



U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS
1139 LONGWORTH HOUSE OFFICE BUILDING
Washington, DC 20515

June 10, 2024

The Honorable Daniel Werfel
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Dear Commissioner Werfel:

Terrorism and support for terrorism are not exempt purposes set forth in Section 501(c)(3) of the Internal Revenue Code (“IRC”), and the American people will not tolerate providing generous tax benefits to organizations that support terrorism. I write today to refer the People Media Project—an organization that is known publicly as *The Palestine Chronicle*—for revocation of its tax-exempt status.

It was recently reported that a “journalist” for *The Palestine Chronicle*, located in the Gaza strip, was not really a journalist at all.¹ Rather, he was a terrorist, and he actively held Israeli civilians as hostages in his home.² Despite being an active combatant and a likely member of Hamas—which is a U.S. designated terrorist organization—it appears that he may have been getting paid by the People Media Project using tax free dollars.

The People Media Project has been registered as an American 501(c)(3) organization since at least 2011.³ In a September 28, 2012 determination letter, the Internal Revenue Service (“IRS”) specifically notes that the People Media Project is exempt from Federal income tax due to its classification as a public charity.⁴

Reports from a hostage rescue mission carried out over the weekend by Israeli Defense Forces (“IDF”) show that the People Media Project is not being operated exclusively for its charitable, tax-exempt purpose. The information obtained during the hostage rescue mission is shocking. Abdallah Aljamal—*The Palestine Chronicle* “journalist”—worked as a spokesman for

¹ Ohad Merlin, *Did Gazan who held Israeli hostages work for Al Jazeera and US-based charity?* THE JERUSALEM POST (June 9, 2024), <https://www.jpost.com/israel-hamas-war/article-805525>; Ronny Reyes, *Gaza journalist who wrote for Al Jazeera was holding 3 hostages in home with family, Israel says*, NEW YORK POST (June 9, 2024), <https://nypost.com/2024/06/09/world-news/gaza-journalist-held-3-hostages-in-his-home-with-his-family-israeli-military-says/>.

² *Id.*

³ Internal Revenue Service Determination Letter to People Media Project (Sept. 28, 2012).

⁴ *Id.*

Hamas-run labor ministry before he was found holding several Israelis hostage in his home in central Gaza.⁵ Although the IDF was able to rescue several hostages who were held by Hamas since the October 7, 2023 attacks, this important development suggests that *The Palestine Chronicle*, which later put out a statement describing Aljamal as “one of its contributors”⁶ in Gaza, is at the very least complicit in supporting Hamas, and at worst a full-fledged financier of terrorism in the Middle East. This revelation, coupled with the fact that *The Palestine Chronicle* has previously published articles calling Hamas “resistance fighters” and falsely accusing Israel of “ethnic cleansing,”⁷ calls into question what People Media Project knew about its operations in the Gaza strip, whether it ever did any due diligence on hiring Aljamal, whether it has other employees actively holding hostages in Gaza, and whether it employs other members of Hamas.

The facts suggest that the People Media Project is not being operated exclusively for its charitable purpose, as required under section 501(c)(3) of the IRC and is instead circumventing its tax-exempt charitable purpose by supporting the terrorist organization, Hamas. In these types of situations, previous IRS decisions⁸ suggest that the People Media Project may be violating the law and conducting its operations contrary to the public good, and in providing material support to Hamas it is also putting its tax-exempt status as a 501(c)(3) organization in serious jeopardy. If there is ever a situation to revoke tax-exempt status for an organization for suspected material support for terrorism, it should certainly be now.

As you know, Section 7803 of the IRC grants the Commissioner of the IRS the authority to execute and apply internal revenue laws,⁹ including Section 501 of the IRC’s requirements and prohibitions. Pursuant to Section 501(c)(3), tax-exempt organizations must be organized and operated exclusively for a tax-exempt purpose, which includes charitable, educational, literary, and other purposes.¹⁰ However, if a nonprofit organization conducts substantial activities that do not further its exempt purposes, such activity may result in the loss of the organization’s tax-exemption.¹¹

Tax-exempt organizations must meet other requirements to maintain tax-exempt status as well. Under Section 501(c)(3) of the IRC, organizations seeking to receive an exemption from federal taxes are prohibited from certain activity, including being involved in certain types of

⁵ Ronny Reyes, *Gaza journalist who wrote for Al Jazeera was holding 3 hostages in home with family, Israel says*, NEW YORK POST (June 9, 2024), <https://nypost.com/2024/06/09/world-news/gaza-journalist-held-3-hostages-in-his-home-with-his-family-israeli-military-says/>; The Palestine Chronicle, *Writer: Abdallah Aljamal – Gaza*, THE PALESTINE CHRONICLE (accessed June 10, 2024),

<https://web.archive.org/web/20240428043457/https://www.palestinechronicle.com/writers/abdallah-aljamal/>.

⁶ Benjamin Weinthal, *Israel demands answers from Al Jazeera why ‘ Hamas terrorist ’ allegedly worked as a reporter*, FOX NEWS (June 9, 2024), <https://www.foxnews.com/world/israel-demands-answers-al-jazeera-hamas-terrorist-allegedly-worked-reporter>.

⁷ Ronnie Kasrils, *Defiant Gaza: The Reasons for Resistance Are Clear*, THE PALESTINE CHRONICLE (Oct. 10, 2023), <https://www.palestinechronicle.com/defiant-gaza-the-reasons-for-resistance-are-clear/>.

⁸ Justin Chung, *Suspending the Tax-Exempt Status of Terrorist and Terrorist Supporting Organizations: H.R. 6408 in Context*, CONGRESSIONAL RESEARCH SERVICE (June 7, 2024), <https://crsreports.congress.gov/product/pdf/LSB/LSB11176>.

⁹ See 26 U.S.C. § 7803.

¹⁰ See 26 U.S.C. § 501(c)(3).

¹¹ *Better Business Bureau of Washington, D.C. v. United States*, 326 U.S. 279, 283 (1945).

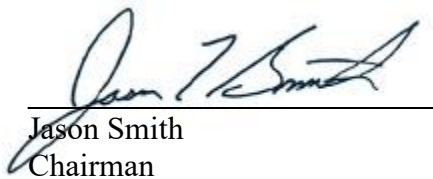
political activity.¹² In addition to the prohibitions of Section 501, the IRS also notes that violations of the law are an “antithesis of the public good” and, as such, may be a bar to tax-exemption.¹³ Not only has the IRS found the mere conducting of illegal activities to be inconsistent with tax-exemption, but it has also stated that the “planning and sponsoring of such activities are also incompatible with charity and social welfare.”¹⁴

Additionally, terrorist organizations cannot maintain tax-exempt status.¹⁵ For example, the IRS previously revoked the tax-exempt status of organizations suspected of supporting terrorist organizations under the notion that providing material support to terrorist organizations is illegal.¹⁶ In these cases, the IRS revoked the organization’s tax-exempt status after public reporting suggested that the organization provided material support to a terrorist organization and because the nonprofit did not show that it directed its funding exclusively for charitable purposes as required under the IRC.¹⁷

In addition to the prohibition on conducting illegal activity and acts supporting or promoting civil disobedience, the Internal Revenue Manual (“IRM”) Part 7, Chapter 20, Section 6, asserts that “[c]ases involving grants or activities in foreign countries present a higher risk of terrorism, especially in countries where there is war and civil unrest.”¹⁸ Given the language of the IRC and the IRM, and previous IRS revenue rulings, I call on the IRS to revoke the tax-exempt status of the People Media Project, which operates as *The Palestine Chronicle*.

Based on the facts and details stated above, I strongly urge the IRS to utilize its authority to execute and apply internal revenue laws, including those against tax-exempt organizations that fail to comply with the requirements needed to maintain tax-exempt status. Based on what is currently known, it is hard to imagine a result short of revocation of the People Media Project’s tax-exempt status. If you have any questions, please contact Sean Clerget of the Ways and Means Majority Committee staff at (202) 225-3625.

Sincerely,



Jason Smith
Chairman
Committee on Ways and Means

¹² See 26 U.S.C. § 501(c)(3).

¹³ Internal Revenue Service, Revenue Ruling 75-384, <https://www.irs.gov/pub/irs-tege/eotopicj85.pdf>.

¹⁴ *Id.*

¹⁵ Justin Chung, *Suspending the Tax-Exempt Status of Terrorist and Terrorist Supporting Organizations: H.R. 6408 in Context*, CONGRESSIONAL RESEARCH SERVICE (June 7, 2024), <https://crsreports.congress.gov/product/pdf/LSB/LSB11176>.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Internal Revenue Manual, Part 7, Chapter 20, Section 6.2.1.2 (07-07-2022), https://www.irs.gov/irm/part7/irm_07-020-006.