Written by Jack Kenny on May 15, 2013



Cincinnati IRS Gave Applications of Conservative Groups to Liberal Journal

The same IRS office that targeted conservative groups applying for tax-exempt status released pending applications from nine such groups to the liberal news source ProPublica late last year, according to a <u>story</u> on the journal's website.

ProPublica had requested the applications of 67 nonprofits, and the IRS office in Cincinnati sent applications or documentation of 31 groups to the publication, described on its website as "an independent, non-profit newsroom that produces investigative journalism in the public interest." Nine of them had not yet been approved, which means, according to federal law, they were not supposed to be made public. ProPublica published six of them anyway, with the financial information redacted.



The materials were sent from the Cincinnati IRS office to ProPublica's New York address on November 28, 2012. The cover letter was signed by Cindy Thomas, manager for exempt organizations determinations.

"Dear Sir or Madam," the letter began. "This is in response to your November 14, 2012 request for copies of (see attachments). Enclosed are the copies you requested."

"If you have any questions, please call us at the telephone number shown at the heading of this letter." The contact person listed was Sophia Brown at 879-829-5500. ProPublica said it tried to contact both Thomas and Brown for the article, but was unable to reach them. They did contact IRS officials by e-mail, however, and were told the materials should not have been sent and their publication would be in violation of federal law.

"It has come to our attention that you are in receipt of application materials of organizations that have not been recognized by the IRS as tax-exempt," wrote IRS spokeswoman Michelle Eldridge. Eldridge warned that "publishing unauthorized returns or return information is a felony punishable by a fine of up to \$5,000 and imprisonment of up to five years, or both."

Richard Tofel, then the general manager and now president of the publication, disputed that claim. "ProPublica believes that the information we are publishing is not barred by the statute cited by the IRS, and it is clear to us that there is a strong First Amendment interest in its publication."

ProPublica has published articles claiming dozens of social-welfare nonprofits had misled the IRS about their political activity. Nonprofits applying for social welfare status do not have to identify their donors and are allowed to spend money to influence elections, as long as their primary purpose is improving

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social welfare. "In 2012, nonprofits that didn't have to report their donors poured an unprecedented \$322 million into the election. Much of that money — 84 percent — came from conservative groups," ProPublica said.

One of the applications the IRS sent to the publication was from Crossroads, GPS, founded in part by Republican political consultant Karl Rove, former political advisor to President George W. Bush. Crossroads assured the IRS that its effort to influence elections would be limited, before spending \$70 million from anonymous donors in 2012, ProPublica said.

Five other social welfare groups that told the IRS their election-related spending would be limited spent more than \$5 million on the 2012 election, most of it in support of Republican presidential candidate Mitt Romney, ProPublica said. The groups are Americans for Responsible Leadership, Freedom Path, Rightchange.com II, America Is Not Stupid, and A Better America Now.

ProPublica was founded in 2007 by Paul Steiger, former managing editor of the *Wall Street Journal*. It began publication in 2008. The non-profit publication was launched with the financial backing of the Sandler Foundation, supported by former World Savings Bank CEO Herb Sandler and his wife, Marilyn Sandler. The Sandlers are "top donors to progressive movements and institutions," according to Patrick Howley at the the conservative website <u>Daily Caller</u>.

"Despite a massive endowment provided by progressive movement titans, the website for the liberal nonprofit group attracted an average of only 348,000 unique visitors per month in 2011, making it unclear why the IRS would leak the info to that outlet," Howley wrote.



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