

Congress of the United States

Washington, DC 20515

March 3, 2015

The Honorable John A. Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, DC 20224

Dear Commissioner Koskinen:

The Department of State recommended in a February 23, 2015 letter that we contact you to express our strong concerns over recent media reports describing the apparent efforts of a 26 U.S.C. 501(c)(3) tax-exempt organization's use of resources to influence the outcome of the upcoming Israeli elections. Such efforts would clearly violate the absolute prohibition against the direct participation of Section 501(c)(3) organizations in political campaigns. With Israeli elections about two weeks away, and the serious foreign policy implications of the activity in question, we would like quick answers to time-sensitive questions.

The formal name of the organization of concern is The PeaceWorks Network Foundation, but it operates under various names, including OneVoice Israel, OneVoice Palestine, the OneVoice Movement, and most commonly, just OneVoice. According to one recent report, OneVoice is working closely with a foreign campaign operation called "Victory 2015" or "V15" that has been established with the help of Jeremy Bird, President Obama's former National Field Director (2012), and monetary support from OneVoice.¹ The stated objective of V15's efforts is to "replace the government" of Israel in the Israeli elections that are currently scheduled for March 17, 2015. It is reported that the "money and organization" for this effort "comes from V15's partnership with OneVoice," and that "OneVoice is expected to merge with V15 before the March 17 election."² On January 27, 2015, OneVoice announced its formal partnership with V15 in a press release.³

Other media reports indicate that OneVoice "helped build the social network group [V15] into a proper campaign organization,"⁴ and that "OneVoice has and still supports, according to statements it has also issued on its own behalf, the V15 campaign intended to topple Prime

¹ Roy Arad, *The Obama Campaign Strategist Who Could Break the Israeli Election Wide Open*, Haaretz (Jan. 26, 2015). Bird continues to be engaged in campaign activities in the United States. See, e.g., Nicholas Confessore and Amy Chozik, *Emerging Hillary Clinton Team Shows Signs of Disquiet*, New York Times (Feb. 10, 2015) (identifying Bird as part of emerging Hillary Clinton presidential campaign team).

² Roy Arad, *The Obama Campaign Strategist Who Could Break the Israeli Election Wide Open*, Haaretz (Jan. 26, 2015).

³ PRNewswire, *OneVoice Israel Partners with V15 to Change Status Quo* (Jan. 27, 2015), available at www.prnewswire.com/news-releases/onevoice-israel-partners-with-v15-to-change-status-quo-300026229.html (last viewed Mar. 3 2015).

⁴ Joshua Mitnick, *Big Data Comes to Israeli Politics*, The Jewish Weekly (Feb. 4, 2015).

Minister Benjamin Netanyahu, openly and declaratively.”⁵ Another source has reported that one of the founders of V15 confirmed in an interview that V15 receives financial support from OneVoice:

V15 itself says that it is supported by the OneVoice organization. Nimrod Dweck, one of the founders of V15, told Israel’s *Channel 2* anchor, Keren Neubach, that “OneVoice writes our receipts. **They are our legal-organizational conduit.**”⁶ (emphasis added)

Of course, private American citizens are free to engage in political activities according to their inclinations. It is not the role of the IRS to limit the free speech protections of the First Amendment or target organizations for their political beliefs. But in this case, OneVoice has not only received State Department grant funding for its activities, but is also potentially using its grant funding to directly impact a foreign election, and that, on its face, violates its status with the IRS.

As you know, the Internal Revenue Code clearly states that organizations that are exempt from the collection of income tax under Section 501(c)(3) may “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.” This is an absolute prohibition, and the tax-exempt status of any organization that violates it is subject to revocation.

Importantly, this prohibition is not just limited to political activities in the United States, but applies to foreign political activities as well.⁷ Although this revenue ruling deals only with foreign lobbying activities, the IRS has interpreted its rationale to apply equally to foreign elections.⁸

This long-standing IRS position was confirmed in an August 2011 IRS webinar presented by two IRS representatives in a specific discussion about the rules applicable to Section 501(c)(3) organizations that engage in activities in foreign countries. The speakers stated that

[g]enerally the same 501(c)(3) rules apply regardless of whether the activities are conducted in the United States or abroad.

For example, every 501(c)(3) organization must keep in mind that: . . . [i]t must not participate or intervene in political campaigns for public office.

⁵ Mati Tuchfeld and Hezi Sternlicht, *V15 Bid to Unseat Netanyahu Linked to US Based OneVoice*, Israel Hayom (Feb. 2, 2015).

⁶ Kalman Liebeskind, *Op-Ed: Israeli Press: Why I Will Vote Likud for the First Time*, Arutz Sheva 7 (Feb. 8, 2015).

⁷ See Rev. Rul. 73-440, 1973-2 C.B. 177.

⁸ For example, an IRS training guidance document states that “the restriction against lobbying and the prohibition against political activity on behalf of or in opposition to a candidate for elective public office (electioneering) exist in a foreign context as well,” and that “the term ‘legislation’ includes foreign as well as domestic laws, for purposes of the IRC 501(c)(3) lobbying restriction.” See generally 1992 EO CPE Text, K. FOREIGN ACTIVITIES OF DOMESTIC CHARITIES AND FOREIGN CHARITIES by James F. Bloom, Edward D. Luft, and John F. Reilly (not paginated), available at <http://www.irs.gov/pub/irs-tege/eotopick92.pdf> (last viewed Mar. 3, 2015).

A 501(c)(3) organization is prohibited from directly or indirectly participating or intervening in a political campaign for a candidate for public office – **foreign or domestic**. Unlike lobbying, this prohibition is absolute. **The IRS treats overseas and domestic activity alike for purposes of granting or revoking tax-exempt status**. Contributions to political campaign funds, or public statements made on behalf of the organization for or against any candidate for public office, are clear violations. **A 501(c)(3) organization that makes a contribution to a foreign candidate's campaign for president or that supports candidates for a foreign parliament would be breaking the rules.**⁹ (emphasis added)

Based solely on public domain information, the nature of OneVoice's activities in Israel at this time appear to be overtly political, and its involvement with, and connections to, V15 raise an array of additional questions of propriety and legality. Additional, rapid feedback is required to ensure compliance with federal law.

In light of the above, we request that the IRS undertake the following preservation efforts, effective immediately:

- 1) Preserve all documents and records, including e-mail, e-mail-based calendar appointments, electronic documents, and other electronic data (electronic records), created since the date of The PeaceWorks Network Foundation's request for non-profit organization status under Section 501(c)(3) of the Internal Revenue Code that relate to OneVoice. For the purposes of this request, "preserve" means taking reasonable steps to prevent the partial or full destruction, alteration, testing, deletion, shredding, incineration, wiping, relocation, migration, theft, or mutation of electronic records, as well as negligent or intentional handling that would make such records incomplete or inaccessible.
- 2) Exercise reasonable efforts to identify and notify former Treasury employees and contractors, subcontractors, and consultants who may have access to such electronic records that they are also to be preserved.
- 3) If it is the routine practice of any Treasury component, employee, or contractor to destroy or otherwise alter such electronic records, either halt such practices immediately, or arrange for the preservation of complete and accurate duplicates or copies of such records, suitable for production if requested.

We also request that the IRS answer the following questions and provide the following information no later than March 9, 2015.

- 1) A copy of The PeaceWorks Network Foundation's Section 501(c)(3) application (or the Section 501(c)(3) application of any component or subsidiary organizations' of

⁹ IRS Webinar, "International Activities of Domestic Charitable Organizations," Mary Jo Salins and Ward Thomas (July 20, 2011), *available at* <http://www.irsvideos.gov/InternationalActivitiesDomesticCharitableOrgs/files/Transcript.pdf> (last viewed Mar. 3, 2015).

The PeaceWorks Network Foundation, including any of the “OneVoice” organizations’).

- 2) A copy of The PeaceWorks Network Foundation’s (or any component or subsidiary organizations’, including any of the “OneVoice” organizations’) Internal Revenue Service Form 1023 and related documentation.¹⁰
- 3) IRS’s position on whether The PeaceWorks Network Foundation’s (or any component or subsidiary organizations’, including any of the “OneVoice” organizations’) activities, as discussed in the provided public domain news accounts, indicate that the organization may be engaged in political activity.
- 4) IRS’s position on whether it considers The PeaceWorks Network Foundation’s (or any component or subsidiary organizations’, including any of the “OneVoice” organizations’) political activities violate its tax-exempt status as a non-profit organization under 26 U.S.C. 501(c)(3).
- 5) IRS’s position on whether The PeaceWorks Network Foundation’s (or any component or subsidiary organizations’, including any of the “OneVoice” organizations’) activities, including its partnership with the foreign campaign organization known as Victory 2015 (V15) violate either Section 501(c)(3) of the Internal Revenue Code, any other provision of the Internal Revenue Code, or any other federal statute or regulation.
- 6) Any additional information in IRS’s position about how The PeaceWorks Network Foundation (or any component or subsidiary organizations, including any of the “OneVoice” organizations’) spends its funds, including any voluntary or involuntary financial reporting information.
- 7) What, if any, steps IRS is taking to investigate The PeaceWorks Network Foundation’s (or any component or subsidiary organizations’, including any of the “OneVoice” organizations’) potential engagement in political activities, as described above.

If you have any questions regarding any aspect of this request, please contact our respective offices before March 9, 2015.

Sincerely,



Sen. Ted Cruz
Member of Congress



Rep. Lee Zeldin
Member of Congress

¹⁰ See generally <http://www.irs.gov/pub/irs-pdf/f1023.pdf> (last viewed Mar. 3, 2015).