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**From:** Hall Eric  
**Sent:** Wednesday, February 22, 2012 7:51 AM  
**To:** Williams Floyd L; Flax Nikole C  
**Cc:** Norton William G Jr  
**Subject:** RE: Talking points for meeting with Rep. Jordan today

Below is the statement TEGE provided. I have confirmed that the statement was received by Congressman Jordan's staff last night at 5:05 pm.

Eric

Upon receipt, exemption applications accompanied by the required user fee are initially separated into four categories: (1) those that can be approved immediately based on the information submitted, (2) those that need minor additional information to be resolved, (3) those that are submitted on obsolete forms or do not include the items specified on the Procedural Checklist (at [http://www.irs.gov/pub/irs-tege/f1023\\_procedural\\_checklist\\_0606.pdf](http://www.irs.gov/pub/irs-tege/f1023_procedural_checklist_0606.pdf)), and (4) those that require development.

If an application falls within one of the first three categories, the applicant will receive either its determination letter or a request for additional information, via phone, fax, or letter, within approximately 90 days of the date the application was submitted.

Applications falling within the fourth category must be assigned to an EO agent for further development. Due to staffing levels, applications falling into this category cannot always immediately be assigned. These applications can experience some "wait time" before assignment to an agent. The number of applications awaiting assignment to EO agents has increased due, in part, to the influx of applications from large organizations seeking to have their exempt status retroactively reinstated after being automatically revoked pursuant to the Pension Protection Act of 2006 for failure to file annual information returns/notices for three consecutive years.

Once a case is assigned to an EO agent, the agent must consider the type of organization and the rules applicable to that type of organization. Because exemption from federal income tax is a valuable subsidy, the Internal Revenue Code and accompanying Treasury Regulations impose detailed requirements for qualification for exemption as various types of entities. EO agents often have to ask the applicant organizations questions and ask for related documents to determine whether they satisfy these requirements.

For example, under the Code, organizations exempt under section 501(c)(3) (what we commonly refer to as charities) are absolutely forbidden from intervening in political campaigns. In contrast, organizations exempt under sections 501(c)(4), 501(c)(5) and 501(c)(6) can intervene in political campaigns within limits. It is thus important that EO agents look at the materials used and activities conducted by organizations seeking exemption under sections 501(c)(4), 501(c)(5) and 501(c)(6) to make sure campaign intervention will be within the legal limits. This review often involves a back and forth question and answer process between the IRS and the applicant.

-----Original Message-----

From: Williams Floyd L  
Sent: Wednesday, February 22, 2012 8:33 AM  
To: Flax Nikole C; Hall Eric  
Cc: Norton William G Jr  
Subject: Re: Talking points for meeting with Rep. Jordan today

Eric, please follow up.  
Floyd Williams-----  
Sent from my BlackBerry Wireless Handheld

-----Original Message-----  
From: Nikole Flax  
To: Floyd Williams  
Subject: Fw: Talking points for meeting with Rep. Jordan today  
Sent: Feb 21, 2012 10:30 PM

Floyd - can you find out in the am if we sent anything? Thanks -----Original Message-----  
From: Lerner Lois G  
To: Flax Nikole C  
Subject: RE: Talking points for meeting with Rep. Jordan today  
Sent: Feb 21, 2012 7:24 PM

I sent it to you after it went to media and leg affairs --I'm guessing he got it

Lois G. Lerner  
Director of Exempt Organizations

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From: Flax Nikole C  
Sent: Tuesday, February 21, 2012 5:43 PM  
To: Lerner Lois G  
Subject: RE: Talking points for meeting with Rep. Jordan today

lets just wait until friday

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From: Lerner Lois G  
Sent: Tuesday, February 21, 2012 5:32 PM  
To: Flax Nikole C  
Subject: RE: Talking points for meeting with Rep. Jordan today

He' is meeting with a different , similarly situated org than the one he has the release on(the one we'll be talking to him about Friday) tonight and wanted our general process to tell them about

Lois G. Lerner  
Director of Exempt Organizations

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From: Flax Nikole C

Sent: Tuesday, February 21, 2012 5:28 PM  
To: Lerner Lois G  
Subject: RE: Talking points for meeting with Rep. Jordan today

I am confused. What meeting is today? Why don't we just convey the info Friday?

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From: Lerner Lois G  
Sent: Tuesday, February 21, 2012 5:11 PM  
To: Flax Nikole C  
Subject: FW: Talking points for meeting with Rep. Jordan today  
Importance: High

Thought you'd want to see this--apparently his staff asked for something general to use as talking point--the Rep is speaking to the org tonight  
Lois G. Lerner  
Director of Exempt Organizations

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From: Zarin Roberta B  
Sent: Tuesday, February 21, 2012 5:01 PM  
To: Hall Eric; Nielson Jacqueline R  
Cc: Lerner Lois G; Paz Holly O; Eldridge Michelle L; Williams Floyd L;

-----Original Message Truncated-----