
From: Abner Donna J
Sent: Wednesday, June 06, 2012 5:53 AM
To: Paz Holly O
Subject: RE: advocacy cases - next steps - RESPONSE NEEDED

Hi Holly,
Just a few slight differences from my notes of our conversation last week. See below:

From: Paz Holly O
Sent: Tuesday, June 05, 2012 2:24 PM
To: Lerner Lois G; Thomas Cindy M; Abner Donna J; Light Sharon P
Subject: advocacy cases - next steps - RESPONSE NEEDED
Importance: High

Below is a draft email setting forth next steps as to the various buckets of advocacy cases. Please review and let me know if I have missed anything or stated anything incorrectly. If it looks OK to you, please let me know that as well. Once I hear from all of you, I will send this email to everyone on the team. Thanks!

Set forth below is a summary of the bucketing results. This email outlines the next steps to be taken with regard to each bucket.

83 c/3s bucketed:

16 approval
16 limited development
23 general development
28 likely denial

199 c/4s bucketed:

65 approval
48 limited development
56 general development
30 likely denial

Bucket 1:

C4s

Faye and Jodi will make calls to all c4 applicants who were sent development letters but have not yet responded before favorable determination letters are sent using the script already provided. Faye and Jodi will send the favorable c4 determinations using the letter already provided.

C3s

Faye and Jodi will make calls to make calls to all c3 applicants who were sent development letters but have not yet responded before favorable determination letters are sent. The phone script already provided will be modified accordingly by Faye and Jodi. Faye and Jodi will send the favorable c3 determinations. Addendum 1 to the c4 letter will be added to our standard favorable c3 letter. The second addendum to the c4 letter referencing the section of the pub re: political activity is not necessary.

Donor Information

C4s that provided names of their donors in response to an additional information request from the IRS will be sent a letter (to be sent in a separate email) indicating that the request was made in error and we have destroyed that information. This applies to c4 applicants that provided the information in response to a development request specifically requesting a list of all donors, a development request to detail all sources of revenue or any other additional development request by the IRS. It does not apply to c4s that provided this information in their application. In cases meeting this criteria, this letter must be sent before the favorable determination is sent.

Quality Review

In light of the small number of disagreed cases, Quality will now shift from 100% mandatory review to reviewing one of every 10 cases in bucket 1. Holly - I understood that the shift to a sample review was for the c4 approvals in bucket #1. For the c3's we were to begin reviewing the bucket #1 approvals. Like with the c4's - if the initial reviews are favorable - meaning agreement on most then we will shift to a sample review at that point. An attempt will be made to assign the review to Daniel or Mike since they are most familiar with these cases but neither will review cases he bucketed. Because of the priority given to the assignment all Cincinnati reviewers - including Daniel and Mike - are reviewing the cases. All bucket #1 case reviews are expected to be completed this week. Disagreed cases will be discussed by QA, the individuals who completed the bucketing worksheets and/or reconciliation sheet, and Sharon to reach a mutual decision re: the appropriate action on the case. If a mutual decision cannot be reached, the case will be elevated to me for decision.

Bucket 2:

Jodi, Faye, Grant, Janine, and Carly will draft the development letters consisting of the questions listed by the bucketers on the bucketing worksheets. Each letter is to be reviewed by Hilary, Matthew or Andy before it is sent based on the following partnering:

Andy -- Faye (all c3 cases)

Matthew -- Carly and Grant

Hilary -- Jodi and Janine

Hilary and Matthew should consult with Andy if they have any questions.

If an applicant was previously sent a development letter but has not yet responded, the individual assigned to write the development letter will first call the applicant to direct them to disregard the prior development letter and that a new letter will be coming (modifying phone script provided for bucket 1 cases). The new development letter should also contain such a statement (language can be pulled from first addendum to favorable c4 letter).

The assigned Determinations specialist should email the assigned DC reviewer the development letter. In reviewing the letter, the DC reviewer will look at the application on TEDS and the organization's website (if applicable).

Quality will review the the cases once a response has been received and the Determinations specialist has reached a decision on the case - just like a regular mandatory review case. Initially, all bucket 2 cases will be sent to Quality, but this will be reduced to a sampling based on the results of the review. I will send a message to the team when we are ready to shift to a sampling review.

Bucket 3:

Same as bucket 2 except the individual assigned the case will have to draft the questions. Bucket 2 cases should be done before bucket 3 cases.

Bucket 4:

Cindy will send me the 10 oldest c4 cases. She will indicate whether the case will be assigned to Mitch or to Joseph. Judy will work with Mitch, and Justin will work with Joseph. Judy and Justin will draft a development letter. Tom Miller will review the development letter. Mitch and Joseph will send the development letter and coordinate with Judy/Justin on reviewing the response.

Mitch will handle all c3s in bucket 4. He will determine whether these organizations could qualify under c4 and, if so, contact the applicant to inform them that we do not believe they qualify under c3 but may under c4 and instruct them to submit 1024 if they are interested in pursuing c4 status.

Bucketing Going Forward:

Mitch and Joseph will each review and bucket all new receipts that meet the definition of advocacy case on the BOLO. Sharon will be involved in any reconciliation discussions needed if Mitch and Joseph place cases in different buckets.

Tracking Going Forward:

Ron Bell will be responsible for tracking the advocacy cases going forward. He will use the spreadsheet created by Sharon. Everyone should notify Ron when a case is sent to their manager for closing.

Political Advocacy Case Listing
Cases assigned in DC

Case Name	Writer	Reviewer	Subsection	Bucket
6103	EA 3/5			
	EA	MR 3/5		
	JKV			
	JKV	TM		
	JKV 3/8			
	JL	TM		
	JL			
	JL	TM		
	JL 3/8			
	JL 3/8			
	MB	VR		
	MB			
	MB			
	PT 3/5			
	PT 3/5			
	SC			
	SC	MR 3/5		
	SC			
	PT 3/18			

Control Date	Pending Action	Pending Action Date	Person Responsible for Action	Follow Up Date
	Drafting letter			
7/5/2011	Reviewing letter			
8/18/2011	Drafting letter			
	Reviewing letter			
	Drafting letter			
8/22/2011	JL/TM working on it		Tom	
	Drafting letter			
	Justin has it		Justin	
11/2/2011				
	Reviewing letter			
9/12/2011	Waiting for review			
	Drafting letter			
	Waiting for review			
	Waiting for review			
12/20/2011	Waiting for review			
	Reviewing letter			
	Drafting letter			
	Drafting letter			
11/1/2011	Waiting for review			

Political Advocacy Case Listing
Cases assigned to Joseph Herr

Case Name	EIN	Case #	Subsection	Bucket	Control Date	Pending Action	Pending Action Date	Person Responsible for Action	Follow Up Date
6103	6103	(b)(3)/6103	501(c)(4)	3	9/3/2010	Sharon will discuss draft denial letter with Andy Megosh	2/6/2013	Sharon Light	2/8/2013
			501(c)(3)	4	10/17/2011	Review response and recommendation to proceed with denial of (c)(3) (offer (c)(4))	2/6/2013	Sharon Light	2/13/2013
			501(c)(3)	4	10/17/2011	Review and approve draft of Letter 1312	2/6/2013	Sharon Light	2/13/2013
			501(c)(3)	4	1/31/2011	Review of draft Letter 2382	2/12/2013	Sharon Light	2/19/2013
			501(c)(3)	4	11/28/2011	Review response and recommendation to approve	2/15/2013	Sharon Light	2/19/2013
			501(c)(4)	4	11/9/2011	Review of draft Letter 1312	2/7/2013	Sharon Light	2/19/2013
			501(c)(3)	4	12/2/2011	Review of draft Letter 1312	2/5/2013	Sharon Light	2/19/2013
			501(c)(3)	4	2/13/2012	Review of draft Letter 1312	2/11/2013	Sharon Light	2/19/2013
			501(c)(4)	2	12/17/2010	Review of draft Letter 1312	2/11/2013	Sharon Light	2/19/2013
			501(c)(3)	3	12/17/2010	Review of draft Letter 1312	2/11/2013	Sharon Light	2/19/2013
			501(c)(4)	4	3/5/2012	Review of draft Letter 1312	2/14/2012	Sharon Light	2/21/2013
			501(c)(4)	4	3/16/2012	Review of draft Letter 1312	2/19/2013	Sharon Light	2/26/2013
			501(c)(3)	4	5/3/2012	Review of draft Letter 1312	2/20/2013	Sharon Light	2/27/2013
			501(c)(4)	4	5/24/2012	Review of draft Letter 1312	2/20/2013	Sharon Light	2/27/2013
			501(c)(3)	4	4/11/2011	Elevate tax law question regarding lobbying exception	2/26/2013	Sharon Light	3/12/2013
			501(c)(3)	4	1/6/2012	Review draft Letter 1312	3/1/2013	Sharon Light	3/15/2013
			501(c)(3)	4	1/31/2012	Review draft Letter 1312	3/1/2013	Sharon Light	3/15/2013
			501(c)(3)	4	4/9/2012	Review draft Letter 1312	3/5/2013	Sharon Light	3/19/2013
			501(c)(4)	4	7/23/2010	Review taxpayer response	3/7/2013	Sharon Light	3/21/2013
			501(c)(3)	4	5/18/2012	Review draft Letter 1312	3/7/2013	Sharon Light	3/21/2013
			501(c)(6)	4	6/11/2012	Review draft Letter 1312	3/8/2013	Sharon Light	3/22/2013
			501(c)(3)	4	12/17/2010	Review taxpayer response and recommend approval with ROO	3/11/2013	Sharon Light	4/1/2013
			501(c)(3)	4	12/22/2011	Review response and recommendation to approve (c)(3) exemption with ROO and prospective exemption (after minor correction)	3/12/2013	Sharon Light	4/2/2013
			501(c)(3)	4	2/1/2010	Review taxpayer response and recommend approval with ROO	3/12/2013	Sharon Light	4/2/2013
			501(c)(3)	3	5/28/2011	Review response and recommendation to approve	3/12/2013	Sharon Light	4/2/2013

Political Advocacy Case Listing
Suspense cases previously assigned to Joseph Herr

Case Name	EIN	Case #	Subsection	Bucket	Control Date
6103	6103		501(c)(3)	4	6/23/2010
			501(c)(4)	4	10/18/2010
			501(c)(4)	4	3/7/2011

Pending Action	Pending Action Date	Person Responsible for Action	Follow Up Date
Submitted for suspence on	3/6/2013	Taxpayer	
Submitted for suspence on	3/7/2013	Taxpayer	
Submitted for suspence on	4/15/2013	Taxpayer	

Political Advocacy Case Listing
Closed cases previously assigned to Joseph Herr

Case Name	EIN	Case #	Subsection	Bucket	Control Date
6103	6103	501(c)(4)	4	1/3/2012	

Pending Action	Pending Action Date	Person Responsible for Action	Follow Up Date
Taxpayer withdrawal	2/13/2013	Taxpayer	

6103	Control Date
	12/17/2010
	12/17/2010
	4/27/2011
	9/12/2011
	10/11/2011
	10/17/2011
	10/17/2011 *
	11/2/2011
	11/9/2011
	11/28/2011
	12/2/2011
	12/20/2011
	1/6/2012
	1/31/2012
	2/13/2012
	3/5/2012
	3/16/2012
	4/9/2012 *
	5/3/2012 *
	5/18/2012
	5/24/2012
	6/11/2012 *
	6/26/2012
	7/9/2012
	9/10/2012
	8/7/2013

6103

12/17/2010
12/22/2011
2/1/2010
5/28/2011
12/30/2010
7/20/2010

TE/GE Quarterly TAS SLA Meeting 6/28/12

TAS Representatives and Office	BOD Representatives and Function/Unit
Nancy Eyman, LTA	Cindy Thomas, EO Determination Program Manager
Trish Dinser, TAGM	Steven Bowling, Acting TE/GE Manager
Mike Murray, LCA	Winnie Lee, Internal Revenue Agent
Kym Mehas, Case Advocate	
Randy Givens, Analyst	

Previous Item:

BOD Issue: Cindy asked for analysis of call site TE/GE cases that are referred to TAS. Cindy wants to ensure these cases are not being incorrectly referred to TAS by the call site.

TAS Response: Nancy stated that she will request Randy Givens to conduct this analysis.

Follow-up:

Randy provided Nancy with a topical breakdown of all the calls YTD. Nancy provided documents for Cindy to consider. Trish provided the AMS prints regarding the 4442.

New Items:

TAS Issue: Nancy asked about the possibility of TE/GE hiring clerical staff.

BOD Response: Yes, they are in the process.

BOD Issue, Auto-revocation Tool: Cindy said that 2 Agents have been working on a new Auto-revocation Tool. She said that their processing unit had a big slow down due to a system breakdown. When the new tool is complete, hopefully the automation will mean faster processing, since a great deal of the manual processing will be phased out.

TAS Response: That will be helpful.

TAS Issue: Trish asked about the Advocacy Cases, which have been sent to DC.

BOD Response: Cindy said that those cases have been and remain "hot/popular topics" in DC and regionally as well. One reason for that is that it is an election year and there are certain political dimensions to those cases. This has necessitated an increased amount of research and counsel decisions, and

consequent hearings taking place where Steve Miller will need to testify, judicial and legislative testimony before various bodies. Steve Miller is one who has been called on frequently to testify. All of that has contributed to a slowing of the process.

TAS Response: Trish said that she had heard that some of these may still be another 90 days.

BOD Response, the Bucket Methodology, aka – "Political Advocacy Buckets": Cindy said that ~~those which may take another 90 days may be ones destined to be denied. She said that~~ a while back a group from DC came to Cincinnati and were paired up with some of our local TE/GE people (1 from DC with 1 from here). They then went through these 200 or so Advocacy Cases reviewing each of the cases and placing them in 1 of 4 different "buckets" (groups).

Bucket 1 = "Likely to be Approved" They involve no technical issues. There were about 80 such cases. These are now being worked by Faye Ng and Janine Estes.

Bucket 2 = ~~"Minimal Development Little More Complicated"~~ These involve some minor technical issues to be handled. These have been assigned to: Faye Ng, Janine Estes, Jodi Garuccio, Carle Young, and Grant Herring.

Bucket 3 = ~~"Need more Significant Development"~~ These have not yet been finally assigned. ~~They will be worked At the moment they are being reviewed by:~~ Faye Ng, Janine Estes, Jodi Garuccio, Carle Young, and Grant Herring.

Bucket 4 = "Potential Denials" There are 30 to 40 of these cases. They will be copied and sent to DC ~~where development from here. In DC they will letters and template denial letters will be prepared. make the final determination and then develop a denial template. The documents cases and the template will be sent here to Cincinnati and D.C. will coordinate with for Joseph Herr and Mitch Steele. to send out the actual denial letters. None of these cases have been or will be decided here in Cincinnati. That determination will come from DC, as they (DC reps.) have already been here and teamed with Cincinnati TE/GE people had initially gone through these cases and placed them in the respectively appropriate buckets. So the DC specialists will decide.~~

For new cases that come in, Joseph Herr and Mitch Steele are reviewing them and putting them into buckets. ~~Ren Dehl takes the cases that the screeners~~

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have said should go to X bucket and he makes a decision as to whether that is correct or not. The attorneys in DC are with EO.

Clearly, many hands touch each case. ~~There is potentially an occasional political nuance to some of these cases.~~ Obviously, all of the "touches" and other considerations above, necessarily slow down the process.

BOD Response: "Tabs of Consideration: Cindy observed that there are other "Tabs" or subsets of interest areas. These include, but are not limited to: "Emerging Issues" and "Questionable Cases."

—— Advocacy cases don't have to be EO, so some orgs. haven't filed so they get revoked. However, the rules from DC are in a fairly, fluid, state of flux. This tends to be necessary to adjust to special situations and changing needs of TPs. Nonetheless, it makes it very difficult for the TE/GE employees to know what to do in many cases. In fact, in numerous situations we are specifically told that we should put things on hold until they determine what the next, best step is. Hence, we in Cincinnati are frequently neither desirous of, nor culpable for delays in processing.

TAS Issue: Trish said that she could understand that, but the problem is when a case just sits on a manager's desk for overly extended time periods.

BOD Response: Cindy said that auto-revocation has its own set of unique problems. ~~and DC keeps changing the rules on us.~~ Thus, our research is on hold in many cases, because the rules are on hold. For example, the 1120 doesn't matter unless they're still filing (if they agree to the postmark date then TE/GE can take the next step and move on). Although, if they don't agree to the postmark date, then it is on hold until the rules get straightened out.

There have been about 430,000 revocations so far ~~and only about 19,000 organizations have reapplied for exemption. but less than a fourth have chosen to seek reinstatement.~~

TAS EGE Issue: Our office and CAs especially need additional training on TE/GE.

BOD Response: Cindy said, "Ok, ~~as for auto revocations, Steve and I are probably the most knowledgeable in Cincinnati. will do it.~~ Just call him to set it up."

TAS EGE Issue: Randy said: "A CA has asked why an organization with a hardship has to get a grant rejection and be assured that they'll get the grant if they do get EO status, before they can apply for the status."

Comment [CT1]: I believe this needs to be reworded. It's not clear.

BOD Response: Cindy said that if they were revoked then they only have themselves to blame for not filing a return at least once every three years. She said that 90% of the organizations that apply for exemption are requesting c3 status and they all want the same thing, to get contributions and grants. If an applicant meets the expedite criteria, then it will be pushed ahead of others. If they can't even keep up with basic rules of maintenance, then maybe they shouldn't be given the right of leading that group. The new orgs. applying for the first time can all say, oh, we could get money if we had the status, but many orgs do get money without the status, and all the rest would like it too. We cannot just grant the status to everyone without time for research to determine if they actually fit the EO criteria.

—Winnie Lee said they all have the same responsibility to read all the documentation and all the instructions and follow them.

The meeting was adjourned at 12:10 PM.

Group	Agent #	Case #	ETN	Organization	Control Date	Assigned Date	Actions taken / Comments / Reasons for delay	Est'd Date of Closure	MRB Comments	Area Manager Comments/Actions
7827	31170	6103			3/27/2012	1/22/2013	Case Suspended. Waiting on response	Suspended	Case has been suspended	
7827	31170				4/2/2012	1/17/2013	Partnership case. Organization is [REDACTED] 6103	Suspending case.	Reviewed case and agree with actions taken	
7827	31499				4/25/2012	1/25/2013	Recent response is insufficient and unsigned. Case will be suspended. Organization is having problems getting stamped (AO)	5/9/2013		
7827	31499				4/21/2012	1/23/2013	Reply due 4/23/13 called left on 4/23/13	4/30/2013		
7827	31499				4/23/2012	1/24/2013	Conference call on 4-26-13 with parent org.	5/3/2013		
7827	31499				???	???	Send as withdrawn on 1/8/13	6/5/1921	Will look into this case. It appears that it was closed a while ago but never updated in TEDS/EDS.	
7827	31171				5/31/2012	12/5/2012	Language issues contributed to need for 5 development letters. 5th letter to establish basis and timing of prospective. Due 5/7	5/7/2013		
7827	31171				7/16/2012	11/14/2012	Advocacy Case. Letter finally sent 2-1; resp received 3/15. Called POA for clarifications, promised 4/2. Received these, reviewed 4/8. Backlog of regular cases due to classification delayed completion of mtf.	4/29/2013		
7827	31171				5/13/2011	11/14/2012	non-responsive	5/31/2013		
7827	31171				11/3/2011	8/9/2012	Recommended denial (DOL), was returned to me with another agent's denial on case with a similar fact pattern. A third case later added. EODQA agrees this type org should be denied but requested more questions about their relationship to a for profit, and also asked me to compile a list of like orgs currently exempt or with pending applications, which I have ascertained will be a very labor-intensive undertaking. The last of the three responses was received 3/18. I suspended action on the cases until I had completed the research on similar cases, which frankly I have treated as low priority. I have concluded that there really is no point in suspending action on the cases until the research is done. I will revise the two existing denial letters and write a third as soon as possible, keeping in mind that two days per week will have to be devoted to IP work in the coming weeks.	5/15/2013		
7827	31171	6103			12/2/2011	10/1/2012	Just got this advocacy project case approval recommended on 2/14, back on a memo. I noticed that file does not contain the TP's response to my first letter, and I suspect the reviewer may not have noticed that it was missing. TP is sending a copy of the response which is not on TEDS either, and see if it will change the reviewer's conclusion.	5/31/2013		
7827	31171				9/30/2011	6/8/2012	non-responsive	5/7/2013		
7827	31171				6/8/2012	11/5/2012	Adv Project case. Response received 4/3. Do not believe it qualifies even under 501(c)(4), but have reason to believe the EOT reviewer will want to let it go. Need to discuss matter w/mgr, but have yet to due so while regular cases heavily backlogged due to classification.	5/31/2013		

Group	Agent #	Case #	ETV	Organization	Control Date	Assigned Date	Actions taken / Comments / Reasons for delay	Est'd Date of Closure	Mr/R Comments	Area Manager Comments/Actions
7827	31171	6103			3/30/2012	1/14/2013	non-responsive	5/15/2013		
7827	31395				2/28/2012	1/17/2013	PTTC	5/1/2013		
7827	31395				3/5/2012	12/16/2012	PTTC	5/1/2013		
7827	31495				3/12/2012	1/16/2013	need amendment	5/1/2013		
7827	31495				3/12/2012	1/17/2013	need to comply with direction and control	5/1/2013	(b)(6)	
7827	31495				1/27/2012	10/9/2012	need to accept position date	4/29/2013		
7827	31395				4/18/2012	1/28/2013	need copy of amendment	5/1/2013		
7827	31395				4/1/2012	1/23/2013	need copy of complete fax reply on 3 pages need other 3	5/1/2013		
7827	31395				3/14/2012	1/16/2013	need copy of amendment	5/7/2013		
7827	31395				2/10/2012	12/16/2012	need copy of amendment	5/1/2013		
7827	31395				2/18/2012	2/7/2013	PTTC	5/1/2013		
7827	31072				5/13/2011	3/27/2013	non-responsive	Unknown	non-responsive	
7827	31072				6/28/2011	3/13/2013	non-responsive	6/1/2013		
7827	31072				9/6/2011	4/28/2013	non-responsive	Unknown		

Meeting 4/30/13

Attendees:

Capitol Hill staff

Laura Stuber (Majority Senior Counsel)

Elise Bean (Majority Staff Director and Majority Chief Counsel)

Henry Kerner (Minority Staff Director and Minority Chief Counsel)

Stephanie Hall (Minority Counsel)

Scott Wittmann (Minority Research Assistant)

Aaron Fanwick (Majority Law Clerk)

IRS

Nikole Flax

Lois Lerner

Nan Marks

Janine Cook

Susan Brown

Catherine Barre

Suzanne Sinno

Judith Kindell

Laura Stuber asked about the EO office structure. Lois Lerner explained that she oversaw three main functions. CE&O managed our website, coordinated our public speaking appearances and created our brochures and other publications. The Exam function, in addition to doing traditional exams (or audits) also had other units. One is the Review of Operations (ROO) which generally looks at public information without contacting the organization to see if there is an issue with the organization and, if so, refer it for an examination. Their work is generated from several sources. For example, if we examine an organization and they are generally compliant but there were some issues discovered during the exam, the ROO will do a follow-up to see if the organization continues to be compliant. The ROO also does the hospital community benefit reviews mandated by the ACA. The ROO also will do a post-determination review of a random sample of organizations who were recognized as exempt by the IRS. They also review organizations flagged by the Determinations function if the Determinations agent sees issues of concern when reviewing the application that are not sufficient to warrant a denial of the application. The ROO is one function of the Exempt Organization Compliance Area (EOCA). The other function of the EOCA is the Exempt Organization Compliance Unit (EOCU). The EOCU does compliance checks where they may be asking an organization for information missing from a Form 990. They also send out compliance check questionnaires, where we gather information from a large number of organizations. We have used these for hospitals, credit counseling and colleges and universities. These are not exams, so the organizations are not required to respond, but we may refer them for an exam if they do not. We generally get a very high response rate, 95% to 98%. We make the questionnaires public so that even those that don't get the questionnaires can see what we are interested in. We generally issue a public report on our findings from the questionnaire. We also may

select some organizations for exam based on information on the questionnaire, their Form 990 filings and other information. The EOCU sends out the questionnaire and may do some of the data analysis.

Henry Kerner asked how many people work in the ROO. Lois Lerner did not have the numbers but could get them. In our latest annual report we stated that there were 516 EO Exam employees. Henry Kerner asked how many questions were on the questionnaires. Lois Lerner said that it depends. We have a couple active questionnaires out now and available on our website. They are being done electronically, so that the organization only sees the questions that are relevant to them. In the C&U questionnaire, we sent it to 400 organizations and asked questions on their demographics, possible UBI activities, compensation and investment practices.

Elise Bean asked if we were looking into section 501(c)(4) organizations that were engaged in political campaign activities. Lois Lerner said that in our self-declarers questionnaire we asked about lots of things, most relating to the tax year of their most recently filed Form 990 (either 2010 or 2011). We also included a section asking about any political campaign activities in calendar year 2012, which we would not otherwise have since their 2012 Form 990 is not yet due. The questionnaire was sent to all self-declared section 501(c)(4), (5) and (6) organizations that filed Form 990. Elise Bean asked about the scope of the universe. Nikole Flax clarified that the questionnaires were only sent to organizations that filed Form 990 in 2010 or 2011 and not the organizations that filed Form 990-EZ or Form 990-N. Laura Stuber asked what the deadline for responding to the questionnaire was. Lois Lerner explained that the questionnaires were not all sent at once because the staff could not handle it, but were sent out in waves. The organizations are given 60 days to respond, but may request an extension, so it could be 90-120 days before they respond. The last of the questionnaires went out last week. Henry Kerner asked if we had received any responses yet. Lois Lerner said she was sure we had but had not checked. Henry Kerner asked about the process and whether we checked any of the answers to the questionnaire. Lois Lerner explained that we don't verify the responses, we report on what we are told by the organizations. We do select for examination organizations that appear to have issues. In the C&U study, we looked at compensation and UBI issues and selected organizations for exam based upon information on the questionnaire and their Form 990. Henry Kerner asked about checking with other organizations. Lois Lerner explained that other organizations may define things differently. We had a situation a few years ago where someone referred an organization based upon their reporting to another agency. When we looked at the information, we determined there was no issue because the other agency had a different definition. There is also the issue of the timing of the reporting. For example, the FEC has real time reporting. The reporting to the IRS looks at previous years. That is why in the self-declarers questionnaire we asked about 2012 data as we won't be getting the Forms 990 for some time. In putting together the questionnaires, we work with our Research function to ensure that we are getting information that we can apply to the universe being studied. In some instances, this will mean asking the question a little differently. They also help us ensure that we have a statistically valid sample so that we can take the

information learned and make broad statements about the universe. For the organizations we select for exam, this is not a statistically valid sample. Therefore, the observations we make based upon the exams apply only to those organizations examined. When we report on our findings, we note any trends and concerns raised as well as any next steps we will be taking. Stephanie Hall asked whether the final report would identify organizations by name, Lois Lerner said no. Henry Kerner asked whether exam and audit were the same and Lois Lerner said yes.

Elise Bean then asked about the third function in the EO Division. Lois Lerner said this was the Rulings and Agreements function. This includes the Determinations function, which processes the applications for recognition of exemption.

Elise Bean said that they were trying to get the scope of the universe they were dealing with and asked what the breakdown of the organizations that received the self-declarers questionnaire. Lois Lerner said that she did not have it, but could get it.

Lois Lerner explained that the general exam function did traditional audits. There are various sources for these audits. Some of them arise out of our projects, like the C&U project. We also are using the Form 990 data to develop risk models. We also get referrals, both internal and external. The external referrals come from the public, the press and Congress. When we receive a referral, we have a classification unit that reviews the allegation to see if there is an indication that the organization may not be in compliance. While most cases are reviewed by a single classifier, some referrals are reviewed by a committee of experienced, career civil service employees. These are the more complex or sensitive issues. If the classifier or review committee determine that there is an issue in the referral that warrants examination, they will send it to the examination function. That does not necessarily mean that an exam will be opened immediately. We must wait for the Form 990 to be filed – we audit returns, not organizations. We also need to have an agent available to work the case with the appropriate level of experience.

Laura Stuber asked if we could deny an organization an extension for filing Form 990 if we are waiting on the filing to open the audit. Lois Lerner said that we could not. The first extension is automatic and the second extension is granted if the organization has a reasonable explanation for why it needs the extra time. Lois Lerner did note that we were discovering errors in filling out Form 990. The better the information on the form, the better are case selection. We have found cases where the organization filled the form out incorrectly and were selected for exam. When we examined, we found no issue, just the error in completing the form. Had the organization filled the form out correctly, it would not have been selected for exam. Form 990 fills an important transparency role, which is improved by having more accurate information on the form.

Henry Kerner asked about the time lag for filing from the election cycle. Lois Lerner explained that is the way the law is set up. This is like all taxpayers that need extra time to complete the forms, they can get an extension of time to do so.

Henry Kerner then asked about the penalty part, what happens if there is a problem. Lois Lerner said that if the organization is generally compliant, but there was one issue, we may issue an advisory letter. Henry Kerner asked what is an advisory letter. Lois Lerner explained that an advisory letter was issued when we saw an issue, but it was not sufficient to result in a change, but might be a problem if the organization continued. We would close the exam by issuing the no change letter with advisory telling them that we were not making a change to their exempt status or tax obligations, but advising them of issues that might affect their exempt status or tax obligations in the future. We have found that, for the most part, exempt organizations are a compliant sector. They want to comply with the law. They also want to look good because of the public disclosure of the Form 990. For the most part, they fix the problems we identify.

Lois Lerner discussed some of the issues we look at. We look at compensation issues, whether the organization is paying reasonable compensation. This is not an easy calculation. For section 501(c)(3) organizations there is an excise tax that is imposed on the person receiving the excess compensation, not the organization. The managers who knowingly approved the excess compensation may also be subject to the excise tax. We might issue an advisory about the organization's compensation practices if they had excess compensation. In other cases, there might be penalties or taxes, such as the unrelated business income tax. Ultimately, no one wants revocation. However, if we do revoke the organization's exempt status, the organization that applied for and received recognition of its exempt status can rely on the determination letter if it disclosed its activities in the application, so the revocation is prospective. If the organization did not apply, or if it engaged in activities that it did not disclose in its application, the revocation may be retroactive.

Henry Kerner asked whether section 501(c)(4), (5) or (6) organizations never have to apply. Lois Lerner confirmed that they do not. Most of the applications we receive are section 501(c)(3) organizations, because those organizations are required by the statute to apply. Section 501(c)(3) organizations receive more benefits, such as tax-deductible contributions, and therefore have higher standards to meet. The section 501(c)(3) organizations use Form 1023 to apply, all other section 501(c) organizations use Form 1024.

Lois Lerner explained how we process applications. All applications received get screened by our most experienced determination agents. They quickly look at the application and determine whether the organization has provided sufficient information to determine that it meets the requirements for exemption. If so, we send the determination letter recognizing the organization's exempt status. Approximately 70% of the applications last year were screened. This is a pretty stream-lined process for organizations that completely filled out the application form and there were no questions on the face of the application. If the application can't be screened, there is a second category it may fall into. If the organization basically appears okay, but there is some missing information or a minor change needed (for example, its articles of incorporation do not have the required purpose or dissolution clause). In those cases, we quickly request the needed information to finish the process. The remaining cases need to be

fully developed. These cases may have missing information, provide cursory information about their proposed activities, have inconsistencies, or raise legal questions. The cases must be assigned to a determinations agent that has the appropriate level of experience for the case. In addition, for some issues, we designate certain groups as specialists for that issue in order to promote consistency. As a result, these cases may wait for a while before being assigned to an agent to be worked. We have a tool on our website regarding how long the wait to be assigned is. We are working to improve that tool. Once a case has been assigned, the agent reviews the case and sends a letter to the organization with development questions. Most cases are handled that way. Cases involving issues of first impression are transferred to the R&A office in DC which is staffed primarily by lawyers who work in conjunction with the lawyers in the Chief Counsel's office.

The R&A office in DC consists of the Technical and Guidance functions which handle exemption applications that present unique issues, private letter ruling and technical advice requests, congressional correspondence and working with Counsel and Treasury on guidance projects. They also provide support and technical advice to the CE&O, Examinations and Determinations functions. They work closely with Counsel on issues.

Elise Bean asked if the section 501(c)(4) issue has exploded. Nikole Flax said it was fair to say it has taken a lot of time. Lois Lerner said that in the last year it felt like a lot. Elise Bean said they were trying to get a feel for the size of the issue, they expect it to be a fairly small size. She said she was glad we are doing the self-declarers questionnaire. Lois Lerner explained that the 1.5 million organizations were those filing annual Forms 990 with us. Most of those organizations are section 501(c)(3). With certain exceptions, all exempt organizations have to file annually with us, either the Form 990, the Form 990-EZ, or the Form 990-N. Elise Bean asked how many were section 501(c)(4) organizations. Lois Lerner said she did not have that number, but could get it. She explained that we receive approximately 60,000 applications every year. Henry Kerner asked how many organizations have fallen off the list. Lois Lerner said that the enactment of PPA provided the first time for us to get a sense for how many fall off. So far, approximately 500,000 organizations have had their exempt status automatically revoked for failure to file for three years.

Stephanie Hall asked how do we know about organizations that don't apply and don't file. Lois Lerner explained that we have no systemic way of knowing, but someone may refer the organization. If the organization has been holding itself out as exempt but not filing Forms 990 and then files an application, we will auto revoke the organization. Last year, in addition to the 60,000 applications we generally receive, we also received an additional 20,000 applications seeking reinstatement. That was a requirement of the law, if they were auto-revoked, they had to apply for recognition going forward. Stephanie Hall asked if we assessed taxes going back. Lois Lerner explained that the organizations may request retroactive reinstatement. We had some transition relief in the first year and provided a lower user fee for small organizations seeking reinstatement. Elise Bean asked when the first year was. Lois Lerner told her it was

2010. Elise asked for a ballpark percentage of section 501(c)(4) organizations. Lois Lerner said that SOI has that information and we would get it for them. Nikole Flax said we could get several years worth of information. Lois Lerner pointed out that not all section 501(c)(4) organizations are involved in political campaign activity.

Elise Bean said they were interested in the section 501(c)(4) organizations that reported independent expenditures to the FEC. She asked if we had any arrangements with the FEC where we got information about section 501(c)(4) organizations reporting independent expenditures. Lois Lerner asked whether the FEC would know whether an organization was a section 501(c)(4) organization. Laura Stuber said that the organization would have an FEC number. Lois Lerner said that she did not know if the FEC required organizations to identify themselves as section 501(c)(4) organizations. Elise Bean asked if the FEC were required to identify section 501(c)(4), (5) and (6) organizations, would the IRS be able to use that information in the FEC database. Lois Lerner said that there was still a timing issue with respect to the Form 990 filing. Elise Bean said that if the IRS wanted to find organizations to monitor, would this information be helpful. Lois Lerner said that the organizations were required to report on the Form 990 what they are spending. Laura Stuber said that sometimes comparing the 2010 FEC filings to the 2010 IRS filings revealed differences. Lois Lerner explained that even when comparing the same time period, there still might be differences. For example, the FEC electioneering communications rules rely on a bright line test while the IRS looks at all of the facts and circumstances. Elise Bean asked whether it would be useful to us to have the FEC identify section 501(c)(4), (5) and (6) organizations making independent expenditures and the amount of those expenditures. Nikole Flax said there was still a timing issue. Even if the organization was spending lots of money on political campaign activity, we would not know on what else the organization was spending money. These organizations may engage in political campaign activity without jeopardizing their exemption, but we have to look at their activities for the entire year. We would not know in real time whether this was an issue. Lois Lerner said that any information that we have is useful, we just want to manage expectations about the use of the information. Elise Bean asked whether we could ask the FEC to add something. Nikole Flax said that we are open to talking to them, but that decision rests with them. With respect to the differences in what was reported to the IRS and the FEC, Lois Lerner expressed concerns about how the research was done. Henry Kerner asked if that was because of the different definitions. Lois Lerner said that it was also due to the different types of information. While section 501(c) organizations would report their independent expenditures to the FEC, if they make contributions to political committees, it is the political committee that reports the information to the FEC. Both types of expenditures would need to be reported to the IRS. Nikole Flax said there was not a clean match-up for the information. Elise Bean said that it could be a good place to start. Lois Lerner said that it is always useful to have information.

Elise Bean asked what percentage of section 501(c)(4) organizations did file Form 1024. Lois Lerner said that a significant number of section 501(c)(4) organizations do apply for recognition. One of the questions we are asking in the self-declarers questionnaire is why those organizations that do not apply choose not to

do so. Elise Bean asked for a ballpark on how many section 501(c)(4) organizations file Form 1024 and what percentage file Form 990s. Lois Lerner said that anyone not compliant after three years is automatically revoked. Nan Marks noted that organizations can attempt to hide. Lois Lerner said that one of our projects is looking at skip filers – organizations that file at least once every three years, but not every year.

Stephanie Hall asked if we had noticed any difference in the desire to be compliant in section 501(c)(3) organizations versus other section 501(c) organizations, since section 501(c)(3) organizations receive more benefits. Lois Lerner noted that most of our enforcement is in the section 501(c)(3) area, but when we do look at other section 501(c) organizations, we also see a desire to be compliant with the tax rules.

Laura Stuber asked about the IRS staff focused on political campaign activity. Are there certain staff who work on these issues? Lois Lerner said that there are designated folks looking at political campaign issues in the Determinations function. We provided training to these folks and they work with technical experts in the DC office. Many cases are also coordinated with Counsel. The application process is a paper representation of what are the organization's current plans for its future activities. Once an organization has been recognized as exempt, it could change its activities and report that change on the Form 990. We have provided training on political campaign issues to the R&A function, both the Determinations staff and the staff in the DC office, and to the Examination function. In addition to the self-declarers project, we are also looking at referrals alleging political campaign activity and we are identifying potential indicators of political campaign activity on the Form 990 that we are testing. Exam agents that work on these projects were trained. For any project, the technical experts put together training on the issue.

Laura Stuber asked about the 643 examinations of section 501(c)(4) organizations that we identified in our response. Of those 643, there were 22 that reported using PIC codes that political campaign intervention was an issue in the exam. In our response, we explained the limitations of the PIC codes and said that we would have to do a manual review for more information. When the manual review was requested, the IRS declined to do so. Nikole Flax reiterated what we told them in our letter. Lois Lerner said that the PIC code could indicate they looked at the issue, but the determination could be that the issue was not present. For example, there may have been an allegation of political campaign activity, but we determined that the organization did not intervene. Elise Bean said that in less than 5% of the cases, we identified political activity as an issue, using the 22 cases as a ceiling. Nikole Flax said that the 22 was not necessarily a ceiling. Nan Marks explained that the agents identify the most important issues in the case when choosing the PIC codes. There could be cases where the agent looked at political campaign activity issues, but also had UBI, employment tax or other issues that resulted in a change that were considered more important. Nevertheless, the 22 number is pretty accurate, it is more likely to be ceiling. Elise Bean asked if they could say less than 25 cases involved political campaign activity. Nan Marks said that was probably in the right ballpark. Elise Bean asked if we had any comment on the low number of cases involving political campaign activity.

Nikole Flax noted that the numbers would not include the 2010 tax year. Elise Bean said that these cases would all be pre-*Citizens United*. Nikole Flax said that they should not look at those numbers as the current posture. Laura Stuber asked what happened to those 22 cases. Lois Lerner referred to page 3 of the November 23, 2012 letter where we discussed the revocation letters. Elise Bean asked what happened to the 22 cases. Lois Lerner explained that we track how a case closed differently from the PIC codes. Nan Marks said an example would be a case with political activity, compensation and unrelated business income issues. The case was closed no change with an advisory, but we can't relate the closing code to the PIC code. Lois Lerner said that agents would be dealing with different issues, we would not know without looking at the case files.

After the break, Lois Lerner explained that when we open cases where political campaign activity might be an issue, we do look at FEC data.

Laura Stuber asked whether it was a red flag if a group reapplies under another name. Lois Lerner said that we do ask on the Form 1023 and Form 1024 whether they had a different name or had applied before. Laura Stuber said it looked bad. Lois Lerner said that without knowing the facts, she couldn't say. There may be legitimate reasons to change the name. For example, if there is bad press about a person associated with an organization that taints the public perception of the organization, the organization may decide to end its relationship with the person and change its name. We have seen some auto-revoked organizations that try to join a group ruling rather than applying for reinstatement, but we find them.

Elise Bean asked about the interpretation of "primarily" as allowing up to 49% of other activities. Where did people get that? Judith Kindell explained that when GCMs were released to the public, one was released with some supporting background memos. In one of those memos, there was a statement that while the 51/49 was not supportable for section 501(c)(3), it was a reasonable interpretation of the section 501(c)(4) regulations. Elise Bean asked for a copy of that GCM. Laura Stuber asked if the GCM was released around the time that the IRS was considering a change to the regulations. Nan Marks explained that GCMs used to be internal documents. Tax Analysts brought a case against the IRS seeking disclosure of these internal documents which they won in the early 1980s.

Elise Bean said that on the primarily issue, everyone wants a bright line rule. Why is there no bright line guidance? Nikole Flax said that one issue is 49% of what – we have a facts and circumstances test. Lois Lerner said the real question is what is the political campaign activity. Susan Brown used an example of an organization that supports the cherry trees that has a lot of volunteers doing work with the cherry trees, but very few expenditures, most or all of which are for political campaign activity. Under the facts and circumstances test, we can look at all of the volunteer activity and determine that this is a good organization. Under a pure expenditure test, that organization would have a problem. Elise Bean agreed that looking at volunteer activity is important, but why not a percentage test. Laura Stuber noted that section 501(c)(3) has a 20% test. Susan

Brown explained that section 501(c)(3) organizations can not intervene in political campaigns, but can engage in a limited amount of lobbying. That was originally under a facts and circumstances test. Congress enacted section 501(h) to allow section 501(c)(3) organizations to elect to be subject to a pure expenditure test. With respect to the regulations, Janine Cook pointed out that we have to look to the law as a whole and that the section 501(c)(3) regulations have the same language. Lois Lerner said that they have to be careful about unintended consequences.

Elise Bean asked whether it would make sense to have a similar rule for section 501(c)(4). Susan Brown asked to clarify whether it would be for all non-exempt activity. Elise Bean said that it would be a rule for political campaign activity. Lois Lerner said that under existing rules we have to look at all non-social welfare activity.

Elise Bean asked about the primary test for section 527 organizations. Judith Kindell explained that, while the test for tax exempt status is whether the organization is organized and operated primarily to accept contributions and make expenditures for a section 527 exempt function, the way it is taxed further limits the amount of non-political campaign activity it can do. The statute excludes from taxable income certain types of income, provided they are segregated for section 527 purposes. If a section 527 organization has one fund and makes more than insubstantial non-section 527 expenditures from that fund, it is no longer segregated and all of the income to that fund is taxable income. If a section 527 organization has more than one fund and makes more than insubstantial non-section 527 expenditures from one of the funds, that fund is no longer segregated and the income to that fund is taxable, but the other funds remain segregated so the income to those funds may be excluded from taxable income. In both cases, the organization still may be primarily engaged in exempt function activities and therefore still treated as a tax-exempt section 527 organization.

Elise Bean said that if an organization was primarily engaged in political campaign activities, it had no choice but to be treated as a section 527 organization. Susan Brown said that it could be a taxable section 527 organization. Elise Bean said that if a section 501(c)(4) organization had 70% of its expenditures on political campaigns and had no volunteer activity, clearly it wouldn't qualify for section 501(c)(4) and shouldn't it be a section 527 organization. Lois Lerner said that if it meets the requirements for section 527 it would, but it would not necessarily be tax-exempt. Judith Kindell explained that certain section 527 organizations were required to notify the IRS to be treated as tax-exempt. If they did not, they were taxable organizations and all of their income was included in gross income and they could only deduct those expenses that were directly connected to earning the taxable income. Therefore, they could deduct the fundraising expenses to generate their contribution income, but could not deduct the amounts spent on their political campaign activity. Lois Lerner said that when we see that an organization is not qualified under the code section it has applied under, we tell them they are taxable. Sometimes we work with the organization to get them to the right code section. Elise Bean said that if we want to encourage them to be section 527 organizations, why don't we take the step for section 501(c)(4) organizations that fail and tell them they are a section 527 organization. Judith Kindell noted that taxable

section 527 organizations are not required to disclose their donors. Lois Lerner said that based on her days at the FEC, if the organization made mistakes, the money was already gone. Elise Bean said they were interested in preserving the integrity of the tax code. The organization should not be able to say it is just a corporation, that it is a section 527 organization. Lois Lerner said they should consider the impact of the legislation. She expects organizations will just rack up enormous expenses with no money left. Henry Kerner asked how to get to the abuse of organizations claiming section 501(c)(4) but designed to be primarily political. Lois Lerner said the system works, but not in real time. Henry Kerner noted that these organizations don't disclose donors. Lois Lerner said that if they don't meet the requirements, we can come in and revoke, but it doesn't happen timely. Nan Marks said if the concern is that the organizations engaging in this activity don't disclose donors, then the system doesn't work. Henry Kerner said that maybe the solution is to audit so many that it is financially ruinous. Nikole noted that we have budget constraints. Elise Bean suggested using the list of organizations that made independent expenditures. Lois Lerner said that it is her job to oversee it all, not just political campaign activity. Lois Lerner said that she does have other tools. When we issue compliance check questionnaires, we are very transparent about it and post the questionnaire on our website.

Elise Bean asked about section 527 disclosures. Lois Lerner explained that these were on the IRS website in a searchable database. Susan Brown said that under the primarily test, an organization could fail to qualify as a section 501(c)(3) without automatically being section 527. Henry Kerner asked whether a taxable corporation could deduct business expenses. Lois Lerner noted that she never saw a rule that stopped the money from flowing in politics, it just moved it to another venue.

Elise Bean asked how we determined what is political activity and about the law, regulations and revenue rulings. Nan Marks said that revenue rulings are the opinion of the IRS as to how the law applies to a set of facts. They are precedential, but given less preference. We respect revenue rulings, even if we made a mistake. How we do revenue rulings have changed over time, but the recent practice of fairly long standing is for IRS, Counsel and Treasury to work together with sign off from all three offices from senior levels. Elise Bean asked about exam guidance and educational material. Lois Lerner said that generally this is not precedential, but if a judge wants to use it, the judge will. Nan Marks said that regulations are the drafted product of Chief Counsel, but they are Treasury regulations and all three offices (IRS, Counsel, Treasury) work on them and they are cleared through all three offices. Regulations do get deference.

Elise Bean said that the facts and circumstances test is not in the regulations, just in revenue rulings. Where did the facts and circumstances test come from. Nikole Flax said that absent a bright line, we generally use a facts and circumstances test. Nan Marks said this is a general rule prevalent in tax law. Elise Bean asked if there is a general regulation providing for the facts and circumstances test. She said that Senator Levin thinks there should be more bright line tests. Janine Cook noted that in the section 501(c)(3) regulations it states that all facts and circumstances are to be considered. Lois Lerner said that the problem with bright line tests is that there are

always exceptions. Elise Bean said that Senator Levin worked on BCRA which provided a bright line test for electioneering communications. Nan Marks suggested we step back and look at the generic issue. When you have line drawing at the statutory level, we follow those lines. If you have a fuzzy statute, some clarification is desirable, but to what extent is it appropriate to draw bright lines.

Elise Bean said that Senator Levin believes more regulations are needed, not revenue rulings. She said that the regulations should provide if you make an independent expenditure, that is political campaign activity. If you give money to a candidate, that is political campaign activity. The regulations should provide some bright line rules. Lois Lerner said that if you put out a regulation that says these 10 items are in, those are the only 10 items that are in. With a revenue ruling, we can say here are the facts and here is how we think about it. Elise Bean said that we are dealing with a regulation that is really old and two revenue rulings that are really old. When the issue is politics, the IRS gets creamed no matter what.

From: Judson Victoria A
Sent: Friday, May 18, 2012 6:58 PM
To: Munroe David; Cook Janine
Subject: Re: EO Coordinator on (c)(4) questions

Sorry- I had not reached Floyd on this. Yes, please tell them that this inquiries have been handled through the client and ask her not to communicate with anyone outside until she talks with me. Then let's also get Susan in on this on Monday. Thanks!

Sent using BlackBerry

From: Munroe David
To: Judson Victoria A; Cook Janine
Sent: Fri May 18 19:41:21 2012
Subject: Fw: EO Coordinator on (c)(4) questions

Sorry to bother you. Was copied on the e-mail below that Henry Schneiderman sent this evening. Wondering if I need to send Cathy Barre an e-mail to make sure she knows that any answer needs to be coordinated through the client?

Background. The message below from Henry came as surprise. Henry and I talked at 4 today. He was returning my phone call from Wed that I placed right after we received Cathy's e-mail because Henry was cc'ed on that message. I thought we were just having a general discussion and he did not indicate he planned to e-mail Cathy. I told him we were still checking some logistic issues out.

Dave

From: Schneiderman Henry S
To: Barre Catherine M
Cc: Butler Deborah A; Schneiderman Henry S; McField Terri; Munroe David
Sent: Fri May 18 17:50:54 2012
Subject: RE: EO Coordinator on (c)(4) questions

I spoke with Dave Munroe about this matter. TEGE will take the lead with respect to Counsel. [REDACTED]

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(b)(5) AC [REDACTED]
[REDACTED]
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[REDACTED]
[REDACTED]
[REDACTED]

(b)(5) AC

From: Barre Catherine M [<mailto:Catherine.M.Barre@irs.gov>]
Sent: Wednesday, May 16, 2012 3:35 PM
To: Munroe David
Cc: Lerner Lois G; Flax Nikole C; Cook Jeannie M; McField Terri; Kindell Judith E; Schneiderman Henry S
Subject: FW: EO Coordinator on (c)(4) questions

I contacted Terri McField for her assistance in reaching out to counsel on a statutory authority issue that has been raised related to a c4 congressional staff inquiry. I had already raised the same issue with Lois but, we agreed that counsel, most likely P&A, could be helpful.

If counsel has helpful insight on this issue please come back to Terri and to me.

Thanks.

Cathy Barré

From: Kindell Judith E
Sent: Wednesday, May 16, 2012 03:14 PM
To: Munroe David
Cc: Cook Janine; Lerner Lois G
Subject: RE: EO Coordinator on (c)(4) questions

Lois has been actively involved in all of the responses.

From: Munroe David [<mailto:David.Munroe@IRSCOUNSEL.TREAS.GOV>]
Sent: Wednesday, May 16, 2012 2:58 PM
To: Kindell Judith E
Cc: Cook Janine
Subject: EO Coordinator on (c)(4) questions

Someone on the CC's staff called us regarding a (c)(4) question on the statutory authority to require donor names during the application process. The person had been contacted by Leg Affairs. Was wondering who in your office is coordinating the (c)(4) Congressional questions. It seems to us the Leg Affairs person should be talking to that person so everything is coming through 1 channel. Can you please let us know who that person in EO would be. Thanks. Dave 622-4799

From: Schneiderman Henry S
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Cc: Butler Deborah A; Schneiderman Henry S; McField Terri; Munroe David
Sent: Fri May 18 17:50:54 2012
Subject: RE: EO Coordinator on (c)(4) questions

[REDACTED]

(b)(5) AC

[REDACTED]

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From: Barre Catherine M <Catherine.M.Barre@irs.gov>
Sent: Monday, May 21, 2012 11:34 AM
To: Cook Janine
Subject: Re: EO Coordinator on (c)(4) questions

Of course, it was the Hatch office and was a follow up to the response we sent. The precise question was for the satutory authority to ask for donor names for c4 applicants.

Sent using BlackBerry

From: Cook Janine [mailto:Janine.Cook@irsounsel.treas.gov]
Sent: Monday, May 21, 2012 12:21 PM
To: Barre Catherine M
Cc: Judson Victoria A
Subject: RE: EO Coordinator on (c)(4) questions

Cathy,

We'll work on an answer to the question, but it would help us to know if the question was in response to a prior written congressional response received from EO. Can you tell us which office asked the question and do you know if they had received a written response from EO first? If you don't know, I can ask Lois. Just want to be sure we understand what had already been communicated to them, if any, so we can understand the background for the question. Thanks so much.

Janine

From: Barre Catherine M [mailto:Catherine.M.Barre@irs.gov]
Sent: Monday, May 21, 2012 12:09 PM
To: Judson Victoria A
Subject: Re: EO Coordinator on (c)(4) questions

It was not in writing. They asked Lois on a call.

Sent using BlackBerry

From: Judson Victoria A [mailto:Victoria.A.Judson@irsounsel.treas.gov]
Sent: Monday, May 21, 2012 11:42 AM
To: Barre Catherine M
Cc: Cook Janine; Munroe David
Subject: FW: EO Coordinator on (c)(4) questions

Could you send us a copy of the congressional staff inquiry if it was in writing or a follow-up of something they received in writing.

Thanks,

Vicki

Victoria A. Judson

Division Counsel/Associate Chief Counsel (TEGE)

Phone: 202-622-6000

Fax: 202-622-3865

From: Munroe David
Sent: Monday, May 21, 2012 10:20 AM
To: Judson Victoria A; Cook Janine
Subject: RE: EO Coordinator on (c)(4) questions

With Susan being out, should I send to Don Spellman and David Marshall to get them in the loop? Would copy Susan on it so she knows the latest and can get into it once she returns. Thanks. Dave

From: Munroe David
Sent: Friday, May 18, 2012 7:41 PM
To: Judson Victoria A; Cook Janine
Subject: Fw: EO Coordinator on (c)(4) questions

Sorry to bother you. Was copied on the e-mail below that Henry Schneiderman sent this evening. Wondering if I need to send Cathy Barre an e-mail to make sure she knows that any answer needs to be coordinated through the client?

Background. The message below from Henry came as surprise. Henry and I talked at 4 today. He was returning my phone call from Wed that I placed right after we received Cathy's e-mail because Henry was cc'ed on that message. I thought we were just having a general discussion and he did not indicate he planned to e-mail Cathy. I told him we were still checking some logistic issues out.

Dave

From: Schneiderman Henry S
To: Barre Catherine M
Cc: Butler Deborah A; Schneiderman Henry S; McField Terri; Munroe David
Sent: Fri May 18 17:50:54 2012
Subject: RE: EO Coordinator on (c)(4) questions

I spoke with Dave Munroe about this matter. TEGE will take the lead with respect to Counsel. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
(b)(5) AC
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(b)(5) AC

From: Barre Catherine M [mailto:Catherine.M.Barre@irs.gov]
Sent: Wednesday, May 16, 2012 3:35 PM
To: Munroe David
Cc: Lerner Lois G; Flax Nikole C; Cook Jeannie M; McField Terri; Kindell Judith E; Schneiderman Henry S
Subject: FW: EO Coordinator on (c)(4) questions

I contacted Terri McField for her assistance in reaching out to counsel on a statutory authority issue that has been raised related to a c4 congressional staff inquiry. I had already raised the same issue with Lois but, we agreed that counsel, most likely P&A, could be helpful.

If counsel has helpful insight on this issue please come back to Terri and to me.

Thanks.

Cathy Barré

From: Kindell Judith E
Sent: Wednesday, May 16, 2012 03:14 PM
To: Munroe David
Cc: Cook Janine; Lerner Lois G
Subject: RE: EO Coordinator on (c)(4) questions

Lois has been actively involved in all of the responses.

From: Munroe David [mailto:David.Munroe@IRSCOUNSEL.TREAS.GOV]
Sent: Wednesday, May 16, 2012 2:58 PM
To: Kindell Judith E
Cc: Cook Janine
Subject: EO Coordinator on (c)(4) questions

Someone on the CC's staff called us regarding a (c)(4) question on the statutory authority to require donor names during the application process. The person had been contacted by Leg Affairs. Was wondering who in your office is coordinating the (c)(4) Congressional questions. It seems to us the Leg Affairs person should be talking to that person so everything is coming through 1 channel. Can you please let us know who that person in EO would be. Thanks. Dave
622-4799

From: Cook Janine
Sent: Wednesday, May 23, 2012 8:05 AM
To: Lerner Lois G; Flax Nikole C; Barre Catherine M
Cc: Judson Victoria A
Subject: RE: Hatch Staff

Ladies, here is some follow up information to build on the the more general authority response provided by CC:PA last week in case you find it helpful in any additional conversation. If you'd like to discuss further, let us know.

With regard to the application process, [REDACTED]

[REDACTED]
[REDACTED]
(b)(5) AC
[REDACTED]
[REDACTED]

With regard to the 990, [REDACTED]

[REDACTED]
[REDACTED]
(b)(5) AC: non responsive
[REDACTED]
[REDACTED]
[REDACTED]

From: Cook Janine
Sent: Monday, May 21, 2012 4:08 PM
To: Lerner Lois G; Flax Nikole C; Barre Catherine M
Cc: Judson Victoria A
Subject: RE: Hatch Staff

If this is all you were looking to provide, CC:PA provided an answer about general authority to Cathy last week. Our staff here is looking to see if there is anything else to offer up and we will copy everyone on the response; will try and do so by tomorrow. Thanks for the additional background regarding everybody's involvement and what is still needed here.

From: Lerner Lois G [mailto:Lois.G.Lerner@irs.gov]
Sent: Monday, May 21, 2012 2:46 PM
To: Flax Nikole C; Barre Catherine M
Cc: Cook Janine; Judson Victoria A
Subject: Re: Hatch Staff

Recall we were looking for some general statement that the Secretary has authority to ask for information necessary to administer the tax laws. What gives us authority to ask for info on 990 and 1023/4? We thought perhaps P and A?

Lois G. Lerner-----

Sent from my BlackBerry Wireless Handheld

From: Flax Nikole C
Sent: Monday, May 21, 2012 02:38 PM
To: Lerner Lois G; Barre Catherine M
Subject: Re: Hatch Staff

I am confused - where are the cc questions coming from?

From: Lerner Lois G
Sent: Monday, May 21, 2012 02:19 PM
To: Flax Nikole C; Barre Catherine M
Cc: Grant Joseph H
Subject: FW: Hatch Staff

Not trying to stick my nose in it--Janine called about the Hatch response so I sent her what we recently sent Cathy. She has a different question "assigned." Thought I'd feed you both in in the event we want the response to look like what we've said on the topic in our other Congressionals?

Lois G. Lerner

Director of Exempt Organizations

From: Lerner Lois G
Sent: Monday, May 21, 2012 2:18 PM
To: Cook Janine
Cc: Judson Victoria A
Subject: RE: Hatch Staff

I would say you need to be very careful responding to that--we probably have responded "around it" in numerous Congressional. Let me check with Nikole to see whether the expectation is for you or us to respond.

Lois G. Lerner

Director of Exempt Organizations

From: Cook Janine [mailto:Janine.Cook@irsounsel.treas.gov]
Sent: Monday, May 21, 2012 1:14 PM
To: Lerner Lois G
Cc: Judson Victoria A
Subject: RE: Hatch Staff

Thanks Lois. Seems like we were forwarded a THIRD question not talked about below: **the statutory authority to ASK for donor names for c4 applicants.** The questions below are about not disclosing the names.

Please confirm whether you want us to handle getting an answer to this question back to Cathy or whether you think you covered it separately.

Thanks.

From: Barre Catherine M
Sent: Friday, May 18, 2012 12:25 PM
To: Grant Joseph H
Cc: Flax Nikole C; Davis Jonathan M (Wash DC); Lerner Lois G
Subject: RE: Hatch Staff

Thanks, Joseph. I think I should go back on this with a conversation rather than a written response. I will touch base with Nikole and Jonathan on this as well.

Cathy

From: Grant Joseph H
Sent: Thursday, May 17, 2012 9:45 AM
To: Barre Catherine M
Cc: Flax Nikole C; Davis Jonathan M (Wash DC); Lerner Lois G
Subject: RE: Hatch Staff

Cathy,

- 1) *What is the IRS process with respect to the 990 schedule B – is there a document identification number placed on the schedule B by the IRS?*

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] non responsive
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

- 2) *Does the IRS share 990 Schedule B information with any party such as, under an exchange of information with the State taxing authorities?*

[REDACTED]
[REDACTED] non responsive
[REDACTED]

I hope this helps. Please let me know if TE/GE can provide you with any further assistance in this matter.

Thanks as always - Joseph

From: Barre Catherine M
Sent: Thursday, May 17, 2012 8:45 AM
To: Grant Joseph H
Subject: FW: Hatch Staff

Any status on the answers to these questions?

Thanks.

From: Barre Catherine M
Sent: Monday, May 14, 2012 4:40 PM
To: Grant Joseph H

Cc: Flax Nikole C; Davis Jonathan M (Wash DC); Stevens Margo

Subject: Hatch Staff

I had a conversation with Hatch staff today. They have 2 general questions:

- 1) What is the IRS process with respect to the 990 schedule B – is there a document identification number placed on the schedule B by the IRS?
- 2) Does the IRS share 990 Schedule B information with any party such as, under an exchange of information with the State taxing authorities?

Thanks.

Cathy

From: Estes Janine L
Sent: Friday, September 07, 2012 9:43 AM
To: Goehausen Hilary
Subject: RE: Advocacy Case, Bucket 3 - 6103

I previously forwarded you an email as to how Cindy wanted to handle this. I will resend. The following is Cindy's response pulled from that email trail:

From: Thomas Cindy M
Sent: Tuesday, August 14, 2012 5:35 PM
To: Lahey Victoria
Cc: Shafer John H
Subject: FW: Advocacy Case, Bucket 3 - 6103

Vicki,

For the specific case that Janine is working --- [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] 6103 [REDACTED]
[REDACTED]
[REDACTED]

Let me know if you/Janine have additional questions. Thanks.

From: Goehausen Hilary
Sent: Friday, September 07, 2012 10:36 AM
To: Estes Janine L
Subject: FW: Advocacy Case, Bucket 3 - 6103

FYI....I would talk to Cindy about what to do, if she hasn't talked with you about it. I'd follow normal procedures, as Sharon also indicated.

Hilary Goehausen
Tax Law Specialist
Exempt Organizations
Technical Group 1
1111 Constitution Ave., NW
Washington, D.C. 20224
p: 202.283.8915
f: 202.283.8937
Hilary.Goehausen@irs.gov

From: Light Sharon P
Sent: Tuesday, August 14, 2012 10:54 AM
To: Paz Holly O; Thomas Cindy M
Cc: Goehausen Hilary; Kindell Judith E
Subject: RE: Advocacy Case, Bucket 3 - 6103

Holly and Cindy -- there are two issues below for you.

[REDACTED] non-responsive [REDACTED]
[REDACTED]

Two is the specific case described in Janine's email. Cindy -- [REDACTED]

[REDACTED] nonresponsive and (b)(3)/6103 [REDACTED]
[REDACTED]

From: Goehausen Hilary
Sent: Tuesday, August 14, 2012 9:59 AM
To: Kindell Judith E; Light Sharon P
Subject: FW: Advocacy Case, Bucket 3 - [REDACTED] 6103

Hi,

Janine has asked my input on next steps in the case below. Her manager suggested she follow up with me as to how to proceed, but I'm wondering [REDACTED]

[REDACTED] nonresponsive [REDACTED]
[REDACTED]

[REDACTED] (I told her to go ahead and draft a second development letter I would look at, but no need to scan their response).

Thanks,
Hilary

Hilary Goehausen
Tax Law Specialist
Exempt Organizations
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Washington, D.C. 20224
p: 202.283.8915
f: 202.283.8937
Hilary.Goehausen@irs.gov

From: Estes Janine L
Sent: Friday, August 10, 2012 3:53 PM
To: Goehausen Hilary
Subject: Advocacy Case, Bucket 3 - [REDACTED] 6103

I'm unsure how to proceed with the application for [REDACTED] 6103 [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] nonresponsive and (b)(3)/6103 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

nonresponsive and (b)(3)/6103

Janine L. Estes

**Exempt Organizations,
Determinations, Group 7829**

(b)(6)/(b)(7)(C)

From: Estes Janine L
Sent: Friday, September 07, 2012 9:44 AM
To: Goehausen Hilary
Subject: FW: Advocacy Case, Bucket 3 - [REDACTED] - Cindy's response

[Here is the email again.](#)

From: Estes Janine L
Sent: Wednesday, August 22, 2012 4:07 PM
To: Goehausen Hilary
Subject: FW: Advocacy Case, Bucket 3 - [REDACTED]

[This is the response from Cindy I received through my manager regarding \[REDACTED\].](#)

From: Lahey Victoria
Sent: Sunday, August 19, 2012 10:55 AM
To: Estes Janine L
Subject: FW: Advocacy Case, Bucket 3 - [REDACTED]

Janine,

Please see guidance below from Cindy regarding your case.

Let me know if you have any questions.

From: Thomas Cindy M
Sent: Tuesday, August 14, 2012 5:35 PM
To: Lahey Victoria
Cc: Shafer John H
Subject: FW: Advocacy Case, Bucket 3 - [REDACTED]

Vicki,

[For the specific case that Janine is working --- \[REDACTED\]](#)
[REDACTED]
[REDACTED] 6103 [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED] 6103 [REDACTED]
[REDACTED]

[Let me know if you/Janine have additional questions. Thanks.](#)

From: Light Sharon P
Sent: Tuesday, August 14, 2012 10:54 AM
To: Paz Holly O; Thomas Cindy M
Cc: Goehausen Hilary; Kindell Judith E
Subject: RE: Advocacy Case, Bucket 3 - 6103

Holly and Cindy -- there are two issues below for you.

non-responsive

Two is the specific case described in Janine's email. Cindy --

non-responsive and (b)(3)/6103

From: Goehausen Hilary
Sent: Tuesday, August 14, 2012 9:59 AM
To: Kindell Judith E; Light Sharon P
Subject: FW: Advocacy Case, Bucket 3 - 6103

Hi,

Janine has asked my input on next steps in the case below. Her manager suggested she follow up with me as to how to proceed, but I'm wondering

nonresponsive

(I told her to go ahead and draft a second development letter I would look at, but no need to scan their response).

Thanks,
Hilary

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Hilary.Goehausen@irs.gov

From: Estes Janine L
Sent: Friday, August 10, 2012 3:53 PM
To: Goehausen Hilary
Subject: Advocacy Case, Bucket 3 - 6103

I'm unsure how to proceed with the application for

nonresponsive and (b)(3)/6103

nonresponsive and (b)(3)/6103

nonresponsive and (b)(3)/6103

(b)(6) and (b)(7)(C)

From: Estes Janine L
Sent: Friday, December 07, 2012 1:00 PM
To: Goehausen Hilary
Subject: RE: Advocacy case, Bucket 3 - (b)(3)/...

Thanks - I'll take a closer look at it.

From: Goehausen Hilary
Sent: Friday, December 07, 2012 1:55 PM
To: Estes Janine L
Subject: RE: Advocacy case, Bucket 3 - (b)(3)/6103

Oops. :/

So, I removed the second question altogether because my thoughts are these: They have said two different things and we don't want to give them the opportunity to explain away the fact that they'd told us one thing, but their activities show they are doing the opposite (ie supporting candidates that sign their pledge). This type of pledge activity (signing pledges) doesn't further exempt purposes. If all the org is doing is conducting activities to get candidates to sign its pledge, and the public to sign its voter pledge, it's primary purpose is campaign intervention. Not sure what the bucketing worksheets suggested, but the facts and circumstances here may indicate they are not primarily operated for exempt purposes.

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Hilary.Goehausen@irs.gov

From: Estes Janine L
Sent: Friday, December 07, 2012 1:29 PM
To: Goehausen Hilary
Subject: FW: Advocacy case, Bucket 3 - (b)(3)/6...

The wrong letter is attached. You provided the revised Letter 1312. I've already received the response to this letter. I prepared and attached the 2nd request for additional information Letter 2382. Letter 2382 is the letter that needs to be reviewed.

From: Goehausen Hilary
Sent: Friday, December 07, 2012 10:14 AM
To: Estes Janine L
Subject: RE: Advocacy case, Bucket 3 - (b)(3)/...

Hilary Goehausen
Tax Law Specialist
Exempt Organizations
Technical Group 1
1111 Constitution Ave., NW

Washington, D.C. 20224
p: 202.283.8915
f: 202.283.8937
Hilary.Goehausen@irs.gov

From: Estes Janine L
Sent: Friday, December 07, 2012 8:38 AM
To: Goehausen Hilary
Subject: FW: Advocacy case, Bucket 3 - (b)(3)/6...

FYI

From: Estes Janine L
Sent: Wednesday, November 14, 2012 11:30 AM
To: Goehausen Hilary
Subject: Advocacy case, Bucket 3 - (b)(3)/...

Attached is a 2nd request for additional information for the (b)(3)/6103. The response has been scanned into TEDS. My questions are from pages 116 and 137 of the additional documents.

Janine L. Estes

Exempt Organizations,
Determinations, Group 7829

(b)(6) and (b)(7)(C)

Obtained by Judicial Watch, Inc. via FOIA
TEGE Division Sensitive Case Report
(revised January 2007)

CASE NAME: (1) NR; 6103 (501(c)(3) applicant), (2) 6103 6103 (501(c)(4) applicant), (3) NR; 6103 (501(c)(3) applicant) TIN/EIN: NR; 6103 POA: NR; 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: EO RA POD: Washington, D.C.	<input type="checkbox"/> INITIAL REPORT <input type="checkbox"/> FOLLOW-UP REPORT <input type="checkbox"/> FINAL REPORT
SENSITIVE CASE CRITERIA: <input checked="" type="checkbox"/> Likely to attract media or Congressional attention <input type="checkbox"/> Unique or novel issue <input type="checkbox"/> Affects large number of taxpayers <input type="checkbox"/> Potentially involves large dollars (\$10M or greater) <input type="checkbox"/> Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – NR; 6103 Organization (2) – NR; 6103 Organization (3) – NR; 6103 Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4).	
SIGNIFICANT NEXT STEPS, IF ANY: NR; 6103 NR; 6103 NR	ESTIMATED CLOSURE DATE: January 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041176

TEGE Division Sensitive Case Report
(revised January 2007)

SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: December 13, 2010	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041177

From: Seto Michael C
Sent: Wednesday, February 02, 2011 12:40 PM
To: Fish David L
Subject: FW: SCR Table for Jan. 2011 & SCR items
Attachments: SCR table Jan 2011.doc; SCR Jan 2011 (b)(3); 6103 MD.doc; SCR Jan 2011 (b)(3); 6103 .doc; SCR Jan 2011 (b)(3); ... MD.doc; SCR Jan 2011 (b)(3); 61... .doc; SCR Jan 2011 (b)(3); 6103 MD.doc; SCR Jan 2011 Newspaper Cases Update MD.DOC; SCR Jan 2011 (b)(3); ... MD.DOC; SCR Jan 2011 Medical Marijuana.doc; SCR Jan 2011 Mortgage Foreclosure.doc; SCR Jan 2011 Foreign Lobby Cases.doc; SCR Jan 2011 (b)(3); 61... .doc; SCR Jan 2011 (b)(3); 6103 .doc

From: Seto Michael C
Sent: Wednesday, February 02, 2011 1:39 PM
To: Lieber Theodore R; Salins Mary J; Seto Michael C; Shoemaker Ronald J; Smith Danny D
Subject: FW: SCR Table for Jan. 2011 & SCR items

Below is Lois' and Holly's directions on certain technical areas, such as newspapers, health care case, etc. Please do not allow any cases to go out before we have brief Lois and Holly.

Attached is the SCR table and the SCRs. The SCRs that went to Mike Daly ends with "MD." I will forward the other SCRs that didn't went Mike as fyi.

These reports are for your eyes only . . . not to be distributed.

Thanks,

Mike

From: Lerner Lois G
Sent: Wednesday, February 02, 2011 11:17 AM
To: Paz Holly O; Seto Michael C
Cc: Trilli Darla J; Douglas Akaisha; Letourneau Diane L; Kindell Judith E; Light Sharon P
Subject: RE: SCR Table for Jan. 2011

Thanks--even if we go with a 4 on the Tea Party cases, they may want to argue they should be 3s, so it would be great if we can get there without saying the only reason they don't get a 3 is political activity.

I'll get with Nan Marks on the (b)(3)/6103 piece.

I'm just antsy on the churchy stuff--Judy--thoughts on whether we should go to Counsel early on this--seems to me we may want to answer all questions they may have earlier rather than later, but I may be being too touchy. I'll defer to you and Judy.

(b)(3)/6103 --I thought the elevated to TEGE Commish related to whether we ever had--that's why I asked. Perhaps the block is wrong--maybe what we need is some notation that the issue is one we would elevate?

I hear you about you and Mike keeping track, but I would like a running history. that's the only way I can speak to what we're doing and progress in a larger way. Plus we've learned from Exam--if they know I'm looking, they don't want to have to explain--so they move things along. the 'clean" sheet doesn't give me any sense unless I go back to previous SCR's.

I've added Sharon so she can see what kinds of things I'm interested in.

Lois G. Lerner

Director, Exempt Organizations

From: Paz Holly O
Sent: Wednesday, February 02, 2011 11:02 AM
To: Lerner Lois G; Seto Michael C
Cc: Trilli Darla J; Douglas Akaisha; Letourneau Diane L; Kindell Judith E
Subject: RE: SCR Table for Jan. 2011


Tea Party - Cases in Determs are being supervised by Chip Hull at each step - he reviews info from TPs, correspondence to TPs, etc. No decisions are going out of Cincy until we go all the way through the process with the c3 and c4 cases here. I believe the c4 will be ready to go over to Judy soon.

HMO case ((b)(3)/6103) -



6103 third party return information

(b)(3)/6103 --I will reach out to Phil to see if Nan has seen it. She was involved in the past but I don't know about recently.

On (b)(3)/6103 (b)(3)/6103  Proposed denials typically do not go to Counsel. Proposed denial goes out, we have conference, then final adverse goes to Counsel before that goes out. We can alter that in this case and brief you after we have Counsel's thoughts.

6103 was not elevated at Mike Daly's direction. He had us elevate it twice after the litigation commenced but said not to continue after that unless we are changing course on the application front and going forward with processing it.

(b)(3)/6103 ((b)(3)/6103) - Our general criteria as to whether or not to elevate an SCR to Sarah/Joseph and on up is to only elevate when there has been action. (b)(3)/6103 was elevated this month because it was just received. We will now begin to review the 1023 but won't have anything to report for sometime. We will elevate again once we have staked out a position and are seeking executive concurrence.

We (Mike and I) keep track of whether estimated completion dates are being moved by means of a track changes version of the spread sheet. When next steps are not reflected as met by the estimated time, we follow up with the appropriate managers or Counsel to determine the cause for the delay and agree on a due date.

From: Lerner Lois G
Sent: Tuesday, February 01, 2011 6:28 PM
To: Seto Michael C
Cc: Paz Holly O; Trilli Darla J; Douglas Akaisha; Letourneau Diane L; Kindell Judith E
Subject: RE: SCR Table for Jan. 2011

Thanks--a couple comments

1. Tea Party Matter very dangerous. This could be the vehicle to go to court on the issue of whether Citizen's United overturning the ban on corporate spending applies to tax exempt rules. Counsel and Judy Kindell need to be in on this one please needs to be in this. Cincy should probably NOT have these cases--Holly please see what exactly they have please.

2. We need to push for the next Counsel meeting re: the HMO case Justin has. Reach out and see if we can set it up.


3. (b)(3)/6103 --has that gone to Nan Marks? It says Counsel, but we'll need her on board. In all cases where it says Counsel, I need to know at what level please.

4. I assume the proposed denial of the religious or will go to Counsel before it goes out and I will be briefed?

5. I think no should be yes on the elevated to TEGE Commissioner slot for the Jon Waddel case that's in litigation--she is well aware.

6. Case involving healthcare reconciliation Act needs to be briefed up to my level please.

7. SAME WITH THE NEWSPAPER CASES--NO GOING OUT WITHOUT BRIEFING UP PLEASE.

8.  6103 cases involving settlements in Israel should be briefed up also.

9. (b)(3)/6103 case--why "yes-for this month only" in TEGE Commissioner block?

Also, please make sure estimated due dates and next step dates are after the date you send these. On a couple of these I can't tell whether stuff happened recently or not.

Question--if you have an estimated due date and the person doesn't make it, how is that reflected? My concern is that when Exam first did these, they just changed the date so we always looked current, rather than providing a history of what occurred. perhaps it would help to sit down with me and Sue Lehman--she helped develop the report they now use.

From: Seto Michael C

Sent: Tuesday, February 01, 2011 5:33 PM

To: Lerner Lois G

Cc: Paz Holly O; Trilli Darla J; Douglas Akaisha; Letourneau Diane L

Subject: SCR Table for Jan. 2011

Here is the Jan. SCR summary.

From: Park Nalee
Sent: Friday, October 14, 2011 7:23 AM
To: Fish David L; McNaughton Mackenzie P
Subject: RE: The Fun Just Keeps on Coming!

My notes doesn't say whether Lois wanted specific IRM references, but it makes sense to provide, particularly since referencing IRMs throughout our response would follow the format of the Commissioner's office in their response to Camp in the July 1 letter, as well as informing W&M that our determination process is set in the IRM to ensure cases are being handled uniformly. Also, Lois wanted to mention the group ruling/exemption procedure (and the IRM excerpt Cindy provided below touches on it).

NaLee
202.283.9453

From: Fish David L
Sent: Friday, October 14, 2011 7:47 AM
To: Park Nalee; McNaughton Mackenzie P
Subject: FW: The Fun Just Keeps on Coming!

Is this what Lois was getting at?

From: Paz Holly O
Sent: Thursday, October 13, 2011 3:40 PM
To: Fish David L
Subject: FW: The Fun Just Keeps on Coming!

From: Thomas Cindy M
Sent: Wednesday, October 12, 2011 10:51 PM
To: Paz Holly O
Subject: RE: The Fun Just Keeps on Coming!

Holly -- the best information I have regarding the process is in the pending IRM 7.20.2, which is currently being negotiated with National NTEU. The excerpt below was taken from the pending IRM (see attached). If you need additional information, please let me know. Thanks.

7.20.2.1 (07-22-2011)

Determination Letter Processing Overview

(1) Applications for tax exempt status under sections 501 and 521 (Forms 1023, 1024,

and 1028), as well as group exemption requests (controlled as Form 1026), are submitted to the Cincinnati Submission Processing Center (CSPC), PO Box 12192, Covington, KY 41012-0192. CSPC processes the user fee payment in the Letter Information Network & User Fee System (LINUS) and scans the application/request into the Tax Exempt Determination System (TEDS).

(2) Initial "I" cases are created when Forms 1023, 1024, and 1028 are scanned into TEDS, and Amendment "A" cases are created when group exemption requests are scanned into TEDS. After cases are established in TEDS, the data is transmitted to the EP/EO Determination System (EDS) and hard copy case files are sent to the EP/EO Determinations Processing Section in Cincinnati, OH.

Note: EDS is the determination letter application system of record.

(3) For cases processed through TEDS, the Processing Section holds the hard copy case files until they are closed, unless it is necessary to transmit the case to EO Technical or Exempt Organizations Determinations Quality Assurance (EODQA).

(4) Other determination letter requests are submitted on Form 8940 to the CSPC, PO Box 12192, Covington, KY 41012-0192. CSPC processes the user fee payment in LINUS and forwards the Form 8940 package to the EO Determinations, Correspondence Unit, PO Box 2508, Cincinnati, OH 45201. The Correspondence Unit establishes Amendment (A cases) or section 507(b)(1)(B) termination requests (P cases) in EDS, based on the block checked on Form 8940, item 8.

a) The Exempt Organizations EDS User Manual (see IRM 7.22) provides procedures for processing determination letter requests in EDS from establishment to closing.

b) A TEDS User Manual is under development. The TEDS User Manual will provide procedures for processing determination letter requests in TEDS from establishment to closing.

(5) Almost all determination letter requests go through an initial review, referred to as Technical Screening. See IRM 7.20.2.3 for a detailed description of the technical screening process.

(6) Cases that are not closed in Technical Screening and are not referred to EO Technical per IRM 7.20.1.4 are referred to as full-development (non-merit) cases. These cases are held in the Centralized Unassigned Inventory (Status 51) until work is requested by specialists in EO Determinations work groups. Certain types of cases are held in a reserved inventory for designated groups. See IRM 7.20.1.3.

From: Paz Holly O
Sent: Wednesday, October 12, 2011 2:04 PM
To: Thomas Cindy M
Subject: FW: The Fun Just Keeps on Coming!

OK it sounds like all we are looking for from Determs is cites to IRMs that give a good description of our internal processing.

From: Fish David L
Sent: Wednesday, October 12, 2011 2:00 PM
To: Paz Holly O
Subject: RE: The Fun Just Keeps on Coming!

I think it was IRM's describing our internal processing. We will be getting the SOI numbers.

From: Paz Holly O
Sent: Wednesday, October 12, 2011 12:54 PM
To: Fish David L
Subject: FW: The Fun Just Keeps on Coming!
Importance: High

I was late to this meeting so not sure why Nan reached out to Cindy. Wouldn't we use SOI data for 1d? As far as describe the process, won't NaLee or Mackenzie be doing that?

From: Thomas Cindy M
Sent: Wednesday, October 12, 2011 8:05 AM
To: Downing Nanette M
Cc: Hubert Linda K; Paz Holly O
Subject: FW: The Fun Just Keeps on Coming!
Importance: High

Nan,

Holly will need to get the analysts to provide numbers.

Regarding the part of the question: [Describe the process by which an entity is granted tax-exempt status.](#)

I'm don't know what this is getting at, specifically regarding the term "process." Are we being asked to describe the entire process a case goes through, such as applications are sent to the Cincinnati Submission Processing Center in Covington, Kentucky, where user fee payments are processed, cases scanned into the Tax Exempt Determination System (TEDS), etc.

OR

Applicants complete Form 1023 or Form 1024 depending on the subsection being requested. Determination specialists review the application package and make a recommendation as to whether the organization meets the requirements under the Code section requested, based on the information submitted with the application package or after securing additional information. Managers review the specialists' recommendations and, if they agree, approve the cases.

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

From: Downing Nanette M
Sent: Tuesday, October 11, 2011 2:00 PM
To: Thomas Cindy M
Cc: Hubert Linda K
Subject: FW: The Fun Just Keeps on Coming!
Importance: High

Cindy

On a phone with a bunch of folks going over this response. We need to get with you on part of question 1 d. Linda will be contacting you. You may be hearing more from R&A folks on other pieces of this.

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

From: Lerner Lois G
Sent: Friday, October 07, 2011 4:49 PM
To: Downing Nanette M; Paz Holly O; Fish David L; Musselman Bryan L; Light Sharon P; Kindell Judith E; Urban Joseph J; McNaughton Mackenzie P
Cc: Grant Joseph H; Letourneau Diane L; Jackson Marshalle C; Dinkins Celestine M
Subject: The Fun Just Keeps on Coming!
Importance: High

Attached is a request from House Ways and Means. It is pretty extensive and due October 20. I'd like to have a meeting on it sometime Tuesday.

Diane/Tina/Celeste--my schedule is a mess, but let's see what we can do--Bryan probably doesn't need to be at the meeting. As to the others--get as many as possible, but if everyone can't make it, we'll do the best we can to get started. Thanks

Lois G. Lerner
Director of Exempt Organizations

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

From: Jackson Marshalle C
Sent: Friday, October 07, 2011 3:54 PM
To: Lerner Lois G; Paz Holly O
Cc: Letourneau Diane L; Jackson Marshalle C
Subject: Emailing: Ways and Means Subcommittee on Oversight 10_07_11.pdf

The message is ready to be sent with the following file or link attachments:

Ways and Means Subcommittee on Oversight 10_07_11.pdf

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

From: Fish David L
Sent: Tuesday, June 26, 2012 3:10 PM
To: Megosh Andy
Subject: FW: donor info letter.doc
Attachments: donor info letter.doc

From: Fish David L
Sent: Tuesday, June 26, 2012 4:00 PM
To: Urban Joseph J
Subject: FW: donor info letter.doc

From: Paz Holly O
Sent: Friday, June 01, 2012 9:48 AM
To: Lerner Lois G; Marks Nancy J
Cc: Fish David L
Subject: FW: donor info letter.doc

Attached is the letter to applicants that sent us donor info in response to our requests. David and I believe that it is preferable to [REDACTED] [REDACTED]
[REDACTED] (b)(5)/AC [REDACTED]
[REDACTED] We believe P&A will be indifferent as to [REDACTED] (b)(5)/AC [REDACTED]. Lois, I believe you said you would clear this letter with Margo. Is that correct?

Thanks,

Holly

From: Williams Melinda G
Sent: Thursday, July 19, 2012 7:01 AM
To: Lerner Lois G; Fish David L; Park Nalee
Cc: Megosh Andy
Subject: RE: Hatch letter

I am available.

From: Lerner Lois G
Sent: Wednesday, July 18, 2012 6:47 PM
To: Williams Melinda G; Fish David L; Park Nalee
Cc: Megosh Andy
Subject: RE: Hatch letter
Importance: High

I will look at this tomorrow. I am back Friday and would like to sit down and finalize because I'm gone next week. Can we meet at 12--feel free to bring lunch

Lois G. Lerner

Director of Exempt Organizations

From: Williams Melinda G
Sent: Tuesday, July 17, 2012 11:47 AM
To: Lerner Lois G; Fish David L
Cc: Megosh Andy; Park Nalee
Subject: RE: Hatch letter

Andy sent out the latest draft on Saturday. I'm attaching that email.

We are still looking into whether there is statutory code authority that gives the IRS authority to request actual donor names. We have not located anything in the Code that provides for this or even the more general authority of allowing the IRS to require additional information as necessary for a determination of whether an organization is tax-exempt. We do not believe that there is anything in the Code for this and that it is just found in the regulations. Section 501(a) simply provides that an organization described in subsection (c) or (d) or section 401(a) shall be exempt from taxation under this subtitle unless such exemption is denied under section 502 or 503. The regulations under section 1.501(a)-1 then provides the authority for requiring the application and asking for additional information.

I'm continuing to look though to make sure we aren't missing anything.

Melinda

From: Lerner Lois G
Sent: Tuesday, July 17, 2012 11:34 AM
To: Fish David L; Williams Melinda G
Subject: Hatch letter
Importance: High

Do I have another version of this--my email has been screwy since Friday--thanks

Leis J. Lerner

Director of Exempt Organizations

From: Kindell Judith E
Sent: Tuesday, March 13, 2012 4:06 PM
To: Lerner Lois G; Cook Janine; Paz Holly O; Fish David L; Megosh Andy; Lowe Justin; Brown Susan D; Spellmann Don R; Marshall David L
Subject: FW: voter guide draft
Attachments: Voter Guide Checksheet.doc

After sending over the earlier draft, we thought some more and are proposing restructuring so that the basic guide sheet asks whether the application indicates that the org has done or intends to do the particular activity (such as voter guides), and, if so, directs the agent to the relevant subsidiary checksheet. Here is our take on the voter guides to illustrate what we are thinking about.

From: Kindell Judith E
Sent: Tuesday, March 13, 2012 2:04 PM
To: Lowe Justin; Megosh Andy; Fish David L; Paz Holly O
Subject: voter guide draft

Attached is a draft voter guide checksheet. I basically grabbed the intro text from the 2002 CPE article and did a rough cut on dividing Counsel's questions into factors that tend to show political intervention and those that tend not to. I also added some questions from FS 2006-17 and included that reference rather than RR2007-41 since we didn't actually address voter guides in the rev rul. I'd still like to put something at the end to talk about weighing the factors, but I thought I'd run what I have by you in the meantime.



DEPUTY COMMISSIONER

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

October 18, 2011

The Honorable Dave Camp
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In response to your letter of June 3, 2011, to Commissioner Shulman regarding the application of gift tax to contributions to section 501(c)(4) organizations, the following additional information is provided. This response supplements the responses provided on July 1, 2011, July 7, 2011, July 25, 2011, July 28, 2011 and August 11, 2011.

Your staff has requested background information regarding the directive I issued on July 7, 2011. I first became aware of the gift tax case activity following the press coverage of the discussion at the May 2011 ABA Tax Section Meeting (the program was held on May 6). During the week of May 9, 2011, I was provided information on the issue (including press articles and information on the cases including a copy of the organization's 2007 and 2008 Form 990, including Schedule B, and a copy of the external referral). I also had discussions with executives in the Small Business Self-Employed Division (SB/SE) and the Tax-Exempt and Government Entities Division (TEGE) to ascertain the status of the issue and the cases. During this period, I was also provided a one-page summary of the gift tax issue drafted by the Office of Chief Counsel (enclosed) as well as a one-page summary of the rules applicable to section 501(c)(4) organizations drafted by TEGE (enclosed). I was also provided copies of Revenue Ruling 82-216, *Carson v. Commissioner*,¹ General Counsel Memorandum 38930 (which underlies Revenue Ruling 82-216), and the legislative history to the 1974 Act providing that gift tax did not apply to transfers to political organizations.

In the following weeks, in the course of determining the appropriate approach to the issue, as well as in responding to media and Congressional inquiries, meetings and discussions were held with my immediate internal office staff and with executives in SB/SE, TEGE, Office of Chief Counsel, and Communications and Liaison. I also reviewed additional articles on the issue, including three articles in the *Taxation of Exempts Journal*.²

¹ 71 T.C. 252 (1978), 641 F.2d 864 (10th Cir. 1981).

² *The Law Remains Unsettled on Gift Taxation of Section 501(c)(4) Contributions*, 15 TXNEXEMPT 62 (2003); *Constitutional Issues Cloud the Gift Taxation of Section 501(c)(4) Contributions*, 15 TXNEXEMPT 164 (2004); *Section 527 Accounts After the 2004 Election Cycle*, 17 TXNEXEMPT 160(2006).

JW1559-041191

During this period, I had a number of discussions with the IRS Chief Counsel, and in some cases, the Acting Deputy Chief Counsel (Technical) to get an understanding of the current state of the law and the IRS' legal position on the issue. The advice I received from the Office of Chief Counsel was provided orally. I received a working draft of a Chief Counsel memorandum that I was told reflected the thinking we had discussed, but I did not review the document as it was still in process.³

The directive I issued on July 7, 2011, was drafted and finalized by myself and my immediate internal office staff. Before final decisions were made, I shared a draft of the directive and discussed its proposed content with my immediate internal office staff, the IRS Chief Counsel, the Commissioners and Deputy Commissioners of SB/SE and TEGE, the TEGE Senior Technical Advisor and the Chief of Staff. After making my decision, I informed the IRS Commissioner.

I had no communications with the Department of Treasury regarding any of the enforcement decisions made with respect to this issue. After all decisions were made with respect to the directive, the Chief of Staff and Assistant Deputy Commissioner for Service and Enforcement notified the Treasury Office of Tax Policy of its upcoming release (the content of the directive was not discussed).

My staff is available to meet with your staff to answer any questions or provide further information regarding your request. Should you have additional questions, please contact me, or have your staff contact Floyd Williams, Director, Office of Legislative Affairs, at (202) 622-3720.

Sincerely,



Steven T. Miller
Deputy Commissioner for
Services & Enforcement

³ While the Office of Chief Counsel has not issued a formal written opinion to the IRS, we have included the latest draft of the legal advice memorandum. As a draft memorandum that is both predecisional and deliberative, the IRS considers it to be subject to the deliberative process privilege. We would not make it available to the public under the Freedom of Information Act or to a party litigant in discovery. Therefore, we request that you and your staff take the appropriate steps to ensure that the draft memorandum as well as the Office of Chief Counsel one-page summary not be disseminated further.

Miller Steven T

From: Potter Clarissa C [Clarissa.C.Potter@irs.counsel.treas.gov]
Sent: Friday, May 13, 2011 9:53 AM
To: Miller Steven T
Subject: RE: Gift Tax implications of Section 501(c)(4) Organizations
I do not have one but have asked for one asap.

From: Miller Steven T [mailto:Steven.T.Miller@irs.gov]
Sent: Friday, May 13, 2011 9:51 AM
To: Williams Floyd L; Potter Clarissa C
Cc: Fink Faris R; Grant Joseph H; Flax Nikole C; Perez Ruth; Lerner Lois G
Subject: RE: Gift Tax Implications of Section 501(c)(4) Organizations

So first thing we need is a one pager creating a concise statement of legal issue relating to gift tax...Do we have that? If not, can we get one quick.

From: Williams Floyd L
Sent: Friday, May 13, 2011 9:44 AM
To: Miller Steven T; Lerner Lois G; Perez Ruth; Flax Nikole C
Cc: Keith Frank; Davis Jonathan M (Wash DC); Campbell Carol A; Castro Jorge E; Fink Faris R; Grant Joseph H
Subject: Gift Tax Implications of Section 501(c)(4) Organizations

Not surprisingly, interest on the hill is picking up on this issue. [REDACTED] with [REDACTED] has suggested the possibility of a briefing for the [REDACTED] on general issues related to section 501(c)(4) organizations. I think we should do it as interest is likely to grow as we get closer to elections.

9/26/2011

JW1559-041193

Miller Steven T

From: Potter Clarissa C [Clarissa.C.Potter@irsounsel.treas.gov]
Sent: Friday, May 13, 2011 3:35 PM
To: Miller Steven T; Williams Floyd L
Cc: Wilkins William J
Subject: 501(c)(4)onepage cgw revised redline(checked).doc
Attachments: 501(c)(4)onepage cgw revised redline(checked).doc

I attach a "one pager" that is only appropriate for lawyers. I am re-writing it to be more user friendly, but I wanted you to get something as soon as possible.

Clarissa



501(c)(4)one
e cgw revised

Issues: Are contributions to § 501(c)(4) organizations, subject to gift tax under § 2501 of the Internal Revenue Code?

Section 2501(a)(1) imposes a gift tax for each calendar year on the transfer of property by gift by an individual. The gift tax provisions do not contain an explicit definition of the term "gift." Section 2512(b), however, contains an implicit definition in stating that where property is transferred for less than an adequate and full consideration in money or money's worth, then the amount by which the value of the property exceeds the value of the consideration shall be deemed a gift. In addition, § 25.2511-1(g) provides that donative intent is not an essential element in the application of the gift tax to the transfer.

Chapter 12 contains various provisions that reduce the reportable value of taxable gifts, such as § 2503(b) (\$10,000 annual exclusion), § 2522 (deduction for charitable gifts), § 2010(c) (the lifetime unified credit), and § 2501(a)(4) (donations to political organizations that qualify under § 527(e)(1)). Finally, § 25.2512-8 provides that the gift tax will not apply to a sale, exchange, or other transfer of property made in the ordinary course of business.

The Service has taken the position that the gift tax applies to a donor's contribution to a § 501(c)(4) organization. See *Estate of Blaine*, 22 T.C. 1195 (1954); *DuPont v. United States*, 97 F. Supp. 944 (U.S.D.C. Del. 1951). There are exceptions. See *Stern v. United States*, 304 F. Supp. 376, *aff'd*, 436 F.2d 1327 (5th Cir. 1971), *acq. in result*, 1981-2 C.B. 1, and *Carson v. Commissioner*, 71 T.C. 252 (1978), *aff'd*, 641 F.2d 864 (10th Cir. 1981), *acq. in result*, 1982-2 C.B. 1. Both cases involved campaign contributions to candidates for political office which are now specifically exempt from the gift tax under § 2501(a)(4). In *Stern* the court applied a § 25.2512-8 analysis and concluded that gift tax did not apply. The *Carson* court concluded that the history of the gift tax compelled the conclusion that it was never intended to and does not encompass the type of political contributions made by the taxpayer. Subsequently, the Service issued Rev. Rul. 82-216, 1982-2 C.B. 220, stating that gratuitous transfers to persons other than organizations described in § 527(e)(1) are subject to the gift tax absent any specific statute to the contrary, even though the transfers may be motivated by a desire to advance the donor's own social, political or charitable goals.

As a policy matter, the Service may determine that transfers to § 501(c)(4) organizations are not subject to the gift tax by applying the *Carson* rationale. The court noted that the gift tax is intended to backstop the estate tax—to impose a tax on inter vivos dispositions to beneficiaries under circumstances that are akin to dispositions generally made at death. The court could not see how a campaign contribution could be considered this type of disposition. The same can be said for a contribution to any § 501(c)(4) organization. If we chose to follow that rationale, however, we would have to revoke Rev. Rul. 82-216.

Miller Steven T

From: Grant Joseph H
Sent: Thursday, May 12, 2011 3:18 PM
To: Miller Steven T
Cc: Grant Dianne; Lerner Lois G
Subject: One pager on 501(c)(4) rules
Attachments: 501(c)(4).doc

Steve,

Attached is the one pager on the rules. 990's including Schedule B's are being faxed now. If you need either Lois or me we can be reached at 3-2500.

Joseph

9/26/2011

JW1559-041196

Section 501(c)(4) organizations and the gift tax

May 12, 2011

A. Rules for IRC § 501(c)(4) Organizations

1. General rule: Section 501(c)(4) organizations must be primarily engaged in activities that (1) further their exempt purposes - social welfare or local associations of employees - and (2) do not benefit private individuals. These organizations:

- a. Are not required to apply for recognition for exemption, although most do
- b. Are required to file Form 990. Like most 501(c) organizations, their donor lists are not public

2. Technical Road map:

- a. Section 501(c)(4) provides for exemption of organizations operated *exclusively* for the promotion of social welfare, and local associations of employees. However, per Treasury Regulations, *exclusively* means *primarily*. "[A]n organization is operated exclusively for the *promotion of social welfare* if it is *primarily* engaged in promoting in some way the common good and general welfare of the community." i.e., primarily operated for the purpose of bringing about civic betterments and social improvements.
- b. Limitations on inurement and excess benefits: Section 501(c)(4) organizations may not allow any part of their net earnings to inure to the benefit of any private shareholder or individual, and insiders and organization managers may be subject to the section 4958 excise tax if assets or services are provided to insiders for less than fair market value.

3. Most recent Congressional and media attention on money flowing to section 501(c)(4) organizations was on political campaign activity (political intervention for or against a candidate for public office), not lobbying, although the terms are occasionally used interchangeably. Note that lobbying and political campaign activity have different rules

- a. *Lobbying*: Section 501(c)(4) organizations may engage in an unlimited amount of lobbying, provided that the lobbying is related to the organization's exempt purpose.
- b. *Political campaign activity*: Per the Regulations, political campaign activity (political intervention for or against a candidate for public office) does *not* fall in the social welfare bucket. Therefore, a section 501(c)(4) organization may make expenditures for political campaign activities only if such activities (and other activities not furthering their exempt purposes) do not constitute the organization's primary activity.

Predecisional and Deliberative – Not for Public Distribution

(b)(5) AC

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(b)(5) AC

From: Flax Nikole C
Sent: Thursday, March 01, 2012 9:39 AM
To: Holton Winonna F
Subject: Re: 501c4 status/Cincinatti task force

Let's do 11. Tomorrow. Please call it EO update

From: Lerner Lois G
Sent: Thursday, March 01, 2012 10:31 AM
To: Flax Nikole C
Cc: Holton Winonna F
Subject: RE: 501c4 status/Cincinatti task force

We're suppose to do 502(r) regs at 12, but I am not a major player, so either works. I'm thinking face to face might work best, so I can go there. Just let me know

Lois G. Lerner
Director of Exempt Organizations

From: Flax Nikole C
Sent: Thursday, March 01, 2012 10:29 AM
To: Lerner Lois G
Cc: Holton Winonna F
Subject: Re: 501c4 status/Cincinatti task force

Haven't been able to check yet.

We need to sit down with steve in general. Can you do tomorrow 11:00-11:45 or 12:45-1:30? We can set up a call.

From: Lerner Lois G
Sent: Thursday, March 01, 2012 10:27 AM
To: Flax Nikole C
Subject: RE: 501c4 status/Cincinatti task force

I'll check to be sure, but I'm guessing for consistency sake, Cindy has the work going to one group--that would be our regular way of handling a specific issue because you don't have to reinvent the wheel. In light of the case numbers though, she may not be doing that--I'll get back at you. Any word on the letter to orgs that haven't provided the requested docs?

Lois G. Lerner
Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, February 29, 2012 9:02 PM
To: Lerner Lois G
Subject: RE: 501c4 status/Cincinatti task force

Are there certain folks that would be assigned these cases or is it just a function of the grade?

From: Lerner Lois G
Sent: Wednesday, February 29, 2012 7:17 PM
To: Flax Nikole C; Miller Steven T; Eldridge Michelle L
Cc: Davis Jonathan M (Wash DC)
Subject: RE: 501c4 status/Cincinnati task force

Correct. See my edit--wordy, but maybe a little clearer

Lois G. Lerner

Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, February 29, 2012 7:15 PM
To: Miller Steven T; Lerner Lois G; Eldridge Michelle L
Cc: Davis Jonathan M (Wash DC)
Subject: FW: 501c4 status/Cincinnati task force

Does the following work? Lois, you need to make sure the 2nd sentence is accurate. I think **some are worked in DC, but think the statement is correct if they all come through Cincinnati.**

The IRS does not have a task force dedicated to looking at 501c4 political activity. All applications for determination of tax-exempt status (including applications for tax exemption under sections 501(c)(3), (c)(4) or otherwise) are submitted to our Determinations Office in Cincinnati , Ohio.

From: Lerner Lois G
Sent: Wednesday, February 29, 2012 5:46 PM
To: Flax Nikole C
Subject: FW: 501c4 status/Cincinnati task force

What can I say--

Lois G. Lerner

Director of Exempt Organizations

Sent: Wednesday, February 29, 2012 5:22 PM
To: Zarin Roberta B; Eldridge Michelle L
Cc: Patterson Dean J; Williams Grant
Subject: FW: 501c4 status/Cincinnati task force

This reporter is asking us to specifically confirm whether there is an IRS Cincinnati task force dedicated to looking at 501c4s political activity and sending these organizations questionnaires.

Sara L. Eguren
IRS Media Relations

From: Janie Lorber [<mailto:JanieLorber@rollcall.com>]
Sent: Wednesday, February 29, 2012 5:10 PM
To: Eguren Sara L
Subject: 501c4 status/Cincinnati task force

Sara,
Thanks very much for your time just now.

I hear that the IRS Exempt Organizations Division has set up a task force to address concerns about 501c4 organizations that are acting more like political parties than social welfare organizations. My understanding is that that task force is based in Cincinnati and has been in operation for just about two months. I'm told that this committee has issued a series of requests for additional information to organizations applying for 501c4 status.

Can you confirm this information? Further detail would also be greatly appreciated. My deadline is noon tomorrow. I can be reached at 202 650 6834

Thank you,
Janie

--

Janie Lorber
Reporter
CQ Roll Call
202 650 6834 (O)
339 206 5812 (C)
janielorber@rollcall.com
www.rollcall.com

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From: Flax Nikole C
Sent: Thursday, March 01, 2012 1:09 PM
To: Lerner Lois G
Subject: RE: 501c4 status/Cincinatti task force

we are all set on this

From: Lerner Lois G
Sent: Thursday, March 01, 2012 12:16 PM
To: Lerner Lois G; Flax Nikole C; Miller Steven T; Eldridge Michelle L
Cc: Davis Jonathan M (Wash DC)
Subject: RE: 501c4 status/Cincinatti task force
Importance: High

Bobby got an inquiry from someone in media relations asking if we are responding to the allegation. I thought we got the OK to use this yesterday--just checking to be sure--can we give it out?

Lois G. Lerner
Director of Exempt Organizations

From: Lerner Lois G
Sent: Wednesday, February 29, 2012 7:17 PM
To: Flax Nikole C; Miller Steven T; Eldridge Michelle L
Cc: Davis Jonathan M (Wash DC)
Subject: RE: 501c4 status/Cincinatti task force

Correct. See my edit--wordy, but maybe a little clearer

Lois G. Lerner
Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, February 29, 2012 7:15 PM
To: Miller Steven T; Lerner Lois G; Eldridge Michelle L
Cc: Davis Jonathan M (Wash DC)
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From: Lerner Lois G
Sent: Wednesday, February 29, 2012 5:46 PM
To: Flax Nikole C
Subject: FW: 501c4 status/Cincinnati task force

What can I say--

Lois G. Lerner

Director of Exempt Organizations

Sent: Wednesday, February 29, 2012 5:22 PM
To: Zarin Roberta B; Eldridge Michelle L
Cc: Patterson Dean J; Williams Grant
Subject: FW: 501c4 status/Cincinnati task force

This reporter is asking us to specifically confirm whether there is an IRS Cincinnati task force dedicated to looking at 501c4s political activity and sending these organizations questionnaires.

Sara L. Eguren
IRS Media Relations

From: Janie Lorber [<mailto:JanieLorber@rollcall.com>]
Sent: Wednesday, February 29, 2012 5:10 PM
To: Eguren Sara L
Subject: 501c4 status/Cincinnati task force

Sara,
Thanks very much for your time just now.

I hear that the IRS Exempt Organizations Division has set up a task force to address concerns about 501c4 organizations that are acting more like political parties than social welfare organizations. My understanding is that that task force is based in Cincinnati and has been in operation for just about two months. I'm told that this committee has issued a series of requests for additional information to organizations applying for 501c4 status.

Can you confirm this information? Further detail would also be greatly appreciated. My deadline is noon tomorrow. I can be reached at 202 650 6834

Thank you,
Janie

--

Janie Lorber
Reporter
CQ Roll Call
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339 206 5812 (C)
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www.rollcall.com

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From: Flax Nikole C
Sent: Thursday, June 28, 2012 2:28 PM
To: Lerner Lois G
Cc: Paz Holly O; Urban Joseph J
Subject: RE: Can I get a copy

Sorry, can we chat quickly before you do anything?

numbers would be good too. If this already went or there is a reason we need it (i.e., to be able to legally give it back), let me know.

From: Flax Nikole C
Sent: Thursday, June 28, 2012 3:23 PM
To: Lerner Lois G
Cc: Paz Holly O; Urban Joseph J
Subject: RE: Can I get a copy

Can we delete the "was requested in error and"?

From: Lerner Lois G
Sent: Thursday, June 28, 2012 2:57 PM
To: Flax Nikole C
Cc: Paz Holly O; Urban Joseph J
Subject: FW: Can I get a copy

I think you saw before, but Sarah wanted us to be sure STM had a copy for prep purposes. Do you want numbers on how many of these have gone out?

Lois G. Lerner

Director of Exempt Organizations

From: Paz Holly O
Sent: Wednesday, June 27, 2012 10:38 PM
To: Lerner Lois G
Cc: Fish David L
Subject: RE: Can I get a copy

Here is the letter.

From: Lerner Lois G
Sent: Wednesday, June 27, 2012 7:37 PM
To: Paz Holly O; Fish David L
Subject: Can I get a copy

of the letter we send to orgs who gave us contributor information that we don't use? Thanks

Leis J. Lerner

Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, August 22, 2012 7:27 AM
To: Paz Holly O
Subject: TIGTA - sent earlier encrypted
Attachments: EDS Letter 4587(modified).doc

Importance: High

From: Flax Nikole C
Sent: Tuesday, August 14, 2012 10:22 PM
To: Flax Nikole C
Subject: FW: EDS Letter 4587(modified).doc
Importance: High

From: Lerner Lois G
Sent: Wednesday, February 29, 2012 7:36 PM
To: Flax Nikole C
Cc: Grant Joseph H
Subject: EDS Letter 4587(modified).doc
Importance: High

This is getting ridiculous! If an org fails to provide answers to questions by the due date, we usually don't correspond with them. However, in light of the whole situation--including the short turn around date for returning the information, I suggested Holly draft a letter to go out to the orgs clearly explaining what happens if they don't respond and giving them more time. Note the paragraph in red at the bottom. I thought it might be useful to point out the fact that they don't need to come in for c4 status, but it is also a bit dangerous. It could be interpreted as us giving them the OK without coming in. Let me know how the thinking is going on this--I do think we need to send a letter clearly telling them what happens next.

From: Flax Nikole C
Sent: Wednesday, August 22, 2012 7:27 AM
To: Paz Holly O
Subject: TIGTA - sent earlier encrypted

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

From: Flax Nikole C
Sent: Tuesday, August 14, 2012 10:21 PM
To: Flax Nikole C
Subject: FW: Answers to Miller Questions.

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

From: Lerner Lois G
Sent: Monday, March 05, 2012 2:33 PM
To: Flax Nikole C
Cc: Paz Holly O
Subject: RE: Answers to Miller Questions.

Yes, but I just told them we should change the question to what are your sources not who are your sources. It is a question on the 1024--what are your sources. They could respond that all funds come from a single donor- they could say individual donor contributions, grants, etc. So, we do need funding information--but on first go round might just need categories, numbers that fall into the categories, and percentages the categories represent. For example--we get our funding from individual contributions (20) (5%), grants from exempt organizations (2)(80%), cookie sales(15%). If they are talking contributions as 100% and only 2 contributors, we'd want to know more.

The other area that seems troubling is asking for relative's names. This is to go to the private benefit issue. Again, I've told them I think the question can ask first whether there are related parties--not ask for names initially.

I've asked my guys here to review all the questions to see if there are ways to diffuse, but still get needed info.

We are meeting with Counsel at 3 on the guidance.

Lois G. Lerner
Director of Exempt Organizations

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

From: Flax Nikole C
Sent: Monday, March 05, 2012 2:07 PM
To: Lerner Lois G
Cc: Paz Holly O
Subject: Re: Answers to Miller Questions.

I am working steve's comments to the letter. Can you give me a sense of the reasons we ask for donor names?

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

From: Lerner Lois G
To: Flax Nikole C
Cc: Paz Holly O
Subject: RE: Answers to Miller Questions.
Sent: Mar 5, 2012 1:32 PM

Bad choice of words--I meant if we FTE them, they are put into taxable status on MF--that is, it looks like they owe an 1120. If they subsequently file a 990 series, that will get changed to 990 filing requirement.

Lois G. Lerner
Director of Exempt Organizations

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

From: Flax Nikole C
Sent: Monday, March 05, 2012 1:30 PM
To: Lerner Lois G
Cc: Paz Holly O
Subject: Re: Answers to Miller Questions.

On 2, what does "when we deny" mean? Do we mean if they later send in more info and we subsequent deny? I thought there were not denials in these cases.

Steve has comments on the letter and I think he will want an update before anything else happens.

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

From: Lerner Lois G
To: Flax Nikole C
Cc: Paz Holly O
Subject: Answers to Miller Questions.
Sent: Mar 5, 2012 12:35 PM

Friday Steve asked several questions.. David and Don Spellman from Counsel conferred and here are the responses:

1- If an org is closed FTE for failing to provide information, is that appealable?

No, the org. has not met the requirements of the rev. proc that says they have to file a complete application and respond to additional requests for information. So, they haven't exhausted their admin. remedies and have no right to appeal.

2. If a c4 is closed FTE, can they still hold themselves out as a c4? Yes, however, when we deny them, we put them into taxable status on MF. If they file a 990 series, it will get changed to tax-exempt. If not, they will start to get notices that they owe an 1120.

By the way--are we comfortable yet with the letter we want to send to orgs that haven't provided info? We need to start them soon please. Everything is on hold until then.

PS We have a favorable coming in for a look--I assume you want to know before it goes out?

Lois G. Lerner
Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, August 22, 2012 7:28 AM
To: Paz Holly O
Subject: TIGTA - sent earlier encrypted

From: Flax Nikole C
Sent: Tuesday, August 14, 2012 10:18 PM
To: Flax Nikole C
Subject: FW: Current Process and An issue regarding the letter.

From: Lerner Lois G
Sent: Wednesday, April 25, 2012 11:58 AM
To: Flax Nikole C
Subject: Current Process and An issue regarding the letter.

First--you asked us to put together something regarding the (b)(5) AC. Because it was late, my guys contacted a field Counsel person in CA at the end of the day yesterday. They got some language and ran it by HQ Counsel this morning. [REDACTED]

[REDACTED] (b)(5) AC [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(b)(5) AC -I actually think they are right, but I'm hearing that you want one in there. Can you help a bit with what you're looking for--is it a statement that says they only look at the admin record or is it that they use preponderance of the evidence and give the agency some deference?? Don't know what we can get you, but need to understand what you're looking for.

Second--with regard to the review process:

For Cases handled by DC R&A:

IRM 7.29.3.7--For 501(c)(3) applications ONLY--because they have 7428 rights that enable them to immediately challenge an adverse determination in court. The short description of the process is:

R & A goes through its own review process and issues a proposed adverse. The TP can come in for a conference of right and provide additional information and arguments. If after that, R & A still believes the determination should be adverse, it prepares a final adverse, which goes

through the R & A review process. Before sending it out, R & A must receive concurrence from Counsel.

All other 501(c) applications would not have the extra step of Counsel concurrence. They must pay the tax deficiency and then go to court to seek a refund.

For Cases handled by Cincinnati Determinations:
IRM 7.20.5.6.1

Determinations. Specialist completes the case and it goes through the Determination review process. If it is a proposed adverse, IRM 7.20.6.6 says that Quality review must thoroughly review ALL proposed adverse before the letter can be mailed. So, it looks like all proposed adverse cases go through Quality. Absent Quality reaching out to R & A, there is no process for DC being involved in reviewing these cases. I think the theory here is that the TP goes to Appeals for another bite at the apple before Counsel would have to defend cases in court.

I'm thinking there is a resource component to this thinking. If Counsel has to review a significant number of these, (usually in the 100s per year) that would slow the process down enormously. I might add that the review could prevent a poor analysis from going adverse, but wouldn't assist the development process because it occurs after the fact.

Lois G. Lerner

Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, August 22, 2012 7:39 AM
To: Paz Holly O
Subject: TIGTA
Attachments: EDS Letter 4587(modified).doc

Importance: High

From: Flax Nikole C
Sent: Friday, March 09, 2012 12:58 PM
To: Paz Holly O
Subject: FW: EDS Letter 4587(modified).doc
Importance: High

From: Flax Nikole C
Sent: Thursday, March 08, 2012 9:04 AM
To: Lerner Lois G
Subject: FW: EDS Letter 4587(modified).doc
Importance: High

This should be all comments. Preference is to also send to those in the group already in suspense (but did they already get letters telling them that??). I am not sure how this fits with the letters that you sent last night. Thanks

From: Flax Nikole C
Sent: Wednesday, March 07, 2012 3:02 PM
To: Lerner Lois G
Subject: FW: EDS Letter 4587(modified).doc
Importance: High

revised. what do you think about the 90 days?

From: Flax Nikole C
Sent: Tuesday, March 06, 2012 2:32 PM
To: Lerner Lois G
Subject: FW: EDS Letter 4587(modified).doc
Importance: High

changed the language at the end

From: Flax Nikole C
Sent: Tuesday, March 06, 2012 2:23 PM
To: Lerner Lois G

Subject: FW: EDS Letter 4587(modified).doc
Importance: High

see what you think

From: Flax Nikole C
Sent: Thursday, March 01, 2012 4:30 PM
To: Lerner Lois G
Cc: Grant Joseph H
Subject: FW: EDS Letter 4587(modified).doc
Importance: High

Lois - I don't know if Steve would be okay with this, but see if you think the revise paragraph works. I was trying to convey the point, but in a less obvious way.

From: Lerner Lois G
Sent: Wednesday, February 29, 2012 7:36 PM
To: Flax Nikole C
Cc: Grant Joseph H
Subject: EDS Letter 4587(modified).doc
Importance: High

This is getting ridiculous! If an org fails to provide answers to questions by the due date, we usually don't correspond with them. However, in light of the whole situation--including the short turn around date for returning the information, I suggested Holly draft **a letter to go out to the orgs clearly explaining what happens if they don't respond and giving them more time.** Note the paragraph in red at the bottom. I thought it might be useful to point out the fact that **they don't need to come in for c4 status, but it is also a bit dangerous. It could be interpreted as us giving them the OK without coming in.** Let me know how the thinking is going on this--I do think we need to send a letter clearly telling them what happens next.

From: Flax Nikole C
Sent: Wednesday, August 22, 2012 7:58 AM
To: Paz Holly O
Subject: TIGTA

From: Flax Nikole C
Sent: Thursday, March 01, 2012 10:29 AM
To: Lerner Lois G
Cc: Holton Winonna F
Subject: Re: 501c4 status/Cincinatti task force

Haven't been able to check yet.

We need to sit down with steve in general. Can you do tomorrow 11:00-11:45 or 12:45-1:30? We can set up a call.

From: Lerner Lois G
Sent: Thursday, March 01, 2012 10:27 AM
To: Flax Nikole C
Subject: RE: 501c4 status/Cincinatti task force

I'll check to be sure, but I'm guessing for consistency sake, Cindy has the work going to one group--that would be our regular way of handling a specific issue because you don't have to reinvent the wheel. In light of the case numbers though, she may not be doing that--I'll get back at you. Any word on the letter to orgs that haven't provided the requested docs?

Lois G. Lerner
Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, February 29, 2012 9:02 PM
To: Lerner Lois G
Subject: RE: 501c4 status/Cincinatti task force

Are there certain folks that would be assigned these cases or is it just a function of the grade?

From: Lerner Lois G
Sent: Wednesday, February 29, 2012 7:17 PM
To: Flax Nikole C; Miller Steven T; Eldridge Michelle L
Cc: Davis Jonathan M (Wash DC)
Subject: RE: 501c4 status/Cincinatti task force

Correct. See my edit--wordy, but maybe a little clearer

Lois G. Lerner
Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, February 29, 2012 7:15 PM
To: Miller Steven T; Lerner Lois G; Eldridge Michelle L
Cc: Davis Jonathan M (Wash DC)
Subject: FW: 501c4 status/Cincinnati task force

Does the following work? Lois, you need to make sure the 2nd sentence is accurate. I think some are worked in DC, but think the statement is correct if they all come through Cincinnati.

The IRS does not have a task force dedicated to looking at 501c4 political activity. All applications for determination of tax-exempt status (including applications for tax exemption under sections 501(c)(3), (c)(4) or otherwise) are submitted to our Determinations Office in Cincinnati, Ohio.

From: Lerner Lois G
Sent: Wednesday, February 29, 2012 5:46 PM
To: Flax Nikole C
Subject: FW: 501c4 status/Cincinnati task force

What can I say--

Lois G. Lerner
Director of Exempt Organizations

Sent: Wednesday, February 29, 2012 5:22 PM
To: Zarin Roberta B; Eldridge Michelle L
Cc: Patterson Dean J; Williams Grant
Subject: FW: 501c4 status/Cincinnati task force

This reporter is asking us to specifically confirm whether there is an IRS Cincinnati task force dedicated to looking at 501c4s political activity and sending these organizations questionnaires.

Sara L. Eguren
IRS Media Relations

From: Janie Lorber [<mailto:JanieLorber@rollcall.com>]
Sent: Wednesday, February 29, 2012 5:10 PM
To: Eguren Sara L
Subject: 501c4 status/Cincinnati task force

Sara,
Thanks very much for your time just now.

I hear that the IRS Exempt Organizations Division has set up a task force to address concerns about 501c4 organizations that are acting more like political parties than social welfare organizations. My understanding is that that task force is based in Cincinnati and has been in operation for just about two months. I'm told that this committee has issued a series of requests for additional information to organizations applying for 501c4 status.

Can you confirm this information? Further detail would also be greatly appreciated. My deadline is noon tomorrow. I can be reached at 202 650 6834

Thank you,

Janie

--

Janie Lorber

Reporter

CQ Roll Call

202 650 6834 (O)

339 206 5812 (C)

janielorber@rollcall.com

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From: Flax Nikole C
Sent: Sunday, February 10, 2013 8:38 PM
To: Miller Steven T
Subject: Re: Potential topics

We did two meeting of how EO operates last year or so - and talked about exam and determs in general (and sent a 15 page letter), but will should offer again.

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

From: Miller Steven T
Sent: Sunday, February 10, 2013 08:16 PM Eastern Standard Time
To: Flax Nikole C
Subject: Re: Potential topics

I guess ok--would go thru determ and exam program--give them issues we look at--need to include uni, hospitals, pol and comp in the mix I suppose.

Sent using BlackBerry

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

From: Flax Nikole C
Sent: Sunday, February 10, 2013 07:19 PM Eastern Standard Time
To: Miller Steven T
Subject: Re: Potential topics

Any issues with these topics? Nan didn't think they could do in one meeting, but will go with two.

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

From: Miller Steven T
Sent: Sunday, February 10, 2013 06:26 PM Eastern Standard Time
To: Flax Nikole C
Subject: Re: Potential topics

So I would want no more than 2 meetings with a couple to three topics each.

Sent using BlackBerry

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

From: Flax Nikole C
Sent: Sunday, February 10, 2013 06:18 PM Eastern Standard Time
To: Miller Steven T
Subject: Re: Potential topics

Meetings not starting but cathy wanted to get back to them with a proposed plan if possible.

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

From: Miller Steven T
Sent: Sunday, February 10, 2013 11:06 AM Eastern Standard Time
To: Flax Nikole C
Subject: Re: Potential topics

Are they proceeding while you are away? If so I will talk to Nan re some suggestions.

Sent using BlackBerry

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

From: Flax Nikole C
Sent: Friday, February 08, 2013 08:29 PM Eastern Standard Time
To: Miller Steven T
Subject: FW: Potential topics

Plans seems okay to me - let me know if you have concerns.

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

From: Marks Nancy J
Sent: Thursday, February 07, 2013 5:59 PM
To: Flax Nikole C
Cc: Lerner Lois G; Paz Holly O
Subject: RE: Potential topics

Lois, Holly and I have talked about the strategies Cathy Barry and Steve have been thinking about in building relationship and background with the oversight committees (if we do W&M don't we want to offer Senate Finance the same opportunity?)

We basically agreed with the possible topics--Our suggestion would be to group the topics in three clusters and we have two adds (although the first is essentially foundational). We think breaking it out allows the time for the conversations to be thoughtful with plenty of room for questions and also allows the work of preparing and presenting to be spread out which would be invaluable in light of the other priorities being juggled. We also anticipate that while Lois and either Joseph, Moises or I would probably always be present (and generally Holly) there would be other attendee/presenters (for example Chris Giosa on 512 and possibly Sharon Light on hospitals and universities) so having the right crew in the room without creating a cast of thousands would work more easily with the break out.

We'd suggest

- 1) A meeting covering our general enforcement strategies and the evolution in those strategies as the community and the tools change. Then go into Governance and Executive Compensation which offer some good examples of the challenges and the strategies being used.
- 2) A meeting on 512(b)(13) and politics (c)(3) and (c)(4) (5) and (6)
- 3) A meeting on the hospitals and universities study and on community benefit/501(r)
- 4) We thought they might be interested in a background and approaches meeting on over overall picture in the Determination Letter area since this is a place where they often bump into questions and having the broader context might be helpful.

We would not anticipate putting written presentations together but (1) on at least several of these there are some useful materials we can cannibalize that may be helpful and (2) given the general sensitivity of all the topics we anticipate that we'd put together a bullet point summary of what we expected to cover which we'd want to run by you (and possibly/your judgement would be best on this/Steve--e.g. the recent back and forth on governance and whether we are stepping back a little in what we are saying in that area).

From: Flax Nikole C
Sent: Wednesday, February 20, 2013 3:21 PM
To: Barre Catherine M
Subject: RE: Potential topics

We should probably all talk. Thanks

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

From: Barre Catherine M
Sent: Wednesday, February 20, 2013 3:53 PM
To: Flax Nikole C
Subject: Fw: Potential topics

You want me to set up an internal call? Or, do you want to just connect with lois as a one-off?

Sent using BlackBerry

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

From: Lerner Lois G
Sent: Wednesday, February 20, 2013 02:42 PM Eastern Standard Time
To: Flax Nikole C; Barre Catherine M; Marks Nancy J; Paz Holly O
Subject: RE: Potential topics

Is someone setting this up__I haven't gotten an invite?

Lois G. Lerner
Director of Exempt Organizations

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

From: Flax Nikole C
Sent: Tuesday, February 19, 2013 7:08 PM
To: Lerner Lois G; Barre Catherine M; Marks Nancy J; Paz Holly O
Subject: RE: Potential topics

Probably easiest to discuss. Can we have a quick chat tomorrow or the next day? Thanks

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

From: Lerner Lois G
Sent: Tuesday, February 19, 2013 6:46 PM
To: Flax Nikole C; Barre Catherine M; Marks Nancy J; Paz Holly O
Subject: RE: Potential topics

Sorry, my previous email used c3 as an example where I might need some input as to how far you'd like me to go, but I see the topics we agreed on for the first meeting are c4,5,and 6--same issue--how far do you want me to go in talking about the poor tools we have to resolve these issues? And as to C & U--we have a lot of stuff to talk about UBIT-wise,

but the final report isn't out so I'm guessing you wouldn't want me to tell them about it--correct? The interim does go to comp issues, so I can talk about the challenges of determining whether comp is reasonable--

Can someone tell me the purpose of these meetings and what we hope to achieve--that might help. Thanks

Lois G. Lerner
Director of Exempt Organizations

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

From: Flax Nikole C
Sent: Sunday, February 17, 2013 5:19 PM
To: Lerner Lois G; Barre Catherine M; Marks Nancy J; Paz Holly O
Subject: RE: Potential topics

No way could cover in an hour. Would it work to set up 90 minutes and then stick to a hard stop and cover as much as possible in that time?

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

From: Lerner Lois G
Sent: Wednesday, February 13, 2013 6:36 PM
To: Barre Catherine M; Marks Nancy J; Flax Nikole C; Paz Holly O
Subject: RE: Potential topics

Depends on what we say and what they ask--as to the political stuff, I need a sense from the people above me about where they want me to go and what I can say. I get the sense they don't want the rules--they want the challenges and I would need some guidance from Nikole et al

Lois G. Lerner
Director of Exempt Organizations

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

From: Barre Catherine M
Sent: Wednesday, February 13, 2013 6:21 PM
To: Marks Nancy J; Flax Nikole C; Lerner Lois G; Paz Holly O
Subject: RE: Potential topics

I talked to Jen Acuna. She and I agreed that we would schedule one meeting and then discuss what else made sense rather than lining up more than one meeting at the outset.

They would like to move forward with a briefing on items 2 & 3. Can we cover both topics in the course of one meeting?

Thanks

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

From: Marks Nancy J
Sent: Monday, February 11, 2013 10:56 AM
To: Flax Nikole C
Cc: Lerner Lois G; Paz Holly O; Barre Catherine M
Subject: RE: Potential topics

Cathy as part of that, particularly if we are going to two meetings, we'd be grateful for your help in getting this in place while not having this all pile on too swiftly. Folks are stretched pretty thin and there will be some work involved both in prep and in making sure we are on message in the sensitive areas. Thanks

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

From: Flax Nikole C
Sent: Sunday, February 10, 2013 10:14 PM
To: Marks Nancy J
Cc: Lerner Lois G; Paz Holly O; Barre Catherine M
Subject: Re: Potential topics

Topics look good, but preference that we limit to no more than two meetings. Cathy, do you think we should offer these up and see what they want.

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

From: Marks Nancy J
Sent: Thursday, February 07, 2013 05:59 PM Eastern Standard Time
To: Flax Nikole C
Cc: Lerner Lois G; Paz Holly O
Subject: RE: Potential topics

Lois, Holly and I have talked about the strategies Cathy Barry and Steve have been thinking about in building relationship and background with the oversight committees (if we do W&M don't we want to offer Senate Finance the same opportunity?)

We basically agreed with the possible topics--Our suggestion would be to group the topics in three clusters and we have two adds (although the first is essentially foundational). We think breaking it out allows the time for the conversations to be thoughtful with plenty of room for questions and also allows the work of preparing and presenting to be spread out which would be invaluable in light of the other priorities being juggled. We also anticipate that while Lois and either Joseph, Moises or I would probably always be present (and generally Holly) there would be other attendee/presenters (for example Chris Giosa on 512 and possibly Sharon Light on hospitals and universities) so having the right crew in the room without creating a cast of thousands would work more easily with the break out.

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We would not anticipate putting written presentations together but (1) on at least several of these there are some useful materials we can cannibalize that may be helpful and (2) given the general sensitivity of all the topics we anticipate that we'd put together a bullet point summary of what we expected to cover which we'd want to run by you

(and possibly/your judgement would be best on this/Steve--e.g. the recent back and forth on governance and whether we are stepping back a little in what we are saying in that area).

Recent section 501(c)(4) activity
DRAFT 4-18-13

As you are all likely aware, there has been much attention over the last year around section 501(c)(4) organizations and their level of political activity. There are a number of issues that have generated discussion including the law and long-standing regulations as well as our determination process for these cases, and most recently our new questionnaire.

As you know, unlike section 501(c)(3) organizations, the law allows section 501(c)(4) organizations to hold themselves out as tax-exempt or to apply for IRS recognition as tax-exempt. There are organizations that hold themselves out as tax-exempt, but for a variety of reasons, most come into the IRS for recognition [??].

The number of c4 applications increased significantly starting after 2010. For example, from 2010 to 2012, the number of c4 applications more than doubled (from 1591 to 3398). Starting in 2010, we also observed an increase in the number of section 501(c)(3) and section 501(c)(4) determination applications from organizations that appeared to be potentially engaged in political advocacy activities.

As you know, to qualify under section 501(c)(4), organizations must be primarily engaged in the promotion of social welfare. A section 501(c)(4) social welfare organization can engage in some political activities as long as it is primarily engaged in activities that promote social welfare. Whether an organization meets the requirements of section 501(c)(4) depends upon all of the facts and circumstances of the particular applicant, and no one factor is determinative so these are difficult cases for the IRS to work.

In response to the increase in inventory, my determinations staff took steps to coordinate the handling of the cases to ensure consistency. As sometimes happens, however, these coordination efforts resulted in some cases being in inventory for a longer time than expected and other mistakes were made along the way. I think we have done a good job of turning around the situation, but there has been much interest in the issue so let me provide a bit of background.

My staff was not used to seeing the large volume of applications from organizations that appeared to be engaged in advocacy activities and we did not have good procedures in place to work these cases. In efforts to identify those cases that warranted a closer look and to provide consistent treatment, at some points in classification, the team placed too much reliance on the particular name of the organization rather than looking deeper into the activities. So there are some organizations that may have been put into our advocacy group of cases that should not have been because my staff thought their names implied that they may be engaged in political activity. We have taken steps to ensure that this can't happen in the future.

In addition, given the volume of cases and the difficult facts and circumstances

determinations, we attempted to develop a uniform guide sheet approach to working these. While this approach has been successful in other projects (for example, XXX), after spending too much time, we came to the realization that there was not a one-size fits all approach and we needed to pivot.

In early 2012, after development letters were sent to some applicant organizations, other issues with respect to these cases were raised. For example, in some cases, we had requested donor names and voluminous materials. While these types of requests can be appropriate in some cases, it is clear that such requests are not appropriate with respect to a broad set of applicants before the issues have been developed.

At this point, recognizing that too much time had lagged with respect to many of the cases, we determined that a more refined approach was warranted to ensure more timely and consistent handling. We put together a team of experienced technical experts in Washington to work with the revenue agents in Cincinnati handling the cases.

With respect to the broad information requests, for many cases, updated information requests were sent to focus on the specific legal issues in question. In lieu of the voluminous paper requests, we engaged in a process of an active back and forth with organizations in those cases where there were questions as to whether the legal requirements for tax exemption are satisfied.

With respect to donor names, we informed organizations that if they could provide information requested in an alternative manner, they should contact their agent and we would work with them. In cases in which the donor names were not used in making the determination, the donor information was expunged from the file.

We now have a process where each revenue agent assigned these cases works in coordination with a specific technical expert assigned to assist the agent. On section 501(c)(3) and section 501(c)(4) cases where there appears to be potential political intervention, the EO staff member processing the application consults with his or her assigned technical expert on a real-time basis as to whether the facts raise issues of significant potential political intervention, and as to what information is needed to fully develop those issues.

And as discussed, we have made significant progress on these cases to date. Of the nearly 300 c4 advocacy cases, we have approved more than 120 to date. We have had more than 30 (?) withdrawals. And obviously some cases take longer than others to work depending on the issues raised including the level of political activity compared with social welfare activity. We hope to wrap the remaining cases up relatively soon.

[is it worth noting the # of c3 advocacy cases?]

And while I am proud of our activities to turn the situation around, this was not an ideal situation for the applications and the IRS must take ownership of the mistakes made along the way. I can assure that we have learned from these and will be in a better posture to handle these types of cases going forward.

So now that I have explained our activities in the determination process, let me touch on our recent activities related to those organizations that have not come to the IRS to seek recognition of exempt status. [insert discussion of self-declarer questionnaire]

From: Flax Nikole C
Sent: Thursday, April 18, 2013 7:39 PM
To: Daly Richard M
Subject: Re: TIGTA - Report on c 4s - April 18 2015 130 pm HOP - x

As I am sure you can see why, there will be a ton of scrutiny on this one so I would hold off on sending. We are in an interesting time with tigta right now.

From: Daly Richard M
Sent: Thursday, April 18, 2013 08:29 PM Eastern Standard Time
To: Flax Nikole C
Subject: RE: TIGTA - Report on c 4s - April 18 2015 130 pm HOP - x

We do. Wasn't aware we were holding it as long as possible, but that being the case we will not submit until the 30th. If we can get an approved text and have it ready to go in advance of that date that's great, but it's certainly not essential.

Normally I provide Troy Paterson with an early "bootleg" copy of our response, to give them a chance to push back on anything they don't like. Part of TE/GE's good relationship with TIGTA. He always understands that the draft response is subject to change and not yet the approved version. There have never been any adverse consequences from our doing this; sometimes it has headed off problems. Is there a reason I should not provide such a copy this time?

BTW, I heard STM on C-Span radio on Sunday. They were re-broadcasting his testimony before House Appropriations. He came across really well. In control of the IRS and a decent human being.

From: Flax Nikole C
Sent: Thursday, April 18, 2013 8:16 PM
To: Daly Richard M
Cc: Grant Joseph H; Lerner Lois G; Marks Nancy J; Paz Holly O
Subject: Re: TIGTA - Report on c 4s - April 18 2015 130 pm HOP - x

Thanks. For a number of reasons, we don't want to respond early. Don't we have until the 30th?

From: Daly Richard M
Sent: Thursday, April 18, 2013 08:12 PM Eastern Standard Time
To: Flax Nikole C
Cc: Grant Joseph H; Lerner Lois G; Marks Nancy J; Paz Holly O
Subject: TIGTA - Report on c 4s - April 18 2015 130 pm HOP - x

Hello, Nicole,

Attached is our proposed response to the TIGTA report on EO's review of (c)(4)s etc.

We would like to provide our signed response to TIGTA by next Thursday, April 25. But if additional time is needed, we can get it.

Joseph will sign the memo. I am sending the response to Joel Rutstein in Leg Affairs and anticipate no concerns from his office.

There was no need to coordinate this response with any other part of the Service, and we did not do so.

Please note that in the second paragraph on page 1 we refer to a doubling of (c)(4) applications between 2008 and 2012. We are looking into figures that address growth in (c)(4) applications from 2010, rather than 2008, since that is a more relevant period. I did not want to delay sending this to you while we address that relatively minor point.

I will send a copy of the report by separate email, since I am still feeling my way on attaching multiple documents in Windows 7.

We will be happy to hear of any concerns or suggestions.

Mike

202.283.9964

Recent section 501(c)(4) activity
PRELIMINARY DRAFT 4-22-13

So I think it's important to bring up a matter that came up over the last year or so concerning our determination letter process, some section 501(c)(4) organizations and their political activity. Some of this has been discussed publicly already. But I thought it would make sense to do just a couple of minutes on what we did, what we didn't do, and where we are today on the grouping of advocacy organizations in our determination letter inventory.

I will start with a summary. As you know, the number of c4 applications increased significantly starting after 2010. In particular, we saw a large increase in the volume of applications from organizations that appeared to be engaged or planning to engage in advocacy activities. At that time, we did not have good enough procedures or guidance in place to effectively work these cases. We also have the factual difficulty of separating politics from education in these cases -- it's not always clear. Complicating matters is the sensitivity of these cases. Before I get into more detail, let me say that the IRS should have done a better job of handling the review of the c4 applications. We made mistakes, for which we apologize. But these mistakes were not due to any political or partisan reason. They were made because of missteps in our process and insufficient sensitivity to the implications of some of our decisions. We believe we have fixed these issues, and our entire team will do a much better job going forward in this area. And I want to stress that our team - all career civil servants -- will continue to do their work in a fair, non-partisan manner.

So let me start again and provide more detail. Centralizing advocacy cases for review in the determination letter process made sense. Some of the ways we centralized did not make sense. But we have taken actions to fix the errors. What we did here, along with other mistakes that were made along the way, resulted in some cases being in inventory far longer than they should have.

Our front-line people in Cincinnati -- who do the reviews -- took steps to coordinate the handling of the uptick in cases to ensure consistency. We take this approach in areas where we want to promote consistency. Cases involving credit counseling are the best example of this sort of situation.

Here's where a problem occurred. In centralizing the cases in Cincinnati, my review team placed too much reliance on the particular name of an organization; in this case, relying on names in organization titles like "tea party" or "patriot," rather than looking deeper into the facts to determine the level of activity under the c4 guidelines. Our Inspector General is looking at this situation, but I believe and the IRS leadership team believe this to be an error -- not a political vendetta. The error was of a mistaken desire for too much efficiency on the applications without sufficient sensitivity to the situation.

We also made some errors in our development letters, asking for more than was needed. You may recall the publicity around donor lists. That resulted from insufficient

guidance being provided to our people working these cases. There was also an issue about whether we could do a guidesheet for these cases, an effort that took too long before we realized the diversity of the cases prevented success on such a document.

Now, we have remedied this situation -- both systemically for the IRS and for the taxpayers who were impacted. I think we have done a good job of turning the situation around to help prevent this from occurring again.

Let me walk you through the steps we have taken.

Systemically, decisions with respect to the centralized collection of cases must be made at a higher level. So what happened here will not happen again.

With respect to the specific c4 cases in inventory, we took a number of steps to move things along. First, we had a team review the cases to determine the necessary scope of our review. Now make no mistake, some need that review, some have or had endorsements in public materials, for example. But many did not.

We worked to move the inventory. We closed those cases that were clear and are working on those that are less certain.

With respect to what we agree may have been overbroad requests for information, we engaged in a process of an active back and forth with the taxpayer. With respect to donor names, we informed organizations that if they could provide information requested in an alternative manner, we would work with them. In cases in which the donor names were not used in making the determination, the donor information was expunged from the file.

We now have a process where each revenue agent assigned these cases works in coordination with a specific technical expert.

And we have made significant progress on these cases. Of the nearly 300 c4 advocacy cases, we have approved more than 120 to date. We have had more than 30 (?) withdrawals. And obviously some cases take longer than others depending on the issues raised, including the level of political activity compared with social welfare activity. Let me make another important point that shouldn't be lost in all of this. We remain committed to making sure that we properly review determinations where there are questions. We hope to wrap the remaining cases up relatively soon.

So I wanted to raise this situation today with you. You and I know the IRS does make mistakes. And I also think you agree that our track record shows that our decisions are based on the law -- not political affiliation. When we do make mistakes, we need to acknowledge it and work toward a better result. We also need to put in place safeguards to ensure the errors do not happen again. I think we have tried to do that here.

These cases will help us, along with the self-declarer questionnaire, to better understand the state of play on political activities in today's environment, the gaps in

guidance, and where we need to head into the future.

DECLASSIFIED

From: Flax Nikole C
Sent: Wednesday, April 24, 2013 6:25 PM
To: Lerner Lois G
Subject: Re: speech

Thanks - I didn't change anything on the recommendations.

From: Lerner Lois G
Sent: Wednesday, April 24, 2013 07:02 PM Eastern Standard Time
To: Flax Nikole C
Subject: FW: speech

Thanks. Although I would have preferred we kept the Citizen's United background in, I get why you took it out. I saw it as an opportunity for us to show that much of this has been foisted on us and the tools we have to deal with it are limited.

Having said that, I guess my one comment is that TIGTA doesn't use political or partisan in it's report--we worked hard to change that--they use not impartial--so we may not want to use those highly charged words if they didn't.

There was the word "update" next to the completion date on recommendation 8--I don't know why it was there or who put it there--was that you? I deleted

Lois G. Lerner

Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, April 24, 2013 6:39 PM
To: Lerner Lois G
Subject: RE: speech

This is the latest, but is still being tweaked. See what you think.

From: Lerner Lois G
Sent: Wednesday, April 24, 2013 5:49 PM
To: Flax Nikole C
Subject: RE: speech

I figured, but I do hope it won't look like the last one--We need to be careful not to be inconsistent with what we have said in the past in Congressional responses and to TIGTA

Lois G. Lerner

Director of Exempt Organizations

From: Flax Nikole C
Sent: Wednesday, April 24, 2013 5:28 PM
To: Lerner Lois G
Subject: speech

Sorry for the fire drill - don't say anything re c4s at the speech. Sounds like Steve may get a question at his hearing tomorrow instead. I will send a revised version of the response when we are done with edits. Thanks

CASE NAME: (1) [REDACTED] NR; 6103 (501(c)(3) applicant), (2) [REDACTED] 6103 [REDACTED] 6103 (501(c)(4) applicant), (3) [REDACTED] NR; 6103 (501(c)(3) applicant) TIN/EIN: [REDACTED] NR; 6103 POA: [REDACTED] NR; 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Met with J. Kindell to discuss organizations (2) and (3) and Service position. Ms. Kindell recommended additional development re: activities, then forward to Chief Council. Organization (1) – [REDACTED] NR; 6103 Organization (2) – [REDACTED] NR; 6103 [REDACTED] Organization (3) – [REDACTED] NR; 6103 [REDACTED] Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4).	

SIGNIFICANT NEXT STEPS, IF ANY: Organization (2) – [REDACTED] NR; 6103 NR; 6103 Organization (3) [REDACTED] NR; 6103 [REDACTED] NR; 6103 [REDACTED] NR [REDACTED]	ESTIMATED CLOSURE DATE: July 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: July 22, 2011	

CASE NAME: (1) (b)(3)/6103 (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)/6103 (501(c)(3) applicant) TIN/EIN: (b)(3)/6103 POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Met with Chief Council on August 10, 2011 to discuss further development of Organization (2). Case returned to EOT for Additional development. Organization (1) – (b)(3)/6103 Organization (2) – case returned to EOT for additional information; preparing another development letter. Organization (3) – (b)(3)/6103 Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4).	

SIGNIFICANT NEXT STEPS, IF ANY: Organization (3) (b)(3)/6103 (b)(3)/6103 Continue coordinated review of applications in EO Determinations.	ESTIMATED CLOSURE DATE: December 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: August 17, 2011	


CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: (b)(3)/6103; non-responsive EOT is preparing a third development letter to send to Organization 2. (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive These organizations are "advocacy organizations" and although are separately organized, appear to be a part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding a number of applications from these types of organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but requested copies of them. The issue with Organization 2 and 3 is whether the organizations are involved in campaign intervention or, alternatively, in nonexempt political activity. (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – Met with Chief Council on August 10, 2011 to discuss further development of Organization (2). Case returned to EOT for additional development. Third development letter has been prepared and being reviewed. Organization (3) – (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for	

<p>exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities these organizations may be engaging in.</p>	
<p>SIGNIFICANT NEXT STEPS, IF ANY: Organization (3) (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive non-responsive non-responsive</p>	<p>ESTIMATED CLOSURE DATE: December 31 , 2011</p>
<p>BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are involved in political activities.</p>	
<p>SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1</p>	<p>MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1</p>
<p>DATE: November 15, 2011</p>	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
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EOD to assist in determining the types of activities these organizations may be engaging in.	
SIGNIFICANT NEXT STEPS, IF ANY: Organization (3) (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive non-responsive non-responsive [REDACTED]	ESTIMATED CLOSURE DATE: December 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are involved in political activities.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1
DATE: November 15, 2011	

CASE NAME: (1) (b)(3)\6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)\6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)\6103; non-responsive POA: (b)(3)\6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: <div style="background-color: black; color: white; text-align: center; padding: 5px;">(b)(3)/6103; non-responsive</div> <p>These organizations are "advocacy organizations" and although are separately organized, appear to be a part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding a number of applications from these types of organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but requested copies of them.</p>	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – Met with Chief Council on August 10, 2011 to discuss further development of Organization (2) – Case returned to EOT for additional development. (b)(3)/6103; non-responsive Organization (3) – (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities these organizations may be engaging in. EOT will continue to assist EOD with development of these cases	

SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive non-responsive	ESTIMATED CLOSURE DATE  December 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are involved in political activities.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1
DATE: January 19, 2011	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: <div style="background-color: black; color: white; text-align: center; padding: 5px;">(b)(3)/6103; non-responsive</div> <p>These organizations are "advocacy organizations" and although are separately organized, appear to be a part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding a number of applications from these types of organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but requested copies of them.</p>	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – Met with Chief Council on August 10, 2011 to discuss further development of Organization (2) – Case returned to EOT for additional development. (b)(3)/6103; non-responsive Organization (3) – (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities these organizations may be engaging in. EOT will continue to assist EOD with development of these cases	

SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive non-responsive	ESTIMATED CLOSURE DATE: May 31, 2012
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are involved in political activities.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1
DATE: January 19, 2012	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <p>These organizations are "advocacy organizations" and although are separately organized, appear to be a part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding a number of applications from these types of organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations.</p>	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – Met with Chief Council on August 10, 2011 to discuss further development of Case returned to EOT for additional development. (b)(3)/6103; non-responsive <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> Organization (3) – (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities these organizations may be engaging in. EOT will continue to assist EOD with development of these cases. (b)(3)/6103; non-responsive <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div>	

<i>non-responsive</i>	
SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): <i>(b)(3)\6103; non-responsive</i> <i>(b)(3)\6103; non-responsive</i> <i>non-responsive</i>	ESTIMATED CLOSURE DATE: July 31, 2012
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are involved in political activities.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1
DATE: March 21, 2012	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – EOT met with Counsel on August 10, 2011 to discuss further development of the case, and Counsel returned the case to EOT for additional development. (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive Organization (3) – (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT will continue to assist EOD with development of these cases. non-responsive	

<div>non-responsive</div>	
<div>non-responsive</div>	
<div>non-responsive</div>	
SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): <div>(b)(3)/6103; non-responsive</div> <div>(b)(3)/6103; non-responsive non-responsive</div> <div>non-responsive</div>	ESTIMATED CLOSURE DATE: July 31, 2012
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are involved in political activities.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1
DATE: March 21, 2012	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – EOT met with Counsel on August 10, 2011 to discuss further development of the case, and Counsel returned the case to EOT for additional development. (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive Organization (3) – (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT will continue to assist EOD with development of these cases. non-responsive	

<div>non-responsive</div>	
<div>non-responsive</div>	
<div>non-responsive</div>	
SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): <div>(b)(3)\6103; non-responsive</div> <div>(b)(3)\6103; non-responsive</div> <div>non-responsive</div>	ESTIMATED CLOSURE DATE: July 31, 2012
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are involved in political activities.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1
DATE: April 17, 2012	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (b)(3)/6103; non-res... (2) (b)(3)/6103 (501(c)(4) applicant) (b)(3)/61... (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) (b)(3)/6103; non-re... TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – (b)(3)/6103 501(c)(4) -EOT met with Counsel on August 10, 2011 to discuss further development of the case, and Counsel returned the case to EOT for additional development. (b)(3)/6103; non-responsive	

Organization (3) [REDACTED] (b)(3)/6103; non-responsive

Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT will continue to assist EOD with development of these cases.

[REDACTED]
(b)(3)/6103; non-responsive

[REDACTED]
(b)(3)/6103; non-responsive

EOT is working 9 other advocacy application cases in the office.

SIGNIFICANT NEXT STEPS, IF ANY:

Organization (2): [REDACTED] (b)(3)/6103 –
501(c)(4) - [REDACTED] (b)(3)/6103; non-responsive
[REDACTED] (b)(3)/6103; non-responsive
[REDACTED]

ESTIMATED CLOSURE DATE:

July 31, 2012

BARRIERS TO RESOLUTION, IF ANY:

Concerns are whether the organizations are involved in political activities and substantial private benefit.

SUBMITTED BY: Hilary Goehausen,
SE:T:EO:RA:T:1

MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1

DATE: June 28, 2012

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (b)(3)/6103; non-res... (2) (b)(3)/6103 (501)(c)(4) applicant) (b)(3)/6... (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) (b)(3)/6103; non-re... TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – (b)(3)/6103 501(c)(4) - (b)(3)/6103; non-responsive	

Organization (3) [REDACTED] (b)(3)/6103; non-responsive

Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT will continue to assist EOD with development of these cases.

[REDACTED] (b)(3)/6103; non-responsive

[REDACTED] (b)(3)/6103; non-responsive

[REDACTED] non-responsive

SIGNIFICANT NEXT STEPS, IF ANY:

Organization (2): [REDACTED] (b)(3)/6103 –
501(c)(4) - [REDACTED]

[REDACTED] (b)(3)/6103; non-responsive

ESTIMATED CLOSURE DATE:

September 30, 2012

BARRIERS TO RESOLUTION, IF ANY:

Concerns are whether the organizations are involved in political activities and substantial private benefit.

SUBMITTED BY: Hilary Goehausen,
SE:T:EO:RA:T:1

MANAGER: LIZ KASTENBERG, SE:T:EO:RA:T:2

DATE: August 29, 2012

CASE NAME: (1) (b)(3)/6103; non-responsive (501)(c)(3) applicant), Closed FTE. (2) 6103 (501)(c)(4) applicant) Open. (3) (b)(3)/6103; non-responsive (501)(c)(3) applicant) (b)(3)/6103; non-re... TIN/EIN: 6103 and 6103 POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – 6103 501(c)(4) - (b)(3)/6103; non-responsive	

(b)(3)/610...

Organization (3)

(b)(3)/6103; non-responsive

Coordination between HQ and Cincinnati is continuing regarding information letters to applicants seeking exemption under §§ 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT continues to assist EOD with development of these cases.

(b)(3)/6103; non-responsive

(b)(3)/6103; non-responsive

EOT is working 9 other advocacy application cases in the office.

SIGNIFICANT NEXT STEPS, IF ANY:

Organization (2): 6103 –
501(c)(4) - (b)(3)/6103; non-responsive

(b)(3)/6103; non-responsive

ESTIMATED CLOSURE DATE:

December 31, 2012

BARRIERS TO RESOLUTION, IF ANY:

Concerns are whether the organizations are primarily involved in political activities and whether substantial private benefit exists.

SUBMITTED BY: Hilary Goehausen,
SE:T:EO:RA:T:1

MANAGER: LIZ KASTENBERG, SE:T:EO:RA:T:2

DATE: September 18, 2012

JW1559-041268

CASE NAME: A. Cases Pending in EOT: (1) (b)(3)/6103; non-responsive (501)(c)(3) applicant), (b)(3)/6103; non-res... (2) (b)(3)/6103 (501)(c)(4) applicant) (b)(3)/6103 (b)(3)/6... (3) (b)(3)/6103; non-responsive (501)(c)(3) applicant) (b)(3)/6103; non-re... B. TAs Pending in EOT: (4) (b)(3)/6103; non-responsive (5) (b)(3)/6103; non-responsive TIN/EIN: POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis and have also become the subject of congressional inquiries. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	

CURRENT SIGNIFICANT ACTIONS ON CASE:

A. Applications Pending in EO Technical:

(1) [REDACTED] (b)(3)/6103; non-responsive

(2) [REDACTED] (b)(3)/6103 501(c)(4) – [REDACTED] (b)(3)/6...

[REDACTED]

(b)(3)/6103; non-responsive

(3) [REDACTED] (b)(3)/6103; non-responsive

Coordination between HQ and Cincinnati is continuing regarding information letters to applicants seeking exemption under §§ 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT continues to assist EOD with development of these cases.

B. Technical Assistance Requests (TA) from EO Determinations Pending in EO Technical–

(5) [REDACTED] (b)(3)/6103; non-responsive

[REDACTED]

(b)(3)/6103; non-responsive

(5) [REDACTED] (b)(3)/6103; non-responsive

[REDACTED]

(b)(3)/6103; non-responsive

- [REDACTED] non-responsive

SIGNIFICANT NEXT STEPS, IF ANY:

Organization (2): [REDACTED] (b)(3)/6103; non-responsive

[REDACTED] (b)(3)/6103; non-responsive

[REDACTED] (b)(3)/6103; non-res...

ESTIMATED CLOSURE DATE:

December 31, 2012

BARRIERS TO RESOLUTION, IF ANY:

Concerns are whether the organizations are primarily involved in political activities and whether substantial private benefit exists.

SUBMITTED BY: Hilary Goehausen,
SE:T:EO:RA:T:1

MANAGER: STEVE GRODNITZKY, SE:T:EO:RA:T:2

DATE: October 16, 2012

(b)(3)/6103

(b)(3)/6103

(b)(3)/6103

CASE NAME: A. Cases Pending in EOT: (1) (b)(3)/6103 (501(c)(3) applicant), (2) (b)(3)/6103 (501)(c)(4) applicant) (EIN: (b)(3)/6103) (b)(3)/6... (3) (b)(3)/6103 (501(c)(3) applicant) (b)(3)/6103 B. TAs Pending in EOT: (4) (b)(3)/6103 - (b)(3)/6103 (5) (b)(3)/6103 - (b)(3)/6... TIN/EIN: POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis and have also become the subject of congressional inquiries. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	

CURRENT SIGNIFICANT ACTIONS ON CASE:

A. Applications Pending in EO Technical:

(1) [REDACTED] (b)(3)/6103; non-responsive

(2) [REDACTED] (b)(3)/6103

[REDACTED] (b)(3)/6103; non-responsive

(3) [REDACTED] (b)(3)/6103; non-responsive

Coordination between HQ and Cincinnati is continuing regarding information letters to applicants seeking exemption under §§ 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT continues to assist EOD with development of these cases.

B. Technical Assistance Requests (TA) from EO Determinations Pending in EO Technical– See the following two cases below – [REDACTED] (b)(3)/6103, and [REDACTED] (b)(3)/6103

(4) [REDACTED] (b)(3)/6103; non-responsive

[REDACTED] (b)(3)/6103; non-responsive

(5) [REDACTED] (b)(3)/6103; non-responsive

[REDACTED] (b)(3)/6103; non-responsive

- [REDACTED] non-responsive

SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): [REDACTED] (b)(3)/6103 [REDACTED] Organization (5): [REDACTED] (b)(3)/6103 [REDACTED] - 501(c)(3) - [REDACTED] (b)(3)/6103 [REDACTED].	ESTIMATED CLOSURE DATE: May 31, 2013
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are primarily involved in political activities and whether substantial private benefit exists.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: PETER HOLIAT, SE:T:EO:RA:T:3
DATE: February 19, 2013	

CASE NAME: A. Cases Pending in EOT: (1) (b)(3)/6103; non-responsive (501)(c)(3) applicant), 6103 . (2) (b)(3)/6103 (501)(c)(4) applicant) (EIN: (b)(3)/6103 (3) (b)(3)/6103; non-responsive (501)(c)(3) applicant) (b)(3)/6103 B. TAs Pending in EOT: (4) (b)(3)6103; non-responsive . (5) (b)(3)6103; non-responsive - TIN/EIN: POA: 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis and have also become the subject of congressional inquiries. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	

CURRENT SIGNIFICANT ACTIONS ON CASE:

A. Applications Pending in EO Technical:

(1) [REDACTED] (b)(3)/6103; non-responsive

(2) [REDACTED] (b)(3)/6103

[REDACTED] (b)(3)/6103; non-responsive

(3) [REDACTED] (b)(3)/6103; non-responsive

Coordination between HQ and Cincinnati is continuing regarding information letters to applicants seeking exemption under §§ 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT continues to assist EOD with development of these cases.

B. Technical Assistance Requests (TA) from EO Determinations Pending in EO Technical– See the following two cases below – [REDACTED] (b)(3)/6103; non-responsive, and [REDACTED] (b)(3)/6103; non-responsive

(4) [REDACTED] (b)(3)/6103; non-responsive

[REDACTED] (b)(3)/6103; non-responsive

(5) [REDACTED] (b)(3)/6103; non-responsive

[REDACTED] (b)(3)/6103; non-responsive

- [REDACTED] non-responsive

SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): [REDACTED] – [REDACTED] (b)(3)/6103 Organization (5): [REDACTED] (b)(3)/6103; non-responsive [REDACTED] – 501(c)(3) - [REDACTED] (b)(3)/6103; non-responsive [REDACTED]	ESTIMATED CLOSURE DATE: May 31, 2013
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are primarily involved in political activities and whether substantial private benefit exists.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: PETER HOLIAT, SE:T:EO:RA:T:3
DATE: March 21, 2013	

CASE NAME: A. Cases Pending in EOT: (1) [REDACTED] (501(c)(3) applicant), [REDACTED]. (2) [REDACTED] (501)(c)(4) applicant) (EIN: [REDACTED]) [REDACTED] (3) [REDACTED] (501(c)(3) applicant) [REDACTED] B. TAs Pending in EOT: (4) [REDACTED] - [REDACTED] [REDACTED]. (5) [REDACTED] - [REDACTED] TIN/EIN: POA: [REDACTED]	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis and have also become the subject of congressional inquiries. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	

CURRENT SIGNIFICANT ACTIONS ON CASE:

A. Applications Pending in EO Technical:

(1) [REDACTED] (b)(3)/6103; non-responsive

(2) [REDACTED] (b)(3)/6103

[REDACTED] (b)(3)/6103; non-responsive

(3) [REDACTED] (b)(3)/6103; non-responsive

Coordination between HQ and Cincinnati is continuing regarding information letters to applicants seeking exemption under §§ 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT continues to assist EOD with development of these cases.

B. Technical Assistance Requests (TA) from EO Determinations Pending in EO Technical—
See the following two cases below – [REDACTED], and [REDACTED]

(4) [REDACTED] (b)(3)/6103; non-responsive

[REDACTED] (b)(3)/6103; non-responsive

(5) [REDACTED] (b)(3)/6103; non-responsive

[REDACTED] (b)(3)/6103; non-responsive

- [REDACTED] non-responsive

SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): [REDACTED] - [REDACTED] Organization (5): [REDACTED] [REDACTED] - 501(c)(3) - [REDACTED] [REDACTED].	ESTIMATED CLOSURE DATE: May 31, 2013
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are primarily involved in political activities and whether substantial private benefit exists.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: STEVE GRODNITZKY, SE:T:EO:RA:T:1
DATE: April 22, 2013	

From: Daly Richard M
Sent: Monday, March 26, 2012 9:12 AM
To: Urban Joseph J
Cc: Grant Joseph H; Medina Moises C; Lerner Lois G
Subject: RE: :: Referral to TIGTA on (c)(4)

I was thinking Friday whether we should ask TIGTA to look into the process ourselves.

From: Urban Joseph J
Sent: Monday, March 26, 2012 10:03 AM
To: Grant Joseph H; Medina Moises C; Daly Richard M; Marks Nancy J; Zarin Roberta B; Lerner Lois G; Marx Dawn R
Cc: Fish David L; Paz Holly O; Lowe Justin; Megosh Andy; Kindell Judith E; Light Sharon P
Subject: :: Referral to TIGTA on (c)(4)

This letter was published today in Paul streckfus ' EO Tax Journal 2012-53 . The letter is also on the organizations' web site. FYI, Landmark Legal was the organization that brought, and lost, a FOIA suit against IRS seeking disclosure of third party requests to investigate tax-exempt status of various politically active entities.

Conservative Legal Foundation Calls for Investigation of EO Division

March 23, 2012

Treasury Inspector General for Tax Administration
P.O. Box 589
Ben Franklin Station
Washington, DC 20044-0589

Re: REQUEST FOR INVESTIGATION INTO IRS AGENCY MISCONDUCT

To Whom It May Concern:

Landmark Legal Foundation ("Landmark") requests an immediate investigation into possible misconduct by the Internal Revenue Service's Exempt Organization (EO) Division that calls into question the integrity of federal tax administration and IRS programs.

Recent media reports indicate that the EO Division is using inappropriate and intimidating investigation tactics in the administration of applications for exempt status submitted by organizations associated with the Tea Party movement. (Exhibit A, Perry Chiaramonte, "Numerous Tea Party chapters claim IRS attempts to sabotage nonprofit status," FoxNews.com, <http://www.foxnews.com/politics/2012/02/28/nurmerous-tea-party-chapters-claim-irs-attempting-to-sabotage-non-profit-status/print#> (February 28, 2012)). Reports indicate that as many as 20 groups are being targeting for improper treatment. (Exhibit B, "IRS Accused of 'Intimidation Campaign' Against Tea Party," CNSNews.com, <http://cnsnews.com/news/article/irs-accused-intimidation-campaign-against-tea-party-groups> (March 7, 2012)).

The information demanded in many cases goes far beyond the appropriate level of inquiry regarding the religious, charitable and/or educational activities of a tax-exempt entity. The inquiries are not relevant to these

permitted activities. Inquiries extend to organizational policy positions and priorities, personal and political affiliations, and associations of staff, board members and even family members of staff and board members. (Exhibit A). In at least one reported incident, the IRS requested an organization's relationship with a private individual who does not have any relationship with the applicant or with any political candidate or organization. (Exhibit C, Justin Binik-Thomas, "Why is the IRS asking Tea Party groups if they know me?", Washington Examiner, (<http://washingtonexaminer.com/2012/03/why-irs-asking-tea-party-groups-if-they-know-me/377566>) (March 16, 2012)).

Specific examples of improper inquiries from one IRS investigation include, but are not limited to, questions seeking:

5. 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.

8. Please provide the following regarding your merchandise sales:

- a) A vendor list. Indicate if the vendor is a related party.
- b) A list of items sold.
- c) Your cost for each item.
- d) The selling price of each item.

13. Fully describe your youth outreach program with the local school district.

14. Provide information regarding the Butler County Teen Age Republicans and your relationship.

16. Provide a list of all issues that are important to your organization. Indicate your position regarding each issue.

25. It appears you have received training (EmpowerU). Provide the following for all persons or organizations that have provided educational services to you:

- a) The name of the person or organization.
- b) A full description of the services provided.
- c) The political affiliation of the person or organization.
- d) A copy of the educational material used.

26. Provide details regarding your relationship with Justin Bink-Thomas (sic).

34. Has your organization engaged in any activities with the news media? If so, please describe those activities in further detail and, if available, provide copies of articles printed or transcripts of items aired because of that activity. News media activity may include the following:

- a) Newspaper advertisements
- b) Press releases
- c) Interviews with news media
- d) Letters to the editor
- e) Op-ed pieces

(Exhibit D, March 1, 2012 IRS Letter, http://binikthomas.com/sunshine/IRS_Redact.pdf).

This level of inquiry goes well beyond the scope of the Form 1023 application for exempt status and appears to

be improper. As you are aware, to qualify as a tax-exempt organization under 501(c)(3), the organization must prove that it is both organized and operated exclusively for tax-exempt purposes. Treas. Reg. Sec. 1.501(c)(3)-1(d)(1)(i)(a). To meet the organizational test, it must show that its Articles of Incorporation do not authorize it to undertake any non-exempt activity. 26 U.S.C. Sec. 501(c)(3)-1(b)(i)(iii). To meet the operational test, the organization must show that it operates exclusively for exempt purposes, that it has no substantial non-exempt purpose, and that no benefits inure from it to private individuals. Treas. Reg. Sec. 1.501(c)(3)-1(c). Any inquiry by the Service should be limited to determining whether an applicant satisfies both the "organizational" and "operation" tests. The questions presented herein go well beyond making such a determination.

Moreover, inquiries about personal associations and political viewpoints are not only inappropriate, but impinge upon constitutionally-protected freedoms of speech and association. Although the Internal Revenue Code has limited the tax exemption subsidy of 501(c)(3) organizations to groups that do not participate in political activity, the Service must still tread lightly when dealing with fundamental constitutional rights. Inquiring about the positions a prospective organization adopts on various policy issues serves no valid purpose if the organization does not engage in political activity. Such inquiries appear to be designed only to intimidate the applicants. As it has been upheld repeatedly by the Supreme Court, the government cannot regulate political speech with laws that chill permissible speech. Finally, reports that Tea Party-related organizations are being singled out for the IRS's intrusive inquiries raises serious questions about the propriety of the personnel involved in the evaluation of tax exemption applications.

Landmark Legal Foundation respectfully requests an immediate and thorough investigation to determine whether IRS employees are acting improperly in the evaluation of exempt status applications. This investigation also must determine whether the relevant IRS employees are acting at the direction of politically motivated superiors.

Sincerely,

/s/ Mark R. Levin
Landmark Legal Foundation
The Ronald Reagan Legal Center
3100 Broadway - Suite 1210
Kansas City, Missouri 64111

Obtained by Judicial Watch, Inc. via FOIA
TEGE Division Sensitive Case Report
(revised January 2007)

CASE NAME: (1) NR; 6103 and (2) 6103 TIN/EIN: NR; 6103 POA: NR; 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: EO RA POD: Washington, D.C.	<input checked="" type="checkbox"/> INITIAL REPORT <input type="checkbox"/> FOLLOW-UP REPORT <input type="checkbox"/> FINAL REPORT
SENSITIVE CASE CRITERIA: <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Likely to attract media or Congressional attention <input type="checkbox"/> Unique or novel issue <input type="checkbox"/> Affects large number of taxpayers </div> <div> <input type="checkbox"/> Potentially involves large dollars (\$10M or greater) <input type="checkbox"/> Other (explain in Case Summary) </div> </div>	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national politically conservative movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a daily basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and ten applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that might be "tea party" organizations already have been recognized as exempt under section 501(c)(4), and one as a (c)(3) also may be a tea party case, but EOT is checking the case file in Cincy. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: NR; 6103 , and a development letter to the 501(c)(4) applicant in EOT is being prepared. We will coordinate with Cincinnati regarding the development of the cases in that office.	
SIGNIFICANT NEXT STEPS, IF ANY: NR; 6103 NR; 6103 NR; 6103	ESTIMATED CLOSURE DATE: September 30, 2010
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041287

Obtained by Judicial Watch, Inc. via FOIA
TEGE Division Sensitive Case Report
(revised January 2007)

DATE: April 19, 2010	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041288

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

Obtained by Judicial Watch, Inc. via FOIA
TEGE Division Sensitive Case Report
(revised January 2007)

DATE: May 24, 2010	

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JW1559-041290

TEGE Division Sensitive Case Report
(revised January 2007)

CASE NAME: (1) NR; 6103 and (2) 6103 TIN/EIN: NR; 6103 POA: NR; 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: EO RA POD: Washington, D.C.	<input type="checkbox"/> INITIAL REPORT <input type="checkbox"/> FOLLOW-UP REPORT <input type="checkbox"/> FINAL REPORT
SENSITIVE CASE CRITERIA: <input checked="" type="checkbox"/> Likely to attract media or Congressional attention <input type="checkbox"/> Unique or novel issue <input type="checkbox"/> Affects large number of taxpayers <input type="checkbox"/> Potentially involves large dollars (\$10M or greater) <input type="checkbox"/> Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a daily basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and ten applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that might be "tea party" organizations already have been recognized as exempt under section 501(c)(4). The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: NR; 6103 and a development letter to the 501(c)(4) applicant is being prepared. We will coordinate with Cincinnati regarding the development of the cases in that office. NR; 6103	
SIGNIFICANT NEXT STEPS, IF ANY: NR; 6103 NR; 6103	ESTIMATED CLOSURE DATE: September 30, 2010
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

TEGE Division Sensitive Case Report
(revised January 2007)

SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: June 22, 2010	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041292

Obtained by Judicial Watch, Inc. via FOIA
TEGE Division Sensitive Case Report
(revised January 2007)

CASE NAME: (1) NR; 6103 (501(c)(3) applicant), (2) 6103 6103 (501(c)(4) applicant), (3) NR; 6103 (501(c)(3) applicant) TIN/EIN: NR; 6103 POA: NR; 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: EO RA POD: Washington, D.C.	<input type="checkbox"/> INITIAL REPORT <input type="checkbox"/> FOLLOW-UP REPORT <input type="checkbox"/> FINAL REPORT
SENSITIVE CASE CRITERIA: <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Likely to attract media or Congressional attention <input type="checkbox"/> Unique or novel issue <input type="checkbox"/> Affects large number of taxpayers </div> <div> <input type="checkbox"/> Potentially involves large dollars (\$10M or greater) <input type="checkbox"/> Other (explain in Case Summary) </div> </div>	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and ten applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – NR; 6103 . Organization (2) – a second development letter is being drafted. Organization (3) – NR; 6103 .	
SIGNIFICANT NEXT STEPS, IF ANY: Send Organization (2) development letter. NR	ESTIMATED CLOSURE DATE: December 31, 2010
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041293

Obtained by Judicial Watch, Inc. via FOIA
TEGE Division Sensitive Case Report
(revised January 2007)

DATE: July 26, 2010	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041294

CASE NAME: (1) (b)(3)\6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)\6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)\6103; non-responsive POA: (b)(3)\6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: Organization 3 (b)(3)\6103; non-responsive (b)(3)\6103; non-responsive Organization 1 (b)(3)\6103; non-responsive. These organizations are "advocacy organizations" and although are separately organized, appear to be a part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post). Cincinnati is holding a number of applications from these types of organizations that have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but requested copies of them.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)\6103; non-responsive Organization (2) – Met with Chief Council on August 10, 2011 to discuss further development of Organization (2). Case returned to EOT for additional development. (b)(3)\6103; non-responsive Organization (3) – (b)(3)\6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities these organizations may be engaging in. EOT will continue to assist EOD with development of these cases	

SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive non-responsive	ESTIMATED CLOSURE DATE: May 31, 2012
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are involved in political activities.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1
DATE: January 19, 2012	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – EOT met with Counsel on August 10, 2011 to discuss further development of the case, and Counsel returned the case to EOT for additional development. (b)(3)/6103; non-responsive Organization (3) – (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT will continue to assist EOD with development of these cases. (b)(3)/6103; non-responsive	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – EOT met with Counsel on August 10, 2011 to discuss further development of the case, and Counsel returned the case to EOT for additional development. (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive Organization (3) – (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging.	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – EOT met with Counsel on August 10, 2011 to discuss further development of the case, and Counsel returned the case to EOT for additional development. (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive Organization (3) – (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging.	

<p>EOT will continue to assist EOD with development of these cases. [REDACTED]</p> <p>[REDACTED]</p> <p>(b)(3)/6103; non-responsive</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>non-responsive</p>	
<p>SIGNIFICANT NEXT STEPS, IF ANY:</p> <p>Organization (2): [REDACTED] (b)(3)/6103; non-responsive</p> <p>[REDACTED] (b)(3)/6103; non-responsive Continue coordinated review of applications in EO Determinations.</p>	<p>ESTIMATED CLOSURE DATE:</p> <p>July 31, 2012</p>
<p>BARRIERS TO RESOLUTION, IF ANY:</p> <p>Concerns are whether the organizations are involved in political activities and substantial private benefit.</p>	
<p>SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1</p>	<p>MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1</p>
<p>DATE: May 20, 2012</p>	

CASE NAME: A. Cases Pending in EOT: (1) (b)(3)/6103 (501(c)(3) applicant), (b)(3)/6103 . (2) (b)(3)/6103 (501)(c)(4) applicant) (EIN: (b)(3)/6103) (b)(3)/6... (3) (b)(3)/6103 (501(c)(3) applicant) (b)(3)/6103 B. TAs Pending in EOT: (4) (b)(3)/6103 - (b)(3)/6103 . (5) (b)(3)/6103 - (b)(3)/6... TIN/EIN: POA: (b)(3)/6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis and have also become the subject of congressional inquiries. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	

CURRENT SIGNIFICANT ACTIONS ON CASE:

A. Applications Pending in EO Technical:

(1) [REDACTED] (b)(3)\6103; non-responsive

(2) [REDACTED] (b)(3)\6103

[REDACTED] (b)(3)\6103; non-responsive

(3) [REDACTED] (b)(3)\6103; non-responsive

Coordination between HQ and Cincinnati is continuing regarding information letters to applicants seeking exemption under §§ 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT continues to assist EOD with development of these cases.

B. Technical Assistance Requests (TA) from EO Determinations Pending in EO Technical—
See the following two cases below – [REDACTED] (b)(3)/6103 **, and** [REDACTED] (b)(3)/6103

(4) [REDACTED] (b)(3)\6103; non-responsive

[REDACTED] (b)(3)\6103; non-responsive

(5) [REDACTED] (b)(3)\6103; non-responsive

[REDACTED] (b)(3)\6103; non-responsive

- [REDACTED] non-responsive

SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): (b)(3)/6103 – (b)(3)/6103 Organization (5): (b)(3)/6103 – 501(c)(3) - (b)(3)/6103 .	ESTIMATED CLOSURE DATE: May 31, 2013
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are primarily involved in political activities and whether substantial private benefit exists.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: PETER HOLIAT, SE:T:EO:RA:T:3
DATE: March 21, 2013	

CASE NAME: (1) [REDACTED] (501(c)(3) applicant), (2) [REDACTED] (501(c)(4) applicant), (3) [REDACTED] (501(c)(3) applicant) TIN/EIN: [REDACTED] and [REDACTED] POA: [REDACTED]	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023 (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: These organizations are "advocacy organizations," and although are separately organized, they appear to be part of a larger national political movement that may be involved in political activities. These types of advocacy organizations are followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati has in its inventory a number of applications from these types of organizations that applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and from organizations that applied for recognition of exemption under section 501(c)(4) as social welfare organizations.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – [REDACTED] 6103(a); non-responsive Organization (2) – EOT met with Counsel on August 10, 2011 to discuss further development of the case, and Counsel returned the case to EOT for additional development. [REDACTED] [REDACTED] (b)(3) 6103(a) Organization (3) – [REDACTED] 6103(a); non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4). Additionally, EOT reviewed approximately 160 cases from EOD to assist in determining the types of activities in which these organizations may be engaging. EOT will continue to assist EOD with development of these cases. [REDACTED] (b)(3) 6103(a)	

(b)(3) 6103(a)	
EOT is working 7 other advocacy cases in the office.	
SIGNIFICANT NEXT STEPS, IF ANY: Organization (2): Review applicant's response to third development letter. Continue coordinated review of applications in EO Determinations.	ESTIMATED CLOSURE DATE: July 31, 2012
BARRIERS TO RESOLUTION, IF ANY: Concerns are whether the organizations are involved in political activities.	
SUBMITTED BY: Hilary Goehausen, SE:T:EO:RA:T:1	MANAGER: STEVEN GRODNITZKY, SE:T:EO:RA:T:1
DATE: April 17, 2012	

Political Advocacy Case Listing
Cases assigned to Joseph Herr

Case Name	EIN	Case #	Subsection	Bucket	Control Date	Pending Action	Pending Action Date	Person Responsible for Action	Follow Up Date
b(3)\6103			501(c)(4)	4	3/5/2012	Review of draft Letter 1312	2/14/2012	Sharon Light	
			501(c)(3)	4	12/2/2011	Review of draft Letter 1312	2/5/2013	Sharon Light	
						Review response and recommendation to proceed with denial of (c)(3) (offer (c)(4))			
			501(c)(3)	4	10/17/2011	Review and approve draft of Letter 1312	2/6/2013	Sharon Light	
			501(c)(3)	4	10/17/2011	Letter 1312	2/6/2013	Sharon Light	
			501(c)(4)	4	11/9/2011	Review of draft Letter 1312	2/7/2013	Sharon Light	
			501(c)(3)	4	2/13/2012	Review of draft Letter 1312	2/11/2013	Sharon Light	
			501(c)(4)	2	12/17/2010	Review of draft Letter 1312	2/11/2013	Sharon Light	
			501(c)(3)	3	12/17/2010	Review of draft Letter 1312	2/11/2013	Sharon Light	
			501(c)(3)	4	1/31/2011	Review of draft Letter 2382	2/12/2013	Sharon Light	
						Review response and recommendation to approve			
			501(c)(3)	4	11/28/2011	Review of draft Letter 1312	2/15/2013	Sharon Light	
			501(c)(4)	4	3/16/2012	Review of draft Letter 1312	2/19/2013	Sharon Light	
			501(c)(3)	4	5/3/2012	Review of draft Letter 1312	2/20/2013	Sharon Light	
			501(c)(4)	4	5/24/2012	Review of draft Letter 1312	2/20/2013	Sharon Light	
			501(c)(3)	4	1/6/2012	Review draft Letter 1312	3/1/2013	Sharon Light	
			501(c)(3)	4	1/31/2012	Review draft Letter 1312	3/1/2013	Sharon Light	
			501(c)(3)	4	4/9/2012	Review draft Letter 1312	3/5/2013	Sharon Light	
			501(c)(4)	4	7/23/2010	Review taxpayer response	3/7/2013	Sharon Light	
			501(c)(3)	4	5/18/2012	Review draft Letter 1312	3/7/2013	Sharon Light	
			501(c)(6)	4	6/11/2012	Review draft Letter 1312	3/8/2013	Sharon Light	
						Review taxpayer response and recommend approval with ROO.			
			501(c)(3)	4	12/17/2010	Review response and recommendation to approve (c)(3) exemption with ROO and prospective exemption (after minor correction)	3/11/2013	Sharon Light	
			501(c)(3)	4	12/22/2011		3/12/2013	Sharon Light	
						Review taxpayer response and recommend approval with ROO.			
			501(c)(3)	4	2/1/2010	Review response and recommendation to approve	3/12/2013	Sharon Light	
			501(c)(3)	3	5/28/2011	Review response and recommendation for either switch to (c)(4) or a prospective exemption.	3/12/2013	Sharon Light	
			501(c)(3)	4	12/30/2010	Review response. Is this a denial? DO we have enough information to proceed with denial?	3/13/2013	Sharon Light	
			501(c)(4)	4	7/20/2010		3/13/2013	Sharon Light	

Group	Agent #	Case #	EN	Organization	Control Date	Assigned Date	Actions taken /Comments / Reasons for delay	Est'd Date of Closure	MGR Comments	Area Manager Comments/Actions
7828	31171	401032104	6103	6103	1/29/2011	3/2/2012	(b)(3)/6103(a)	15-May		
7828	31171	412160066			5/31/2012	12/5/2012		7-May		
7828	31171	412220022			7/16/2012	11/14/2012		29-Apr		
7828	31171	421143026			5/13/2011	11/14/2012		31-May		
7828	31171	421320086			11/3/2011	6/9/2012		15-May		
7828	31171	422127049	6103	6103	4/24/2012	10/22/2012	(b)(3)/6103(a)	31-May		
7828	31171	421349030			12/2/2011	10/1/2012		31-May		
7828	31171	451260066			9/30/2011	6/9/2012		7-May		
7828	31171	462166007			6/6/2012	11/5/2012		31-May		
7828	31171									

Obtained by Judicial Watch, Inc. via FOIA
TEGE Division Sensitive Case Report
(revised January 2007)

CASE NAME: (1) [REDACTED] 6103; NR (501(c)(3) applicant), (2) [REDACTED] 6103 6103 (501(c)(4) applicant), (3) [REDACTED] 6103; NR (501(c)(3) applicant) TIN/EIN: [REDACTED] 6103; NR POA: [REDACTED] 6103; NR	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: EO RA POD: Washington, D.C.	<input type="checkbox"/> INITIAL REPORT <input type="checkbox"/> FOLLOW-UP REPORT <input type="checkbox"/> FINAL REPORT
SENSITIVE CASE CRITERIA: <input checked="" type="checkbox"/> Likely to attract media or Congressional attention <input type="checkbox"/> Unique or novel issue <input type="checkbox"/> Affects large number of taxpayers <input type="checkbox"/> Potentially involves large dollars (\$10M or greater) <input type="checkbox"/> Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – [REDACTED] NR; 6103 Organization (2) – [REDACTED] NR; 6103 Organization (3) – [REDACTED] NR; 6103 [REDACTED] Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4).	
SIGNIFICANT NEXT STEPS, IF ANY: [REDACTED] NR; 6103 [REDACTED] NR; 6103 [REDACTED] NR; 6103 [REDACTED] NR	ESTIMATED CLOSURE DATE: January 31 , 2011
BARRIERS TO RESOLUTION, IF ANY:	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041310

TEGE Division Sensitive Case Report
(revised January 2007)

Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: September 22 November 18, 2010	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041311

CASE NAME: (1) NR; 6103 (501(c)(3) applicant), (2) 6103 6103 (501(c)(4) applicant), (3) NR; 6103 (501(c)(3) applicant) TIN/EIN: NR; 6103 POA: NR; 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – NR; 6103 . Organization (2) – NR; 6103 . Organization (3) – NR; 6103 . Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4).	
SIGNIFICANT NEXT STEPS, IF ANY: NR; 6103 NR; 6103 NR; 6103 . NR NR	ESTIMATED CLOSURE DATE: March 31 , 2011 Submit Revised Date.
BARRIERS TO RESOLUTION, IF ANY:	

Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: March 21, 2011	

TEGE Division Sensitive Case Report
(revised January 2007)

CASE NAME: (1) NR; 6103 (501(c)(3) applicant), (2) 6103 6103 (501(c)(4) applicant), (3) NR; 6103 (501(c)(3) applicant) TIN/EIN: NR; 6103 POA: NR; 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: EO RA POD: Washington, D.C.	<input type="checkbox"/> INITIAL REPORT <input type="checkbox"/> FOLLOW-UP REPORT <input type="checkbox"/> FINAL REPORT
SENSITIVE CASE CRITERIA: <input checked="" type="checkbox"/> Likely to attract media or Congressional attention <input type="checkbox"/> Unique or novel issue <input type="checkbox"/> Affects large number of taxpayers <input type="checkbox"/> Potentially involves large dollars (\$10M or greater) <input type="checkbox"/> Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – NR; 6103 . Organization (2) – a second development letter is being drafted. Organization (3) – NR; 6103 .. Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4)..	
SIGNIFICANT NEXT STEPS, IF ANY: Send Organization (2) development letter. NR	ESTIMATED CLOSURE DATE: December 31, 2010
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041314

TEGE Division Sensitive Case Report
(revised January 2007)

SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: August 18, 2010	

Please note: This Word document is protected to enable the drop-down, text and check boxes. The cells will expand to accommodate text.

JW1559-041315

CASE NAME: (1) [REDACTED] NR; 6103 (501(c)(3) applicant), (2) [REDACTED] 6103 6103 (501(c)(4) applicant), (3) [REDACTED] NR; 6103 (501(c)(3) applicant) TIN/EIN: [REDACTED] NR; 6103 POA: [REDACTED] NR; 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Met with J. Kindell to discuss organizations (2) and (3) and Service position. Ms. Kindell recommended additional development re: activities, then forward to Chief Council. Organization (1) – [REDACTED] NR; 6103 Organization (2) – [REDACTED] NR; 6103 [REDACTED] Organization (3) – [REDACTED] NR; 6103 [REDACTED] Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4).	

SIGNIFICANT NEXT STEPS, IF ANY: Organization (2) – [REDACTED] NR; 6103 NR; 6103 Organization (3) [REDACTED] NR; 6103 [REDACTED] NR; 6103 [REDACTED] NR [REDACTED]	ESTIMATED CLOSURE DATE: July 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: June 17, 2011	

CASE NAME: (1) (b)(3)/6103 (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)/6103 (501(c)(3) applicant) TIN/EIN: (b)(3)/6103 POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Met with Chief Council on August 10, 2011 to discuss further development of Organization (2). Case returned to EOT for Additional development. Organization (1) – (b)(3)/6103 Organization (2) – case returned to EOT for additional information; preparing another development letter. Organization (3) – (b)(3)/6103 Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4).	

SIGNIFICANT NEXT STEPS, IF ANY: Organization (3) (b)(3)/6103 (b)(3)/6103 Continue coordinated review of applications in EO Determinations.	ESTIMATED CLOSURE DATE: December 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: August 17, 2011	

CASE NAME: (1) [REDACTED] NR: 6103 (501(c)(3) applicant), (2) [REDACTED] 6103 6103 (501(c)(4) applicant), (3) [REDACTED] NR: 6103 (501(c)(3) applicant) TIN/EIN: [REDACTED] NR: 6103 POA: [REDACTED] NR: 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "tea party" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "tea party" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "tea party" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Met with Chief Council on August 10, 2011 to discuss further development of Organization (2). Case returned to EOT for Additional development. Organization (1) – [REDACTED] NR: 6103. Organization (2) – case returned to EOT for additional information; preparing another development letter. Organization (3) – [REDACTED] NR: 6103 [REDACTED] Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4).	

SIGNIFICANT NEXT STEPS, IF ANY: Organization (3) [REDACTED] NR; 6103 [REDACTED] NR; 6103 [REDACTED] NR [REDACTED] NR [REDACTED]	ESTIMATED CLOSURE DATE: December 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: August 17, 2011	

From: Goehausen Hilary
Sent: Monday, August 22, 2011 8:53 AM
To: Hull Carter C
Subject: FW: SCR
Attachments: SCR August 2011 Advocacy Orgs-LG edits.doc

Hi Chip,

Can you take a look at Laurice's changes? I added **Chief Counsel** in the part where she had highlighted in yellow, "WHO"....I just don't know the date that the first case (**6103; NR** was closed).

Thanks,
Hilary

Hilary Goehausen
Tax Law Specialist
Exempt Organizations
Technical Group 1
1111 Constitution Ave., NW
Washington, D.C. 20224
p: 202.283.8915
f: 202.283.8937
Hilary.Goehausen@irs.gov

From: Ghougasian Laurice A
Sent: Saturday, August 20, 2011 10:08 PM
To: Goehausen Hilary; Hull Carter C
Cc: Shoemaker Ronald J
Subject: SCR

Attached is the SCR for the political advocacy organizations. Hilary made some changes from last month's and I made some additional changes and have some questions. Can you take a look at this today so I can get it in to Darla by COB?

Thanks!

Laurice

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Please consider the environment before printing this e-mail

CASE NAME: (1) (b)(3)/6103 (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)/6103 (501(c)(3) applicant) TIN/EIN: (b)(3)/6103 POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: EO R&A POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: <input checked="" type="checkbox"/> Likely to attract media or Congressional attention <input type="checkbox"/> Unique or novel issue <input type="checkbox"/> Affects large number of taxpayers <input type="checkbox"/> Potentially involves large dollars (\$10M or greater) <input type="checkbox"/> Other (explain in Case Summary)	
FORM TYPE(S): (1) and (3) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "political advocacy" organizations are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The " political advocacy" organizations are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations that we believe may be "political advocacy" organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103 Organization (2) – Met with Chief Council on 8/10/11 to discuss further development of Organization (2). Case returned by Chief Counsel to EOT for additional development; additional development letter being prepared. Organization (3) – (b)(3)/6103 Coordination between HQ and Cincinnati is continuing regarding development letters to applicants for exemption under 501(c)(3) and 501(c)(4).	

SIGNIFICANT NEXT STEPS, IF ANY: Complete and mail additional development letter for Organization (2). (b)(3)/6103 (b)(3)/6103 Continue coordinated review of applications in EO Determinations.	ESTIMATED CLOSURE DATE: December 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Hilary Goehausen	MANAGER: LAURICE GHOUGASIAN
DATE: August 17, 2011	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
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CURRENT SIGNIFICANT ACTIONS ON CASE: Organization (1) – (b)(3)/6103; non-responsive Organization (2) – Met with Chief Council on August 10, 2011 to discuss further development of Organization (2). Case returned to EOT for additional development; EOT is preparing another development letter. Organization (3) – (b)(3)/6103; non-responsive Coordination between HQ and Cincinnati is continuing regarding information letters to applicants for exemption under 501(c)(3) and 501(c)(4).	

SIGNIFICANT NEXT STEPS, IF ANY: Organization (3) (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive non-responsive non-responsive [REDACTED]	ESTIMATED CLOSURE DATE: December 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: August 22, 2011	

CASE NAME: (1) (b)(3)/6103; non-responsive (501(c)(3) applicant), (2) (b)(3)/6103 (b)(3)... (501(c)(4) applicant), (3) (b)(3)/6103; non-responsive (501(c)(3) applicant) TIN/EIN: (b)(3)/6103; non-responsive POA: (b)(3)/6...	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
SENSITIVE CASE CRITERIA: Likely to attract media or Congressional attention Unique or novel issue Affects large number of taxpayers Potentially involves large dollars (\$10M or greater) Other (explain in Case Summary)	
FORM TYPE(S): (1) Form 1023. (2) Form 1024	START DATE: 04/02/2010
POTENTIAL DOLLARS INVOLVED (IF > \$10M) : Unknown	CRIMINAL REFERRAL? Unknown IF YES, WHEN? Freeze Code TC 914 (Yes or No)
CASE OR ISSUE SUMMARY: The various "advocacy organizations" are separately organized, but appear to be a part of a national political movement that may be involved in political activities. The "advocacy organizations" are being followed closely in national newspapers (such as The Washington Post) almost on a regular basis. Cincinnati is holding three applications from organizations which have applied for recognition of exemption under section 501(c)(3) of the Code as educational organizations and approximately twenty-two applications from organizations which have applied for recognition of exemption under section 501(c)(4) as social welfare organizations. Two organizations already have been recognized as exempt under section 501(c)(4). EOT has not seen the case files, but are requesting copies of them. The issue is whether these organizations are involved in campaign intervention or, alternatively, in nonexempt political activity.	
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SIGNIFICANT NEXT STEPS, IF ANY: Organization (3) (b)(3)/6103; non-responsive (b)(3)/6103; non-responsive non-responsive non-responsive [REDACTED]	ESTIMATED CLOSURE DATE: December 31 , 2011
BARRIERS TO RESOLUTION, IF ANY: Concerns whether the organizations are involved in political activities.	
SUBMITTED BY: Carter C. Hull, SE:T:EO:RA:T:2	MANAGER: RONALD SHOEMAKER, SE:T:EO:RA:T:2
DATE: September 27, 2011	

Proposed 501(c)(4) Advocacy Cases Determination Letter Processing Plan (current inventory 278)

Week One (May 8-11):

- **Case Processing:** Because immediate access is possible through TEDs (note we are having difficulty on this not clear how many can be done)--HQ staff who will be involved in the workshop/case processing are working cases from the approximately 70 unassigned cases with the following objectives:
 - **Facilitating focused and efficient case resolution by bucketing** (after review of application, website, and 990 if any) into:
Four categories:
 1. favorable--no further tech development needed
 2. limited development—specific areas to be developed should be noted
 3. significant development—general areas to develop should be noted
 4. probable adverse---requires appropriate development
 - **Identifying potential cases for workshop examples**
 - **Identifying recurrent areas of confusion for workshop examples**
- **Training Team**
 - **Identify members (done)**
 - **Planning Call (target Thursday)**
- **Potential Fast Track Categories Developed/Bundled.**
 - **Cases with taxpayer responses**
 - **Cases represented by a single POA?**
 - **Other?**

Week Two (May 14-18): Deploy combined HQ/Cinn team in Cinn to conduct combined case based workshop and inventory bucketing exercise.

- **Working Team Composition:**
Focus should be on skilled specialists who can work rapidly and effectively.
- **Work Plan:**

- First day and 1/2--work actual cases on a group basis and include discussion modules on issues with respect to type of political activity, primarily, and private benefit along with focused work on how to focus questions to best elicit the necessary information while minimizing taxpayer burden.
- The remainder of the week the team will continue through the pending inventory bucketing into four categories:
 - Favorable--No further tech development needed--these should be processed and closed by nonteam "closer" staff (some procedural clean up may be needed)
 - Limited development--specific areas to be developed should be noted
 - Significant development--general areas to develop should be noted
 - probable adverse---requires appropriate development

Week Three (May 21-25): Goal--complete the bucketing move some staff into taxpayer contact for cases requiring development.

A core group should continue to screen the inventory into the four categories until done while some team members move into taxpayer contact on categories ii and iii.

Category four cases are forwarded to headquarters for assistance on development and denial letter. Cases will ultimately close through Cinn--appeal rights will apply.

Week Four (May 29-June 1) and following:

Focus on bringing cases requiring development through to successful resolution as quickly as possible consistent with allowing taxpayers any time needed to provide necessary information.

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 3. significant development—general areas to develop should be noted
 4. probable adverse---requires appropriate development
 - **Identifying potential cases for workshop examples**
 - **Identifying recurrent areas of confusion for workshop examples**
- **Training Team**
 - **Identify members (done)**
 - **HQ—DL process briefing**
 - **Planning Call (target Thursday)**
- **Potential Fast Track Categories Developed/Bundled.**
 - **Cases with taxpayer responses**
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 - **Other?**

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- Category four cases are forwarded to headquarters for assistance on development and denial letter. As resources free from Cinn category 4 resources will be beefed up. Cases will ultimately close through Cinn--appeal rights will apply.
- Quality Review--Head and a rep included in training, ideally a rep in bucketing exercise. Goal info sharing and common understanding. Consider moving to sampling and post review given the amount of up front focus.

Week Four (May 29-June 1) and following:

Focus on bringing cases requiring development through to successful resolution as quickly as possible consistent with allowing taxpayers any time needed to provide necessary information.

Other

- Weekly status report/review/testimony prep update

- Guidance—considering leading with a more fleshed out request for comments (we are hearing . . .)

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