



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

Date: March 29, 2023

Taxpayer ID number (last 4 digits):

Form:

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Last day to file petition with United States
Tax Court:

Release Number: 202325008

Release Date: 6/23/2023

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: Organizations described in IRC Section 501(c)(3) and exempt under IRC Section 509(a) must be both organized and operated exclusively for exempt purposes. You did not engage in any activity that accomplished one or more exempt purposes under IRC Section 501(c)(3). As such, your organization did not operate exclusively for exempt purposes.

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 **IRS.gov**.

Because you were a private foundation as of the effective date of the adverse determination, you are considered to be a taxable private foundation until you terminate your private foundation status under IRC Section 507. In addition to your income tax return, you must also continue to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation, by the 15th day of the fifth month after the end of your annual accounting period.

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 can file an action for declaratory judgment under the provisions of Section 7428 of the Code in either:

- The United States Tax Court,
- The United States Court of Federal Claims, or
- The United States District Court for the District of Columbia

You must file a petition or complaint in one of these three courts within 90 days from the date we mailed this determination letter to you. You can download a fillable petition or complaint form and get information about filing at each respective court's website listed below or by contacting the Office of the Clerk of the Court at one of the addresses below. Be sure to include a copy of this letter and any attachments and the applicable filing fee with the petition or complaint.

You can eFile your completed U.S. Tax Court petition by following the instructions and user guides available on the Tax Court website at ustaxcourt.gov/dawson.html. You will need to register for a DAWSON account to do so. You may also file your petition at the address below:

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

The websites of the U.S. Court of Federal Claims and the U.S. District Court for the District of Columbia contain instructions about how to file your completed complaint electronically. You may also file your complaint at one of the addresses below:

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20439
uscfc.uscourts.gov

US District Court for the District of Columbia
333 Constitution Avenue, NW
Washington, DC 20001
dcd.uscourts.gov

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.

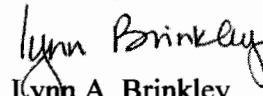
Find tax forms or publications by visiting [IRS.gov/forms](https://www.irs.gov/forms) or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

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.

You may fax your documents to the fax number shown above, using either a fax machine or online fax service. Protect yourself when sending digital data by understanding the fax service's privacy and security policies.

Keep the original letter for your records.

Sincerely,



Lynn A. Brinkley

Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892

cc:



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

Date:
March 29, 2023
Taxpayer ID number:

Taxpayer or applicant name:

Form or application number:

Periods ended:

Person to contact:

Name:
ID number:
Telephone:
Fax:

Dear

We're sending the enclosed material to you because of a power of attorney or other authorization we have on file.

If you have questions, contact the person listed at the top of this letter.

Sincerely,

Jonathan Beccarelli

Jonathan Beccarelli
Revenue Agent, Exempt Organization Exam

Enclosures:
This letter
Letter 6337

cc:



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

Date:
07/14/2022
Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

ID number:
Telephone:
Fax:

Manager's contact information:

ID number:
Telephone:
Response due date:
08/14/2022

CERTIFIED MAIL – Return Receipt Requested

Dear _____ :

Why you're receiving this letter

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.

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.

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,

John A. Matias

John A Matias, Supervisory, Internal Revenue Agent
for Lynn A. Brinkley

Acting Director, Exempt Organizations Examinations

Enclosures:

Form 886-A, Form 6018

Publication 892, Publication 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 |

ISSUES

Whether (the Organization) qualifies for exemption from federal income tax under Internal Revenue Code (IRC) Section (Sec.) 501(c)(3).

FACTS

Formation

The Organization was created in on by a Declaration of Trust Agreement "between , Founder and as the trustee(s)."

The Agreement states "[T]he Founder, , hereby transfers property to the Trustee(s), and the Trustee(s) hereby declare and agree that they have received this day from as , the sum of) and that they will hold and manage the same, and any additions to it, in trust, as follows:" and then lists Articles.

of the Agreement states the following:

The is created exclusively for charitable, religious, scientific, literary and educational purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code.

Application for Recognition of Exemption

On the Organization submitted a Form 1023-EZ, *Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*.

Under Part III, "Your Specific Activities," , *Briefly describe the organization's mission or most significant activities*, the application provided "The Foundation's mission is to , and the ."

Exemption

On the Organization received recognition of exemption under IRC Sec. 501(c)(3) as a private foundation, effective .

Activities

As previously stated in the Organization's Form 1023-EZ application, the Organization was created to . The Organization intended to carry out this objective by .

However, as determined during the examination, it appears these activities never commenced because the Organization's bank accounts were frozen due to case brought against the Organization's founder, who serves as the Organization's , , and , and several involved with the Organization.

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Financials Per Form 990

For the Year Ended

Revenue:

| | |
|--|-----------|
| Contributions, Gifts, Grants, etc., received | \$ |
| Total Revenue | \$ |

Expenses:

| | |
|-----------------------------------|-----------|
| Other Employee Salaries and Wages | \$ |
| Legal Fees | \$ |
| Other Professional Fees | \$ |
| Taxes | \$ |
| Occupancy | \$ |
| Travel, Conferences, and Meetings | \$ |
| Other Expenses | \$ |
| Contributions, Gifts, Grants Paid | \$ |
| Total Expenses | \$ |

Assets:

| | <u>BOY</u> | <u>EOY</u> |
|--|------------|------------|
| Cash – non-interest-bearing | \$ | \$ |
| Savings and Temporary Cash Investments | \$ | \$ |
| Other Notes and Loans Receivable | \$ | \$ |
| Prepaid Expenses and Deferred Charges | \$ | \$ |
| Investments – Other | \$ | \$ |
| Other Assets (Deposits) | \$ | \$ |
| Total Assets | \$ | \$ |

Liabilities:

| | <u>BOY</u> | <u>EOY</u> |
|--|------------|------------|
| Loans from Officers, Directors, Trustees, etc. | \$ | \$ |
| Mortgages and Other Notes Payable | \$ | \$ |
| Total Liabilities | \$ | \$ |

Net Assets or Fund Balances:

| | | |
|---|-----------|-----------|
| Capital Stock, Trust Principal, or Current Funds | \$ | \$ |
| Retained Earnings, Accumulated Income, Endowment | \$ | \$ |
| Total Net Assets or Fund Balances | \$ | \$ |
| Total Liabilities and Net Assets/Fund Balances | \$ | \$ |

Examination

On _____, the _____ sent _____ contact letter and Information Document Request (IDR) package, which included Publication 1, Notice 609, and Publication 3498-A, to inform the Organization of the examination.

The _____ held the _____ interview with the Organization's _____, via a conference call on _____. At that time, it became evident that another _____

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interview to include the Organization's founder, _____, who also serves as the Organization's _____, was necessary. The additional interview was held via conference call on _____.

During the _____ Interviews the _____ confirmed that _____ was, indeed, the Organization's _____, serving as the Organization's _____, and _____. Per the _____'s notes from the interviews, _____ stated that the Organization has been dormant with regard to any charitable activities.

_____ statement was further confirmed in an email from _____ on _____ where he provided the following brief history and explanation of the Organization's operations:

The _____, dated _____, removes _____, ("_____") as a _____ regulated _____ to that [of] a _____, no longer subject to the jurisdiction of the _____.

As such, _____, ("_____") becomes the _____ and possesses absolute control and voting power of _____.

Simultaneously, _____ amended the Articles of Incorporation of _____ and changed the name to _____ ("_____"), a _____.

Having _____, _____, and _____, the _____ and _____, except for the _____, the _____ was now left with _____.

_____, to function as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code").

_____ then prepared and submitted a streamlined application for Recognition of Exemption Under Section 501(c)(3) of the Code, Form 1023-EZ. At the time of preparing the 1023-EZ, it was to be a stand-alone nonprofit entity which anticipated that gross receipts would not exceed \$ _____ in any of the next _____ and would not have total assets in excess of \$ _____.

Then, _____ contributes all the issued and outstanding stock of _____ for _____.

Shortly thereafter, _____ was _____.

The _____
This _____

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All have been , ,

Accordingly, the tax-exempt mission of has come to a halt. The only money coming has been from in the form . Moreover, of the and has to on a timely basis

Based on the information the received in partial response to the IDR and the information provided in the Interviews, he issued a IDR on requesting additional details regarding the Organization's activities, items listed in the minutes, and items listed on the Organization's Form 990 for the year ended . He also requested additional information regarding the relationship between along with any loan documents or documentation related to the "Loans from officers, directors, trustees, and other disqualified persons" and "Mortgages and other notes payable" as listed on the Organization's Form 990 for the year ended

Since the in to the case being transferred to the (the Examiner), the Examiner wasn't able to discuss the case with the Revenue Agent and had to rely on the documents included in the case file to determine to what extent the Organization responded to the IDRs issued. In doing so, the Examiner determined that the Organization only provided responses to the IDRs or the failed to include the responses in the case file.

As such, and after careful review of the documents provided in the case file, the Examiner contacted , the Organization's , to determine what information had been previously provided and to determine what information was necessary to move the case forward. During the conversation reaffirmed previous statements made verbally and in writing that the Organization was precluded from operating for its tax-exempt purpose due to of the bank accounts to be used for such tax-exempt purposes. He further stated during that conversation, and subsequent conversations, that he believed the Organization should be terminated or dissolved since it wasn't able to conduct its tax-exempt purposes, indicating he would agree to a proposed revocation.

The Examiner explained that he still needed to review the Organization's financial statements and bank statements for the year ended , since neither was included in the file's documents, and that he'd be issuing another IDR to request these statements. stated that he had the financial statements and bank statements for both the and agreed to provide these documents, but requested the Examiner wait until after the upcoming tax return deadline to issue the IDR. The Examiner agreed to do so.

Subsequently, the Examiner issued on requesting the financial statements and bank statements for the , along with any other statements for accounts (i.e. credit card, , etc.) used by the , as well as a brief statement regarding how the were related.

On , the due date for , the Examiner received faxes from . The fax only included the following statement from : "There is no Trial Balance for ; still obtaining bank statements for ; had to be ordered from the bank." But on the cover sheet for the fax, stated, "Draft Trial Balance as of for

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“ .” The fax then included a Trial Balance as of _____ titled
“ _____
aka _____ .”

A review of the trial balance provided, along with another set of workpapers submitted by _____ to the
_____, revealed that the revenue and expense items listed on the trial balance and the
related workpaper, as well as several of the assets and liabilities, tied exactly to the items reported on the
Organization’s F990-PF for the year ended _____.

The _____ faxes received were described on the cover sheet as being credit card statements for
the Organization for _____. However, a review of these statements revealed that they were for a combined
_____ prepared for “ _____ , _____ ” representing
_____ corporate credit cards; _____ to _____ , _____ to _____ , and _____ to
_____. Although the charges listed on the credit card statements appeared to be for legitimate
business purposes, it was unclear if, or how, these charges were related to the Organization.

Since the IDR responses provided weren’t complete, the Examiner called _____ to discuss and to find
out when he would have the bank statements and be able to provide them along with the brief statement
regarding the relationship between the _____. During the discussion,
_____ stated that he had sent _____ faxes instead of just the _____ the Examiner received but didn’t state
what the _____ faxes contained. Since _____ explained again how busy he was with his
practice and the _____ deadline, the Examiner agreed to provide an extension of _____ business days for
him to obtain and submit the remaining information.

On _____ the Examiner issued an extension, with a due date of _____ , requesting the missing
items from _____. On _____ the Examiner noted that the requested items hadn’t been provided and
called _____ to discuss. Since _____ wasn’t available, the Examiner left a message requesting a
call back and explaining he’d call again on his next scheduled workday if he didn’t hear from _____. On
_____, the Examiner’s next workday, since he hadn’t received a response or call back from
_____, the Examiner called _____ again and left a message. The Examiner explained that he’d
be issuing a delinquency notice if he didn’t hear from _____ by the close of business. No response was
received so the Examiner issued a delinquency notice on _____ with a due date of _____ and
began preparing this Form 886-A as the Revenue Agent’s Report.

The Examiner called _____ again on _____ and reminded him of the _____ due date for
the delinquency notice. _____ stated that he was out of the office, but that he intended to respond after
he had a chance to discuss with the Examiner to make sure he was providing the necessary information.
_____ was unable to meet the _____ deadline and was unavailable to pick up when the Examiner
called thereafter. However, on _____ , _____ called and left a message to let the Examiner
know that, besides the most difficult tax season he’d ever experienced, he’d also been subjected to some
immediate family tragedies that were affecting his ability to respond. He stated, though, that he intended to
respond by the following _____.

When _____ failed to respond on by _____ , the Examiner called him on _____ to discuss
whether or not he’d be able to given the circumstances that were beyond his control. The Examiner explained
that since the Organization was not operating according to its tax-exempt purpose based on the verbal and
written testimony provided by _____ and the Organization’s founder, _____ , _____ ,

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and based on the information previously provided, that if the Organization was still willing to agree to the proposed revocation, the Examiner would be able to complete his report (this Form 886-A) for the proposed revocation and issue same to the Organization for agreement. , again, stated he intended to agree to the proposed revocation on behalf of the Organization.

(Note that the Examiner considered but decided based on . Since the Organization isn't operating in accordance with its tax-exempt purpose and since stated times that the Organization should be dissolved or terminated, as well as stating that he'd agree to the proposed revocation on behalf of the Organization, the Examiner determined that .)

LAW

Internal Revenue Code (IRC)

IRC Sec. 501(c)(3) exempts from income tax entities organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (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, no part of the net earnings of which 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 (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Treasury Regulations (Treas. Reg.)

Treas. Reg. Sec. 1.501(c)(3)-1(a)(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 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.

Treas. Reg. Sec. 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.

GOVERNMENT'S POSITION

It is the Government's position that the Organization does not qualify for exemption under IRC Sec. 501(c)(3).

Under Treas. Reg. Sec. 1.501(c)(3)-1(a), 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 of the purposes

| | | |
|-------------------|---|-------------------------------|
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specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Under Treas. Reg. Sec. 1.501(c)(3)-1(c), an organization will be regarded as operated exclusively for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in IRC Sec. 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.

Here, as stated in the verbal testimony of _____, the Organization's _____, and the verbal and written testimony of _____, the Organization's _____, due to _____, which resulted in the _____ Organization, the Organization "has been dormant with regard to any charitable activities" and its "tax-exempt mission ... has come to a halt." As such, the Organization has been unable to engage primarily in activities that accomplished one or more of the exempt purposes specified in IRC Sec. 501(c)(3) as required under Treas. Reg. Sec. 1.501(c)(3)-1(c).

Thus, the Organization failed to meet the requirements for tax exemption under IRC Sec. 501(c)(3) and the Regulations thereunder.

TAXPAYER'S POSITION

_____, the Organization's _____, stated that the Organization should be terminated or dissolved since it was unable to meet its tax-exempt purpose due to the _____ Organization. He further stated he'd be willing to accept the proposed revocation

The Organization is being solicited for its position at this time.

CONCLUSION

The Organization does not qualify for exemption from federal income tax as it failed to substantiate that it is operated exclusively for one or more exempt purposes, resulting in its failure to comply with the requirements of IRC Sec. 501(c)(3) and Treas. Reg. Sec. 1.501(c)(3)-1(c).

It is the Government's position that the Organization failed to operate exclusively to accomplish one or more of such exempt purposes specified in IRC Sec. 501(c)(3). Because the Organization was not operated exclusively for the exempt purpose under IRC Sec. 501(c)(3), its federal tax-exempt status under such section should be revoked effective _____. The Organization is liable for filing Form 1120, U.S. Corporation Income Tax Return, for the year ended _____ and all years thereafter.