



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Release Date: 10/20/2006  
Release Number: **200642011**  
Date: July 28, 2006  
UIL#: 501.15-00

Contact Person:

Identification Number:

Contact Number:

Employer Identification Number:

Form Required To Be Filed:

Tax Years:

Dear \_\_\_\_\_ :

This is our final determination that you do not qualify for exemption from Federal income tax as an organization described in Internal Revenue Code section 501(c)(15). Recently, we sent you a letter in response to your application that proposed an adverse determination. The letter explained the facts, law and rationale, and gave you 30 days to file a protest. Since we did not receive a protest within the requisite 30 days, the proposed adverse determination is now final.

You must file Federal income tax returns on the form and for the years listed above within 30 days of this letter, unless you request an extension of time to file. File the returns in accordance with their instructions, and do not send them to this office. Failure to file the returns timely may result in a penalty.

We will make this letter and our proposed adverse determination letter available for public inspection under Code section 6110, after deleting certain identifying information. Please read the enclosed Notice 437, *Notice of Intention to Disclose*, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437. If you agree with our deletions, you do not need to take any further action.

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. If you have any questions about your Federal income tax status and responsibilities, please contact IRS Customer Service at

1-800-829-1040 or the IRS Customer Service number for businesses, 1-800-829-4933. The IRS Customer Service number for people with hearing impairments is 1-800-829-4059.

Sincerely,

Lois G. Lerner  
Director, Exempt Organizations  
Rulings & Agreements

Enclosure  
Notice 437  
Redacted Proposed Adverse Determination Letter  
Redacted Final Adverse Determination Letter



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

TAX EXEMPT AND  
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DIVISION

UIL – 501.25-00 No Third Party Contacts

Date: February 22, 2006

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

Legend

S =

T =

A =

M =

N =

Dear \_\_\_\_\_ :

We have considered your application for recognition of exemption from Federal income tax under Internal Revenue Code section 501(a). Based on the information provided, we have concluded that you do not qualify for exemption under Code section 501(c)(15). The basis for our conclusion is set forth below.

The information submitted indicates that you were domiciled in the State of S and primarily engaged in issuing life insurance policies. You represent that between \_\_\_\_\_ and \_\_\_\_\_, you and eight other insurance companies were purchased by A and/or M, a trust established by A. Your funds were to be invested with N, an entity also established by A. Instead, the funds were transferred to Swiss bank accounts owned and controlled by A.

On May 12, \_\_\_\_\_, the Circuit Court of T, entered an Order of Rehabilitation and appointed the S Director of Insurance as your rehabilitator. On \_\_\_\_\_, that same court issued an order of your liquidation. You are currently in liquidation under the administration of the S Director of Insurance. Your primary activities are centered on the recovery and conservation of

assets, production of investment income and adjudication of claims. An interim balance sheet as of May 31, shows you have total assets of \$ with total liabilities of \$

You have represented that while you were in active operations, your primary business was issuing life insurance policies.

Section 501(c)(15) of the Code provides exemption to insurance companies or associations other than life (including interinsurers and reciprocal underwriters) if the net written premium (or, if greater, direct written premiums) for the taxable year do not exceed \$350,000.

Our analysis indicates that you are an insurance company now in liquidation as supervised by your state's Director of Insurance under a court order. During your active operations you were a life insurance company issuing life insurance policies and annuities. The fact that you are now in liquidation and operating primarily in recovering assets, receiving investment income therefrom, and paying claims of policyholders and debts of creditors, does not change your character as an insurance company. Since you were a life insurance company during your active operation you will continue to be treated as a life insurance company during liquidation.

Because you are a life insurance company, you do not qualify for exemption under section 501(c)(15) of the Code. You must file federal income tax returns.

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter. We will consider your statement and decide if the information affects our determination

You also have a right to request a conference to discuss your protest. This request should be made when you file your protest statement. An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you. If you want representation during the conference procedures, you must file a proper power of attorney, Form 2848, *Power of Attorney and Declaration of Representative*, if you have not already done so. For more information about representation, see Publication 947, *Practice before the IRS and Power of Attorney*. All forms and publications mentioned in this letter can be found at [www.irs.gov](http://www.irs.gov), Forms and Publications.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848 and any supporting documents to this address:

You may also fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm that he or she received your fax.

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

Sincerely,

Lois G. Lerner  
Director, Exempt Organizations  
Rulings & Agreements