



**DEPARTMENT OF THE TREASURY**

**INTERNAL REVENUE SERVICE**

**TE/GE: EO Examinations**

**1100 Commerce Street, MC 4920 DAL**

**Dallas, TX 75242**

**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION**

**February 2, 2016**

**Number: 201620015**

**Release Date: 5/13/2016**

**UIL Code: 501.03-00**

**Taxpayer Identification Number:**

**Person to Contact:**

**Identification Number:**

**Contact Telephone Number:**

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

**Dear :**

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the Code). Our favorable determination letter to you is hereby revoked and you are no longer exempt under section 501(a) of the Code effective February 4, 20XX.

The revocation of your exempt status was made for the following reason(s):

You are not operating exclusively for any charitable purpose, educational purpose, or any other exempt purpose. Our examination reveals that you are not engaged primarily in activities which accomplish charitable, educational or other exempt purposes as required by Treas. Reg. 1.501(c)(3)-1(c)(1). Your activities, including your financial transactions, more than insubstantially furthered non-exempt purposes.

Contributions to your organization are no longer deductible under IRC §170 after February 4, 20XX.

You are required to file Form 1120 U. S. Corporation Income Tax Return. These returns should be filed with the appropriate Service Center for tax years ended December 31, 20XX, December 31, 20XX, December 31, 20XX and for all years thereafter in accordance with the instructions of the return.

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

If you decide to contest this determination under the declaratory judgment provisions of section 7428 of the Code, a petition to the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia must be filed before the 91<sup>st</sup> Day after the date this determination was mailed to you. Please contact the clerk of the appropriate court for rules regarding filing petitions for declaratory judgments by referring to the enclosed Publication 892. You may write to these courts at the following addresses:

United States Tax Court  
400 Second Street, NW  
Washington, D.C. 20217

United States Court of Federal Claims  
717 Madison Place, NW  
Washington, D.C. 20005

United States District Court for the District of Columbia  
333 Constitution Avenue, NW  
Washington, D.C. 20001

The Taxpayer Advocate Service (TSA) is an independent organization within the IRS that can help protect your taxpayer rights. TSA 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 TSA assistance, which is always free, TSA will do everything possible to help you. Visit [taxpayeradvocate.irs.gov](http://taxpayeradvocate.irs.gov) or call 1-877-777-4778.

This letter supersedes the automatic revocation notice posted to IRS.gov on March 11, 20XX.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Paul A. Marmolejo  
Acting Director, EO Examinations

Enclosure:  
Publication 892

**Internal Revenue Service**  
**Tax Exempt and Government Entities Division**  
Exempt Organizations: Examinations  
1100 Commerce Street, 4900 DAL  
Dallas, TX 75242

**Department of the Treasury**

**Date:**

December 15, 2014

**Taxpayer Identification Number:**

**Form:**

**Tax Year(s) Ended:**

**Person to Contact/ID Number:**

**Contact Numbers:**

**Manager's name/ID number:**

**Manager's contact 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,

Stephen A. Martin  
Acting 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		Year/Period ended 20XX, 20XX, 20XX

**Issues:**

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

Whether \_\_\_\_\_ has operated as a not-for-profit organization?

Whether \_\_\_\_\_ has failed to file required forms?

Whether \_\_\_\_\_ qualifies for revocation from the date of inception?

**Facts:**

**Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code**

\_\_\_\_\_ filed Articles of Incorporation with the State of \_\_\_\_\_ on February 02, 19XX. Article Two of the Bylaws states that EO is organized exclusively for charitable purposes within the meaning of Code §501(c)(3). The article goes on to state that the specific objectives and purposes of the corporation shall be to assist seniors with their independent living, charitable giving and ability to live their own lives with respect and dignity.

The Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, stated that the organization planned to do this by:

1. Providing counseling, planning, transportation, and funding to seniors on a case by case basis.
2. Building wheelchair access ramps leading into the home.
3. Installation of safety railings within bathtub or shower areas.
4. Making adjustments to kitchen and bathroom countertops to make them more easily accessible to seniors.

The Form 1023 stated that the organizations sources of financial support would be "Contributions, benefits".

The Form 1023 listed \_\_\_\_\_ as President and \_\_\_\_\_ as Vice President.

On July 12, 20XX and August 13, 20XX, \_\_\_\_\_, an Exempt Organization Specialist with the IRS, requested additional information to clarify answers given on the Form 1023 using Letters 2382 and 1312.

In response to Question #6 of the letter dated August 13, 20XX, "Please provide a complete list of the names, titles, and mailing addresses of all your current directors and/or trustees along with any applicable compensation amounts.", \_\_\_\_\_ replied as follows:

Form <b>886-A</b>	<b>Explanations of Items</b>	Schedule number or exhibit
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1. \_\_\_\_\_, Executive Director, approx. \$\_\_\_\_\_ annual compensation;
2. \_\_\_\_\_, Marketing, Board Member, no compensation;
3. \_\_\_\_\_, Secretary, no compensation;
4. \_\_\_\_\_, Attorney, Board Member, no compensation; (Note: \_\_\_\_\_ was \_\_\_\_\_ criminal defense attorney at that time.)
5. \_\_\_\_\_, Attorney, legal Counsel, no compensation (Note: \_\_\_\_\_ was \_\_\_\_\_ law partner and \_\_\_\_\_ co-counsel at that time.)
6. \_\_\_\_\_, Attorney, Legal Counsel, no compensation (Note: \_\_\_\_\_ was \_\_\_\_\_ criminal defense attorney at that time.)

Each of these letters included a list of additional questions to clarify the Form 1023 application. The letters' instructions said that any response to the questions in the letter should be accompanied by the following declaration:

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

The declaration was signed by \_\_\_\_\_ at the end of both responses.

Deputy District Attorney (DDA) \_\_\_\_\_ of the \_\_\_\_\_ contacted attorneys \_\_\_\_\_, and \_\_\_\_\_ by phone; both advised that they were not then, nor had they ever been board members of \_\_\_\_\_ and expressed surprise that \_\_\_\_\_ had listed them as board members on documents submitted to the IRS. Both \_\_\_\_\_ and \_\_\_\_\_ advised that they had never attended any meetings for the board members, officers, directors, or trustees of \_\_\_\_\_.

DDA \_\_\_\_\_ contacted attorney \_\_\_\_\_ by phone; he advised that he was not then, nor had he ever been, associated with \_\_\_\_\_. \_\_\_\_\_ said that he was retained to represent \_\_\_\_\_ only in the criminal charges. \_\_\_\_\_ related that he was unaware that \_\_\_\_\_ had identified him on any document as a legal counsel for \_\_\_\_\_. He related that he had never attended any meetings for the board members, officers, directors, or trustees of \_\_\_\_\_.

Exemption was granted under Section 501(c)(3) and Section 170(b)(1)(A)(vi) of the Internal Revenue Code, on September 02, 20XX, as a publicly supported organization.

### Operation as a Not-For-Profit Company

The stated primary focus of the organization was to assist seniors with their independent living, charitable giving and ability to live their own lives with respect and dignity.

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Numerous complaints were filed by elderly residents in \_\_\_\_\_ stating that \_\_\_\_\_, and co-conspirators \_\_\_\_\_ and \_\_\_\_\_ were selling the elderly residents worthless living trusts and fraudulent annuities through their companies \_\_\_\_\_ and \_\_\_\_\_.

The investigation by the local police and the \_\_\_\_\_ District Attorney's Office has revealed that \_\_\_\_\_ and his co-conspirators, \_\_\_\_\_ and \_\_\_\_\_, were utilizing \_\_\_\_\_ and another entity, \_\_\_\_\_, to operate a "trust mill scam" to sell elderly residents worthless living trusts and fraudulent \_\_\_\_\_ annuities. The defendants were representing to elderly victims that the granted 501(c)(3) status proved that \_\_\_\_\_ was a legitimate charitable organization.

The officers of \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, along with another individual \_\_\_\_\_ (\_\_\_\_\_), identified as a member of the Board of Directors and in charge of marketing for \_\_\_\_\_, have been arrested by the \_\_\_\_\_ Sheriff's Office for selling elderly residents worthless living trusts and fraudulent annuities through their companies \_\_\_\_\_ (\_\_\_\_\_) and \_\_\_\_\_. Two preliminary hearings have been held on the cases and all defendants have been bound over for felony trial.

During the preliminary court hearing on \_\_\_\_\_, 20XX, an expert witness rendered an opinion that \_\_\_\_\_ officers were operating \_\_\_\_\_ and \_\_\_\_\_ as a "trust mill scam," in which they solicited elders to allow them to draft living trust or living trust updates for the victims, in order to gain access to the victims financial information and assets. The defendants then solicited the victims, who had assets, to invest in the \_\_\_\_\_ annuity. The expert witness and the \_\_\_\_\_ Department of Insurance have advised that \_\_\_\_\_ is not authorized to sell annuities in \_\_\_\_\_ and considered the \_\_\_\_\_ annuity was fraudulent.

On 01-31-20XX, 07-19-20XX, and 03-28-20XX, DDA \_\_\_\_\_ and DAI \_\_\_\_\_ conducted free talk interviews with \_\_\_\_\_ in the presence of \_\_\_\_\_ defense attorney \_\_\_\_\_. The interviews were all conducted at the District Attorney's Office at the \_\_\_\_\_. Some of the admissions, implications, and statements made by \_\_\_\_\_ are set forth below.

1. \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ met in approximately 20XX or 20XX, when they were all employed as salesmen by \_\_\_\_\_ at \_\_\_\_\_ in \_\_\_\_\_. \_\_\_\_\_ characterized \_\_\_\_\_ as essentially a "trust mill" operation.
2. In approximately 20XX/20XX, \_\_\_\_\_ established \_\_\_\_\_ in \_\_\_\_\_, as a business to sell living trusts and living trust updates. \_\_\_\_\_ lived in \_\_\_\_\_ at that time.
3. In approximately 20XX, \_\_\_\_\_ terminated his association with \_\_\_\_\_ and \_\_\_\_\_ and \_\_\_\_\_ continued to work with \_\_\_\_\_ until it went out of business in about 20XX.



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4. \_\_\_\_\_ moved to \_\_\_\_\_, near the border with \_\_\_\_\_, and started working with \_\_\_\_\_ selling living trusts and trust updates with \_\_\_\_\_.
5. In about 20XX/20XX, \_\_\_\_\_ and \_\_\_\_\_ formed a partnership and \_\_\_\_\_ gave the \_\_\_\_\_ business to \_\_\_\_\_ to own and operate.
6. \_\_\_\_\_ and \_\_\_\_\_ continued to work together primarily in \_\_\_\_\_, with \_\_\_\_\_ selling living trusts and living trust updates to elderly clients and \_\_\_\_\_ notarizing the trusts and trust updates for \_\_\_\_\_, while also soliciting the elderly clients to purchase insurance annuities from \_\_\_\_\_ through various insurance companies. \_\_\_\_\_ was a commissioned Notary Public and a licensed insurance agent in \_\_\_\_\_.
7. \_\_\_\_\_ was not a Notary Public or a licensed insurance agent in \_\_\_\_\_. \_\_\_\_\_ told \_\_\_\_\_ that \_\_\_\_\_ had a previous criminal theft conviction in \_\_\_\_\_ and had served time in a \_\_\_\_\_ state prison. \_\_\_\_\_ also told \_\_\_\_\_ that \_\_\_\_\_ had previously been a licensed insurance agent and a licensed stock broker in \_\_\_\_\_.
8. In late 20XX and early 20XX, \_\_\_\_\_ and \_\_\_\_\_ formulated an agreement to establish \_\_\_\_\_ as a 501(c)(3) tax exempt organization and identify and market \_\_\_\_\_ as a non-profit charitable organization to help senior citizens remain living independently. \_\_\_\_\_ admitted that he and \_\_\_\_\_ agreed and planned to operate \_\_\_\_\_ and \_\_\_\_\_ as a "trust mill scam," which they both knew to be an illegal operation.
9. \_\_\_\_\_ advised he and \_\_\_\_\_ had numerous discussions and made numerous agreements about how to operate \_\_\_\_\_ and \_\_\_\_\_. Most of the discussions and agreements took place in \_\_\_\_\_ condo residence in \_\_\_\_\_.
10. \_\_\_\_\_ advised that \_\_\_\_\_ came up with the idea of selling seniors a "private annuity" through \_\_\_\_\_ as a way to make money, which \_\_\_\_\_ and \_\_\_\_\_ intended to invest to enrich themselves.
11. \_\_\_\_\_ admitted he and \_\_\_\_\_ never intended \_\_\_\_\_ to be a non-profit, charitable organization; but, in fact, they planned to use \_\_\_\_\_ to enrich themselves, while deceitfully marketing \_\_\_\_\_ as a non-profit charitable organization to help senior citizens.
12. \_\_\_\_\_ also came up with the idea to have elderly clients sign the separate one page \_\_\_\_\_ annuity agreements, which essentially stated that interest on the client's investment would accrue in the client's account until death when the balance and principal would revert to \_\_\_\_\_. \_\_\_\_\_ and \_\_\_\_\_ agreed they could get elderly clients to sign the agreements, without the clients realizing what they were signing, and they would not provide the clients with copies of the separate one page agreements. \_\_\_\_\_ admitted his and

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\_\_\_\_\_ intention was to deceitfully keep the clients monies after the clients' deaths. \_\_\_\_\_ admitted he and \_\_\_\_\_ agreed that if any client's heirs made a claim to \_\_\_\_\_ for the invested money after the client's death, \_\_\_\_\_ and \_\_\_\_\_ would then simply claim the clients intended their investments to be donations to \_\_\_\_\_. \_\_\_\_\_ admitted that he and \_\_\_\_\_ never intended for the individual clients, or the clients' heirs, to get the annuity money back.

13. \_\_\_\_\_ admitted that \_\_\_\_\_ copied an \_\_\_\_\_ Insurance Company Annuity booklet, almost word for word, to use as the \_\_\_\_\_ Annuity contract booklet. \_\_\_\_\_ was an authorized agent for \_\_\_\_\_. \_\_\_\_\_ and \_\_\_\_\_ agreed they would modify the booklet to use for \_\_\_\_\_ annuities and they would purposely not have \_\_\_\_\_ clients complete any application form, nor would they sign the booklet as \_\_\_\_\_ representatives or officers. \_\_\_\_\_ admitted they knew the \_\_\_\_\_ annuities were not in compliance with the law and they hoped they would not get caught. \_\_\_\_\_ had the modified \_\_\_\_\_ Annuity booklet contracts printed at \_\_\_\_\_ as they sold the alleged annuities. \_\_\_\_\_ admitted there were no company and no persons standing behind \_\_\_\_\_ except himself and \_\_\_\_\_. \_\_\_\_\_ admitted \_\_\_\_\_ had no financial backup reserves and the annuities were essentially fraudulent.
14. \_\_\_\_\_ admitted he knew that \_\_\_\_\_ was improperly incorporated and that \_\_\_\_\_ had no Board of Directors. \_\_\_\_\_ admitted he and \_\_\_\_\_ both knew the information provided to the IRS on the initial \_\_\_\_\_ IRS application for 501(c)(3) tax exempt status was false. \_\_\_\_\_ admitted that he and \_\_\_\_\_ formulated \_\_\_\_\_ as a for-profit organization to enrich themselves and never intended \_\_\_\_\_ to be a non-profit charitable organization. \_\_\_\_\_ primary source of funds was to be from the sale of \_\_\_\_\_ annuities to elderly people. \_\_\_\_\_ admitted they filed for 501(c)(3) status partly in an attempt to circumvent and cover themselves from regulation by the \_\_\_\_\_ Department of Insurance. \_\_\_\_\_ said the supplemental IRS inquiries on the \_\_\_\_\_ 501(c)(3) application were filed with the IRS by \_\_\_\_\_.
15. \_\_\_\_\_ stated that it was their plan for \_\_\_\_\_, and later \_\_\_\_\_, to initially sell the living trusts or living trust updates, and \_\_\_\_\_ would notarize the alleged trust documents. \_\_\_\_\_, and later \_\_\_\_\_, would also sell the fraudulent \_\_\_\_\_ annuities, and \_\_\_\_\_ was to manage and invest the incoming funds. \_\_\_\_\_ indicated that he erroneously thought that if \_\_\_\_\_ and \_\_\_\_\_ were the front men who sold the fraudulent trusts and \_\_\_\_\_ annuities, then \_\_\_\_\_ could remain in the background and be protected from legal action if clients made complaints.
16. \_\_\_\_\_ continued that he did notarize documents of some of the trusts sold by \_\_\_\_\_; but on many of the trusts, \_\_\_\_\_ simply gave \_\_\_\_\_ pre-signed pages bearing \_\_\_\_\_ signature and Notary Public stamp and \_\_\_\_\_ never met or notarized client

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signatures for many of the trust sold by \_\_\_\_\_. \_\_\_\_\_ acknowledged he knew such false notarizations were illegal.

17. \_\_\_\_\_ also admitted that he had purposely destroyed his Notary Public Journal because he expected the District Attorney's Office would be attempting to obtain it.
18. \_\_\_\_\_ advised that \_\_\_\_\_ and \_\_\_\_\_ were supposed to provide \_\_\_\_\_ with incoming funds from the sale of \_\_\_\_\_ annuities and \_\_\_\_\_ was to manage and invest some of the funds. \_\_\_\_\_ related he did invest some of the funds into a \_\_\_\_\_ account he opened at \_\_\_\_\_. \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ also used the incoming \_\_\_\_\_ funds for their respective living expenses.
19. \_\_\_\_\_ admitted he did not open separate investment accounts in the names of the elderly \_\_\_\_\_ investors, nor did he keep detailed records under the names of the elderly investors, because they did not intend to pay the money back to the elderly investors or the investors' heirs after the investors' deaths.
20. \_\_\_\_\_ stated he and \_\_\_\_\_ began to have disagreements over some of the \_\_\_\_\_ annuities being sold and other matters. \_\_\_\_\_ felt like things were spinning out of control, \_\_\_\_\_ was out of control, and \_\_\_\_\_ did not feel comfortable with the way things were going. Consequently, \_\_\_\_\_ and \_\_\_\_\_ agreed that \_\_\_\_\_ would withdraw from \_\_\_\_\_ effective 06-11-20XX and sign a written agreement to that effect. \_\_\_\_\_ and \_\_\_\_\_ notified the accountants \_\_\_\_\_ and \_\_\_\_\_. \_\_\_\_\_ presented \_\_\_\_\_ with a written "Transfer of Power Agreement" for \_\_\_\_\_. \_\_\_\_\_ alleged he signed the agreement without reading it closely and should not have signed the agreement. \_\_\_\_\_ alleged that he was essentially out of \_\_\_\_\_ after 06-11-20XX, but he still associated with \_\_\_\_\_. \_\_\_\_\_ admitted that he did withdraw \$\_\_\_\_\_ for himself from the \_\_\_\_\_ account in the months prior to withdrawing from \_\_\_\_\_.

\_\_\_\_\_ and \_\_\_\_\_, accountants of \_\_\_\_\_, of \_\_\_\_\_, were interviewed by \_\_\_\_\_ District Attorney Investigator \_\_\_\_\_ on 03-11-XX (\_\_\_\_\_ #XX - #XX). During that interview they stated that:

1. In approximately January 20XX, \_\_\_\_\_ contacted \_\_\_\_\_ to assist \_\_\_\_\_ and \_\_\_\_\_ in filing an IRS Form 1023 and related forms to apply for 501(c)(3) non-profit tax exempt status for \_\_\_\_\_, an organization \_\_\_\_\_ and \_\_\_\_\_ were jointly starting.

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2. \_\_\_\_\_ had filed a few IRS 1023 applications in the past, but \_\_\_\_\_ had never filed such an application. \_\_\_\_\_ took over the project of assisting \_\_\_\_\_ and \_\_\_\_\_ with preparing the appropriate IRS and other forms and applications to get \_\_\_\_\_ approval with IRS.
3. \_\_\_\_\_ and \_\_\_\_\_ advised they did not recall ever having a joint meeting with both \_\_\_\_\_ and \_\_\_\_\_ regarding \_\_\_\_\_, it was always with \_\_\_\_\_, or later \_\_\_\_\_, individually.
4. In preparing the IRS 1023, \_\_\_\_\_ advised that he sat down with \_\_\_\_\_ and went through the form with \_\_\_\_\_ question by question and line by line. \_\_\_\_\_ related that all answers to all questions on the initial IRS 1023 Application (signed by \_\_\_\_\_ on 08-03-20XX) were provided by \_\_\_\_\_.
5. \_\_\_\_\_ made no attempts to verify answers or information provided by \_\_\_\_\_ or \_\_\_\_\_, but simply drafted the answers and information as provided by \_\_\_\_\_ and \_\_\_\_\_ without question.
6. \_\_\_\_\_ and \_\_\_\_\_ related that neither \_\_\_\_\_, nor \_\_\_\_\_, ever related anything to them about selling annuities of any type to seniors, or planning to sell annuities to seniors through \_\_\_\_\_.
7. \_\_\_\_\_ and \_\_\_\_\_ related that in June 20XX, for reasons unknown to them, \_\_\_\_\_ withdrew from \_\_\_\_\_ and \_\_\_\_\_ took over all further \_\_\_\_\_ control. They provided a copy of the Transfer of Power Agreement between \_\_\_\_\_ and \_\_\_\_\_. \_\_\_\_\_ indicated that \_\_\_\_\_ most probably provided him with a copy of the transfer agreement. The agreement, signed by both \_\_\_\_\_ and \_\_\_\_\_ on 06-11-20XX.
8. In July and August 20XX, \_\_\_\_\_ received letters from IRS requesting additional information for the pending IRS 1023 Application to grant tax exempt non-profit status to \_\_\_\_\_. \_\_\_\_\_ worked with \_\_\_\_\_ on the IRS requests for additional information. Around this time frame, \_\_\_\_\_ had reviewed \_\_\_\_\_ web site "\_\_\_\_\_" and was concerned that the statements indicative of \_\_\_\_\_ primary activities on the website were not in sync with those stated in the \_\_\_\_\_ 1023 Application submitted to IRS on 08-03-20XX. \_\_\_\_\_ told \_\_\_\_\_ that the 1023 Application and the \_\_\_\_\_ website needed to be in sync.
9. \_\_\_\_\_ also advised \_\_\_\_\_ that to comply with IRS requests, \_\_\_\_\_ would have to appoint a Board of Directors for \_\_\_\_\_.

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10. \_\_\_\_\_ related that essentially, \_\_\_\_\_ drafted responses to the IRS requests for additional information and emailed his draft responses to \_\_\_\_\_, who cleaned up the draft responses with some punctuation and organization changes and sent them back to \_\_\_\_\_ for approval.
11. \_\_\_\_\_ related that \_\_\_\_\_ then submitted the additional information to the IRS.
12. \_\_\_\_\_ related that \_\_\_\_\_ also needed to complete a personal tax return for 20XX and \_\_\_\_\_ requested \_\_\_\_\_ to provide \_\_\_\_\_ with \_\_\_\_\_ financial records in order to complete a tax return for \_\_\_\_\_.
13. \_\_\_\_\_ did subsequently contract with \_\_\_\_\_ for \_\_\_\_\_ bookkeeping services. \_\_\_\_\_ provided \_\_\_\_\_ and/or \_\_\_\_\_ with \_\_\_\_\_ bank records for 20XX. \_\_\_\_\_ provided those records to \_\_\_\_\_. \_\_\_\_\_ subsequently told \_\_\_\_\_ that \_\_\_\_\_ was unable to obtain \_\_\_\_\_ records from \_\_\_\_\_ and never provided any financial or activity records on \_\_\_\_\_ to enable \_\_\_\_\_ to prepare a \_\_\_\_\_ tax return.
14. In the August 20XX IRS request for additional information, IRS specifically requested \_\_\_\_\_ to provide a complete list of the names, titles, and mailing addresses of all \_\_\_\_\_ officers, directors and/or trustees. \_\_\_\_\_ was surprised to find in \_\_\_\_\_ email to \_\_\_\_\_ on 08-23-20XX, that \_\_\_\_\_ was listed among the \_\_\_\_\_ Board of Directors, as the \_\_\_\_\_ Auditor; and \_\_\_\_\_, CPA, was listed as the \_\_\_\_\_ Bookkeeper. \_\_\_\_\_ related that \_\_\_\_\_ had never asked him, or mentioned to him that \_\_\_\_\_ would be on the Board of Directors for \_\_\_\_\_ and \_\_\_\_\_ related that he had no interest or desire to serve on the \_\_\_\_\_ Board of Directors.
15. \_\_\_\_\_ related he then told \_\_\_\_\_ that he (\_\_\_\_\_) was not interested in serving on the Board of Directors for \_\_\_\_\_ and told \_\_\_\_\_ that \_\_\_\_\_ had to talk with all of the persons \_\_\_\_\_ listed as members of the Board of Directors to confirm they were willing to serve on the board. \_\_\_\_\_ deleted his name and the name of \_\_\_\_\_ from \_\_\_\_\_ list of members of the \_\_\_\_\_ Board of Directors, before sending his proposed draft back to \_\_\_\_\_ for submission to IRS.
16. \_\_\_\_\_ did not contact the other persons \_\_\_\_\_ listed as members of the \_\_\_\_\_ Board of Directors. \_\_\_\_\_ submitted the list to IRS without the names of \_\_\_\_\_ and \_\_\_\_\_.

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17. On 04-07-20XX, \_\_\_\_\_ sent \_\_\_\_\_ an email requesting \_\_\_\_\_ to file an extension for \_\_\_\_\_ 20XX personal income taxes, for \_\_\_\_\_, and \_\_\_\_\_.

18. On 04-09-20XX, \_\_\_\_\_ replied to \_\_\_\_\_ that \_\_\_\_\_ had decided to cease their tax preparation services to him and \_\_\_\_\_ should make other tax preparation arrangements. \_\_\_\_\_ replied, "so, guilty b4 chance 2prove innocence? Not the American way is it?"

\_\_\_\_\_, CPA, of \_\_\_\_\_, was interviewed by DAI \_\_\_\_\_ of the \_\_\_\_\_ District Attorney's Office On 04-20-20XX, at his office in \_\_\_\_\_.

- \_\_\_\_\_ accounting practice is focused on business bookkeeping. \_\_\_\_\_ was contacted in late summer or early fall 20XX by \_\_\_\_\_, a CPA networking associate, about completing some bookkeeping work for one of \_\_\_\_\_ tax clients, \_\_\_\_\_. \_\_\_\_\_ has never met \_\_\_\_\_ in person, but has had email and possibly telephone communications with \_\_\_\_\_ in 20XX.
- It was \_\_\_\_\_ understanding that \_\_\_\_\_ and \_\_\_\_\_ wanted \_\_\_\_\_ to complete bookkeeping reports for \_\_\_\_\_ business \_\_\_\_\_ and \_\_\_\_\_ non-profit organization, \_\_\_\_\_, for the year 20XX. \_\_\_\_\_ related that he received all records on \_\_\_\_\_ and \_\_\_\_\_ through \_\_\_\_\_, but he never received any records on \_\_\_\_\_, because \_\_\_\_\_ said he could not obtain the \_\_\_\_\_ records from his former business partner, \_\_\_\_\_.
- \_\_\_\_\_ had told \_\_\_\_\_ that large donation deposits into the \_\_\_\_\_ account were actually donations intended for \_\_\_\_\_, but on checks written to \_\_\_\_\_. \_\_\_\_\_ said he (\_\_\_\_\_) subsequently transferred the large deposits to a separate \_\_\_\_\_ account. \_\_\_\_\_ was unable to verify \_\_\_\_\_ statements because \_\_\_\_\_ never provided any bank statements or other records for \_\_\_\_\_.
- \_\_\_\_\_ prepared no tax returns for \_\_\_\_\_, \_\_\_\_\_, or \_\_\_\_\_.
- \_\_\_\_\_ was under the impression that he would be contracted to prepare bookkeeping reports for \_\_\_\_\_ and \_\_\_\_\_ for 20XX, but he has been provided with no 20XX \_\_\_\_\_ or \_\_\_\_\_ records by either \_\_\_\_\_ or \_\_\_\_\_.
- \_\_\_\_\_ advised he has not been contacted further by \_\_\_\_\_ since about October 20XX. \_\_\_\_\_ related he has no further information about \_\_\_\_\_, \_\_\_\_\_, or \_\_\_\_\_.

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### Failure to file Required Forms

The IRS's Information Data Retrieval System (IDRS), lists the current status of \_\_\_\_\_ as Exemption Revoked (Status Code 97) on March 11, 20XX, due to the failure to file Form 990 or Form 990N for 3-consecutive years.

#### Form 990

The organization failed to file Forms 990 for the tax years ending 20XX and 20XX. If the organization does not meet any of the filing exceptions and its annual gross receipts are normally more than \$\_\_\_\_\_, it must file Form 990 or Form 990EZ. Third party records indicate the following:

<u>Year</u>	<u>Income per Bank</u>
20XX	_____
20XX	_____

\_\_\_\_\_ received 100% of its income from the updating of fraudulent trusts and selling fraudulent private annuities to senior citizens.

The organization had a filing requirement for 20XX and 20XX because gross receipts exceeded \$\_\_\_\_\_.

Forms 990 are due the 15<sup>th</sup> day of the 5<sup>th</sup> month following the end of the organization's tax year. Forms 990 for the tax years ending 20XX and 20XX have not been filed to date and are currently delinquent.

#### Law:

Internal Revenue Code ("Code") §501(a) provides that an organization described in §501(c) (3) is exempt from income tax. Code §501(c)(3) exempts from federal income tax corporations organized and operated exclusively for charitable, educational, and other purposes, provided that no part of the net earnings inure to the benefit of any private shareholder or individual. The term charitable includes relief of the poor and distressed. Federal Tax Regulations ("Regulations") §1.501(c) (3)-1(d) (2).

An IRC §170(b)(1)(A)(vi) organization is defined as an organization referred to in subsection (c)(2) which normally receives a substantial part of its support (exclusive of income received in the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under §501(a)) from a governmental unit referred to in subsection (c)(1) or from direct or indirect contributions from the general public.

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IRC §170(c)(2)(B) defines a charitable organization as a corporation, trust, or community chest, fund, or foundation that is organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals;

Regulations §1.501(a)-1(a)(3) states that an organization claiming exemption under section 501(a) and described in any paragraph of section 501(c) (other than section 501(c)(1)) shall file the form of application prescribed by the Commissioner and shall include such information as required by such form and the instructions issued with respect thereto.

Regulations §1.501(a)-1(b)(1)(iii) states that an organization described in section 501(c)(3) shall submit with, and as a part of, an application filed after July 26, 1959, a detailed statement of its proposed activities.

Regulations §1.501(a)-1(b)(2) states that in addition to the information specifically called for by this section, the Commissioner may require any additional information deemed necessary for a proper determination of whether a particular organization is exempt under section 501(a), and when deemed advisable in the interest of an efficient administration of the internal revenue laws, he may in the cases of particular types of organizations prescribe the form in which the proof of exemption shall be furnished.

Regulations §1.501(c)(3)-1(a)(1) provides that, in order to be exempt as an organization described in Code §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.

Regulations §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 of such exempt purposes specified in Code §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. The existence of a substantial nonexempt purpose, regardless of the number or importance of exempt purposes, will cause failure of the operational test. Better Business Bureau of Washington, D.C. v. U.S., 326 U.S. 279 (1945).

Regulations §1.501(c)(3)-1(c)(2) provides that the operational test is not satisfied where any part of the organization's earnings inure to the benefit of private shareholders or individuals, and where the organization serves a private benefit rather than public interests.

Regulations §1.501(c)(3)-1(d)(ii) provides that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than private interest. Thus, 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. Prohibited private interests include those of unrelated third parties as well as insiders. Christian Stewardship Assistance, Inc. v. Commissioner, 70 T.C. 1037 (1978); American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989). Private benefits include an



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“advantage; profit; fruit; privilege; gain; [or] interest.” Retired Teachers Legal Fund v. Commissioner, 78 T.C. 280, 286 (1982).

The presence of a single substantial nonexempt purpose can destroy the exemption regardless of the number or importance of exempt purposes. Better Bus. Bureau v. United States, 326 U.S. 279, 238, 90 L. Ed. 67, 66 S. Ct. 112 (1945); Am. Campaign Acad. V. Commissioner, 92 T.C. 1053, 1065 (1989); see also Old Dominion Box Co., Inc. v. United States, 477 F.2d. 340 (4<sup>th</sup> Cir. 1973), cert. denied, 413 US 910 (1973) (“operating for the benefit of private parties who are not members of a charitable class constitutes a substantial nonexempt purpose”). When an organization operates for the benefit of private interests, such as designated individuals, the creator or his family, or persons directly or indirectly controlled by such private interests, the organization by definition does not operate exclusively for exempt purposes. Am. Campaign Acad. V. Commissioner, *supra* at 1065-1066.

IRC §6001 provides that “Every person liable for any tax imposed by this title, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe. Whenever in the judgment of the Secretary it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements, or keep such records, as the Secretary deems sufficient to show whether or not such person is liable for tax under this title”

IRC §6033(a)(1) provides that “Except as provided in paragraph (2), every organization exempt from taxation under §501(a) shall 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 the Secretary may by forms or regulations prescribe, and shall keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe; except that, in the discretion of the Secretary, any organization described in §401(a) may be relieved from stating in its return any information which is reported in returns filed by the employer which established such organization.

Paragraph 6033(a)(2) lists mandatory exceptions to paragraph (1) as (i) churches, their integrated auxiliaries, and conventions or associations of churches, (ii) any organization (other than a private foundation, as defined in §509(a)) described in subparagraph (C), the gross receipts of which in each taxable year are normally not more than \$5,000, or (iii) the exclusively religious activities of any religious order.

Revenue Ruling 80-278, 1980-2 CB 175, (Jan. 01, 1980) establishes 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.

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 Rev. Rul. 71-447, 1971-2 C.B. 230; *Restatement (Second), Trusts* (1959) Sec. 377, Comment (c).

Rev. Proc. 2008-9, I.R.B. 2008-2 (January 14, 2008), Section 12, states that a determination letter or ruling recognizing exemption may be revoked or modified by a notice to the taxpayer to whom the determination letter or ruling was issued. It went on to say that the revocation or modification of a determination letter or ruling recognizing exemption may be retroactive if the organization omitted or misstated a material fact, operated in a manner materially different from that originally represented, or engaged in a prohibited transaction and where there is a material change, inconsistent with exemption, in the character, the purpose, or the method of operation of an organization, revocation or modification will ordinarily take effect as of the date of such material change.

## Government's Position:

### Issue 1

It is the Government's Position that the Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, for \_\_\_\_\_ was knowingly filed with material misstatements, was never intended to be operated in a manner that would qualify for exemption under §501(c)(3) of the Internal Revenue Code, and has failed to operate exclusively for charitable, educational, and other purposes.

In its Form 1023 application, \_\_\_\_\_ described itself as an organization that shall assist seniors with their independent living, charitable giving, and ability to live their own lives with respect and dignity. The organization stated that its primary sources of financial support were to be "contributions, benefits".

The Form 1023 application stated that the organization planned to do this by: (1) providing counseling, planning, transportation, and funding to seniors on a case by case basis. (2) building wheelchair access ramps leading into the home, (3) installation of safety railings within bathtub or shower areas, and (4) Making adjustments to kitchen and bathroom countertops to make them more easily accessible to seniors.

On 01-31-20XX, 07-19-20XX, and 03-28-20XX, Deputy District Attorney (DDA) \_\_\_\_\_ and District Attorney Investigator (DIA) \_\_\_\_\_ of the Office of the \_\_\_\_\_, conducted free talk interviews

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with \_\_\_\_\_ in the presence of \_\_\_\_\_ defense attorney \_\_\_\_\_. A review of the records of these interviews revealed that:

1. \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ met in approximately 20XX or 20XX, when they were all employed as salesmen by \_\_\_\_\_ at \_\_\_\_\_ in \_\_\_\_\_. \_\_\_\_\_ characterized \_\_\_\_\_ as essentially a "trust mill" operation.
2. In approximately 20XX/20XX, \_\_\_\_\_ established \_\_\_\_\_ in \_\_\_\_\_, as a business to sell living trusts and living trust updates. \_\_\_\_\_ lived in \_\_\_\_\_ at that time.
3. In approximately 20XX, \_\_\_\_\_ terminated his association with \_\_\_\_\_ and \_\_\_\_\_. \_\_\_\_\_ and \_\_\_\_\_ continued to work with \_\_\_\_\_ until it went out of business in about 20XX.
4. \_\_\_\_\_ moved to \_\_\_\_\_, near the border with \_\_\_\_\_, and started working with \_\_\_\_\_ selling living trusts and trust updates with \_\_\_\_\_.
5. In about 20XX/20XX, \_\_\_\_\_ and \_\_\_\_\_ formed a partnership and \_\_\_\_\_ gave the \_\_\_\_\_ business to \_\_\_\_\_ to own and operate.
6. \_\_\_\_\_ and \_\_\_\_\_ continued to work together primarily in \_\_\_\_\_, with \_\_\_\_\_ selling living trusts and living trust updates to elderly clients and \_\_\_\_\_ notarizing the trusts and trust updates for \_\_\_\_\_, while also soliciting the elderly clients to purchase insurance annuities from \_\_\_\_\_ through various insurance companies. \_\_\_\_\_ was a commissioned Notary Public and a licensed insurance agent in \_\_\_\_\_.
7. In late 20XX and early 20XX, the stated officers of \_\_\_\_\_, \_\_\_\_\_, President, and, \_\_\_\_\_, Vice President, formulated an agreement to establish \_\_\_\_\_ as a 501 (c)(3) tax exempt organization and identify and market \_\_\_\_\_ as a non-profit charitable organization to help senior citizens remain living independently.
8. He \_\_\_\_\_ and \_\_\_\_\_ agreed and planned to operate \_\_\_\_\_ as a "trust mill scam," which they both knew to be an illegal operation.
9. \_\_\_\_\_ admitted they filed for 501 (c)(3) status partly in an attempt to circumvent and cover themselves from regulation by the \_\_\_\_\_ Department of Insurance.
10. \_\_\_\_\_ admitted he knew that \_\_\_\_\_ was improperly incorporated and that \_\_\_\_\_ had no Board of Directors.

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\_\_\_\_\_ and \_\_\_\_\_, accountants of \_\_\_\_\_, of \_\_\_\_\_, were interviewed by \_\_\_\_\_ District Attorney Investigator \_\_\_\_\_ on 03-11-XX. During that interview they stated that:

1. In approximately January 20XX, \_\_\_\_\_ contacted \_\_\_\_\_ to assist \_\_\_\_\_ and \_\_\_\_\_ in filing an IRS Form 1023 and related forms to apply for 501(c)(3) non-profit tax exempt status for \_\_\_\_\_, an organization \_\_\_\_\_ and \_\_\_\_\_ were jointly starting.
2. \_\_\_\_\_ had filed a few IRS 1023 applications in the past, but \_\_\_\_\_ had never filed such an application. \_\_\_\_\_ took over the project of assisting \_\_\_\_\_ and \_\_\_\_\_ with preparing the appropriate IRS and other forms and applications to get \_\_\_\_\_ approval with IRS.
3. \_\_\_\_\_ and \_\_\_\_\_ advised they did not recall ever having a joint meeting with both \_\_\_\_\_ and \_\_\_\_\_ regarding \_\_\_\_\_, it was always with \_\_\_\_\_, or later \_\_\_\_\_, individually.
4. In preparing the IRS 1023, \_\_\_\_\_ advised that he sat down with \_\_\_\_\_ and went through the form with \_\_\_\_\_ question by question and line by line. \_\_\_\_\_ related that all answers to all questions on the initial IRS 1023 Application (signed by \_\_\_\_\_ on 08-03-20XX) were provided by \_\_\_\_\_.
5. \_\_\_\_\_ made no attempts to verify answers or information provided by \_\_\_\_\_ or \_\_\_\_\_, but simply drafted the answers and information as provided by \_\_\_\_\_ and \_\_\_\_\_ without question.
6. \_\_\_\_\_ and \_\_\_\_\_ related that neither \_\_\_\_\_, nor \_\_\_\_\_, ever related anything to them about selling annuities of any type to seniors, or planning to sell annuities to seniors through \_\_\_\_\_.
7. \_\_\_\_\_ and \_\_\_\_\_ related that in June 20XX, for reasons unknown to them, \_\_\_\_\_ withdrew from \_\_\_\_\_ and \_\_\_\_\_ took over all further \_\_\_\_\_ control. They provided a copy of the Transfer of Power Agreement between \_\_\_\_\_ and \_\_\_\_\_. \_\_\_\_\_ indicated that \_\_\_\_\_ most probably provided him with a copy of the transfer agreement. The agreement, signed by both \_\_\_\_\_ and \_\_\_\_\_ on 06-11-20XX.

Additional questions were sent in letters to \_\_\_\_\_ by \_\_\_\_\_, an Exempt Organization Specialist with the IRS.

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The interview with \_\_\_\_\_, and \_\_\_\_\_, accountants of \_\_\_\_\_, of \_\_\_\_\_, by \_\_\_\_\_ District Attorney Investigator \_\_\_\_\_ on 03-11-XX also provided information on these letters. They stated that:

1. In July and August 20XX, \_\_\_\_\_ received letters from IRS requesting additional information for the pending IRS 1023 Application to grant tax exempt non-profit status to \_\_\_\_\_. \_\_\_\_\_ worked with \_\_\_\_\_ on the IRS requests for additional information. Around this time frame, \_\_\_\_\_ had reviewed \_\_\_\_\_ web site "\_\_\_\_\_", and was concerned that the statements indicative of \_\_\_\_\_ primary activities on the website were not in sync with those stated in the \_\_\_\_\_ 1023 Application submitted to IRS on 08-03-20XX. \_\_\_\_\_ told \_\_\_\_\_ that the 1023 Application and the \_\_\_\_\_ website needed to be in sync.
2. \_\_\_\_\_ also advised \_\_\_\_\_ that to comply with IRS requests, \_\_\_\_\_ would have to appoint a Board of Directors for \_\_\_\_\_.
3. \_\_\_\_\_ related that essentially, \_\_\_\_\_ drafted responses to the IRS requests for additional information and emailed his draft responses to \_\_\_\_\_, who cleaned up the draft responses with some punctuation and organization changes and sent them back to \_\_\_\_\_ for approval.
4. \_\_\_\_\_ related that \_\_\_\_\_ then submitted the additional information to the IRS.
5. In the August 20XX IRS request for additional information, IRS specifically requested \_\_\_\_\_ to provide a complete list of the names, titles, and mailing addresses of all \_\_\_\_\_ officers, directors and/or trustees. \_\_\_\_\_ was surprised to find in \_\_\_\_\_ email to \_\_\_\_\_ on 08-23-20XX that \_\_\_\_\_ was listed among the \_\_\_\_\_ Board of Directors, as the \_\_\_\_\_ Auditor; and \_\_\_\_\_, CPA, was listed as the \_\_\_\_\_ Bookkeeper. \_\_\_\_\_ related that \_\_\_\_\_ had never asked him, or mentioned to him that \_\_\_\_\_ would be on the Board of Directors for \_\_\_\_\_ and \_\_\_\_\_ related that he had no interest or desire to serve on the \_\_\_\_\_ Board of Directors.
6. \_\_\_\_\_ related he then told \_\_\_\_\_ that he (\_\_\_\_\_) was not interested in serving on the Board of Directors for \_\_\_\_\_ and told \_\_\_\_\_ that \_\_\_\_\_ had to talk with all of the persons \_\_\_\_\_ listed as members of the Board of Directors to confirm they were willing to serve on the board. \_\_\_\_\_ deleted his name and the name of \_\_\_\_\_ from \_\_\_\_\_ list of members of the \_\_\_\_\_ Board of Directors, before sending his proposed draft back to \_\_\_\_\_ for submission to IRS.

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7. \_\_\_\_\_ did not contact the other persons \_\_\_\_\_ listed as members of the \_\_\_\_\_ Board of Directors. \_\_\_\_\_ submitted the list to IRS without the names of \_\_\_\_\_ and \_\_\_\_\_.

In a response to additional questions sent in a letter to \_\_\_\_\_ by \_\_\_\_\_, an Exempt Organization Specialist with the IRS, \_\_\_\_\_ listed \_\_\_\_\_, Attorney and \_\_\_\_\_, Attorney, as Board Members and \_\_\_\_\_, Attorney, as Legal Counsel.

The letter's instructions said that any response to the questions in the letter should be accompanied by the following declaration:

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

The declaration was signed by \_\_\_\_\_ at the end of the response.

Deputy District Attorney (DDA) \_\_\_\_\_ of the \_\_\_\_\_ contacted attorneys \_\_\_\_\_, and \_\_\_\_\_ by phone; both advised that they were not then, nor had they ever been board members for \_\_\_\_\_ and expressed surprise that \_\_\_\_\_ had listed them as board members on documents submitted to the IRS. Both \_\_\_\_\_ and \_\_\_\_\_ advised that they had never attended any meetings for the board members, officers, directors, or trustees of \_\_\_\_\_.

DDA \_\_\_\_\_ contacted attorney \_\_\_\_\_ by phone; he advised that he was not then, nor has he ever been, associated with \_\_\_\_\_. \_\_\_\_\_ said that he was retained to represent \_\_\_\_\_ only in the criminal charges. \_\_\_\_\_ related that he was unaware that \_\_\_\_\_ had identified him on any document as a legal counsel for \_\_\_\_\_. He related that he has never attended any meetings for the board members, officers, directors, or trustees of \_\_\_\_\_.

The admissions made during the interviews by \_\_\_\_\_ and the statements made during the interviews of \_\_\_\_\_, and \_\_\_\_\_, accountants of \_\_\_\_\_, show that the officers of the organization, \_\_\_\_\_ and \_\_\_\_\_, have a history going back to approximately 20XX or 20XX, when they were all employed as salesmen by \_\_\_\_\_ at \_\_\_\_\_ in \_\_\_\_\_, of running what \_\_\_\_\_ characterized as essentially a "trust mill" operation. The two continued the operation of selling trusts through \_\_\_\_\_ after they left \_\_\_\_\_ at \_\_\_\_\_ and came up with the idea to start \_\_\_\_\_.

Both \_\_\_\_\_ and \_\_\_\_\_ intentionally made false and misleading statements when filing \_\_\_\_\_ Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, in order to obtain exempt status under IRC §501(c)(3). They did this in an attempt to hide

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the fact that they were involved in an illegal "trust mill" scam to sell worthless trusts and "personal annuities" to senior citizens

Their conduct of criminal activities is contrary to Revenue Ruling 80-278, 1980-2 CB 175, (Jan. 01, 1980) and Revenue Ruling 75-384, 1975-2 CB 204, (Jan. 01, 1975) that 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.

Rev. Proc. 2008-9, I.R.B. 2008-2 (January 14, 2008), Section 12, states that a determination letter or ruling recognizing exemption may be revoked or modified by a notice to the taxpayer to whom the determination letter or ruling was issued.

The Rev. Proc. went on to say that the revocation or modification of a determination letter or ruling recognizing exemption may be retroactive if the organization omitted or misstated a material fact, operated in a manner materially different from that originally represented, or engaged in a prohibited transaction and where there is a material change, inconsistent with exemption, in the character, the purpose, or the method of operation of an organization, revocation or modification will ordinarily take effect as of the date of such material change.

### Operating as a not-for-profit

The Form 1023 stated that the organizations sources of financial support would be "Contributions, benefits".

The officers of \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, along with another individual \_\_\_\_\_, identified as a member of the Board of Directors and in charge of marketing for \_\_\_\_\_, have been arrested by the \_\_\_\_\_ Sheriff's Office for selling elderly victims worthless living trusts and fraudulent annuities through their companies \_\_\_\_\_ and \_\_\_\_\_. All the defendants have been arrested, but are currently out of custody. Two preliminary hearings have been held on the cases and all defendants have been bound over for felony trial.

On 01-31-20XX, 07-19-20XX, and 03-28-20XX, Deputy District Attorney (DDA) \_\_\_\_\_ and District Attorney Investigator (DIA) \_\_\_\_\_ of the Office of the \_\_\_\_\_, conducted free talk interviews with \_\_\_\_\_ in the presence of \_\_\_\_\_ defense attorney \_\_\_\_\_. In the course of these interviews \_\_\_\_\_ admitted that:

1. \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ met in approximately 20XX or 20XX, when they were all employed as salesmen by \_\_\_\_\_ at \_\_\_\_\_ in \_\_\_\_\_. \_\_\_\_\_ characterized \_\_\_\_\_ as essentially a "trust mill" operation.
2. In approximately 20XX/20XX, \_\_\_\_\_ established \_\_\_\_\_ in \_\_\_\_\_, as a business to sell living trusts and living trust updates. \_\_\_\_\_ lived in \_\_\_\_\_ at that time.

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3. In approximately 20XX, \_\_\_\_\_ terminated his association with \_\_\_\_\_ and \_\_\_\_\_ and \_\_\_\_\_ continued to work with \_\_\_\_\_ until it went out of business in about 20XX.
4. \_\_\_\_\_ moved to \_\_\_\_\_, near the border with \_\_\_\_\_, and started working with \_\_\_\_\_ selling living trusts and trust updates with \_\_\_\_\_.
5. In about 20XX/20XX, \_\_\_\_\_ and \_\_\_\_\_ formed a partnership and \_\_\_\_\_ gave the \_\_\_\_\_ business to \_\_\_\_\_ to own and operate.
6. \_\_\_\_\_ came up with the idea to have elderly clients sign the separate one page \_\_\_\_\_ annuity agreements, which essentially stated that interest on the client's investment would accrue in the client's account until death when the balance and principal would revert to \_\_\_\_\_. \_\_\_\_\_ and \_\_\_\_\_ agreed they could get elderly clients to sign the agreements, without the clients realizing what they were signing, and they would not provide the clients with copies of the separate one page agreements. \_\_\_\_\_ admitted his and \_\_\_\_\_ intention was to deceitfully keep the clients monies after the clients' deaths. \_\_\_\_\_ admitted he and \_\_\_\_\_ agreed that if any client's heirs made a claim to \_\_\_\_\_ for the invested money after the client's death, \_\_\_\_\_ and \_\_\_\_\_ would then simply claim the clients intended their investments to be donations to \_\_\_\_\_. \_\_\_\_\_ admitted that he and \_\_\_\_\_ never intended for the individual clients, or the clients' heirs, to get the annuity money back.
7. \_\_\_\_\_ admitted that \_\_\_\_\_ copied an \_\_\_\_\_ Insurance Company Annuity booklet, almost word for word, to use as the \_\_\_\_\_ Annuity contract booklet. \_\_\_\_\_ was an authorized agent for \_\_\_\_\_. \_\_\_\_\_ and \_\_\_\_\_ agreed they would modify the booklet to use for \_\_\_\_\_ annuities and they would purposely not have \_\_\_\_\_ clients complete any application form, nor would they sign the booklet as \_\_\_\_\_ representatives or officers. \_\_\_\_\_ admitted they knew the \_\_\_\_\_ annuities were not in compliance with the law and they hoped they would not get caught. \_\_\_\_\_ had the modified \_\_\_\_\_ Annuity booklet contracts printed at \_\_\_\_\_ as they sold the alleged annuities. \_\_\_\_\_ admitted there were no company and no persons standing behind \_\_\_\_\_ except himself and \_\_\_\_\_. \_\_\_\_\_ admitted \_\_\_\_\_ had no financial backup reserves and the annuities were essentially fraudulent.
8. \_\_\_\_\_ admitted they filed for 501(c)(3) status partly in an attempt to circumvent and cover themselves from regulation by the \_\_\_\_\_ Department of Insurance.
9. \_\_\_\_\_ stated that it was their plan for \_\_\_\_\_, and later \_\_\_\_\_, to initially sell the living trusts or living trust updates, and \_\_\_\_\_ would notarize the alleged trust documents. \_\_\_\_\_, and later \_\_\_\_\_, would also sell the fraudulent \_\_\_\_\_.



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annuities, and \_\_\_\_\_ was to manage and invest the incoming funds. \_\_\_\_\_ indicated that he erroneously thought that if \_\_\_\_\_ and \_\_\_\_\_ were the front men who sold the fraudulent trusts and \_\_\_\_\_ annuities, then \_\_\_\_\_ could remain in the background and be protected from legal action if clients made complaints.

10. \_\_\_\_\_ continued that he did notarize documents of some of the trusts sold by \_\_\_\_\_; but on many of the trusts, \_\_\_\_\_ simply gave \_\_\_\_\_ pre-signed pages bearing \_\_\_\_\_ signature and Notary Public stamp and \_\_\_\_\_ never met or notarized client signatures for many of the trust sold by \_\_\_\_\_. \_\_\_\_\_ acknowledged he knew such false notarizations were illegal.
11. \_\_\_\_\_ also admitted that he had purposely destroyed his Notary Public Journal because he expected the District Attorney's Office would be attempting to obtain it.
12. \_\_\_\_\_ advised that \_\_\_\_\_ and \_\_\_\_\_ were supposed to provide \_\_\_\_\_ with incoming funds from the sale of \_\_\_\_\_ annuities and \_\_\_\_\_ was to manage and invest some of the funds. \_\_\_\_\_ related he did invest some of the funds into a \_\_\_\_\_ account he opened at \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ also used the incoming \_\_\_\_\_ funds for their respective living expenses.
13. \_\_\_\_\_ admitted he did not open separate investment accounts in the names of the elderly \_\_\_\_\_ investors, nor did he keep detailed records under the names of the elderly investors, because they did not intend to pay the money back to the elderly investors or the investors' heirs after the investors' deaths.
14. \_\_\_\_\_ stated he and \_\_\_\_\_ began to have disagreements over some of the \_\_\_\_\_ annuities being sold and other matters. \_\_\_\_\_ felt like things were spinning out of control, \_\_\_\_\_ was out of control, and \_\_\_\_\_ did not feel comfortable with the way things were going. Consequently, \_\_\_\_\_ and \_\_\_\_\_ agreed that \_\_\_\_\_ would withdraw from \_\_\_\_\_ effective 06-11-20XX and sign a written agreement to that effect. \_\_\_\_\_ and \_\_\_\_\_ notified the accountants \_\_\_\_\_ and \_\_\_\_\_. \_\_\_\_\_ presented \_\_\_\_\_ with a written "Transfer of Power Agreement" for \_\_\_\_\_. \_\_\_\_\_ alleged he signed the agreement without reading it closely and should not have signed the agreement. \_\_\_\_\_ alleged that he was essentially out of \_\_\_\_\_ after 06-11-20XX, but he still associated with \_\_\_\_\_. \_\_\_\_\_ admitted that he did withdraw \$ \_\_\_\_\_ for himself from the \_\_\_\_\_ account in the months prior to withdrawing from \_\_\_\_\_.

Examination of bank and brokerage statements provided by the \_\_\_\_\_ District Attorney's Office indicates that \_\_\_\_\_ received \_\_\_\_\_ % of its income from client fees associated with the updating of trusts and from the sale of the "private annuities" and from the \_\_\_\_\_, and later

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\_\_\_\_\_. There is no indication of any \_\_\_\_\_ public support. There is no indication of grants from government agencies or donations from the public.

There is no indication that \_\_\_\_\_ was involved in any charitable activities.

Treas. Reg. 1.501(c)(3)-1(c) (1) *states 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 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. Furthermore, In Better Bus. Bureau v. United States, 326 U.S. 279, 238, 90 L. Ed. 67, 66 S. Ct. 112 (1945) the court stated that a single non-educational purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly educational purposes.

The admissions by \_\_\_\_\_ as to the operation of the "trust mill" and the examination of the account information supplied by the \_\_\_\_\_ District Attorney's Office convincingly show that \_\_\_\_\_, \_\_\_\_\_, and later \_\_\_\_\_, had no intention of running \_\_\_\_\_ as an exempt organization. This lack of intent and the fact that \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ also used the incoming \_\_\_\_\_ funds for their respective living expenses, are substantial enough to destroy the exemption.

### \_\_\_\_\_ has Failed to File Required Forms

#### Form 990

The organization failed to file Forms 990 for the tax years ending 20XX and 20XX . If the organization does not meet any of the exceptions and its annual gross receipts are normally more than \$25,000, it must file Form 990 or Form 990EZ. Third party records indicate the following:

<u>Year</u>	<u>Income per Bank</u>
20XX	_____
20XX	_____

\_\_\_\_\_ knew that \_\_\_\_\_ had a filing requirement for \_\_\_\_\_. The interview with \_\_\_\_\_, and \_\_\_\_\_, accountants of \_\_\_\_\_, of \_\_\_\_\_, by \_\_\_\_\_ District Attorney Investigator \_\_\_\_\_ on 03-11-XX provided information that:

1. \_\_\_\_\_ related that \_\_\_\_\_ also needed to complete a personal tax return for 20XX and \_\_\_\_\_ requested \_\_\_\_\_ to provide \_\_\_\_\_ with \_\_\_\_\_ financial records in order to complete a tax return for \_\_\_\_\_.

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2. \_\_\_\_\_ did subsequently contract with \_\_\_\_\_ for \_\_\_\_\_ bookkeeping services. \_\_\_\_\_ provided \_\_\_\_\_ and/or \_\_\_\_\_ with \_\_\_\_\_ bank records for 20XX. \_\_\_\_\_ provided those records to \_\_\_\_\_. \_\_\_\_\_ subsequently told \_\_\_\_\_ that \_\_\_\_\_ was unable to obtain \_\_\_\_\_ records from \_\_\_\_\_ and never provided any financial or activity records on \_\_\_\_\_ to enable \_\_\_\_\_ to prepare a \_\_\_\_\_ tax return.

3. On 04-07-20XX, \_\_\_\_\_ sent \_\_\_\_\_ an email requesting \_\_\_\_\_ to file an extension for \_\_\_\_\_ 20XX personal income taxes, for \_\_\_\_\_, and \_\_\_\_\_.

\_\_\_\_\_, CPA, of \_\_\_\_\_, was interviewed by DAI \_\_\_\_\_ of the \_\_\_\_\_ District Attorney's Office On 04-20-20XX, at his office in \_\_\_\_\_.

1. \_\_\_\_\_ accounting practice is focused on business bookkeeping. \_\_\_\_\_ was contacted in late summer or early fall 20XX by \_\_\_\_\_, a CPA networking associate, about completing some bookkeeping work for one of \_\_\_\_\_ tax clients, \_\_\_\_\_. \_\_\_\_\_ has never met \_\_\_\_\_ in person, but has had email and possibly telephone communications with \_\_\_\_\_ in 20XX.

2. It was \_\_\_\_\_ understanding that \_\_\_\_\_ and \_\_\_\_\_ wanted \_\_\_\_\_ to complete bookkeeping reports for \_\_\_\_\_ business \_\_\_\_\_ and \_\_\_\_\_ non-profit organization, \_\_\_\_\_, for the year 20XX. \_\_\_\_\_ related that he received all records on \_\_\_\_\_ and \_\_\_\_\_ through \_\_\_\_\_, but he never received any records on \_\_\_\_\_, because \_\_\_\_\_ said he could not obtain the \_\_\_\_\_ records from his former business partner, \_\_\_\_\_.

3. \_\_\_\_\_ had told \_\_\_\_\_ that large donation deposits into the \_\_\_\_\_ account were actually donations intended for \_\_\_\_\_, but on checks written to \_\_\_\_\_. \_\_\_\_\_ said he \_\_\_\_\_ subsequently transferred the large deposits to a separate \_\_\_\_\_ account. \_\_\_\_\_ was unable to verify \_\_\_\_\_ statements because \_\_\_\_\_ never provided any bank statements or other records for \_\_\_\_\_.

4. \_\_\_\_\_ prepared no tax returns for \_\_\_\_\_, \_\_\_\_\_, or \_\_\_\_\_.

5. \_\_\_\_\_ was under the impression that he would be contracted to prepare bookkeeping reports for \_\_\_\_\_ and \_\_\_\_\_ for 20XX, but he has been provided with no 20XX \_\_\_\_\_ or \_\_\_\_\_ records by either \_\_\_\_\_ or \_\_\_\_\_. \_\_\_\_\_ never followed through with the \_\_\_\_\_ filing requirements despite the requests from the CPAs that he contacted.

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The organization had a filing requirement for 20XX and 20XX because gross receipts exceeded \$25,000. The organization had a filing requirement under IRC §6033, as it is an IRC §501(a) organization. Third party records indicate that the organization does not qualify for the filing requirement exemption under IRC §6033(a)(2)(ii) that exempts any organization (other than a private foundation, as defined in §509(a)) the gross receipts of which in each taxable year are normally not more than \$5,000.

Forms 990 are due the 15<sup>th</sup> day of the 5<sup>th</sup> month following the end of the organization's tax year. Forms 990 for the tax years ending 20XX and 20XX have not been filed to date and are currently delinquent.

The IRS's Information Data Retrieval System (IDRS), lists the current status of \_\_\_\_\_ as Exemption Revoked (Status Code 97) on March 11, 20XX, due to the failure to file Form 990 or Form 990N for 3-consecutive years.

#### Organization's Position:

The organization has no response at this time.

#### Summary:

On the basis of the examination of the books, records, and activities of \_\_\_\_\_, and the interviews conducted by the \_\_\_\_\_, the organization fails to qualify for exempt status under IRC §501(c)(3).

Admissions made during the interviews by \_\_\_\_\_ and the statements made during the interviews of \_\_\_\_\_, and \_\_\_\_\_, accountants of \_\_\_\_\_, show that the officers of the organization, \_\_\_\_\_ and \_\_\_\_\_, and later \_\_\_\_\_, have a history going back to approximately 20XX or 20XX, when they were all employed as salesmen by \_\_\_\_\_ at \_\_\_\_\_ in \_\_\_\_\_, of running what \_\_\_\_\_ characterized as essentially a "trust mill" operation. \_\_\_\_\_ and \_\_\_\_\_ continued the operation of selling trusts through \_\_\_\_\_ after they left \_\_\_\_\_ at \_\_\_\_\_ and came up with the idea to start \_\_\_\_\_.

Both \_\_\_\_\_ and \_\_\_\_\_ intentionally made false and misleading statements when filing \_\_\_\_\_ Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, in order to obtain exempt status under IRC §501(c)(3).

The officers of \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, knowingly and willfully made false or misleading statements when filing the original Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, for \_\_\_\_\_. Admissions by \_\_\_\_\_ indicate that the false and misleading statements made on the Form 1023 were a deliberate and pre-planned to enable \_\_\_\_\_ to qualify for exempt status as a 501(c)(3) organization.

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Statements made by \_\_\_\_\_, and \_\_\_\_\_, accountants of \_\_\_\_\_, who \_\_\_\_\_ and \_\_\_\_\_ hired to file the Form 1023 indicate that \_\_\_\_\_ answered all the questions on the original application. They also stated that after additional inquiries came in \_\_\_\_\_ would send \_\_\_\_\_ the replies for editing and then send them back to \_\_\_\_\_. When inquiries about the members of the Board of Directors were received, \_\_\_\_\_ told \_\_\_\_\_ that he needed to ask the listed members if they were willing to be members of the Board. \_\_\_\_\_ knowingly made material \_\_\_\_\_ misrepresentations by giving names of attorneys that \_\_\_\_\_ knew were not members of the Board and signed those \_\_\_\_\_ misrepresentations under a "penalties of perjury" declaration.

Exemption was granted under Section 501(c)(3) and Section 170(b)(1)(A)(vi) of the Internal Revenue Code, on September 02, 20XX, as a publicly supported organization after these inquiries were answered..

\_\_\_\_\_ failed to operate exclusively for charitable or educational purposes. \_\_\_\_\_ and \_\_\_\_\_ knowingly made material \_\_\_\_\_ misrepresentations in the filing of the organization's Form 1023 to hide the fact that they, and later \_\_\_\_\_, did this in an attempt to hide the fact that they were involved in an illegal "trust mill" scam to sell worthless trusts and "personal annuities" to senior citizens to enrich themselves and never return the proceeds to the senior citizens that had invested in the "trusts". This failure to operate exclusively for charitable or educational purposes in contrary to Revenue Ruling 80-278, 1980-2 CB 175, (Jan. 01, 1980) and Revenue Ruling 75-384, 1975-2 CB 204, (Jan. 01, 1975).

\_\_\_\_\_ receives no public support. \_\_\_\_\_ has received \_\_\_\_\_ % of its financial support from client fees from the sale of trust updates and "private annuities". Since \_\_\_\_\_ income was shown to be \_\_\_\_\_ % from the sale of illegal trust updates and "private annuities" to senior Citizens, \_\_\_\_\_ fails the public support test of Treas. Reg. §1.170A-9(e) that allows classification of \_\_\_\_\_ as a public charity under IRC §509(a)(1) & 170(b)(1)(A)(vi).

\_\_\_\_\_ has failed to file Forms 990 for the calendar years 20XX and 20XX. CPAs \_\_\_\_\_ and \_\_\_\_\_ both requested \_\_\_\_\_ records from \_\_\_\_\_ in order to file \_\_\_\_\_ Forms 990. \_\_\_\_\_ failed to provide any records to the CPAs. The Form 990 for the tax year ending 20XX was due May 15, 20XX and the Form 990 for the tax year ending 20XX was due May 15, 20XX. These returns have not been filed to date and are currently delinquent. The IRS's Information Data Retrieval System (IDRS), lists the current status of \_\_\_\_\_ as Exemption Revoked (Status Code 97) on March 11, 20XX, due to the failure to file Form 990 or Form 990N for 3-consecutive years.

Based on the examination of the record supplied by the \_\_\_\_\_ District Attorney's Office and activities of \_\_\_\_\_, as detailed in the interviews of \_\_\_\_\_ and \_\_\_\_\_, and \_\_\_\_\_, accountants of \_\_\_\_\_, revocation of \_\_\_\_\_ exempt status is being proposed back to the date that the original Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, was filed, February 4, 20XX. This is the date of the original false and misleading statements made by \_\_\_\_\_ and \_\_\_\_\_ that resulted in the granting of \_\_\_\_\_

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exempt status under IRC §509(a)(1) & 170(b)(1)(A)(vi). (Rev. Proc. 2008-9, I.R.B. 2008-2 (January 14, 2008), Section 12.)

SA should file Forms 1120, U.S. Corporation Income Tax Return, for each year under examination and each subsequent year.