

March 29, 2010

Douglas Shulman  
Commissioner  
Internal Revenue Service  
1111 Constitution Ave., N.W.  
Washington, DC 20224

**Re: Complaint Against Freedom Alliance (EIN 54-1411430)**

Dear Commissioner Shulman:

Citizens for Responsibility and Ethics in Washington (“CREW”) respectfully requests an Internal Revenue Service (“IRS”) investigation into the political activities of Freedom Alliance (“Freedom Alliance”), a non-profit public charity exempt from taxation pursuant to Internal Revenue Code (“IRC”) Sections 501(c)(3) and 509(a). Because of the potentially serious nature of the of the tax law violations, the IRS should consider revoking Freedom Alliance’s tax-exempt status and/or imposing appropriate excise taxes and penalties on the organization.

**Overview**

Freedom Alliance is classified as a public charity and is an organization described in IRC Section 170(b)(1)(A)(iv). Freedom Alliance was founded by controversial political figure Lt. Col. Oliver North in 1990.<sup>1</sup> Freedom Alliance’s mission, as disclosed on its website, is “to advance the American heritage of freedom by honoring and encouraging military service, defending the sovereignty of the United States and promoting a strong national defense.”<sup>2</sup> Freedom Alliance conducts several laudable program activities, including educational programs on public policy issues, a “Support Our Troops” program, a Military Leadership Academy, and a scholarship fund. However, many of Freedom Alliance’s activities appear to be politically partisan, which suggests that Freedom Alliance may have impermissibly engaged in political activities.

As an IRC Section 501(c)(3) public charity, Freedom Alliance is strictly prohibited from intervening in a political campaign on behalf of or in opposition to any candidate for public office. Accordingly, Freedom Alliance may not endorse candidates, distribute statements for or against candidates, raise funds for or donate to candidates or become involved in any activity that would be either supportive or in opposition to any candidate.

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<sup>1</sup> Freedom Alliance, *Our Mission*, [http://www.freedomalliance.org/index.php?option=com\\_content&task=view&id=2172&Itemid=21](http://www.freedomalliance.org/index.php?option=com_content&task=view&id=2172&Itemid=21) (visited Mar. 23, 2010).

<sup>2</sup> *See id.*

The IRS has indicated that the prohibition on political activities is absolute – there is no requirement that the political campaigning be substantial.<sup>3</sup> Charities can violate this requirement directly (such as by endorsing or opposing a candidate running for public office), but campaign intervention can also be more subtle. For example, charities may not send a letter condemning a candidate for a particular ideological view,<sup>4</sup> selectively invite candidates to speak at hosted events,<sup>5</sup> make their mailing list selectively available to one political party,<sup>6</sup> sponsor issue advocacy communications that cross the line into election intervention,<sup>7</sup> or allow their directors or officers, in their capacities as such, to espouse political viewpoints and opinions.<sup>8</sup>

Despite this prohibition, Freedom Alliance appears to have engaged in political activities. First, Freedom Alliance’s website contains extensive commentary that, at times, is political in nature (under the “Public Policy Center”). Second, Freedom Alliance hosts annual Freedom Cruise events, which often feature seminars on political topics, as presented by speakers that are virtually exclusively identified with conservative political causes. Third, Freedom Alliance has also sold its mailing list to conservative marketing firms with political clients. Finally, Freedom Alliance appears to maintain connections with Team America – an organization that appears to be predominately active through its political action committee (“PAC”).

As set forth below, the totality of the facts and circumstances indicate that Freedom Alliance may have engaged in political activities and that Freedom Alliance may be operating, in part, to provide a private benefit to conservative political groups. The IRS should extensively investigate this matter and pursue appropriate penalties, including revocation of Freedom Alliance’s tax exempt status.

### **Political Activities—Freedom Alliance Website**

During Freedom Alliance’s initial exemption application process, the IRS warned Freedom Alliance to avoid participating in political activities. In Freedom Alliance’s determination letter dated November 5, 1999, the IRS conditioned Freedom Alliance’s tax exempt status on the fact that it removed politically partisan material from its website and adopted procedures to prevent intervening in political campaigns. Exempt status was retroactively granted to January 1, 1997, but the IRS cautioned Freedom Alliance to not engage in any activity that would constitute intervention in a political campaign.

Freedom Alliance appears to have forgotten this initial warning from the IRS. As of March 2010, Freedom Alliance’s website contained an archive of Lt. Col. Oliver North’s “Common Sense” columns going back to November 30, 1999<sup>9</sup> - a column written for the

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<sup>3</sup> See Internal Revenue Manual 73(10)(1).

<sup>4</sup> See TAM 9609007.

<sup>5</sup> Rev. Rul. 2007-41 (“Candidate Appearances”).

<sup>6</sup> Rev. Rul. 2007-41; IRS Fact Sheet 2006-17.

<sup>7</sup> Rev. Rul. 2007-41; IRS Fact Sheet 2006-17.

<sup>8</sup> *Id.*

<sup>9</sup> Although the earliest column is dated November 30, 1999, CREW is unable to verify when the material was posted, as links to Lt. Col. Oliver North’s 1999 columns are not archived on internet archival websites. However, the internet archive of Freedom Alliance’s homepage indicates that partisan material appeared on Freedom

*Washington Times* and that is sometimes political in tone. For example, as of March 23, 2010, the following material appeared on Freedom Alliance's website:<sup>10</sup>

Last Sunday, Senator John McCain met in Washington with Iraqi Foreign Minister, Hoshiyar Zebari. After their closed-door session, the two men took questions from waiting reporters. The following day, Senator Barack Obama told reporters that he too had found time for a conversation with Mr. Zebari. The way in which the two events apparently took place and how they were reported reflect the profound differences between Messer's. McCain and Obama. (*Show and Tell*, by Oliver North, June 20, 2008).

This place should have had real appeal to Senator Barack Obama. The poverty of the Afghan people is evident everywhere. Wracked by decades of Soviet occupation, civil war and an oppressive Taliban theocracy, the country is a veritable centerpiece for one of Mr. Obama's legislative objectives: a frontal assault on Global Poverty./Regrettably, when Senator Obama was here last week to play basketball for the cameras, neither he nor any of the media-sycophants traveling with him mentioned the Global Poverty Act of 2007 (S.2433), legislation that he introduced on January 7, 2007. (*Change We Can Believe In*, by Oliver North, July 31, 2008).

These columns are directly available by hyperlinks on Freedom Alliance's website.<sup>11</sup> The author of the columns, Lt. Col. Oliver North, is currently designated as an "Honorary Chairman" of Freedom Alliance on its website.<sup>12</sup> However, Lt. Col. North's role in the organization is not disclosed on Freedom Alliance's Form 990 information returns.

In addition to Lt. Col. North's columns, Freedom Alliance contains other links to politically partisan material. For example, Freedom Alliance's website links to President Tom Kilgannon's "point by point" breakdown of the Department of Homeland Security's report on Rightwing Extremism. The IRS should recognize that the inflammatory nature of Mr. Kilgannon's response and his distorted use of facts make the presentation of his retort to the report partisan.<sup>13</sup> Freedom Alliance also links to Lt. Col. Oliver North's response to the Rightwing Extremism report, and provides links to columns written by Mr. Kilgannon, which are often political in tone. Finally, Freedom Alliance's newsletter promotes Mr. Kilgannon's anti-United Nations book. Similar to other Freedom Alliance website content, the newsletter

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Alliance's website dating back to at least March 3, 2000 (excluding archives predating the determination letter). See Wayback Machine, <http://web.archive.org> (visited Mar. 23, 2010).

<sup>10</sup> On March 23, 2010, the columns could be reached by visiting [www.freedomalliance.org](http://www.freedomalliance.org) and clicking the menu item "Public Policy" on the left-hand menu and then choosing the grey "Common Sense" link in the middle of the screen.

<sup>11</sup> As of March 23, 2010, the columns could be published as PDFs through a link. Using this option, the columns are printed to a PDF file with "Freedom Alliance" prominently shown on the top of the file.

<sup>12</sup> See Freedom Alliance, *About Us*, [http://www.freedomalliance.org/index.php?option=com\\_content&task=view&id=2172&Itemid=21](http://www.freedomalliance.org/index.php?option=com_content&task=view&id=2172&Itemid=21) (visited Mar. 23, 2010).

<sup>13</sup> See Rev. Proc. 86-43 (presenting a method to determine whether communications are educational or political).

“interview” with Mr. Kilgannon is decidedly partisan in nature, as demonstrated by this excerpt.<sup>14</sup>

**[Freedom Alliance Review’s Question]** Legally and logistically speaking, what would have to happen for the U.S. to actually “divorce” the UN?

**[Kilgannon’s Response]:** Congressman Ron Paul (TX) is the sponsor of legislation in the House which would free the United States from any more obligations to the United Nations. His bill has actually been gaining support in recent years. But what it really will take, is an act of political courage by today’s politicians.

The political material appearing on Freedom Alliance’s website suggests that Freedom Alliance’s “educational efforts on public policy issues” may in fact be partisan efforts by Lt. Col. North, Mr. Kilgannon and others with connections to Freedom Alliance. Read in light of Freedom Alliance’s propensity for posting questionably partisan material on its website, the following description of Freedom Alliance’s public policy activities takes on a more sinister tone:

*Public Policy and Education:* Freedom Alliance conducts research and offers analysis on public policy matters—especially those issues which impact America’s national sovereignty, national defense, foreign policy, American history, and the role of government generally. Freedom Alliance educates the public on these matters through the publication of policy papers, newspaper columns and grassroots communications. Freedom Alliance also hosts or co-hosts conferences and seminars and provides opinion and analysis on issues of concern through the Internet, talk radio, television, talk shows, and newspapers.

Although charities are permitted to take positions on public policy issues, including issues that divide electoral candidates, charities must carefully avoid activities that could give rise to political campaign intervention.<sup>15</sup> The activities of Freedom Alliance suggests that the IRS should investigate all the facts and circumstances of Freedom Alliance’s public policy statements to determine whether Freedom Alliance has (and continues to) intervene in political campaigns through its efforts on public policy research, analysis, and publications.

The partisan material posted on Freedom Alliance’s website, as discussed above, appears to cross the line into political campaign intervention. However, CREW urges the IRS to also investigate other materials propagated by Freedom Alliance that could constitute political activities, including:

- Letters and other mailings to Freedom Alliance supporters
- Letters to potential donors

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<sup>14</sup> Freedom Alliance Review Spring 2006, available at [http://www.freedomalliance.org/pdf\\_articles/V6N2.pdf](http://www.freedomalliance.org/pdf_articles/V6N2.pdf). The interview is continued in the Fall 2006 Freedom Alliance Review, available at [http://www.freedomalliance.org/pdf\\_articles/V6N3.pdf](http://www.freedomalliance.org/pdf_articles/V6N3.pdf).

<sup>15</sup> See IRS Fact Sheet 2006-17 (“Issue Advocacy v. Political Campaign Intervention”).

- Freedom Alliance statements in the media (talk radio, television, newspapers and the Internet).

To aid the IRS's investigation, CREW has compiled a number of Freedom Alliance materials, which are included with this letter.

### **Partisan Use of Freedom Alliance's Mailing List**

Freedom Alliance rents its mailing list to companies, most recently to Eberle & Associates and the Richard Norman Company, which are both companies that work with conservative political groups.<sup>16</sup> The Richard Norman Company bills itself as "the premier communications firm for candidates, non-profits, PAC's, and affiliated organizations that seek to reach Republicans and conservatives across the United States."<sup>17</sup> Meanwhile, Eberle & Associates is "America's Trusted Conservative Fund Raiser."<sup>18</sup>

Freedom Alliance has possibly intervened in a political campaign if it made its mailing list available only to conservative groups. The IRS has previously indicated IRC section 501(c)(3) organizations should make their mailing lists available to all candidates and political organizations on the same terms, otherwise partisan use of mailing lists may constitute impermissible intervention in a political campaign.<sup>19</sup> While it is possible that Freedom Alliance made its list available to both liberal and conservative groups, the fact that Freedom Alliance only sold its mailing list to conservative groups should cause the IRS to question whether Freedom Alliance impermissibly intervened into a political campaign.<sup>20</sup>

### **Political Activities—Freedom Cruise Seminar Topics**

Freedom Alliance annually hosts a "Freedom Cruise" event. More than just tours of exotic locales, the Freedom Cruises give participants the opportunity to participate in "in-depth discussions and debates" and "public policy discussions," which usually occur with a conservative twist. As detailed further below, the speakers on the Freedom Cruises are virtually all conservative political figures. Furthermore, the Freedom Cruise seminar topics are often political in nature, including the following:

- "A Preview of the 2008 Elections" (2007 Freedom Cruise).<sup>21</sup>
- "Assessing Obama's First Six Months of Change" (2009 Freedom Cruise).<sup>22</sup>

<sup>16</sup> See Freedom Alliance's 2008 Form 990, Schedule G, Part I.

<sup>17</sup> See Richard Norman, <http://www.richardnorman.com/> (visited Mar. 23, 2010).

<sup>18</sup> See Eberle & Associates, <http://www.eberleassociates.com/> (visited Mar. 23, 2010).

<sup>19</sup> See Rev. Rul. 2007-41 (Situation 18); TAM 200044038.

<sup>20</sup> See Rev. Rul. 2007-17 (Situation 18). If Freedom Alliance's mailing list was only attractive to conservative groups, this should be a factor in considering whether Freedom Alliance operates in such a manner as to give rise to a more than insubstantial benefit for private groups (i.e., conservative groups), as discussed below.

<sup>21</sup> Freedom Alliance, *Past Freedom Cruise and Conference Articles*, [http://www.freedomalliance.org/index.php?option=com\\_content&task=view&id=2394&Itemid=76](http://www.freedomalliance.org/index.php?option=com_content&task=view&id=2394&Itemid=76) (visited Mar. 23, 2010).

<sup>22</sup> 2009 Freedom Cruise Seminars and Speakers, available at [http://www.freedomalliance.org/images/pdf\\_and\\_largepics/seminarsandspeakers.pdf](http://www.freedomalliance.org/images/pdf_and_largepics/seminarsandspeakers.pdf).

Similar to the partisan material published on its website, Freedom Alliance appears to permit conservative political figures to use its Freedom Cruises as a platform to advance a conservative political agenda.

### **Does Freedom Alliance operate for the Private Interest of Conservatives?**

Freedom Alliance is required to be organized and operated exclusively for charitable purposes under IRC Section 501(c)(3).<sup>23</sup> An organization does not qualify for section 501(c)(3) status “if more than an insubstantial part of its activities are not in furtherance of an exempt purpose.”<sup>24</sup> Moreover, an organization is not operated exclusively for an exempt purpose “unless it serves a public rather than private interest.”<sup>25</sup> In the past, the IRS has revoked the tax exempt status of organizations that have served the private interests of political parties.<sup>26</sup>

Freedom Alliance’s strong ties to many conservative political figures suggest that Freedom Alliance may be providing a more than insubstantial benefit to the private interests of conservative political figures and groups. Freedom Alliance’s strong connections with notable conservatives include the following:

- **Lt. Col. Oliver North.** Lt. Col. North is Freedom Alliance’s founder and honorary Chairman. Lt. Col. North is a controversial political figure and has campaigned for public office as a Republican candidate. Currently, Lt. Col. North is a media pundit, and often appears as a political commentator on Sean Hannity’s FOX News program and pens columns for the Washington Times.
- **Sean Hannity.** Sean Hannity is the host of a popular conservative television program on FOX News. Mr. Hannity personally donates to Freedom Alliance<sup>27</sup> and also hosts the “Freedom Concerts” series, which donates a small portion of its revenues to the Freedom Alliance scholarship program.<sup>28</sup> (The 2005 and 2006 Freedom Concerts were co-hosted by Sean Hannity and Freedom Alliance.)<sup>29</sup> In December of 2006, Mr. Hannity broadcast a portion of Freedom Alliance’s 15th Anniversary Gala Event on his FOX News television program.<sup>30</sup>

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<sup>23</sup> Treas. Reg. § 1.501(c)(3)-1(c)(3)(c)

<sup>24</sup> *Id.*

<sup>25</sup> Treas. Reg. § 1.501(c)(3) -1(d)(1)(ii).

<sup>26</sup> See *American Campaign Academy v. Commissioner*, 92 T.C. 1053 (1989) (discussed above).

<sup>27</sup> See Freedom Alliance March 18, 2010 Letter, available at [http://www.freedomalliance.org/images/pdf\\_and\\_largepics/freedom\\_alliance\\_response.pdf](http://www.freedomalliance.org/images/pdf_and_largepics/freedom_alliance_response.pdf).

<sup>28</sup> The Freedom Concerts and Freedom Alliance have recently come under fire as a charity “scam.” See, e.g., Debbie Schlusel, *Sean Hannit’s Freedom CONcert Scam* (Mar. 18, 2010), <http://www.debbieschlusel.com/6938/sean-hannitys-freedom-concert-scam-only-7-of-charitys-money-went-to-injured-troops-kids-of-fallen-troops-g5s-g6s-for-vannity/> (visited Mar. 23, 2010). As another political tie, the College Republicans provide volunteers for the Freedom Concerts. See Texas College Republicans Facebook Page, <http://www.facebook.com/topic.php?uid=95372675231&topic=10721> (visited Mar. 23, 2010).

<sup>29</sup> Freedom Alliance Review (Spring 2006), available at [http://www.freedomalliance.org/pdf\\_articles/V6N2.pdf](http://www.freedomalliance.org/pdf_articles/V6N2.pdf).

<sup>30</sup> Freedom Alliance Review (Winter 2006), available at [http://www.freedomalliance.org/pdf\\_articles/v6n1.pdf](http://www.freedomalliance.org/pdf_articles/v6n1.pdf).

- **Ralph Smith.** Mr. Smith currently serves on Freedom Alliance's board of directors. Mr. Smith is also currently serving as a Republican Virginia State Senator (elected in 2007).<sup>31</sup>
- **Thomas P. Kilgannon.** Mr. Kilgannon is Freedom Alliance's current President. Before joining Freedom Alliance, Kilgannon served as a top aide to Republican U.S. Congress Representative Mark Neumann (Wisconsin) and "helped Neumann become one of the most visible and effective members of the historic freshman class of 1995."<sup>32</sup> Mr. Kilgannon also served as deputy press secretary for Republican candidate Patrick J. Buchanan's 1992 presidential campaign.

Other influential conservative figures frequently appear as guests and speakers at Freedom Alliance events, particularly with respect to the Freedom Alliance's "Freedom Cruises":

- **Newt Gingrich.** Mr. Gingrich, former Republican Speaker of the House, attended a Freedom Alliance Memorial Day Hawaiian Luau event held in 2007.<sup>33</sup> Mr. Gingrich has served as a featured guest and speaker on Freedom Cruises hosted by Freedom Alliance.<sup>34</sup>
- **Michael Steele.** Mr. Steele is currently serving as Chairman of the Republican National Committee ("RNC"). Mr. Steele has also served as a featured guest and speaker on Freedom Cruises hosted by Freedom Alliance.<sup>35</sup>
- **Edwin Meese.** Mr. Meese, who served as Attorney General under Republican President Ronald Reagan from 1985 to 1988, has served as a featured guest and speaker on Freedom Cruises hosted by Freedom Alliance.<sup>36</sup>
- **David A. Keene.** Mr. Keene is the Chairman of the Board for the American Conservative Union, which is "America's Oldest and Largest Grassroots

<sup>31</sup> See Ralph Smith, <http://www.ralphsmithsenate.com> (visited Mar. 23, 2010).

<sup>32</sup> Freedom Alliance, *Thomas P. Kilgannon, President*, [http://www.freedomalliance.org/index.php?option=com\\_content&task=view&id=2287&Itemid=16](http://www.freedomalliance.org/index.php?option=com_content&task=view&id=2287&Itemid=16) (visited Mar. 23, 2010).

<sup>33</sup> Freedom Alliance Review (Summer 2007), available at [http://www.freedomalliance.org/pdf\\_articles/v7n3.pdf](http://www.freedomalliance.org/pdf_articles/v7n3.pdf).

<sup>34</sup> 2009 Freedom Cruise Seminars and Speakers, available at [http://www.freedomalliance.org/images/pdf\\_and\\_largepics/seminarsandspeakers.pdf](http://www.freedomalliance.org/images/pdf_and_largepics/seminarsandspeakers.pdf); Freedom Alliance, *Former House Speaker Newt Gingrich Joins Freedom Cruise*, [http://www.freedomalliance.org/index.php?option=com\\_content&task=view&id=2095&Itemid=15](http://www.freedomalliance.org/index.php?option=com_content&task=view&id=2095&Itemid=15) (visited Mar. 23, 2010); Freedom Alliance Review (Fall 2006), available at [http://www.freedomalliance.org/pdf\\_articles/v6n4.pdf](http://www.freedomalliance.org/pdf_articles/v6n4.pdf); Freedom Alliance Review (Winter 2008), available at [http://www.freedomalliance.org/pdf\\_articles/v8n1.pdf](http://www.freedomalliance.org/pdf_articles/v8n1.pdf); Freedom Cruise Event Highlights, <http://www.tcacruise.com/freedom2004/highlights.htm> (visited Mar. 23, 2010).

<sup>35</sup> Freedom Alliance Review (Winter 2009), available at [http://www.freedomalliance.org/images/pdf\\_and\\_largepics/V9N1.pdf](http://www.freedomalliance.org/images/pdf_and_largepics/V9N1.pdf).

<sup>36</sup> 2009 Freedom Cruise Seminars and Speakers, available at [http://www.freedomalliance.org/images/pdf\\_and\\_largepics/seminarsandspeakers.pdf](http://www.freedomalliance.org/images/pdf_and_largepics/seminarsandspeakers.pdf); Freedom Alliance, [http://www.freedomalliance.org/index.php?option=com\\_content&task=view&id=2095&Itemid=15](http://www.freedomalliance.org/index.php?option=com_content&task=view&id=2095&Itemid=15) (visited Mar. 23, 2010).

Conservative Organization.”<sup>37</sup> Mr. Keene has served as a featured guest and speaker on Freedom Cruises hosted by Freedom Alliance.<sup>38</sup>

- **Duncan Hunter.** Mr. Hunter is a former elected Republican Representative in the U.S. Congress (California).<sup>39</sup> Mr. Hunter has served as a featured guest and speaker on Freedom Cruises hosted by Freedom Alliance.<sup>40</sup>
- **Bob Barr.** Mr. Barr is a former Congressman and former Libertarian presidential candidate.<sup>41</sup> Mr. Barr has served as a featured guest and speaker on Freedom Cruises hosted by Freedom Alliance.<sup>42</sup>

Freedom Alliance has also bestowed awards on many conservative political figures and pundits. For example, Freedom Alliance annually presents the Edward J. Bronards Defender of Freedom Award to “an outstanding individual who, in the face of adversity, exemplifies faith, courage and fidelity to the Constitution and the principles of freedom.”<sup>43</sup> In addition to presenting the award to military leaders and heroes, Freedom Alliance has also presented the award to these notable conservative figures:

- **John Bolton.** Mr. Bolton has served various roles in several Republic presidential administrations. From August 2005 until December 2006, during the George W. Bush administration, Mr. Bolton served as Permanent U.S. Representative to the UN.<sup>44</sup> Currently, Mr. Bolton serves as a Senior Fellow at the American Enterprise Institute for Public Policy Research, a nonpartisan research institution, and occasionally appears as a commentator/guest on FOX News television programs.<sup>45</sup>

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<sup>37</sup> American Conservative Union, *About Us*, <http://www.conservative.org/about-acu/> (visited Mar. 23, 2010); American Conservative Union, *Board of Directors*, <http://www.conservative.org/about-acu/board-of-directorsstaff/> (visited Mar. 23, 2010).

<sup>38</sup> Freedom Alliance, *Former House Speaker Newt Gingrich Joins Freedom Cruise*, [http://www.freedomalliance.org/index2.php?option=com\\_content&do\\_pdf=1&id=2095](http://www.freedomalliance.org/index2.php?option=com_content&do_pdf=1&id=2095) (visited Mar. 23, 2010); Freedom Cruise Event Highlights, <http://www.tcacruise.com/freedom2004/highlights.htm> (visited Mar. 23, 2010).

<sup>39</sup> GovTrack.us, *Duncan Hunter Former U.S. Representative from California's 52<sup>nd</sup> District*, <http://www.govtrack.us/congress/person.xpd?id=400191> (visited Mar. 29, 2010).

<sup>40</sup> Freedom Alliance Review (Winter 2009), available at [http://www.freedomalliance.org/images/pdf\\_and\\_largepics/V9N1.pdf](http://www.freedomalliance.org/images/pdf_and_largepics/V9N1.pdf).

<sup>41</sup> Bob Barr, <http://www.bobbarr.org/default.asp?pt=doc&doc=bio> (visited Mar. 23, 2010).

<sup>42</sup> Freedom Alliance, *Former House Speaker Newt Gingrich Joins Freedom Cruise*, [http://www.freedomalliance.org/index2.php?option=com\\_content&do\\_pdf=1&id=2095](http://www.freedomalliance.org/index2.php?option=com_content&do_pdf=1&id=2095) (visited Mar. 23, 2010).

<sup>43</sup> Freedom Alliance, *General Edward J. Bronards Defender of Freedom Award*, [http://www.freedomalliance.org/index.php?option=com\\_content&task=view&id=2174&Itemid=83](http://www.freedomalliance.org/index.php?option=com_content&task=view&id=2174&Itemid=83) (visited Mar. 23, 2010).

<sup>44</sup> American Enterprise Institute, *John Bolton Profile*, <http://www.aei.org/scholar/121> (visited Mar. 23, 2010).

<sup>45</sup> *Id.*; Greta Wire Blog, *Ambassador John Bolton On the Record*, <http://gretawire.blogs.foxnews.com/amb-john-bolton-on-the-record-2/> (Mar. 4, 2010) (visited Mar. 23, 2010).



- **Sean Hannity.** As discussed above, Mr. Hannity is the host of a popular conservative television program on FOX News. Mr. Hannity personally donates to Freedom Alliance<sup>46</sup> and hosts the “Freedom Concerts” series.<sup>47</sup>
- **Jesse Helms, Jr.** Mr. Helms, deceased, was a five-term Republican United States Senator (North Carolina).<sup>48</sup>
- **Bob Barr.** Mr. Barr is a former Congressman and former Libertarian presidential candidate.<sup>49</sup>

CREW is not aware of any Democratic public officials that have received an award from Freedom Alliance.

An analogy to the case of *American Campaign Academy v. Commissioner*, 92 T.C. 1053 (1989) is apt in this situation. In *American Campaign Academy*, the court upheld the IRS’s denial of exempt status to an organization formed to train individuals for careers as Republican Party political campaign professionals. Despite the fact that other exempt organizations provided similar training, the IRS determined that American Campaign Academy served the private interests of the Republican party, as the school’s graduates only went on to serve Republican candidates and organizations. Similarly, Freedom Alliance, by (i) permitting only conservative speakers at its annual Freedom Cruise events, (ii) conferring awards on well-known conservatives, (iii) maintaining strong ties with powerful and influential conservative figures, and (iv) posting conservative political commentary on its website, appears to provide a more than insubstantial benefit to conservative individual groups. Operating to provide benefits to private interests, even if the organization’s other activities would otherwise be permissible under IRC section 501(c)(3), is in direct violation of the federal tax law requirement that Freedom Alliance operate for a public, rather than private, interest.<sup>50</sup>

### **Political Activities—Team America Connection**

On both its 2007 and 2008 Form 990, Freedom Alliance admitted to a relationship with “Team America.” On the 2008 Form 990, Freedom Alliance provided EIN number 54-1743483 to identify Team America. However, Freedom Alliance has inconsistently identified Team America as a IRC section 501(c)(4) organization (2007 Form 990)<sup>51</sup> and as an IRC section 501(c)(3) organization.<sup>52</sup> Yet Team America is not listed in IRS’s Publication 78 and is

<sup>46</sup> See Freedom Alliance March 18, 2010 Letter, available at [http://www.freedomalliance.org/images/pdf\\_and\\_largepics/freedom\\_alliance\\_response.pdf](http://www.freedomalliance.org/images/pdf_and_largepics/freedom_alliance_response.pdf).

<sup>47</sup> Freedom Alliance Review (Spring 2006), available at [http://www.freedomalliance.org/pdf\\_articles/V6N2.pdf](http://www.freedomalliance.org/pdf_articles/V6N2.pdf)

<sup>48</sup> Jesse Helms Biography, <http://bioguide.congress.gov/scripts/biodisplay.pl?index=h000463> (visited Mar. 23, 2010).

<sup>49</sup> Bob Barr, <http://www.bobbarr.org/default.asp?pt=doc&doc=bio> (visited Mar. 23, 2010).

<sup>50</sup> See Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii); *American Campaign Academy v. Commissioner*, 92 T.C. 1053 (1989).

<sup>51</sup> See Freedom Alliance 2007 Form 990, Schedule A, Part VII, Line 52(b).

<sup>52</sup> See Freedom Alliance, 2008 Form 990, Schedule R, Part II.

not found in the “Guidestar” database.<sup>53</sup> Nevertheless, a Google search for “Team America” and “Oliver North” quickly turns up references to “Team America PAC.”

Team America PAC is a political action committee that was created by Tom Tancredo, a Republican Congressman. The Team America PAC is “Dedicated to Securing Our Nation’s Border” and supports conservative candidates.<sup>54</sup> According to a Robertson Mailing List Company profile, Team America PAC has utilized the Freedom Alliance mailing list in the past.<sup>55</sup> Team America PAC, as a political action committee, is clearly a partisan political organization.

The Form 990 disclosure does not entirely clarify Freedom Alliance’s connection to Team America PAC, but only indicates that Freedom Alliance has a direct or indirect relationship with Team America. CREW urges the IRS to investigate Freedom Alliance’s connection with Team America to determine if this relationship results in Freedom Alliance directly or indirectly participating in a political campaign. If Team America is indeed a political action committee, the IRS should closely examine Freedom Alliance’s direct and indirect ties to the PAC and impose any and all appropriate penalties on Freedom Alliance for engaging in impermissible political activities.

### **Conclusion**

The totality of the facts and circumstances indicate that Freedom Alliance potentially has engaged in political activities, in direct violation of IRC section 501(c)(3). The connections that Freedom Alliance maintains with conservative political figures potentially indicate that Freedom Alliance also operates, in part, to provide a private benefit to conservative figures and groups.

CREW respectfully requests that the IRS conduct an investigation to determine if Freedom Alliance is operating in compliance with the federal tax rules applicable to IRC section 501(c)(3) organizations. This investigation should focus on the politically partisan activities of Freedom Alliance and its founder, officers and directors. Based on the apparent political nature of many Freedom Alliance’s activities, the IRS should determine whether Freedom Alliance has impermissibly intervened in a political campaign. The IRS should also determine whether Freedom Alliance is operating to provide an impermissible private benefit to conservative political organizations and persons.

If Freedom Alliance has engaged in political activities or is operating for a private interest, the IRS should consider all appropriate fines and penalties, including the revocation of Freedom Alliance’s tax-exempt status. The IRS should consider that the extensive nature of Freedom Alliance’s political activities suggests that intermediate sanctions may not be enough to prevent Freedom Alliance from continuing to engage in political activity, and that revocation of Freedom Alliance’s tax exempt status may be the only remedy to prevent public tax dollars from subsidizing Freedom Alliance’s political activities.

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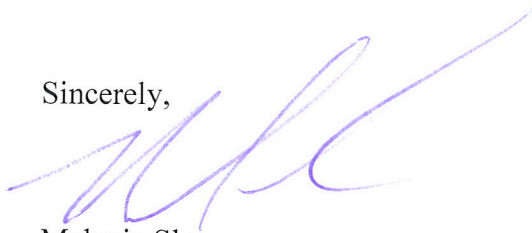
<sup>53</sup> GuideStar is a nonprofit organization that compiles information, including tax forms, on other nonprofit organizations, available at [www.guidestar.org](http://www.guidestar.org).

<sup>54</sup> See Team America PAC, <http://teamamericapac.org/> (visited February 26, 2010).

<sup>55</sup> Robertson Mailing List Company Data Card, available at <http://www.rmlc.net/datacards/2/team-america-pac.pdf>.

Thank you for your attention to this matter.

Sincerely,



Melanie Sloan  
Executive Director  
Citizens for Responsibility  
and Ethics in Washington

Encls.

cc: Jerry Brown  
Attorney General  
State of California

Bill McCollum  
Attorney General  
State of Florida

Thurbert Baker  
Attorney General  
State of Georgia

Paula Dow  
Attorney General  
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Richard Corday  
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W.A. Drew Edmondson  
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Greg Abbott  
Attorney General  
State of Texas