



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
TEGE EO Examinations Mail Stop 4920 DAL
1100 Commerce St.
Dallas, Texas 75242

Date: September 14, 2017

Release Number: 201808018
Release Date: 2/23/2018

Tax Year Ending:

Taxpayer Identification Number:

Person to Contact:

Employee Identification Number:

Employee Telephone Number:
(Phone)
(Fax)

UIL: 501.03-00

CERTIFIED MAIL – RETURN RECEIPT

Dear :

This is a final determination that you do not qualify for exemption from Federal income tax under Internal Revenue Code (the "Code") section 501(a) as an organization described in Code section 501(c)(3) effective January 1, 20xx. Your determination letter dated July, 20xx is revoked.

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

You are not described in section 501(c)(3) of the Code because you are not organized and operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3) and Treasury Regulations sections 1.501(c)(3)-1(b)(1) and 1.501(c)(3)-1(c)(1). You do not engage primarily in activities that accomplish one or more of the exempt purposes specified in section 501(c)(3) and Treasury Regulations section 1.501(c)(3)-1(d). Your corporation status has been dissolved by the State of due to "fraud". You also failed to provide the information requested by the Internal Revenue Service for the purpose of inquiring into your exempt status, as required by Treasury Regulations section 1.6033-2(i)(2) and section 1.6001-1.

Contributions to your organization are no longer deductible under IRC §170 after January 1, 20xx.

Organizations that are not exempt under section 501 generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms, and information, please visit www.irs.gov.

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in one of the following three venues: 1) United States Tax Court, 2) the United States Court of Federal Claims, or 3) the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed within 90 days from the date this determination letter was mailed to you. Please contact the clerk of the appropriate court for rules and the appropriate forms for filing petitions for declaratory judgment by referring to the enclosed Publication 892. You may write to the courts at the following addresses:

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

U.S. Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439

U.S. District Court for the District of Columbia
333 Constitution Ave., N.W.
Washington, D.C. 20001

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

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 1-877-777-4778.

If you prefer, you may contact your local Taxpayer Advocate at:

Internal Revenue Service
Office of the Taxpayer Advocate

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

Sincerely,

Maria Hooke
Director, EO Examinations

Enclosure:
Publication 892



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

Date:
October 17, 2016
Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:
Telephone:
Fax:
Manager's Name/ID Number:

Manager's Contact Number:

Response due date:

Certified Mail – Return Receipt Requested

Dear :

Why you are receiving this letter

We propose to revoke your status as an organization described in section 501(c)(3) of the Internal Revenue Code (Code). Enclosed is our report of examination explaining the proposed action.

What you need to do if you agree

If you agree with our proposal, please sign the enclosed Form 6018, *Consent to Proposed Action – Section 7428*, and return it to the contact person at the address listed above (unless you have already provided us a signed Form 6018). We'll issue a final revocation letter determining that you aren't an organization described in section 501(c)(3).

After we issue the final revocation letter, we'll announce that your organization is no longer eligible for contributions deductible under section 170 of the Code.

If we don't hear from you

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final revocation letter. Failing to respond to this proposal will adversely impact your legal standing to seek a declaratory judgment because you failed to exhaust your administrative remedies.

Effect of revocation status

If you receive a final revocation letter, you'll be required to file federal income tax returns for the tax year(s) shown above as well as for subsequent tax years.

What you need to do if you disagree with the proposed revocation

If you disagree with our proposed revocation, you may request a meeting or telephone conference with the supervisor of the IRS contact identified in the heading of this letter. You also may file a protest with the IRS Appeals office by submitting a written request to the contact person at the address listed above within 30 calendar days from the date of this letter. The Appeals office is independent of the Exempt Organizations division and resolves most disputes informally.

For your protest to be valid, it must contain certain specific information including a statement of the facts, the applicable law, and arguments in support of your position. For specific information needed for a valid protest, please refer to page one of the enclosed Publication 892, *How to Appeal an IRS Decision on Tax-Exempt Status*, and page six of the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process. Please note that Fast Track Mediation referred to in Publication 3498 generally doesn't apply after we issue this letter.

You also may request that we refer this matter for technical advice as explained in Publication 892. Please contact the individual identified on the first page of this letter if you are considering requesting technical advice. If we issue a determination letter to you based on a technical advice memorandum issued by the Exempt Organizations Rulings and Agreements office, no further IRS administrative appeal will be available to you.

Contacting the Taxpayer Advocate Office is a taxpayer right

You have the right to contact the office of the Taxpayer Advocate. Their assistance isn't a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate can't reverse a legally correct tax determination or extend the time you have (fixed by law) to file a petition in a United States court. They can, however, see that a tax matter that hasn't been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate assistance. If you prefer, you may contact your local Taxpayer Advocate at:

Internal Revenue Service
Office of the Taxpayer Advocate

For additional information

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Margaret Von Lienen
Director, EO Examinations

Enclosures:
Report of Examination
Form 6018
Publication 892
Publication 3498

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Explanation of Items		
Name of Taxpayer		Year/Period Ended December 31, 20xx

Whether _____ should be revoked under section 501(c)(3) of the Internal Revenue Code effective January 1, 20xx, for having been dissolved, as ordered by the Court of _____, _____, for being a fraudulent organization.

Facts:

The _____ organization is recognized as a section 501(c)(3) tax-exempt organization. _____ received its ruling in July, 20xx recognizing its tax-exempt status under section 501(c)(3) and stating that it is not a private foundation as defined by section 509(a). _____ articles of incorporation, filed November 11, 20xx with the State of _____, states in part:

This corporation is being formed exclusively for the purpose for which a corporation may be formed under the Non-Profit Corporation Law of the State of _____, Chapter 1702 et., of the _____ Revised Code and not for pecuniary profit or financial gain and more specifically this corporation is organized for the purpose of helping convicted felons and their family continue on the rehabilitation path by becoming productive, prosperous individuals, once they are reintroduced into the main stream of society. _____ encourages and assist felons and family members to pursue meaningful goals. _____ aides in the betterment moral standards, and conditions of ones mind, career, as well as housing. _____ offers counseling in every possible area including emotionally, addiction, impulsive and compulsive behavior abuse. _____ primary focus is reconstructing moral development that will intern promote a positive effect on the communities which are affected by deprived socially economic circumstances. These are the people of the communities which display or show an outward appearance of being restricted for lack of chances based upon denial of opportunities due to past felon convictions or any type of addiction which has caused a downfall of the mind as viewed by life's society.

Continued on next page

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Explanation of Items		
Name of Taxpayer		Year/Period Ended December 31, 20xx

On September 16, 20xx, Judge _____ of the Court of _____, _____, ordered (see attached), in part, that:

1. Defendant _____ is a fraudulent organization and is therefore, dissolved;

2. Defendants _____ and _____ are permanently enjoined from holding any position as an officer, trustee, or employee of any nonprofit corporation or association in the state of _____;

3. Defendants _____, _____, and _____ are permanently enjoined from soliciting in the state of _____ for charitable purposes;

4. A constructive trust is imposed over all assets and all interests in property held by or previously held by Defendant _____, and of Defendants _____ and _____ that were commingled or otherwise accumulated or acquired with charitable proceeds;

5. Defendants _____, _____, and _____ are to disgorge all assets and all interests in property held under the constructive trust to the Attorney General for distribution to other charitable organizations;

Law:

§ 1.501(c)(3)-1 Organizations organized and operated for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals.

(a) Organizational and operational tests.

(1) 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

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section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

(2) The term *exempt purpose or purposes*, as used in this section, means any purpose or purposes specified in section 501(c)(3), as defined and elaborated in paragraph (d) of this section.

(b) *Organizational test -*

(1) *In general.*

(i) An organization is organized exclusively for one or more exempt purposes only if its articles of organization (referred to in this section as its *articles*) as defined in subparagraph (2) of this paragraph:

(a) Limit the purposes of such organization to one or more exempt purposes; and

(b) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes.

§ 1.501(c)(3)-1(5) *Construction of terms.* The law of the State in which an organization is created shall be controlling in construing the terms of its articles. However, any organization which contends that such terms have under State law a different meaning from their generally accepted meaning must establish such special meaning by clear and convincing reference to relevant court decisions, opinions of the State attorney-general, or other evidence of applicable State law.

Government's Position:

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations ("regulations") provides that in order to be exempt as an organization described under section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

fails the organizational test since its Incorporation with the State of has been dissolved by court order, due to fraud. Therefore, your organization fails the organizational test, as described in regulation § 1.501(c)(3)-1 (b).

Taxpayer's Position:

It is unknown if agrees with the revocation, but they did advise that they have not been in operation since the court order of 20xx.

Conclusion:

should be revoked under section 501(c)(3) of the Internal Revenue Code effective January 1, 20xx, for having been dissolved, as ordered by the Court of , ,

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, for being a fraudulent organization. fails the organizational test, as described in regulation § 1.501(c)(3)-1(b).