



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

Number: **201332013**
Release Date: 8/9/2013

Date: May 17, 2013

UIL: 501.03-00

Contact Person:

Identification Number:

Contact Number:

Employer Identification Number:

Form Required To Be Filed:

Tax Years:

Dear :

This is our final determination that you do not qualify for exemption from federal income tax as an organization described in Internal Revenue Code § 501(c)(3). Recently, we sent you a letter in response to your application that proposed an adverse determination. The letter explained the facts, law, and rationale, and gave you 30 days to file a protest. Since we did not receive a protest within the requisite 30 days, the proposed adverse determination is now final.

Because you do not qualify for exemption as an organization described in § 501(c)(3), donors may not deduct contributions to you under § 170. You must file federal income tax returns on the form and for the years listed above within 30 days of this letter, unless you request an extension of time to file. File the returns in accordance with their instructions, and do not send them to this office. Failure to file the returns timely may result in a penalty.

We will make this letter and our proposed adverse determination letter available for public inspection under § 6110, after deleting certain identifying information. Please read the enclosed Notice 437, *Notice of Intention to Disclose*, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437. If you agree with our deletions, you do not need to take any further action.

If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter. If you have any questions about your federal income tax status and responsibilities, please contact IRS Customer Service at

(800) 829-1040 or the IRS Customer Service number for businesses at (800) 829-4933. The IRS Customer Service number for people with hearing impairments is (800) 829-4059.

Sincerely,

Holly O. Paz
Director, Rulings and Agreements

Enclosures
Notice 437
Redacted Proposed Adverse Determination Letter
Redacted Final Adverse Determination Letter



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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: April 5, 2013

UIL 501.03-00, 501.03-30

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

Legend:

<u>State</u>	=	*****
<u>Date1</u>	=	*****
<u>Date2</u>	=	*****
<u>Letter1</u>	=	*****
<u>Letter2</u>	=	*****
<u>Letter3</u>	=	*****
<u>Letter4</u>	=	*****
<u>Partial Year</u>	=	*****
<u>\$x1</u>	=	*****
<u>\$x2</u>	=	*****
<u>Founder</u>	=	*****
<u>Co-Founder</u>	=	*****
<u>\$x3</u>	=	*****
<u>Date3</u>	=	*****
<u>Director</u>	=	*****

Dear

We have considered your application for recognition of exemption from federal income tax under Internal Revenue Code § 501(a). Based on the information provided, we have concluded that you failed to establish your qualification for exemption under § 501(c)(3). The basis for our conclusion is set forth below.

Facts:

You were incorporated as a State nonstock corporation on Date1. On Date2, you filed Articles of Amendment which provide that you are organized exclusively for charitable, religious, and educational purposes, and to make distributions to organizations that qualify as exempt under § 501(c)(3). These Articles of Amendment state your mission as: "Islamic Religious teachings to include Holly [sic] Quran, Create understanding and sympathy for all religions, help the needy all over the world, Teach principles taught by the Holly [sic] Prophet Mohammed (PBAU) and his

progeny utilizing Satellite technology to broadcast internationally." Your Articles of Amendment also contain a prohibition on inurement and provide that upon dissolution, all of your assets shall be distributed for one or more exempt purposes within the meaning of § 501(c)(3).

You stated that you operate to educate people through television programs, seminars, publications, and other similar forums about the true meaning of Islam focusing on the Shi'a school of thought, religious tolerance, and peaceful means of conflict resolution. You stated that you plan to spend % of your time and resources on broadcasting activities, and the remaining % of your time and resources on research, publications, and seminars, collectively.

You plan to produce and broadcast the following programs:

- Social: % of time and resources; to include debates on social, economical, and cultural challenges. It will include discussions on the rights of women and children, and documentaries on the professional and personal lives of successful Muslims in the West.
- Religious: % of time and resources; to focus on the prophet of Islam's biography, truth about the event of Ashura, teaching of Islam through the Jaffari school of thought, teaching, reading, and meaning of Qur'an, among other topics.
- Cultural: % of time and resources; to present the culture of Islam, Islamic jurisprudence, introduction and understanding of Shi'a culture, rise and fall of Islamic empires, and other related topics.
- Scientific: % of time and resources; to introduce discoveries Muslims made throughout history, current scientific discoveries as seen through Qur'an and Islamic perspectives, and other related topics.
- Kids/Youth Content: % of time and resources; aimed at teaching children and youth religious tolerance and peaceful conflict resolution. Programs will teach children the true meaning of Islam, reciting the Qur'an, and challenges pertaining to the growth of Muslim adolescent and youth in the West. These programs will also focus on the analysis of child abuse and its solutions, and other related programs.
- Entertainment: you failed to include this category in your allocation of time and resources; this would include short education films on moral issues, historical Islamic movies, game shows, and other related programs.

You indicated that you will produce and broadcast programs at a rented facility; however, you stated that you do not yet have such a facility. In Letter1 we asked you to name the foreign countries in which you will operate. We also asked you to describe your operations in each foreign country and how those operations would further your exempt purposes. In Letter2 you responded that you will broadcast through a satellite system from the United States into the United States, Canada, and Europe. You stated that you do not have any offices in foreign countries. You stated that you will produce and broadcast these programs with help from

volunteers who will have the proper and required education and are experts in their fields. In Letter3 we asked you to provide a list of names and qualifications of the people that will contribute content to your religious and education programming and the people that will appear as experts on your programs. In Letter4 you provided a list of seven individuals. You stated that most have studied many years in Islamic seminary in different Islamic countries and have also obtained secular degrees from different universities. You failed to provide individual qualifications for each person named.

We asked you in Letter1 to describe what you had accomplished to that date in furtherance of your television programming activities. You responded in Letter2 that you are "producing religious and educational programs" that include short films, documentaries, life of converts, and more. In Letter3 we requested a schedule of each broadcast you had conducted since the date of Letter2. We asked you to include the names, dates, subject matter, and location of each, as well as a transcript of each. In Letter4 you provided a list of twenty-one broadcasts ranging in duration from eighteen seconds to nearly forty-one minutes. Your list provided the name and duration of each broadcast. You also provided a three to four word description of most broadcasts, though not of all. The list did not contain dates or locations of the broadcasts, or a meaningful description of their content. Additionally, you failed to provide transcripts of any broadcast.

You intend to conduct and sponsor educational and cultural seminars within and outside the United States. You stated that seminars will be designed to educate people about Islam and will be organized and managed by your volunteer staff. In Letter1 we asked you to describe what you had accomplished in furtherance of your seminar activities. We also asked you to describe the content of your seminars or planned seminars. You responded in Letter2 that you had not conducted any seminars. In Letter3 we requested a schedule of each seminar you had conducted since the date of Letter2. We asked you to include the names, dates, subject matter, and location of each. You responded in Letter4 that you had not conducted any seminars since you were formed and have no plans to do so for at least the next two years.

You also plan to publish printed materials about Islamic education, cultural issues, and the rights of women and children, among other things. You stated that you will use qualified, independent volunteer scholars and experts within and outside the United States to draft these materials. You stated that you will distribute these publications, without any preference or discrimination, to various public and private libraries and other educational institutions for a nominal charge to cover the direct costs of production. You intend to distribute publications once per year. We asked you in Letter1 to describe what you had accomplished to date in furtherance of your publishing activities. We also asked you to describe the content and distribution of your publications. You responded in Letter2 that you had not published anything to date nor had you set a date for publication. In Letter3, we asked you to provide copies of any published material or a description of planned publications since the date of Letter2. You responded in Letter4 that you had still not published anything and have no plans to do so in the near future.

You plan to conduct research and collect empirical data on Islamic studies, as well as ways and means of producing high quality programs to achieve your goals. You stated that independent,

volunteer researchers within and outside the United States will conduct the research and engage in data gathering activities. You intend to make the results of your research available to the general public and other relevant organizations through your website, booklets, newsletters, and other printed material.

A recent review of your website revealed that you have three news stories posted to your website. The most recent story is from over a year ago. The most recent images from your website's Image Gallery are approximately a year and a half old. Your website lists thirteen videos that visitors can watch, all but one of which was added to your website over a year ago. Your website lists one event, which took place over a year and a half ago. Your website has a blog section consisting of four posts. The most recent blog post was posted over a year ago.

You stated that you will not make grants, loans, or other distributions to domestic or foreign organizations. You plan to conduct fundraising through personal solicitations and will accept donations on your website. You anticipate receiving revenue from gifts, grants, and contributions. You also report small amounts of net unrelated business income. Your expenses include those for fundraising; contributions, gifts, grants, and similar amounts paid out; compensation of officers and directors; other salaries and wages; interest expense; occupancy; depreciation and depletion; professional fees; and other administrative fees. Your statement of revenue and expenses for Partial Year listed revenue of \$x1 from donations and from refunds and credits. Expenses of \$x2 for Partial Year included those for finance charges, website development, satellite services, business services, operations, automobile expenses, salary and wages, car rentals, airline tickets, and travel, among others.

Founder and his son, Co-Founder, will conduct your activities. Founder has an associate's degree in religious studies and studied for ten years in Seminary Priest. You stated that Founder works full-time for you supervising programs, planning programs, critiquing programs, and participating in board meetings; however, Founder does not receive compensation for his services. Co-Founder also has an associate's degree in religious studies. Co-Founder manages day-to-day operations, reviews material for broadcast, manages finances, produces programs, and organizes and attends all meetings. Co-Founder is also the president of your Board. Co-Founder is currently the only compensated employee, although you may employ more individuals as you grow. Co-Founder is compensated \$x3 annually. You do not yet have a written employment contract with Co-Founder. In Letter1 we asked you to describe how compensation for Co-Founder was determined. We asked you to include details on the procedures that were followed as well as any documents that were relied upon during the determination. You responded in Letter2 that you took the following factors into consideration while determining compensation for Co-Founder: nature and amount of work; qualifications; experience; and salaries paid to similar officers in similar organizations. You listed four organizations that you used for compensation comparisons.

Your Bylaws included with your application were adopted on Date3. In Letter1 we asked you to submit the bylaws that were adopted at the time of your formation and any subsequent amendment to those bylaws. In Letter2 you stated that you did not have bylaws at the time of formation; therefore, you did not have bylaws between Date1 and Date3.

According to your Bylaws, all management powers are vested in your Board, which shall have "charge, control, and management of [your] property, affairs, and funds" Duties of the Board include "the transaction of all Organization business" and "[t]he employment of such persons as it may deem necessary, and the fixing of duties, powers, and compensation of such employees." Your Bylaws provide that the Board may vote to decrease the number of directors to one. Any vacancy on the Board shall be filled by majority vote of the remaining members. Each director shall serve for a term of one year and may succeed himself or herself for an unlimited number of terms. Thus, "[t]he Board shall be self-perpetuating, electing directors at its annual meeting." We asked you in Letter1 how you would ensure that your Board would pursue charitable purposes if only one individual was appointed—the minimum prescribed number of members. You responded in Letter2 that you have no intention of having only one director and that you added that language because you believed it was a State requirement for non-stock corporations. You also added that you would add more directors in the future.

You have adopted a Conflict of Interest Policy. Your Policy does not define a "conflict of interest" but implies that it constitutes a business transaction with you in which a director, officer, or volunteer is a party, either directly or indirectly. The Policy requires that such transactions be promptly disclosed to the disinterested directors and officers, though it does not define "disinterested." The Policy provides that a director, officer, or volunteer is "indirectly" a party to a transaction only if the other party to the transaction is an entity in which the director has a material financial interest or of which the director is an officer, director, or general partner.

Your Board at the time of application was composed of two individuals: Founder and Co-Founder. In Letter1 we asked you to explain how you would ensure that your Board will pursue charitable purposes, especially because your Conflict of Interest Policy does not cover familial relationships. In Letter2 you responded that you had since added a third board member, Director, who is unrelated to Founder or Co-Founder. You also stated that Director works in the field of automobile insurance and volunteers at various religious organizations. In Letter3 we asked you for an updated list of your Board. You responded in Letter4 that the individuals on your Board were the same and you had not added any other individuals.

Law:

Section 501(a) provides that an organization described in subsection (c) is exempt from income taxation.

Section 501(c)(3) provides for the exemption from federal income tax of organizations that are organized and operated exclusively for charitable, scientific or educational purposes, or for the prevention of cruelty to children, provided no part of the organization's net earnings inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations (regulations) provides that, in order to be exempt as an organization described in § 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Sections 1.501(a)-1(b)(1)(iii) and 1.501(c)(3)-1(b)(1)(v) provide that an organization described in § 501(c)(3) must submit with its application for exempt status a detailed statement of its proposed activities.

Section 1.501(a)-1(b)(2) provides that the Service may require any additional information deemed necessary for a proper determination of whether a particular organization is exempt under § 501(a).

Section 1.501(c)(3)-1(c)(1) states that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in § 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(c)(2) provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals.

Section 1.501(c)(3)-1(d)(1)(ii) states that an organization is not organized or operated exclusively for one or more tax-exempt purposes unless it serves a public rather than a private interest. To meet this requirement, an organization must establish that it is not organized or operated for the benefit of private interests, such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Section 1.501(c)(3)-1(f)(1) provides that an organization applying for recognition of exemption under § 501(a) as an organization described in § 501(c)(3) must establish its eligibility for exemption. The Service may deny an application for exemption for failure to establish any of the requirement for exemption in § 501(c)(3).

In New Dynamics Foundation v. United States, 70 Fed. Cl. 782, 802 (2006), the Court of Federal Claims found that the Service properly denied tax-exempt status under § 501(c)(3) to a nonprofit corporation that was organized to promote and contribute to charitable causes. In reaching this conclusion, the court stated, "[i]t is well-accepted that, in initial qualification cases . . . [any] gaps in the administrative record are resolved against the applicant." Id. Adding that "courts can draw inferences adverse to a taxpayer seeking exempt status where the taxpayer fails to provide evidence concerning its operations, or where the evidence is vague or inconclusive." Id. quoting Kile v. Commissioner, 739 F.2d 265, 269 n.5 (7th Cir. 1984).

American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989), described an organization formed for charitable and educational purposes whose primary activity was to operate a school. The school trained individuals for careers as political campaign professionals. Prior to the formation of the organization, the National Republican Congressional Committee (NRCC) sponsored programs designed to train candidates and to train and subsequently place campaign professionals in Republican campaigns. The organization stated that it was an

outgrowth of the programs operated by the NRCC. The organization did not participate or intervene in any political campaign on behalf of any candidate. While applicants were not required to formally declare their political affiliation to attend the organization's school, such affiliation could be deduced from the campaign experiences and political references contained in the applications. No graduate was known to affiliate with any domestic political party other than the Republican Party. The court held that the organization's activities did not exclusively serve exempt purposes because it did not operate on a nonpartisan basis and it served private interests more than incidentally. The court concluded that the organization conducted its activities to benefit the private interests of Republican entities and candidates. Although the candidates and entities benefited were not organization "insiders," the court stated that the conferral of benefits on disinterested persons who are not members of a charitable class may cause an organization to serve a private interest. While the school had a legitimate educational program, the court held that the school conducted its educational activities with the partisan objective of benefiting the interests of the Republican Party.

Ohio Disability Association v. Commissioner, 98 T.C.M. (CCH) 462 (2009), involved an organization that operated a pooled trust. One individual served as the organization's sole director, officer, employee, and member, and thus, was vested with all of the organization's decision making power. The organization's bylaws included meeting and voting procedures. However, it had only one member. The organization had a stated conflict of interest policy and its articles of incorporation contained a prohibition against private inurement. However, there were no procedures in place to enforce the conflict of interest policy, and there were no personnel in place to ensure that private inurement would not occur. And although the organization stated that the sole member would not receive compensation, its articles of incorporation expressly authorized payment for services rendered to the corporation. The Service denied exemption to the organization based on these factors, as well as the organization's failure to adequately respond to various requests for additional information. The court upheld the Service's determination finding that the organization "provided only generalizations and conclusory statements in response to repeated requests . . . for more detail regarding its proposed activities." The court stated that such responses "d[id] not provide sufficient detail to determine that [the organization would] be operated exclusively for charitable purposes[]" and that "the record d[id] not demonstrate that there [was] oversight to prevent the organization from being operated to benefit [its sole member]"

In Levy Family Tribe Foundation, Inc. v. Commissioner, 69 T.C. 615, 619 (1978), the Tax Court found that an organization failed to qualify for recognition of exemption under § 501(c)(3) after concluding that "[t]he record [was] replete with unsupported generalizations. These explanations are too general and lack the facts necessary to establish public, rather than personal, purposes of the organization."

Section 4.01 of Rev. Proc. 2013-9, 2013-2 I.R.B. 225, provides that a favorable determination letter or ruling will be issued to an organization only if its application and supporting documents establish that it meets the particular requirements of the section under which exemption from federal income tax is claimed. Section 4.03 provides that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section

under which exemption is claimed. A mere restatement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures or other means adopted or planned for carrying out the activities, the anticipated sources of receipts, and the nature of contemplated expenditures. Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or determination letter will be issued.

For an organization claiming the benefits of § 501(c)(3), "tax exemption is a privilege, a matter of grace rather than right . . ." Christian Echoes Nat'l Ministry, Inc. v. United States, 470 F.2d 849, 857 (10th Cir. 1972), cert. denied, 414 U.S. 864 (1973). The applicant for tax-exempt status under § 501(c)(3) has the burden of showing it "comes squarely within the terms of the law conferring the benefit sought." Nelson v. Commissioner, 30 T.C. 1151, 1154 (1958).

The Tax Court has stated that an application for tax-exempt status "calls for open and candid disclosure of all facts bearing upon [an Applicant's] organization, operations, and finances so that . . . [it] can be assured that it is not . . . an abuse of the revenue laws. If such disclosure is not made, the logical inference is that the facts, if disclosed, would show that [Applicant] fails to meet the requirements of section 501(c)(3)." Bubbling Well Church of Universal Love, Inc. v. Commissioner, 74 T.C. 531, 535 (1980). See also Founding Church of Scientology v. United States, 412 F.2d 1197, 1201 (Ct. Cl. 1969), cert. denied, 397 U.S. 1009 (1970). Furthermore, the courts have repeatedly upheld the Service's determination that an organization has failed to establish exemption where the organization fails to provide requested information. "[Applicant] has, for the most part, provided only generalizations in response to repeated requests by [the Service] for more detail on prospective activities Such generalizations do not satisfy us that [Applicant] qualifies for the exemption." Peoples Prize v. Commissioner, 87 T.C.M. (CCH) 813 (2004).

Analysis:

Under the standard described in § 4.01 of Rev. Proc. 2013-9, the Service will not issue you a favorable determination letter on exempt status unless your application and supporting documents establish that you meet the particular requirements of § 501(c)(3). Thus, before the Service recognizes your exemption, you must prove that you are organized and operated exclusively for an exempt purpose and that no part of your net earnings inure to the benefit of any private shareholder or individual.

As explained in the numerous judicial opinions cited above, to overcome the burden of proving that you are an organization described in § 501(c)(3), you must describe your proposed activities in enough detail to allow the Service to conclude that you will clearly meet the requirements of § 501(c)(3). You have not overcome your burden of proof.

You stated that you would spend % of your time and resources on broadcasting activities. Yet when we asked you for information about your broadcasts, including information regarding their subject matter, you provided only cursory information—no more than a few words. We

asked for the dates and locations of the broadcasts, but you provided none. We asked you to provide the transcripts of your broadcast, but you did not do so. When we asked you for the qualifications of persons that will contribute to or appear on your programs, you said merely that most of the lecturers have studied many years in Islamic seminaries and have obtained secular degrees. You made no attempt to describe particular qualifications of particular persons, nor did you demonstrate the relevance of such "studies" and "degrees" to the particular programs on which the lecturers would appear.

You stated that you would spend the remaining % of your time and resources on seminars, publishing, and research, collectively. Yet when we asked you to reveal the subject matter of your seminars, you did not do so. Instead, you merely indicated that you had not conducted any seminars and had no plans to do so for the next two years. When we asked you to provide copies of any publications and to describe your plans for future publications, you did not do so. Instead, you merely indicated that you had not published anything yet and have made no plans of publishing anything in the near future.

Though you were unable to describe your broadcasting activities with any precision and have not conducted any seminars, publishing, or research as you proposed to do in your application, you nevertheless incurred expenses of \$x2 for Partial Year, a substantial portion of which you allocated to satellite services, editing services, airline tickets, and travel. Owing to your seeming dearth of activities over the same period (for example, it appears that your website has not been updated since before Partial Year), it is uncertain whether such expenses were incurred in furtherance of your exempt purposes.

Thus, while your application indicates your intention to produce or conduct an assortment of television programs, research, publications, and seminars, you have been unable to describe any of these except in the most vague and general of terms. When, in Letter1 and Letter3 we requested additional details about the activities mentioned in your application, your answers were generally scant and uninformative, and did not account for your sizable expenditures in Partial Year. In sum, you have not provided sufficient detail to allow us to conclude that you will be operated exclusively for exempt purposes within the meaning of § 501(c)(3).

Your inability to adequately explain your activities is particularly troubling in light of the fact that such activities are controlled by two related persons, Founder and Co-Founder. Section 1.501(c)(3)-1(c)(2) provides that you will not be considered as operated exclusively for exempt purposes if your net earning inure to the benefit of private shareholders or individuals. Furthermore, § 1.501(c)(3)-1(d)(1) provides that you will not be considered as operated exclusively for exempt purposes within the meaning of § 501(c)(3) unless you serve a public rather than a private interest. To satisfy this requirement, you must not be organized and operated for the benefit of private interests, such as those of your creator or the creator's family. See Amer. Campaign Acad., 92 T.C. at 1065-67. While an organization will not be denied exemption merely because it is controlled by related individuals, such a situation provides an obvious opportunity for abuse and calls for an open and candid disclosure of your organization and operations. See Bubbling Well Church of Universal Love, Inc., 74 T.C. at 535.

Founder and Co-Founder, as two of your three directors, control your operations and have the power to set compensation for your President and sole compensated employee, Co-Founder. While you have added an unrelated individual as your third director, it is questionable whether a person who works in the field of automobile insurance will have a significant voice in the affairs of a satellite television network. And although you have a Conflict of Interest Policy, it defines neither "conflict of interest" nor "disinterested director." Thus, it is unclear how such a policy would apply to the familial relationship between Founder and Co-Founder to ensure that no inurement or improper private benefit will occur. In sum, you have not demonstrated that there are sufficient safeguards in place to prevent your net earnings from inuring to the benefit of Founder or Co-Founder, or to prevent you from operating for their private benefit.

Conclusion:

You have not established that you are operated exclusively for exempt purposes within the meaning of § 501(c)(3) or that no part of your net earnings will inure to the benefit of a private shareholder or individual. Furthermore, you have failed to establish that you are operated to serve a public rather than a private interest.

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter. We will consider your statement and decide if the information affects our determination.

Your protest statement should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this protest statement, including accompanying documents, and, to the best of my knowledge and belief, the statement contains all the relevant facts, and such facts are true, correct, and complete.

You also have a right to request a conference to discuss your protest. This request should be made when you file your protest statement. An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you. If you want representation during the conference procedures, you must file a proper power of attorney, Form 2848, Power of Attorney and Declaration of Representative, if you have not already done so. For more information about representation, see Publication 947, Practice before the IRS and Power of Attorney. All forms and publications mentioned in this letter can be found at www.irs.gov, Forms and Publications.

If you do not file a protest within 30 days, you will not be able to file a suit for declaratory judgment in court because the Service will consider the failure to protest as a failure to exhaust available administrative remedies. Section 7428(b)(2) provides, in part, that a declaratory judgment or decree shall not be issued in any proceeding unless the Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted all of the administrative remedies available to it within the Service.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848, and any supporting documents to this address:

Internal Revenue Service

1111 Constitution Avenue NW
Washington, DC 20224

You may also fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm that he or she received your fax.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Holly O. Paz
Director, Rulings and Agreements