



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

Date:
08/12/2025
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202552032
Release Date: 12/26/2025
UIL Code: 501.03-05, 501.03-30, 501.33-00, 501.35-00

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 Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 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:
Letter 437
Redacted Letter 4034
Redacted Letter 4038



**Department of the Treasury
Internal Revenue Service**

Date:
06/27/2025
Employer ID number:

Person to contact:
Name:
ID number:
Telephone:
Fax:

Legend:

S = Date
T = State
U = Date
V = Name

UIL:

501.03-05
501.03-30
501.33-00
501.35-00

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 qualify for exemption under IRC Section 501(c)(3)? No, for the reasons stated below.

Facts

You submitted Form 1023-EZ Streamline Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. You attest that you were incorporated on S in the State of T.

You attest that you have the necessary organizing document, that your organizing document limits your purposes to one or more exempt purposes within the meaning of the IRC Section 501(c)(3), that your organizing document does not expressly empower you to engage in activities, other than an insubstantial part, that are not in furtherance of one or more exempt purposes, and that your organizing document contains the dissolution provision required under Section 501(c)(3).

We provided you with a copy of your organizing document, Articles of Incorporation, that was downloaded from your state's website. Your Articles of Incorporation indicate you were incorporated on U in T. Your articles state that you are formed to provide development of open source software related to the V blockchain. They further state that your assets, upon dissolution, will be donated to a charity to be chosen during your dissolution.

You attest that you are organized and operated exclusively to further charitable purposes. You attest that you have not conducted and will not conduct prohibited activities under IRC Section 501(c)(3). Specifically, you attest you will:

- Refrain from supporting or opposing candidates in political campaigns in any way
- Ensure that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals
- Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially
- Not be organized or operated for the primary purpose of conducting a trade or business that is not related to your exempt purpose(s)
- Not devote more than an insubstantial part of your activities attempting to influence legislation or, if you made a Section 501(h) election, not normally make expenditures, in excess of expenditure limitations outlined in Section 501(h)
- Not provide commercial-type insurance as a substantial part of your activities

You attest on Form 1023-EZ that you are formed to organize, educate and develop the open-source technology surrounding your organization's content sharing technology. Your activities include fundraising to support infrastructure and development of your organization, community growth programs, and education of your organization's ecosystem. You describe your activities as computer science.

During our review of your Form 1023-EZ we requested detailed information to supplement the above attestations. You state your mission is to support the development and adoption of your organization's open-source software protocol and ecosystem. Your focus is on free speech, transparency, and user control over digital content.

You help drive and maintain projects aligned with your organization's mission and further the V ecosystem. You also help maintain and develop the code on your managed repositories and maintain your websites.

V describes itself as a digital marketplace controlled by the market's participants. V allows users to publish content, and these publishers can then choose to charge a fee to other users that wish to view that content. V also maintains a program to reward users in exchange for contributing bandwidth, disk space, or processing power to the network. No party other than the publisher of the content can unilaterally remove or block content on the V network. V further states that the interactions on V are extremely similar to those that happen on hundreds of other sites, similar to YouTube, Amazon, and Netflix. The key difference is that V happens to be a network that is completely decentralized. Publishers on V control the prices they charge to view their content which can allow them to earn more per view than if they used these similar sites. V also does not take a commission or fee from the earnings of the publisher, other than the publishing cost.

You fundraise through crowd funding to pay expenses and raise capital required to develop V source code and projects. You provide grants to developers and creators that help maintain and contribute to the growth and development of V.

You maintain online forums and support channels to assist users with the V protocol, technical issues, and questions. These support channels revolve around gaming, music, sports, blockchain data/statistics, and a video sharing app on the V network. You will also act as a hub for people interested in helping forward the V protocol

and help direct interested parties where their work will be most effective, for example, helping maintain the code base, coordinating a public appearance, or virtual event gatherings. Your event gatherings help to bring awareness of U to local communities.

You create educational materials to teach individuals and organizations about sharing decentralized content and the benefits of the V protocol. You will host documentation regarding the V project while making it as publicly accessible as possible. Your community members will maintain their own infrastructure to further the growth of the V network by creating and maintaining documentation to support it.

You run both hardware and software stack which includes web portals for public access to the V network, servers that contribute to the V blockchain, and snapshots of the V blockchain to facilitate public replication of the V network. You arrange and run mutually beneficial projects with other non-profit and charitable organizations aligning with and benefiting you. You plan to help host available content through the public domain.

Currently all of your activities are conducted online. In the future, you plan to conduct in-person events. You do not charge any membership fees to participate in any activities, but you take donations to support your mission and your projects. Your board members are not compensated for any of their activities. Your time spent on activities is flexible, designated as needed, and member specific. You will spend most of your financial resources on maintaining and contributing to the V code. Your smaller financial parts will be designated to growing the publicly accessible infrastructure hosted by you and your specific educational content creation.

You state your revenues will be generated from crowd-funding sources for all years you have reported. Your expenses include registered agent services, mail forwarding services, webhosting and email services, and annual filing services.

Law

IRC Section 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.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, to be exempt as an organization described in IRC Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in Section 501(c)(3). If an organization fails to meet either the organizational test or operational test, it is not exempt.

Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i) provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization:

- (a) Limit the purposes of such organization to one or more exempt purposes; and
- (b) Do not expressly empower the organization engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

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 which accomplish one or more of such 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(d)(3) defines “educational” as instruction or training of the individual for the purpose of improving or developing his capabilities and/or the instruction of the public on subjects useful to the individual and beneficial to the community.

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest. To meet this requirement, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests.

Revenue Ruling 77-111, 1977-1 C.B. 144, in Situation 1, held that an organization formed to increase business patronage in a deteriorated area by providing information on the area's shopping opportunities, local transportation, and accommodations is not operated exclusively for charitable purposes and does not qualify for exemption under IRC Section 501(c)(3). The overall thrust is to promote business rather than to accomplish Section 501(c)(3) objectives exclusively.

In Better Business Bureau of Washington D.C., Inc. v. United States, 326 U.S. 279 (1945), the Supreme Court of the United States 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 Minnesota Kingsmen Chess Association Inc v. Commissioner, T.C. Memo. 1983-495, the organization sponsored chess tournaments, provided chess magazines and books to libraries, offered free chess lessons, and published a newsletter that primarily contained reports of past tournaments and announcements of future ones. The petitioner sought exemption under IRC Section 501(c)(3) because its purposes and activities were described as educational. The court found that the promotion of chess tournaments furthers a substantial recreational purpose, even though individual participants may have received some educational benefits.

In St. Louis Science Fiction Limited v. Commissioner, 49 TCM 1126, 1985-162, the Tax court held that a science fiction society failed to qualify for the tax-exempt status under IRC Section 501(c)(3). Although many of the organization's functions at its annual conventions were educational, its overall agenda was not exclusively educational. A substantial portion of convention affairs were social and recreational in nature.

In American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989), the Tax Court held that an organization conducted its activities to serve the private interests of partisan entities and candidates, and therefore did not qualify for exemption under IRC Section 501(c)(3). The organization's primary activity was to operate a school (the “Academy”) to train individuals for careers as political campaign professionals. The academy was an outgrowth of program separated by a partisan congressional committee to train candidates and subsequently place campaign professionals in partisan campaigns. The committee contributed physical assets to the academy, faculty members, directors, and was exclusively funded by a partisan trust.

Application of law

IRC Section 501(c)(3) sets forth two main tests for qualification for exempt status. As stated in Treas. Reg. 1.501(c)(3)-1(a)(1), an organization must be both organized and operated exclusively for purposes described in Section 501(c)(3).

Organizational Test

Your Articles of Incorporation do not contain an adequate purpose clause that limits your purposes to one or more exempt purposes under IRC Section 501(c)(3). As a result, you have not satisfied the organizational test described in Treas. Reg. Sections 1.501(c)(3)-1(b)(1)(i).

Operational Test

You do not satisfy the operational test because you are not operated exclusively for educational purposes, are operated for substantially non-exempt purposes, and are serving private interests.

Not Exclusively Advancing Education

While you have presented that you offer educational materials to teach individuals and organizations about the V protocol and the V project as described in Treas. Reg. Section 1.501(c)(3)-1(d)(3), you have also presented that the majority of your resources are spent on maintaining and contributing to the V code, and only a small part of your resources will be designated to creating V specific educational content. Because these educational activities are insubstantial compared to your non-exempt V protocol support and development activities, you are not operated exclusively for exempt purposes as described in Treas. Reg. Section 1.501(c)(3)-1(c)(1).

Conducting Substantial Non-Exempt Activities

The majority of your resources are dedicated to maintaining and contributing to the V code. You have not described how supporting the development and adoption of the V protocol furthers Section 501(c)(3) purposes. You also maintain online recreational forums and support channels revolving around gaming, music, sports, blockchain data/statistics, and a video sharing app on the V network. Similar to the organizations described in Minnesota Kingsmen and St. Louis you are not operated exclusively for exempt purposes because you operate for substantial recreational purposes. These substantial non-exempt purpose, as described in Better Business Bureau which precludes you from exemption under Section 501(c)(3).

Serving Private Interests

You are similar to the organizations described in American Campaign Academy, and Rev. Rul. 77-111, situation 1. You maintain and contribute to the V code. Publishers pay a fee to V to publish their content and make it accessible to other users. These publishers can then charge a fee to users that access their content. By maintaining and contributing to this code, you are serving the private interests of V. By supporting the V project which is used by its publishers to post and monetize content, you are also serving the private economic interests of these publishers rather than public interest as described in Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii). These economic benefits are not occasional, nor an incidental consequence of exempt activities.

Conclusion

Based on the information you have submitted, you are not organized and operated exclusively for one or more purposes as described in IRC Section 501(c)(3). You are not operated exclusively for educational purposes, are operated for substantially non-exempt purposes, and are serving private interests. Therefore, you do not qualify for Section 501(c)(3).

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 Determination 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
PO 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