



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

Date: March 29, 2022

Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Release Number: 202247010

Release Date: 11/25/2022

UIL Code: 501.03-00

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Dear :

Why we are sending you this letter

This is a 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), 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 one or more exempt purposes within the meaning of section 501(c)(3) because more than an insubstantial part of your activities is not in furtherance of an exempt purpose. Section 1.501(c)(3)-1(c)(1). You do not serve a public rather than a private interest within the meaning of section 1.501(c)(3)-1(d)(1)(ii) because you are operated primarily for the private benefit of your founder, his family and business partners.

Organizations that are not exempt under IRC 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.

Contributions to your organization are no longer deductible under IRC Section 170.

What you must do if you disagree with this determination

If you want to contest our final determination, you have 90 days from the date this determination letter was mailed to you to file a petition or complaint in one of the three federal courts listed below.

How to file your action for declaratory judgment

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of IRC Section 7428 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.

Please contact the clerk of the appropriate court for rules and the appropriate forms for filing an action for declaratory judgment by referring to the enclosed Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status. 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 20439

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 IRC Section 7428.

We'll notify the appropriate state officials (as permitted by law) of our determination that you aren't an organization described in IRC Section 501(c)(3).

Information about the IRS Taxpayer Advocate Service

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS, or you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Contact your local Taxpayer Advocate Office at:

Internal Revenue Service
Taxpayer Advocate Office

Or call TAS at 877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to taxpayeradvocate.irs.gov. Do not send your federal court pleading to the TAS address listed above. Use the applicable federal court address provided earlier in the letter. Contacting TAS does not extend the time to file an action for declaratory judgment.

Where you can find more information

Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

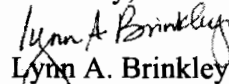
Find tax forms or publications by visiting www.irs.gov/forms or calling 800-TAX-FORM (800-829-3676).

If you have questions, you can call the person shown at the top of this letter.

If you prefer to write, use the address shown at the top of this letter. Include your telephone number, the best time to call, and a copy of this letter.

Keep the original letter for your records.

Sincerely,



Lynn A. Brinkley
Acting Director, Exempt Organizations Examinations

Enclosures:

Publication 1
Publication 594
Publication 892



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

Date:
July 30, 2021
Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Name:
ID number:
Telephone:
Fax:
Address:

Manager's contact information:

Name:
ID number:
Telephone:
Response due date:
August 31, 2021

CERTIFIED MAIL – Return Receipt Requested

Dear :

Why you're receiving this letter

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

If you agree

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(3) for the periods above.

After we issue the final adverse determination letter, we'll announce that your organization is no longer eligible to receive tax deductible contributions under IRC Section 170.

If you disagree

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

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 adverse determination letter.

Contacting the Taxpayer Advocate Office is a taxpayer right

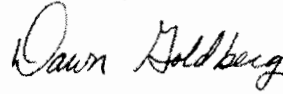
The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance,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

For additional information

You can get any of 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 shown at the top of this letter.

Sincerely,

A handwritten signature in cursive script that reads "Dawn Goldberg".

FOR Sean E. O'Reilly
Director, Exempt Organizations
Examinations

Enclosures:
Form 6018
Form 4621-A
Form 886-A
Pub 892
Pub 3498

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

ISSUE:

Whether _____ continues to qualify for exemption as an organization described in the Internal Revenue Code (IRC) Section 501(c)(3) because of no operation or activity.

FACTS:

- _____ (formerly _____) was incorporated under the laws of the State of _____ as a non-profit corporation on _____ for the purpose of the following:
- Charitable;
 - Educational; and
 - Making distributions to organization that qualify as exempt under sections 501(c)(3) and 170(c)(2)

It's articles of incorporation also stated that:

"No part the net earnings of the corporation shall inure to the benefit of or be distributable to be its members, directors, officers, or other private persons except that the corporation shall authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of purposes set forth in these articles of incorporation."

On _____, _____ was recognized to be exempt from federal income tax as an organization described in IRC Section 501(c)(3).

The intended activities were:

Examination:

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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An examination was initiated in _____ to review the activities and financial operations of _____ as reported on the _____ Form _____ return. The purpose of the examination was to ensure that _____ continued to operate for an exempt purpose through the conduct of its activities and financial affairs.

The initial appointment letter dated _____ was issued in the name of _____, but addressed to the attention of _____, Trustee. The initial appointment was scheduled to commence on _____ at the offices of _____.

At the commencement of the examination, what was divulged through discussions with _____ ("Trustee"), and through various court filings, was that he [Trustee] had been appointed by the _____

_____ to dismantle the operations of _____. The reason for his involvement was because _____ had been identified as an "alter-ego" of _____ ("_____") and that the income and assets of _____ were used by _____, his wife, girlfriend and business partners for their own personal use from _____ through _____. _____ was the original incorporator, sole president, sole CEO and primary director of _____.

The issue of identifying _____ as an "alter-ego" happened when _____ filed a petition for relief under _____ of the _____ in the _____ on _____ filed a petition for relief because he was being sued by _____ prior business ventures. _____ was appointed by the _____ to serve as the _____ in _____ case on _____.

Through discovery into _____ financial activities, the Trustee noted discrepancies between what _____ claimed he received in comparison to his lifestyle. _____ was uncovered as one of the non-profit entities whose income and assets were being used by _____ to support his lifestyle. _____ was another non-profit entity created by _____ as incorporator, president and director.

As a result of the discovery, the Trustee petitioned the court to get a temporary restraining order to prevent _____ from using any more assets of _____. The Judge approved the restraining order and gave the Trustee the authority to seize the assets of _____. The Trustee then seized the assets and prevented any further use. _____ then filed _____ for _____ to prevent lawsuits.

The Trustee was appointed by a judge to serve as the trustee for both _____ and _____ filings. The Trustee duties with _____ commenced on _____. Once the Trustee controlled the activities of _____, _____ could no longer conduct any business for or on behalf of the organization.

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Prior Activities:

Prior to the seizure of assets by the court appointed Trustee, , through , had been involved in soliciting individuals to give tax-deductible donations in exchange for (" "). Those were sold to donors as a retirement or exit planning vehicle. The promise to the investor was that they would be allowed an immediate deductible contribution and would be guaranteed fixed payments over several years for life. From through , more than \$ was received by for the purpose noted.

However, from through , the funds were used by to purchase:

a. Vehicles, including a

b.

c.

d.

e. that make up the entire of (lease purchase agreement); and

f. Purported Interest in

The funds were used by for other personal purposes unrelated to the tax-exempt status . The use included, but was not limited to:

a. Use of company owned cars, including all gasoline, insurance, maintenance and taxes;

b. Rent-free housing at partially furnished, and all utilities, cable, HOA fees and club fees;

c. Use of the for business and personal purposes;

d. Use of a debit card for the bank account of , including use for personal purposes, and use of a credit card in the name of , without reimbursement to , for what appear to be cash withdrawals, apartment rents, country club dues, home furnishings, mental health

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

counselling, orthodontics, home improvement, nail polishing, clothing, legal bills, groceries, "groupons", medical bills, health club dues, tattoos, and

was indicted, convicted and later sentenced to months in federal prison.

The Trustee completed his duties with respect to filings and was relieved of his duties in 1. From the time the Trustee seized the assets of up to the time the Trustee was relieved of his duties, by a judge, conducted no exempt, or non-exempt activity. All of its remaining assets were distributed based on disposition of the court.

Prior to being relieved of his duties, the Trustee filed the Form . Schedule O, Part III, Line 3, stated, the operations ceased. See Exhibit 1.

LAW:

I.R.C. § 501(c)(3) exempts from federal income tax, organizations organized and operated exclusively for religious, charitable, scientific, or educational purposes whereby no part of the net earnings inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation and which does not intervene on behalf of (or in opposition to) any candidate for public office.

Treas. Reg. § 1.501(c)(3)-1 states that in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more purposes specified in such section. If an organization fails to meet either the organizational or the operational test, it is not exempt. An organization is organized exclusively for one or more exempt purposes only if its articles of the organization as defined in subparagraph (2) of this paragraph: (a) Limit the purposes of such organization to one or more exempt purposes; and (b) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes.

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

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The term “exclusively” has not been construed to mean “solely” or “absolutely without exception.” An organization that engages in exempt activities qualifies for exempt status so long as any nonexempt activities are only incidental and less than substantial. Better Business Bureau of Washington, D.C. v. United States, 326 U.S. 279 (1945); Copyright Clearance Center v. Commissioner, 79 T.C. 793, 804 (1982). In Better Business Bureau of Washington, D.C., the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will prevent exemption regardless of the number or importance of truly exempt purposes. The Court held that a trade association had an “underlying commercial motive” that distinguished its educational program from that carried on by a university.

Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not organized or operated exclusively for charitable purposes unless it serves a public rather than a private interest. It is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

A private benefit may inure to outsiders as well as insiders. The conferral of benefits on disinterested persons who are not members of a charitable class may cause an organization to serve a private interest within the meaning of Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii). American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989). Economic benefits flowing to persons as an incidental consequence of an organization pursuing exempt charitable purposes will not generally constitute prohibited private benefits. Kentucky Bar Foundation v. Commissioner, 78 T.C. 921 (1982). However, when benefits to the public are secondary, the private benefit will preclude exemption. See Ginsberg v. Commissioner, 46 T.C. 47 (1966), in which an organization dredged the waterways for the benefit of those persons owning property or living on the shores thereof, and any benefit to the general public by providing a storm haven for small craft, if it existed at all, was a secondary one.

In American Campaign Academy, the organization trained individuals for careers as political campaign managers and consultants. The Service conceded that the organization furthered an educational purpose. Almost all of the school’s graduates became employed by, or consultants to, the organizations or candidates of the Republican Party. The court concluded that the entities and candidates of one specific political party are a “select group” that constitute private interests for purposes of section 1.501(c)(3)-1(d)(1)(ii), and that the benefit the organization was conferring on this select group (in the form of providing trained graduates as employees) was more than incidental. The court rejected petitioner’s contention that “because all educational programs inherently benefit both the student by increasing his or her skills and future earnings and the eventual employer who profits from the services of trained individuals, the educational benefits it provides should not be construed as prohibited private benefits.” 92 T.C. at 1073.

The court also rejected the petitioner’s argument that because it could not control where the students became employed, the benefit must be incidental, noting that there is no authority for the contention that non-incidental benefits must be controllable by the organization. Although the

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candidates and entities benefited were not organization "insiders," the court stated that the conferral of benefits on disinterested persons who are not members of a charitable class may cause an organization to serve a private interest within the meaning of § 1.501(c)(3)-1(d)(1)(ii). Because more than an insubstantial part of the organization's activities furthered private interests more than incidentally, the court found that the organization failed to qualify for exemption under section 501(c)(3).

Section 12.03 of Rev. Proc. 2021-5, I.R.B. 2021-5, provides exempt status may be revoke or modified retroactively if the organization omitted or misstated a material fact or operated in a manner materially different from that originally represented.

TAXPAYER'S POSITION:

The Taxpayer was not available for comment with respect to this revocation. Nevertheless, as stated on the Form , the Trustee declared that the organization is no longer operating.

GOVERNMENT'S POSITION:

does not meet the operational test for exempt status under section 501(c)(3) of the Internal Revenue Code, because has failed to establish that it is operating exclusively for charitable purposes. The regulations define "exclusively" as engaging primarily in activities that accomplish one or more of the exempt purposes specified in section 501(c)(3) of the Code.

Based on the review of the records, has never performed any exempt activity and the sole purpose was to enrich the officer, This violates the provisions of section 501(c)(3) of the Code.

The sole financial activity was that of the Trustee reclaiming and selling assets for the purpose of paying creditors. The Trustee completed his court appointed duties in

As such, fails to meet the operational requirements to continue its exemption status under IRC 501(c)(3). Therefore, the effective revocation date will be the date of formation,

CONCLUSION:

Based on the above, we propose to revoke the exemption letter dated . This proposed revocation would be come effective the date of incorporation, Any contributions to are no longer deductible as charitable

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contributions. Any contributions to this organization by those who were in part responsible for, or were aware of, the activities or deficiencies on the part of the organization that gave rise to loss of exempt status should not be allowed as a deduction.

will be required to file Form 1120 for all years since

If this proposed revocation becomes final, appropriate State officials will be advised of the action in accordance with Internal Revenue Code Section 6104(c) and applicable regulations.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit Letter 3618
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

EXHIBIT 1