



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
PO Box 2508
Cincinnati, OH 45201

Number: **202120016**
Release Date: 5/21/2021

UIL: 501.04-00, 501.04-03

Date: February 23, 2021

Employer ID number:

Form you must file:

Tax years:

Person to contact:

Name:

ID number:

Telephone:

Dear :

This letter is our final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(4). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit www.irs.gov.

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. 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 the Notice 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800 829 1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800 829 4933.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Notice 437
Redacted Letter 4034
Redacted Letter 4038



Department of the Treasury
Internal Revenue Service
 P.O. Box 2508
 Cincinnati, OH 45201

Date: January 5, 2021

Employer ID number:

Contact person/ID number:

Contact telephone number:

Contact fax number:

Legend:

- B= Date
- C= State
- D = Date
- E= Name
- F= Person
- G= Person
- H = Persons
- J = Action
- K = Year

UIL:

- 501.04-00
- 501.04-03

- t percent = Number
- u percent = Number
- v percent = Number

Dear _____ :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(c)(4). This letter explains the reasons for our conclusion. Please keep it for your records.

Issues

Do you qualify for exemption under IRC Section 501(c)(4)? No, for the reasons stated below.

Facts

You were incorporated on B in the state of C as a _____ . You restated your Articles of Incorporation on D under the C _____ . According to your restated Articles of Incorporation, your specific purpose is to _____

You further explained that E is primarily composed of H. The majority of H are also political candidates.

Your bylaws indicate your specific purposes include to:

Your 1024A indicates in part the following percentage breakdown for your activities:

- In the range of t percent of your activities will be spent on advertising.

- In the range of u percent of your activities will be devoted to social media; you explained that you will maintain an active social media presence so as to highlight issues and share your perspective for consideration by the public.
- In the range of u percent of your activities will involve online engagement.

This includes the use of emails, online posts, online petitions and articles.

To date you have produced three advertisements that went live in early K; the primary focus of two of the advertisements was the opposition H has to F, a political candidate and the role that H had in J as well as what would happen if J had been successful. The third advertisement focused on other elected officials including G who supported H. You later started a petition urging G to resign. The advertisements could be viewed on your website. A link was also sent out to potential donors, but none were aired on any broadcast, digital, streaming services.

Per your bylaws, your governing body will have three to seven elected directors. Currently, there are three directors from various locations in the United States. You are currently operated by volunteers, but you may contract for the services of a President for advising you on strategies, tactics and plans to pursue your mission.

For funding, you are seeking contributions from the public to support airing and distribution your messaging through advertising, social media and related activities. Your expenses have consisted of items needed to create the commercials. You used the company of one of your founders free of charge to produce the advertisements.

The breakdown of your other activities is as follows:

- In the range of v percent of your activities is spent on grassroots education. This consists of approaching like-minded allies with tools they can use to educate their supporters about the issues and come to understand the critical importance these issues play for the future direction of the United States.

- In the range of v percent of your activities consists of launching a media relations component of your work. This may include media interviews, placement of opinion articles, guest appearances on television, radio

and online programs, and participation in press conferences at the national level and in select states. The goal of this component is to highlight the extreme nature of the policies and proposals advanced by C's political leadership as well to expose the direction they would take the country in should they convince Americans to follow their lead.

Law

IRC Section 501(c)(4) provides for the exemption from federal income tax of organizations not organized for profit but operated exclusively for the promotion of social welfare. Further, exemption shall not apply to an entity unless no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(4)-1(a)(1) states a civic league or organization may be exempt as an organization described in IRC Section 501(c)(4) if it is not organized or operated for profit and it is operated exclusively for the promotion of social welfare.

Treas. Reg. Section 1.501(c)(4)-1(a)(2)(i) provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this Section is one that is operated primarily for the purpose of bringing about civic betterments and social improvements.

Treas. Reg. Section 1.501(c)(4)-1(a)(2)(ii) provides that the promotion of social welfare does not include direct or indirect participation in political campaigns on behalf of or in opposition to any candidate for public office. Thus, an organization exempt under IRC Section 501(c)(4) may engage in political campaign activities if those activities are not the organization's primary activity.

Rev. Rul. 67-368, 1967-2 C.B. 194, held that an organization, which was formed to promote an enlightened electorate and whose primary activity was rating candidates for public office, was not exempt under IRC Section 501(c)(4) because it did not promote social welfare. The ruling stated that the comparative rating of candidates, even on a non-partisan basis, constitutes the participation or intervention on behalf of candidates favorably rated and in opposition to those less favorably rated.

In Erie Endowment v. United States, 316 F.2d 151 (1963), the court, in defining a civic organization, summed up the matter by stating that "the organization must be a community movement designed to accomplish community ends."

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Application of law

You are not described in IRC Section 501(c)(4) and Treas. Reg. Section 1.501(c)(4)-1(a)(1). Your past and present activities are focused on how the policies of H who are elected officials and political candidates are harmful to America as well as their role in as well as their role in J. Further, you have primarily created advertisements whose content highlight the position of those elected officials/political candidates opposed to F,

a political candidate and your policies. This shows that you are not primarily engaged in promoting in some way the common good and general welfare of the people of the community.

You are not described in Treasury Regulation Section 1.501(c)(4)-1(a)(2)(ii) because your activities primarily constitute indirect participation in political campaigns on behalf of or in opposition to any candidate for public office. For example, your activities have primarily focused on the policies of H who consist of elected officials/ political candidates and their opposition to F, a political candidate.

Your activities are similar to those in Rev. Rul. 67-368. Your primary activities bring to the public's attention those political candidates who do not support your programs and policies and oppose F who is also a political candidate. This constitutes political campaign intervention and precludes exemption under IRC Section 501(c)(4).

You are not a civic organization within the meaning of IRC Section 501(c)(4) as defined in Erie Endowment v. United States, 316 F.2d 151 (1963). Your primary activities are not a community movement designed to accomplish community ends.

Conclusion

You are not operated primarily to promote social welfare because your activities do not benefit the community as a whole. Your activities have primarily consisted of producing advertisements focusing on H and other elected officials who are opposed to F, a political candidate and had instrumental roles in J. This demonstrates that your activities primarily constitute political campaign intervention. Accordingly, you do not qualify for exemption as an organization described in IRC Section 501(c)(4).

If you agree

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

If you don't agree

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

For an officer, director, trustee, or other official who is authorized to sign for the organization:

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

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Decision on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

Where to send your protest

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service
EO Determinations Quality Assurance
Mail Stop 6403
P.O. Box 2508
Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service
EO Determinations Quality Assurance
550 Main Street, Mail Stop 6403
Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

Contacting the Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or if you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements