

Lois,

That is no problem. I'll ask the team to put together a listing and I'll send it to you and Holly this afternoon.

Troy
404-338-7476

From: Lerner Lois G [<mailto:Lois.G.Lerner@irs.gov>]
Sent: Tuesday, February 05, 2013 10:33 AM
To: Lerner Lois G; Paterson Troy D TIGTA
Cc: Paz Holly O
Subject: RE: Follow-Up

One more thing--can we get the names of the 90 cases please?

Lois G. Lerner
Director of Exempt Organizations

From: Lerner Lois G
Sent: Tuesday, February 05, 2013 10:27 AM
To: Paterson Troy D TIGTA
Cc: Paz Holly O
Subject: RE: Follow-Up

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Lois G. Lerner
Director of Exempt Organizations

From: Paterson Troy D TIGTA [<mailto:Troy.Paterson@tigta.treas.gov>]
Sent: Tuesday, February 05, 2013 7:54 AM
To: Lerner Lois G
Cc: Paz Holly O
Subject: RE: Follow-Up

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Troy
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From: Lerner Lois G [<mailto:Lois.G.Lerner@irs.gov>]
Sent: Thursday, January 31, 2013 2:34 PM
To: Paterson Troy D TIGTA
Cc: Paz Holly O
Subject: Follow-Up

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Leis J. Lerner

Director of Exempt Organizations

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From: Paterson Troy D TIGTA <Troy.Paterson@tigta.treas.gov>
Sent: Friday, February 08, 2013 12:16 PM
To: Lerner Lois G
Cc: Paz Holly O
Subject: RE: Follow-Up
Attachments: Updated TIGTA Exception Cases - Post Discussion - for EO.xlsx

Lois,

Good afternoon. I am attaching an updated listing of applications cases that we were not able to resolve. This listing includes 91 cases, instead of the 93 cases provided earlier this week. One case was removed from the previous listing based on documentation provided by Holly and another case was removed because it was included in the previous listing by mistake.

I'll provide an update on the status of the report next week. Have a good weekend.

Troy

(b)(6); (b)(7)(C)

From: Paterson Troy D TIGTA
Sent: Tuesday, February 05, 2013 1:28 PM
To: Lerner Lois G
Cc: Paz Holly O
Subject: RE: Follow-Up

Lois,

As requested, here is a listing of 93 application cases. There is one case that we are working on with Holly (case #142). This one may or may not stay on the list.

Troy
404-338-7476

From: Lerner Lois G [mailto:Lois.G.Lerner@irs.gov]
Sent: Tuesday, February 05, 2013 11:01 AM
To: Paterson Troy D TIGTA
Cc: Paz Holly O
Subject: RE: Follow-Up

Thank you

Lois G. Lerner
Director of Exempt Organizations

From: Paterson Troy D TIGTA [mailto:Troy.Paterson@tigta.treas.gov]
Sent: Tuesday, February 05, 2013 10:50 AM
To: Lerner Lois G

Cc: Paz Holly O
Subject: RE: Follow-Up

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From: Lerner Lois G
Sent: Tuesday, February 12, 2013 11:37 AM
To: Goehausen Hilary; Kindell Judith E
Cc: Paz Holly O
Subject: RE: Follow-Up

We'll have plenty of opportunity to make that point in our response (-:

Lois G. Lerner

Director of Exempt Organizations

From: Goehausen Hilary
Sent: Tuesday, February 12, 2013 11:53 AM
To: Lerner Lois G; Kindell Judith E
Cc: Paz Holly O
Subject: RE: Follow-Up

This is a little late in coming, but I still believe these cases should have been included on the advocacy listing.

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: Lerner Lois G
Sent: Tuesday, February 05, 2013 3:12 PM
To: Kindell Judith E; Goehausen Hilary
Cc: Paz Holly O
Subject: FW: Follow-Up

Please take a look and see if you still believe these should have been included--seems like we may very well be in disagreement big time. That means we will need to start drafting our arguments.

Lois G. Lerner

Director of Exempt Organizations

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Lois G. Lerner

Director of Exempt Organizations

From: Lerner Lois G
Sent: Friday, March 08, 2013 2:45 PM
To: Paz Holly O
Cc: Marks Nancy J; Light Sharon P
Subject: RE: 501(c)(4) Draft Denial

That's fine--I'll tell her probably towards end of next week. I am out Mon and Tuesday on travel, but will take this with me.

Lois G. Lerner
Director of Exempt Organizations

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

From: Paz Holly O
Sent: Friday, March 08, 2013 3:32 PM
To: Lerner Lois G
Cc: Marks Nancy J; Light Sharon P
Subject: RE: 501(c)(4) Draft Denial

Staff is OK with it now. Plan is to send over as soon as you/Nan are OK with it. We were hoping for this week or next. I suspect Counsel will revise a lot no matter how good it is as that is there way so my recommendation would be to not spend too much time now trying to make it "perfect".

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

From: Lerner Lois G
Sent: Friday, March 08, 2013 3:15 PM
To: Paz Holly O
Cc: Marks Nancy J; Light Sharon P
Subject: Re: 501(c)(4) Draft Denial

Interesting. Got a call from Vickie today saying she'd heard from Wilkins that a draft denial was going to Counsel this week. I said I hadn't yet seen anything so didn't think so. Is the plan to share this now or after we are OK with it?
Lois G. Lerner----- Sent from my BlackBerry Wireless Handheld

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

From: Holly Paz
To: Lois Call in Number
Cc: Nancy Marks
Cc: Sharon Light
Subject: FW: 501(c)(4) Draft Denial
Sent: Mar 8, 2013 5:49 AM

Lois,

Attached for your review and transmission to Counsel is the first draft advocacy case denial. As the text of all of the ads at issue is included in the attachment to the letter and this case is not a close call, I would recommend that we ask

Counsel to limit its review to the letter and not plunge into its own review of this sizeable file. As we discussed a few weeks ago, we have roughly 70 cases in bucket 4 (many of which date back to 2010) so we really do need to move this letter that we think will serve as somewhat of a template for other denials. I realize Counsel has many other things on its plate so I'm not asking for them to turn this around in a few weeks but I think we can help speed their review by limiting what we are asking them to review.

Holly

From: Lerner Lois G
Sent: Friday, March 08, 2013 2:48 PM
To: Paz Holly O
Cc: Marks Nancy J; Light Sharon P
Subject: RE: 501(c)(4) Draft Denial

I'll give Vickie a heads up that it is coming--and I agree. if they want to read the file--we are dead.

Lois G. Lerner

Director of Exempt Organizations

From: Paz Holly O
Sent: Friday, March 08, 2013 5:49 AM
To: Lerner Lois G
Cc: Marks Nancy J; Light Sharon P
Subject: FW: 501(c)(4) Draft Denial
Importance: High

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Holly

From: Lerner Lois G
Sent: Monday, March 25, 2013 12:36 PM
To: Paz Holly O
Cc: Biss Meghan R
Subject: RE: TIGTA

Fine. He took lots of notes and said we'd have several other opportunities to talk. I asked Greg and Troy to stay on afterwards. I told them flat out the report felt politically motivated with some of the inflammatory descriptions. As to "political" team--he made the point that that is what the criteria now says. I suggested perhaps they use a longer sentence to describe what the team is doing and then just short hand "the team"--we'll see. As to them not seeing eye to eye with us about the orgs getting put into the buckets, I told him we couldn't win. From our perspective we couldn't just ignore information we had from other experiences regarding words or phrases, and that was born out by them saying there was political intervention in some cases they thought should have been screened. Troy then said if we had documented why the org went to full development, they would have known our reason. I then explained the assembly line aspect of screening--if we stopped to document, it would slow things down and we'd have more of a backlog, so I didn't think we'd agree to that recommendation. Greg and I had a longer conversation in general, and I think he gets what's been going on and where this sits in the middle of things. Not sure he can do a whole lot, but I did feel like he was going to go back and think about this. All we can ask for. As to referring us, I asked that they flesh out what we had done to try and get the information they asked for--email and who developed criteria. He said he didn't think he had anything on that. So, I told him when you get back, you would put a paragraph together about what we had done to try and find the email and get who developed the criteria.

Lois G. Lerner

Director of Exempt Organizations

From: Paz Holly O
Sent: Monday, March 25, 2013 12:02 PM
To: Lerner Lois G
Subject: Re: TIGTA

How did it go? I will call you later to check in. Nearly missed flight but on it now.

Sent from my BlackBerry Wireless Device

From: Lerner Lois G
Sent: Monday, March 25, 2013 10:13 AM Eastern Standard Time
To: Paz Holly O
Cc: Marx Dawn R
Subject: RE: TIGTA

Thanks--I have been thinking about this and may get a little "testier" than we discussed--nice, but get into the slanted a bit more--especially with the referrals. No one here but me

Lois G. Lerner

Director of Exempt Organizations

From: Paz Holly O
Sent: Monday, March 25, 2013 8:20 AM
To: Lerner Lois G
Cc: Marx Dawn R
Subject: TIGTA

I am planning to leave for the airport around 9:30. That way, I hope to be through security and able to join the 11 by phone until I have to board. You asked me to shoot you an email reminding you of the two major points you wanted to make with TIGTA:

1. The report lacks any reference to or information regarding the broader context (such as how difficult it is to determine what constitutes political activity and whether political activity is a c4's primary activity). Without this broader context, the report could appear slanted in one direction.
2. The report contains several instances of speculation lacking any support (i.e. speculation that the wait for a determination adversely impacted org's fundraising, speculation that orgs did not file required 990s while awaiting a determination because they had not engaged in any activity).

Holly

Recent section 501(c)(4) activity
Draft 3-26-13

Legal requirements:

- The law allows section 501(c)(4) organizations to hold themselves out as tax-exempt or to apply for IRS recognition as tax-exempt.
- All section 501(c)(4) organizations must file Form 990 annual information returns.
- To qualify under section 501(c)(4), organizations must be primarily engaged in the promotion of social welfare, not organized or operated for profit, and the net earnings of which do not inure to the benefit of any private shareholder or individual.
- The promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office.
- The regulations do not impose a complete ban on political activity by section 501(c)(4) organizations. 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.

Background:

- Starting in 2010, EO 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

Increase in section 501(c)(4) applications

2008 - 1410

2009 - 1571

2010 - 1591

2011 - 2242

2012 - 3398

2013 - 2,092 (through March 26, 2013)

- EO took steps to coordinate the handling of the cases to ensure consistency. As sometimes happens, however, coordination efforts resulted in some cases being in inventory for a longer time than expected.
- In early 2012, after development letters were sent to some applicant organizations, issues with respect to these cases were brought to the attention of EO management, who requested a status of the inventory.

- After receiving the inventory status, EO management determined that a more refined approach was warranted to ensure more timely and consistent handling of the cases. EO management put together a team of highly experienced technical experts to work with the revenue agents in Cincinnati handling the cases.
- EO now has 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.
- We have made significant progress on these cases to date.
 - **Nearly 300 (c)(4) advocacy cases – more than 120 approvals to date.**
 - 453 total advocacy cases
 - 154 (c)(3) cases
 - 295 (c)(4) cases
 - 3 (c)(6) cases
 - 1 (c)(10) case
 - 159 Approvals to date
 - 34 (c)(3)s
 - 124 (c)(4)s
 - 1 (c)(6)s
 - 37 withdrawals
 - There have been no denials at this time.
 - For many cases, updated information requests have been sent to focus on the specific legal issues in question. We are in process of an active back and forth with organizations in those cases where there are questions as to whether the legal requirements for tax exemption are satisfied.

Disclosure of donor names:

- There are instances in which donor names are relevant in the course of the determination process. There is no legal basis for redacting such names from the application file if the information is used in making the determination on the application.

- 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.
- EO Determinations staff did ask for donor names from some applicants for c4 status. In cases in which the donor names were not used in making the determination, the donor information was expunged from the file.

Self-Declarer Project (from EO Workplan)

- 501(c)(4), (5) and (6) self-declarers questionnaire – distributed March 2013 to all organizations(over 1300) that file 990s in tax years 2010 or 2011, but have not received recognition by the IRS as being tax-exempt.

From: Paz Holly O
Sent: Monday, April 01, 2013 4:15 PM
To: Lerner Lois G
Cc: Marks Nancy J
Subject: FW: Responses

Importance: High

Reading the discussion draft again, I think they are focused specifically on who developed the criteria noted in the June 2011 briefing paper, rather than the other iterations of the BOLO criteria (which is how I had first read the draft report). So in the draft email, I have attempted to address both issues. The June 2011 briefing paper "criteria" has been the subject of much discussion (see below) as it differed from what was on the BOLO at that time. We explained that in November when we gave comments on the timeline - Cindy asked screening manager and he asked his employees how they were interpreting/applying the BOLO's brief reference to "organizations involved with the Tea Party movement." TIGTA even interviewed one of those screening group employees who responded to the screening manager's question.

From: Paz Holly O
Sent: Monday, November 19, 2012 4:39 PM
To: Paterson Troy D TIGTA
Cc: Seidell Thomas F TIGTA; Medina Cheryl J TIGTA; Lerner Lois G
Subject: RE: Responses

Troy,

Your reading of our response to question #1 is correct. The EO Determinations Program Manager and screener manager were not aware of the specific criteria being used prior to employees providing the criteria in response to the screener manager's request in June 2011. No one in the EO management chain sanctioned the use of the four criteria listed in your question #1 below.

Holly

From: Paterson Troy D TIGTA [mailto:Troy.Paterson@tigta.treas.gov]
Sent: Wednesday, November 14, 2012 10:01 AM
To: Paz Holly O
Cc: Seidell Thomas F TIGTA; Medina Cheryl J TIGTA; Lerner Lois G
Subject: RE: Responses

Holly,

Thank you again for the follow-up responses. In response to question #1, you mention that EO function executive management did not sanction the use of the 1-4 criteria we listed in our original questions. You also mention that the EO function Determinations Program Manager asked for the criteria from the screener manager and the screener manager asked his employees for the specific criteria. To be clear, does this mean that the EO function Determinations Program Manager and screener manager were not aware of the specific criteria being used prior to employees providing the criteria in response to the screener manager's request? In other words, no one in the EO function management chain sanctioned the use of the criteria.

Troy

(b)(6); (b)(7)(C)

From: Paz Holly O [mailto:Holly.O.Paz@irs.gov]
Sent: Friday, November 09, 2012 2:14 PM
To: Paterson Troy D TIGTA
Cc: Seidell Thomas F TIGTA; Medina Cheryl J TIGTA; Lerner Lois G
Subject: RE: Responses

Troy,

Please see answers to your follow-up questions below. Please let me know if you have any further questions or if you think a discussion would be helpful.

Holly

1. In the response to questions 2 and 3, Lois states that the manager of the screening group responded that, "The following are issues that could indicate a case to be considered a potential 'tea party' case and sent to Group 7822 for secondary screening. 1. 'Tea Party', 'Patriots' or '9/12 Project' is referenced in the case file. 2. Issues include government spending, government debt and taxes. 3. Educate the public through advocacy/legislative activities to make America a better place to live. 4. Statements in the case file that are critical of the how the country is being run." Does this mean that the manager of the screening group developed this criteria? If not, who created the criteria? We're trying to determine if anyone in EO function management sanctioned the use of the criteria.

EO executive management did not sanction use of 1-4 above as criteria for identifying advocacy cases. Because the BOLO only contained a brief reference to "Organizations involved with the Tea Party movement applying for exemption under 501(c)(3) and 501(c)(4)" in June 2011, I, as Acting Director of EO Rulings & Agreements, sought clarification as to the criteria being used to identify these cases in light of the diversity of applications selected under this "tea party" label (e.g., some had "tea party" in their name but others did not, some stated that they were affiliated with the "tea party" movement while others stated they were affiliated with the Democratic or Republican party, etc.). My inquiry prompted the EO Determinations Program Manager to ask the manager of the screening group what criteria were being used to label "tea party" cases ("Do the applications specify/state 'tea party'? If not, how do we know applicant is involved with the tea party movement?"). We understand that the screening group manager asked his employees how they were applying the BOLO's short-hand reference to "tea party" and was told by his employees that they included organizations meeting any of criteria 1-4 above as falling within the BOLO's reference to "tea party" organizations.

2. On the May 14, 2012 entry on the timeline, the EO function changed the additional details column to read "Concluded, in light of case law on what is educational, that "propaganda" activities should be [emphasis added] considered part of an organization's social welfare activities in analyzing whether it is primarily engaged in promoting social welfare." Earlier, you provided an e-mail from Tom Miller that states "I could not find anything, but my analysis is that propaganda activities should not be [emphasis added] included in an organization's activities that promote social welfare in analyzing whether it is primarily engaged in promoting the SW within the meaning of the regulations. Did the EO function inadvertently leave out the word "not" in its feedback or are we misinterpreting Tom Miller's e-mail?

I am afraid that the wording of my question to Tom has contributed to the confusion. You can see I said we were seeing inflammatory talk, which I characterized as propaganda. "Propaganda," however, is a term with legal significance. So, Tom's email went on to discuss what constitutes "propaganda" versus what is "educational," for purposes of characterizing the inflammatory talk. He says that, "Posting of some questionable or snarky articles will not undue otherwise OK material . . . the bar [for whether material is educational] is quite low." The example in his second paragraph about the Institute for Historical Review shows just how difficult it is to conclude that inflammatory talk is actually "propaganda" rather than "educational." Senior members of the team bucketing the advocacy cases discussed Tom's email in light of the inflammatory talk we were seeing and concluded that it would be considered educational under existing precedents.

3. On the May 2012 entry on the timeline, the EO function deleted our wording that the EO Technical employee was reviewing all case files and closing letters prior to issuance. Our interview write-up states that case files were being reviewed and closing letters were being reviewed prior to issuance. Is this the case, or are only the development letters being reviewed?

EO Technical employees are reviewing all development letters to organizations in buckets 2 and 3 prior to issuance. Designated EO Technical employees are also available to answer questions the Determinations specialists may have after receiving responses to those development letters. While EO Technical employees are reviewing all development letters, typically on favorables, EO Technical does not review the closing letter itself because these are essentially form approval letters. All denial letters, however, are being closely coordinated between EO Technical and EO Determinations.

From: Paterson Troy D TIGTA [<mailto:Troy.Paterson@tigta.treas.gov>]

Sent: Tuesday, November 06, 2012 3:00 PM

To: Paz Holly O

Cc: Seidell Thomas F TIGTA; Medina Cheryl J TIGTA

Subject: FW: Responses

Holly,

Thank you again for taking the time to review and provide feedback on the 3 questions we submitted and the long timeline. We have a few follow-up questions.

1. In the response to questions 2 and 3, Lois states that the manager of the screening group responded that, "The following are issues that could indicate a case to be considered a potential 'tea party' case and sent to Group 7822 for secondary screening. 1. 'Tea Party', 'Patriots' or '9/12 Project' is referenced in the case file. 2. Issues include government spending, government debt and taxes. 3. Educate the public through advocacy/legislative activities to make America a better place to live. 4. Statements in the case file that are critical of the how the country is being run." Does this mean that the manager of the screening group developed this criteria? If not, who created the criteria? We're trying to determine if anyone in EO function management sanctioned the use of the criteria.
2. On the May 14, 2012 entry on the timeline, the EO function changed the additional details column to read "Concluded, in light of case law on what is educational, that "propaganda" activities **should be** [emphasis added] considered part of an organization's social welfare activities in analyzing whether it is primarily engaged in promoting social welfare." Earlier, you provided an e-mail from Tom Miller that states "I could not find anything, but my analysis is that propaganda activities **should not be** [emphasis added] included in an organization's activities that promote social welfare in analyzing whether it is primarily engaged in promoting the SW within the meaning of the regulations. Did the EO function inadvertently leave out the word "not" in its feedback or are we misinterpreting Tom Miller's e-mail?
3. On the May 2012 entry on the timeline, the EO function deleted our wording that the EO Technical employee was reviewing all case files and closing letters prior to issuance. Our interview write-up states that case files were being reviewed and closing letters were being reviewed prior to issuance. Is this the case, or are only the development letters being reviewed?

As always, we appreciate the assistance and we look forward to your response.

Troy

From: Lerner Lois G [<mailto:Lois.G.Lerner@irs.gov>]

Sent: Friday, November 02, 2012 11:34 AM

To: Paterson Troy D TIGTA

Cc: Paz Holly O

Subject: Responses

Attached is our redlined version of the long time line you prepared. We have made changes where we thought your folks didn't get it exactly right, and have added some comments for your consideration. Also attached are my response to your three questions. Rather than be repetitive, we have combined the response to questions 2 and 3 into one comprehensive response. I am out of the country next week, but Holly can probably answer any questions you may have in the meantime.

Leis G. Lerner

Director of Exempt Organizations

From: Paz Holly O
Sent: Monday, July 23, 2012 3:05 PM
To: Seidell Thomas F TIGTA; Medina Cheryl J TIGTA
Subject: FW: TIGTA DOCUMENT REQUEST

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

From: Thomas Cindy M
Sent: Thursday, July 19, 2012 3:58 PM
To: Paz Holly O
Subject: TIGTA DOCUMENT REQUEST

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

From: Grodnitzky Steven
Sent: Tuesday, July 06, 2010 9:40 AM
To: Thomas Cindy M; Camarillo Sharon L
Cc: Hull Carter C
Subject: FW: Form 1023 Application

EOT is working the Tea party applications in coordination with Cincy. We are developing a few applications here in DC and providing copies of our development letters with the agent to use as examples in the development of their cases. Chip Hull is working these cases in EOT and working with the agent in Cincy, so any communication should include him as well. Because the Tea party applications are the subject of an SCR, we cannot resolve any of the cases without coordinating with Rob.

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

From: Paz Holly O
Sent: Tuesday, July 06, 2010 8:38 AM
To: Grodnitzky Steven; Thomas Cindy M; Camarillo Sharon L
Subject: FW: Form 1023 Application

Steve,

Can you please let Cindy and Sharon know how we have been handling Tea Party applications the last few months?

Thanks,

Holly

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

From: Thomas Cindy M
Sent: Saturday, July 03, 2010 9:46 AM
To: Camarillo Sharon L
Cc: Paz Holly O
Subject: Re: Form 1023 Application

Sharon,

We transferred a few tea party cases to EOT, but I believe we are working others in coordination with EOT. If I remember correctly, b(6) and b(7)(C)\... is coordinating these and working with EOT.

You may want to check with Steve Bowling and John Shafer.

Sent using BlackBerry

-----Original Message-----
From: Sharon Camarillo
To: Holly Paz
Cc: Cindy M Westcott
Subject: FW: Form 1023 Application
Sent: Jul 2, 2010 1:28 PM

non-responsive; (b)(6)/(b)(7)(C); (b)(3)/6103

(b)(3) 6103; (b)(6); (b)(7)(C); non-responsive

If you have any questions, please contact me. Thank you.

b(6) and b(7)(C)\per...

From: Paz Holly O
Sent: Tuesday, April 16, 2013 1:59 PM
To: Lerner Lois G
Cc: Marx Dawn R
Subject: Emailing: TIGTA advocacy response.doc
Attachments: TIGTA advocacy response.doc

Importance: High

Attached is a draft response. I have tried to take the approach you and Joseph outlined yesterday. I am just sending it to you at this time so that we do not have multiple people making edits at the same time. A couple questions to consider as you read the response:

1. How do we want to refer to these cases - advocacy cases or pick up on TIGTA's terminology and call them potential political campaign activity cases?
2. Do we want to agree to all of the recommendations - I am fine with most of them but the one about screeners documenting their decisions more concerns me as it could slow the process dramatically but don't know that we want to take that on.
3. In this draft, I simply say we accept all their recommendations? Do we want or need to say more at this point?
4. Do we want to be completely silent on the criteria issue? Mike Daly stopped by yesterday to talk about that. He doesn't want to cede that the criteria were completely inappropriate. He thinks we should make an argument as to why there was some basis for doing it based on the names.
For example, in our comments on one of the cases TIGTA said should not be advocacy, we said "The organization seeks section 501(c)(3) status, but provided no description of its activities and has identified itself by name as associated with a national movement that has engaged in political campaign advocacy and should be worked with these other cases to ensure consistency." Perhaps we could consider something along those lines.
Alternatively, do we want to reiterate (as noted by TIGTA in the report) that the names were just short hand for political c4s we were getting and not all the advocacy cases had those names?
5. Do we want to be completely silent on the development questions? In response to Congressionals, we have argued that there can be a basis in some cases to ask for that information. Do we want to say that here?
6. Most other responses to TIGTA reports I looked at contained some sort of general statement characterizing our reaction to the report. I did not do that here.

From: Lerner Lois G
Sent: Wednesday, April 17, 2013 7:37 PM
To: Daly Richard M; Paz Holly O
Subject: Re: TIGTA report on Tea Party Cases - rebuttal to initial selection issue

I hate computers! I can't open the secure zip on my home computer so this will have to wait for morning. GRRH!

Lois G. Lerner-----

Sent from my BlackBerry Wireless Handheld

From: Daly Richard M
Sent: Wednesday, April 17, 2013 07:16 PM Eastern Standard Time
To: Lerner Lois G; Paz Holly O
Subject: TIGTA report on Tea Party Cases - rebuttal to initial selection issue

Just sent this to you, but it's not showing up in my "sent box." Just to be safe, I'm sending it again. Sorry. Mike

In the dn of what our screening review is based on, I probably would add "the information initially submitted by the applicant," before I go on to "our experience with the e o community, etc.

From: Paz Holly O
Sent: Thursday, April 18, 2013 10:50 AM
To: Lerner Lois G
Cc: Marx Dawn R
Subject: Tigta response
Attachments: TIGTA - Report on c 4s - April 18, 2015.doc

Importance: High

Attached is a revised version with specific responses to the recommendations included per our usual attachment format. It became very difficult to read in track changes so I turned it off. I started with Mike's edit of your version from yesterday afternoon, added in Mike's section on **using names**, and made the changes we discussed on the phone yesterday.

Holly

From: Daly Richard M
Sent: Thursday, April 18, 2013 11:21 AM
To: Lerner Lois G; Paz Holly O
Subject: TIGTA report on Tea Party Cases - rebuttal to initial selection issue - 2 + 1
Attachments: SecureZIP Attachments.zip

I "accepted all changes" and worked from there.

I'm again raising whether we are taking a position inconsistent with our actions. According to TIGTA's report, both of you, at one time, reacted against the use of name and policy positions as a sufficient basis to process an application.

The report seems to me somewhat unclear whether the correct standards for review that you asked for (and that the field subsequently ignored) were standards for initial screening or for full development.

If we took the position that initial screening required something more than name and policy positions, we may be in a weak position to make the argument we are making here. Not that it couldn't be made, but maybe this would then not be the time to make it.

Mike

From: Lerner Lois G
Sent: Thursday, April 18, 2013 11:49 AM
To: Daly Richard M; Paz Holly O
Subject: RE: TIGTA report on Tea Party Cases - rebuttal to initial selection issue - 2 + 1

I hear you--this is a complicated discussion. I think we cannot and did not ignore information in the public sphere. On the other hand, we would never have agreed that our written criteria should include specific named organization because of the appearance that we were targeting them--as evidenced by TIGTA's report. So, we need to figure out a way to "defend" the use of information available to the screeners without saying we agree that the BOLO was correct--we don't think the BOLO was correct

Lois G. Lerner

Director of Exempt Organizations

From: Daly Richard M
Sent: Thursday, April 18, 2013 12:21 PM
To: Lerner Lois G; Paz Holly O
Subject: TIGTA report on Tea Party Cases - rebuttal to initial selection issue - 2 + 1

I "accepted all changes" and worked from there.

I'm again raising whether we are taking a position inconsistent with our actions. According to TIGTA's report, both of you, at one time, reacted against the use of name and policy positions as a sufficient basis to process an application.

The report seems to me somewhat unclear whether the correct standards for review that you asked for (and that the field subsequently ignored) were standards for initial screening or for full development.

If we took the position that initial screening required something more than name and policy positions, we may be in a weak position to make the argument we are making here. Not that it couldn't be made, but maybe this would then not be the time to make it.

Mike

From: White Shirley A
Sent: Thursday, April 18, 2013 2:04 PM
To: Paz Holly O
Subject: RE: Georgetown Speeches

Thanks, good ideas. Don't you wish you were going?

From: Paz Holly O
Sent: Thursday, April 18, 2013 1:58 PM
To: White Shirley A; Fish David L
Subject: RE: Georgetown Speeches

Nothing Lois does not know about already. More importantly than what issues may come up, I think we need to tell people what they are allowed to say in response (I am thinking of the questions Judy may get at Georgetown).

Impact of sequestration

IRS disclosure of pending exemption applications

IRS' reaction to allegations that it was biased against tea party groups

IRS' reaction to allegations that we are doing nothing about c4 political activity

Lois could either sit down Judy and others who are speaking (not sure who all that is) and talk through these things or perhaps CE&O could craft answers for Lois' review.

FYI - David is out due to a family emergency and is not sure when he will be back.

From: White Shirley A
Sent: Thursday, April 18, 2013 1:50 PM
To: Paz Holly O; Fish David L
Subject: FW: Georgetown Speeches
Importance: High

Do you have any high-level issues that should be mentioned at Georgetown? Or a couple weeks later at ABA?
-Shirley

From: Lerner Lois G
Sent: Thursday, April 18, 2013 1:48 PM
To: Partner Melaney J; White Shirley A
Subject: Georgetown Speeches
Importance: High

Several of us will be talking there--are there any high-level issues we need to caution folks about or let them know about? If so, please get info to all.

Lois G. Lerner

Director of Exempt Organizations

From: Light Sharon P
Sent: Thursday, April 18, 2013 2:13 PM
To: Paz Holly O
Subject: RE: Georgetown Speeches

non-responsive

From: Paz Holly O
Sent: Thursday, April 18, 2013 1:58 PM
To: Light Sharon P
Subject: FW: Georgetown Speeches

From: Paz Holly O
Sent: Thursday, April 18, 2013 1:58 PM
To: White Shirley A; Fish David L
Subject: RE: Georgetown Speeches

Nothing Lois does not know about already. More importantly than what issues may come up, I think we need to tell people what they are allowed to say in response (I am thinking of the questions Judy may get at Georgetown).

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From: White Shirley A
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Several of us will be talking there--are there any high-level issues we need to caution folks about or let them know about? If so, please get info to all.

Lois G. Lerner

Director of Exempt Organizations

From: Daly Richard M
Sent: Thursday, April 18, 2013 7:13 PM
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
Attachments: SecureZIP Attachments.zip

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

I think it's important to talk a bit about 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. There have been concerns raised that the IRS improperly selected applications for in depth review based on their names or policy positions, and that we asked inappropriate questions during the application review process. Some of this has been discussed publicly already, but I thought it would make sense to take a couple of minutes to talk about what we did, what we didn't do, and where we are today on the grouping of advocacy organizations in our determination letter inventory.

But before I get to the details of the program, it is important to recognize the context in which events occurred. Following the decision in *Citizens United v. Federal Election Commission*, 558 U.S. 310 (2010), in which the United States Supreme Court held that the First Amendment protected independent political expenditures by corporations, associations, or labor unions, Exempt Organizations saw an unprecedented increase in the number of section 501(c)(3) and section 501(c)(4) applications from organizations that appeared to be potentially engaged in political campaign activity. Between 2008 and 2012, the number of applications for section 501(c)(4) status more than doubled.

As the first election cycle following *Citizens United* began, the national print and broadcast media repeatedly reported that section 501(c)(4) organizations were being formed specifically to engage in political campaign activity. The media reports noted that many of these organizations were operating like section 527 political organizations, but were not publicly disclosing donors, as required by section 527. IRS also received numerous referrals from the public, watchdog groups, and members of Congress alleging that specific section 501(c)(4) organizations were engaged primarily in political campaign activity.

The determination whether an organization engaged in political campaign intervention qualifies under section 501(c)(4) is a difficult legal and factual issue, and it requires a two-step analysis. EO must first determine whether any activities described in the application constitute political campaign intervention. EO must then determine whether the applicant is primarily engaged in social welfare activity in light of any political campaign intervention and any other non-exempt activity. There are no bright line tests for what constitutes political campaign intervention or whether an organization is primarily engaged in social welfare activities. Whether an activity is political campaign intervention, and whether an organization meets the requirements of section 501(c)(4), must be decided on the specific facts of each case, and no one factor is determinative.

As you know, the number of 501(c)(4) applications increased significantly starting after the Citizens United decision in 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 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 believes 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.

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

I think it's important to talk a bit about 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. There have been concerns raised that the IRS improperly selected applications for in depth review based on their names or policy positions, and that we asked inappropriate questions during the application review process. Some of this has been discussed publicly already, but I thought it would make sense to take a couple of minutes to talk about what we did, what we didn't do, and where we are today on the grouping of advocacy organizations in our determination letter inventory.

But before I get to the details of the program, it is important to recognize the context in which events occurred. Following the decision in *Citizens United v. Federal Election Commission*, 558 U.S. 310 (2010), in which the United States Supreme Court held that the First Amendment protected independent political expenditures by corporations, associations, or labor unions, Exempt Organizations saw an unprecedented increase in the number of section 501(c)(3) and section 501(c)(4) applications from organizations that appeared to be potentially engaged in political campaign activity. Between 2008 and 2012, the number of applications for section 501(c)(4) status more than doubled.

As the first election cycle following *Citizens United* began, the national print and broadcast media repeatedly reported that section 501(c)(4) organizations were being formed specifically to engage in political campaign activity. The media reports noted that many of these organizations were operating like section 527 political organizations, but were not publicly disclosing donors, as required by section 527. IRS also received numerous referrals from the public, watchdog groups, and members of Congress alleging that specific section 501(c)(4) organizations were engaged primarily in political campaign activity.

The determination whether an organization engaged in political campaign intervention qualifies under section 501(c)(4) is a difficult legal and factual issue, and it requires a two-step analysis. EO must first determine whether any activities described in the application constitute political campaign intervention. EO must then determine whether the applicant is primarily engaged in social welfare activity in light of any political campaign intervention and any other non-exempt activity. There are no bright line tests for what constitutes political campaign intervention or whether an organization is primarily engaged in social welfare activities. Whether an activity is political campaign intervention, and whether an organization meets the requirements of section 501(c)(4), must be decided on the specific facts of each case, and no one factor is determinative.

As you know, the number of 501(c)(4) applications increased significantly starting after the Citizens United decision in 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 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 believes 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.

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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.

From: Lerner Lois G
Sent: Friday, April 26, 2013 12:19 PM
To: Paz Holly O
Subject: FW: speech
Attachments: TIGTA response draft 4-23-13.doc

This is the one I talked about--is still being "refined"

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

From: Grant Joseph H
Sent: Monday, April 29, 2013 1:37 PM
To: Flax Nikole C; Lerner Lois G; Daly Richard M; Paz Holly O; Marks Nancy J
Subject: RE: Revised response

Nikole,

Yes we can. Team, please send your comments to me and I will clear and send them on to Nikole. We should finish our work this evening. I will be available at 5:00 PM if you want to chat in person.

Thanks - Joseph

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

From: Flax Nikole C
Sent: Monday, April 29, 2013 2:23 PM
To: Lerner Lois G; Daly Richard M; Grant Joseph H; Paz Holly O; Marks Nancy J
Subject: RE: Revised response

Are you saying that the BOLO is not used to centralize?

Can you guys send one document back with all of tege edits? Thanks

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

From: Lerner Lois G
Sent: Monday, April 29, 2013 1:01 PM
To: Daly Richard M; Grant Joseph H; Paz Holly O; Marks Nancy J
Cc: Flax Nikole C
Subject: RE: Revised response

We've had this conversation before--we don't have stats for the 20010-12 period. Everyone is aware--it was in "our" draft also.

I agree the parenthetical isn't exactly right. The name of the organization wasn't used to centralize--it was on the BOLO for a limited time, but the cases were centralized before and after BOLO.

Lois G. Lerner
Director of Exempt Organizations

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

From: Daly Richard M
Sent: Monday, April 29, 2013 12:33 PM
To: Grant Joseph H; Lerner Lois G; Paz Holly O; Marks Nancy J
Cc: Flax Nikole C
Subject: FW: Revised response

I have four comments:

1. Para. 2 on page 1. The word "influx" seems a little odd. I suggest "intake."
2. Para 3 on page 1. We talk about the number of (c)(4) applications doubling between 2008 and 2012. Since the relevant period begins in 2010, it would be better to have stats for that period. Also, the following sentence begins "At this time." That's confusing since the preceding sentence talks about 2008 - 2012, while this reference is to the time period beginning in 2010. So, I suggest we start this sentence saying "At the same time" rather than "At this time."
3. Second full para on page 2. Beginning "While warranted." It would be much clearer if we said, "While centralization was warranted."
4. Bottom sentence on page two, carrying over to page 3. Beginning "It is important to understand." The third sentence beginning "Moreover, cases selected for development." I do not understand the parenthetical. Are we saying that the majority of cases that were subject to full development were not cases that were selected initially because they had Tea Party, Patriot or 9/12 in their name. If so, I don't think that is what the parenthetical says. But I really don't know what the parenthetical says.

There are a few other personal-preference nits, but I'm suppressing them.

Mike

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

From: Lerner Lois G

Sent: Monday, April 29, 2013 11:50 AM

To: Flax Nikole C; Grant Joseph H; Daly Richard M

Subject: RE: Revised response

I think the response looks really good. Admits some flaws, but lays out the context and what we did to correct. Good job! Holly and I will work on dates--some easier to shorten up than others--stay tuned

Lois G. Lerner

Director of Exempt Organizations

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

From: Flax Nikole C

Sent: Sunday, April 28, 2013 9:34 AM

To: Grant Joseph H; Lerner Lois G; Daly Richard M

Cc: Flax Nikole C

Subject: Revised response

Please take a look and let me know of any suggested edits. Steve needs to see any changes before we submit so please send back to me. Also, he asked that we be more aggressive on the dates so please let me know which ones can change for the corrective actions. Thanks

From: Lerner Lois G
Sent: Monday, April 29, 2013 6:15 PM
To: Paz Holly O
Subject: RE: Revised response

We(Joseph, Mike and me) just sat and did one doc--thanks

Lois G. Lerner
Director of Exempt Organizations

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

From: Paz Holly O
Sent: Monday, April 29, 2013 7:13 PM
To: Lerner Lois G
Subject: Re: Revised response

I was not sure which Mike comments you would want to incorporate and send forward. Just let me know and I can plug in any revisions tonight and send to Joseph.

Sent from my BlackBerry Wireless Device

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

From: Lerner Lois G
Sent: Monday, April 29, 2013 07:09 PM Eastern Standard Time
To: Flax Nikole C; Daly Richard M; Grant Joseph H; Paz Holly O; Marks Nancy J
Subject: RE: Revised response

Yes and no. We were centralizing before the BOLO and while bad names were on BOLO and after bad names were off BOLO.

Lois G. Lerner
Director of Exempt Organizations

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

From: Flax Nikole C
Sent: Monday, April 29, 2013 2:23 PM
To: Lerner Lois G; Daly Richard M; Grant Joseph H; Paz Holly O; Marks Nancy J
Subject: RE: Revised response

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Lois G. Lerner
Director of Exempt Organizations

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To: Flax Nikole C; Grant Joseph H; Daly Richard M
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Lois G. Lerner
Director of Exempt Organizations

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

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Sent: Sunday, April 28, 2013 9:34 AM
To: Grant Joseph H; Lerner Lois G; Daly Richard M
Cc: Flax Nikole C
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From: Marks Nancy J
Sent: Monday, May 13, 2013 9:55 AM
To: Paz Holly O
Subject: Re: Review of determinations development letters

Thanks

Sent using BlackBerry

From: Paz Holly O
Sent: Monday, May 13, 2013 10:48 AM Eastern Standard Time
To: Flax Nikole C; Marks Nancy J; Best Jennifer L; Vozne Jennifer L
Cc: Light Sharon P
Subject: FW: Review of determinations development letters

Please see below.

From: Kindell Judith E
Sent: Monday, May 13, 2013 10:38 AM
To: Paz Holly O; Light Sharon P; Marks Nancy J
Subject: Review of determinations development letters

These were the issues that Susan and I highlighted when reviewing the development letters. [REDACTED]

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

[REDACTED] I have provided the same breakdown for each question:

[REDACTED]

(b)(5)/AC

From: Paz Holly O
Sent: Monday, May 13, 2013 4:37 PM
To: Marks Nancy J
Subject: FW: Mtg on Advocacy Cases

FYI - information on the August 2011 meeting with Counsel.

From: Spellmann Don R [<mailto:Don.R.Spellmann@irs.counsel.treas.gov>]
Sent: Wednesday, August 03, 2011 11:15 AM
To: Paz Holly O
Cc: Lowe Justin
Subject: RE: Mtg on Advocacy Cases

Thank you very much Holly and Justin for the scope and agenda. A coordination meeting sounds perfect. We will plan to come over. See you tomorrow.

Don

From: Paz Holly O [<mailto:Holly.O.Paz@irs.gov>]
Sent: Wednesday, August 03, 2011 9:49 AM
To: Spellmann Don R
Cc: Lowe Justin
Subject: FW: Mtg on Advocacy Cases

Don,

This meeting was set up at the request of David Marshall (prior to yours and my meeting with Lois, Janine and Nan last week), so that Counsel could get a better idea of the factual situation in Determs. Because there are several moving pieces connected to this issue, my folks think it would still be helpful to have this meeting to coordinate as to:

1. The 2 cases sent to Counsel that are being sent back for further development.
2. The checksheet (not a model development letter) EOT is writing for Determs specialists working the advocacy cases. It will explain (b)(5)/AC

3. A research paper on (b)(5)/AC, non-responsive

Given the shift in the focus of the meeting to overall coordination - ensuring that folks are on the same page at the staff level- we could probably shorten the length and hold it by phone rather than having you all come over.

Let me know what you think.

Thanks,

Holly

From: Spellmann Don R [<mailto:Don.R.Spellmann@irs.counsel.treas.gov>]
Sent: Tuesday, August 02, 2011 2:15 PM
To: Paz Holly O
Subject: Mtg on Advocacy Cases

Hi Holly,

We have a meeting on Thursday afternoon (scheduled several weeks ago) with Justin Lowe and the TLS's that are working on the advocacy cases. The invited guests are: Lowe Justin; Megosh Andy; Kastenber Elizabeth C; Hull Carter C; Goehausen Hilary; and (from counsel) Griffin Kenneth M; Marshall David L; and Franklin Amy B. The CC's were Seto Michael C; Fish David L; Shoemaker Ronald J.

I understand the original agenda was exchanging ideas and developing an overall game plan for working the advocacy cases. It was not about any particular case. We now are wondering if the agenda or purpose of this meeting has changed in light of our meeting last week with Lois, Nan, and Janine. **Is this the EO group that will be working on the model development letter we talked about? Or is there another group undertaking that task? We had assumed that the two c4 cases we are sending back, with the advice to factually develop the election year of 2010, would be further worked using the model letter that is to be prepared.**

We are of course always happy to come over and exchange ideas on case development, help draft the model development letter, and discuss the particular facts and issues of individual cases. We just were unclear about how this previously scheduled meeting now fits into the overall schedule and game plan. And we didn't want to come over unprepared for whatever people were expecting. So I thought I would check with you.

Thanks!

Don

Don R. Spellmann
Senior Counsel
Office of Division Counsel/Associate Chief Counsel
(Tax Exempt and Government Entities)
1111 Constitution Avenue, NW, Room 4409
Washington, DC 20224
202-927-6799
202-622-1036 (Fax)

From: Paz Holly O
Sent: Tuesday, May 14, 2013 4:23 PM
To: Flax Nikole C; Marks Nancy J; Vozne Jennifer L
Subject: FW: Follow-Up
Attachments: Updated TIGTA Exception Cases - Post Discussion.xlsx

Attached is the list of approx. 90 cases TIGTA said should not have been treated as advocacy cases and we disagreed.

From: Paz Holly O
Sent: Thursday, February 07, 2013 2:35 PM
To: Kindell Judith E; Goehausen Hilary
Subject: FW: Follow-Up

FYI - the final list of disagreed cases.

From: Paterson Troy D TIGTA [mailto:Troy.Paterson@tigta.treas.gov]
Sent: Tuesday, February 05, 2013 1:28 PM
To: Lerner Lois G
Cc: Paz Holly O
Subject: RE: Follow-Up

Lois,

As requested, here is a listing of 93 application cases. There is one case that we are working on with Holly (case

(b)(3)/6103(a) This one may or may not stay on the list.

Troy
404-338-7476

From: Lerner Lois G [mailto:Lois.G.Lerner@irs.gov]
Sent: Tuesday, February 05, 2013 11:01 AM
To: Paterson Troy D TIGTA
Cc: Paz Holly O
Subject: RE: Follow-Up

Thank you

Lois G. Lerner
Director of Exempt Organizations

From: Paterson Troy D TIGTA [mailto:Troy.Paterson@tigta.treas.gov]
Sent: Tuesday, February 05, 2013 10:50 AM
To: Lerner Lois G
Cc: Paz Holly O
Subject: RE: Follow-Up

Lois,

That is no problem. I'll ask the team to put together a listing and I'll send it to you and Holly this afternoon.

Troy

404-338-7476

From: Lerner Lois G [mailto:Lois.G.Lerner@irs.gov]

Sent: Tuesday, February 05, 2013 10:33 AM

To: Lerner Lois G; Paterson Troy D TIGTA

Cc: Paz Holly O

Subject: RE: Follow-Up

One more thing--can we get the names of the 90 cases please?

Lois G. Lerner

Director of Exempt Organizations

From: Lerner Lois G

Sent: Tuesday, February 05, 2013 10:27 AM

To: Paterson Troy D TIGTA

Cc: Paz Holly O

Subject: RE: Follow-Up

Thanks Troy--It probably makes sense to see what you put together and react to it rather than continuing the discussion in the abstract. We will begin to put together a reply. As I'm sure you would guess, if you don't include the whole picture, we will include a detailed version in our response. Keep us apprised of progress on the report.

Lois G. Lerner

Director of Exempt Organizations

From: Paterson Troy D TIGTA [mailto:Troy.Paterson@tigta.treas.gov]

Sent: Tuesday, February 05, 2013 7:54 AM

To: Lerner Lois G

Cc: Paz Holly O

Subject: RE: Follow-Up

Lois,

After the discussion last week, the team went over some cases on Friday afternoon and Monday morning. We then met yesterday afternoon to discuss the cases and our thoughts on moving forward.

As far as the cases go, the team has reconsidered some cases based on input from Holly, Hillary, and Judy last week. In addition, I think we have (b)(3)/6103(a). After that, I believe we will have approximately 90 cases that we could not resolve. For these cases, I'm not sure there is much more we can discuss because most involve our literal view of the application package versus the EO function's interpretation of the application package based on experience. For example, in our literal view, we may not pick up on code words or know based on past experience that certain activities or sets of activities could actually be significant political campaign

intervention, whereas the EO function may. On our side, we'll have to determine how we present both sides in the report.

As far as moving forward, I began working yesterday morning on a very rough version of the report that I had asked the team to prepare while we were awaiting your feedback. There is a lot of information currently in the report and a lot of information that is currently not in the report. On our side, we have a lot of difficult decisions coming up on what is relevant to include and what our interpretation is regarding, not only the allegations that led to us initiating this review, but the actions the EO function has taken since that time. At this point, we have not determined what will or will not be included in the report and how we will present everything.

If you would like to meet to discuss your concerns, I am available. If you would rather wait until I have a clearer view of what are considering for the report, we can do that also. How would you like to proceed?

Troy

404-338-7476

From: Lerner Lois G [mailto:Lois.G.Lerner@irs.gov]

Sent: Thursday, January 31, 2013 2:34 PM

To: Paterson Troy D TIGTA

Cc: Paz Holly O

Subject: Follow-Up

We were disappointed that you couldn't attend the meeting today. I think it would be useful for you, your group, and mine to have another conversation about approach. We feel your folks are being too narrow in their view and have decided that because of the language on the earlier BOLO list regarding Tea Party, everything that followed was tainted. They seem to believe that if a case was initially sent to the advocacy group, but ultimately determined to be an approval, that our action in putting it into the advocacy group in the first place is incorrect, and illustrates "targeting." I think they remain confused about the purpose of screening vs.. bucketing--and we have tried to explain several time. They also don't seem to be taking a big picture look at what we have done. That is, we've already owned up to the fact that we recognized in mid-process that Cincinnati was struggling with the issues. That is why we sent our experts in this area to Cincinnati for 3 weeks to work hand in hand with the Determ folks to train them and then walk through their post training assessments to ensure they understood and we were getting the right treatment for the cases. When we describe that process, they acknowledge that that approach sounds reasonable, but seem to be saying that reasonableness is overshadowed by the fact that the criteria look bad to folks on the outside, so there is no way we could cure the initial bad impression.

We understand why the criteria might raise questions. In fact we refined it to more accurately reflect what we are doing. I met with the group today and asked your folks what they thought the TIGTA audit was all about. The response was that they were here because there were allegations that the IRS was "targeting." When asked, they didn't seem able to provide me with a clear definition of what they meant by targeting, and they confused me when they said it wasn't necessarily political. I told them my understanding is that the audit was to determine whether the IRS was acting in a politically motivated manner--not whether the earlier articulation of the criteria looked bad. However, that doesn't seem to be the focus. They have said they aren't looking at whether the organizations are conservative or liberal because that is too difficult to figure out. They have also acknowledged that there are both conservative and liberal organizations on the list of advocacy cases.

So, I'm not sure how they are looking at whether we were politically motivated, or what they are looking for with regard to targeting. They didn't seem to understand the difference between IRS acting in a politically motivated manner and front line staff people using less than stellar judgment. I am willing to take the blame for not having provided sufficient direction initially, which may have resulted in front line staff doing things that appeared to be politically motivated, but I am not on board that anything that occurred here shows that the IRS was politically motivated in the actions taken.

So, I suggested to the group that we all get together after they have had a chance to talk to you. I asked both sides to think about the main points they wanted to make or better understand, so the meeting can be most fruitful. This is the toughest one you and I have worked on together. But, I'm hoping the meeting will get us all to an improved understanding so that your report can better reflect what occurred and why.

Leis J. Lerner

Director of Exempt Organizations

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

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(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

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(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

(b)(3)/6103(a); (b)(7)(A)

From: Thomas Cindy M
Sent: Tuesday, May 14, 2013 10:31 PM
To: Paz Holly O
Subject: RE: Elevating Questions - Advocacy Cases - FW: Guidance Requested

Holly,

The first question in Faye's email below was raised during our conversation on 5/13. She raised 2 additional questions. Refer to her email below and let me know how you want us to handle. Thanks.

From: Waddell Jon M
Sent: Tuesday, May 14, 2013 8:20 AM
To: Thomas Cindy M; Bowling Steven F
Subject: FW: Elevating Questions - Advocacy Cases - FW: Guidance Requested

As a follow-up to yesterday's meeting, I'm forwarding a list of concerns from Faye for the Washington Office to provide guidance

thanks

From: Combs Peggy L
Sent: Monday, May 13, 2013 10:08 AM
To: Waddell Jon M
Cc: Ng Faye H
Subject: Elevating Questions - Advocacy Cases - FW: Guidance Requested

Jon,

I wanted to run this by you so we can provide some reassurance to the folks working on these cases. Do we continue to process these cases as we have been... status quo? Thanks.

From: Ng Faye H
Sent: Monday, May 13, 2013 8:23 AM
To: Combs Peggy L
Subject: Guidance Requested

Good morning Peggy,

In light of recent news events, please provide guidance on the following with regard to advocacy cases:

1. I received approved draft development letters from Hilary Goehausen, EO Technical, last week and expect to receive more in the coming weeks, do I send out these development letters and contact the applicants to discuss their applications as usual?
2. While discussing these applications with the applicants, if questions about the current new events arise, what are the appropriate procedures/response?
3. If my authority to request for information is challenged, what is the appropriate procedure/response?

Please elevate and/or advise...

Thank you,

Faye Ng

EO Determination Specialist -
Group 7826
513-263-3699

Recent section 501(c)(4) activity

Legal requirements:

- The law allows section 501(c)(4) organizations to hold themselves out as tax-exempt or to apply for IRS recognition as tax-exempt.
- All section 501(c)(4) organizations must file Form 990 annual information returns.
- To qualify under section 501(c)(4), organizations must be primarily engaged in the promotion of social welfare, not organized or operated for profit, and the net earnings of which do not inure to the benefit of any private shareholder or individual.
- The promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office.
- The regulations do not impose a complete ban on political activity by section 501(c)(4) organizations. 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.

Background:

- Starting in 2010, EO 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 [EO, do we have any data here?]
- EO took steps to coordinate the handling of the cases to ensure consistency. As sometimes happens, however, coordination efforts resulted in some cases being in inventory for a longer time than expected.
- In early 2012, after development letters were sent to some applicant organizations, issues with respect to these cases were brought to the attention of EO management, who requested a status of the inventory.
- After receiving the inventory status, EO management determined that a more refined approach was warranted to ensure more timely and consistent handling of the cases. EO management put together a team of highly experienced technical experts to work with the revenue agents in Cincinnati handling the cases.
- EO now has 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.

- We have made significant progress on these cases to date.
 - 282 total advocacy cases
 - 83 (c)(3) cases
 - 199 (c)(4) cases
 - More than 50 approvals have been granted to date [XX c3s and XX c4s]
 - Is it correct that there have not been any denials yet? What about the emerge cases?
 - For many cases updated information requests have been sent to focus on the specific legal issues in question. We are in process of an active back and forth with organizations in those cases where there are questions as to whether the legal requirements for tax exemption are satisfied.

Disclosure of donor names:

- There are instances in which donor names are relevant in the course of the determination process. There is no legal basis for redacting such names from the application file if the information is used in making the determination on the application.
- 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.
- EO Determinations staff did ask for donor names from some applicants for c4 status. In cases in which the donor names were not used in making the determination, the donor information was expunged from the file.
- Do we have a sense of numbers here?

EO Workplan

- Includes two separate projects that could be relevant here (exact language pasted below)

- 501(c)(4), (5) and (6) self-declarers - These groups – social welfare organizations; labor, agricultural and horticultural groups; and business leagues, such as a chamber of commerce – can declare themselves tax-exempt without seeking a determination from the IRS. EO will review organizations to ensure that they have classified themselves correctly and that they are complying with applicable rules. In FY 2012, EO will send a comprehensive questionnaire to organizations based on Form 990 filings to assess compliance in this area.
- Political activity - As in any election year, EO will continue its work to enforce the rules relating to political campaigns and campaign expenditures. In FY 2012, EO will combine what it has learned from past projects on political activities with new information gleaned from the redesigned Form 990 to focus its examination resources on serious allegations of impermissible political intervention. As in the past, information from outside sources about political campaign intervention will be reviewed by a committee of career civil servants. In addition, other potential violations identified through risk modeling of Form 990 data also will be sent to the committee for evaluation. The committee will focus on identifying the cases to refer for examination. EO will further refine its risk models based on the results of examinations. EO will also ensure reporting and payment compliance with section 527(f).

Other issues:

- Response times -- Normal timeline for responding to requests for additional information per IRM is 21 days. We have provided all organizations more time to respond and told them to contact us if they needed additional time.
- TIGTA – looking at consistency in identifying and reviewing applications for tax-exempt status involving political advocacy issues - opening letter June 22, 2012
- BOLO – procedures modified May 17, 2012 to require all changes to receive approval up to level of the Director, EO Determinations.

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 checked="" 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 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	ESTIMATED CLOSURE DATE: March 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.

JW1559-042891

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: January 24, 2011	

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

JW1559-042892

From: Seto Michael C
Sent: Wednesday, February 02, 2011 11:10 AM
To: Light Sharon P
Subject: RE: SCR Table for Jan. 2011
Attachments: SCR table Jan 2011.doc

Here it is.

From: Light Sharon P
Sent: Wednesday, February 02, 2011 11:23 AM
To: Seto Michael C
Subject: RE: SCR Table for Jan. 2011

Mike -- can I see the original table? It didn't come through when Lois forwarded.

From: Seto Michael C
Sent: Wednesday, February 02, 2011 11:21 AM
To: Lerner Lois G; Paz Holly O
Cc: Trilli Darla J; Douglas Akaisha; Letourneau Diane L; Kindell Judith E; Light Sharon P
Subject: RE: SCR Table for Jan. 2011

We can modify the report to include a running history of the item.

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 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 SCRs.

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 (6103) - [REDACTED]

(b)(3)/6103

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 6103 6103 third party return inf... 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.

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

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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: Seto Michael C
Sent: Wednesday, February 02, 2011 12:30 PM
To: Trilli Darla J
Subject: FW: SCR Table for Jan. 2011

Hi Darla,

If you can modify the SCR in accordance with Holly's and Lois' requests. Thanks, Mike

From: Paz Holly O
Sent: Wednesday, February 02, 2011 11:22 AM
To: Seto Michael C; Lerner Lois G
Cc: Trilli Darla J; Douglas Akaisha; Letourneau Diane L; Kindell Judith E; Light Sharon P
Subject: RE: SCR Table for Jan. 2011

We can also modify the heading re: Commissioner elevation to be more clear - what it is intended to capture is whether it is being elevated in the current month.

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NR; (b)(3)/6103 SCR with no c4 DL reference

NR; (b)(3)/6103 SCR with no c4 DL reference

NR; (b)(3)/6103 SCR with no c4 DL reference

NR; (b)(3)/6103 SCR with no c4 DL reference

NR; partially (b)(3)/6103 SCR with no c4 DL reference

NR; partially (b)(3)/6103 SCR with no c4 DL reference

NR; (b)(3)/6103 Non-c4 Sensitive Case Report

NR; (b)(3)/6103 Non-c4 Sensitive Case Report

NR; partially (b)(3)/6103 Non-c4 Sensitive Case Report

NR; partially (b)(3)/6103 Non-c4 Sensitive Case Report

NR; (b)(3)/6103 Non-c4, Non-application Sensitive Case Report

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NR; (b)(3)/6103 Non-c4 Sensitive Case Report

NR; (b)(3)/6103 Non-c4, Non-application Sensitive Case Report

NR; (b)(3)/6103 Non-c4, Non-application Sensitive Case Report

NR; (b)(3)/6103 Non-c4 Sensitive Case Report

NR; (b)(3)/6103 Non-c4 Sensitive Case Report

NR; partially (b)(3)/6103 Non-c4 Sensitive Case Report

NR; partially (b)(3)/6103 Non-c4 Sensitive Case Report

NR; (b)(3)/6103 Non-c4 Sensitive Case Report

NR; (b)(3)/6103 Non-c4 Sensitive Case Report

NR; (b)(3)/6103 Non-c4 Sensitive Case Report

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CASE NAME: (1) (b)(3)/6103 (501(c)(3) applicant), (2) (b)(3)/6103 6103 (501(c)(4) applicant), (3) (b)(3)/6103 (501(c)(3) applicant) TIN/EIN: (b)(3)/6103 POA: 6103	TAX PERIODS: 2009 and forward EARLIEST STATUTE DATE:
FUNCTION REPORTING: POD: Washington, D.C.	INITIAL REPORT X FOLLOW-UP REPORT FINAL REPORT
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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 Organization (2) – (b)(3)/6103 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 (2) (b)(3)/6103 (b)(3)/6103 Organization 3 (b)(3)/6103 (b)(3)/6103 Continue coordinated review of applications in EO Determinations.	ESTIMATED CLOSURE DATE: March 31 , 2011 Submit Revised Date.
BARRIERS TO RESOLUTION, IF ANY:	