



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
PO Box 7508
Cincinnati, OH 45201

Date: July 20, 2021
Employer ID number:
Form you must file:
Tax years:
Person to contact:
Name:
ID number:
Telephone:

Release Number: 202141027
Release Date: 10/15/2021

UIC: 501 03-30, 501 32-01, 501 33-00

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)(3). 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.

Because you don't qualify as a tax-exempt organization under IRC Section 501(c)(3), donors generally can't deduct contributions to you under IRC Section 170.

We may notify the appropriate state officials of our determination, as required by IRC Section 6104(c), by sending them a copy of this final letter along with the proposed determination letter.

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: May 21, 2021

Employer ID number:

Contact person/ID number:

Contact telephone number:

Contact fax number:

Legend:

B = State
 C = Date
 D = Name
 E = Name

UIL:

501.03-30
 501.32-01
 501.33-00

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)(3). This letter explains the reasons for our conclusion. Please keep it for your records.

Issues

Do you meet the operational test under IRC Section 501(c)(3)? No, for the reasons stated below.

Facts

You were formed as a corporation in the state of B on C. Your Articles of Incorporation state you are a worldwide movement and lifelong collective of support toward better health, better wealth, and better happiness that serves community groups all over the world through multiple physical and online platforms to provide.

1. Free and donation-optional life coaching services and basic needs support
2. Support in cultivating healthy, happy, independent careers and lives beyond the timeframes of your programs, groups, and events

Your mission is to achieve a worldwide movement toward better health, better wealth, and happiness by conducting multiple programs/platforms which generally focus on wellbeing, religion, food distribution, camps, and schools and will be facilitated through your philosophy of engaging in open honest and dialogue.

One such program/platform is D, which will be a habilitation home to serve poor and distressed individuals such as the homeless, the struggling, and for those in bad situations. The primary goal of D is to provide support '_____. D will operate on a six-month cycle in which you anticipate serving up to _____ participants. Each cycle will include programming to achieve the goal of enabling participants to transition

out of your home and lead independent lives. During the first several weeks of D, the participants will take part in weekly sessions to enable them to use discourse among themselves to deal with conflict in order to become healed. Once healed, they begin the next phase. This entails providing the participants assistance in starting a business to obtain financial freedom for life to help them achieve stable living. Specifically, you will have the participants pay the onetime fee to become an independent distributor for E, which is a multilevel marketing company. There are no franchise fees or royalties, no minimum startup expenses, no large monthly overhead costs, no territorial restrictions, and offers part-time, flexible hours. There are generally required monthly fees and E earns revenue from the sales made by its independent distributors

You will promote D throughout the county and pay for transportation to those who want to sign up and cannot afford the costs to the home's location. You also explained that your officers and directors have their own team with E and will recruit D participants to their own team. You further stated that you will recruit participants for D by providing them free residency in your home for themselves and their children (if any) in exchange for joining your officers' team with E. Every board member, officer, director, trustee, and D recruit will also be connected with E.

Recruits for D must also sign a Free Stay Agreement before they may participate. This indicates that they must deposit any cash from participating in E into a rental savings account so they may save money towards the initial costs (i.e., rent, security deposit, etc.) of independent living once they leave your home. You will review bank statements from these accounts and impose infractions for unauthorized withdrawals.

You believe that signing up with E will provide the participants with the ability to move on to stable living, with a team of caring, healthy relationship-based coworkers, and family depth friends, for life to insure their happiness and healthy energy in their work lives. You explained that E is integral to D's goals of independent living as it will provide a perfect way to earn income and help cultivate healthy, happy, independent careers and lives for recruits at the end of each cycle. Without this aspect, you cannot provide financial freedom and the means for participants to move on to stable living. E is the only and perfect way to achieve the goals of D.

You will also engage in activities to express your views on social and political issues. For instance, you anticipate purchasing several cameras to express your views on social and political issues, which will include publishing videos online to express your political opinions and holding public stances on political candidates. You will publish opinion pieces online supporting or opposing political candidates and elected officials. Additionally, you may coach political candidates who align with your mission as well as create online videos and canvass door-to-door on their behalf.

You additionally explained that individuals who agree with your mission and want to improve their lives, go through a four-level process that culminates in fully pledging their commitment and support to your mission and will become members. You will provide online badges and certificates as they complete each level. You further explained that you do have numerous community groups on various social media websites that encourage openness and honesty to improve the participants' quality of life.

You anticipate donations will be your main source of funding to cover the total costs of obtaining and operating your habilitation home and subsequent programming and services.

Your governing body will include at least two directors, along with a president, vice-president, secretary, and treasurer.

Law

IRC Section 501(c)(3) exempts from federal income tax those corporations, and any community chests, funds, or foundations, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals, no part of the net earnings of which inure to the benefit of any private shareholders or individuals; and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states an organization must be both organized and operated exclusively for one or more exempt purposes to qualify under IRC Section 501(c)(3). If an organization fails to meet either the organizational or operational test, it may not qualify for exemption.

Treas. Reg. Section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as operated exclusively for one or more exempt purposes only if it engages primarily in activities that accomplish one or more exempt purposes specified in IRC Section 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.

Treas. Reg. Section 1.501(c)(3)-1(c)(3) provides that activities which constitute participation or intervention in a political campaign include, but are not limited to, the publication or distribution of written or printed statements and/or the making of oral statements on behalf of or in opposition to a candidate for public office.

Treas. Reg. Section 1.501(c)(3)-1(d)(1) states that an organization is not organized or operated exclusively for one or more qualifying exempt purposes unless it serves a public rather than a private interest. An organization cannot be operated for the benefit of private interests, such as designated individuals, creators or their family members, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279, (1945), the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will destroy a claim for exemption regardless of the number or importance of truly exempt purposes.

In est of Hawaii v. Commissioner, 71 T.C. 1067 (1979), aff'd without opinion, 647 F.2d 170 (9th Cir. 1981), the Tax Court concluded that an organization created to disseminate educational programs, the rights to which were owned by for-profit corporations, furthered the commercial, private purposes of the for-profit entities and did not qualify for exemption under IRC 501(c)(3). The organization used the franchiser's methods, employees, and materials, and paid royalties for the right to use the franchiser's programs.

Application of law

You are not described in IRC Section 501(c)(3) because you fail the operational test per Treas. Reg. Section 1.501(c)(3)-1(a)(1). You are engaged in prohibited political campaign intervention in contravention to Treas. Reg. Section 1.501(c)(3)-1(c)(3). For example, you are publishing videos, opinion pieces, and otherwise making oral statements on behalf of and/or in opposition to political candidates. You are also using donations to canvas and coach likeminded political candidates. These activities constitute prohibited political campaign intervention and disqualify you from exemption under IRC Section 501(c)(3).

You also fail the operational test per Treas. Reg. Section 1.501(c)(3)-1(a)(1) because you are not described in Treas. Reg. Section 1.501(c)(3)-1(c)(1). For example, by recruiting D participants through paying for their transportation and other expenses in exchange for their agreeing to be on your officers' E team of independent distributors illustrates you are operated for substantial nonexempt private purposes. In addition, this shows you are not operated as required by Treas. Reg. Section 1.501(c)(3)-1(d)(1) because you are operated for the private interests of your officers.

You are also not described in Treas. Reg. Section 1.501(c)(3)-1(d)(1) because you are operated for the private interests of E. This is evidenced by the fact that the participants in D must agree to become an independent distributor for E who will earn regular monthly fees and commissions for the sales that participants make. Like the organization in est of Hawaii v. Commissioner, D cannot function without E and you are serving the private interests of E.

As noted in Better Business Bureau of Washington D.C., Inc., the presence of a single non-exempt purpose, if substantial in nature, will destroy a claim for exemption regardless of the number or importance of truly exempt purposes. While some of your platforms/programs may serve exempt purposes, your nonexempt purposes as previously described are substantial in nature and disqualify you from exemption under Section 501(c)(3).

Conclusion

We have determined that you do not meet the requirements for tax exemption under IRC Section 501(c)(3). You participate in prohibited political campaign intervention activities. Furthermore, your non-exempt purposes are not insubstantial because they are not incidental to the accomplishment of your exempt purposes. You are operated for the private interests of your officers and provide a prohibited private benefit to E. Accordingly, you do not meet the standards of exemption under IRC Section 501(c)(3). Donations to you are not deductible to the donors.

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