnation of this activity. We also note the findings of the Treasury Inspector General for Tax Administration ("TIGTA") that the inappropriate criteria were developed and implemented by staff at the DU, and may very well have been

the result of overwork and a lack of supervision (as TIGTA found).¹ Now is the time, however, to implement clear standards to prevent such selective enforcement from ever occurring again.² We also strongly support efforts by Congress, the administration and, if necessary, federal law enforcement to uncover exactly what happened here. We elaborate on these preliminary comments below.

1. Selective Enforcement Against Any Group Is Unacceptable and Unconstitutional

The IRS is one of the most powerful agencies in the United States government, and is supposed to be apolitical. Yet, it has a track record of politically biased enforcement going back decades.³ Under President George W. Bush, for instance, the IRS sought to audit the NAACP because of highly critical statements made about the administration at an annual gathering of the group.⁴ Although the statements were entirely about controversial issues of the day (including the economy and the Iraq War), and at no time did the NAACP expressly call for voters to oppose President Bush, the IRS initiated an audit of its tax exempt status to determine if these statements constituted impermissible partisan political activity.⁵

The NAACP case appears to be very similar to what occurred here. The Bush administration denied any partisan bias in the audit, and it is entirely feasible that the decision to initiate the

¹ Treasury Inspector Gen. for Tax Admin., Final Audit Report – Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review 7 (2013) [hereinafter “TIGTA Report”]. Specifically, the TIGTA Report found:

Instead, the Determinations Unit developed and implemented inappropriate criteria in part due to insufficient oversight provided by management. Specifically, only first-line management approved references to the Tea Party in the [“be-on-the-lookout”] listing criteria before it was implemented. As a result, inappropriate criteria remained in place for more than 18 months. Determinations Unit employees also did not consider the public perception of using politically sensitive criteria when identifying these cases. Lastly, the criteria developed showed a lack of knowledge in the Determinations Unit of what activities are allowed by I.R.C. § 501(c)(3) and I.R.C. § 501(c)(4) organizations.

² Indeed, though we do not express a firm view on the question, it may also be time to remove the IRS completely from the untenable position of having to engage in fact intensive and inherently subjective inquiries into the nature of political speech.

³ See David Burnham, *Misuse of the I.R.S.: The Abuse of Power*, N.Y. Times (Sept. 3, 1989) (“The history of the I.R.S. is riddled with repeated instances of agents acting out of self-interest or pursuing their ideological agenda, as well as examples of Presidents, White House staff and Cabinet officials pressuring the tax agency to take political actions.”).

⁴ Kelly Brewington, *NAACP Blames Tax Audit on Criticism of Bush*, Balt. Sun, Oct. 29, 2004.

⁵ *Id.* As then-Chairman Julian Bond said, “[t]hey are saying if you criticize the president we are going to take your tax exemption away from you. It’s pretty obvious that the complainant was someone who doesn’t believe George Bush should be criticized, and it’s obvious of their response that the IRS believes this, too.”

audit came from career employees who failed, as did the revenue agents here, to “consider the public perception of using politically sensitive criteria”⁶ in identifying candidates for heightened scrutiny. Nevertheless, both the Tea Party and the NAACP case show the dangers of granting an agency as powerful as the IRS unbridled discretion to make determinations on how much political speech is too much.

Selective enforcement against any ideological group—which is necessarily invited by this discretion—is unacceptable on many levels. It is unsound law enforcement policy in that it immunizes favored groups who may actually be violating the law,⁷ and it runs counter to basic constitutional principles of equality under the law and limited government. Discriminatory enforcement of any tax measure almost certainly violates settled law under the First and Fourteenth Amendments, which will void statutes that are so vague that they can be applied against some persons and not others when all have committed the same claimed harm.⁸

2. Clearer Rules Will Help Avoid Future Selective Enforcement

The fundamental problem here is that a small unit within the IRS—the DU—is forced to make extremely subjective decisions in its review of applications for 501(c) tax exempt status. The controversy originates in the relatively arcane area of exempt organizations tax law. As the committee knows, 501(c)(4) organizations, by statute, are required to operate “exclusively” for the promotion of “social welfare.”⁹ The implementing regulation, however, permits the “direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office”—including the express advocacy for or against a candidate—so long as it is not the “primary” purpose of the group.¹⁰ Despite public calls for clearer standards from both sides of the campaign finance reform debate, the IRS continues to insist on an open-ended “facts and circumstances” test (applicable to many 501(c) tax exempt groups, not just

⁶ See *TIGTA Report*, *supra* note 1, at 7.

⁷ The TIGTA Report found exactly that. See *id.* at 5 (“[W]e identified some organizations’ applications with evidence of significant political campaign intervention that were not forwarded to the team of specialists for processing but should have been.”).

⁸ See, e.g., *Gentile v. State Bar of Nev.*, 501 U.S. 1030, 1051 (1991) (“The prohibition against vague regulations of speech is based in part on the need to eliminate the impermissible risk of discriminatory enforcement, for history shows that speech is suppressed when either the speaker or the message is critical of those who enforce the law.”) (internal citations omitted); *Smith v. Goguen*, 415 U.S. 566, 575 (1974) (“Statutory language of such a standardless sweep allows policemen, prosecutors, and juries to pursue their personal predilections.”); *Nat’l Ass’n. for the Advancement of Colored People v. Button*, 371 U.S. 415, 435 (1963) (“It is enough that a vague and broad statute lends itself to selective enforcement against unpopular causes.”).

⁹ 26 U.S.C. § 501(c)(4) (2006).

¹⁰ 26 C.F.R. § 1.501(c)(4)-1(a)(1)-(2) (2013).

501(c)(4)s, which vests it with complete discretion to determine what constitutes impermissible partisan political activity, and how much is too much.¹¹

This discretion was on stark display in the interim standard the DU adopted to identify applicants for heightened scrutiny, which instructed agents to “be on the lookout” for applications that, for instance, suggest a concern with government spending, debt or taxes, or “education of the public via advocacy/lobbying to ‘make America a better place to live.’”¹² The presumed rationale behind this interim protocol (it was implemented following concerns by management over the partisan keyword searches) is that groups seeking smaller government or fiscal restraint are, in fact, partisan opponents of the president, even if the substance of their advocacy is itself not expressly partisan. It bears noting that advocacy on the debt or taxes is political speech worthy of the most stringent protection of the First Amendment.¹³

The proper response here is to finally limit the IRS’s discretion, or to move the review of partisan activity to the ostensibly apolitical Federal Election Commission (“FEC”), which was created with structural checks to prevent politicization (a four-vote majority of a bipartisan six member panel is required for any action). At this time, we do not offer a view on which option—reforming the IRS review or moving the “primary purpose” inquiry to the FEC—is preferable. We do, however, urge Congress and the administration to collaborate on the formulation of clearer rules as to both the definition of partisan political activity and the quantum of such activity that requires the government to deny or revoke tax exempt status.

Given that the investigation into the current controversy is ongoing, we do not opine on exactly what these rules should look like, but we offer general thoughts below. Our views on this issue echo concerns raised by other campaign finance and tax law experts (many of whom do not agree with the ACLU in other aspects of campaign finance regulation).¹⁴ We would urge the solution to incorporate two overriding principles:

- First, there should be a universal bright line test for the amount of partisan political activity that a 501(c)(4), (5) or (6) organization may engage in without losing its tax exempt status. We do not offer an opinion on how much is too much, but we would note that many 501(c)(4) groups already segregate about 15 percent of their contributions into a separate “527(f)(3)” account to allow them to endorse or oppose candidates without any

¹¹ See Comments of the Individual Members of the ABA Exempt Organizations Committee’s Task Force on Section 501(c)(4) and Politics (May 25, 2004), www.abanet.org/tax/pubpolicy/2004/040525_exo.pdf.

¹² See *TIGTA Report*, *supra* note 1, at 35.

¹³ See *R.A.V. v. City of St. Paul*, 505 U.S. 377, 422 (1992) (“Our First Amendment decisions have created a rough hierarchy in the constitutional protection of speech. Core political speech occupies the highest, most protected position . . .”).

¹⁴ See, e.g., *Current Issues in Campaign Finance Law Enforcement: Hearing before the Senate Subcomm. on Crime and Terrorism of the Senate Comm. on the Judiciary*, 113th Cong. (2013) (statement of Gregory L. Colvin, Adler & Colvin, San Francisco).

risk to their tax exempt status. Similarly, the American Bar Association's Exempt Organization's 501(c)(4) and Politics Task Force has suggested a cut-off of 40 percent of total program service expenditures during the tax year. We emphasize: *the precise percentage is less important than the precision of the percentage.*

- Second, and just as important, Congress and/or the administration must formulate a qualitative definition of partisan political activity that is clear, easy to understand and easy to apply. To the extent the definition ranges beyond express advocacy for or against a candidate or party (and it should not range too far, if at all), covered activity must be clearly and narrowly delineated. The lodestar should be to limit IRS discretion, assuming tax exempt review remains at the IRS, to the greatest extent possible. These limits would provide greater clarity to tax exempt organizations, and would temper self-censorship and the chill on political speech currently created by vague and ill-defined rules and regulations.¹⁵

3. The IRS Must Immediately Address the Invasive and Burdensome Inquiries at the Application Stage, and Must Vigorously Protect Taxpayer and Donor Privacy

Perhaps the most troubling revelation in the TIGTA Report is that the DU both delayed processing of the singled out applications for an extended period of time,¹⁶ and subjected the targeted applicants to extremely invasive and inappropriate requests for information. The TIGTA Report listed seven questions, posed to applicants by revenue agents, identified as unnecessary by the EO function:

- Requests for donor names;
- Requests for lists of issues important to the organization and the organization's position on such issues;
- Requests concerning public activities and audience reactions and discussions;
- Queries on whether the officer or director has or will run for office;
- Requests for information about the political affiliation of various stakeholders;
- Requests for information regarding employment, other than for the applicant;
- Requests for information about organizations other than the applicant.

¹⁵ This definition would also provide added clarity for 501(c)(3) charities, which may not engage in *any* partisan political activity. These groups often, however, engage in non-partisan election related activities such as voter education, issue advocacy and even get-out-the-vote drives. The lack of clarity in when these election-related activities cross the line into partisanship creates a chill on 501(c)(3) political speech. See Elizabeth J. Kingsley, *Bright Lines, Safe Harbors?*, 20 Tax'n of Exempts 38 (2008).

¹⁶ *TIGTA Report*, *supra* note 1, at 11-12.

Notably, the request for donor information is perhaps the most troubling of these requests. The protection of donor anonymity implicates core associational rights. The disclosure of donor identities on Form 990 is subject to strict confidentiality rules. The disclosure during the application process is not, and there has long been a concern that requests for donor names as part of the application process could infringe on protected associational rights.¹⁷

Many of these questions—especially those concerning political affiliation—directly implicate constitutionally protected associational rights. Furthermore, the IRS’s ability to even *ask* these questions is a direct result of the uncertainty surrounding the definition of partisan political activity. Clear, easy to apply rules would streamline the review process, and prevent inappropriate requests such as these.

4. Conclusion

It is entirely possible that the political targeting was an unintended consequence of the IRS trying to streamline its review process. Nonetheless, the fact that the targeting was able to occur *at all* is a civil liberties concern, and a very serious one. The best way for the administration or Congress to ensure this does not happen again is to remove subjectivity from the equation, and to provide DU agents with clear guidance on both what constitutes political activity and how much of such activity will warrant denial of tax exempt status. We stand ready to assist the committee, the Congress and the administration in their efforts to do just that.

Please do not hesitate to contact Legislative Counsel/Policy Advisor Gabe Rottman at 202-675-2325 or grottman@dcacfu.org if you have any questions or comments.

Sincerely,



Laura W. Murphy
Director, Washington Legislative Office



¹⁷ See Letter from Senator Orrin Hatch et al. to the Honorable Douglas H. Shulman, Commissioner, IRS (June 18, 2012); see also *Brown v. Socialist Workers Campaign Comm.*, 459 U.S. 87, 91 (1982) (“The Constitution protects against the compelled disclosure of political associations and beliefs.”); *Nat’l Assoc. for Advancement of Colored People v. State of Alabama*, 357 U.S. 462 (1958) (“Inviolability of privacy in group association may in many circumstances be indispensable to preservation of freedom of association, particularly where a group espouses dissident beliefs.”).

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Gabriel Rottman
Legislative Counsel/Policy Advisor

cc: Members of the Committee

Constitution Project

STATEMENT ON IRS ACTIVITIES

It is difficult to conceive of a more serious threat to the First Amendment of the Constitution of the United States than the federal government using its awesome power to target individuals and organizations solely because of their political beliefs. Based on recent news reports and admissions by Internal Revenue Service (IRS) personnel, however, we are gravely concerned that the IRS has done just that. Indeed, we have been shocked to learn in recent days that the IRS wrongly considered applicants' political views when weighing applications for certain categories of tax exempt status. According to the recently released inspection report by the Treasury Department's Inspector General for Tax Administration (TIGTA), beginning around March 2010, the IRS applied special scrutiny to applications from politically conservative groups with "Tea Party" or "Patriot" in their names. For example, these groups were asked to provide lists of donors or answer burdensome, intrusive, and inappropriate questions about their work. As described in the TIGTA report, the IRS, in an attempt to avoid what appeared to be a right wing witch hunt, broadened that special scrutiny to organizations teaching about the U.S. Constitution and Bill of Rights and those advocating expansion or limitation of governmental activities. This broader definition was by its terms outlandishly overbroad.

We strongly condemn these alleged constitutional violations and urge Congress to conduct vigorous oversight to determine the full scope of the misconduct. We are encouraged that several congressional leaders from both political parties have already announced their intention to hold hearings to investigate the IRS's actions. Further, we welcome President Obama's condemnation of the alleged misconduct, as well as his statement yesterday that the administration will act promptly to adopt the TIGTA recommendations. We agree that the Attorney General's order of an investigation into such "outrageous and unacceptable" behavior is entirely appropriate under the circumstances, and we urge the president and his administration to cooperate fully with any and all investigations. The recently completed TIGTA audit should be considered only a first step to understanding how and why such condemnable political considerations seeped into the deliberative process. Ultimately, however, no internal review will be sufficient to erase doubts about the alleged misconduct, especially in light of the report that senior IRS officials were aware of the political targeting a full two years ago and remained silent, and, in some cases, denied it. To that end, we urge the Secretary of the Treasury and the IRS Oversight Board to conduct a complete and thorough review of all relevant IRS offices and senior IRS officials to find out when such actions began, who authorized or knew of such actions, and whether they were revealed to Congress and other officials when they made inquiries.

There are many valid bases on which to evaluate applications for tax-exempt status, but despite the claims of IRS officials that they relied on good faith reasons for singling out certain organizations for more particularized scrutiny, the political views and beliefs of the applicants should play absolutely no role in the review process. We know that the vast majority of the IRS's more than 100,000 employees are dedicated public servants who are charged with the responsibility for administering our nation's complicated tax laws, and we hope that the president's recent statements and actions will help to restore confidence in this important agency. So that failures like those that have been unearthed in the past few days are not repeated, we

urge Congress and the Administration to work together to develop content neutral standards that can be fairly and effectively administered by the IRS.

This is not a partisan or political issue, as the political diversity of the signers of this statement demonstrates. It is imperative that the IRS, one of the most powerful of our government's agencies, with access to the most sensitive of information, respects the rights of all organizations, including those some might consider unimportant or politically or otherwise unpopular. The chilling effect on the First Amendment rights of public policy advocacy groups who fear government retaliation when applying for tax-exempt status cannot be overstated.

Signatories as of May 21, 2013

ACLU

American Booksellers Foundation for Free Expression

American Library Association

Americans for Tax Reform

Bill of Rights Defense Committee

Bob Barr, Former U.S. Representative (R-GA)

Center for Financial Privacy and Human Rights

The Constitution Project

David Keene, Former President, National Rifle Association, Former Chairman of the American Conservative Union, Board Member, The Constitution Project

Defending Dissent Foundation

Equal Justice Alliance

iSolon.org

John W. Whitehead, Founder, The Rutherford Institute

Liberty Coalition

National Freedom of Information Coalition

National Whistleblower Center

Public Record Media

Republican Liberty Caucus

Tea Party Express



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Alvin Brown

WRITTEN STATEMENT OF ALVIN S. BROWN, ESQ.¹
PRESIDENT OF THE TAX LAW FIRM OF ALVIN BROWN & ASSOCIATES, PLLC

BEFORE THE

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

HEARING ON

INTERNAL REVENUE SERVICE TARGETING CONSERVATIVE GROUPS

MARCH 17, 2013

¹ Alvin Brown & Associates, PLLC is located at 575 Madison Ave., 8th Floor, New York, NY 10022 (212) 588-1113
ab@irstaxattorney.com Fax: 888-812-8828

Chairman Camp, Ranking Member Levin and members of the House Ways and Means Committee, I applaud the interest you have in what appears to be IRS inappropriate conduct of IRS employees in evaluating applications for section 501(c)(4) tax exempt status.

I am a tax attorney who specializes in IRS controversies and for that reason have ongoing daily experiences dealing with active cases pending before the IRS. I previously had a 27 year career working in the Office of the IRS Chief Counsel. With this vast experience in dealing with tax issues within and outside of the IRS, I believe I can offer this Committee some unique insight into IRS misconduct including willful misapplication of the tax law far more serious than the "inappropriate" targeting identified by TIGTA that is the subject of this Hearing.

I am a witness to the fact that IRS misconduct is far more pervasive than the limited issues dealing with applications for tax exempt status. My contribution to this Hearing is to bring to your attention some examples of unpunished IRS "misconduct" that should require the sanctions of § 7214 of the IRS Code which deals with "offenses by officers and employees of the United States."

Example 1: I have in my possession three U.S. government CD's with tax return data of taxpayers who were victims of a Ponzi scheme. The tax return data includes social security numbers, bank account data and brokerage account data. The CD's with that disclosure data was sent by the IRS to help the defendants of the Ponzi scheme. The CDs were recovered when the U.S. taxpayers prevailed in the law suit. This willful disclosure of confidential taxpayer data is a "felony" under § 7213, and yet IRS management took no action against the IRS examiners responsible for this felonious disclosure.

Example 2: IRS levies of salaries exceed the statutory "economic hardship" prohibitions on levies under § 6343(a)(1)(D). That statute states that the IRS shall not levy if the levy creates an "economic hardship" (e.g., taking of income needed for basic living expenses). The IRS does not inform employers receiving the levy notice that there are limitations on the IRS authority to levy income. I have complained about this statutory misconduct to the National Taxpayer Advocate who has refused to stop these documented abuses and misconduct.

Example 3: The IRS levies the gross income and accounts receivable of businesses without limitations in all cases in violation of § 6343(a)(1)(D). This statute does not distinguish between individual and business taxpayers, yet the IRS willfully closes business by levying gross income without any limitations. The National Taxpayer Advocate has taken the position that businesses cannot have an "economic hardship" when their accounts receivable and gross income are levied.

Example 4: The IRS does not follow the guidelines for the withdrawal of tax liens under § 6323(j) even when justified by documentation under that statute. This abuse and misconduct

has been brought to the attention of the National Taxpayer Advocate who has not assisted in stopping this tax liens abuse that result in the closing of businesses.

Example 5: A Revenue Officer has the authority to recommend that an offer in compromise, meeting the settlement standards of § 7122, the regulations under § 7122 and the IRM dealing with that statute; the IRS Service Centers will refuse to consider an offer in compromise upon the recommendation of the IRS Revenue Officer. In effect, Revenue Officers, untrained in compromise law, are effectively given the power to veto an Offer in Compromise. I have complained about this misconduct and abuse of the tax law to the National Taxpayer Advocate repeatedly and she refuses to stop this clear abuse of the tax law.

Example 6: The National Taxpayer Advocate was given the authority by Congress under § 7811 to issue "Taxpayer Assistance Orders" to assist taxpayers who are "suffering or about to suffer a significant hardship as a result of the manner in which the internal revenue laws are being administered." If you look at the reports to Congress filed by the National Taxpayer Advocate since 1998, you will note no discussion of her use of Taxpayer Assistance Orders and you will also note that the Taxpayer Assistance Orders issued by the National Taxpayer Advocate are very small (in most years, less than 10) relative to the large volume of requests for assistance in "economic hardship" situation. Although I come across IRS abuse cases regularly (largely in excess levy situations), I have never received a Taxpayer Assistance Order from the Office of the National Taxpayer Advocate in any case.

The above examples are not intended as a comprehensive list of IRS abuses of the tax law and misconduct. I merely want this Committee to understand that the subject of the present Hearing needs to be expanded to cover even more serious abuses and misconduct of the IRS and, in my opinion, the ineffectiveness of the National Taxpayer Advocate in her administration of § 7811.

It is my recommendation that this Committee expand its focus to other IRS abuses and misconduct of the kind that I experience as a tax attorney working on a daily basis on IRS controversy cases. I also believe that this Committee needs to examine the effectiveness of the Office of the National Taxpayer Advocate and its 2,000 employees under § 7811. This ties in to the focus of this Committee on comprehensive tax reform. Any tax reform proposal should also consider the many instances of IRS documentable IRS misconduct and abuses of the tax law. There are also excessive layers of "managers" at the IRS. "Management" is emphasized over technical knowledge and technical competence. For this reason, the Committee should also consider the effectiveness of the current managerial structure of the IRS. I am willing to discuss any of these abuse issues with Members of this Committee and/or its staff.

.Respectfully submitted,

Alvin S. Brown, Esq.



Kenneth H. Ryesky

Kenneth H. Ryesky IRS Targeting Conservative Groups 2013 Page 1

**KENNETH H. RYESKY, ESQ., STATEMENT FOR THE RECORD,
UNITED STATES HOUSE OF REPRESENTATIVES COMMITTEE WAYS
& MEANS, HEARING ON INTERNAL REVENUE SERVICE
TARGETING CONSERVATIVE GROUPS****I. INTRODUCTION:**

The House Ways & Means Committee held a Hearing on 17 May 2013, regarding revelations that the Internal Revenue Service has targeted applicants for tax-exempt organization status based upon partisan political orientation. Public comments were solicited. This Commentary is accordingly submitted.

II. COMMENTATOR'S BACKGROUND & CONTACT INFORMATION:

Background: The Commentator, Kenneth H. Ryesky, Esq., is a member of the Bars of New York, New Jersey and Pennsylvania, and is an Adjunct Assistant Professor, Department of Accounting and Information Systems, Queens College of the City University of New York, where he teaches Business Law courses and Taxation courses. Prior to entering into the private practice of law, Mr. Ryesky served as an Attorney with the Internal Revenue Service ("IRS"), Manhattan District. In addition to his law degree, Mr. Ryesky holds BBA and MBA degrees in Management, and a MLS degree. He has authored several scholarly articles and commentaries on taxation topics, including tax-exempt organizations,¹ has served as a panelist at continuing professional education seminars on tax-exempt organizations,² and has submitted commentaries to hearings of various Congressional Committees, including a Ways & Means subcommittee hearing on tax-exempt organizations.³

Contact Information: Kenneth H. Ryesky, Esq., Department of Accounting & Information Systems, 215 Powdermaker Hall, Queens College CUNY, 65-30 Kissena Boulevard,

¹ *E.g.*, "Honorary Board Membership, Real Tax Liability: Limits to Tax-Exempt Organization Honorary Board Member Immunity under Internal Revenue Code § 6672," 24 *Akron Tax Journal* 93 (2009). <<http://www.uakron.edu/law/lawreview/taxjournal/atj24/docs/Ryesky.pdf>>; "Lawyer's Bookshelf" column, *New York Law Journal*, June 14, 2011, p. 6 (review of *Nonprofit Law: The Life Cycle of a Charitable Organization* by Elizabeth Schmidt).

² *E.g.*, National Business Institute, Seminar: "How to Keep Tax-Exempt Organizations in Compliance," Long Island, NY (23 May 2011), brochure available at <http://www.mlg.com/pdf_110523_NBI.pdf>.

³ Hearing, Tax-Exempt Charitable Organizations, Subcommittee on Oversight, House Ways & Means Committee, 110th Cong., 1st Sess., Serial No. 110-55, pp 180 - 184 (24 July 2007) <<http://purl.access.gpo.gov/GPO/LPS87952>>.

Flushing, NY 11367. Telephone 718/997-5070; E-mail: kenneth.ryesky@qc.cuny.edu or khresq@sprintmail.com.

Disclaimer: This Commentary reflects the Commentator's personal views, is not written or submitted on behalf of any other person or entity, and does not necessarily represent the official position of any person, entity, organization or institution with which the Commentator is or has been associated, employed or retained.

III. COMMENTARY ON THE ISSUES:

A. The Dangers of Politicizing the IRS:

Though neither major political party in America can claim an untainted history with respect to the misuse of the IRS as a political weapon,⁴ there now seems to be acknowledgment from diverse partisan quarters of the dangers posed by administering the Internal Revenue laws in a politically biased manner.

More detailed treatises regarding such dangers are legion, and this Commentary makes no attempt to fully catalog all particulars. That basic American liberties are under dire threat was apparent throughout the hearing. It is further noted that systemic misbehaviors on the part of the IRS facilitate and encourage the rationalization of tax evasion at large by a cynical public whose voluntary compliance is essential, and also the rationalization of tax frauds, including but not limited to tax fraud through identity theft (of which the Committee has, of late, evinced much interest⁵). Moreover, given the IRS's expanded role in the healthcare provision process under the and Affordable Care Act, the potential damage to the American public by the politicization of the IRS can exceed the potential damage to America's tax-exempts by a factor of lakhs if not millions.⁶

⁴ See, e.g. Benjamin C. Bradlee, *Conversations with Kennedy* 111 - 112 (Norton, 1975) (recounting the Kennedy administration's use of IRS audits as a weapon against political enemies); Robert P. Strauss, "State Disclosure of Tax Return Information: Taxpayer Privacy Versus The Public's Right to Know," *5 State Tax Notes* 26 (1993) (discussing the use of IRS audits against political enemies by the Nixon administration).

⁵ The Commentator has recently discoursed at length to the Committee on the IRS's abject failure to institute appropriate countermeasures to identity theft tax fraud. *Hearing on Tax Fraud Involving Identity Theft* (Subcommittees on Oversight and Social Security), 112th Congress, 2nd Session, 8 May 2012 <<http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg78817/pdf/CHRG-112hhrg78817.pdf>>; *Hearing on Social Security Administration's Death Master File*, (Subcommittee on Social Security) 2 February 2012 <<http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg78179/pdf/CHRG-112hhrg78179.pdf>>.

⁶ This concern of the Commentator has also been asserted by another former IRS attorney, Congresswoman Michelle Bachmann (MN-06). *Bachmann Statement on IRS Targeting Conservative Groups*, 10 May 2013, <<http://bachmann.house.gov/press-release/bachmann-statement-irs-targeting-conservative-groups>>.

B. The *Z Street* Case:

This Commentary notes the case of *Z Street v. Shulman*, wherein the Complaint alleges that the IRS Headquarters has "a special unit ... to determine whether the organization's activities contradict the Administration's public policies" and similar allegations to the effect that the IRS evaluates applications for tax-exempt status based upon the organizations' partisan political orientation and attitudes.⁷ By the time the Government's attorneys filed the Motion to Dismiss on 1 November 2010 (in which it denied *Z Street*'s allegations),⁸ someone in the higher echelons of the IRS should surely have been on notice of that its units may have been using improper political considerations in evaluating applications for the tax-exempt status.

That *Z Street*'s agenda is unabashedly pro-Israel is only incidental. It might, however, prove interesting to the Committee to explore what policies were utilized by the IRS to evaluate tax exemption applications by organizations espousing agendas contrary to that espoused by *Z Street*, and statistical numbers of approvals, disapprovals, and times of approval/disapproval.

C. Conclusion:

Excesses of the taxation function have wreaked social and political havoc in situations as diverse as ancient Egypt, the French monarchy, and the British Raj in India. The Committee ought not underestimate the gravity of the IRS's politically-directed abuses now coming to light, and the perils they pose to American liberty.

17 May 2013
Respectfully submitted,



⁷ Complaint, *Z Street v. Shulman*, 2:10-cv-04307-CMR, E.D. Pa. (25 August 2010)
<http://www.zstreet.org/index.php?option=com_content&view=article&id=96:z->

For procedural, jurisdictional and venue reasons, the case has been transferred from the Eastern District of Pennsylvania to the District Court for the District of Columbia, Index No. 1:12-cv-00401-KBJ, where it remains in litigation.

⁸ Memorandum in Support of Government's Motion to Dismiss, *Z Street v. Shulman*, 2:10-cv-04307-CMR, E.D. Pa. (1 November 2010)
<http://www.zstreet.org/index.php?option=com_content&view=article&id=138:government-response&catid=1&Itemid=41>

Kenneth H. Ryesky, Esq.



Common Cause**Contact: Mary Boyle (202)736-5770**

**Testimony by Common Cause
House Ways and Means Hearing
Internal Revenue Service Targeting of Conservative Groups
May 17, 2013**

Thank you for the opportunity to submit written testimony for today's hearing on Internal Revenue Service treatment of 501(c)(4) organizations and their political spending. Common Cause is a nonpartisan, grassroots organization dedicated to restoring the core values of American democracy, reinventing an open, honest, and accountable government that works for the public interest, and empowering ordinary people to make their voices heard.

All organizations, regardless of political affiliation and ideological leaning, deserve to be treated fairly, justly, and equally under the law. The IRS did not use these standards in its review of 501(c)(4) applications, and the employees and those with knowledge of what was happening should be held accountable. In addition, an independent, credible investigation must occur to ensure that these guidelines are strictly adhered to in the future.

Common Cause's founder, John Gardner – a Republican, by the way – once said: "We share the conviction that as citizens we have every right to raise hell when we see injustice done, or the public interest betrayed, or the public process corrupted." The people are right to raise hell over biased treatment and unnecessary harassment by the IRS. At the same time, Common Cause intends to raise issue against another injustice at the heart of this story – the injustice of a

major federal agency wasting energy on small, grassroots groups while completely ignoring the blatant violations of law by political heavyweights on both the right and left.

We are deeply disappointed that the actions IRS employees, and the failure of IRS supervisors to uphold fair and sensible standards and priorities, now undermine the credibility of an agency that *must* crack down on the rising flood of new 501(c)(4)s after the Supreme Court's misguided decision in *Citizens United* and Congress' subsequent failure to enact a common sense disclosure law. Immediate action is needed to set up strong and effective standards of review for 501(c)(4)s that engage in political activity, along with a process for monitoring compliance with these standards.

The number of groups that sought tax-exempt status as social-welfare groups under Section 501(c)(4) of the tax code increased from about 1,500 in 2010 to roughly 3,400 in 2012, Lois Lerner, who oversees the tax-exempt section of the IRS, reportedly said in a press call on May 10. Reported political spending by 501(c)(4)s surged to \$254m in 2012, almost matching spending by political parties (\$255m), according to the Center for Responsive Politics. The vast majority of that spending – 85 percent – came from conservative organizations, with Crossroads GPS and Americans for Prosperity leading the pack. Part of the task facing Congress and the Administration will be to determine if the current controversy at the IRS is a case of overwhelmed IRS employees making poor judgments at a time when they face an increased workload with fewer resources, or if this was more of a concerted effort to specifically target certain organizations based solely on their ideology.

The current crisis is a product of the fuzzy “primary purpose” test, based on a case-by-case assessment of facts and circumstances that the IRS has used for over half a century to

determine if a 501(c)(4) is violating its nonprofit social welfare status. Vague standards don't work in the world of campaign finance and, given the increased politicization of non-profits in the wake of *Citizens United*, ambiguous standards are ill-suited to the world of tax law as well. To reduce uncertainty Congress and the IRS should adopt a bright-line test for deciding when political activity by non-profits requires a group to form a "527" political organization and disclose its donors. By doing so, all organizations will understand how to comply with the law. Common Cause looks forward to working with Members of Congress and the IRS to help clarify treatment of such 501(c)(4) organizations.

The irony is not lost on American voters that, while the IRS was struggling to implement appropriate criteria to evaluate 501(c)(4) applications by scores of small groups, experienced political operatives were blatantly using 501(c)(4)s to hide millions in election spending. The "social welfare" group that made the biggest independent expenditures during the 2012 elections – Karl Rove's Crossroads GPS – spent more than \$70 million on communications explicitly calling for the election or defeat of specific candidates. Campaign finance watchdogs, including the Campaign Legal Center, Democracy 21, and Common Cause, filed IRS complaints against Crossroads GPS and others like American Action Network, PrioritiesUSA, and Liberty Central, whose primary purpose clearly was to influence elections, with no response or results.

The bigger problem facing our democracy after the Supreme Court's disastrous decision in *Citizens United* is the dramatic surge in the misuse of nonprofits to hide political spending by billionaires and corporations from American voters and the lack of any meaningful enforcement response. Targeting groups that have applied for tax-exempt status for additional scrutiny because they appear to have an electoral motive is proper – as long as the same criteria are applied to all groups regardless of their political viewpoints. We need more enforcement, not

less, based on clear and viewpoint- neutral criteria, to prevent evasion of campaign, disclosure, and tax laws.

Beyond the IRS, Congress and the FEC also remain culpable for the lack of enforcement. Senate Republicans used a filibuster to block the DISCLOSE Act, even though it passed the House and had the support of 59 senators, a clear majority; this common sense disclosure legislation would have prevented “social-welfare” organizations from hiding the identity of political donors. Additionally, the politically-deadlocked FEC has failed to adopt post-*Citizens United* rules or enforce current regulations. We call on Congress to immediately pass disclosure legislation to de-incentivize organizations from claiming 501(c)(4) status to hide their donors in the first place. Special interests should not be permitted to use front groups to evade disclosure laws designed to inform voters and prevent corruption.

Thank you again for allowing Common Cause to submit written testimony. We look forward to working together to improve the integrity and effectiveness of federal tax and election laws, and to restore transparency and honesty to American elections.



Richmond Tea Party

Ways and Means to Hold Hearing on Internal Revenue Service Targeting Conservative Groups

Laurence Nordvig

Richmond Tea Party

1636 Dorset Meadows Lane

Powhatan, VA 23139

Larryn@richmondteaparty.com

804-245-4551

Statement:

Last week, the IRS admitted to unfairly targeting conservative groups, including the Richmond Tea Party. For a period of over two years, from December of 2009 to July of 2012, IRS officials intentionally obstructed our organization's attempts to qualify for a simple tax-exempt status, at the cost of hundreds of man hours and thousands of dollars. A large group of volunteers produced over 500 pages of documentation, but still, it was not enough. In addition, intrusive and improper demands were made for personal information about our volunteers, which not only invaded privacy, but encroached upon their constitutional rights to free speech and free association. Our organization not only lost potential donors, due to fear of invasion of privacy, it was diverted from its primary mission of political advocacy and education in the public square (an invaluable part of the democratic process). This is abusive government overreach at its worst, and is a matter which should deeply concern Americans of all political affiliations who value their privacy and personal freedom. Government is like a river. When contained within its boundaries, it is a useful resource to be tapped for the benefit of mankind. But, when it swells in size, and overflows its banks, it is an irresistible force that destroys everything in its path, and leaves only sorrow in its wake. We must take this opportunity to return to the constitutionally limited Republic, as handed down by our Founding Fathers. If you really wish to prevent further abuses by the IRS, please consider not just the simplification of our current tax system, but a fundamental transformation to a consumer-based system of collecting revenue. We need a system so fair, and so simple, that the potential for abuses of this sort is eliminated. The Richmond Tea Party calls for a full investigation into the abuse of power by the IRS. We also encourage all members of Congress to restore the Republic to its constitutional boundaries, enforce stringent fiscal responsibility, and to put into place a means whereby our representatives are held accountable. Thank you for your consideration.



Mike Duda

IRS problem started with vague tax exemption rules

IRS was ill-equipped to handle the deluge of tax-exempt applications from 'social welfare' organizations and to police their political activities, experts say.

By Matea Gold, Washington Bureau

May 16, 2013

WASHINGTON — In spring 2010, agents in the Cincinnati office of the Internal Revenue Service, which handles applications for tax-exempt status, faced a surge of filings by new advocacy groups, with little guidance on how to treat them.

Their decision to deal with the problem by singling out tea party and other conservative groups for extra scrutiny has now triggered a criminal inquiry, congressional investigations, the departure of two top IRS officials and the naming of a new acting commissioner Thursday.

For former IRS staff and tax experts, the case confirms what they view as one of the agency's long-standing weaknesses: its inability to cope with the growing number of tax-exempt advocacy groups that appear to stretch the law to engage in politics.

With the IRS now under fire for its practices, campaign finance lawyers anticipate that the agency will shy away even more from regulating such organizations.

At the heart of the issue is the murky role occupied by nonprofit "social welfare" organizations, set up under Section 501(c)4 of the tax code, which are allowed under IRS regulations to engage in a certain amount of campaign activity, as long as politics is not their "primary" purpose. The groups pay no tax on the money they bring in. They can accept unlimited donations and, unlike political committees, can keep their contributors secret.

That status became especially valuable three years ago with the Supreme Court's decision in the Citizens United case, which lifted the ban on direct campaign spending by corporations, including many nonprofit groups. The ruling triggered the boost of applicants to the IRS.

The stepped-up role of tax-exempt groups in politics has stymied the Federal Election Commission, which has deadlocked on questions about how much disclosure is required of advocacy organizations that engage in elections.

That has left much of their regulation in the hands of the IRS, which has never clearly defined how much political activity is allowed for social welfare organizations.

The vagueness of the law may have contributed to the problems, President Obama said Thursday in his response to the controversy. Congress and his administration need to "look at some of the laws that create a bunch of ambiguity in which the IRS may not have enough guidance," he said.

The IRS' Cincinnati office, in trying to determine which applicants for tax exemption might have politics as their primary purpose, inappropriately singled out groups with "tea party" or similar words in their paperwork, according to an inspector general's report released Tuesday. Some of the staff handling the applications were confused about what is permitted, the report said. The situation underscored how ill-equipped the agency is to deal with its regulatory charge, campaign finance experts said.

"The IRS does not have the competence or the expertise to be policing the political activities of tax-exempt organizations," said Robert Kelner, a Washington campaign finance lawyer who heads the political law practice at Covington & Burling. "So even in the best of worlds, with the best of interests, it's a fool's errand to expect the IRS to be able to accomplish this task."

Campaign finance reform advocates and congressional Democrats have pushed the IRS to rein in what they see as an abuse of tax-exempt status. Nonprofit advocacy groups and trade organizations on both the left and right reported spending \$309 million on campaigns in 2012, according to the nonpartisan Center for Responsive Politics. The true amount was much greater, as such groups have to report only a fraction of their spending.

The storm now engulfing the IRS "is going to make it harder and not easier" to get effective enforcement, said Ellen P. Aprill, a tax law professor at Loyola Law School.

That troubles backers of stricter enforcement, who note that although IRS staff investigated the workings of dozens of small tea party groups around the country, it is unclear whether they scrutinized the major organizations that spent tens of millions of dollars to influence the 2010 and 2012 elections. The inspector general's report said the IRS had failed to flag an estimated 185 groups that had indications of "significant political campaign intervention."

"We're getting sidetracked on the wrong issue; the much bigger problem is the failure of the IRS to get 501(c)4s under control," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, which has sued the agency over its lack of enforcement.

Others argue that such supervision should not be the mission of the IRS.

"Of all agencies, do we want the IRS to be the ones to regulate political speech?" asked Howard Gleckman, a resident fellow at the Urban Institute, who writes and edits a blog on tax policy.

When it was created 100 years ago, the social welfare tax exemption was aimed primarily for civic groups and beautification committees, not political vehicles, experts said. The tax code says such groups must operate "exclusively" to promote the common good and general welfare of the community. But IRS regulations dating to 1959 allow such groups to engage in some political activity, as long as politics is not the organization's primary purpose.

To determine whether a social welfare group engages too heavily in politics, the IRS relies on a subjective "facts and circumstances" test, which requires agency staff to rely heavily on their own judgment and experience. The official IRS manual offers tax agents only a template letter outlining the process of asking a group for more information, but does not specify what questions to ask, according to an April 2012 letter that Lois Lerner, director of tax-exempt organizations, sent to a House committee.

"It's a really hard line to figure out," said Philip Hackney, an assistant law professor at Louisiana State University who worked as a lawyer in the IRS' Office of Chief Counsel from 2006 to 2011. "The problem is that you're working with the motivations of people."

The agency had historically not focused much attention on 501(c)4 applicants, Hackney said, training most of its

scrutiny instead on groups attempting to take advantage of charity status, which is governed by a separate section of the tax code. "We were struggling to figure out what to do about them," he said.

Then came the Citizens United ruling in 2010. That year, 1,735 groups applied for 501(c)4 status — a figure that nearly doubled by 2012, according to the inspector general's audit. As tax agents tried to juggle the workload, top IRS officials realized many did not understand what kind of political activity was allowed and held two days of workshops in May 2012 to train the staff. The agency told the inspector general that it now plans to develop guidance on how to measure the primary activity of an organization.

The decision by agents in Cincinnati to flag groups that appeared to have a conservative ideology was "very bad," said Brett Kappel, a campaign finance lawyer at the firm Arent Fox in Washington. "But I don't think it was politically motivated; I think it's incompetence."

In some ways, the fact that the IRS bungled this task is not surprising, Kappel said: "Their core mission is to collect taxes, not to regulate political speech."

matea.gold@latimes.com

Melanie Mason and Joseph Tanfani in the Washington bureau contributed to this report.

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Center for Competitive Politics

**Statement of David Keating
President, Center for Competitive Politics**

**Submitted to the House Ways and Means Committee
United States House of Representatives
May 17, 2013**

On behalf of the Center for Competitive Politics, we commend the Committee for holding today's hearing and applaud the Chairman and Ranking Member for their strong statements pledging to work to ensure the IRS never again uses ideological criteria to evaluate tax-exempt groups.

The Center for Competitive Politics (CCP) is a nonpartisan, nonprofit 501(c)(3) organization focused on promoting and protecting the First Amendment political rights of speech, assembly, and petition. It was founded in 2005 by Bradley A. Smith, a former Chairman of the Federal Election Commission.

The power of the IRS must never be used in this manner again. To this end, and given the seriousness of the IRS scandal, we strongly urge the Committee to determine the answers to these troubling questions raised by the IRS's actions:

- 1) *How did this happen?* Why and how did the IRS come to inappropriately review certain tax-exempt organizations? The report by The United States Treasury Inspector General for Tax Administration (TIGTA) did not investigate this matter. It needs to be investigated. The reasons for the Service's errors are as important as the errors themselves.

The TIGTA report was very limited in its scope. As noted in the report, the overall objective was "to determine whether allegations were founded that the Internal Revenue Service (IRS): 1) targeted specific groups applying for tax-exempt status, 2) delayed processing targeted groups' applications for tax-exempt status, and 3) requested unnecessary information from targeted groups."¹ We do not know how and why this happened.

¹ "Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review," Treasury Inspector General for Tax Administration. Retrieved on May 16, 2013. Available at: <http://s3.documentcloud.org/documents/700698/i-t-a-inspector-generals-report-on-targeting.pdf> (May 14, 2013), p. 3.

- 2) *Who created the criteria and why?* Who created the criteria that disparately led to Tea Party organizations and other groups of a conservative political orientation to face special scrutiny and unconscionable delays in their application for tax-exempt status? Were the political beliefs of those who made these decisions a factor, either directly or indirectly? Did those political beliefs in some way affect these decisions? After the Exempt Organizations (EO) Director ordered the criteria to be changed, who changed it again, and why did Service employees revert to policies that were still clearly wrong?
- 3) *Congressional Influence.* Did the IRS feel pressure from the many letters sent by some in Congress to investigate the political activity of 501(c)(4) organizations? Did members of Congress contact IRS officials via telephone, in person meetings, or emails, and if so, what were the nature of those communications? Has the IRS reviewed or audited groups based on requests by members of Congress?²
- 4) *The Decision to Audit or Review.* Looking forward, how does the IRS decide which groups to investigate? Is the decision to audit based on complaints from members of Congress or outside groups? If so, does this influence result in bias in the choice of which groups to review?

This scandal involving the IRS provides us with a cautionary tale: the agency is not equipped or structured to do the job it was asked to do in overseeing political activities. For many reasons, the enforcement of campaign finance law is a highly complex issue best left to the agency tasked with its enforcement – the Federal Election Commission. Recent efforts to task other federal agencies like the IRS with additional responsibilities relating to the enforcement of campaign finance laws have created serious problems, as demonstrated here.

In addition to the outrageous violation of free speech rights resulting from the manner in which the IRS reviewed Tea Party and other conservative political groups, the Service has also disclosed confidential tax return information of politically sensitive nonprofit groups on at least three occasions involving an unknown number of organizations.³

Given the nature and gravity of both this scandal and the release of sensitive donor information, Congress should need no further instruction that neither the IRS nor any other federal agencies should be granted power to enforce campaign finance law. Such a task is best left to the Federal Election Commission.

² Garance Franke-Ruta, "Congress Put Pressure on the IRS to Investigate Conservative Tax-Exempt Groups," *The Atlantic*. Retrieved on May 16, 2013. Available at: <http://www.theatlantic.com/politics/archive/2013/05/congress-put-pressure-on-the-irs-to-investigate-conservative-tax-exempt-groups/275814/> (May 13, 2013).

³ Kim Barker and Justin Elliott, "IRS Office That Targeted Tea Party Also Disclosed Confidential Docs From Conservative Groups," *ProPublica*. Retrieved on May 16, 2013. Available at: <http://www.propublica.org/article/irs-office-that-targeted-tea-party-also-disclosed-confidential-docs> (May 13, 2013).

Romeo Area Tea Party

Barbara Niebauer, Treasurer
 Romeo Area Tea Party
 1674 Romeo Rd
 Oakland, Mi. 48363
 586-752-3707
thehousemouse@reagan.com

Re: Full Committee – Ways and Means to Hold Hearings on Internal Revenue Service Targeting Conservative Groups

When you need help, the best way to tell a story is by the dates of the events –

04-26-2010 – Beginning of the Romeo Area Tea Party. All documentation filed with Federal and State.

03-23-2010 – Filed 2010 year end. 990 EZ.

10-27-2011 – Received notice from the IRS to apply for tax exempt status.

02/06/2012 – I Personally received a letter from tax examiner to prove “Explanation of other income” for the year 2010. Our application states everyone involved is a volunteer.

12-31-2011 – Unable to file year end due to lack of confirmed status.

03-17-2012 – Status request returned. Form 1023 was revised from original 3 pages to 30 pages. Revision dated January, 2010.

06-20-2012 – Filed revised application for Recognition under Section 501(a) for status 501 (C) 4.

Revised application now includes new items:

1. \$850.00 application fee – Paid
2. Past, present and planned activities, listed separately in order of importance, based on detailed description, when, where, and by whom.
3. Past, present and future financial support, listing largest source first.
4. Past, present and future pamphlets, brochures, newsletters or journals.
5. Continuous questions regarding any officers/directors receiving payment or salary.

07-27-12 – Letter from IRS acknowledging application.

10-27-12 – Received letter confirming application has been forwarded to committee.

12/31/12 – Second year of non-filing year end due to no status.

Our goal is to receive a status enabling us to file the last 2 years of taxes. How can it take three years to either deny or grant a request when you have accepted the paperwork filed as sufficient? The revision (dated January 2010) of the application from 3 pages to 30 pages, resulting in a 60 page answer along with the increase from \$100.00 to \$850.00 for the application fee eliminated several smaller Tea Parties.



ActRight Legal Foundation

Zachary Kester, Esq.
ActRight Legal Foundation
209 W. Main Street
Plainfield, IN 46168
(317) 203-5599
zkester@actrightlegal.org

Hearing on Internal Revenue Service Targeting Conservative Groups

This statement for the House Ways and Means Committee is submitted on behalf of the National Organization for Marriage (“NOM”), a nonprofit organization recognized by the Internal Revenue Service (“IRS”) as a social welfare organization, exempt from taxation pursuant to Internal Revenue Code (“IRC”) § 501(c)(4).

On March 30, 2012, NOM became aware that its confidential tax information—specifically, its 2008 Form 990 Schedule B—had been obtained by the Human Rights Campaign (“HRC”) and the Huffington Post and published by both of these entities. Shortly after its public disclosure, NOM determined that the copy of its 2008 Schedule B obtained by the HRC and Huffington Post websites is the official version it filed with the IRS, such that the source of the public disclosure could only be the IRS. The unauthorized public disclosure of NOM’s 2008 Schedule B by the IRS or its employees is a violation of federal law, 26 U.S.C. § 6103, for which civil remedies are made available, 26 U.S.C. § 7431.

As stated in an April 11, 2012 letter from NOM President Brian Brown to the Treasury Inspector General for Tax Administration (TIGTA), NOM’s belief that the IRS must be the source of the disclosure is supported by the attached image, which shows a side-by-side comparison of NOM’s 2008 Form 990 Schedule B that was submitted to the IRS and the image of that tax information on the HRC and Huffington Post websites. The images appear to be identical with the exceptions of the phrase “THIS IS A COPY OF A LIVE RETURN FROM SMIPS. OFFICIAL USE ONLY” appearing on the top and bottom of leaked return and the number “100560209” that was stamped across the middle of leaked return image. Such markings would only appear on documents originating from the IRS, indicating that the source of the information leak to the HRC and the Huffington Post must be within the IRS.

NOM has previously requested an investigation into this matter in its April 11, 2012 letter to TIGTA to which TIGTA responded in an April 20, 2012 letter that acknowledged receipt of NOM’s request and gave NOM complaint No. 63-1204-0051-C. As of May 13, 2013, however, over a year after making the request, NOM had not received any information resulting from the requested investigation from TIGTA.

In fact, the only responses received from TIGTA relating to NOM’s Privacy Act requests and Freedom of Information Act (“FOIA”) requests have demonstrated an Orwellian-like

obstruction from TIGTA and the IRS. Along with refusing to prosecute any responsible parties on their own, TIGTA has responded to NOM's several requests to disclose information related to the possible leak that constitutes an illegal action under 26 U.S.C. §§ 6103 and 7213 by stating that the body is prohibited from releasing that information under the same statutes. Thus, the very statute that rendered the disclosure and publication of NOM's private tax information illegal also prevents NOM from ascertaining the necessary information to refer for prosecution or civilly pursue the individual or individuals responsible for the violation, leaving NOM powerless and reliant on TIGTA to take action.

However, according to 26 U.S.C § 7431(e), the Secretary of Treasury is required under FOIA to notify an affected entity, NOM in this instance, of any criminal charges made against an individual who disclosed that entity's tax information. Considering this requirement and NOM's several requests for information under FOIA that have all been denied, TIGTA's reluctance to disclose the subject of investigation as protected by the 26 U.S.C. § 6103 non-disclosure requirements is unfounded, and TIGTA should be required to disclose those appearing responsible for the illegal leak of NOM's tax information.

Additionally, the information that NOM has requested under the Privacy Act falls within one of TIGTA's explicit "routine use exceptions." As stated in 75 Fed. Reg. 20715-16 (April 20, 2010):

Disclosure of returns and return information may be made only as provided by 26 U.S.C 6103. Records other than returns and return information may be used to... (12) Disclose information to complainants, victims, or their representatives (defined for purposes here to be a complainant's or victim's legal counsel or a Senator or Representative whose assistance that complainant or victim has solicited) concerning the status and/or results of the investigation or case arising from the matters of which they complained and/or of which they were a victim, including, once the investigative subject has exhausted all reasonable appeals, any action taken. Information concerning the status of the investigation or case is limited strictly to whether the investigation or case is open or closed. Information concerning the results of the investigation or case is limited strictly to whether the allegations made in the complaint were substantiated or were not substantiated and, if the subject has exhausted all reasonable appeals, any action taken.

75 Fed. Reg. at 20715.

Based on this explicit language from TIGTA and 26 U.S.C § 7431(e), it would seem that TIGTA has no choice but to disclose the information requested by NOM under the Privacy Act, yet TIGTA has repeatedly failed to deliver that information.

In light of the recent discovery that the IRS has been using additional scrutiny measures to target conservative groups filing for tax-exempt statuses through 501(c)(3) and 501(c)(4) classifications, an investigation into how NOM's 2008 Form 990 Schedule B information was

obtained by the HRC and the Huffington Post seems to carry even greater weight. As Brown stated in a May 13, 2013 press release from NOM, "what NOM has experienced suggests that problems at the IRS are potentially far more serious than even these latest revelations reveal."

National Organization for Marriage
2008 Form 990 extract

As posted by Human Rights Campaign with all names redacted

As posted by Human Rights Campaign with all names redacted

Part 71 & 72 of a 990 return from 2008. (Page 10 of 10)

Part 71 & 72 of a 990 return from 2008. (Page 10 of 10)

Attachment 2

Part 71 & 72 of a 990 return from 2008. (Page 10 of 10)

Part 71 & 72 of a 990 return from 2008. (Page 10 of 10)



INSPECTOR GENERAL
FOR TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20005

May 3, 2013

Mr. Brian S. Brown, President
Dr. John C. Eastman, Chairman
National Organization for Marriage
C/O ActRight Legal Foundation
209 West Main Street
Plainfield, Indiana 46168

Dear Mr. Brown and Dr. Eastman:

This is in response to your Privacy Act request, dated April 15, 2013, seeking access to records maintained by the Treasury Inspector General for Tax Administration (TIGTA). The TIGTA Disclosure Branch received your request on April 18, 2013. Specifically, you are requesting that TIGTA provide the following information, including any records related to or supporting the same information:

1. Whether the investigation of Complaint No. 63-1204-0051-C is open or closed.
2. Whether the allegations made in Complaint No. 63-1204-0051-C, including the allegations made in the April 11, 2012 letter from the Requestors to TIGTA, were substantiated or were not substantiated.
3. If the subject(s) of Complaint No. 63-1204-0051-C has/have exhausted all reasonable appeals, any action taken by TIGTA, or any other agency, as a result of Complaint No. 63-1204-0051-C.

You have requested that TIGTA disclose this information pursuant to a routine use in TIGTA's System of Records Notice under the Privacy Act. However, in addition to the Privacy Act, the release of TIGTA Title 26 (I.R.C.) investigative records, if any, is also governed by the confidentiality provisions of I.R.C. § 6103. Specially, records compiled pursuant to a Title 26 investigation, including even the fact of an investigation, are the protected return information of the subject(s) of the investigation. Your complaint (#63-1204-0051-C) concerned allegations of an unauthorized disclosure of return information by a third party, which is an allegation of a potential violation of I.R.C. § 7213. Therefore, pursuant to I.R.C. § 6103, TIGTA can neither admit nor deny the existence of any records responsive to your current request.

Moreover, we note that this request asks for information which was encompassed in previous FOIA requests you made to TIGTA.¹ A review of TIGTA Disclosure Branch indices revealed you previously submitted FOIA requests (case numbers #2012-FOI-00205 and 2012-FOI-00232) to TIGTA on August 9, and September 21, 2012, respectively, seeking information that encompasses items 1-3 of your current request. Furthermore, you appealed TIGTA's initial decisions (2012-APP-00025 and 2013-APP-00004) on September 21, and December 3, 2012, respectively. Your requests and subsequent appeals for this information have been addressed by TIGTA previously and a copy of each decision is enclosed for your reference.

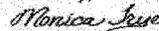
We have enclosed an Information Sheet that explains your administrative appeal rights. You may appeal this decision within thirty-five (35) days from the date of this letter. Your appeal must be in writing and signed by you. You should address the envelope as follows:

Freedom of Information Act Appeal
Treasury Inspector General for Tax Administration
Office of Chief Counsel
City Center Building
1401 H Street, NW, Suite 469
Washington, DC 20005

No fees were assessed in the processing of this request because the cost incurred was less than \$25.00, the threshold set by Treasury's FOIA regulation.

If you have any questions, please contact Government Information Specialist Monica Frye at (202) 622-2738 and refer to case number 2013-FOI-00144.

Sincerely,



Monica Frye
(for) Amy P. Jones
Disclosure Officer

Enclosures

¹ Because it is TIGTA policy to process requests for information under the statute that provides the greatest access to the requested records, we processed your prior requests under the FOIA.

ACLJ



PREPARED WRITTEN STATEMENT

Jay Alan Sekulow, JD, PhD

Chief Counsel, American Center for Law and Justice

United States House of Representatives Committee on Ways and Means

May 17, 2013

The Internal Revenue Service Targets Conservative Groups

Chairman Camp and Ranking Member Levin, on behalf of the American Center for Law & Justice (“ACLJ”) and the twenty-seven conservative organizations in seventeen states we have represented, I want to thank you for allowing me to provide the Committee with testimony regarding the Internal Revenue Service (“IRS”) and their admitted practice of targeting applicants for tax-exempt status based on their political leanings.

Please allow me to thank you and your staff for all your efforts to advance the cause of liberty and the constitutional rights of all Americans to free speech, the freedom of assembly, and the freedom of association – three freedoms the IRS disregarded as it systematically targeted conservative groups for inappropriate and unconstitutionally intrusive scrutiny.

My prepared remarks today will focus on three major issues concerning the IRS’s complex and elaborate nationwide scheme to target hundreds of Tea Party and conservative organizations, including the twenty-seven clients whom we represent.

First, the admitted IRS abuse was widespread. Contrary to early IRS statements, the abuse was not limited to low-level employees in one field office in Cincinnati, Ohio. For example, at the ACLJ we dealt with IRS officials in Laguna Niguel, California, El Monte, California, Cincinnati, Ohio, and Washington, D.C.

Second, the constitutional violations implicated in these cases are serious. Our clients were not merely targeted because of their viewpoint; the IRS’s actual questions to our clients were overbroad and unconstitutionally intrusive.

Finally – and critically – the abuse is ongoing. Despite a bipartisan outcry and despite the growing calls for congressional hearings and investigations, the admitted abuse of our clients continues. Ten of our clients still have not been granted the exemptions they are due, and one even received a follow-up questionnaire as recently as this week.

Jay Alan Sekulow *Friday, May 17, 2013*

Conservative Groups Applied for Tax Exemptions

Prior to the 2010 mid-term election, the so-called Tea Party movement arose in the United States. The “Tea Party” is a conservative grassroots movement of American citizens who, among other activities, organized local groups to educate the public about their rights and responsibilities as citizens of the United States and about various issues of public concern.

The phrase “Tea Party” is susceptible to many definitions. It is often used in shorthand manner to describe the grassroots movement itself, but – in the case of many of our clients – it was also the name of specific organizations formed to advance the social welfare of their communities, often through local community education programs – with emphasis on constitutional education.

As the Tea Party movement grew, an increasing number of related and sympathetic organizations sought to obtain either 501(c)(3) or 501(c)(4) tax-exempt status from the IRS. Many of these organizations waited more than a year for a response from the IRS after their initial request for tax-exemption. When the IRS finally did respond, all of the organizations received lengthy requests for additional information. All of these requests were overbroad and unconstitutionally intrusive. After receiving these inquiries, our clients retained the American Center for Law and Justice as their legal counsel.

The IRS Admitted Wrongdoing

In March 2012, immediately after commencing this representation, we sent a letter to Congressman Darrell Issa, Chairman of the House Oversight and Government Reform Committee, regarding these IRS Information Requests to Tea Party and Related Conservative Organizations. In addition, we also sent a letter directly to each of the IRS agents that contacted our clients, putting them on notice that a number of their questions went well beyond constitutional bounds.

In response to early congressional inquiries, the IRS adamantly denied any wrongdoing. As we now know, the IRS maintained its denials even as agents across the country worked diligently to target conservative groups and meeting after meeting was held internally at the IRS to refine and perfect that targeting.

Finally, on May 10, 2013, the IRS – through Lois Lerner – admitted that it had in fact targeted groups with the words “Tea Party” and “Patriot” in their applications. On May 14, 2013, the Treasury Inspector General for Tax Administration released a comprehensive report detailing the staggering extent of IRS wrongdoing.

The ACLJ has long supported congressional oversight of IRS treatment of conservative organizations, and our clients’ concerns were thoroughly vindicated by the IRS’s admissions of wrongdoing. Thorough investigations are needed to discover all the relevant facts and to hold responsible officials accountable. We also welcome the Department of Justice’s newly opened criminal investigation into this matter. However, we continue to believe that an independent investigator is necessary to fully resolve the matter.

Jay Alan Sekulow *Friday, May 17, 2013*

The IRS's admission and the Inspector General's report are merely a start to a process, a process that must fully grapple with the reality of our clients' ongoing ordeal.

The IRS Understated its Wrongdoing

Prior to its most recent admissions, the IRS denied that its agents were targeting Tea Party groups, and many on the Left have ridiculed Tea Party groups' claims, passing off the IRS inquiries as "standard" and "much ado about nothing." For example, in an influential editorial, the *New York Times* claimed that the IRS was merely doing its job.

An apology is not enough to atone for the IRS's misconduct. Where is the compensation for thousands of hours spent by Tea Party groups compiling tens of thousands of pages of documents? Why are numerous Tea Party groups still embroiled in an admittedly inappropriate, targeted inquiry process, with their tax-exempt status remaining in limbo?

Yet the unconstitutional targeting is compounded and magnified by unconstitutionally intrusive demands for additional information, demands that violate our clients' First Amendment rights. These information demands followed these organization's requests for 501(c)(3) or 501(c)(4) status and included questions like the following:

Do you directly or indirectly communicate with members of legislative bodies? If so, provide copies of the written communications and contents of other forms of communications.

Please describe the associate group members and their role with your organization in further detail. (a) How does your organization solicit members? (b) What are the questions asked of potential members? (c) What are the selection criteria for approval? (d) Do you limit membership to other organizations exempt under 501(c)(4) of the Code? (e) Provide the name, employer identification number, and address of the organizations.

Do you have a close relationship with any candidate for public office or political party? If so describe fully the nature of that relationship.

List each past or present board member, officer, key employee and members of their families who:

- a) Has served on the board of another organization.
- b) Was, is or plans to be a candidate for public office. Indicate the nature of each candidacy.
- c) Has previously conducted similar activities for another entity.
- d) Has previously submitted an application for tax exempt status.

In addition to the problematic substance of many questions, they were often extraordinarily broad, presenting small organizations with document production demands that would challenge even much larger corporations – for no other reason than their ideological affiliation.

Jay Alan Sekulow *Friday, May 17, 2013*

Each of these questions -- in their content, breadth, and vagueness -- implicated the free speech and associational rights of the affected Tea Party and conservative groups.

Critically, these onerous demands were not in response to complaints of wrongdoing but instead in response to applications for exemption. In other words, the IRS conditioned the grant of exemptions on the extensive violation of the Tea Party's fundamental First Amendment freedoms.

As was apparent to us after our initial review of case files, the IRS was using the routine process of seeking and granting tax exemptions to undertake a sweeping, top-down review of the internal workings of the Tea Party movement in the United States -- and they did so in the midst of one of the most significant Presidential elections in our history.

1. IRS abuse that was directed at Tea Party and conservative groups was not limited to one field office.

In issuing its so-called apology for intentionally targeting conservative groups for onerous and unconstitutional inquiries, the IRS claimed the targeting was limited to "low-level" IRS agents in a single office in Cincinnati.

This is patently false. The ACLJ represented twenty-seven of these targeted conservative groups. Our targeted clients have received inquiry demand letters from numerous IRS offices from coast to coast. However, even if the targeted misconduct was limited to Cincinnati, that would not mitigate IRS responsibility. The Cincinnati office is in fact responsible for much of the processing for tax exempt status, and the agents involved are tax exemption specialists.

We have released to the public, members of the media, and this Committee multiple letters from not only the Cincinnati IRS office, but also two IRS offices in California, and the main IRS headquarters in Washington, DC. These letters include targeted inquiries received in 2012, well after senior IRS officials were aware of the inappropriate targeting.

For example, the Albuquerque Tea Party, which applied for tax-exempt status in 2010, received an intrusive questionnaire from an IRS agent in Washington, D.C. Just last month, this same group received a communication from an IRS attorney in Washington, D.C., declining to inform the group about her recommendation on the group's pending status and declining to give a time estimate for a decision.

I served as a trial lawyer with the Office of the Chief Counsel for the IRS earlier in my career, and it is clear to me -- based on my experience -- that this targeting occurred on a very broad scale. This intimidation strategy required the approval of IRS superiors, and it was not just confined to a small office in Ohio. Furthermore, we have the documentation proving this assertion is completely false.

This is an abhorrent breach of the public trust, and there are now reports that the IRS targeted pro-Israel Jewish organizations as well. IRS officials at all levels must be held accountable for

Jay Alan Skulow Friday, May 17, 2013

their dishonest and disgraceful conduct. The targeting scheme employed by the IRS not only violates the IRS's own rules and regulations, but it is also certain to result in a growing and justifiable mistrust of the IRS by the American people. The resignation of the IRS's acting commissioner is the beginning, not the end, of accountability and provides no real answers to the questions the American people are asking.

2. The constitutional violations implicated in these cases were severe.

The constitutional violations implicated in these cases are serious - not just the targeting of the groups themselves - but (as stated above) the IRS's document demands and other questions are unconstitutionally intrusive.

In our initial communications with the IRS last spring, we noted that some of IRS's requests for more information from our clients appeared to fall well outside the scope of legitimate IRS inquiry and thus, violated the First Amendment rights of our clients. We referred IRS agents to *NAACP v. Alabama*, 357 U.S. 449 (1958).

At issue in *NAACP v. Alabama* was whether Alabama, consistent with the Due Process Clause of the Fourteenth Amendment, could have compelled the NAACP of Alabama to reveal to the State's Attorney General the "names and addresses of all its Alabama members and agents, without regard to their positions or functions in the Association." 357 U.S. at 451.

Their attempt to obtain membership information was rejected by a unanimous Supreme Court. The Court held that it was "apparent that compelled disclosure of petitioner's Alabama membership is likely to affect adversely the ability of petitioner and its members to pursue their collective effort to foster beliefs which they admittedly have the right to advocate, in that it may induce members to withdraw from the Association and dissuade others from joining it because of fear of exposure of their beliefs shown through their associations and of the consequences of this exposure." *Id.* at 462-463.

Similarly, the IRS is making the same unconstitutional attempt here. Many of the questions presented in the letters sent to our clients from the IRS were requests for the same type of information that was requested by the state of Alabama in *NAACP v. Alabama*.

Furthermore, these requests went well beyond anything ever at issue in *NAACP v. Alabama*. The IRS, in one letter, actually demanded from one of our clients the personal resumes of each and every member of their board of directors.

The Court in *NAACP v. Alabama* understood that "effective advocacy of both public and private points of view, particularly controversial ones, is undeniably enhanced by group association." 357 U.S. at 460. The Court further recognized this "close nexus between the freedoms of speech and assembly" and stated that "it is immaterial whether the beliefs sought to be advanced by association pertain to political, economic, religious or cultural matters and state action which may have the effect of curtailing the freedom to associate is subject to the closest scrutiny." *Id.* at 460-461. Therefore, the Court held the following:

Jay Alan Sekulow Friday, May 17, 2013

[I]mmunity from state scrutiny of membership lists which the Association claims on behalf of its members is here so related to the right of the members to pursue their lawful private interests privately and to associate freely with others in so doing as to come within the protection of the Fourteenth Amendment. And we conclude that Alabama has fallen short of showing a controlling justification for the deterrent effect on the free enjoyment of the right to associate which disclosure of membership lists is likely to have.

Id. at 466 (citations omitted).

3. The admitted abuse of our clients is ongoing.

Finally, despite the public outcry from both sides of the aisle last week and despite the growing calls for congressional hearings and investigations, the admitted abuse of our clients is still ongoing.

Ten of the groups we represent have still not been approved, and the majority of those groups have been waiting for more than two years for approval determinations.

The IRS recently claimed that it abandoned the probes, but this claim is false. This week, we released a letter that arrived just last month, from a “tax law specialist” in the IRS’s D.C. headquarters. This week we also received another request for additional information from a client called Linchpins for Liberty in Nashville, TN.

Aside from the continued targeting contained in these letters, the letter sent to the Albuquerque Tea Party is noteworthy for a number of other reasons. First, the secrecy of the deliberations is troubling. The tax law specialist indicated in the letter that she had a recommendation, but would not say what it was – stating that it’s not “policy” to do so. Second, the IRS stated in the letter that it would not give any timetable for a decision, leaving the group in limbo – in this case since December of 2009. In fact, the group submitted another one of its responses to the IRS’s voluminous document requests more than a year ago, in January 2012, and this was the first IRS response in over fourteen months since the group’s last communication.

The recently released Inspector General report further confirms the IRS’s admittedly inappropriate targeting of conservative groups is ongoing. The report confirmed that during the entire period investigated, “May 2010 through May 2012,” “all cases with Tea Party, Patriots, or 9/12 in their names were” targeted by the IRS for “unnecessary, burdensome” inquiry. Even more disturbing, the IG report concludes that despite the IRS’s claims that it has stopped inappropriately targeting conservative groups, “we do not consider the concerns in this report to be resolved.”

Jay Alan Sekulow Friday, May 17, 2013

The IRS Violated its Mission

“The mission of the Internal Revenue Service is to apply the tax law *with integrity and fairness*.¹ Federal employees (including IRS employees) “*shall act impartially* and not give preferential treatment to any private organization or individual.”² Further, IRS “[e]mployees shall not engage in . . . dishonest, or notoriously disgraceful conduct . . . prejudicial to the Government.”³ IRS agents violated each of the foregoing requirements. First, by singling out Tea Party and related groups for special scrutiny based on their political views, IRS agents violated the IRS mission to operate with integrity and fairness. Second, by singling out Tea Party and related groups for special scrutiny based on their political views, IRS agents violated the requirement to act impartially. And third, by singling out Tea Party and related groups for special scrutiny based on their political views, IRS agents engaged in dishonest, notoriously disgraceful conduct. The same can be said of IRS leaders who knew of, but failed to rein in, such biased, politically-motivated conduct, thereby allowing the politicization of the IRS.

Each of these actions was prejudicial to the Government and impacted negatively on the reputation of the IRS. It is no wonder that, in light of this open and notorious politicization of the IRS, many Americans view with outright alarm the called-for expansion of the IRS to implement the Affordable Care Act (“ObamaCare”). The IRS must be scrupulously neutral and apolitical to retain the confidence and trust of the American people. It has failed miserably.

Conclusion – The IRS Must Answer Key Questions

In the last week alone, the ACLJ has heard from more than 50,000 Americans who rightfully demand accountability. House Oversight and Government Reform Committee Chairman Darrell Issa called the IRS actions “unconscionable.” And in the Senate, Minority Leader Mitch McConnell wants to investigate what he called the “thuggish” practices used by the IRS.

The IRS’s recent admission was a significant victory for free speech and free association of all Americans. The truth of this ongoing scandal has finally been revealed after years of cover-ups, lies, and attempts to distract Americans and our congressional representatives from the truth of what we now know was happening behind closed doors. This hearing is a vital first step as we learn what happened, hold responsible officials accountable, and take steps to ensure this abuse will never be repeated.

As the congressional and criminal investigations move forward, the IRS must answer the following questions:

- Who authorized the admittedly inappropriate targeting of conservative groups as well as the overly burdensome and unconstitutional information requests demanded of them?

¹IRS *Internal Revenue Manual* 39.1.1.1, IRS (last visited May 13, 2013), http://www.irs.gov/irm/part39/irm_39-001-001.html (emphasis added).

²5 C.F.R. § 2635.101(8) (emphasis added).

³31 C.F.R. § 0.213.

Jay Alan Sekulow *Friday, May 17, 2013*

- Were any meetings held with IRS agents responsible for overseeing the tax-exempt applications of Tea Party and similar groups to discuss how to deal with such groups? If so, how many such meetings were held, who chaired such meetings, what guidance was given, and what are the names of the IRS agents who were required to attend?
- Who chose the terms “Tea Party,” “Patriots,” “9/12,” and similar terms as a trigger to identify groups for special scrutiny? Who approved the use of these terms to trigger that scrutiny?
- Why did the IRS take no action for more than two years on many of these applications? Is there any evidence that the election cycle was a motivating factor?
- Why did the IRS ask for names of members? Was the IRS aware that the Supreme Court case *NAACP v. Alabama* protected organizations from these types of disclosures? Did anyone in the IRS even raise constitutional concerns?
- Why did the IRS ask for the complete list of donors for these organizations?
- Why did the IRS on occasion request the resumes for each organization’s board members? Was there a plan to target not only these groups, but also their individual members?
- To what extent were White House officials, Obama for America officials, or other Administration officials directly or indirectly involved in initiating, advising, or suggesting the targeting of these groups?
- After senior IRS officials learned about the inappropriate targeting in mid-2011 (at the latest), why were intrusive inquiry letters still sent by the IRS to these targeted groups, according to the Inspector General’s report, for the first time in January 2012?
- Why has the IRS still failed to grant appropriate exemptions even after its public apology?
- Were any “liberal” or “progressive” groups targeted using similar means? If not, why not?
- Did Obama for America, when transitioning from a political campaign to a 501(c)(4) this past year ever receive questions similar to those received by the targeted conservative organizations? Did it have to submit its donor lists, copies of its social media accounts, resumes of its board members, copies of all direct and indirect communications with elected officials, or state its relationships to those holding public office? If not, why not?

Jay Alan Sekulow *Friday, May 17, 2013*

The IRS, as well as this Administration, needs to understand that all Americans are now aware of this unconstitutional targeting of American's First Amendment rights and demand that it cease immediately.

Once again, we thank this Committee for putting a spotlight on the IRS and its unlawful actions. Only transparency and accountability to the Congress and the American public will root out corruption in the IRS.

Jay Alan Sekulow *Friday, May 17, 2013*

The American Center for Law and Justice has represented the following clients in this matter:

- Colorado 9/12 Project
- 4 Corners Liberty Restoration Group
- San Antonio Tea Party, Inc.
- Wetumpka Tea Party, Inc.
- OKC PIA Association
- Richmond Tea Party
- Protecting American Values, Inc.
- Hawaii Tea Party
- Shelby County Liberty Group
- Manassas Tea Party
- First Coast Tea Party, Inc.
- Ohio Liberty Coalition
- The Honolulu Tea Party
- Waco Tea Party
- Kentucky 9/12 Project, Inc.
- Albuquerque Tea Party, Inc.
- Allen Area Patriots
- Greater Phoenix Tea Party Patriots
- Greenwich Tea Party Patriots of South Jersey, LLC
- Laurens Co. Tea Party
- Linchpins of Liberty
- Myrtle Beach Tea Party, Inc.
- North East Tarrant Tea Party, Inc.
- Patriots Educating Concerned Americans Now (PECAN)
- Unite In Action, Inc.
- San Fernando Valley Patriots, Inc.
- Tri-Cities Tea Party

Cape 912

Cape 912, Inc.
P.O. Box 100174
Cape Coral, FL 33910-0174

EIN: 27-3449016

May 15, 2013

House Ways and Means Committee
1102 Longworth House Office Bldg.
Washington, D.C. 20515
Attn: Chairman, Dave Camp, and
Ranking Member, Sander Levin

Subject: Internal Revenue Service Wrongfully Targeting Cape Coral Non-Profit Company

Reference 1: Letter, Internal Revenue Service to Cape 912, Inc., dated December 9, 2011
(copy attached)

Reference 2: Letter, Internal Revenue Service to Cape 912, Inc., dated January 13, 2012
(copy attached)

Dear Chairman Camp and Ranking Member Levin:

I am writing to you, on behalf of the Cape 912, Inc. organization. The purpose of this correspondence is to inform you about the actions taken by the Exempt Organizations Division of the Internal Revenue Service (IRS), response to our application and fee payment regarding our request for a Sec. 501(C) (3) exemption in 2011.

Because our organization is a civic group, dedicated to the teaching of the U.S. Constitution to school-aged children, it was appropriate, as provided by IRS regulations, that Cape 912 seek organization exemption for its activities.

After receipt of employer identification number on September 19, 2010 and Incorporation in the State of Florida on September 27, 2010, Cape 912 completed the form 1023 and filed it on April 15, 2011. In completing the application, we answered over 75 questions concerning the purpose of the organization; the answers included parts IV and VIII, which sought a complete description of the 912 organization's purpose and activities.

Thereafter, and more than 6 months after filing, we were contacted by letter. This letter, Reference I, included requests for answers to scores of more questions. In many instances, the questions were either redundant or so intrusive as to be beyond reason. However, several members of the organization, including me, as President thereof, spent over five hours of additional effort and responded, as well as we could, to the questions. We returned them within the time frame requested by the IRS.

House Ways and Means Committee
IRS Targeting Cape 912, Inc.

May 15, 2013
Page 2

Afterward, we received, from the agent handling the application, yet, a third set of questions, which were even more intrusive, and of questionable relevance. This letter, Reference 2, I have attached together with questionnaires to validate these actions on the part of the IRS agent. These questions seemed outrageous and were viewed by myself, and others, as an attempt to force us to withdraw the application because of the technical impossibility of answering and further, within the allotted time given, which was only two weeks.

As I was also medically challenged at the time, I withdrew our request for exemption. However, upon learning of the recent apology offered by the head of the Exemption Division, we submitted a written request to re-open the application process; no response from the agent has been received to date.

I trust that based upon your review of this letter and the accompanying documents, you will be convinced that the application process, as demanded by the IRS agent, was wholly specious and improper.

Therefore, I ask, on behalf of Cape 912, Inc, that you assist us in whatever action is appropriate to reinstate the application and demand that the exemption, on our behalf, is appropriate to the law and good conscience.

Thank you in advance for your cooperation and understanding in this most important matter.

Very Truly Yours,

George Miller
President
Cape 912, Inc.

Attachments: 1. Internal Revenue Service Letter, dated December 9, 2011
2. Internal Revenue Service Letter, dated January 13, 2012



315

SWFL

Cape 912, Inc.
P.O. Box 100174
Cape Coral, FL 33910-0174

EIN: 27-3449016

May 15, 2013

House Ways and Means Committee
1102 Longworth House Office Bldg.
Washington, D.C. 20515
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House Ways and Means Committee
IRS Targeting Cape 912, Inc.

May 15, 20
Page

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George Miller
President
Cape 912, Inc.

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2. Internal Revenue Service Letter, dated January 13, 2012

P.O. Box 2508
Cincinnati, OH 45201

Date: December 9, 2011

Cape 912, Inc.
PO Box 100174
Cape Coral, FL 33919-0174

33910
RECEIVED 12/14/2010

Employer Identification Number:
27-3449016

Person to Contact – Group #: 7827
Specialist Name - Stephen Seok
ID# 1000203334

copy

Contact Telephone Numbers:
513-263-3625 Phone
513-263-4540 Fax

Response Due Date:
December 30, 2011

Dear Sir or Madam:

We need more information before we can complete our consideration of your application for exemption. Please provide the information requested on the enclosed Information Request by the response due date shown above. Your response must be signed by an authorized person or an officer whose name is listed on your application. Also, the information you submit should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

If we approve your application for exemption, we will be required by law to make the application and the information that you submit in response to this letter available for public inspection. Please ensure that your response doesn't include unnecessary personal identifying information, such as bank account numbers or Social Security numbers, that could result in identity theft or other adverse consequences if publicly disclosed. If you have any questions about the public inspection of your application or other documents, please call the person whose name and telephone number are shown above.

To facilitate processing of your application, please attach a copy of this letter and the enclosed Application Identification Sheet to your response and all correspondence related to your application. This will enable us to quickly and accurately associate the additional documents with your case file. Also, please note the following important response submission information:

- Please don't fax and mail your response. Faxing and mailing your response will result in unnecessary delays in processing your application. Each piece of correspondence submitted (whether fax or mail) must be processed, assigned, and reviewed by an EO Determinations specialist.
- Please don't fax your response multiple times. Faxing your response multiple times will

- Please don't call to verify receipt of your response without allowing for adequate processing time. It takes a minimum of three workdays to process your faxed or mailed response from the day it is received.

If we don't hear from you by the response due date shown above, we will assume you no longer want us to consider your application for exemption and will close your case. As a result, the Internal Revenue Service will treat you as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new application.

In addition, if you don't respond to the information request by the due date, we will conclude that you have not taken all reasonable steps to complete your application for exemption. Under Internal Revenue Code section 7428(b)(2), you must show that you have taken all the reasonable steps to obtain your exemption letter under IRS procedures in a timely manner and exhausted your administrative remedies before you can pursue a declaratory judgment. Accordingly, if you fail to timely provide the information we need to enable us to act on your application, you may lose your rights to a declaratory judgment under Code section 7428.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Stephen Seok
Exempt Organizations Specialist

Enclosure: Information Request

COPY

Please read the Penalties of Perjury statement on page 1 above. Then, please sign and date below, indicating you agree to the Declaration.

Name Date

Additional Information Requested:

- 1) In your Form 1023 application, you provided the filers of two types of activities (Constitution education and essay project and workshops on the Constitution). Provide the following information for all the events you have held from inception to the present:
- 12/24/10
- a) The time, location, and content schedule of each event
usually twice a year at Cape Cod, Inc. does not take in hands
 - b) A copy of the handouts you provided to the audience
not sure how to provide
 - c) Identify the education and workshop materials that instructors used
copy workshops had by others our workbooks and papers to assist
 - d) The names and credentials of the instructors
 - e) If speeches or forums were conducted in the event, provide detailed contents of the speeches or forums, names of the speakers or panels, and their credentials. If any speakers or panel members were paid, provide the amount paid for each person. If not, please indicate that they volunteered to conduct the event.
none by Cape Cod, Inc. all volunteers
 - f) The names of persons from your organization and the amount of time they spent on the event indicate the name and amount of time they spent on the event. Indicate the name and amount of compensation that was paid to each person. If no one was paid, indicate this event was conducted by volunteers to each person.
 - g) Indicate the percentage of time and resources you spent on these activities in relation to 100% of all your activities.

Note: You do not need to submit any materials that you already provided with your Form 1023 application. See the attached. They are the ones you already submitted.

- 2) Provide the following information for all the events you will conduct for 2012 and 2013:
- a) The time, location, and content schedule of each event
No Events Scheduled at this time.
 - b) Identify handouts you provided to the audience
Copies of "The Constitution"
 - c) Identify workshop materials that instructors will use
Nothing Scheduled
 - d) The names and credentials of the instructors
" "
 - e) If speeches or forums will be conducted in the event, provide detailed contents of the speeches or forums, names of the speakers or panels, and their credentials. If any speakers or panel members will be paid, provide the amount will be paid for each person. If not, please indicate they volunteered to conduct the event.

- f) The names of persons from your organization and the amount of time they will spend on the event. Indicate the name and amount of time they will spend on the event. Indicate the name and amount of compensation that will be paid to each person. If no one will be paid, indicate this event will be conducted by volunteers to each person.
- g) Indicate the percentage of time and resources you will spend on these activities in relation to 100% of all your activities.

copy

3) Provide the following information for your web and internet related activities:

- a) Copies of your current web and internet pages. *nothing is restricted* If you are a membership organization, please include all the pages that are accessible only to your members. *pages accessible to public* Copied 1/2 over - 1/11
- b) Indicate the percentage of time and resources you spend on these activities in relation to 100% of all your activities.
- c) Expense amounts incurred for these activities for 2010 and 2011. *campus 2.67/100*
- d) Expense amounts to be incurred for these activities for 2012 and 2013. *Meet up!*

4) Provide the following for your publishing activities:

- a) Copies of all the publications and/or advertising materials that you have distributed or will distribute. *5000 yr*
- b) Indicate the percentage of time and resources you spend on these activities in relation to 100% of all your activities. *could be but*
- c) Expense amounts incurred for these activities for 2010 and 2011. *contribution*
- d) Expense amounts to be incurred on these activities for 2012 and 2013?

5) Have you conducted or will you conduct rallies or exhibitions for or against any public policies, legislations, public officers, political candidates, or like kinds? Provide the following for all the events you have conducted and will conduct for 2012 and 2013: *NO*

- a) The time, location, and content schedule of each rally or exhibition
- b) Provide copies of handouts you provided or will provide to the public.
- c) The names of persons from your organization and the amount of time they have spent or will spend on the event. Indicate the name and amount of time they spent on the event. Indicate the name and amount of compensation paid or will be paid to each person. If you did not pay or will not pay anyone, then, indicated the event was or will be conducted by volunteers.
- d) Indicate the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities.
- e) Expense amounts incurred for these activities for 2010 and 2011
- f) Expense amounts to be incurred for these activities for 2012 and 2013

If not, please confirm by answering "No" to this question.

6) Have you conducted or will you conduct candidate forums or other events at which candidates running for public offices are invited to speak? If so, provide the following details and nature of the forum including:

(NO)

- a) The names of candidates invited to participate
- b) the names of the candidates who did participate
- c) The issues that were discussed
- d) The time and location of the event
- e) copies of all handouts provided and distributed at the forum, including any internet or advertising material discussed or used at the forum.
- f) Indicate the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities.

COPY

If not, please confirm by answering "No" to this question.

7) Have any candidates running for public office spoken or will they speak at a function of your organization?

(NO)

- a) If so, provide the names of the candidates, the functions at which they spoke, any materials distributed or published with regard to their appearance and the event, any video or audio recordings of the event, and a transcript of any speeches given by the candidate(s).
- b) Please indicate the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities.

If not, please confirm by answering "No" to this question.

8) Have you distributed or will you distribute materials or conduct other communications that are prepared by another organization or person? If so, provide the following:

*5000 yr same as
Charles Book I'm not
conclusion*

- a) Copies of materials and contents of communications
- b) When and where the distribution have been conducted or will be conducted?
- c) Who has distributed or will distribute the materials?
- d) Please indicate the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities.

If not, please confirm by answering "No" to this question.

9) Will you, or have you ever, conducted voter education activities, including voter registration drives, get out to vote drives, or publish or distribute voter guides? If so, provide the following:

(NO)

- a) What is the location, date and time of the events?
- b) Who on the organization's behalf have conducted or will conduct the voter registration or get out to vote drives?

- c) Provide copies of all materials published or distributed regarding the activities, including copies of any voter guides.
- d) Please indicate the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities.

If not, please confirm by answering "No" to this question.

- 10) Have you engaged or will you engage in business dealings with any candidate(s) for public office or an organization associated with the candidate, such as renting office space or providing access to a membership list? *NO*

If so, describe the relationship in detail and copies of any contracts or other agreements documenting the business relationship.

If not, please confirm by answering "No" to this question.

- 11) Have you attempted or will you attempt to influence the outcome of specific legislation? If so, provide the following: *NO*

- a) Provide copies of all communications, pamphlets, advertisements, and other materials distributed by the organization regarding the legislation.
- b) Provide copies of any radio, television, or internet advertisements relating to your lobbying activities.
- c) Please indicate the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities.

If not, please confirm by answering "No" to this question.

- 12) Do you directly or indirectly communicate with members of legislative bodies? If so, provide copies of the written communications and contents of other form of communications. Please include the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities. *NO* Connie Mack IV

If not, please confirm by answering "No" to this question.

- 13) Are you associated with any other IRC 501(c)(3), 501(c)(4) or 527 organizations? If so, provide the following: *NO* SWF 412 ~~Protest~~ ~~Int'l~~ ~~USA~~ (?)

- a) Provide the name, employer identification number, and address of the organizations
- b) Describe in detail the nature of the relationship(s).
- c) Do you work with those organization(s) regularly? Describe the nature of the contacts.
- d) List shared employees, volunteers, resources, office space, etc. with the organization(s).
- e) Please indicate the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities.

If not, please confirm by answering "No" to this question.

COPY

14) Provide the following for your fundraising activities: No Fund Raising - Only Donation

- a) Copies of all solicitations the organization has made regarding fundraising, including fundraising that occurs in an election year and non-election year. *on a personal basis*
- b) Copies of all documents related to the organization's fundraising events, including pamphlets, fliers, brochures, and webpage solicitations. *(attached)*
- c) How much of your organization's budget is spent on fundraising? *(None)*
- d) What are the sources of the fundraising expenses? *volunteers*
- e) Please indicate the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities.

15) If you have conducted or will conduct any activities other than the ones we have already cited, provide answers for the following questions regarding past, present and future activities.

- a) What does the activity/service entail? *(no)*
- b) Who conducts the activity/service?
- c) When and where is the activity/service conducted?
- d) Please indicate the percentage of time and resources you have spent or will spend conducting these activities in relation to 100% of all your activities.

If you have not conducted and will not conduct any activities other than the ones we have already cited, please confirm by answering "No" to this question.

16) Please provide the following information for your board of directors and officers:

- a) Provide all copies of your corporate minutes from inception to the present.
- b) Provide the titles, duties, work hours, and compensation amounts of your board members, officers, and employees. If they only work for a certain time yearly, bi-yearly, or quad-yearly, please provide the periods they had (have) worked and will work. Please identify your volunteers.
- c) If you have a board member or officer who has run or will run for a public office, please describe fully. If none, please confirm by answering "None" to this question. *(None)*

17) Are you a membership organization? If so, provide the following for your membership:

- a) How many members do you have currently? *Voluntary Membership*
- b) What does the memberships consist of? Are they mostly individuals? What is the percentage of the organizational members as they are part of the whole membership?
- c) Provide member application/registration form
- d) Provide membership agreement and rules that governs members.
- e) Provide a membership fee schedule. *There is none*
- f) What are the membership requirements? *No Requirements! open to public*

COPY

- g) What services and benefits do you provide especially for members only? *None*
- h) What are the roles and duties of your members?
- i) Provide copies of your website that your members can only access.
- 18) Provide the following information for the income you received and raised for the years from inception to the present. Also, provide the same information for the income you expect to receive and raise for 2012, 2013, and 2014.
- a) Donations, contributions, and grant income for each year which includes the following information:
- The names of the donors, contributors, and grantors. If the donor, contributor, or grantor has run or will run for a public office, identify the office. If not, please confirm by answering this question "No".
 - The amounts of each of the donations, contributions, and grants and the dates you received them.
 - How did you use these donations, contributions, and grants? Provide the details.
- If you did not receive or do not expect to receive any donation, contribution, and grant income, please confirm by answering this question "None received" and/or "None expected".
- b) The amounts of membership income received for each year. If you did not receive or do not expect to receive any membership income, please confirm by answering this question "None received" and/or "None expected".
- c) The amounts of fundraising income received for each year. If you did not receive or do not expect to receive any fundraising income, please confirm by answering this question "None received" and/or "None expected".
- d) The amounts of any other incomes received for each year. If you did not receive or do not expect to receive any other incomes, please confirm by answering this question "None received" and/or "None expected".

NOTE: Please do not attach tax returns or ledgers to respond to the above questions.

- 19) Provide the following information for the expenses you incurred for the years from inception to the present. Also, provide the same information for the expenses you expect to incur for 2012, 2013, and 2014.
- a) Donation, contribution, and grant expenses for each year which includes the following information:
- The names of the donees, recipients, and grantees. If the donee, recipient, or grantee has run or will run for a public office, identify the office. If not, please confirm by answering this question "No".
 - The amounts of each of the donations, contributions, and grants and the dates you donated, contributed, or granted them.

COPY

- The amounts of each of the donations, contributions, and grants and the dates you expect to donate, contribute, or grant them.
- Provide the reasons for issuing the donations, contributions, and grants.

If you did not issue or do not expect to issue receive any donations, contributions, and grants, please confirm by answering this question "None to be provided".

COPY

b) Compensation, salary, wage and reimbursement expenses for each year with the following information: *None All volunteers*

- The names of the payees. If the payee has run or will run for a public office, identify the office. If not, please confirm by answering this question "No".
- The amounts of each payment and the dates you made or expect to make each payment.
- The services the payee provided in return for the payment.
- Provide the reasons for issuing the donations, contributions, and grants?

c) The lists and amounts of any other expenses for each year.

NOTE: Please do not attach tax returns or ledgers to respond to the above questions.

PLEASE DIRECT ALL CORRESPONDENCE REGARDING YOUR CASE TO:

US Mail:

Internal Revenue Service
Exempt Organizations
P. O. Box 2508
Cincinnati, OH 45201
ATT: Stephen Seok
Room 4508
Group 7822

Street Address for Delivery Service:

Internal Revenue Service
Exempt Organizations
550 Main St, Federal Bldg.
Cincinnati, OH 45202
ATT: Stephen Seok
Room 4508
Group 7822

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: January 13, 2012

Cape 912, Inc.
PO Box 100174
Cape Coral, FL 33910-0174

Employer Identification Number:
27-3449016

Person to Contact – Group #: 7827
Specialist Name - Stephen Seok
ID# 1000203334

Contact Telephone Numbers:
513-263-3625 Phone
513-263-4540 Fax

Response Due Date:
January 27, 2012

COPY

Dear Sir or Madam:

Thank you for the information recently submitted regarding your application for exemption. Unfortunately, we need more information before we can complete our consideration of your application.

Please provide the information requested on the enclosed Information Request by the response due date shown above. Your response must be signed by an authorized person or an officer whose name is listed on the application. Also, the information you submit should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

If we approve your application for exemption, we will be required by law to make the application and the information that you submit in response to this letter available for public inspection. Please ensure that your response doesn't include unnecessary personal identifying information, such as bank account numbers or Social Security numbers, that could result in identity theft or other adverse consequences if publicly disclosed. If you have any questions about the public inspection of your application or other documents, please call the person whose name and telephone number are shown above.

To facilitate processing of your application, please attach a copy of this letter and the enclosed Application Identification Sheet to your response and all correspondence related to your application. This will enable us to quickly and accurately associate the additional documents with your case file. Also, please note the following important response submission information:

- Please don't fax and mail your response. Faxing and mailing your response will result in unnecessary delays in processing your application. Each piece of correspondence submitted (whether fax or mail) must be processed, assigned, and reviewed by an EO Determinations specialist.

Name: Cape 912, Inc.
EIN: 27-3449016

COPY

- Please don't fax your response multiple times. Faxing your response multiple times will delay the processing of your application for the reasons noted above.
- Please don't call to verify receipt of your response without allowing for adequate processing time. It takes a minimum of three workdays to process your faxed or mailed response from the day it is received.

If we don't hear from you by the response due date shown above, we will assume you no longer want us to consider your application for exemption and will close your case. As a result, the Internal Revenue Service will treat you as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new application.

*— now
less than
2 weeks*

In addition, if you don't respond to the information request by the due date, we will conclude that you have not taken all reasonable steps to complete your application for exemption. Under Internal Revenue Code section 7428(b)(2), you must show that you have taken all the reasonable steps to obtain your exemption letter under IRS procedures in a timely manner and exhausted your administrative remedies before you can pursue a declaratory judgment. Accordingly, if you fail to timely provide the information we need to enable us to act on your application, you may lose your rights to a declaratory judgment under Code section 7428.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Stephen Seok
Exempt Organizations Specialist

Enclosures: Information Request

Name: Cape 912, Inc.
EIN: 27-3449016

RETURN THIS PAGE WITH YOUR RESPONSE

Please read the Penalties of Perjury statement on page 1 above. Then, please sign and date below, indicating you agree to the Declaration.

_____ Name

_____ Date

Additional Information Requested:

- 1) Enclosed please find the web pages that were printed from your website, if they do not belong to your organization, please let us know.
- 2) Thank you for your response. So far you stated that you have conducted the following activities only since your inception:
 - You have donated and distributed books, pamphlets, and other materials that educate on the U.S. Constitution and/or U.S. history to the public including schools and students free of charge.
 - You have helped several constitutional essay competitions as a co-participant.
 - Administrative activities, such as board meetings and solicitation of book donations.

However, your website shows that you have conducted numerous monthly meetings and Constitution workshops, and other activities - see the attached Insert 1. Please provide the following:

Provide the following information for all of your activities including ~~monthly meetings, picnics, outings, workshops,~~ but not limited to, from inception to the present. (Please provide the following for each activity)

- a) The time and location of each activity
- b) The contents and schedule of each activity
- c) The names and profiles of organizer, leaders, speaker, and lecturers of each activity
- d) The roles and activities of your governing members of each activity
- e) The roles and activities of your members of each activity
- f) A list and profiles of public figures who participated in each activity, in any.
- g) The roles and activities of audience or participants other than your governing members and members in each activity.
- h) The copies of printed materials and other media materials used in each activity.
- i) Identify other materials used in each activity
- j) What type of conversations and discussions did your members and participants have during

Name: Cape 912, Inc.
EIN: 27-3449016

the activity? Please include all the subjects in detail.

- COPY*
- k) Expense detail for each activity, including the expense for printed materials
 - l) Indicate the percentage of time and resources you spent on each activity in relation to 100% of all your activities in yearly basis.
- 3) In your response, you stated that no events are presently scheduled or anticipated at this time.
- However, your website shows that you will conduct numerous monthly meetings and Constitution workshops, and other activities - see Insert 1. Please provide the following information for all of your activities planned for 2012 and 2013 including monthly meetings, picnics, outings, workshops, but not limited to. (Please provide the following for each activity)
- a) The time and location of each activity
 - b) The contents and schedule of each activity
 - c) The names and profiles of organizer, leaders, speaker, and lecturers of each activity
 - d) The roles and activities of your governing members for each activity
 - e) The roles and activities of your members for each activity
 - f) A list and profiles of public figures who participated in each activity, in any.
 - g) The roles and activities of audience or participants other than your governing members and members in each activity.
 - h) The copies of printed materials and other media materials used in each activity.
 - i) Identify other materials used in each activity
 - j) What type of conversations and discussions did your members and participants have during the activity? Please include all the subjects in detail.
 - k) Expense detail for each activity, including the expense for printed materials
 - l) Indicate the percentage of time and resources you spent on each activity in relation to 100% of all your activities in yearly basis.
- 4) Provide the copies of all of your message board posts for last year and current - see Insert 2.
- 5) According to your website, you announce and advertise meetings, events, other activities that are conducted by other organizations - see Insert 3. Provide the following for the organizations:
- a) Name and address of the organizations of which activities you announced and advertised for last year and currently.
 - b) Profile of the organizations
- 6) In your response, you stated that you have not conducted any rallies. However, one of your current member is planning to have rallies - see Insert 2-2 A. Explain these rallies that your member plans.
- 7) In your response, you stated that you did not conduct any voter education activities. However, your website has a link to Candidate/Election Awareness - see Insert 4. Explain this link in detail

Name: Cape 912, Inc.
EIN: 27-3449016

COPY

with copies of the link. If you have any other types of any voter education activities directly or indirectly, please disclose them with details.

- 8) You have relationships with other organizations, including other 912 organizations - see Insert 5-1, A. Provide the following:
 - a) Provide the name, employer identification number, and address of the organizations
 - b) Describe the nature of the relationship(s) in detail.
 - c) The contents of Ms. Krisanne Hall's speech - see Insert 5-1, B. Please provide the recording, if available.
- 9) In your response of 19(c), you stated that "see list of expenses". However, you did not attach the list. Please provide the list.
- 10) You provide a list of donations to our income question - see Exhibit 1. Please verify the following:
 - a) Is \$3,289.13 all income you received from inception to present?
 - b) Provide a yearly breakdown.

Note: You do not need to submit any materials that you already provided. However, please identify them, so that we know which.

PLEASE DIRECT ALL CORRESPONDENCE REGARDING YOUR CASE TO:

US Mail:

Internal Revenue Service
Exempt Organizations
P. O. Box 2508
Cincinnati, OH 45201
ATT: Stephen Seok
Room 4508
Group 7822

Street Address for Delivery Service:

Internal Revenue Service
Exempt Organizations
550 Main St, Federal Bldg.
Cincinnati, OH 45202
ATT: Stephen Seok
Room 4508
Group 7822

Cape 912 donations to date

Exhibit 1

copy

\$100.00	Check	Ron & Jan Davis,
\$100.00	Check	Gordon & Sue Skeoch,
\$100.00	Pledge	Ray & Gayle Bickowski,
\$100.00	Check	Brian & Mercedes,
\$25.00	Check	Bobble Neldig,
\$100.00	Check	Jeff & Michele Lester,
\$20.00	Check	Norma Bruner,
\$20.00	Check	Chuck Williamsen,
\$50.00	Check	Tina, Wood,
\$10.00	Check	Michel Doherty, 5341
\$50.00	Check	Dolores Pogrebniak,
\$82.00	Cash	Kathy Jones
\$25.00	Check	Maureen & John Donahue,
\$25.00	Cash	Kathy Jones
\$100.00	Check	A J Southard
\$50.00	Check	Peggy Gayle,
\$500.00	check	Mehlman
\$300.00	check	Omalla
\$250.00	check	Kagan
\$200.00	check	Creech
\$50.00	check	Cook
<u>\$1,032.19</u>	check	ThursdayNight Book club
\$3,289.19		

Insert 1-1

Our mission is to unite, educate and take action to preserve the Constitution and the principles of our founding fathers. We intend to create a future in which the majority of elected officials at local, state and federal levels operate in accordance with the Constitution and our founding principles. We will do this by teaching our children the fundamentals of freedom and by educating the citizens of Lee County in the United States Constitution and the federalist papers of our founding fathers.

Cape 912, Inc. is a not for profit corporation registered in the State of Florida. All donations from members and friends go to educating area children and citizens of Lee County in the United States Constitution and the teachings of our founding fathers. If you would like to donate to help educate our children please make a check out to: Cape 912, Inc. and send to

Cape 912, Inc.
PO Box 100174
Cape Coral, FL 33910-0174

copy

Welcome!

JOIN AND SUGGEST A NEW MEETUP

UPCOMING

Constitution Workshop

Riverside Church
8660 Daniels Pkwy., Fort Myers, FL (map) Wed Jan 11
6:00 PM

Christianity and the Constitution I would like to announce the start of a new Constitution Workshop. We study not only the Constitution but the Biblical Foundation it is... [LEARN MORE](#)

RSVP

Hosted by: George Miller (Cape Coral 912 Project Organizer / President)

0 attending
0 comments

This Meetup repeats every week on Wednesday until February 22, 2012

Constitution Workshop		Wed Jan 18, 6:00 PM
Constitution Workshop		Wed Jan 25, 6:00 PM
Constitution Workshop	1 attending	Wed Feb 1, 6:00 PM

MORE MEETUPS

Cape Coral Monthly Meeting

Clubhouse Grille Sat Jan 14
2114 Santa Barbara Blvd, Cape Coral, FL (map) 11:00 AM

Insert 1-2

COPY

Welcome!

[Join and suggest a new Meetup](#)

- [Upcoming 2](#)
- [Suggested 0](#)
- [Past](#)
- [Calendar](#)

- December 14, 2011 at 6:00 PM, 1 Patriots attended

Constitution Workshop

The Institute on the Constitution is offering a six (6) week workshop every Wednesday beginning September 14 thru October 19th. WEEK TWO The... [LEARN MORE](#)

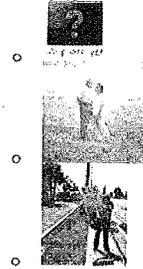
- December 10, 2011 at 11:00 AM, 50 Patriots attended

Cape Coral Monthly Meeting

- 
- 
- 
- 
- 
- 
- 

Insert 1-3

COPY



They rated it (6 ratings)

This is a new meeting place where we can take donations, control who attends and have a snack during the meeting. This room is being donated by the owners because they... [LEARN MORE](#)



- December 8, 2011 at 10:00 AM, 1 Patriots attended

A daytime 12 week Constitution Workshop in Cape Coral

The Lee Republican Women's Club is teaming up with Cultural Legacy, Inc., the host organization of Constitution Workshops in our community, to offer its members and... [LEARN MORE](#)



- December 7, 2011 at 6:00 PM, 1 Patriots attended

Constitution Workshop



The Institute on the Constitution is offering a six (6) week workshop every Wednesday beginning September 14 thru October 19th. WEEK TWO The... [LEARN MORE](#)



- December 1, 2011 at 10:00 AM, 1 Patriots attended

A daytime 12 week Constitution Workshop in Cape Coral

Event 1-4

copy

The Lee Republican Women's Club is teaming up with Cultural Legacy, Inc., the host organization of Constitution Workshops in our community, to offer its members and... [LEARN MORE](#)

- November 30, 2011 at 6:00 PM, 1 Patriots attended

[Constitution Workshop](#)



The Institute on the Constitution is offering a six (6) week workshop every Wednesday beginning September 14 thru October 19th. WEEK TWO The... [LEARN MORE](#)

- November 24, 2011 at 10:00 AM, 1 Patriots attended

[A daytime 12 week Constitution Workshop in Cape Coral](#)



The Lee Republican Women's Club is teaming up with Cultural Legacy, Inc., the host organization of Constitution Workshops in our community, to offer its members and... [LEARN MORE](#)

- November 23, 2011 at 6:00 PM, 1 Patriots attended

[Constitution Workshop](#)



The Institute on the Constitution is offering a six (6) week workshop every Wednesday beginning September 14 thru October 19th. WEEK TWO The... [LEARN MORE](#)

- November 17, 2011 at 10:00 AM, 1 Patriots attended

[A daytime 12 week Constitution Workshop in Cape Coral](#)

insert 1-5
copy



The Lee Republican Women's Club is teaming up with Cultural Legacy, Inc., the host organization of Constitution Workshops in our community, to offer its members and... [LEARN MORE](#)



- November 16, 2011 at 6:00 PM, 1 Patriots attended

Constitution Workshop



The Institute on the Constitution is offering a six (6) week workshop every Wednesday beginning September 14 thru October 19th. WEEK TWO The... [LEARN MORE](#)

- More Meectups

enrollment 1-6



“

This is one of the best patriotic programs ever for children and veterans. A \$7 ticket for over 2 hours of wonderful entertainment. ...

—George Miller

copy



“

It brought a tear to my eyes more than once. George Miller looks spiffy in a suit and tie. ...

—Richard Kudla

- November 10, 2011 at 10:00 AM, 2 Patriots attended

[A daytime 12 week Constitution Workshop in Cape Coral](#)



o

o

The Lee Republican Women's Club is teaming up with Cultural Legacy, Inc., the host organization of Constitution Workshops in our community, to offer its members and... [LEARN MORE](#)

[SEE ALL PAST MEETUPS](#)

Cape 912 Message Board

Insert 2
COPY

Subject	Started By	Replies	Views	Latest Reply
Getting More Involved...	Perry Pollock	0	3	2:35 PM Jun 18, 2011 by: Perry Pollock
New Meetup: ALL bring something for the Garage Sale to the 912 MEETING TOMORROW!!!!	A former member	0	1	10:45 AM May 6, 2011 by: A former member
ALL MEN ARE NOT CREATED EQUAL?	A former member	0	14	9:30 AM Apr 17, 2011 by: A former member
Patriot's Club	George Miller	0	7	1:48 PM Feb 3, 2011 by: George Miller
Food storage	dholen	4	21	8:44 AM Jan 3, 2011 by: pamm mckissick
New Meetup: Holidays for Heroes Benefit at Lovegrove Gallery	Kathy Jones	0	1	9:48 PM Nov 5, 2010 by: Kathy Jones
Why Freedom Rocks?	A former member	0	4	10:23 AM Sep 25, 2010 by: A former member
Important Update on Judge Napolitano Event!	George Miller	0	6	8:53 AM Aug 23, 2010 by: George Miller
BUY A JUDGE FOR \$100.00!	A former member	1	8	5:45 PM Aug 14, 2010 by: A former member
CAPE CORAL MARCO RUBIO PHONE BANK!!	Kevin Shafer	0	5	6:20 PM Jul 28, 2010 by: Kevin Shafer

Cape 912 Message Board > Getting More involved...

Getting More Involved...

Insert 2-2
COP

Perry Pollock Posted Jun 18, 2011 2:35 PM

Link to this discussion

user 9943581
Cape Coral, FL

Members of Cape 912:

Please allow me to introduce myself (if you were waiting for me to break into a Rolling Stones song, I'll apologize in advance... If the previous statement leaves you scratching your head,, google it...) my name is Perry Pollock and I've been given the responsibility of increasing participation in our group... If not by name, you probably know me as the crazy old fart in the wheelchair that keeps showing up at meetings...

Don't think for a second that I am not serious about our group and its mission, however I do approach things from a somewhat different angle... There is absolutely no reason we can't accomplish our goals and have a good time while we are at it... We had a rally this morning and eight people came... Being the eternal optimist, I don't look at this as being abysmal, but rather as a hell of a good start with room for improvement... I'm sure there are those of you who for one reason or another absolutely can't make it these rallies and that is perfectly acceptable, but if you can and need some help getting motivated, that's what I'm here for...



The next scheduled rally is July 2nd, two weeks from today... I'm aware that this falls on what is a long holiday weekend, however the following week is our monthly meeting and I'm trying to have two a rallies month... I've gone over a few possible scenarios why people might talk themselves out of coming...

- I don't know how to or can't make a sign... We can have sign making parties, who doesn't like a party?
- If you commit to coming, and give us warning, we'll have a sign ready for you...
- How many times have you had to drag yourself to church or something similar and after getting there been so thankful that you did go? I'm not going to tell you that sign waving is a gateway drug, but if you come once, be careful, as it can become addictive...
- I'm shy, what if they don't agree with us? You don't have to engage the people, just smile and wave, it blows their minds and if you can get someone to stroke out, you get to put a little jackass with a circle and line through it on your sign...
- I'm also not above bribery, for this July 2nd waving only, if you are a first timer, show up and buy one \$5.00 raffle ticket for the beautiful afghan that Susan Pellegrini crocheted, (which will be drawn on the 4th of July I personally will match your donation, giving you three chances in lieu of one... (I'll bring some cash, but I hope you make me go to the ATM, even if they are job killers)

Insert 2-3

Please reply to this email with a simple "GOT IT" so I know this is a viable means of reaching the masses...

copy

Thanks/[url]

Perry

Powered by mvaForum

Cape 912 Message Board » Why Freedom Rocks?

Why Freedom Rocks?

*Insert 2 of copy***A former member**

Posted Sep 25, 2010 10:23 AM

[Link to this discussion](#)

Post #: 208

Freedom Rocks with Judge Napolitano is almost here! This Monday Sept. 27th at Germain Arena (Esteros) 7:00 PM. We distributed 1000 free tickets to students and have sold between pre-sales and box office about 900 tickets. We don't expect all the students to attend, but we are excited to have the opportunity to reach out to students in Southwest Florida. If you have students, neighbors or friends you would like to reach out to this is the perfect event. It is a celebration of freedom and the Judge will deliver the message "Constitution in Exile: Analyzing Our Rights and Freedoms" with conviction. I have a few free student tickets left and adult tickets are available for \$28 at the box office. Some elected officials and candidates are supporting the event, however they will not be speaking or handing out literature.

Our 912 organizers met with student liberty group leaders from FGCU back in May to brainstorm how we can reach out to students who are not engaged. Their suggestions: make it a celebration with a band, no candidates, no political parties, celebrate and focus on what freedom is, have the event around Constitution Day so it can be promoted in the schools, choose a speaker who can defend the Constitution and freedom on more than emotion, and defend his convictions using more than experience...but base his message on the rule of law. The liberty leaders made it clear that students can see an agenda a mile away and they run from it. They recommended Judge Andrew Napolitano as the speaker. The college groups are joining together as a coalition and will hand out bags to students with a Constitution, the world's smallest political quiz, coupons from Moe's and other food places and a card with a list of groups on campus and contact information. Our 9.12 Groups will join in coalition and have information to reach out to the community.

Although the Judge can be seen on television, Freedom Rocks is the opportunity for you to see the Judge "live" surrounded by students. It will take more than one message to penetrate the hearts and minds of those who are not engaged. However, those who are not engaged need to be inspired to recognize their liberties are being threatened. What better spokesperson than Judge Andrew Napolitano?

We have been blessed to work with many wonderful young leaders, but we need the support of everyone! If possible please come out to support us, it will energize you for the next 38 days as we fight to take back Congress and replace politicians with statesmen.

Thank you!
Cheryl Couture
SWFL 912 Project
(239) 285-9697

Powered by myvnForum

Insert 3-1

Candidate / Election Awareness Meetup Groups

copy

Groups	Members	Interested	Cities	Country
2	360	14	2	1

Powered by Leaflet

Related topics: Constitution Classes, 5000 Year Leap Study, Politics--Local and National, Current Events, The Preservation of the American Constitution, We Surround Them, Individual Rights, 5000 Year Leap Book Discussions, SWFL 9.12 Project, Constitution: Punta Gorda Tea Party/Port Myers Tea Party

Largest Meetup Groups

1	Democrats & Progressives of Montgomery County Area	242
---	--	-----

Spring, TX

We are Democrats and Progressives of Montgomery County and the surrounding area. Our intention is to unite together to put Democrats and Progressives in local, state and national office. UNITE TO TAKE BACK AMERICA! Unite locally. Join us.

Meetup topics:

Democratic Party, Current Events, Politics--Local and National, Candidate / Election Awareness

Democrats & Progressives

Handwritten: Insert 3-2
COPY

2 Cape 912

Cape Coral, FL

Our mission is to unite, educate and take action to preserve the Constitution and the principles of our founding fathers. We intend to create a future in which the majority of elected officials at local, state and federal levels operate in accordance...

Meetup topics:

Restoring the U S Constitution in Government, We Surround Them, The 912 Project, Constitution Classes, 5000 Year Leap Study, Candidate / Election Awareness

118 Patriots

Newest Meetup Groups

April 28, 2011

Democrats & Progressives of Montgomery County Area

Spring, TX

We are Democrats and Progressives of Montgomery County and the surrounding area. Our intention is to unite together to put Democrats and Progressives in local, state and national office. UNITE TO TAKE BACK AMERICA! Unite locally. Join us.

Meetup topics:

Democratic Party, Current Events, Politics--Local and National, Candidate / Election Awareness

242 Democrats & Progressives

July 17, 2010

Cape 912

Cape Coral, FL

Our mission is to unite, educate and take action to preserve the Constitution and the principles of our founding fathers. We intend to create a future in which the majority of elected officials at local, state and federal levels operate in accordance...

Meetup topics:

Restoring the U S Constitution in Government, We Surround Them, The 912 Project, Constitution Classes, 5000 Year Leap Study, Candidate / Election Awareness

118 Patriots

Cities with the most people interested in Candidate / Election Awareness Meetups

1	Cape Coral, FL	4 interested
2	Abuja, Nigeria	1 interested
3	Brookhaven, NY	1 interested

December 10, 2011 11:00 AM - 50 attended

Cape Coral Monthly Meeting

Insert 5 -1

Clubhouse Grille (map)

SELECTED BY: GEORGE MILLER.

This is a new meeting place where we can take donations, control who attends and have a snack during the meeting. This room is being donated by the owners because they feel and think the way we do. We will be located on the second floor that will be private for us only. If you have trouble with stairs there is an elevator for your use.

(A)

The Cape Coral 912 Project Monthly meeting will be held at the Clubhouse Grille. We meet every second Saturday of every month. ~~Have coffee or Tea and maybe even Brunch during the meeting and maybe stay for lunch to mingle with the other 912 patriots.~~ Our format is educational and patriotic. We believe in limited government and believe that personal responsibility rather than governmental dependence is the key to our country's continued success. Join us at this critical time in our country's history. Now is the time for action, not apathy. Help us take back America.

(B)

Our guest speaker this month will be ~~KrisAnne Hall. KrisAnne Hall is a Constitutional attorney and former state prosecutor, fired after teaching the Constitution to TEA Party groups - she would not sacrifice liberty for a paycheck.~~ She is a disabled veteran of the US Army, a Russian linguist, a mother, a pastor's wife and a patriot. She now travels the country and teaches the Constitution and the history that gave us our founding documents.

Educating our children in the Constitution and the teachings of our founders is the most important item on our agenda. The children are our future and the future is bright.

IF NOT YOU, WHO? IF NOT NOW, WHEN?



David Wismer

i don't think i will be able to make it to this one, but i fully support what you are doing!! ...give me liberty, or give me death.... let's make our voices heard!

Posted December 10, 2011 at 12:08 AM

You must be a member to post a comment. Join or login.

50 attended

(6 ratings)

EVENT HOST

George Miller

CAPE CORAL 912 PROJECT ORGANIZER / PRESIDENT, ORGANIZER

Our speaker KrisAnne Hall was terrific.

Possibly the best speaker I have ever heard on the Constitution and maybe on any topic. She is a gift from God.

William Schamann

The speaker was brilliant! She had incredible knowledge, and passion of the history and government of our country and where we were headed. She really got my attention, and gave me a lot to digest. "How little I know, and how much we must do to help turn our country around"

Thomas & Madeline Davis

TREASURER, ASSISTANT ORGANIZER

+2 guests

KrisAnne Hall is True Patriot and a Fantastic Speaker. What a blessing she is...

Sy Scher

Excellent: I learned more about our history and the danger we face than i had in my whole

COPY

Promote your Meetup Group

Invite other Patriots



Invite friends to this Meetup Group

Know someone who would like this Meetup Group? Invite them.

COPY

Create printed materials



Flyer with tear-off tabs

Post them up around town.



Business Cards

Keep a few with you at all times.



Postcards

Mail them out, pin them to bulletin boards.



Tabletop sign

Take these to your Meetups to help members find you!



Meetup logos

Use these Meetup logos to create anything else you need.

More ways to promote your Meetup



Your Meetup Group's shop

Get professionally-made t-shirts, hats, and printed materials.



Embed Meetup on your Website

Enable your website's visitors to RSVP to your Meetups right from your website.

Photos



**Hygiene products for
over 1000 Homeless
students**
2 photos
Activity on Nov 25, 2011



Pig Roast & Picnic
6 photos
Activity on Nov 14, 2011



**Constitution Essay &
Pride & Patriotism Poem**
2 photos
Activity on Nov 14, 2011



Pride and Patriotism
13 photos
Activity on Nov 11, 2011



copy

copy



Welcome Home Corey Kent
14 photos
Activity on Sep 24, 2011



Meetup Group Photo Album
7 photos
Activity on Aug 3, 2011



Diplomat Constitutions in the Classroom
2 photos
Activity on Dec 24, 2010



Kids Festival at J C Park
11 photos
Activity on Oct 31, 2010



Cape 912 Logo
1 photo
Activity on Sep 5, 2010

Members

All members (118)

COPY



Gayle Odovin

Joined: January 10, 2012

"I live in North Fort Myers. I have been a 912 member for 2 years and I would like to be informed about local 912 events."



George Miller (Organizer)

Title: Cape Coral 912 Project Organizer / President

Joined: July 17, 2010

"If not you, who? If not now, when?"



dbolen

Joined: September 4, 2010



Richard Kudla

Joined: May 9, 2011



Ray & Gayle

Joined: September 23, 2010



Sy Scher

Joined: August 21, 2011

"Recently returned to the Cape from CA. I am a Vet and a strong Conservative and am extremely concerned about the direction our Country is heading. I want to get involved in helping preserve our Constitution and way of life."



Kathy Jones (Event Organizer)

Title: Lee County Patriots

Joined: July 18, 2010



Ruth Rohde

Joined: August 5, 2011

"Retired and longtime listener to Glenn Beck. Went to 8/28 in DC with husband and friends. We are definitely awake!"

COPY



Kathy Saint
Joined: August 14, 2010
"So excited to find a group on the Cape!"



Maria Roche
Joined: January 3, 2012



Ron Davis
Joined: July 28, 2010



Sandra Dressler
Joined: November 26, 2011



Yvonne Zonana
Joined: September 10, 2010



Dane Eagle
Joined: December 6, 2011
"I was born and raised in Cape Coral and am a candidate for the Florida House. I am a real estate broker with the family's business, Eagle Realty of Southwest Florida. I am a conservative Republican who believes in less taxes and smaller government."



ehzonana
Joined: September 10, 2010
"I am a retired physician who is very concerned about the current direction our country is moving. I have a very strong desire to contribute to getting the country back on the right track."



Rober L Schlumberger
Joined: December 14, 2011
"Supported Ron Paul last presidential primary, voted for Bob Barr for president. Voted for Ron Paul for president presidential election before that."



William Schamann
Joined: April 13, 2011

Thomas & Madeline Davis (Assistant Organizer)



Title: Treasurer
Joined: September 13, 2011
"Thomas & Madeline Davis We have lived in Cape Coral for over 20 Years."



Uwe Kordts
Joined: November 17, 2011



Dick Kennedy
Joined: August 19, 2011
"Hi I'm Dick Kennedy, retired educator, veteran and patriot. My wife is a writer(dickrokkennedy.com) and I assist her with author consulting and editing. I have just completed a course on the constitution and have been chosen as a 'straw poll' candidate."

COPY

Chairman Dave Camp
 Ranking Member Sander Levin
 Ways and Means Committee
 1102 Longworth House Office Building
 Washington, D.C. 20515

14 May 2013

Dear Chairman Camp and Ranking Member Levin,

The SWFL 912 Project was established in early 2009 in Naples, Florida. We grew to over 700 members and were focused on educating our members and the community about the Founding Fathers, our US Constitution and how to engage in the political process through Community and Precinct organizing. We incorporated as a Florida non-profit corporation on 26 May 2009. The following sequence of letters with the IRS has caused us to re-evaluate our approach of working within the system.

1. 12 August 2011: We filed for 501(c)4 status with our 2010 Tax return. Our mission was to *"Educate about the Constitution. Book studies and discussion on founding fathers and various constitutional topics. Outreach to citizens, students, civic groups and community to unite and educate."*
2. 5 September 2011: We received a letter from the IRS dated, 2 September 2011, stating that they had received our application and that it was undergoing evaluation. (See attachment 1).
3. 15 October 2012: Over 12 months later, we received a letter from the IRS dated, 11 October 2012, stating that they needed more information. We were given until 1 November 2012 to gather the information and submit it. (See attachment 2). The IRS letter requested:
 - a. *For each specific activity listed in your description of activities, please provide*
 - i. *A more through, detailed description of what each activity entails and how it is conducted including the names of the books you study, the information provided to the public and topics discussed at your precinct organizing training events, monthly meetings and special events.*
 - ii. *Submit copies of materials you have distributed or samples of materials you intend to distribute to educate the public.*
 - iii. *Submit copies any brochures, flyers, advertising and other materials you have informing the public of your book studies, precinct organizing training events, monthly meeting and special events.*
 - iv. *Submit a copy of the educational content of your website.*
 - b. *Please provide a detailed description of your public speaker events including:*
 - i. *A list of your speakers, a brief background description of your speakers, specific topics discussed at the events, criteria you use when selecting the speakers to speak at the events, an explanation of what sponsorship sales are, the cost of the tickets and the types of merchandise sold at these events.*

- ii. *Submit copies of materials you have distributed or sample of materials you intend to distribute to educate the public at these public speaker events.*
 - iii. *Submit copies any brochures, flyers, advertising and other materials you have informing the public of your speaker events.*
 - c. *Enclosed is a copy of information we downloaded from the internet. Because we have provided a copy of this information to you, it is available for public inspection as part of your exemption application.*
 - i. *Are you involved in the preparation of voter guides? If yes, describe your voter guide activity in detail including how the activity is conducted, by whom, when and where.*
 - ii. *Please provide examples of voter guides you have prepared.*
 - d. *You stated on the Form 1024 application that you are formed as a corporation. Please submit a copy of your Articles of Incorporation showing the date of filing and approval by your appropriate state officials.*
4. 24 October 2012: We submitted a request on 24 October 2012 to extend our submission date to 31 December 2012 to allow us time to gather the information. (See attachment 3).
 5. 6 November 2012: We received a letter from the IRS dated 2 November 2012, (See attachment 4), stating that our response was now due on 16 November 2012.
 6. 8 November 2012: We submitted a 230 page response on 8 November 2012. (See attachment 5 for the first 3 pages of our submission).
 7. 31 December 2012: We dissolved our corporation at the end of 2012 because we believed that the IRS would continue demanding documentation that would take up more volunteer hours than we could muster in future years. Basically our mission was to educate, not fight the IRS.
 8. 4 February 2013: We received our approval for our 501(c)4 status. (See attachment 6).
 9. 15 April 2013: We received a letter from the IRS dated 12 April 2013, asking us to confirm that our organization has ceased to exist. (See attachment 7).

It should be noted that during the course of this interchange, I received a call from the IRS case worker, who helped me navigate our way through the demand for more information. She was very helpful and seemed almost apologetic for the demand for more information. I firmly believe that she did not initiate the extra attention that our group received.


 Charles C. Marshall
 Secretary, SWFL 912 Project
 Naples Florida

Attachment 1

 **IRS** Department of the Treasury
Internal Revenue Service
P.O. BOX 2508
CINCINNATI OH 45201

In reply refer to: 9999999999
Sep. 02, 2011 LTR 3367C S0
27-1767962 000000 00
00022740
BUDC: TE

SWFL 912 PROJECT INC
C/O LORITA PARDUE
1789 ALAMANDA DR
NAPLES FL 34102



020541

Employer Identification Number: 27-1767962
Tax Form: 1024
Document Locator Number: 17053-230-32102-1
For assistance, call: 1-877-829-5500

Dear Applicant,

We received your application for exemption from Federal income tax and your user fee payment.

During the initial review process, applications for exemption are separated into three groups:

1. Those that can be processed immediately based on information submitted,
2. Those that need minor additional information to be resolved, and
3. Those that require additional development.

If your application falls in the first group or second group, you will receive your determination letter stating that you are exempt from Federal income tax or a request for information via phone, fax, or letter. If your application falls within the third group, you will be contacted when your application has been assigned to an Exempt Organizations specialist for technical review. You can expect to be contacted within approximately 90 days from the date of this notice.

IRS does not issue "tax exempt numbers" or "tax exempt certificates" for state or local sales or income taxes. If you need exemption from these taxes, contact your state or local tax offices.

General information about the application process and tax-exemption can be found by visiting our website, www.irs.gov/eo. If you are unable to locate the information needed, you may call our toll free number shown above Monday through Friday. When communicating with us, please refer to the employer identification number and document locator number shown above.

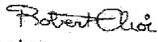
Sign up for Exempt Organizations' EO Update, a regular e-mail newsletter that highlights new information posted on the Charities pages of irs.gov. To subscribe, go to www.irs.gov/eo and click on "EO Newsletter."

9999999999
Sep. 02, 2011 LTR 3367C S0
27-1767962 000000 00
00022741

SWFL 912 PROJECT INC
C/O LORITA PARDUE
1789 ALAMANDA DR
NAPLES FL 34102

For other general information, tax forms, and publications, visit
www.irs.gov

Sincerely yours,


Robert Choi, Director
EO Rulings & Agreement

ATTACHMENT 2

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: October 11, 2012

SWFL 912 Project, Inc.
C/o Lorita Pardue
1789 Alamanda Drive
Naples, FL 34102

Employer Identification Number:

27-1767962

Person to Contact – Group #:

Faye Ng - 7821

ID# 0203259

Contact Telephone Numbers:

513-263-3699 Phone

859-669-3783 Fax

Response Due Date:

November 1, 2012

Dear Sir or Madam:

We need more information before we can complete our consideration of your application for exemption. Please provide the information requested on the enclosed Information Request by the response due date shown above. Your response must be signed by an authorized person or an officer whose name is listed on your application. Also, the information you submit should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

If we approve your application for exemption, we will be required by law to make the application and the information that you submit in response to this letter available for public inspection. Please ensure that your response doesn't include unnecessary personal identifying information, such as bank account numbers or Social Security numbers, that could result in identity theft or other adverse consequences if publicly disclosed. If you have any questions about the public inspection of your application or other documents, please call the person whose name and telephone number are shown above.

To facilitate processing of your application, please attach a copy of this letter and the enclosed Application Identification Sheet to your response and all correspondence related to your application. This will enable us to quickly and accurately associate the additional documents with your case file. Also, please note the following important response submission information:

- Please don't fax and mail your response. Faxing and mailing your response will result in unnecessary delays in processing your application. Each piece of correspondence submitted (whether fax or mail) must be processed, assigned, and reviewed by an EO Determinations specialist.
- Please don't fax your response multiple times. Faxing your response multiple times will delay the processing of your application for the reasons noted above.

- Please don't call to verify receipt of your response without allowing for adequate processing time. It takes a minimum of three workdays to process your faxed or mailed response from the day it is received.

If we don't hear from you by the response due date shown above, we will assume you no longer want us to consider your application for exemption and will close your case. As a result, the Internal Revenue Service will treat you as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new application.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Faye Ng
Exempt Organizations Specialist

Enclosure: Information Request
Application Identification Sheet

Additional Information Requested:

Additional Information Requested:

1. Please read the Penalties of Perjury statement on page 1 above. Then, please sign and date below, indicating you agree to the Declaration.

Signature

Date

Printed Name

2. The description of activities on your application does not provide enough details to make a determination that your activities further a social welfare purpose.
 - a. For each specific activity listed in your description of activities, please provide
 - a more thorough, detailed description of what each activity entails and how it is conducted including the names of the books you study, the information provided to the public and topics discussed at your precinct organizing trainings events, monthly meetings and special events.
 - Submit copies of materials you have distributed or sample of materials you intend to distribute to educate the public.
 - Submit copies any brochures, flyers, advertising and other materials you have informing the public of your book studies, precinct organizing training events, monthly meetings and special events.
 - Submit a copy of the educational content of your website.
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4. Enclosed is a copy of information we downloaded from the Internet. Because we have provided a copy of this information to you, it is available for public inspection as part of your exemption application.
 - a. Are you involved in the preparation of voter guides? If yes, describe your voter guide activity in detail including how the activity is conducted, by whom, when and where.
 - b. Please provide examples of voter guides you have prepared.
5. You stated on the Form 1024 application that you are formed as a corporation. Please submit complete copy of your Articles of Incorporation showing the date of filing and approval by your appropriate state officials.

6. If you have adopted Bylaws, please submit a copy of your Bylaws. If you have yet to adopt Bylaws, please indicate so.

PLEASE DIRECT ALL CORRESPONDENCE REGARDING YOUR CASE TO:

US Mail:

Internal Revenue Service
Exempt Organizations
P. O. Box 12192
Covington, KY 41012-0192

Street Address for Delivery Service:

Internal Revenue Service
Exempt Organizations
201 Rivercenter Blvd
ATTN: Extracting Stop 312
Covington, KY 41011

theballot.org
Brought to you by The League of Young Voters PAC

Create a Guide | View All Guides | View Guides by State 

Voter guides like this one on theballot.org are submitted by website users. They may not reflect the position of the League of Young Voters PAC.

Guide can be viewed at: <http://theballot.org/2010/SWFL912project>

SWFL 912 Project

Nazis, FL | November 2, 2010

Non-Partisan voter guide to Southwest Florida 2010 elections



REPEAL OF PUBLIC CAMPAIGN FINANCING REQUIREMENT

Endorsed Vote: *No Endorsement*

Proposing the repeal of the provision in the State Constitution that requires public financing of campaigns of candidates for elective statewide office who agree to campaign spending limits.

HOMESTEAD AD VALOREM TAX CREDIT FOR DEPLOYED MILITARY PERSONNEL

Endorsed Vote: *No Endorsement*

Proposing an amendment to the State Constitution to require the Legislature to provide an additional homestead property tax exemption by law for members of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard who receive a homestead exemption and were deployed in the previous year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the Legislature. The exempt amount will be based upon the number of days in the previous calendar year that the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the Legislature. The amendment is scheduled to take effect January 1, 2011.

PROPERTY TAX LIMIT FOR NONHOMESTEAD PROPERTY; ADDITIONAL HOMESTEAD EXEMPTION FOR NEW HOMESTEAD OWNERS

Endorsed Vote: *No Endorsement*

The State Constitution generally limits the maximum annual increase in the assessed value of nonhomestead property to 10 percent annually. This proposed amendment reduces the maximum annual increase in the assessed values of those properties to 5 percent annually. This amendment also requires the Legislature to provide an additional homestead exemption for persons who have not owned a principal residence during the preceding 8 years. Under the exemption, 25 percent of the just value of a first-time homestead, up to \$100,000, will be exempt from property taxes. The amount of the additional exemption will decrease in each succeeding year for 5 years by the greater of 20 percent of the initial additional exemption or the difference between the just value and the assessed value of the property. The additional exemption will not be available in the 9th and subsequent years.

REFERENDA REQUIRED FOR ADOPTION AND AMENDMENT OF LOCAL GOVERNMENT COMPREHENSIVE LAND USE PLANS

Endorsed Vote: *No Endorsement*

Establishes that before a local government may adopt a new comprehensive land use plan, or amend a comprehensive land use plan, the proposed plan or amendment shall be subject to vote of the electors of the local government by referendum, following preparation by the local planning agency, consideration by the governing body and notice. Provides definitions.

STANDARDS FOR LEGISLATURE TO FOLLOW IN LEGISLATIVE REDISTRICTING

Endorsed Vote: *No Endorsement*

Legislative districts or districting plans may not be drawn to favor or disfavor an incumbent or political party. Districts shall not be drawn to deny racial or language minorities the equal opportunity to participate in the political process and elect representatives of their choice. Districts must be contiguous. Unless otherwise required, districts must be compact, as equal in population as feasible, and where feasible must make use of existing city, county and geographical boundaries.

STANDARDS FOR LEGISLATURE TO FOLLOW IN CONGRESSIONAL REDISTRICTING

<http://theballot.org/2010/SWFL912project>

Partners



This section paid for by League of Young Voters Political Action Committee (LYV PAC) 310 Atlantic Ave, 2nd Floor Brooklyn, NY 11201, Robert Baker, Treasurer. Not paid for by any candidate or candidate's committee. Voter Guides posted on this site may not reflect the position of LYV PAC or its affiliated organizations.

Something not working correctly? Let us know.

362

ATTACHMENT 3

SWFL 912 Project, Inc.
1789 Alamanda Drive
Naples, FL 34102

TEDS Case Number: EO-2011237-000022

Date: October 23, 2012

Internal Revenue Service
Exempt Organizations
P.O. Box 12192
Covington, KY 41012-0192

Dear Ms. Ng:

We received your letter requesting additional information on our application to be classified as a 501c(4) organization. I am the current Secretary of the organization. However I was not on the Board of Directors during the year (2010) that was used to submit our application and thus it is difficult to quickly gather the information that you have requested. I am requesting that you extend our response due date to 31 December, 2012 to allow me time to confirm that we have gathered all pertinent material for your review.


Charles Marshall
Secretary, SWFL 912 Project, Inc.
(239) 963-5732
chuckmarshall@earthlink.net

ATTACHMENT 4

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: November 2, 2012

Employer Identification Number:

27-1767962

Person to Contact – Group #:

Faye Ng - 7821

ID# 0203259

Contact Telephone Numbers:

513-263-3699 Phone

859-669-3783 FAX

Response Due Date:

November 16, 2012

SWFL 912 Project, Inc.
C/o Lorita Pardue
1789 Alamanda Drive
Naples, FL 34102

Dear Applicant:

We sent you a letter requesting additional information we need in order to consider your application for exemption on . We also attempted to contact your designated representative by telephone to try to obtain the requested information. We have not received a response to our information request.

Please provide the information requested in the enclosure by the due date shown in the heading of this letter. If we receive the information requested by the due date, we will continue to process your application for exemption under section 501(c)(3) of the Code. If we do not receive the information requested by the due date, we will be unable to consider your application for exemption further and will close your case.

If you have any questions or need assistance regarding our request for information, please contact me directly at the telephone number listed above.

Sincerely yours,



Faye Ng
Exempt Organizations Specialist

Enclosures:
Information Request (copy of 1312/2382 letter)

Attachment 5

SWFL 912 Project, Inc.
1789 Alamanda Drive
Naples, FL 34102

TEDS Case Number: EO-2011237-000022

Date: November 8, 2012

Internal Revenue Service
Exempt Organizations
P.O. Box 12192
Covington, KY 41012-0192

Dear Ms. Ng:

We received your letter dated 11 October 2012 requesting additional information on our application to be classified as a 501(c)(4) organization. I sent you a request via registered mail on 24 October 2012 asking for an extension of time to assemble and submit the information you requested in your letter.

We have combed our records to find the information that you requested and the attached represents what we have discovered. I believe that it is important that you understand that many of the original Corporation members have left the board and are not available for clarifying questions.

We have organized the information that you requested to be consistent with your request structure. Please feel free to contact me, if you have any additional questions.

Appendix M contains copies of previous communication on this case.


Charles Marshall
Secretary, SWFL 912 Project, Inc.
(239) 963-5732
chuckmarshall@earthlink.net

SWFL 9.12 Project 2010 Activities

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SWFL 9.12 Project 2010 Activities

1 Penalties of Perjury Statement

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

C Marshall
Signature

8 Nov 2012
Date

Charles Marshall
Printed Name

2 Description of Activities

2.1 Book Studies

Conduct book studies for members and the general public on our founding fathers and various constitutional topics. Book studies were conducted for our members. Members were notified of the book study opportunities through the meetup website. The general public was invited to attend book studies during sign waving rallies. Appendix A contains the public information flyer we used to invite the public. The following books were studied during 2010.

- "The 5000 Year Leap" by W. Cleon Skousen. (see enclosed 28 principles covered in the book study in Appendix B)
- "The Law" by Frederick Bastiat (see enclosed study questions provided to book study participants in Appendix C)
- "Hamilton's Curse: How Jefferson's Arch Enemy Betrayed the American Revolution--and What It Means for Americans Today" by Thomas DiLorenzo

We also advertised book studies conducted by other organizations in nearby cities of Cape Coral and Fort Myers. These included the following:

- U.S. Constitutional Workshop
- The 5000 Year Leap" by W. Cleon Skousen.

"The 5000 Year Leap" Book Study:

The 5000 Year Leap contains 28 principles (included in Appendix B) advocated by our Founding Fathers. These principles are studied and discussed during this book study series. It typically takes about 15 sessions to complete this book study. The following facilitators conducted this book study multiple times during 2010:

ATTACH ment 6

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: FEB 28 2009

SWFL 912 PROJECT INC
C/O LORITA PARDUE
1789 ALAMANDA DR
NAPLES, FL 34102

Employer Identification Number:
27-1767962
DLN:
17053230321021
Contact Person:
FAVE NG ID# 31290
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Form 990 Required:
Yes
Effective Date of Exemption:
May 26, 2009
Contribution Deductibility:
No
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax-exempt status we have determined that you are exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

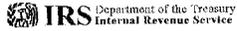
Please see enclosed Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations (Other than 501(c)(3) Public Charities and Private Foundations), for some helpful information about your responsibilities as an exempt organization.

Contributions to you are not deductible by donors under section 170(c)(2) of the Code.

Sincerely,

Holly O. Paz
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-NC



OGDEN UT 84201-0034

Attachment 7

OMB Clearance No.: 1545-1150

In reply refer to: 0425896999
 Apr. 12, 2013 LTR 2695C 0 R
 27-1767962 201212 67

00024738
 BODC: TE

SWFL 912 PROJECT INC
 C/O PARDUE 1789 ALAMANDA DR
 NAPLES FL 34102



057601

Taxpayer Identification Number: 27-1767962
 Form: 990-EZ
 Tax Period: Dec. 31, 2012
 29492-075-22210-3

Dear Taxpayer:

We received your Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, for the tax period shown above and need additional information. When responding please send only the requested information ATTACHED BEHIND A COPY OF THIS LETTER. Do not send a complete copy of your return unless the requested information changes your original return.

On your Form 990-EZ you checked the "Terminated" box. By checking that box, you are telling us that you have ceased doing business and you will not be filing a tax return in the future. Please check the box below that applies to your situation:

- This organization DOES NOT plan to file a Form 990-EZ next year or in the future. The organization has ceased to exist. If the organization has terminated, Form 990-EZ, Part II, Line 25, Column (B), Total Assets End of Year must be zero.
- This organization DOES plan to file a Form 990-EZ next year and in the future. The organization continues to exist.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

Please send the information to us within 30 days from the date of this letter. To avoid delays in processing:

1. Attach a copy of this letter to the front of your reply.
2. Do not send a copy of your original return because it doesn't have the information we need.
3. Write your Employer Identification Number at the top of each form you send to us.
4. Sign the declaration at the end of this letter and send it to us with the information we have requested.

Chairman Dave Camp
 Ranking Member Sander Levin
 Ways and Means Committee
 1102 Longworth House Office Building
 Washington, D.C. 20515

14 May 2013

Dear Chairman Camp and Ranking Member Levin,

The SWFL 912 Project was established in early 2009 in Naples, Florida. We grew to over 700 members and were focused on educating our members and the community about the Founding Fathers, our US Constitution and how to engage in the political process through Community and Precinct organizing. We incorporated as a Florida non-profit corporation on 26 May 2009. The following sequence of letters with the IRS has caused us to re-evaluate our approach of working within the system.

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 - iv. *Submit a copy of the educational content of your website.*
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 7. 31 December 2012: We dissolved our corporation at the end of 2012 because we believed that the IRS would continue demanding documentation that would take up more volunteer hours than we could muster in future years. Basically our mission was to educate, not fight the IRS.
 8. 4 February 2013: We received our approval for our 501(c)4 status. (See attachment 6).
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It should be noted that during the course of this interchange, I received a call from the IRS case worker, who helped me navigate our way through the demand for more information. She was very helpful and seemed almost apologetic for the demand for more information. I firmly believe that she did not initiate the extra attention that our group received.

Charles C. Marshall
Secretary, SWFL 912 Project
Naples Florida

