

Internal Revenue Service
Appeals Office

Department of the Treasury

Employer Identification Number:

Release Number: **201712014**
Release Date: 3/24/2017
Date: December 29, 2016

Person to Contact:

Employee ID Number:
Tel:
Fax:

Tax Period(s) Ended:
December 31, 20xx and
thereafter.

Certified Mail

UIL: 501.03-05

Dear :

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the "Code"). It is determined that you do not qualify as exempt from Federal income tax under section 501(c)(3) of the Code effective January 1, 20xx.

The revocation was made for the following reason(s):

You have not shown that you are operated exclusively for tax exempt purposes as defined in section 501(c)(3) of the Internal Revenue Code. Disbursements of cash from your organization were not shown to be exclusively for charitable purposes.

Contributions to your organization are not deductible under section 170 of the Code.

You are required to file Federal income tax returns on Forms 1120 for the tax periods stated in the heading of this letter and for all tax years thereafter. File your return with the appropriate Internal Revenue Service Center per the instructions of the return. For further instructions, forms, and information please visit www.irs.gov.

If you were a private foundation as of the effective date of the adverse determination, you are considered to be taxable private foundation until you terminate your private foundation status under section 507 of the Code. In addition to your income tax return, you must also continue to file Form 990-PF by the 15th Day of the fifth month after the end of your annual accounting period.

Processing of income tax returns and assessments of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Code.

We will make this letter and the proposed adverse determination letter available for public inspection under Code section 6110 after deleting certain identifying information. We have provided to you, in a separate mailing, Notice 437, *Notice of Intention to Disclose*. Please review the Notice 437 and the documents attached that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437.

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in one of the following three venues: 1) United States Tax Court, 2) the United States Court of Federal Claims, or 3) the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed within 90 days from the date

this determination letter was mailed to you. Please contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment. To secure a petition form from the United States Tax Court, write to the United States Tax Court, 400 Second Street, N.W., Washington, D.C. 20217. See also Publication 892.

You also have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States Court. The Taxpayer Advocate can however, see that a tax matters that may not have been resolved through normal channels get prompt and proper handling. If you want Taxpayer Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this letter. You may call toll-free, 1-877-777-4778, for the Taxpayer Advocate or visit www.irs.gov/advocate for more information.

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

Sincerely Yours,

Appeals Team Manager

Enclosure: Publication 892

**Internal Revenue Service
Tax Exempt and Government Entities Division**

Date: March 23, 2014

Department of the Treasury

Taxpayer Identification Number:
Form:
990
Tax Year(s) Ended:
Person to Contact/ID Number:
Contact Numbers:
Telephone:
Fax:
Manager's Name/ID Number:

Manager's Contact Number:

Dear :

We have considered your protest and have concluded that it does not alter our original determination.

We are enclosing Form 886-A, *Explanation of Items*, addressing the disputed items, law, and your position.

Your case is subject to a mandatory technical review. After the review, assuming there is sufficient time remaining on the statute of limitations for assessment, we will forward your case to the Office of Appeals for further consideration. An appeals officer will contact you. You do not need to take further action at this time.

In general, if there is a proposed unpaid tax adjustment, any applicable interest continues to accrue on the proposed tax while this case is in Appeals.

Thank you for your cooperation.

Sincerely,

RA/Forensic Investigator

Enclosure: Form 886-A

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS	Schedule number or exhibit Page 1 of 31
Name of taxpayer ORG	Tax Identification Number	Year/Period ended 12/31/20XX- 12/31/20XX

ORG (ORG) case was returned from Internal Revenue Service Office of Appeals (“Appeals”) for reconsideration of our determination after ORG submitted purported new information and raised new positions.

The submitted information included a box of documents, received approximately November 3, 20XX, for some of the program/projects ORG fiscally sponsored along with documentation relating to the 20XX and 20XX to Country which ORG has in the past represented as their own program/project and not a fiscally sponsored entity.

In addition to the box of documents, ORG submitted numerous correspondences to Appeals containing new positions/arguments. This specifically included:

- Letter dated May 28, 20XX from Power of Attorney XXXXX (“POA”) with attachments.
- Letter dated August 21, 20XX from POA with attachments.
- Letter dated August 29, 20XX from POA with attachments.
- Letter dated November 3, 20XX from POA with attachments.
- Letter dated November 11, 20XX from POA.

Over 1,900 additional documents were added to the Administrative Record from the information ORG provided to Appeals. The majority of these documents were previously reviewed on-site.

ORG also submitted two correspondences, via facsimile (“fax”), to Revenue Agent XXXXX as follows:

- Letter dated January 9, 20XX from POA with an attachment reflecting Country’s (“CTRY”) Charity Commissions website lists a CTRY charity named “ORG-1”.
- Letter dated January 20, 20XX from POA with a news article concerning comments opined by one individual, Indv-1, in regards to January 20XX shooting in the City, Country offices of *Indv-2*.

Review of ORG’s new arguments and provided documents are as follows:

Fiscal sponsorship of ORG-1 – As stated in the original report (original RAR) issued November 20, 20XX and in the rebuttal to the protest provided with Letter 5072 (Protest Rebuttal), ORG-1 was ORG’s largest fiscally sponsored project in 20XX raising tax-deductible donations of over \$0 million dollars.

There were significant concerns that several public sources indicated this program/project provided support to a designated terrorist organization (ORG-2) and the government requested repeatedly for adequate documentation to resolve ORG’s involvement in this program/project.

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS	Schedule number or exhibit Page 2 of 31
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During the audit, ORG failed to verify that the substantial tax-deductible donations solicited and received here in the United States were used for a tax-exempt purpose and, as the fiscal sponsor, ORG could not verify they had discretion and control of the funds since they were unable to confirm the end use of the funds. ORG provided some documentation for ORG-1 during the audit, but information provided was either incomplete and/or lead to questions which could not be answered by the provided documentation. The government made numerous attempts to obtain additional information to address ORG-1 U.S. and the overseas activities, but ORG refused to cooperate. In addition, ORG's internal counsel (Counselor) opinion was provided to ORG's employees, officers and directors to plead the 5th amendment and not answer any questions or provide documentation for this particular project. Therefore, even oral testimony was unable to be obtained to explain this program/project.

For the Appeals process, ORG provided only a couple actual documents (attached to ORG's August 21, 20XX correspondence) which is discussed later. In addition to these documents, ORG's May 28, 20XX letter raised concerns about the government's reliance *"in a significant and unquestioning way on information from a person, Indv-1..."* and *"ignored media reports, such as the Chronicle that report that the Charities Commission of Country and Country reviewed the activities of one of the ORG grantees, a CTRY charity known as ORG-1, and concluded that none of ORG-1's funds were diverted to ORG-2."*

- The first part of this statement is inaccurate. Information Document Request (IDR) #031, issued on February 9, 20XX, Item #33, mentions a July 16, 20XX article by the New Agency in which members of the July 20XX XXXXX from the U.S. met with ORG-2 Prime Minister while in Territory on July 16. ORG-2 has been designated as a Foreign Terrorist Organization (FTO). New Agency is located in the Territory/Territory and has no affiliation with Indv-1. ORG was requested to provide information on this meeting, but refused to provide any information. In addition, IDR #038, issued on April 19, 20XX, was prepared after limited internet research and provided articles/information from various public sources including: The Daily Telegraph CTRY, Wikipedia, and Anti-Defamation League (ADL). Furthermore, although part of the information shared with IDR #038 was a comprehensive report prepared and posted on Investigative Project on Terrorism (IPT) website which has an affiliation to Indv-1 (founder and executive director of IPT), that report included over 90 footnotes and links to other articles, videos, reports most of which were not prepared by IPT.
- The second part of the statement is misleading in that it states *"the Charities Commission of Country and Country reviewed the activities of one of the ORG grantees, a CTRY charity known as ORG-1..."* The Country (CTRY) organization called "ORG-1" (herein referred to as "ORG-1-CTRY") was not a grantee of any of the funds from ORG for the U.S. program/project called ORG-1 (herein referred to as "ORG-1 USA"). None of the funds were sent to ORG-1-CTRY or were under the control of ORG-1-CTRY. The only link between ORG-1-CTRY and ORG-1 USA was the involvement of Country Member of Parliament Indv-3.