



Department of the Treasury
 Internal Revenue Service
 Tax Exempt and Government Entities
 550 Main Street
 Cincinnati, OH 45202

Date:
 July 24, 2024

Taxpayer ID number (last 4 digits):

[REDACTED]

Form:

[REDACTED]

Tax periods ended:

[REDACTED]

Person to contact:

Name:

[REDACTED]

ID number:

[REDACTED]

Telephone:

[REDACTED]

Fax:

Last day to file petition with United States
 Tax Court:

October 22, 2024

[REDACTED]

Release Number: 202442007

Release Date: 10/18/2024

UIL Code: 501.03-00

CERTIFIED MAIL - Return Receipt Requested

Dear [REDACTED]:

Why we are sending you this letter

This is a final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), effective [REDACTED]. Your determination letter dated [REDACTED], is revoked.

Our adverse determination as to your exempt status was made for the following reasons: Organizations described in I.R.C. Section 501(c)(3) and exempt under I.R.C. Section 501(a) must be both organized and operated exclusively for exempt purposes. Organizations exempt from Federal income tax under section 501(c)(3) of the Code are required to operate exclusively for charitable, educational, or other exempt purposes. Organizations are not operated exclusively for exempt purposes if the net earnings of the organization inure in whole or in part to the benefit of private shareholders or individuals of the organization. See Treas. Reg. § 1.501(c)(3)-1(c)(2). During 2018, 2019, 2020 and 2021 we have determined that your net earnings inured to the benefit of your founder and principal. The funds inuring to your founder were used to cover his personal expenses, and were substantial in comparison to your total expenditures and were multiple or repeated over a pattern of years. As such, you failed to meet the requirements of IRC Section 501(c)(3) and Treasury Regulations Section 1.501(c)(3)-1(a), in that you have not established that you were organized and operated exclusively for exempt purposes and that no part of your earnings inured to the benefit of private shareholders or individuals.

Organizations that are not exempt under IRC Section 501 generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms and information please visit [IRS.gov](https://www.irs.gov).

Contributions to your organization are no longer deductible under IRC Section 170.

What you must do if you disagree with this determination

If you want to contest our final determination, you have 90 days from the date this determination letter was mailed to you to file a petition or complaint in one of the three federal courts listed below.

How to file your action for declaratory judgment

If you decide to contest this determination, you can file an action for declaratory judgment under the provisions of Section 7428 of the Code in either:

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

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

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

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

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

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

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

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under IRC Section 7428.

We'll notify the appropriate state officials (as permitted by law) of our determination that you aren't an organization described in IRC Section 501(c)(3).

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS or if you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Visit TaxpayerAdvocate.IRS.gov/contact-us or call 877-777-4778 (TTY/TDD 800-829-4059) to find the location and phone number of your local advocate. Learn more about TAS and your rights under the Taxpayer Bill of Rights at TaxpayerAdvocate.IRS.gov. Do not send your Tax Court petition to TAS. Use the Tax Court address provided earlier in the letter. Contacting TAS does not extend the time to file a petition.

Where you can find more information

Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

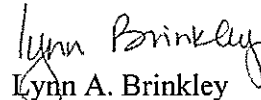
Find tax forms or publications by visiting IRS.gov/forms or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

If you prefer to write, use the address shown at the top of this letter. Include your telephone number, the best time to call, and a copy of this letter.

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

Keep the original letter for your records.

Sincerely,



Lynn A. Brinkley

Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892

cc: 



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
Exempt Organizations: Examinations
310 Lowell St. Stop 500
Andover, MA 01810

[Redacted]

Date: January 16, 2024
Taxpayer ID number: [Redacted]
Form: [Redacted]
Tax periods ended: [Redacted]
Person to contact:
Name: [Redacted]
ID number: [Redacted]
Telephone: [Redacted]
Fax: [Redacted]
Address: [Redacted]
Manager's contact information:
Name: [Redacted]
ID number: [Redacted]
Telephone: [Redacted]
Response due date:
February 15, 2024

CERTIFIED MAIL – Return Receipt Requested

Dear [Redacted]:

Why you're receiving this letter

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

If you agree

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(3) for the periods above.

After we issue the final adverse determination letter, we'll announce that your organization is no longer eligible to receive tax deductible contributions under IRC Section 170.

If you disagree

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

If we don't hear from you

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final adverse determination letter.

Contacting the Taxpayer Advocate Office is a taxpayer right

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

For additional information

You can get any of the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

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

Sincerely,

A handwritten signature in cursive script that reads "Dawn Goldberg".

Dawn Goldberg
Supervisory, Internal Revenue Agent

Enclosures:
Form 886-A and attachments
Form 6018
Publications 892 & 3498

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer [REDACTED]	Tax Identification Number (last 4 digits) [REDACTED]	Year/Period ended [REDACTED]

Issues:

Whether [REDACTED] exemption under 501(c)(3) of the Internal Revenue Code should be revoked based on the following:

- 1) Allowing the exempt organization income to inure to the benefit of the President and not operating primarily for an exempt purpose.

Facts:

Origins of the Organization

On [REDACTED] and [REDACTED] formed [REDACTED]. The organization applied for tax exemption using the Form 1023-EZ and on [REDACTED] tax exemption was granted under IRC 501(c)(3) of the Code. It's stated purpose was [REDACTED].

On [REDACTED] name was changed to [REDACTED] in memory of [REDACTED]. As explained by [REDACTED] in an email to an [REDACTED]:

[REDACTED]

Research on the [REDACTED] Secretary of State website found the name [REDACTED] was related to an LLC of the same name established by [REDACTED]. Per the dissolution document, [REDACTED] was to relinquish all rights and claims to [REDACTED].

Instead of dissolving [REDACTED] alone signed the name change amendment with the State of [REDACTED] keeping the same EIN. [REDACTED] attempted to file a new Form 1023 several times, but as he had simply changed the name of the organization his applications were rejected by EO Determinations.

[REDACTED] is the sole officer/worker in the organization. He has listed his father [REDACTED] several times as an officer on Form 990's and as a voting Board member during meetings, but later admitted it was just for appearances and his father has nothing to do with the organization. See the attached Interview Transcript ([REDACTED] and Board meeting minutes ([REDACTED])).

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False Determination Letter

An animal rescue organization interested in the fundraising services provided by [REDACTED] attempted to verify the organization's tax-exempt status. They discovered the EIN under the exemption was for [REDACTED]. When asked about this discrepancy, [REDACTED] provided the rescue with a copy of the determination letter from [REDACTED] however [REDACTED] name on the letter had been altered. See attached email from the client rescue organization which had the altered determinations letter attached. ([REDACTED])

The letter [REDACTED] provided to them had the name [REDACTED]. The letter as issued and retained in the IRS determination's file, was under the name [REDACTED] ([REDACTED]). When asked about the origins of the altered letter ([REDACTED]) during the interview, [REDACTED] stated he had not seen the letter before and that it must have been changed by someone involved in a [REDACTED] group called "[REDACTED]" ([REDACTED]).

Activities

In Board meeting minutes provided for [REDACTED], resolutions were passed that fundraising would not start until [REDACTED]. However, extensive fundraising did occur during these years, including a multi-state tour which was also discussed in the minutes. The activities of this tour are described below. ([REDACTED])

[REDACTED] runs [REDACTED] fundraisers for [REDACTED]. The client charity enters into a contract for the fundraiser where they pay [REDACTED] a [REDACTED] deposit and [REDACTED] % of the proceeds received during the fundraising event. The client shelter is responsible for setting up the fundraiser through [REDACTED] and they give [REDACTED] editing access. For the event itself, [REDACTED].

A few days after the live feed event, the [REDACTED] fundraiser officially closes, and the client shelter pays [REDACTED] the cut of the fundraising income and any private donations received during that time. ([REDACTED])

Existence of [REDACTED]

On [REDACTED] [REDACTED] years after forming and operating [REDACTED] [REDACTED] formed an LLC of the same name: [REDACTED]. He opened a bank account in the LLC name and began invoicing the charitable fundraising through the LLC. This caused confusion with the [REDACTED] he worked with as they believed they were working with a charity but would receive an invoice from [REDACTED] [REDACTED]. The website, social media and advertising materials simply refers to "[REDACTED]" ([REDACTED]).

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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[REDACTED] has no activity of its own. All monies received through the LLC bank account are from [REDACTED] fundraising events historically held by [REDACTED] Per a message from [REDACTED] to a member of the public, [REDACTED]

The Board meeting minutes of [REDACTED] specifically discuss the multi-state fundraising tour which later funded his personal and business accounts. ([REDACTED])

Form 990 Filing

The Form 990-EZ was filed since the organization's inception in [REDACTED] until present. From [REDACTED] the form reported \$ [REDACTED] in income and expenses. In [REDACTED] the income was listed as \$ [REDACTED] and expenses as \$ [REDACTED]. The bank account only showed [REDACTED] of these expenses and no supporting information was provided for the large discrepancy.

The only financial records provided by the organization was [REDACTED] bank account opened [REDACTED] In actuality there were many accounts used to run the organization's operations but were in the name of [REDACTED] or [REDACTED]. The correct and complete source documents were obtained through third party contacts and summonses.

After reviewing each of the [REDACTED] accounts held by [REDACTED] and [REDACTED] it was determined that the following income should have been reported on the Form 990's for the years under examination:

Year	Form 990 Reported Income	Actual Form 990 Income
[REDACTED]	\$ [REDACTED]	\$ [REDACTED]
[REDACTED]	\$ [REDACTED]	\$ [REDACTED]
[REDACTED]	\$ [REDACTED]	\$ [REDACTED]
[REDACTED]	\$ [REDACTED]	\$ [REDACTED]

The [REDACTED] Form 990-EZ reported a loan from [REDACTED] of \$ [REDACTED]. [REDACTED] later stated it was not a formal loan, but a guesstimate of money he gave to the organization. No record of this transfer of money into the organization exists. [REDACTED] further stated verbally and in writing that he was claiming the \$ [REDACTED] as a charitable contribution deduction on [REDACTED]

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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Bank Accounts

[REDACTED] has been in existence since [REDACTED]. A bank account in its name was not opened until [REDACTED] and even then, did not reflect the extent of income/expenses related to the exempt organization. The exempt organization's income and expenses are run through [REDACTED] personal and business accounts with banks and online vendors. In total there are [REDACTED] and [REDACTED] involved.

Questionable Activity

- During the investigation [REDACTED] disclosed that the [REDACTED] by [REDACTED] on [REDACTED] fundraising page did not go to [REDACTED] donation site. The link was to a different entity unknown to [REDACTED]. They questioned [REDACTED] workers and were told it was a mistake. [REDACTED] immediately removed [REDACTED] access to their [REDACTED]. Although [REDACTED] and [REDACTED] were already at [REDACTED] location, [REDACTED] chose to back out of the fundraiser and refused to refund the \$ [REDACTED] deposit. [REDACTED] later spoke to a [REDACTED] worker present that day who admitted the link was embedded on purpose to divert the donations meant for [REDACTED] somewhere else.
- [REDACTED] has been featured by [REDACTED] which advertises the fundraising as a charitable activity. ([REDACTED])
- It has a website which showcases the traveling fundraising activities dubbed "[REDACTED]". It offers donation payment options, sells merchandise, advertises a [REDACTED] and [REDACTED].
- There are complaints from donors who intended to donate once but found later their accounts were debited monthly. When they attempted to contact [REDACTED] he would not respond and the donors were eventually forced to cancel their credit cards.
- [REDACTED] has [REDACTED] of videos [REDACTED]. [REDACTED] describes itself as a 501(c)(3) charity. Each video is also captioned with a statement that it is a non-profit. See attached for additional examples of [REDACTED] advertising as a charity. ([REDACTED])

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- In a booklet advertising the [REDACTED] fundraising ([REDACTED], page [REDACTED]), [REDACTED] asks for donations to be made directly to [REDACTED] instead of to the charities he is working with:

[REDACTED]

Law:

IRC § 501(c)(3) exempts from federal income tax organizations which are organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

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Treas. Reg. § 1.501(c)(3)-1(d)(i) states that an organization may be exempt as an organization described in 501(c)(3) if it is organized and operated exclusively for one or more of the following purposes: religious, charitable, scientific, testing for public safety, literary, educational, or prevention of cruelty to children or animals.

Inurement

IRC § 4958(c) defines the term “excess benefit transaction” as any transaction in which an economic benefit is provided by an applicable tax-exempt organization directly or indirectly to or for the use of any disqualified person if the value of the economic benefit provided exceeds the value of the consideration (including the performance of services) received for providing such benefit. For purposes of the preceding sentence, an economic benefit shall not be treated as consideration for performance of services unless such organization clearly indicated its intent to so treat such benefit.

IRC § 4958(e) defines “applicable tax-exempt organization” as an organization described in either §501(c)(3) or §501(c)(4) of the Internal Revenue Code or an organization which was so described at any time during the five-year period ending on the date of the excess benefit transaction.

IRC § 4958(f)(1) defines a “disqualified person” as (A) any person who was, at any time during the five-year period ending on the date of such transaction, in a position to exercise substantial influence over the affairs of the organization, (B) a member of the family of a disqualified person, and (C) a 35% controlled entity.

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

Treas. Reg. § 1.501(c)(3)-1(c)(2) provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals.

Treas. Reg. § 1.501(c)(3)-1(f)(2)(ii) provides that, in determining whether to continue to recognize the tax-exempt status of an applicable tax-exempt organization (as defined in section 4958(e) and §53.4958-2) described in section 501(c)(3) that engages in one or more excess benefit transactions that violate the prohibition on inurement under section 501(c)(3), the Commissioner will consider all relevant facts and circumstances, including, but not limited to, the following —

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer ██	Tax Identification Number (last 4 digits) ████	Year/Period ended ██████████

- (A) The size and scope of the organization's regular and ongoing activities that further exempt purposes before and after the excess benefit transaction or transactions occurred;
- (B) The size and scope of the excess benefit transaction or transactions (collectively, if more than one) in relation to the size and scope of the organization's regular and ongoing activities that further exempt purposes;
- (C) Whether the organization has been involved in multiple excess benefit transactions with one or more persons;
- (D) Whether the organization has implemented safeguards that are reasonably calculated to prevent excess benefit transactions; and
- (E) Whether the excess benefit transaction has been corrected (within the meaning of section 4958(f)(6) and §53.4958-7), or the organization has made good faith efforts to seek correction from the disqualified person(s) who benefited from the excess benefit transaction.

Substantial Non-Exempt Purpose

In *Better Business Bureau of Washington, D.C. v. United States*, 326 U.S. 279, 283 (1945), the United States Supreme Court stated that "the presence of a single [non-exempt] purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly [exempt] purposes."

In *Old Dominion Box Co. v. United States*, 477 F.2d 344 (4th Cir. 1973), cert denied, 413 U.S. 910 (1973), the Court held that operating for the benefit of private parties constitutes a substantial nonexempt purpose. See also *Salvation Navy, Inc. v. Commissioner*, T.C. Memo 2002-275.

KJ's Fund Raisers v. Commissioner, T.C. Memo 1997-424, aff'd 166 F.3d 1200 (2nd Cir. 1998), petitioner also operated for the substantial private benefit of KJ's Place and its owners. A substantial nonexempt purpose thus characterizes its operation, disqualifying it from exemption under Sections 501(a) and 501(c)(3). Citing *Better Business Bureau v. United States*, 326 U.S. at 283; *Copyright Clearance Center, Inc. v. Commissioner*, 79 T.C. at 803.

In *Church by Mail v. Commissioner*, 765 F.2d 1387 (9th Cir. 1985) aff'g TCM 1984-349 (1984), the Court noted that Church by Mail, Inc. ('Church') paid Twentieth Century Advertising Agency ('Twentieth') for services provided. Twentieth was owned and controlled by the two individuals who ran Church. The Tax Court had found it unnecessary to consider the reasonableness of payments made by the applicant to a business owned by its officers. In addressing whether Church operated for a substantial non-exempt purpose the 9th Circuit Court of Appeals, in affirming the Tax Court's decision, stated: "... The critical inquiry is not whether particular contractual payments to a related for-profit organization are reasonable or excessive, but instead whether the entire enterprise is

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer [REDACTED]	Tax Identification Number (last 4 digits) [REDACTED]	Year/Period ended [REDACTED]

carried on in such a manner that the for-profit organization benefits substantially from the operation of the Church. *est of Hawaii v. Commissioner*, 71 T.C. at 1080-81; see also *Presbyterian & Reformed Publishing Co. v. Commissioner*, 743 F.2d 148, 155 (3d Cir. 1984) (courts must look to all objective indicia from which a corporate actor's intent may be discerned); *United States v. Dykema*, 666 F.2d 1096, 1100 (7th Cir. 1981), cert. denied, 456 U.S. 983, 72 L. Ed. 2d 861, 102 S. Ct. 2257 (1982) (it is necessary and proper for the I.R.S. to survey all of the activities of an organization to determine whether a non-exempt purpose is furthered).

In *American Campaign Academy v. Commissioner*, 92 T.C. 1053, 1065-1066 (1989), the court stated that when an organization operates for the benefit of private interests...the organization by definition does not operate exclusively for exempt purposes. Prohibited private benefits may include an "advantage; profit, fruit, privilege; gain; [or] interest." Occasional economic benefits flowing to persons, as an incidental consequence of an organization pursuing exempt charitable purposes will not generally constitute prohibited private benefits. Thus, should [the organization] be shown to benefit private interests, it will be *deemed* to further a nonexempt purpose under Section 1.501(c)(3)-1(d)(1)(ii)...This nonexempt purpose will prevent [the organization] from operating primarily for exempt purposes absent a showing that no more than insubstantial part of its activities further private interests or any other nonexempt purposes.

In *Rameses School of San Antonio, Texas v. Commissioner*, T.C. Memo 2007-85, the Tax Court held that a private school failed to qualify for exemption under Section 501(c)(3) because it operated for the private benefit of its founder. Factors highlighting a prohibited relationship included control by the founder over the entity's funds, assets, and disbursements; use of entity's money for personal expenses; payments of salary or rent to the founder without any accompanying evidence or analysis of the reasonableness of the amounts; and purported loans to the founder showing a ready private source of credit.

Government's Position:

[REDACTED] is the founder, [REDACTED] officer and currently [REDACTED] for [REDACTED]. Although formed in [REDACTED] a bank account for the exempt organization was not opened until [REDACTED]. Throughout this time all income and expenses for the charity were absorbed into [REDACTED] personal and business accounts for his own use.

The activity reported through the charity bank account starting in [REDACTED] is miniscule compared to the actual income received through operation of the charity. [REDACTED] uses a web of [REDACTED] (including online financial vendors, bank accounts and credit cards) to funnel the charity's income to himself. From [REDACTED] thru [REDACTED] he took over \$[REDACTED] of exempt organization money to fund his lifestyle, including all living expenses, student loans, home improvement projects etc. This constitutes [REDACTED] of excess business transactions spread over [REDACTED] years and counting.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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[REDACTED] years after the charity received exemption and started the [REDACTED] fundraising activity, [REDACTED] formed [REDACTED]. Per an email he sent to [REDACTED] who was questioning if [REDACTED] was a business or charity:

[REDACTED]

[REDACTED]

[REDACTED] in a separate message:

[REDACTED]

He has used deceptive advertising and confusion to trick unsuspecting legitimate charities into partnering with [REDACTED]. He has actively tried to solicit donations through [REDACTED] methods, including diverting legitimate donations meant for client charities and asking the public to donate to [REDACTED] directly instead of to the legitimate shelters and rescues he partners with.

[REDACTED] abuse of [REDACTED] has warranted negative reactions from those associated with the charity. Volunteers have left when they realized the charity was not about the mission to help [REDACTED] but instead to line [REDACTED] pockets. A [REDACTED] page called "[REDACTED]" was formed to disclose the bad acts associated with [REDACTED] and [REDACTED]. Many informants have stepped forward to provide information regarding [REDACTED] bad practices.

[REDACTED] has an extensive social media presence. [REDACTED] has consistently advertised [REDACTED] as an IRC 501(c)(3) organization from its inception to present, see [REDACTED]. He has done this purposefully to attract fundraising clients interested in partnering with [REDACTED], while funneling the income into his own private accounts. Board meeting minutes discuss the multi-state fundraising tour which has generated the EO's income over the years, even though [REDACTED] stated the fundraising income belonged to his LLC.

IRC § 4958(f)(1) defines a "disqualified person" as (A) any person who was, at any time during the five-year period ending on the date of such transaction, in a position to exercise substantial influence over the affairs of the organization, (B) a member of the family of a disqualified person, and (C) a 35% controlled entity. [REDACTED] is the founder and only officer of [REDACTED]. He is solely responsible for the daily operations of the organization has sole control over all bank accounts and files all information returns. [REDACTED] qualifies as a disqualified person.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer [REDACTED]	Tax Identification Number (last 4 digits) [REDACTED]	Year/Period ended [REDACTED]

IRC § 4958(c) defines the term “excess benefit transaction” (EBT) as any transaction in which an economic benefit is provided by an applicable tax-exempt organization directly or indirectly to or for the use of any disqualified person if the value of the economic benefit provided exceeds the value of the consideration (including the performance of services) received for providing such benefit. [REDACTED] (i.e. [REDACTED] never indicated the intent to treat the economic benefit to [REDACTED] as compensation. In fact, the income and related EBT’s were funneled through [REDACTED] personal accounts and not reported on Form 990 in an effort to conceal their existence.

Treas. Reg. § 1.501(c)(3)-1(c)(2) provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals. In this case all of [REDACTED] net earnings inure to the benefit of [REDACTED]

Treas. Reg. § 1.501(c)(3)-1(f)(2)(ii) provides that, in determining whether to continue to recognize the tax-exempt status of an applicable tax-exempt organization described in section 501(c)(3) that engages in one or more excess benefit transactions that violate the prohibition on inurement under section 501(c)(3), the Commissioner will consider all relevant facts and circumstances. All of [REDACTED] earnings inure to the benefit of [REDACTED]. This totals over \$ [REDACTED] as of the end of [REDACTED] and included [REDACTED] of individual transactions. Even after being warned of this activity, [REDACTED] has continued operating [REDACTED] in the same manner.

In *Old Dominion Box Co. v. United States*, 477 F.2d 344 (4th Cir. 1973), cert denied, 413 U.S. 910 (1973), the Court held that operating for the benefit of private parties constitutes a substantial nonexempt purpose. The case law firmly shows that when an organization operates for the benefit of private interests, it does not operate exclusively for exempt purposes. [REDACTED] is the officer and board member of [REDACTED]. He has used his [REDACTED] control to funnel money meant for the charity into his personal accounts. This is the main purpose and activity of [REDACTED]

Conclusion:

The investigation uncovered a history of misrepresentation and non-transparency which left both client charity organizations, donors and [REDACTED] volunteers confused as to the charitable nature of [REDACTED]

[REDACTED] officer and disqualified person of [REDACTED] uses the name and tax-exempt status of said organization to benefit himself. The income derived through the name recognition of [REDACTED] charity is funneled through his personal accounts to pay all of his personal and living expenses. These transactions have occurred consistently

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since [REDACTED] inception in [REDACTED] and continue to this day as [REDACTED]
[REDACTED] has not stopped operations even after being warned of the consequences.

These are excess benefit transactions as defined under IRC § 4958 and constitute inurement for purposes of exemption under IRC § 501(c)(3). Per Treas. Reg. § 1.501(c)(3)-1(c)(2) provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals, as such the organization's exemption should be revoked.

[REDACTED] was formed and is operated to provide economic benefit to [REDACTED]. This is a non-exempt purpose, the existence of which will destroy the exemption under section 501(c)(3).

In conclusion, [REDACTED] does not qualify for exemption under section 501(c)(3) of the Code based on its revenue inuring to the benefit of [REDACTED] President and disqualified person. The activity is substantial in nature and constitutes a non-exempt purpose. The organization should be revoked effective [REDACTED] [REDACTED] and is required to file Form 1120's as a commercial entity for [REDACTED] and all subsequent years.