



**DEPARTMENT OF THE TREASURY**  
**INTERNAL REVENUE SERVICE**  
1100 Commerce Street, MC 4920DAL  
Dallas, TX 75242

**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION**

Date: July 11, 2019

Number: 202240020  
Release Date: 10/7/2022

**EIN:**  
**Person to Contact:**

**Identification Number:**

**Telephone Number:**

UIL: 501.03-00

**CERTIFIED MAIL – Return Receipt Requested**  
**LAST DAY FOR FILING A PETITION WITH THE TAX COURT:**

Dear

This is a final determination that you do not qualify for exemption from federal income tax under Internal Revenue Code (the "Code") section 501(a) as an organization described in Code section 501(c)(3), effective . Your determination letter dated is revoked.

Our adverse determination as to your exempt status was made for the following reasons:

You are not operated exclusively for exempt purposes within the meaning of Internal Revenue Code § 501(c)(3). You have not established that your activities exclusively serve a charitable class or further any purpose defined in section 501(c)(3). Furthermore, you are operated for substantial private purposes, including for the benefit of your officers, directors, and employees. Your net earnings inure to the benefit of private shareholders or individuals, such as your officers, directors, and employees. Furthermore, you are operated for substantial purposes that are illegal and contrary to public policy. Finally, it is determined that you have become inactive and that there have been no operations or regular financial activities conducted or planned. As such, you fail to meet the operational requirements for continued exemption under Internal Revenue Code § 501(c)(3).

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code.

Organizations that are not exempt under section 501 generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms, and information please visit [www.irs.gov](http://www.irs.gov).

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 was mailed to you. Please contact the clerk of the appropriate court for rules and the appropriate forms for filing petitions for declaratory judgment. Refer to the enclosed Publication 892 for additional information. You may write to the courts at the following addresses:

United States Tax Court  
400 Second Street, NW  
Washington, DC 20217

U. S. Court of Federal Claims  
717 Madison Place, NW  
Washington, DC 20005

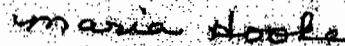
U. S. District Court for the District of Columbia  
333 Constitution Ave., N.W.  
Washington, DC 20001

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under section 7428 of the Internal Revenue Code.

You may be eligible for help from the Taxpayer Advocate Service (TAS). 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 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](http://www.taxpayeradvocate.irs.gov) or call 1-877-777-4778.

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.

Sincerely yours,



Maria Hooke  
Director, EO Examinations

Enclosures:

Publication 892



**Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities Division**

Date:  
September 5, 2017  
Taxpayer Identification Number:

Form:

Tax year(s) ended:

Person to contact / ID number:

ID No.

Contact numbers:

Phone Number:

Fax Number:

Manager's name / ID number:

ID No.

Manager's contact number:

Phone Number:

Response due date:

**Certified Mail - Return Receipt Requested**

Dear :

**Why you are receiving this letter**

We propose to revoke your status as an organization described in section 501(c)(3) of the Internal Revenue Code (Code). Enclosed is our report of examination explaining the proposed action.

**What you need to do if you agree**

If you agree with our proposal, please sign the enclosed Form 6018, *Consent to Proposed Action – Section 7428*, and return it to the contact person at the address listed above (unless you have already provided us a signed Form 6018). We'll issue a final revocation letter determining that you aren't an organization described in section 501(c)(3).

After we issue the final revocation letter, we'll announce that your organization is no longer eligible for contributions deductible under section 170 of the Code.

**If we don't hear from you**

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final revocation letter. Failing to respond to this proposal will adversely impact your legal standing to seek a declaratory judgment because you failed to exhaust your administrative remedies.

**Effect of revocation status**

If you receive a final revocation letter, you'll be required to file federal income tax returns for the tax year(s) shown above as well as for subsequent tax years.

**What you need to do if you disagree with the proposed revocation**

If you disagree with our proposed revocation, you may request a meeting or telephone conference with the supervisor of the IRS contact identified in the heading of this letter. You also may file a protest with the

IRS Appeals office by submitting a written request to the contact person at the address listed above within 30 calendar days from the date of this letter. The Appeals office is independent of the Exempt Organizations division and resolves most disputes informally.

For your protest to be valid, it must contain certain specific information including a statement of the facts, the applicable law, and arguments in support of your position. For specific information needed for a valid protest, please refer to page one of the enclosed Publication 892, *How to Appeal an IRS Decision on Tax-Exempt Status*, and page six of the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process. Please note that Fast Track Mediation referred to in Publication 3498 generally doesn't apply after we issue this letter.

You also may request that we refer this matter for technical advice as explained in Publication 892. Please contact the individual identified on the first page of this letter if you are considering requesting technical advice. If we issue a determination letter to you based on a technical advice memorandum issued by the Exempt Organizations Rulings and Agreements office, no further IRS administrative appeal will be available to you.

**Contacting the Taxpayer Advocate Office is a taxpayer right**

You have the right to contact the office of the Taxpayer Advocate. Their assistance isn't a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate can't reverse a legally correct tax determination or extend the time you have (fixed by law) to file a petition in a United States court. They can, however, see that a tax matter that hasn't been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate assistance. If you prefer, you may contact your local Taxpayer Advocate at:

Internal Revenue Service  
Office of the Taxpayer Advocate

**For additional information**

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

*Mail a Cat*  
*for* Maria Hooke  
Director, EO Examinations

Enclosures:  
Report of Examination  
Form 6018  
Publication 892  
Publication 3498

Form <b>886-A</b>	<b>Explanations of Items</b>	Schedule number or exhibit
Name of Taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

**Issues:**

1. Whether ( ) continues to qualify for exemption under Section 501(c)(3) of the Internal Revenue Code?

**Facts:**

Articles of Incorporation

filed its original Articles of Incorporation in on . Its original name at the time of incorporation was . Article , states that shall be organized and operated exclusively for charitable purposes and activities as permitted by Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue law), including, but not limited to the following purposes:

1. A supporting organization described in section 509(a)(3) of the code to support, benefit, perform the functions of and/or carry out the charitable purposes of ( ), a non-stock corporation described in sections 501(c)(3) and 501(a)(1) of the Code, the tax-exempt status of which has been recognized by the Internal Revenue Service (IRS).
2. One or more charitable organizations described in sections 501(c)(3) and 501(a)(2) of the Code may be substituted for , conditioned solely upon the occurrence of one or more of the following:
  - a. 's loss of its federal tax-exempt status:
  - b. The substantial failure or abandonment of ' charitable operations: or
  - c. 's dissolution.

Article states that "No part of the net earnings of the Corporation shall inure to the benefit of, or be distributed to, any director or officer of the Corporation or any other private person.

Article lists the original Board of Directors as:

By-Laws

filed its original By-Laws in on . The By-Laws were signed by , Secretary.

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Name of Taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

Article (c) states that "The Board of Directors shall not permit any part of the net earnings or capital of the Corporation to inure to the benefit of any director, officer, or other private person or individual.

Article 7.1 (Voting Members) of the By-Laws states that and are designated as the initial Board of Directors of the Corporation.

Form , Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

filed its Form with the on . It was signed by , President.

The Part II, question continuation sheet stated that and , listed directors of , were also directors of

received its initial Determination Letter on , granting exempt status under IRC §509(a)(3).

Form

did not file its Form for the tax year .

Operations

Under the direction of , SR., created its fundraising organization, ( ), also d/b/a , in .

' sole propose was to operate a fundraising call center in , that solicits After expenses, gave virtually all funds it had raised to as " ."

was run by officer(s) since its inception. employees had served as board members of , undertaking -related functions during work hours. board members had also served as board members.

was the chief financial officer of and received salary from . also served as chief financial officer of at least from through did not pay a salary because part of job duties<sup>1</sup> at were to be the volunteer president of , manage , and keep president informed regarding fundraisers' progress.

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<sup>1</sup>

Form <b>886-A</b>	<b>Explanations of Items</b>	Schedule number or exhibit
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has maintained books and records on its computers and has issued credit cards to employees for business use<sup>2</sup>.

ran a operation based in , . Between and , raised a total of \$ for .

	Ending	Ending	Ending	Ending
<u>Cash Contributions</u>	_____	_____	_____	_____
Contributions from Fundraising Activities	_____	_____	_____	_____
Total cash contributions	_____	_____	_____	_____
<u>Noncash Contributions</u>	_____	_____	_____	_____
The	_____	_____	_____	_____
Total noncash contributions	_____	_____	_____	_____

For the period under examination, expenditures for its charitable grant programs, excluding grants and other assistance outside the , averaged approximately % of total expenditures. The remaining % of the expenditures were for administrative ( %) and fundraising expenses ( %).

	Ending	Ending	Ending	Ending
<u>Grants</u>	_____	_____	_____	_____
Grants or other assist to gov or org in the	_____	_____	_____	_____
<u>Payroll</u>	_____	_____	_____	_____
Total T	_____	_____	_____	_____
<u>Administrative, Other</u>	_____	_____	_____	_____
<b>Total functional expenses</b>				
% of Grants Paid	%	%	%	%
%	%	%	%	%
% Administrative	%	%	%	%

Form <b>886-A</b>	<b>Explanations of Items</b>	Schedule number or exhibit
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Gifts-In-Kind

Noncash donations, noncash grants, and non-cash goods are referred to as " " (" ").

reported receiving donations during the examination period. Schedules and of Form are used for reporting receipt of donations. For the years through , the noncash contributions received by are summarized below:

Revenue	Activity	_____	_____	_____	_____
The					
Total Revenue					

was involved in an international program. indicated on Forms that goods that distributed internationally were originated from The and . The goods listed on the Forms were from The and from

The noncash donations ( goods) that received and distributed internationally were procured from both for-profit and non-profit brokers by paying procurement, cost of shipping in, warehousing, and shipping out fees. These companies are brokers that line up gifts in kind with charities. These are intended for charities, and they need charities, such as to handle the freight costs. By agreeing to accept goods and cover the shipping costs, can credit these shipments toward patient services with a substantial offset to fundraising costs.

reported on its Forms for the years and that received noncash donations from The Stars Foundation of \$ in and \$ from in . It further reported that it distributed the noncash donations received to foreign recipients in in and .

A review of The Form for that it released for public inspection revealed that the did not claim any donations of non-cash contributions in .

A review of Form for that it released for public inspection revealed that claimed a total of \$ in non-cash contributions to in .



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**The Federal Trade Commission Complaint**

On \_\_\_\_\_, the Federal Trade Commission, the Secretaries of State for all \_\_\_\_\_, and the \_\_\_\_\_ filed a complaint against \_\_\_\_\_, and other associated charities and individuals,

1. \_\_\_\_\_ ( )
2. \_\_\_\_\_ ( )
3. The \_\_\_\_\_ ( )
4. \_\_\_\_\_, individually and in \_\_\_\_\_ capacity as an officer or director of \_\_\_\_\_
5. \_\_\_\_\_, individually and in \_\_\_\_\_ capacity as an officer or director of \_\_\_\_\_ and \_\_\_\_\_
6. \_\_\_\_\_, individually and in \_\_\_\_\_ capacity as an officer or director of \_\_\_\_\_
7. \_\_\_\_\_, individually and in \_\_\_\_\_ capacity as an officer or director of \_\_\_\_\_

in the \_\_\_\_\_ of \_\_\_\_\_ (FTC, \_\_\_\_\_ States, and \_\_\_\_\_ v. \_\_\_\_\_, et al., \_\_\_\_\_) (The Complaint). The Complaint alleged that between \_\_\_\_\_ and \_\_\_\_\_ and the other defendants collectively:

1. Made misrepresentations that contributions were for charitable purposes.
2. Made misrepresentations about Program Benefits.
3. Made misrepresentations about Revenue and Program Expenses related to International ( ) shipments.
4. Made misrepresentations about programs relating to \_\_\_\_\_
5. Made false and misleading filings with State Charity Regulators.
6. Provided means and instrumentalities for telemarketers to deceive donors.
7. Assisted and facilitated \_\_\_\_\_ violations.

As a result of the complaint, \_\_\_\_\_ was shut down and placed in receivership by \_\_\_\_\_ and state charity regulators in \_\_\_\_\_.

**Law:**

IRC § 509(a)(3) excludes from the definition of "private foundation" those organizations which meet the requirements of subparagraphs (A), (B), and (C) thereof.

IRC § 509(a)(3)(A) provides that a section 509(a)(3) organization must be organized, and at all times thereafter operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified organizations described in section 509(a)(1) or (2). Section 509(a)(3)(A) describes the nature of the support or benefit which a section 509(a)(3) organization must provide to one or more section 509(a)(1) or (2) organizations.

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IRC §509(a)(3)(B) provides that a section 509(a)(3) organization must be operated, supervised, or controlled by or in connection with one or more organizations described in section 509(a)(1) or (2). Section 509(a)(3)(B) and paragraph (f) of this section describe the nature of the relationship which must exist between the section 509(a)(3) and section 509(a)(1) or (2) organizations. For purposes of section Link 509(a)(3)(B), paragraph (g) of this section defines “operated, supervised, or controlled by”; paragraph (h) of this section defines “supervised or controlled in connection with”; and paragraph (i) of this section defines “operated in connection with”.

Reg §1.501(a)-4(b)(1) states that under subparagraph (A) of section 509(a)(3), in order to qualify as a supporting organization, an organization must be both organized and operated exclusively “for the benefit of, to perform the functions of, or to carry out the purposes of” (hereinafter referred to in this section as being organized and operated “to support or benefit”) one or more specified publicly supported organizations. If an organization fails to meet either the organizational or the operational test, it cannot qualify as a supporting organization.

Reg §1.501(a)-4(e)(1) states that for the Permissible Beneficiaries portion of the Operational Test, a supporting organization will be regarded as “operated exclusively” to support one or more specified publicly supported organizations (hereinafter referred to as the “operational test”) only if it engages solely in activities which support or benefit the specified publicly supported organizations. Such activities may include making payments to or for the use of, or providing services or facilities for, individual members of the charitable class benefited by the specified publicly supported organization. Similarly, an organization will be regarded as “operated exclusively” to support or benefit one or more specified publicly supported organizations even if it supports or benefits an organization, other than a private foundation, which is described in section 501(c)(3) and is operated, supervised, or controlled directly by or in connection with such publicly supported organizations. However, an organization will not be regarded as operated exclusively if any part of its activities is in furtherance of a purpose other than supporting or benefiting one or more specified publicly supported organizations.

Revenue Ruling 75-384, 1975-2 CB 204, (Jan. 01, 1975) states that as a matter of trust law, one of the main sources of the general law of charity, no trust can be created for a purpose which is illegal. The purpose is illegal if the trust property is to be used for an object which is in violation of the criminal law, or if the trust tends to induce the commission of crime, or if the accomplishment of the purpose is otherwise against public policy. IV *Scott on Trusts* Sec. 377 (3d ed. 1967). Thus, all charitable trusts (and by implication all charitable organizations, regardless of their form) are subject to the requirement that their purposes may not be illegal or contrary to public policy. See Revenue. Ruling 71-447, 1971-2 C.B. 230; *Restatement (Second), Trusts* (1959) Sec. 377, Comment (c).

Revenue Procedure 2016-5, 2016-1 I.R.B. 188 , Section 12, states that a determination letter recognizing exemption may be revoked or modified: (1) by a notice to the taxpayer to whom the determination letter was issued. This Revenue Procedure further provides that the revocation or modification of a determination letter recognizing exemption may be retroactive if the organization omitted or misstated a material fact, operated in a manner materially different from that originally represented.

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**Government's Position:**

**Issue 1**

It is the Government's position that \_\_\_\_\_ does not continue to qualify for exemption under Section 509(a)(3) of the Internal Revenue Code. \_\_\_\_\_ does not meet the operational test for exempt status under section 509(a)(3) of the Internal Revenue Code because \_\_\_\_\_ has failed to establish that all of its activities were in furtherance of supporting or benefiting one or more specified publicly supported organizations.

Operations

\_\_\_\_\_ (\_\_\_\_\_), also \_\_\_\_\_, started as a special project of the \_\_\_\_\_ (\_\_\_\_\_) in \_\_\_\_\_. Under the direction of \_\_\_\_\_ (\_\_\_\_\_), it split off from \_\_\_\_\_ in late \_\_\_\_\_. \_\_\_\_\_ (\_\_\_\_\_) served as its initial president while also employed at \_\_\_\_\_.

\_\_\_\_\_ sole propose was to operate a fundraising \_\_\_\_\_ in \_\_\_\_\_, \_\_\_\_\_ that solicited public donations. After expenses, \_\_\_\_\_ gave virtually all funds it had raised to \_\_\_\_\_ as "\_\_\_\_\_".

\_\_\_\_\_ was run by \_\_\_\_\_ officer(s) since its inception. \_\_\_\_\_ employees had served as board members of \_\_\_\_\_, undertaking \_\_\_\_\_-related functions during \_\_\_\_\_ work hours. \_\_\_\_\_ board members had also served as board members.

\_\_\_\_\_ was the chief financial officer of \_\_\_\_\_ and received his salary from \_\_\_\_\_. \_\_\_\_\_ also served as chief financial officer of \_\_\_\_\_ at least from \_\_\_\_\_ through \_\_\_\_\_. \_\_\_\_\_ did not pay \_\_\_\_\_ a salary because part of \_\_\_\_\_ job duties<sup>3</sup> at \_\_\_\_\_ were to be the volunteer president of \_\_\_\_\_, manage \_\_\_\_\_, and keep president informed regarding fundraisers' progress.

\_\_\_\_\_ has maintained \_\_\_\_\_ books and records on its computers and has issued \_\_\_\_\_ credit cards to employees for business use<sup>4</sup>.

Between \_\_\_\_\_ and \_\_\_\_\_, the \_\_\_\_\_ raised a total of \$ \_\_\_\_\_ for \_\_\_\_\_, and \_\_\_\_\_ received a total of \$ \_\_\_\_\_ after the fundraising costs.

Noncash donations, noncash grants, and non-cash goods are referred to as " \_\_\_\_\_ " (" \_\_\_\_\_").

<sup>3</sup>  
<sup>4</sup>

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was involved in an \_\_\_\_\_ program. \_\_\_\_\_ reported receiving \_\_\_\_\_ donations during the examination period. Schedules \_\_\_\_\_ and \_\_\_\_\_ of Form \_\_\_\_\_ are used for reporting receipt of \_\_\_\_\_ donations. For the years \_\_\_\_\_ through \_\_\_\_\_, the noncash contributions received by \_\_\_\_\_ are summarized below:

Revenue	Activity	_____	_____	_____	_____
The					
Total Revenue					

indicated on Forms \_\_\_\_\_ that \_\_\_\_\_ goods that \_\_\_\_\_ distributed internationally were originated from The \_\_\_\_\_ and \_\_\_\_\_. The \_\_\_\_\_ goods listed on the Forms \_\_\_\_\_ were \_\_\_\_\_ from The \_\_\_\_\_ and \_\_\_\_\_ from \_\_\_\_\_.

The noncash donations ( \_\_\_\_\_ goods) that \_\_\_\_\_ reported receiving and distributing internationally were procured from both for-profit and non-profit \_\_\_\_\_ by paying procurement, cost of shipping in, warehousing, and shipping out fees. These companies are brokers that line up gifts in kind with charities. These \_\_\_\_\_ are intended for international charities, and they need \_\_\_\_\_ charities, such as \_\_\_\_\_ to handle the freight costs. By agreeing to accept goods and cover the shipping costs, \_\_\_\_\_ can credit these shipments toward patient services with a substantial offset to fundraising costs.

reported on its Forms \_\_\_\_\_ for the years \_\_\_\_\_ and \_\_\_\_\_ that \_\_\_\_\_ received noncash donations from The \_\_\_\_\_ of \$ \_\_\_\_\_ in \_\_\_\_\_ and \$ \_\_\_\_\_ from \_\_\_\_\_ in \_\_\_\_\_. It further reported that it distributed the noncash donations received to foreign recipients in \_\_\_\_\_ in \_\_\_\_\_ and \_\_\_\_\_.

A review of The \_\_\_\_\_ Form \_\_\_\_\_ for \_\_\_\_\_ that it released for public inspection revealed that the \_\_\_\_\_ did not claim any donations of non-cash contributions in \_\_\_\_\_.

A review of \_\_\_\_\_ Form \_\_\_\_\_ for \_\_\_\_\_ that it released for public inspection revealed that claimed a total of \$ \_\_\_\_\_ in non-cash contributions to \_\_\_\_\_ in \_\_\_\_\_.

did not retain control and discretion over the use of the non-cash goods, or maintain records that established the recipient used the non-cash goods for the organization's IRC § 501(c)(3) purposes.

incorrectly reported the international non-cash donations ( \_\_\_\_\_ ) on its Forms \_\_\_\_\_ by using the unverified fair market values of the \_\_\_\_\_ goods procured from \_\_\_\_\_ brokers. Instead, \_\_\_\_\_ should have reported the total of its procurement fees on its Forms \_\_\_\_\_ as non-cash grants provided.

Form \_\_\_\_\_ is used by tax-exempt organizations to provide information required by IRC section 6033. Some members of the public and/or state agencies rely on Form \_\_\_\_\_ as the primary or sole source of information

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about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, the return must be complete, accurate, and fully describe the organization's programs and accomplishments.

filed Forms inaccurately by claiming fair market values of goods procured from brokers as non-cash donations. The transactions represented a flow-through of dollar amounts that were paper transactions only. reported the fair market values of goods procured on Forms as revenue received and expenses paid. By reporting fair market values of goods procured as revenue, incorrectly increased the revenue received. By reporting fair market values of goods procured as expenses, decreased the overall percentage of administrative costs and substantially offset its fundraising costs.

fails to meet IRC section 6033 of the Code which requires every organization exempt from taxation under 501(a) to file an annual return, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the internal revenue laws.

The reported donations are not in keeping with Reg §1.501(a)-4(e)(1) that states that for the Permissible Beneficiaries portion of the Operational Test, a supporting organization will be regarded as "operated exclusively" to support one or more specified publicly supported organizations (hereinafter referred to as the "operational test") only if it engages solely in activities which support or benefit the specified publicly supported organizations. The purported shipping of goods internationally do not meet the Permissible Beneficiaries portion of the Operational Test, in that did not the donations do not engage solely in activities which support or benefit the specified publicly supported organizations.

The Federal Trade Commission Complaint

On , the Federal Trade Commission, the Secretaries of State for all states, and the filed a complaint against , and other associated charities and individuals,

1. ( )
2. ( )
3. The ( )
4. individually and in capacity as an officer or director of , individually and in capacity as an officer or director of and
7. , individually and in his capacity as an officer or director of

in the for the District of ( , , and v. , et al., Case (The Complaint). The Complaint alleged that between and and the other defendants collectively:

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1. Made misrepresentations that contributions were for charitable purposes.
2. Made misrepresentations about Program Benefits.
3. Made misrepresentations about Revenue and Program Expenses related to International ( ) shipments.
4. Made misrepresentations about programs relating to International
5. Made false and misleading filings with State Charity Regulators.
6. Provided means and instrumentalities for telemarketers to deceive donors.
7. Assisted and facilitated telemarketing violations.

As a result of the Complaint, and into an ORDER APPOINTING RECEIVER OVER , AND by the for the District of . The order stated that Receivership Management, Inc., is appointed by this Court as Liquidating Receiver ("Receiver") with all the rights and privileges of an equity receiver over for the purposes of taking charge of property and assets (except for the Policies), conducting the necessary steps to wind down the affairs of , liquidating its assets, dissolving its corporate existence, and paying all net assets to the . The order was signed by as an individual and as an officer of on

An ORDER FOR PERMANENT INJUNCTION AND MONETARY JUDGMENT AGAINST , AND was also issued by the court. In the injunction, the court further ordered that, pursuant to the Receivership Order of which has consented to entry, the Receiver shall take the steps necessary to cause to be dissolved and to cease to exist as a corporate entity. This Order of Permanent Injunction was also signed on

The findings by the court in suit clearly prove that was involved in fundraising practices that in conflict with express statutory restrictions of the and all ( ) states and the . With this court decision, fails to meet Revenue Ruling , ( ) requirements that the organization's activities are not contrary to a clearly defined and established public policy.

As a result of the complaint, was shut down and placed in receivership by and state charity regulators in

fails to meet Revenue Ruling 80-278, 1980-2 CB 175, ( ) that provides that in making the determination of whether an organization's activities are consistent with exemption under section 501(c)(3) of the Code, the Service will rely on a three-part test. The organization's activities will be considered permissible under section 501(c)(3) if:

- (1) The purpose of the organization is charitable;
- (2) The activities are not illegal, contrary to a clearly defined and established public policy, or in conflict with express statutory restrictions; and

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(3) The activities are in furtherance of the organization's exempt purpose and are reasonably related to the accomplishment of that purpose.

**Summary:**

does not continue to qualify for exemption under Section 509(a)(3) of the Internal Revenue Code. does not meet the operational test for exempt status under section 509(a)(3) of the Internal Revenue Code because has failed to establish that all of its activities were in furtherance of supporting or benefiting one or more specified publicly supported organizations.

fails to meet IRC section 6033 of the Code which requires every organization exempt from taxation under 501(a) to file an annual return, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the internal revenue laws. As part of involvement in programs, caused its Forms to report inaccurate donations and expenditures not allowing members of the public and/or state agencies to receive accurate information about this organization.

In a suit filed by the , the Secretaries of State for all , and the filed a complaint against , was found to be in violation o and all ' and the statutes involving and filing false reports to the states. As a result of the suit, and entered into an Order Appointing Receiver Over by the for the District of . The order stated that the receiver was appointed by this Court as Liquidating Receiver for the purposes of taking charge of property and assets, liquidating its assets, and dissolving its corporate existence. The order was signed by as an individual and as an officer of on . The order effectively dissolved as a operating corporation

With the above facts taken into consideration, it is determined that exempt status should be revoked back to the tax year ending , the beginning of the investigation.