



U.S. House of Representatives

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

April 24, 2024

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

Dear Commissioner Werfel:

We write with growing concern surrounding the influence of America’s foreign adversaries, including the Chinese Communist Party (“CCP”), on U.S.-based tax-exempt organizations. Our concerns stem in part from recent public reporting that identifies several specific tax-exempt organizations that promote CCP propaganda and related initiatives. These include the U.S.-based Energy Foundation and The People’s Forum, among others.¹ We are concerned about how these tax-exempt organizations are funded and whether they are being operated for exempt purposes under Section 501 of the Internal Revenue Code.

Recent reports shed light on the Energy Foundation’s significant ties to the CCP.² Although the organization claims to be headquartered in California, filed tax forms show the group refers to itself as “Energy Foundation China,” and reports suggest that the majority of its operations are conducted in China with a staff that has substantial connections to the CCP – including its CEO and President who previously served as the deputy director general of China’s National Center for Climate Change Strategy.³ Even more concerning is the fact that this group contributed \$3.8 million to promote “green” energy policies that would increase our country’s dependence on Chinese minerals and materials.⁴ Not only do these activities raise serious national security concerns, but they also raise questions about whether organizations like this receive foreign funding from America’s adversaries and whether the Internal Revenue Service (“IRS”) is conducting oversight of entities like these.

¹ Thomas Catenacci & Joe Schoffstall, *CCP-tied group is quietly fueling US-based climate initiatives: tax filings*, FOX NEWS (Dec. 18, 2023), <https://www.foxnews.com/politics/ccp-tied-group-quietly-fueling-us-based-climate-initiatives-tax-filings>; Mara Hvistendahl, David A. Fahrenthold, et. al., *A Global Web of Chinese Propaganda Leads to a U.S. Tech Mogul*, NEW YORK TIMES (Aug. 10, 2023), <https://www.nytimes.com/2023/08/05/world/europe/neville-roy-singham-china-propaganda.html>.

² Thomas Catenacci & Joe Schoffstall, *CCP-tied group is quietly fueling US-based climate initiatives: tax filings*, FOX NEWS (Dec. 18, 2023), <https://www.foxnews.com/politics/ccp-tied-group-quietly-fueling-us-based-climate-initiatives-tax-filings>.

³ *Id.*

⁴ *Id.*

The Energy Foundation is far from alone. Look no further than the activities of tech mogul Roy Singham who owns and operates a complex network of American-based, tax-exempt nonprofits that, according to *The New York Times*, “defends China and pushes its propaganda.”⁵ Mr. Singham works in Shanghai and shares office space with Maku Group, a Chinese media company which “says its goal is to ‘tell China’s story well,’ a term commonly used for foreign propaganda.”⁶ One of Mr. Singham’s nonprofits has sent nearly \$1.8 million to the Maku Group.⁷

Mr. Singham is actively fueling CCP propaganda and financing indoctrination efforts abroad by providing hundreds of millions of dollars to groups that mix progressive advocacy with CCP talking points.⁸ Despite this foreign activity and engagement with CCP-tied organizations across the world, Mr. Singham’s American-based nonprofit organizations continue to do business as usual, supporting political activity and pro-CCP propaganda.⁹ These political activities include those believed or intended to influence Americans about the political or public interests, policies, or relations of a foreign government.¹⁰ Given the reporting from *The New York Times* which says that Mr. Singham works closely “with the Chinese government media machine and is financing its propaganda worldwide” and that he even attended a CCP propaganda forum in July 2023, it is unclear how Mr. Singham, his entities, and the U.S.-based individuals associated with his entities are being funded.¹¹

Such connections to suspicious activity involving tax-exempt organizations and propaganda do not end there. The People’s Forum, another 501(c)(3) organization funded by Mr. Singham, was recently at the center of a series of massive antisemitic events in the wake of the Hamas attacks on October 7, 2023.¹² These events, which featured protestors brandishing antisemitic images¹³ and antisemitic chants like, “from the river to the sea, Palestine will be free,”¹⁴ were only a few in a series of hateful, propaganda fueled events supported by The People’s Forum. In a hearing before the Ways and Means Committee titled, *From Ivory Towers to Dark Corners: Investigating the Nexus Between Antisemitism, Tax-Exempt Universities, and Terror Financing*, one witness, Noa Tishby, explained the meaning of the slogan popular among

⁵ Mara Hvistendahl, David A. Fahrenthold, et. al., *A Global Web of Chinese Propoganda Leads to a U.S. Tech Mogul*, NEW YORK TIMES (Aug. 10, 2023), <https://www.nytimes.com/2023/08/05/world/europe/neville-roy-singham-china-propaganda.html>.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ Mara Hvistendahl, David A. Fahrenthold, et. al., *A Global Web of Chinese Propoganda Leads to a U.S. Tech Mogul*, NEW YORK TIMES (Aug. 10, 2023), <https://www.nytimes.com/2023/08/05/world/europe/neville-roy-singham-china-propaganda.html>; 22 U.S.C. § 611(c).

¹⁰ 22 U.S.C. § 611(c); 22 U.S.C. § 611(o)

¹¹ Mara Hvistendahl, David A. Fahrenthold, et. al., *A Global Web of Chinese Propoganda Leads to a U.S. Tech Mogul*, NEW YORK TIMES (Aug. 10, 2023), <https://www.nytimes.com/2023/08/05/world/europe/neville-roy-singham-china-propaganda.html>.

¹² Deirdre Bardolf, *Orgs with China ties used NYC students in anti-Israel propaganda*, NEW YORK POST (Dec. 2, 2023), <https://nypost.com/2023/12/02/metro/student-walkout-influenced-by-chinese-community-party-tied-org/>.

¹³ Luke Tress, *Chanting ‘700,’ pro-Palestinian activists in New York fete Hamas attack*, The Times of Israel (Oct. 9, 2023), <https://www.timesofisrael.com/pro-palestinians-celebrate-hamas-attack-as-israel-supporters-rally-in-new-york/>.

¹⁴ Deirdre Bardolf, *Orgs with China ties used NYC students in anti-Israel propaganda*, NEW YORK POST (Dec. 2, 2023), <https://nypost.com/2023/12/02/metro/student-walkout-influenced-by-chinese-community-party-tied-org/>.

demonstrators: “[w]hen people say, ‘from the river to the sea, Palestine will be free,’ they mean...ethnically cleansing the Jews from their ancestral land.”¹⁵ Even worse, in January 2024, Executive Director of The People’s Forum, Manolo De Los Santos, refused to apologize for comments that some labeled as “Nazi rhetoric.”¹⁶

Unfortunately, foreign nationals taking advantage of tax-exempt organizations is not news to the Ways and Means Committee. During recent congressional hearings, we heard from witnesses that warned about the role foreign adversaries like the CCP are playing in the political process and manipulating the operations of tax-exempt nonprofits located in the U.S. For example, during a recent Ways and Means Oversight Subcommittee hearing on the growth of the tax-exempt sector and its impact on the American political landscape, we heard from witnesses about how money from foreign nationals given to tax-exempt charities is influencing elections and how foreign adversaries are taking advantage of loopholes to impact American political activity with little-to-no transparency.¹⁷ These revelations not only raise serious concerns about foreign adversaries’ roles in our elections here in America, but also expose the lack of transparency and the loopholes that, if closed, could deter this type of behavior.

During another Committee hearing, we heard similar concerns from witnesses who shared how foreign adversaries may be taking advantage of, and actively working with, U.S.-based nonprofits to support terrorist activities and how they may have financed Hamas in the lead up and wake of the horrific October 7th attacks.¹⁸ Specifically, witnesses brought to the Committee’s attention the lack of transparency regarding foreign support for American-based nonprofits and similar ambiguity surrounding American donations that are funneled to foreign adversaries engaging in terrorism and other anti-American behavior.¹⁹

While we were previously aware of a lack of transparency in this space, it was incredibly concerning to hear about the loopholes foreign adversaries are taking advantage of to the detriment of the American people. As such, we request responses to the following questions by May 8, 2024:

¹⁵ H. Comm. On Ways and Means, *Hearing: From Ivory Towers to Dark Corners: Investigating the Nexus Between Antisemitism, Tax-Exempt Universities, and Terror Financing* (Nov. 15, 2023), <https://waysandmeans.house.gov/event/hearing-from-ivory-towers-to-dark-corners-investigating-the-nexus-between-antisemitism-tax-exempt-universities-and-terror-financing/>.

¹⁶ Aneeta Bhole, *Anti-Israel organization leader who received ‘millions’ from Goldman Sachs refuses to apologize for ‘Nazi Rhetoric,’* NEW YORK POST (Jan. 18, 2024), <https://nypost.com/2024/01/18/metro/anti-israel-org-leader-refuses-to-apologize-for-nazi-rhetoric/>.

¹⁷ H. Comm. On Ways and Means, *Oversight Subcommittee Hearing: The Growth of the Tax-Exempt Sector and the Impact on the American Political Landscape* (Dec. 13, 2023), <https://waysandmeans.house.gov/event/oversight-subcommittee-hearing-on-growth-of-the-tax-exempt-sector-and-the-impact-on-the-american-political-landscape/>.


¹⁸ H. Comm. On Ways and Means, *Hearing: From Ivory Towers to Dark Corners: Investigating the Nexus Between Antisemitism, Tax-Exempt Universities, and Terror Financing* (Nov. 15, 2023), <https://waysandmeans.house.gov/event/hearing-from-ivory-towers-to-dark-corners-investigating-the-nexus-between-antisemitism-tax-exempt-universities-and-terror-financing/>.

¹⁹ *Id.*

1. Does the IRS currently receive information that would allow it to know whether The People's Forum and/or the Energy Foundation receive funding from foreign sources like the CCP?
 - If yes, please explain where such information is reported and how the IRS obtains it.
 - If no, why is the IRS not aware of the funding sources for nonprofit organizations under its purview, including The People's Forum and/or the Energy Foundation?
2. Does the IRS have a definition of antisemitism in place within the agency that it considers when evaluating the claimed exempt purpose of a tax-exempt organization?
3. What processes does the IRS use to determine whether a tax-exempt organization is, in practice, engaged in the exempt purpose it described at the time of application?
4. If in practice a tax-exempt organization operates to promote conduct that is counter to public policy, is that grounds for revocation of tax-exempt status?
5. Has the IRS reviewed the public reporting in *The New York Times* regarding Mr. Singham's use of tax-exempt organizations for the purpose of promoting CCP propaganda around the world?
6. Does the IRS conduct randomized reviews of organizations with existing tax-exempt status to determine whether such organizations are satisfying the legal requirements of such status?
7. Does the IRS accept and investigate referrals of organizations that members of the public believe are primarily engaged in conduct that is outside their stated exempt purpose?
 - Please describe the process for submitting such a referral.
8. As described above, the CCP provides financial support for the Energy Foundation, which is mentioned in their tax filings. When the IRS becomes aware of this type of financial relationship, does that prompt an investigation? If so, please explain how that process works. If not, please explain why.

Thank you in advance for your time and responses. If you have any questions, please contact the Ways and Means Majority Committee staff at (202) 225-3625.


Sincerely,



Jason Smith
Chairman
Committee on Ways and Means



Vern Buchanan
Member of Congress




Adrian Smith
Member of Congress



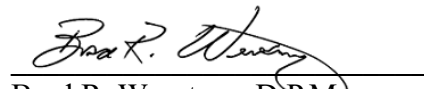
Mike Kelly
Member of Congress



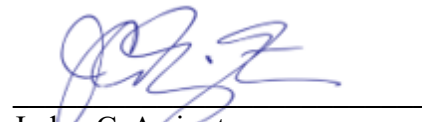
David Schweikert
Member of Congress



Darin LaHood
Member of Congress



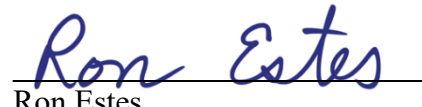
Brad R. Wenstrup, D.P.M.
Member of Congress



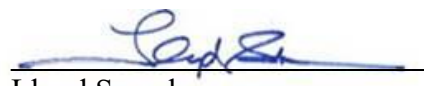
Jodey C. Arrington
Member of Congress




A. Drew Ferguson, IV
Member of Congress



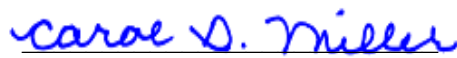
Ron Estes
Member of Congress



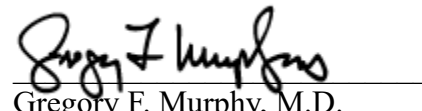
Lloyd Smucker
Member of Congress



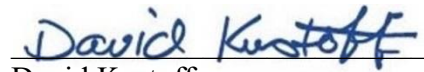
Kevin Hern
Member of Congress



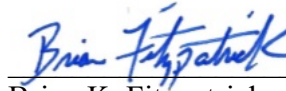
Carol D. Miller
Member of Congress



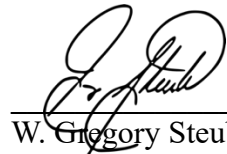
Gregory F. Murphy, M.D.
Member of Congress



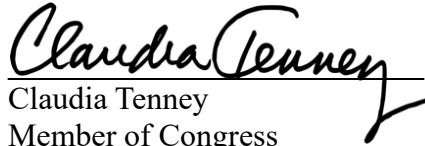
David Kustoff
Member of Congress



Brian K. Fitzpatrick
Member of Congress



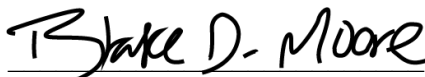
W. Gregory Steube
Member of Congress



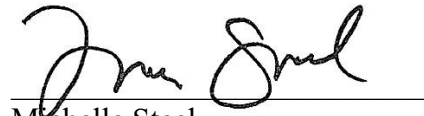
Claudia Tenney
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Michelle Fischbach
Member of Congress



Blake D. Moore
Member of Congress



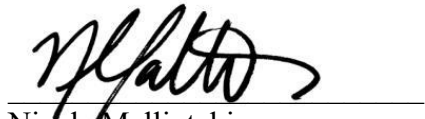
Michelle Steel
Member of Congress



Beth Van Duyne
Member of Congress



Randy Feenstra
Member of Congress



Nicole Malliotakis
Member of Congress



Mike Carey
Member of Congress