
From: Thomas Cindy M
Sent: Friday, February 26, 2010 8:36 AM
To: Shafer John H
Cc: Camarillo Sharon L
Subject: FW: High Profile Case --- EO Technical Would Like It

EO Technical would like the case. Please thank Jack for identifying the issue and elevating it. Thanks.

From: Paz Holly O
Sent: Friday, February 26, 2010 8:23 AM
To: Thomas Cindy M
Subject: RE: High Profile Case --- Does EO Technical Want It?

I think sending it up here is a good idea given the potential for media interest. Thanks.

From: Thomas Cindy M
Sent: Thursday, February 25, 2010 10:00 PM
To: Paz Holly O
Subject: High Profile Case --- Does EO Technical Want It?

Holly,

We have a Form 1024 for: 6103

We're wondering whether EO Technical wants this case because of recent media attention. More specifics about activities is in the original e-mail below. Let me know your thoughts. Thanks.

From: Camarillo Sharon L
Sent: Thursday, February 25, 2010 5:19 PM
To: Thomas Cindy M
Subject: FW: Case # 6103
Importance: Low

Cindy: Please let 'Washington' know about this potentially politically embarrassing case involving a 'Tea Party' organization. Recent media attention to this type of organization indicates to me that this is a "high profile" case. In addition to 501(c)(4) typical legislative activities, the applicant, in answer to Part II, item 15 of the of the 1024 application indicates possible future political candidate support. Shown below are excerpts from the application describing its legislative and possible future political activities.

The case is currently being held in the Screening group, pending a response from EOT.

Sharon L. Camarillo
EO Determinations Manager, Area 1

From: Lerner Lois G
Sent: Tuesday, August 31, 2010 6:36 PM
To: Ingram Sarah H
Subject: FW: New York Times: Group Is Accused on Tax Exemption

We won't be able to stay out of this--we need a plan!

Lois G. Lerner
Director, Exempt Organizations

From: Pyrek Steve J
Sent: Monday, August 30, 2010 3:20 PM
To: Lerner Lois G; Letourneau Diane L; Choi Robert S; Downing Nanette M; Zarin Roberta B; Kindell Judith E
Cc: Adam Debbie A
Subject: New York Times: Group Is Accused on Tax Exemption

August 27, 2010

Group Is Accused on Tax Exemption

By ERIC LICHTBLAU
<http://topics.nytimes.com/top/reference/timestopics/people/l/eric_lichtblau/index.html?inline=nyt-per>

WASHINGTON — Democrats are charging that commercials financed by an increasingly prominent conservative foundation with ties to the Tea Party violate the foundation's tax-exempt status.

In a complaint filed this week with the Internal Revenue Service <http://topics.nytimes.com/top/reference/timestopics/organizations/i/internal_revenue_service/index.html?inline=nyt-org>, lawyers for the Democratic Congressional Campaign Committee charged that the group, the Americans for Prosperity Foundation <<http://americansforprosperityfoundation.com/>>, has been running advertisements in Kansas, Missouri and Michigan that are inherently "political in nature," contravening a ban under federal tax law. A copy of the complaint was provided to The New York Times.

The foundation, which has just begun a \$1.4 million ad campaign criticizing the economic policies in Washington as "wasteful spending," has become a vocal critic of Democratic policies and drew a rebuke this month from President Obama <http://topics.nytimes.com/top/reference/timestopics/people/o/barack_obama/index.html?inline=nyt-per> .

[REDACTED]

I've also found (so far) 94 homeowners and condominium associations, a VEBA, and legal defense funds set up to benefit specific individuals.

Cheryl Chasin
[REDACTED] (phone)
[REDACTED] (fax)

From: Lerner Lois G
Sent: Wednesday, September 15, 2010 1:51 PM
To: Kindell Judith E; Chasin Cheryl D; Ghougasian Laurice A
Cc: Lehman Sue; Kall Jason C; Downing Nanette M
Subject: RE: EO Tax Journal 2010-130

I'm not saying this is correct--but there is a perception out there that that is what is happening. My guess is most who conduct political activity never pay the tax on the activity and we surely should be looking at that. Wouldn't that be a surprising turn of events. My object is not to look for political activity--more to see whether self-declared c4s are really acting like c4s. Then we'll move on to c5,c6,c7--it will fill up the work plan forever!

Lois G. Lerner
Director, Exempt Organizations

From: Kindell Judith E
Sent: Wednesday, September 15, 2010 1:03 PM
To: Lerner Lois G; Chasin Cheryl D; Ghougasian Laurice A
Cc: Lehman Sue
Subject: RE: EO Tax Journal 2010-130

My big concern is the statement "some (c)(4)s are being set up to engage in political activity" - if they are being set up to engage in political campaign activity they are not (c)(4)s. I think that Cindy's people are keeping an eye out for (c)(4)s set up to influence political campaigns, but we might want to remind them. I also agree that it is about time to start looking at some of those organizations that file Form 990 without applying for recognition -whether or not they are involved in politics.

From: Lerner Lois G
Sent: Wednesday, September 15, 2010 12:27 PM

To: Chasin Cheryl D; Ghougasian Laurice A; Kindell Judith E
Cc: Lehman Sue
Subject: FW: EO Tax Journal 2010-130

Not sure you guys get this directly. I'm really thinking we do need a c4 project next year

Lois G. Lerner

Director, Exempt Organizations

From: paul streckfus [REDACTED]
Sent: Wednesday, September 15, 2010 12:20 PM
To: paul streckfus
Subject: EO Tax Journal 2010-130

*From the Desk of Paul Streckfus,
Editor, EO Tax Journal*

Email Update 2010-130 (Wednesday, September 15, 2010)
Copyright 2010 Paul Streckfus

Yesterday, I asked, "Is 501(c)(4) Status Being Abused?" I can hardly keep up with the questions and comments this query has generated. As noted yesterday, some (c)(4)s are being set up to engage in political activity, and donors like them because they remain anonymous. Some commenters are saying, "Why should we care?", others say these organizations come and go with such rapidity that the IRS would be wasting its time to track them down, others say (c)(3) filing requirements should be imposed on (c)(4)s, and so it goes.

Former IRSer Conrad Rosenberg seems to be taking a leave them alone view:

"I have come, sadly, to the conclusion that attempts at revocation of these blatantly political organizations accomplish little, if anything, other than perhaps a bit of *in terrorem* effect on some other (usually much smaller) organizations that may be contemplating similar behavior. The big ones are like balloons -- squeeze them in one place, and they just pop out somewhere else, largely unscathed and undaunted. The government expends enormous effort to win one of these cases (on very rare occasion), with little real-world consequence. The skein of interlocking 'educational' organizations woven by the fabulously rich and hugely influential Koch brothers to foster their own financial interests by political means ought to be Exhibit One. Their creations operate with complete impunity, and I doubt that potential revocation of tax exemption enters into their calculations at all. That's particularly true where deductibility of contributions, as with (c)(4)s, is not an issue. Bust one, if you dare, and they'll just finance another with a different name. I feel for the IRS's dilemma, especially in this wildly polarized election year."

A number of individuals said the requirements for (c)(4)s to file the Form 1024 or the Form 990 are a bit of a muddle. My understanding is that (c)(4)s need not file a Form 1024, but generally the IRS won't accept a Form 990 without a Form 1024 being filed. The result is that attorneys can create new (c)(4)s every year to exist for a short time and never file a 1024 or 990. However, the IRS can claim the organization is subject to tax (assuming it becomes aware of its existence) and then the organization must prove it is exempt (by essentially filing the information required by Form 1024 and maybe 990). Not being sure of the correctness of my understanding, I went to the only person who may know more about EO tax law than Bruce Hopkins, and got this response from Marc Owens:

"You are sort of close. It's not quite accurate to state that a (c)(4) 'need not file a Form 1024.' A (c)(4) is not subject to IRC 508, hence it is not required to file an application for tax-exempt status within a particular period of time after its formation. Such an organization is subject, however, to Treas. Reg. Section 1.501(a)-1(a)(2) and (3) which set forth the general requirement that in order to be exempt, an organization must file an application, but for which no particular time period is specified. Once a would-be (c)(4) is formed and it has completed one fiscal year of life, and assuming that it had revenue during the fiscal year, it is required to file a tax return.

From: Kall Jason C
Sent: Tuesday, January 10, 2012 9:09 PM
To: Lerner Lois G
Cc: Ghougasian Laurice A; Fish David L; Paz Holly O; Downing Nanette M
Subject: Workplan and background on how we started the self declarer project

Lois,

I found the string of e-mails that started us down the path of what has become the c-4, 5, 6 self declarer project. Our curiosity was not from looking at the 990 but rather data on c-4 self declarers.

Jason Kall

Manager, EO Compliance Strategies and Critical Initiatives
[REDACTED]

From: Chasin Cheryl D
Sent: Thursday, September 16, 2010 8:59 AM
To: Lerner Lois G; Kindell Judith E; Ghougasian Laurice A
Cc: Lehman Sue; Kall Jason C; Downing Nanette M
Subject: RE: EO Tax Journal 2010-130

That's correct. These are all status 36 organizations, which means no application was filed.

Cheryl Chasin
[REDACTED] (phone)
[REDACTED] (fax)

From: Lerner Lois G
Sent: Thursday, September 16, 2010 9:58 AM
To: Chasin Cheryl D; Kindell Judith E; Ghougasian Laurice A
Cc: Lehman Sue; Kall Jason C; Downing Nanette M
Subject: Re: EO Tax Journal 2010-130

Ok guys. We need to have a plan. We need to be cautious so it isn't a per se political project. More a c4 project that will look at levels of lobbying and pol. activity along with exempt activity. Cheryl- I assume none of those came in with a 1024?
Lois G. Lerner-----
Sent from my BlackBerry Wireless Handheld

From: Chasin Cheryl D
To: Lerner Lois G; Kindell Judith E; Ghougasian Laurice A
Cc: Lehman Sue; Kall Jason C; Downing Nanette M
Sent: Wed Sep 15 14:54:38 2010
Subject: RE: EO Tax Journal 2010-130

It's definitely happening. Here are a few organizations (501(c)(4), status 36) that sure sound to me like they are engaging in political activity:

From: Seto Michael C
Sent: Wednesday, February 02, 2011 12:39 PM
To: Lieber Theodore R; Salins Mary J; Seto Michael C; Shoemaker Ronald J; Smith Danny D
Subject: FW: SCR Table for Jan. 2011 & SCR items
Attachments: SCR table Jan 2011.doc; SCR Jan 2011 [REDACTED] MD.doc; SCR Jan 2011 [REDACTED] MD.doc; SCR Jan 2011 [REDACTED] MD.doc; SCR Jan 2011 [REDACTED].doc; SCR Jan 2011 [REDACTED] MD.doc; SCR Jan 2011 Newspaper Cases Update MD.DOC; SCR Jan 2011 [REDACTED] MD.DOC; SCR Jan 2011 Medical Marijuana.doc; SCR Jan 2011 Mortgage Foreclosure.doc; SCR Jan 2011 Foreign Lobby Cases.doc; SCR Jan 2011 [REDACTED].doc; SCR Jan 2011 [REDACTED].doc

Below is Lois' and Holly's directions on certain technical areas, such as newspapers, health care case, etc. Please do not allow any cases to go out before we have brief Lois and Holly.

Attached is the SCR table and the SCRs. The SCRs that went to Mike Daly ends with "MD." I will forward the other SCRs that didn't went Mike as fyi.

These reports are for your eyes only . . . not to be distributed.

Thanks,

Mike

From: Lerner Lois G
Sent: Wednesday, February 02, 2011 11:17 AM
To: Paz Holly O; Seto Michael C
Cc: Trilli Darla J; Douglas Akaisha; Letourneau Diane L; Kindell Judith E; Light Sharon P
Subject: RE: SCR Table for Jan. 2011

Thanks--even if we go with a 4 on the Tea Party cases, they may want to argue they should be 3s, so it would be great if we can get there without saying the only reason they don't get a 3 is political activity.

I'll get with Nan Marks on the [REDACTED] piece.

I'm just antsy on the churchy stuff--Judy--thoughts on whether we should go to Counsel early on this--seems to me we may want to answer all questions they may have earlier rather than later, but I may be being too touchy. I'll defer to you and Judy.

[REDACTED]--I thought the elevated to TEGE Commish related to whether we ever had--that's why I asked. Perhaps the block is wrong--maybe what we need is some notation that the issue is one we would elevate?

I hear you about you and Mike keeping track, but I would like a running history. that's the only way I can speak to what we're doing and progress in a larger way. Plus we've learned from Exam--if they know I'm looking, they don't want to have to explain--so they

move things along. the 'clean" sheet doesn't give me any sense unless I go back to previous SCR's.

I've added Sharon so she can see what kinds of things I'm interested in.

Lois G. Lerner

Director, Exempt Organizations

From: Paz Holly O
Sent: Wednesday, February 02, 2011 11:02 AM
To: Lerner Lois G; Seto Michael C
Cc: Trilli Darla J; Douglas Akaisha; Letourneau Diane L; Kindell Judith E
Subject: RE: SCR Table for Jan. 2011

Tea Party - Cases in Determs are being supervised by Chip Hull at each step - he reviews info from TPs, correspondence to TPs, etc. No decisions are going out of Cincy until we go all the way through the process with the c3 and c4 cases here. I believe the c4 will be ready to go over to Judy soon.

HMO case (██████████) - When you say to push for the next Counsel meeting, with whom in Counsel are you referring? The plan had been for Sarah to meet with Wilkins and Nan on this. We think this has not happened but have not heard directly (unless Sarah has responded to your recent email on this case). I don't know that we at this level can drive that meeting.

██████████ - I will reach out to Phil to see if Nan has seen it. She was involved in the past but I don't know about recently.

On ██████████ (religious order), proposed denials typically do not go to Counsel. Proposed denial goes out, we have conference, then final adverse goes to Counsel before that goes out. We can alter that in this case and brief you after we have Counsel's thoughts.

██████████ was not elevated at Mike Daly's direction. He had us elevate it twice after the litigation commenced but said not to continue after that unless we are changing course on the application front and going forward with processing it.

██████████ - Our general criteria as to whether or not to elevate an SCR to Sarah/Joseph and on up is to only elevate when there has been action. ██████████ was elevated this month because it was just received. We will now begin to review the 1023 but won't have anything to report for sometime. We will elevate again once we have staked out a position and are seeking executive concurrence.

We (Mike and I) keep track of whether estimated completion dates are being moved by means of a track changes version of the spread sheet. When next steps are not reflected as met by the estimated time, we follow up with the appropriate managers or Counsel to determine the cause for the delay and agree on a due date.

From: Lerner Lois G
Sent: Tuesday, February 01, 2011 6:28 PM
To: Seto Michael C
Cc: Paz Holly O; Trilli Darla J; Douglas Akaisha; Letourneau Diane L; Kindell Judith E
Subject: RE: SCR Table for Jan. 2011

Thanks--a couple comments

1. Tea Party Matter very dangerous. This could be the vehicle to go to court on the issue of whether Citizen's United overturning the ban on corporate spending applies to tax exempt rules. Counsel and Judy Kindell need to be in on this one please needs to be in this. Cincy should probably NOT have these cases--Holly please see what exactly they have please.
2. We need to push for the next Counsel meeting re: the HMO case Justin has. Reach out and see if we can set it up.
3. ██████--has that gone to Nan Marks? It says Counsel, but we'll need her on board. In all cases where it says Counsel, I need to know at what level please.
4. I assume the proposed denial of the religious or will go to Counsel before it goes out and I will be briefed?
5. I think no should be yes on the elevated to TEGE Commissioner slot for the Jon Waddel case that's in litigation--she is well aware.
6. Case involving healthcare reconciliation Act needs to be briefed up to my level please.
7. SAME WITH THE NEWSPAPER CASES--NO GOING OUT WITHOUT BRIEFING UP PLEASE.
8. The 3 cases involving ████████████████████ should be briefed up also.
9. ██████████ case--why "yes-for this month only" in TEGE Commissioner block?

Also, please make sure estimated due dates and next step dates are after the date you send these. On a couple of these I can't tell whether stuff happened recently or not.

Question--if you have an estimated due date and the person doesn't make it, how is that reflected? My concern is that when Exam first did these, they just changed the date so we always looked current, rather than providing a history of what occurred. perhaps it would help to sit down with me and Sue Lehman--she helped develop the report they now use.

From: Seto Michael C
Sent: Tuesday, February 01, 2011 5:33 PM
To: Lerner Lois G
Cc: Paz Holly O; Trilli Darla J; Douglas Akaisha; Letourneau Diane L
Subject: SCR Table for Jan. 2011

Here is the Jan. SCR summary.

From: Eldridge Michelle L
Sent: Friday, August 06, 2010 4:24 PM
To: Miller Steven T; Ingram Sarah H; Lerner Lois G; Davis Jonathan M (Wash DC); Campbell Carol A; Keith Frank; Potter Clarissa C; Marks Nancy J
Cc: Lemons Terry L; Pyrek Steve J; Patterson Dean J
Subject: Washington Post inbound re: 501 c4 and 527 groups/supreme court ruling

Washington Post reporter, [REDACTED] is working on a story that as he explains it, is about the new importance of IRS regulations covering campaign/election-related activity for section 501c4 and 527 groups in light of a recent Supreme Court decision freeing corporations to run campaign ads. The premise of his story, in his words, is that the IRS has a harder time regulating money in politics than the FEC because it is primarily a bill collector and not an enforcement agency.

We have been working with TE/GE on this inbound and provided him with a few links to existing data/stats on the web for his story. Beyond that--we did not touch this issue. We expect his story to run over the weekend. Thanks.
--Michelle

From: Eldridge Michelle L
Sent: Monday, September 20, 2010 4:09 PM
To: Shulman Doug; Miller Steven T; Ingram Sarah H; Keith Frank; Davis Jonathan M (Wash DC); Campbell Carol A
Cc: Lerner Lois G; Pyrek Steve J; Lemons Terry L; Pyrek Steve J; Friedland Bruce I; Kindell Judith E
Subject: NYT story expected tomorrow on C (4)s

We expect that [REDACTED]'s story on 501(c)(4)'s will likely run tomorrow. [REDACTED] has heard from various sources, including Marc Owens and others that there is a large upswing in the money donated to 501(c)(4)'s, that IRS has too few resources to monitor and deal with compliance and enforcement issues in this area. One area raised as a concern are those groups that set up and function for a short period of time, and we are not aware of them until they file their return, well after their potential lobbying efforts and other activities are complete. [REDACTED] talked to Sarah Ingram, Lois Lerner, and Judith Kindell on background, not-for-attribution, and explained the requirements and rules for 501 (c)(4)s. We have also provided the statement below that she can use on the record.

We expect this story to run tomorrow. Thanks. --Michelle

Statement of Sarah Hall Ingram, IRS Commissioner of the Tax-Exempt and Government Entities Division

"The IRS is committed to running a balanced program in the tax-exempt sector, and this effort includes overseeing a wide range of groups to ensure the tax laws are followed. It's important to keep in mind that the statutory rules differ according to the kinds of tax-exempt organizations and the types of activities they may engage in. An activity that may be prohibited for one type of exempt organization may be allowed for another group, and it may or may not generate a tax liability .

For example, even though some people use the term "political activity" to refer broadly to many things, federal tax law specifically distinguishes among activities to influence legislation through lobbying, to support or oppose a specific candidate for election, and to do general advocacy to influence public opinion on issues. Whether a specific activity raises issues affecting an organization's exemption, or tax liability, or neither, depends on all of the facts and circumstances, including the type of activity and the type of organization.

The IRS remains vigilant to help protect the integrity of the tax-exempt sector."

From: Ingram Sarah H
Sent: Tuesday, September 21, 2010 7:52 AM
To: Lemons Terry L; Pyrek Steve J; Lerner Lois G; Kindell Judith E; Grant Joseph H; Eldridge Michelle L
Subject: RE: NY Times: As Rules Shift, Donor Names Stay Secret

Thanks, as always, for the excellent support from Media. I do think it came out pretty well. The "secret donor" theme will continue – see Obama salvo and today's Diane Reehm (sp). At least SS started the idea that we don't have the law to do something, although Marcus had a flavor that we just don't care because we are a tax agency. He should know better even if he is unhappy with the environment and the tax laws.

From: Lemons Terry L
Sent: Tuesday, September 21, 2010 8:28 AM
To: Pyrek Steve J; Lerner Lois G; Kindell Judith E; Ingram Sarah H; Grant Joseph H; Eldridge Michelle L
Subject: RE: NY Times: As Rules Shift, Donor Names Stay Secret

Not that bad overall. Glad you guys talked to her -- think it helped.

From: Pyrek Steve J
Sent: Tuesday, September 21, 2010 7:19 AM
To: Lerner Lois G; Letourneau Diane L; Choi Robert S; Downing Nanette M; Zarin Roberta B; Kindell Judith E; Ingram Sarah H; Grant Joseph H; Eldridge Michelle L; Lemons Terry L
Cc: Adam Debbie A
Subject: NY Times: As Rules Shift, Donor Names Stay Secret

September 20, 2010

As Rules Shift, Donor Names Stay Secret

By [MICHAEL LUO](#) and [STEPHANIE STROM](#)

[Crossroads Grassroots Policy Strategies](#) would certainly seem to the casual observer to be a political organization: [Karl Rove](#), a political adviser to President [George W. Bush](#), helped raise money for it; the group is run by a cadre of experienced political hands; it has spent millions of dollars on television commercials attacking Democrats in key Senate races across the country.

Yet the Republican operatives who created the group earlier this year set it up as a 501(c)(4) nonprofit corporation, so its primary purpose, by law, is not supposed to be political.

The rule of thumb, in fact, is that more than 50 percent of a 501(c)(4)'s activities cannot be political. But that has not stopped Crossroads and a raft of other nonprofit advocacy groups like it — mostly on the Republican side, so far — from becoming some of the biggest players in this year's midterm elections, in part because of the anonymity they afford donors, prompting outcries from campaign finance watchdogs.

The chances, however, that the flotilla of groups will draw much legal scrutiny for their campaign activities seem slim, because the organizations, which have been growing in popularity as conduits for large, unrestricted donations among both Republicans and Democrats since the 2006 election, fall into something of a regulatory netherworld.

From: Pyrek Steve J
Sent: Friday, September 24, 2010 6:50 AM
To: Lerner Lois G; Letourneau Diane L; Downing Nanette M; Choi Robert S; Zarin Roberta B; Kindell Judith E; Ingram Sarah H
Cc: Adam Debbie A
Subject: NY Times: Hidden Under Tax-Exempt Cloak, Political Dollars Flow
Attachments: &t=&s=0&ui=0&r=http://www.nytimes.com/2010/09/24/us/politics/24donate.html?_r=1&hp&u=www.nytimes.com/2010/09/24/us/politics/24donate.html?_r=1&hp=&pagewanted=print; 7ef7a7a6Q2Fok.hQ20foHihfQ5BMiQ2BgkHfB_g7qBQ2FBQ20t(h(hy)Q20d7tp; upnext_rest.png

September 23, 2010

Hidden Under Tax-Exempt Cloak, Political Dollars Flow

By MIKE McINTIRE

Alaskans grew suspicious two years ago when a national organization called [Americans for Job Security](#) showed up and spent \$1.6 million pushing a referendum to restrict development of a gold and copper mine at the headwaters of Bristol Bay.

It seemed an oddly parochial fight for a pro-business group based in the Washington suburbs that had spent tens of millions of dollars since the late 1990s roughing up Democrats with negative advertisements around election time.

But after the mine's supporters filed a complaint with the state, it became clear that what was depicted as grass-roots opposition was something else entirely: Americans for Job Security, investigators found, had helped create the illusion of a popular upwelling to shield the identity of a local financier who paid for most of the referendum campaign. More broadly, they said, far from being a national movement advocating a "pro-paycheck message," the group is actually a front for a coterie of political operatives, devised to sidestep campaign disclosure rules.

"Americans for Job Security has no purpose other than to cover various money trails all over the country," the staff of the Alaska Public Offices Commission said in a report last year.

The report went mostly unnoticed outside Anchorage. But its conclusions suddenly loom large in the current debate over nonprofit advocacy groups like Americans for Job Security, which campaign watchdogs say allow moneyed interests to influence elections without revealing themselves. Congress is now wrangling over a bill that would require some disclosure.

With every election cycle comes a shadow army of benignly titled nonprofit groups like Americans for Job Security, devoted to politically charged "issue advocacy," much of it negative. But they are now being heard as never before — in this year of midterm discontent, [Tea Party](#) ferment and the first test of the [Supreme Court decision](#) allowing unlimited, and often anonymous, corporate political spending. Already they have spent more than \$100 million — mostly for Republicans and more than twice as much as at this point four years ago.

None have been more active than Americans for Job Security, which spent \$6 million on ads during the primary season. This week, emboldened by the court ruling, the group paid close to \$4 million more for ads directly attacking nine Democratic candidates for Congress. That made it among the first to abandon the old approach of running ads that stopped just short of explicitly urging voters to elect or reject individual candidates.

Americans for Job Security says it is careful to hew to tax and campaign-finance laws: It may not spend the majority of its resources on political activity or coordinate with party committees, and may keep its donors secret only as long as their contributions are not intended for specific ad campaigns close to an election. Instead of earmarked donations, the group says, it collects membership dues and then decides, on its own, how to spend the money.

"We believe issue advocacy is much more effective than banging down doors of members of Congress," said the group's president, Stephen DeMaura. "And you now have the Supreme Court of the United States reaffirming our rights."

An examination of Americans for Job Security — based on a review of its recent activities, as well as on interviews and previously unreleased documents from the Alaska case — provides a rare look inside the opaque world of these ascendant advocacy organizations. Its deep ties to a Republican consulting operation raise questions about whether, under cover of its tax-exempt mission "to promote a strong, job-creating economy," the group is largely a funnel for anonymous donations.

"A lot of nonprofits game the system, but A.J.S. is unusual in that they so blatantly try to influence elections and evade disclosure," said Taylor Lincoln, a research director at the watchdog group [Public Citizen](#), which has filed complaints against the group in recent years. "By any common-sense, reasonable interpretation of what they do, they are in violation of the rules."

Political Office Mates

The group's Republican connections begin with location: While its public address is a drop box at a United Parcel Service store in Alexandria, Va., Mr. DeMaura actually works out of space that is sublet from a Republican consulting shop, Crossroads Media, whose other clients include the national [Republican Party](#), the Republican Governors Association and American Crossroads, a [Karl Rove](#)-backed group raising millions to support Republican candidates.

Crossroads Media is run by Michael Dubke and David Carney, who along with several business groups helped start Americans for Job Security in 1997. Mr. Carney had been political director for President George Bush, and Mr. Dubke was the first executive director and then president of Americans for Job Security until April 2008, when Mr. DeMaura, recruited by Mr. Carney, took over.

The office space in Alexandria that the group shares with Crossroads Media — Suite 555 at 66 Canal Center Plaza, overlooking the Potomac — is home to at least three other political consulting firms, including the Black Rock Group, which Mr. Dubke runs with Carl Forti, a longtime Republican operative who is political director for American Crossroads.

As for Mr. DeMaura, it turns out he is the sole employee of Americans for Job Security, a 25-year-old former executive director of the New Hampshire Republican Party who cut his political teeth as an undergraduate by starting an anti-[Hillary Clinton Facebook page](#).

The chairwoman of the group's board of directors is listed in tax filings as Tabitha Connor, a [Columbia University](#) graduate student, also in her 20s. She did not respond to requests for comment.

According to testimony in the Alaska case, the board meets once every two years, and there are no committees or written policies shaping decisions about ad campaigns. Mr. DeMaura said he made those calls. He disputed suggestions that he was influenced by the consultants with whom he shares an office.

"I work with them closely on a day-to-day basis, but we don't discuss our work or coordinate anything," he said. "It's firewalled off."

Mr. Dubke, too, denied that the agenda of Americans for Job Security was driven by the political interests of his firms.

"Nothing is ever done in coordination with another campaign," he said. "I'm always trying to follow the letter of the law."

Still, while he is no longer an officer of Americans for Job Security, Mr. Dubke remains a consultant and has authority to countersign its checks. Crossroads Media also places many of the group's ads.

Blurred Boundaries

It is sometimes hard to discern the boundaries separating Americans for Job Security from the consultants in its office suite and the interests of their Republican clients.

This month in upstate New York, the National Republican Congressional Committee — a sometime client of Mr. Dubke's — sent local reporters an Americans for Job Security announcement and transcript of a new ad opposing a Democratic congressman, Representative Michael Arcuri. A committee spokesman said he was not coordinating anything with the advocacy group, but merely passing along "a public document." The document, however, could not be found on the group's Web site, and a reporter who received it said the committee was his only source for it.

In May, the group ran an ad attacking a labor-backed Democrat in an Arkansas Senate primary, [Bill Halter](#), for having served on the board of a technology company that opened an office in India. The ad — placed by Crossroads and produced by another Republican-connected company in the office suite, WWP Strategies — played ethnic music, featured Indians in colorful garb expressing gratitude toward Mr. Halter for their jobs, and was widely derided as insulting toward people from India.

And in Texas in 2008, while Mr. DeMaura's office mates were consulting for the state Republican Party, he requested records from the Nueces County sheriff's office on an incident in which a woman ran naked from the home of a prominent Democratic donor, who was arrested after flashing a phony badge at the police. The disgraced donor was soon featured in a Republican Party television ad linking him to Democratic candidates for the Texas legislature. Mr. DeMaura said his request was not connected to the ad, but would not explain why he had sought the records.

Other aspects of the group's operations have come under scrutiny as well. In 2007, Public Citizen filed complaints with the [Internal Revenue Service](#) and the [Federal Election Commission](#), contending that Americans for Job Security spent the vast majority of its resources electioneering — running ads close to elections — contrary to I.R.S. guidelines for tax-exempt, nonprofit business groups.

Public Citizen said it never heard back from the I.R.S. At the election commission, staff lawyers agreed that there was "reason to believe" that the group had violated campaign finance laws, and recommended a full investigation. But the commission deadlocked along party lines, and the complaint was dropped.

Because Americans for Job Security was formed as a tax-exempt business league — known as a 501(c)(6) in the tax code — it does not have to report its sources of income. Federal election rules, though, require that when a group accepts a donation earmarked for an electioneering ad, the donor must be identified.

Americans for Job Security avoids disclosure by reporting all its revenue as "membership dues." It claims more than 1,000 members. But a review of its tax returns shows membership revenue fluctuating wildly depending on election cycles — similar to the fund-raising of political committees that escalates during campaign season.

"Membership dues and assessments" totaled \$7 million in the 2004 presidential election, and dipped to \$1.2 million the following year before climbing back to \$3.9 million for the 2006 midterm elections. Then, in 2007, they plunged to zero before shooting up to \$12.2 million for the 2008 presidential race.

Asked how it could have collected no dues in 2007, neither Mr. Dubke nor Mr. DeMaura offered an answer. Mr. DeMaura said that there is no set membership fee and that members are not required to pay annually.

"They can if they want," he said.

A Hidden Hand in Alaska

Probably the most extensive look at the operations of Americans for Job Security came during the inquiry in Alaska. Through a public information request, The New York Times obtained records from the investigation, including the group's internal e-mails and memorandums, as well as the sworn testimony of Mr. Dubke and others.

The group ended up in Alaska through Mr. Dubke's work for opponents of the proposed Pebble Mine, led by an Alaska financier, Robert Gillam, whose private fishing lodge could be affected. The opponents said the mine would endanger commercial fishing and pushed a ballot initiative aimed at imposing clean-water restrictions on it; its backers said the mine would create jobs.

Mr. Dubke's work for Mr. Gillam was called Operation Trenchcoat, documents show, and involved finding out who was behind a pro-mine Web site called Bob Gillam Can't Buy Alaska. Mr. Gillam testified that he spoke with Mr. Dubke about Americans for Job Security, and decided to join by giving \$2 million in "membership fees," and that he "had high hopes" the money would be used to oppose the mine. (The ballot initiative ultimately failed.)

State investigators found that the advocacy group quickly passed almost all the money to another nonprofit, Alaskans for Clean Water, set up to campaign for the referendum by a group that included Art Hackney, a local Republican consultant and board member of Americans for Job Security. Mr. DeMaura told investigators that while he may have talked to Mr. Dubke about the mine issue, he decided to spend the money "based upon his own research and judgment," and that there was no prior agreement with Mr. Gillam or Mr. Dubke.

The Alaska Public Offices Commission's staff report called this "completely implausible" and concluded that Americans for Job Security had violated state law by acting as an improper conduit. It also took a shot at the group's explanation that it protects its members' identities so they can speak out without fear of reprisals.

"One would hardly expect reprisals for 'promoting a healthy and vibrant economy,' " the report said.

The group's lawyers accused the staff of making "reckless and baseless" accusations and of "misrepresenting a respected entity like A.J.S., known nationally for its skill and sophistication in conducting educational and issue-related campaigns." In a legal filing, they also worried that the allegations could be noticed "by the local, and potentially national, press."

Americans for Job Security eventually paid a \$20,000 settlement without admitting guilt and agreed not to help anyone make anonymous contributions in an election in Alaska — with the condition that its pledge "does not apply to any other jurisdiction which may have laws dissimilar to the state."



More in Politics (3 of 24 articles)

Senate Democrats Delay a Vote on Bush Tax Cuts

[Read More »](#)

Close

Urban Joseph J

From: Urban Joseph J

Sent: Wednesday, October 20, 2010 8:31 AM

To: Urban Joseph J

Subject: 2010 TNT 198-27 DURBIN CALLS FOR IRS TO INVESTIGATE TAX STATUS OF EXEMPT ORGS

ABSTRACT: Senate Democratic Whip Richard J. **Durbin** of Illinois in an October 11 letter called on the IRS to promptly examine the tax status of 501(c)(4) organizations, including Crossroads GPS, saying the activities of the organization "appear to be inconsistent with its tax status" and raise questions about its tax compliance.

October 12, **2010**

DURBIN URGES IRS TO INVESTIGATE SPENDING BY CROSSROADS

GPS

[WASHINGTON, D.C.] -- Assistant Senate Majority Leader Dick **Durbin** (D-IL) urged the Internal Revenue Service (IRS) to quickly investigate the tax status of Crossroads GPS and other organizations that are directing millions of dollars into political advertising without disclosing their funding sources. U.S. tax law requires that the primary purpose of 501(c)(4) organizations, like Crossroads GPS, cannot be political, including the "participation or intervention in political campaigns."

"I write to urge the Internal Revenue Service to examine the purpose and primary activities of several 501(c)(4) organizations that appear to be in violation of the law," wrote **Durbin**. "[Crossroads GPS] has spent nearly \$ 20 million on television advertising specific to Senate campaigns this year. If this political activity is indeed the primary activity of the organization, it raises serious questions about the organization's compliance with the Internal Revenue Code."

Crossroads GPS was created in June **2010** as a non-profit "social welfare" organization under section 501(c)(4) of the federal tax code, which means, in addition to tax-exempt status, the group can raise and spend freely without being required to disclose to the public the sources of its funding. Crossroads GPS is affiliated with American Crossroads, a Section 527 group that can raise and spend freely on direct advocacy but must reveal its source of funding. Together these organizations have already spent a total of \$ 20 million on political campaigns nationwide.

[Text of the letter below]

October 11, **2010**

The Honorable Douglas H. Shulman
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, DC 20224

Dear Commissioner Shulman:

I write to urge the Internal Revenue Service to examine the purpose and primary activities of several 501(c)(4) organizations that appear to be in violation of the law.

3/8/2012

From: Lerner Lois G
Sent: Monday, January 07, 2013 4:56 PM
To: Downing Nanette M
Subject: RE: Referral organization

The reasons stated for not selecting earlier on that the org is for -profit is most disturbing. The other two reasoned that there was no 990 filed and it had a 1024 pending so let's send it to Cincy. That would make sense if this were a c3, but it doesn't if it is a c4. They don't have to come into Cincy. If we only open audits on orgs that file 990s, that's a big hole in the system. Then you have newspapers telling us what the orgs are doing, but we never look. If the org has been around long enough to owe us a 990 and they aren't filing to hide what they are alleged to have done, it should be our job to go out and get the 990 and then determine whether the allegations--that are very strong--are true.

As I said, we are working on the denial for the 1024, so I need to think about whether to open an exam. I think yes, but let me cogitate a bit on it.

Do I have information regarding the cases approved for exam previously and their priorities? I'd like to get some into the field, but can't until I'm comfortable with that. Thanks

Lois G. Lerner

Director of Exempt Organizations

From: Downing Nanette M
Sent: Monday, January 07, 2013 12:19 PM
To: Lerner Lois G
Subject: RE: Referral organization

I pulled up referral files on this organization. We have received numerous referrals on this organization over the last 3 years (25 in total). The system shows that the organization did not file a form 990 until April 2 012. The first eight referrals were limited news article. They were put into 2 referral files and sent to committee. There was no 990 filed and the committee noted that an application was pending. The file indicates that they submitted the referral information to determinations. The reason for the non selection was due to the limited information provided in the news article. These are the two referral non selection mentioned by Tom.

Future referrals had additional information. We were instructed in August 2011 to hold all political referrals until dual track was finalized. All future referrals were associated together and included in the dual track. The PARC reviewed in December 2012 and selected it for examination. I have pulled the files and see that they went back to the committee in December 2012 for final committee review.

From: Lerner Lois G
Sent: Friday, January 04, 2013 4:50 PM
To: Downing Nanette M
Subject: FW: Referral organization

I had a meeting today with an organization that was asking us to consider guidance on the c4 issue. To get ready for the meeting, I asked for every document that had sent in over the last

several years because I knew they had sent in several referrals. I reviewed the information last night and thought the allegations in the documents were really damning, so wondered why we hadn't done something with the org. The first complaint came in 2010 and there were additional ones in 2011 and 2012.

I asked Tom Miller whether he recalled seeing referral committee notes on the referrals when he and Judy went down to look at the referrals. He looked them up, and as you can see below, the referral committee unanimously non-selected the case twice. I don't know where we go with this--as I've told you before--I don't think your guys get it and the way they look at these cases is going to bite us some day. The organization at issue is Crossroads GPS, which is on the top of the list of c4 spenders in the last two elections. It is in the news regularly as an organization that is not really a c4, rather it is only doing political activity --taking in money from large contributors who wish to remain anonymous and funneling it into tight electoral races. Yet--twice we rejected the referrals for somewhat dubious reasons and never followed up once the 990s were filed.

I know the org is now in the ROO--based on allegations sent in this year, but this is an org that was a prime candidate for exam when the referrals and 990s first came in. I worry that if the allegations in the present complaint only discuss this year, Exam will slot if for a future year because this year's 990 isn't in yet. My level of confidence that we are equipped to do this work continues to be shaken. I don't even know what to recommend to make this better. I'm guessing if it hadn't been for us implementing Dual Track, the org would never be examined. And, I am not confident they will be able to handle the exam without constant hand holding--the issues here are going to be whether the expenditures they call general advocacy are political intervention.

Please keep me apprised of the org's status in the ROO and the outcome of the referral committee. You should know that we are working on a denial of the application, which may solve the problem because we probably will say it isn't exempt. Please make sure all moves regarding the org are coordinated up here before we do anything.

Lois G. Lerner

Director of Exempt Organizations

From: Miller Thomas J
Sent: Friday, January 04, 2013 1:55 PM
To: Lerner Lois G
Subject: Referral organization

I looked at the file on that organization, which is currently in the "ROO Inventory" category. The organization was created in June 2010. It has twice previously been considered by the RC, in 11/2010, and 6/2011. Both times it was not selected by unanimous vote, though some committee explanations are questionable. On the 11/2010 tracking sheet, two members note that the organization had recently filed Form 1024, with one recommending forwarding the referral information to Determinations and the other transferring the case to the ROO. The third member wrote, however, that "the referral is on a for-profit entity..." which is in no way correct. Although it is understandable that recommending an examination could be considered premature at either point, especially as the organization did not file Forms 990 until late April 2012, when it filed one for the period 06/01/2010-05/31/2011, and another for the period 06/01/2011-12/31/2011 (presumably to change its tax year).

From: McConnell, Brad (Durbin) [REDACTED]
Sent: Tuesday, October 12, 2010 1:26 PM
To: Davis Jonathan M (Wash DC)
Subject: Crossroads
Attachments: RJD Letter to IRS re Crossroads.pdf

Jonathan, I hope you are well. FYI, Senator Durbin sent the attached to the Commissioner today regarding the political work of c(4)s. We're not the first to ask, of course...

All the best,

Brad McConnell
Office of Senator Durbin
[REDACTED]

From: Barre Catherine M
Sent: Wednesday, September 26, 2012 10:32 AM
To: Flax Nikole C; Lerner Lois G
Subject: FW: Working on next letter....

Importance: High

Kaye has asked that the below questions be answered via email so that she can show it to the Senator. Let's discuss.

From: Meier, Kaye (Levin) [REDACTED]
Sent: Wednesday, September 26, 2012 8:37 AM
To: Barre Catherine M
Subject: Working on next letter....
Importance: High

I'm hoping to clear some things up before we send the next letter to the IRS....so I thought we could attempt this at the staff level ☺

1. The IRS response of 8/24/12 states that the IRS can't determine which organizations Crossroads Grassroots Policy Strategies (GPS) and Priorities USA are (among others), but that "With respect to the other organizations for which you inquired, we will be able to determine if they have been recognized by the IRS as tax-exempt with additional information, such as an address or EIN, that specifically identifies the organization. Organizations often have similar names or maintain multiple chapters with variations of the same name. With respect to many of the other organizations you identified, numerous organizations in our records have very similar names. IRS staff can work with your staff in identifying the specific 8 organizations for which you are interested. IRS staff is also available to assist your staff to navigate searchable databases on the IRS public website."
 - a. Is there a database that the IRS checked and found multiple names for those organizations?
 - b. Here are the addresses for the organizations – Can the IRS now tell us if they have been recognized as tax-exempt?
Crossroads GPS:
P.O. Box 34413
Washington, DC 20043
Phone: [REDACTED]

 - Priorities U.S.A.:
1718 M Street NW
#264
Washington, DC 20036-4504
 - c. Since that August correspondence, have the applications of any of the following organizations been approved by the IRS?
 - a. Crossroads GPS
 - b. Priorities USA
 - c. Americans Elect

- d. American Action Network**
- e. Americans for Tax Reform**
- f. Club for Growth**

2. What information on these organizations is available on the “searchable databases” on the IRS website?

Thanks!

Kaye Meier
Senior Counsel
U.S. Senator Carl Levin
[REDACTED]

From: Cook Janine
Sent: Friday, March 09, 2012 7:42 AM
To: Spellmann Don R; Brown Susan D; Marshall David L
Subject: FW: : campaign finance letter

FYI. pressure from each side. Note the focus on the "primarily" standard as less than half.

From: Cook Janine
Sent: Friday, March 09, 2012 8:40 AM
To: Wilkins William J; Corwin Erik H; Judson Victoria A
Subject: FW: : campaign finance letter

The latest if you hadn't heard. Everyone on Commissioner's side has it.

From: Urban Joseph J [REDACTED]
Sent: Friday, March 09, 2012 7:08 AM
To: Flax Nikole C; Lerner Lois G; Paz Holly O; Grant Joseph H; Medina Moises C; Daly Richard M; Fish David L; Miller Thomas J; Kindell Judith E; Light Sharon P; Lowe Justin; Megosh Andy; Marks Nancy J; Cook Janine; Griffin Kenneth M; Brown Susan D
Subject: RE:: campaign finance letter / proposal (in case you could not open the link)

March 8, 2012, 5:36 pm

Senate Democrats Ask I.R.S. for More Scrutiny of Nonprofit Political Groups

By JONATHAN WEISMAN

Senate Democrats on Friday will ask the Internal Revenue Service to institute a "bright line test" to ensure that tax-exempt organizations devote less than half their activities to politics and to prevent corporate donors from deducting "super PAC" contributions from their taxes.

If the I.R.S. will not do it administratively, the senators say they will move to do it with legislation.

"We urge the I.R.S. to take these steps immediately to prevent abuse of the tax code by political groups focused on federal election activities," the six senators on a Democratic campaign finance task force wrote. "But if the I.R.S. is unable to issue administrative guidance in this area then we plan to introduce legislation to accomplish these important changes."

The effort is part of a broader push against super PACs, as anger mounts in both parties about the money flooding into politics in the wake of a Supreme Court decision allowing unlimited campaign contributions to independent groups. The watchdog group Citizens for Responsibility and Ethics in Washington, known as CREW, filed a complaint with the I.R.S. and the Federal Election Commission on Thursday against the aggressive tax-exempt political group Americans for Job Security.

And Democracy 21, a group that promotes campaign finance regulations, is considering suing the I.R.S. for failing to enforce laws already on the books to control the political pursuits of tax-exempt organizations.

Senator Charles E. Schumer, Democrat of New York, said the pressure was mounting "because of the Citizens United ruling and so much more money going into the 501(c)(4)s." He said, "The I.R.S., which has basically turned a blind eye, has no choice but to focus on it."

At issue is the behavior of some tax-exempt organizations, classified as “social welfare” groups for tax purposes, that openly pursue electoral politics. Activists from both political parties operate such groups, but so far in this political cycle, Republican-leaning outfits are dominating the money chase.

On Thursday, CREW demanded that the I.R.S. revoke the tax-exempt status of Americans for Job Security, which saturated the airwaves in 2010 advocating the defeat of Democratic candidates. According to voluminous tax records obtained by CREW, the group spent more than 72 percent of its fiscal 2010 budget – nearly \$9 million – either on advertising explicitly calling for the election or defeat of named candidates or on “electioneering communications” that identified candidates for office.

CREW said that was a clear violation of its tax exemption under the rules governing 501(c)(6) groups, which are supposed to be “business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues ... not organized for profit,” according to the complaints.

Such groups are not supposed to be “primarily” about politics, a vague measurement that is usually interpreted to keep political spending to about half its budget.

The \$4.4 million spent by Americans for Job Security in 2010 on “independent expenditure” advertising – ads for or against candidates but not coordinated with a candidate – was clearly political. An ad still on the group’s Web site, for instance, says former Representative Rick Boucher of Virginia “failed to protect our jobs. Now it’s time Rick Boucher loses his.”

But the CREW complaint says the group’s less-pointed “electioneering” ads — costing \$4.6 million in all — crossed the line as well. It pointed to one advertisement against Joe Manchin III, then a Democrat running for the Senate, that said Mr. Manchin and President Obama supported a stimulus “that wasted money on turtle tunnels, ant research and cocaine for monkeys.”

The ad could not have “related to a nonelectoral event such as a scheduled vote on specific legislation by an officeholder running in an election” – an allowable expenditure by I.R.S. definitions – “for the simple reason that Mr. Manchin at the time was the governor of West Virginia and thus could not vote for any federal legislation,” CREW’s executive director, Melanie Sloan, wrote.

William McGinley, a lawyer for Americans for Job Security, dismissed what he called “the latest frivolous complained by CREW” as “simply wrong on the facts and the law.”

“We are confident that the I.R.S. and F.E.C. will conclude that these false attacks have no merit,” he said.

Senate Democrats are particularly homing in on suspicions that corporate contributors to political 501(c)(4)s may be deducting those donations as “necessary” business expenses. Individuals are clearly prohibited from deducting donations as charitable contributions, but the rules on businesses are more vague.

“That taxpayers may be subsidizing these negative ads is really hard to believe,” Mr. Schumer said.

From: Lemons Terry L

Sent: Thursday, March 08, 2012 6:36 PM

To: Williams Floyd L; Shulman Doug; Davis Jonathan M (Wash DC); Keith Frank; Eldridge Michelle L; Miller Steven T; Flax Nikole C; Barre Catherine M; Lerner Lois G; Paz Holly O; Urban Joseph J

Cc: Norton William G Jr

Subject: Re: campaign finance letter / proposal

Just posted on the Times' web site. Sorry, having troubles embedding text. Here's the link:

Senate Democrats Ask I.R.S. for More Scrutiny of Nonprofit Political Groups -

NYTimes.com<http://thecaucus.blogs.nytimes.com/2012/03/08/senate-democrats-ask-i-r-s-for-more-scrutiny-of->

nonprofit-political-groups/

Sent from my BlackBerry Wireless Handheld

From: Williams Floyd L

Sent: Thursday, March 08, 2012 05:41 PM

To: Shulman Doug; Davis Jonathan M (Wash DC); Keith Frank; Lemons Terry L; Eldridge Michelle L; Miller Steven T; Flax Nikole C; Barre Catherine M; Lerner Lois G; Paz Holly O; Urban Joseph J

Cc: Norton William G Jr

Subject: FW: campaign finance letter / proposal

FYI--I received this from Senator Schumer's office.

Heads up NY times will do a follow up piece on IRS campaign finance on 501(c)(4) and senate is sending you another letter asking for immediate administrative changes. I will send letter late tomorrow.

From: Lerner Lois G
Sent: Monday, February 13, 2012 2:50 PM
To: Urban Joseph J; Fish David L; Miller Thomas J; Light Sharon P; Kindell Judith E; Grant Joseph H; Daly Richard M; Medina Moises C; Giosa Christopher P; Malone Robert; Paz Holly O; Marks Nancy J; Lowe Justin
Cc: Zarin Roberta B
Subject: Re: #10 2012 TNT 29-10 LEGISLATION WOULD REQUIRE DONOR DISCLOSURE BY POLITICALLY ACTIVE EXEMPT ORGANIZATIONS.

Wouldn't that be great? And I won't hold my breath.

Lois G. Lerner-----

Sent from my BlackBerry Wireless Handheld

From: Urban Joseph J
Sent: Monday, February 13, 2012 07:25 AM
To: Lerner Lois G; Fish David L; Miller Thomas J; Light Sharon P; Kindell Judith E; Grant Joseph H; Daly Richard M; Medina Moises C; Giosa Christopher P; Malone Robert; Paz Holly O; Marks Nancy J; Lowe Justin
Cc: Zarin Roberta B
Subject: #10 2012 TNT 29-10 LEGISLATION WOULD REQUIRE DONOR DISCLOSURE BY POLITICALLY ACTIVE EXEMPT ORGANIZATIONS.

ABSTRACT: Tax-exempt organizations that engage in political campaign activities would face new disclosure requirements -- including identification of donors -- under legislation Rep. Chris Van Hollen, D-Md., and other House Democrats introduced February 9.

AUTHOR: van den Berg, David
Tax Analysts

Release Date: FEBRUARY 10, 2012

Published by Tax Analysts(R)

Tax-exempt organizations that engage in political campaign activities would face new disclosure requirements - including identification of donors -- under legislation Rep. Chris Van Hollen, D-Md., and other House Democrats introduced February 9.

H.R. 4010 would require EOs that spend more than \$ 10,000 on campaign advertisements or other activities in an election cycle to report those expenditures and to identify donors who contribute \$ 10,000 or more to the organization. Donors could avoid disclosure of their identities by barring use of their gifts for campaign activities. Organizations would also be required to have executives approve content of advertisements, and commercials would have to identify the organization's largest donors. (The legislation and a summary of its provisions are available at

[http://www.vanhollen.house.gov/News/DocumentSingle.aspx?DocumentID=279166.](http://www.vanhollen.house.gov/News/DocumentSingle.aspx?DocumentID=279166))

"The American people deserve a political system that is fair, transparent, and accountable," Van Hollen said in a statement. "They have a right to know who is spending hundreds of millions of dollars to influence them."

From: Paz Holly O
Sent: Friday, January 25, 2013 3:53 PM
To: Megosh Andy
Subject: Fw: House Oversight Committee Minority Staff

Can you please have someone look and see what publicly available docs (app, 990s) we have on this one? I [REDACTED]

[REDACTED] 6103 [REDACTED]

. Thank you!

Sent from my BlackBerry Wireless Device

From: Barre Catherine M
Sent: Friday, January 25, 2013 02:58 PM Eastern Standard Time
To: Lerner Lois G; Paz Holly O; Marks Nancy J
Subject: House Oversight Committee Minority Staff

The house oversight committee (not the subcommittee of ways and means) has requested any publicly available information on an entity that they believe has filed for c3 status.

They do not have a waiver.

The entity is KSP True the Vote EIN [REDACTED].

They believe the entity has filed tax returns in the past and would like copies of those if they are publicly available in addition to any other information that is publicly available about the entity's tax-exempt status.

From: Lerner Lois G
Sent: Monday, January 28, 2013 5:57 PM
To: Paz Holly O
Subject: RE: House Oversight Committee Minority Staff

thanks--check tomorrow please

Lois G. Lerner

Director of Exempt Organizations

From: Paz Holly O
Sent: Monday, January 28, 2013 4:04 PM
To: Lerner Lois G
Subject: RE: House Oversight Committee Minority Staff

Have not heard yet. We didn't get the request until people had left on Friday and people were in late or on unscheduled leave today.

From: Lerner Lois G
Sent: Monday, January 28, 2013 4:01 PM
To: Paz Holly O
Subject: RE: House Oversight Committee Minority Staff

Did we find anything?

Lois G. Lerner

Director of Exempt Organizations

From: Paz Holly O
Sent: Friday, January 25, 2013 4:51 PM
To: Barre Catherine M; Lerner Lois G; Marks Nancy J
Subject: Re: House Oversight Committee Minority Staff

I will see what we have as far as publicly available info and get back to you asap.

Sent from my BlackBerry Wireless Device

From: Barre Catherine M
Sent: Friday, January 25, 2013 02:58 PM Eastern Standard Time
To: Lerner Lois G; Paz Holly O; Marks Nancy J
Subject: House Oversight Committee Minority Staff

The house oversight committee (not the subcommittee of ways and means) has requested any publicly available information on an entity that they believe has filed for c3 status.

They do not have a waiver.

The entity is KSP True the Vote EIN [REDACTED].

They believe the entity has filed tax returns in the past and would like copies of those if they are publicly available in addition to any other information that is publicly available about the entity's tax-exempt status.

From: Grodnitzky Steven
Sent: Wednesday, April 28, 2010 5:23 PM
To: Lerner Lois G; Choi Robert S
Cc: Letourneau Diane L; Grodnitzky Steven
Subject: SCR Chart
Attachments: SCR report Table 2010 Final.doc

Please find attached a copy of the SCR chart for cases in EO Technical for the period ending April 28, 2010.

Of note, we added one new SCR concerning 2 Tea Party cases that are being worked here in DC. Currently, there are 13 Tea Party cases out in EO Determinations and we are coordinating with them to provide direction as to how to develop those cases based on our development of the ones in DC. We also closed one significant case last month --

6103

--

6103

6103

Steven Grodnitzky

Acting Manager, EO Technical
Rulings and Agreements, TEGE
Internal Revenue Service
phone: [REDACTED]
fax: [REDACTED]

From: Paz Holly O
Sent: Thursday, January 31, 2013 4:40 AM
To: Barre Catherine M
Cc: Lerner Lois G; Marks Nancy J
Subject: FW: House Oversight Committee Minority Staff
Attachments: 27-2860095 67 201112.pdf; 27-2860095 67 2010 .pdf

Importance: High

Cathy,

We have no record that this organization is recognized as a tax-exempt organization by virtue of an approved application. As you know, 6103 only permits us to talk about or provide copies of approved applications. [REDACTED]

6103

[REDACTED] The organization has filed two Forms 990-EZ (attached) that we can share with the staffers.

Please let me know if you would like to discuss.

Thanks,

Holly

From: Barre Catherine M
Sent: Friday, January 25, 2013 02:58 PM Eastern Standard Time
To: Lerner Lois G; Paz Holly O; Marks Nancy J
Subject: House Oversight Committee Minority Staff

The house oversight committee (not the subcommittee of ways and means) has requested any publicly available information on an entity that they believe has filed for c3 status.

They do not have a waiver.

The entity is KSP True the Vote EIN [REDACTED].

They believe the entity has filed tax returns in the past and would like copies of those if they are publicly available in addition to any other information that is publicly available about the entity's tax-exempt status.

[REDACTED]

From: Smith, Jack
Sent: Tuesday, September 21, 2010 9:52 PM
To: Hulser, Raymond; Shur, Justin; Pilger, Richard
Subject: 501 non profits

Check out article on front page of ny times regarding misuse of nonprofits for indirectly funding campaigns. This seems egregious to me - could we ever charge a 371 conspiracy to violate laws of the USA for misuse of such non profits to get around existing campaign finance laws + limits? I know 501s are legal but if they are knowingly using them beyond what they are allowed to use them for (and we could prove that factually)?

IRS Comssioner sarah ingram oversees these groups. Let's discuss tomorrow but maybe we should try to set up a meeting this week.

[REDACTED]

From: Pilger, Richard
Sent: Wednesday, September 29, 2010 4:20 PM
To: Cynthia Brown @irs.gov
Cc: Smith, Jack; Simmons, Nancy; Hulser, Raymond
Subject: Meeting

Ms. Brown, as we discussed this afternoon, we would like to invite Ms. Ingram to meet with us concerning 501(c)(4) issues, and propose next Friday at 10:00 a.m. We are located in the Bond Building, 12th Floor, New York Avenue, NW. Thank you for your assistance.

Richard C. Pilger

Director, Election Crimes Branch
Public Integrity Section
Criminal Division
United States Department of Justice
Washington, D.C. 20530
(202) [REDACTED]
(202) [REDACTED] (f)

IMPORTANT: This e-mail is intended only for the addressee. It may contain information that is privileged or otherwise legally protected. If the reader is not an intended recipient, then distribution, copying, or use is prohibited. If you received this e-mail in error, please notify sender immediately.

Subject: Possible 501 / Campaign Finance Investigation

Subject: Possible 501 / Campaign Finance Investigation

Location: Jack's Office

Start: Thu 9/30/2010 12:30 PM

End: Thu 9/30/2010 1:00 PM

Show Time As: Tentative

Recurrence: (none)

Meeting Status: Tentatively accepted

Organizer: Smith, Jack

Required Attendees: Shur, Justin; Simmons, Nancy; Pilger, Richard; Hulser, Raymond

When: Thursday, September 30, 2010 12:30 PM-1:00 PM (GMT-05:00) Eastern Time (US & Canada).

Where: Jack's Office

Note: The GMT offset above does not reflect daylight saving time adjustments.

~~*~*~*~*~*~*~*~*



Possible 501 /
Campaign Finance...

[REDACTED]

From: Lerner Lois G <[REDACTED]>
Sent: Tuesday, October 05, 2010 5:52 PM
To: Pilger, Richard
Cc: Lerner Lois G; Whitaker Sherry L
Subject: DATA FORMAT ISSUE -- TIME SENSITIVE

In checking with my folks on getting you the disks we spoke about, I was asked the following:

Before we can get started do you know if they would like the images in Alchemy or Raw format? The difference is, Alchemy you need to search on one of the 5 index fields where Raw format, you load into your on software and you can do what ever you want to with it.

If you're like me, you don't know the answer. But, if you can check and get back to me Wednesday, we can get started and have these in about 2 weeks. If we don't have the information by tomorrow, it will take longer as there are other priorities in line. Please cc Sherry Whitaker on your response as she is likely to see your response before I do. Thanks

Lois G. Lerner
Director, Exempt Organizations

[REDACTED]

From: Pilger, Richard
Sent: Tuesday, October 05, 2010 8:01 PM
To: [REDACTED] (FBI)
Subject: Fw: DATA FORMAT ISSUE -- TIME SENSITIVE

This is incoming data re 501c4 issues. Does FBI have a format preference?

Richard C. Pilger
Director, Election Crimes Branch &
Senior Trial Attorney
Public Integrity Section
Criminal Division
United States Department of Justice
Washington, D.C. 20530
202/[REDACTED]
202/[REDACTED] (f)

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From: Lerner Lois G <[REDACTED]>
To: Pilger, Richard
Cc: Lerner Lois G <[REDACTED]>; Whitaker Sherry L <[REDACTED]>
Sent: Tue Oct 05 17:52:04 2010
Subject: DATA FORMAT ISSUE -- TIME SENSITIVE

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Lois G. Lerner
Director, Exempt Organizations

[REDACTED]

From: Pilger, Richard
Sent: Wednesday, October 06, 2010 2:05 PM
To: Lerner Lois G
Cc: Whitaker Sherry L; Simmons, Nancy; [REDACTED] (FBI)
Subject: RE: DATA FORMAT ISSUE -- TIME SENSITIVE

Thanks Lois – FBI says Raw format is best because they can put it into their systems like excel.

From: Lerner Lois G [REDACTED]
Sent: Tuesday, October 05, 2010 5:52 PM
To: Pilger, Richard
Cc: Lerner Lois G; Whitaker Sherry L
Subject: DATA FORMAT ISSUE -- TIME SENSITIVE

In checking with my folks on getting you the disks we spoke about, I was asked the following:

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Lois G. Lerner
Director, Exempt Organizations

From: Kindell Judith E
Sent: Tuesday, October 05, 2010 7:31 AM
To: Chasin Cheryl D; Lerner Lois G
Subject: Re: 501(c)(4) 990s

What are the procedures for getting DVDs of the Forms 990? If we can just provide a set, that would be best. Otherwise, if we can get a sample of orgs that reported political campaign expenditures.

From: Chasin Cheryl D
To: Lerner Lois G; Kindell Judith E
Sent: Tue Oct 05 08:25:31 2010
Subject: 501(c)(4) 990s

Diane told me you wanted a couple of 990s to show to DOJ. Is there something specific you want to show them, in terms of size, activities, etc? Or should I guess based on current events?

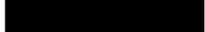
Cheryl Chasin
[REDACTED] (phone)
[REDACTED] (fax)

From: Chasin Cheryl D
Sent: Tuesday, October 05, 2010 1:41 PM
To: Lerner Lois G; Whitaker Sherry L; Ghougasian Laurice A
Cc: Kindell Judith E
Subject: RE: DOJ Request

Schedule C, which reports on lobbying and political activity, is also used by 990-EZ filers. And the 990-EZs are also imaged.

I've created a list (from RICS) of TY2008 990s that claimed to be 501(c)(4)s on their returns, answered yes to either the question about political campaign activities or the proxy tax question, and attached Schedule C, about 550 organizations. I could do something similar for the 990-EZ.

I've also collected 5 of these 990s from the Foundation Center's website. I don't know what you would consider an adequate sample, or how you plan to give the files to DOJ. There are some practical issues with putting them on a DVD or CD here.

Cheryl Chasin
 (phone)
 (fax)

From: Lerner Lois G
Sent: Tuesday, October 05, 2010 1:38 PM
To: Whitaker Sherry L; Chasin Cheryl D; Ghougasian Laurice A
Cc: Kindell Judith E
Subject: DOJ Request
Importance: High

I am meeting with DOJ on Friday. They would like to begin looking at 990s from last year for c4 orgs. They are interested in the reporting for political and lobbying activity. How quickly could I get disks to them on this? Also, would 990 EZ filers have information on lobbying and political activity on the EZ? Do we have disks for those--I guess I should know by now, shouldn't I?! Cheryl/Laurice, if I can't get anything soon, could we pull a "sample of the? Thanks

Lois G. Lerner
Director, Exempt Organizations

From: Hamilton David K
Sent: Friday, October 22, 2010 2:35 PM
To: Whitaker Sherry L
Cc: Blackwell Robert M
Subject: RE: Address for 501 data

I'm sending the Justice Dep't. C4 returns you requested to the FBI today. 21 DVD's plus an index file and a description of how to read the index file. Plus my contact info. Have them contact me if there are any questions.

Dave Hamilton <[REDACTED]@irs.gov>

SOI Exempt Organization Returns Image Net (SEIN)

From: Whitaker Sherry L
Sent: Thursday, October 07, 2010 8:51 AM
To: Hamilton David K
Subject: FW: Address for 501 data

Dave

Below is the address that we need to send the special request for the C4 orgs to. Again, I really appreciate your help with this.

SSA Brian Fitzpatrick
FBI
935 Pennsylvania Ave NW
Room 3973
Washington, DC 20535

Sherry L. Whitaker, Manager

SE:T:BSP:SPP

Office Phone - [REDACTED]

Fax [REDACTED]

Cell [REDACTED]

TOD: Monday - Thursday 6:00 am - 4:30 pm (MT)

[REDACTED]@irs.gov

Life isn't about waiting for the storm to pass It's about learning to dance in the rain

On October 8, 2010, Lois Lerner, Joe Urban, Judy Kindell, Justin Lowe, and Siri Buller met with the section chief and other attorneys from the Department of Justice Criminal Division's Public Integrity Section, and one representative from the FBI, to discuss recent attention to the political activity of exempt organizations.

The section's attorneys expressed concern that certain section 501(c) organizations are actually political committees "posing" as if they are not subject to FEC law, and therefore may be subject to criminal liability. The attorneys mentioned several possible theories to bring criminal charges under FEC law. In response, Lois and Judy eloquently explained the following points:

- Under section 7805(b), we may only revoke or modify an organization's exemption retroactively if it omitted or misstated a material fact or operated in a manner materially different from that originally represented.
 - If we do not have these misrepresentations, the organization may rely on our determination that it is exempt. However, the likelihood of revocation is diminished by the fact that section 501(c)(4)-(c)(6) organizations are not required to apply for recognition of exemption.
 - We discussed the hypothetical situation of a section 501(c)(4) organization that declares itself exempt as a social welfare organization, but at the end of the taxable year has in fact functioned as a political organization. Judy explained that such an organization, in order to be in compliance, would simply file Form 1120-POL and paying tax at the highest corporate rate.

Lois stated that although we do not believe that organizations which are subject to a civil audit subsequently receive any type of immunity from a criminal investigation, she will refer them to individuals from CI who can better answer that question. She explained that we are legally required to separate the civil and criminal aspects of any examination and that while we do not have EO law experts in CI, our FIU agents are experienced in coordinating with CI.

The attorneys asked whether a change in the law is necessary, and whether a three-way partnership among DOJ, the FEC, and the IRS is possible to prevent prohibited activity by these organizations. Lois listed a number of obstacles to the attorneys' theories:

- Definitions of the following terms are not clear to a jury:
 - A "political committee"
 - "Advocacy"
 - "Lobbying"
 - "Political intervention"
 - "Express advocacy"
- There is confusion over the difference between political campaign activity and lobbying, which we see in the referrals we receive.
- We receive Forms 990 long after the activity has concluded.
- There is public fatigue over this discussion.
- In a case like this, the defense will go through each of the organization's expenditures and explain why it is not political.

Judy also explained that the political activity definitions of sections 501(c)(3) and 527 both apply to section 501(c)(4) organizations, but we have no Chief Counsel ruling on whether they are different definitions. She pointed to Revenue Ruling 2004-6, which was drafted in light of the electioneering communication rules before they were litigated.

From: Marks Nancy J [REDACTED]
Sent: Tuesday, October 19, 2010 12:19 PM
To: Urban Joseph J; Johnson Janet J - CT
Cc: Kindell Judith E
Subject: RE: Contact Point/501(c)(4)

Categories: NUUU

Thanks and yes Janet is the right contact. I'd let him know that we've given her a heads up but also let him know that because this has not been an area in which we've seen activity that rises to the level of criminal investigation it is pretty unfamiliar ground for anyone in the criminal tax enforcement area thereby laying the foundation that we'll be with Janet in any exploration of the issues in order to provide the EO context.

From: Urban Joseph J [REDACTED]
Sent: Tuesday, October 19, 2010 1:14 PM
To: Marks Nancy J; Johnson Janet J - CT
Cc: Kindell Judith E
Subject: Contact Point/501(c)(4)

We received an e-mail today from Richard Pilger, who was an attorney in the meeting we had with the DOJ folks on election issues. He gives his title as Director, Election Crimes Branch & Senior Trial Attorney Public Integrity Section Criminal Division. He asked whether we "had a chance to identify a good IRS contact re criminal tax enforcement against tax exempt organizations?" I wanted you to know the request was here and to confirm that it was still OK to offer Janet as the contact.

From: Ingram Sarah H
Sent: Wednesday, September 29, 2010 5:29 PM
To: Miller Steven T; Song Victor S O; Raven Rick A
Cc: Lerner Lois G
Subject: DOJ Meeting

Importance: High

This is to heads-up you about the 10/8 meeting we have been invited to at the Criminal Division of Justice. Lois will take the lead for us as I will be out of town. Lois knows at least some of these folks from her years working in this office (a while back and before she worked at Fed Election Commission).

The plan is to walk them through the basic civil law rules within our jurisdiction and find out what if anything else they are looking for. If they need more than the primer then we would need to assign carefully to preserve the civil – criminal wall.

These are not tax people so she may also take Joe Urban to do clear perimeters about tax info should they want to do any 6103 fishing (as opposed to public record 6104 info).

Would IRS-CI like to send anyone with us? Anyone want to be pre-briefed? We would report back on the meeting and any follow-up issues.

PS. Steve: Lois and I are on your calendar this Friday on the Baucus letter.

From: Brown Cynthia A
Sent: Wednesday, September 29, 2010 4:51 PM
To: Ingram Sarah H
Subject: FW: Meeting
Importance: High

From: Pilger, Richard [REDACTED]
Sent: Wednesday, September 29, 2010 4:20 PM
To: Brown Cynthia A
Cc: Smith, Jack; Simmons, Nancy; Hulser, Raymond
Subject: Meeting

Ms. Brown, as we discussed this afternoon, we would like to invite Ms. Ingram to meet with us concerning 501(c)(4) issues, and propose next Friday at 10:00 a.m. We are located in the Bond Building, 12th Floor, New York Avenue, NW. Thank you for your assistance.

Richard C. Pilger
Director, Election Crimes Branch
Public Integrity Section
Criminal Division
United States Department of Justice
Washington, D.C. 20530