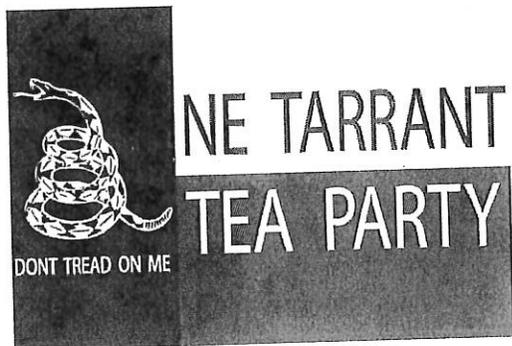


North East Tarrant Tea Party
May 24, 2013
Letter regarding IRS abuse



NE TARRANT TEA PARTY

Grapevine ~ Southlake ~ Colleyville ~ Hurst

Eules ~ Bedford ~ Watauga ~ Haltom City

Richland Hills ~ N Richland Hills ~ parts of Keller

****promoting constitutional governance in every precinct in our districts, one voter at a time****

2408 Texas Dr.

Irving, Texas 75062

May 24, 2013

The Honorable Congressman Kenny Marchant

1110 Longworth HOB

Washington, DC 20515

Dear Congressman Marchant,

My name is Robert (Bob) D. Smith, CPA. I am a member of the Board of Directors and the Treasurer of the North East Tarrant Tea Party (NETTP). NETTP is among those Tea Parties targeted by the IRS: we have been harassed in the course of our efforts to comply with the requirements for securing our exempt status. I am writing to offer my services as a witness, or to offer any other support I can to bring out the facts in this matter. I am well-qualified to do this for the reasons stated below.

Besides my volunteer activities for NETTP, I am also a practicing Certified Public Accountant, licensed to practice in several states, and have an ownership interest in Guinn, Smith & Co. My Firm's clients are primarily tax-exempt organizations. So I am not ignorant of the normal process for securing tax-exempt status, typical questions asked, IRS regulations governing such organizations, nor am I ignorant of the time spans typical to complete such a process. Over the course of our 40 years of practice in this area, Guinn, Smith & Co. has filed many Applications for Recognition of Exemption. We have never seen such intrusive, loaded questions from the IRS, nor experienced such extended delays representing any other nonprofit. Our exasperating experiences with the IRS on behalf of NETTP are described below.

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NETTP was formed in 2009 as an unincorporated group. The preponderance of its members are citizens from the cities of Grapevine, Hurst, Colleyville, Southlake, Euless, Watagua, North Richland Hills, Richland Hills, Trophy Club, Haltom City, Westlake, Haslet, Bedford and parts of Keller, Texas. On July 6, 2010 we were incorporated as a Texas nonprofit organization.

In October 2010, NETTP filed Form 1024, Application for Recognition of Exemption with the IRS. In November 2010 we received an acknowledgement from the IRS that it had received our application.

In September of 2011, NETTP filed a Form 990 with the IRS covering its first year of operation from July 6, 2010 through June 20, 2011. The return reflected total revenue of \$12,089. Form 990 is the information return required to be filed by an organization exempt under the IRS code section 501 (c). On about February 14, 2012, NETTP received its first response from the IRS since the November 2010 acknowledgement of our filing. We had been waiting at this time approximately 15 months for the IRS to act on our application. The IRS response was dated February 8, 2012. It included 34 multipart questions which, counting the sub-parts, really totaled about 110 questions. The letter required our response by February 29, 2012. In my entire practice experience representing tax exempt organizations I had never seen a response of this magnitude and with the type of probing questions. It was more like an audit of the organization before its exemption was approved. In addition, the time allowed for response, considering the breadth and scope of the questions, was ridiculously short.

Here are just a few of our comments regarding this February 8, 2012 IRS inquiry. By no means is this a complete list of matters we considered completely out-of-bounds:

On the first page of the letter, signed by Mitch Steele, Exempt Organization Specialist, was this statement:

"...the information you submit should be accompanied by the following declaration: 'Under penalties of perjury, I declare I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.'"

Mr. Steele's extensive requests included this inquiry:

"Provide details regarding your relationship with Verify the Recall. Indicate the activities of Verify the Recall. Is Verify the Recall a tax-exempt organization?"

Shouldn't the IRS, as grantor of such exemptions, already know whether or not this organization was tax-exempt? Why ask us? Is there a law or regulation which prohibits relations with other organizations, exempt or not? If the IRS has questions about the activities of Verify the Recall (VTR), why ask NETTP instead of VTR? Is this some clumsy effort to spy on VTR? We can only wonder what the IRS is up to with questions like this.

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Mr. Steele wanted to know whether NETTP board members serve as board members for other organizations, whether they had been or planned to be candidates for public office; whether they had ever submitted applications for exemption before. We wonder, exactly what does this have to do with the exempt status of NETTP?

Mr. Steele also asked for a list of our vendors! Will our vendors end up on an IRS list somewhere? Such information has absolutely no bearing on whether or not NETTP qualifies as a 501(c)(4) organization. We cannot fathom the purpose of such a question. Could it be merely to increase the difficulty of fully complying with the request in the time allotted?

Mr. Steele requested NETTP to name issues it considers important. Do we now have thought-police in America? What does he plan to do with this type of information? We had already clearly stated the purpose of our organization in the original Form 1024, submitted in 2010.

Mr. Steele wanted the names of persons who have provided educational services to us. Does the IRS plan to harass them as well? They wanted *the names of the trained!* At this point we had already heard numerous stories of audits of Tea Party people, the timing of which were extremely suspicious and indicative of harassment. Is this harassment going to extend even to individuals who go to a class to learn about the Constitution or the Founding Fathers? What kind of database is the IRS compiling? An enemies list?

I communicated with other similar organizations in Texas and was astonished to learn that many had experienced similar delays in the processing of their applications and received the same or similar questions. The time and effort that would have been required by our volunteer board members to comply with these questions would have been far in excess of responding to any inquiry from previous applications that my firm had ever been involved. As a result of these communications, it came to my attention that the American Center for Law and Justice (ACLJ) had accepted a few cases to represent before the IRS in this very matter. ACLJ agreed to represent us, along with the other parties.

In September 2012, NETTP filed its second Form 990 with the IRS, covering the period from July 1, 2011 through 2012. The return reflected total revenue for that period of \$15,374.

In January 2013, we received another IRS communication, dated January 8, 2013 containing 9 multipart questions from the IRS which were to replace the original 34 questions mentioned above. We were given until January 22, 2012 to complete our response. Again the ACLJ stepped in and our time was extended. We filed our final response about April 4, 2013. As of today we have not had any further communication with the IRS.

NETTP is a very small organization. Monthly meetings are generally attended by 80 to 100 individuals. Revenue since inception has been in the range of \$12,000 to \$15,000 per year and our expenses

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normally require the use of most of the revenue. Why has such an insignificant-sized organization been targeted for this kind of abuse?

Last week I was in Washington D.C. and attended a press conference with Representatives Michelle Bachman and Louie Gohmert and Senators Ted Cruz and Rand Paul. I attended another press conference in the offices of Freedom Works. I had a meeting with Representative Darrell Issa and his investigators. On Friday, May 17, 2013, I attended the House Ways and Means Committee meeting where Mr. Stephen Miller and Mr. J. Russell George gave testimony to the committee.

I am outraged at this experience with the IRS. I have former members of the IRS on my staff, who tell me that the IRS prides itself on not being political. It has been my experience that the IRS will ask two to four questions on a new Application for Exemption, generally within 60 days of filing the application. After the questions are answered and returned to the IRS within 60 to 90 days my Firm normally receives a Determination Letter stating whether the applicant is accepted or rejected. To have this process not completed in 31 months is a travesty.

I implore you to apply your considerable power to expose which members of our government, including employees of the agencies it oversees, are responsible for these unlawful and politically biased actions. It is my opinion the IRS abused its power in its past dealings with NETTP and others and is likely continuing to do so.

I will be willing to be interviewed by you or your staff on this matter and to testify before your committees at any time. Perhaps I can help in getting to the bottom of this mess, in bringing it to the attention of the public and most importantly in coming to a fair and just end.

Thank you



Robert (Bob) D. Smith, CPA

Treasurer, North East Tarrant Tea Party