

July 23, 2015

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

By electronic mail (IRS.Commissioner@IRS.gov) and First Class mail

Re: Complaint Against The Center for Medical Progress

Dear Commissioner Koskinen:

Citizens for Responsibility and Ethics in Washington (“CREW”) respectfully requests the Internal Revenue Service (“IRS”) investigate whether the Center for Medical Progress (“Center”) violated federal law by misrepresenting its planned activities in its application for tax-exempt status under section 501(c)(3) of the Internal Revenue Code.¹ The Center appears to have told the IRS under penalty of perjury it would engage in activities related to biomedicine or bioengineering when it actually intended to make public communications designed to vilify providers of reproductive health services.

The Center for Medical Progress’s Activities and Public Representations

The Center for Medical Progress is a California-based corporation formed in March 2013.² The Center applied for tax-exempt status under section 501(c)(3) later in 2013, and the IRS granted that status in December 2013.³ All applications for tax-exempt status are filed under penalty of perjury.⁴ David Daleiden founded the organization and is its “project leader.”⁵

On its website, the Center currently asserts it is “a group of citizen journalists dedicated to monitoring and reporting on medical ethics and advances.”⁶ The group further claims:

¹ CREW submits this letter in lieu of Form 13909; a copy is being sent to the Dallas office.

² California Secretary of State, Business Entity Detail for the Center for Medical Progress, *available at* <http://kepler.sos.ca.gov/> and attached as Exhibit A.

³ IRS, Exempt Organizations Business Master File Extract, California, viewed July 21, 2015. The extract can be retrieved at <http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Business-Master-File-Extract-EO-BMF>, and a chart showing the data for the Center for Medical Progress is attached as Exhibit B (“Center BMF Extract Data”).

⁴ IRS, Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, at 12, *available at* <http://www.irs.gov/pub/irs-pdf/f1023.pdf>.

⁵ The Center for Medical Progress website, “Speakers” page, *available at* <http://www.centerformedicalprogress.org/speakers/>.

⁶ The Center for Medical Progress website, “About Us” page, *available at* <http://www.centerformedicalprogress.org/about-us/>.

We are concerned about contemporary bioethical issues that impact human dignity, and we oppose any interventions, procedures, and experiments that exploit the unequal legal status of any class of human beings. We envision a world in which medical practice and biotechnology ally with and serve the goods of human nature and do not destroy, disfigure, or work against them.⁷

Despite these current assertions, the Center misled the public about its mission and activities until approximately one week ago. A version of the Center's website archived on February 4, 2015 instead states:

The Center for Medical Progress is a non-profit organization dedicated to informing and educating both the lay public and the scientific community about the latest advances in regenerative medicine, cell-based therapies, and related disciplines. We take a special interest in the lab-to-clinic translational dynamic and tracking its implications for academics, advocacy, private sector players, and the individual patient.

We strive to present a comprehensive aggregation of cutting-edge news content and useable insights. We hope to bridge the gap between scientific discovery and public awareness.⁸

The Center further solicited tax-deductible contributions from the public based on this representation of its mission.⁹

Apparently in pursuit of its true mission, the Center deceived the public starting in 2013 by establishing a phony company that represented it procured biological tissue for academic and private bioscience researchers,¹⁰ even registering the company with the California Secretary of State.¹¹ Employees or agents of the Center, pretending to be buyers for the company, then secretly videotaped meetings with representatives of Planned Parenthood.¹² In an attempt to make it appear that "Planned Parenthood sells the body parts of aborted fetuses" in violation of

⁷ *Id.*

⁸ Center for Medical Progress website, "About Us" page, archived version available at <https://web.archive.org/web/20150204181350/http://centerformedicalprogress.org/about-us/> and attached as Exhibit C.

⁹ Center for Medical Progress website, "Donate" page, archived version available at <https://web.archive.org/web/20150204191954/http://centerformedicalprogress.org/donate/> and attached as Exhibit D.

¹⁰ BioMax Procurement Services, LLC website, "Company" page, archived version available at <http://webcache.googleusercontent.com/search?q=cache:SxAA3Tk6xS0J:www.biomaxps.com/company/+&cd=1&hl=en&ct=clnk&gl=us> and attached as Exhibit E. The Center apparently has now taken down the website of the bogus company, see <http://www.biomaxps.com/company/>.

¹¹ California Secretary of State, Business Entity Detail for Biomax Procurement Services, LLC, available at <http://kepler.sos.ca.gov/> and attached as Exhibit F.

¹² Jackie Calmes, *Video Accuses Planned Parenthood of Crime*, *New York Times*, July 15, 2015, available at http://www.nytimes.com/2015/07/15/us/video-accuses-planned-parenthood-of-crime.html?_r=0.

federal law,¹³ the Center deceptively edited the videotapes before releasing them to the public, according to news analysts.¹⁴

The Center for Medical Progress's Apparent Representations to the IRS

CREW has requested, but has not yet obtained, a copy of the Center's Form 1023 application for tax-exempt status.¹⁵ It appears, however, that the Center made false or deceptive statements to IRS on the application.

When the IRS approves an organization's application for tax-exempt status, it assigns the group a National Taxonomy of Exempt Entities ("NTEE") code classifying the organization.¹⁶ The assigned NTEE code denotes the specific type of activities an organization conducts. The codes are first broken down into broad issue classes, such as "Arts, Culture, and Humanities" and "Education."¹⁷ The codes are further broken down into specific categories. The "Education" category, for example, includes categories for "Primary, Elementary Schools," "Community or Junior Colleges," "Libraries," and "Alumni Associations."¹⁸

The IRS determines which code to assign an organization based on the description the group provides in its application.¹⁹ In deciding which code to assign to an approved tax-exempt organization, the IRS directs its determination specialists to the website of the National Center for Charitable Statistics ("NCCS"), which created the codes.²⁰

The IRS assigned the Center the NTEE code G92.²¹ The "G" code represents the broad "Diseases, Disorders, Medical Disciplines" category, and "G92" is specifically for "Biomedicine, Bioengineering."²² The IRS does not explain the code further, but the NCCS website provides the G92 code is for "[o]rganizations that represent physicians who have

¹³ Planned Parenthood's Top Doctor, Praised By CEO, Uses Partial-Birth Abortions To Sell Baby Parts, Center for Medical Progress blog post, July 14, 2015, available at <http://www.centerformedicalprogress.org/2015/07/planned-parenthoods-top-doctor-praised-by-ceo-uses-partial-birth-abortions-to-sell-baby-parts/>.

¹⁴ See, e.g., Robin Abcarian, Undercover Video Sting Of Planned Parenthood Is Off-Base, As Usual, *Los Angeles Times*, July 16, 2015, available at <http://www.latimes.com/local/abcarian/la-me-ra-attacks-on-planned-parenthood-20150716-column.html#page=1>; Petula Dvorak, Planned Parenthood Deserves To Be Supported, Not Attacked, *Washington Post*, July 16, 2015, available at http://www.washingtonpost.com/local/planned-parenthood-deserves-to-be-supported-not-attacked/2015/07/16/373c8f58-2bba-11e5-a5ea-cf74396e59ec_story.html.

¹⁵ CREW requested a copy from the Center via email on July 21, 2015. The Center has not responded to CREW's request. CREW further filed a Form 4506-A request for a copy of the application with the IRS on July 21, 2015.

¹⁶ National Center for Charitable Statistics, National Taxonomy of Exempt Entities, NTEE Core Codes (NTEE-CC), History, available at <http://nccs.urban.org/classification/NTEE.cfm>.

¹⁷ IRS, Exempt Organizations Business Master File Extract (EO BMF) Information Sheet, available at http://www.irs.gov/pub/irs-soi/eo_info.pdf.

¹⁸ *Id.*

¹⁹ National Center for Charitable Statistics, National Taxonomy of Exempt Entities, NTEE Core Codes (NTEE-CC), History.

²⁰ *Id.*; Internal Revenue Manual, 7.20.2.13.1.

²¹ Center BMF Extract Data, NTEE_CD column.

²² IRS, Exempt Organizations Business Master File Extract (EO BMF) Information Sheet.

advanced training in the development, implantation and utilization of cardiac pacemakers, cochlear implants and other hearing aids, artificial limbs and joints and other similar devices,” and says the keywords for the category are “Biomedical Engineering; Biomedicine; Clinical Engineering; Rehabilitation Engineering.”²³ Other organizations assigned code G92 include the Biophysical Society, the Biomedical Engineering Society, and the Society for Biomaterials.²⁴

The NTEE includes specific codes for the types of activities the Center in fact intended to (and has) engaged in. The “R” code is for “Civil Rights, Social Action, Advocacy” groups, and R62 is the specific code for “Right to Life” organizations.²⁵ Organizations such as Americans United for Life and the National Right to Life Committee Educational Trust Fund are assigned category R62.²⁶ In fact, the Center’s founder, Mr. Daleiden, previously worked for Live Action, another organization assigned category R62.²⁷ The Center also is not a genuine journalism group, but if it were, it likely would be assigned code A30 (“Media, Communications Organizations”) or A33 (“Printing, Publishing”).²⁸

The assignment of code G92 strongly suggests the Center misrepresented its planned activities to the IRS. If the Center truthfully told the IRS it intended to make and release secretly-filmed videos in an attempt to disparage providers of reproductive health services, it is highly unlikely that the IRS would have assigned the Center the code for biomedicine and bioengineering. By contrast, the G92 code might be appropriate for an organization “dedicated to informing and educating both the lay public and the scientific community about the latest advances in regenerative medicine, cell-based therapies, and related disciplines,” as the Center represented on the earlier, misleading version of its website. Accordingly, it appears likely the Center misrepresented its intended activities to the IRS, as it did in establishing the phony company and registering it with California, and in putting up a website that misled the public and solicited contributions based on that deception.

Violations

26 U.S.C. § 7206

Under the federal tax code, any person who “[w]illfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter,” is guilty of a felony and subject to up to three years in prison and a fine of up to \$100,000.²⁹ Statements on a Form 1023 application for tax-exempt status about an organization’s planned activities are material because those representations are central to the

²³ See <http://nccsweb.urban.org/PubApps/ntecSearch.php?returnElement=&popup=0&code=G&codeType=NTEE>.

²⁴ See <http://nccsweb.urban.org/PubApps/showOrgsByCategory.php?close=1&ntee=G92>.

²⁵ IRS, Exempt Organizations Business Master File Extract (EO BMF) Information Sheet.

²⁶ <http://nccsweb.urban.org/PubApps/showOrgsByCategory.php?close=1&ntee=R62>.

²⁷ *Id.*

²⁸ IRS, Exempt Organizations Business Master File Extract (EO BMF) Information Sheet.

²⁹ 26 U.S.C. § 7206(1).

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IRS's determination of whether an organization is entitled to tax-exempt status. They enable the IRS to make an initial evaluation of the application, decide whether to request additional information from the applicant, and make a final determination.

The IRS's assignment of NTEE code G92 to the Center – a code unrelated to its actual planned activities – makes it likely the group made material representations about its planned activities on its application for tax-exempt status that it did not believe to be correct. Based on the Center's pattern of misrepresenting its activities to the public, creating a bogus company, misleading Planned Parenthood employees, and releasing deceptively edited videos, it is highly likely any such misrepresentations would have been willful. As a result, it appears the Center violated 26 U.S.C. § 7206.

18 U.S.C. § 1001

Federal law further prohibits anyone from “knowingly and willfully” making “any materially false, fictitious, or fraudulent statement or representation” in any matter within the jurisdiction of the executive, legislative, or judicial branch.³⁰ Violations are punishable by up to five years in prison.³¹ If, as it appears, the Center knowingly and willfully made materially false representations on its Form 1023 application for tax-exempt status, it likely violated 18 U.S.C. § 1001.

Conclusion

The Center for Medical Progress appears to have intentionally misrepresented its planned activities on its application for tax-exempt status. The IRS should investigate the Center and, should it find the organization made false statements on its application, take appropriate action, including but not limited to referring this matter to the Department of Justice for prosecution. Only vigorous enforcement by the IRS will deter other organizations from making false statements in applications, tax returns, and other materials submitted to the IRS.

Thank you for your prompt attention to this matter.

Sincerely,



Noah Bookbinder
Executive Director
Citizens for Responsibility and Ethics in Washington

Encls.

³⁰ 18 U.S.C. § 1001(a)(2).

³¹ *Id.*

EXHIBIT A


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Business Entity Detail

Data is updated to the California Business Search on Wednesday and Saturday mornings. Results reflect work processed through Friday, July 17, 2015. Please refer to [Processing Times](#) for the received dates of filings currently being processed. The data provided is not a complete or certified record of an entity.

Entity Name:	THE CENTER FOR MEDICAL PROGRESS
Entity Number:	C3542043
Date Filed:	03/07/2013
Status:	ACTIVE
Jurisdiction:	CALIFORNIA
Entity Address:	15333 CULVER DR, STE 340-819
Entity City, State, Zip:	IRVINE CA 92604
Agent for Service of Process:	CATHERINE SHORT
Agent Address:	15333 CULVER DR, STE 340-819
Agent City, State, Zip:	IRVINE CA 92604

* Indicates the information is not contained in the California Secretary of State's database.

- If the status of the corporation is "Surrender," the agent for service of process is automatically revoked. Please refer to California Corporations Code [section 2114](#) for information relating to service upon corporations that have surrendered.
- For information on checking or reserving a name, refer to [Name Availability](#).
- For information on ordering certificates, copies of documents and/or status reports or to request a more extensive search, refer to [Information Requests](#).
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EXHIBIT B

Center for Medical Progress Exempt Organizations Business Master File Extract Data

EIN	NAME	ICO	STREET	CITY	STATE	ZIP	GROUP
462252984	CENTER FOR MEDICAL PROGRESS		5325 ELKHORN BLVD 305	SACRAMENTO	CA	95842-2526	0

SUBSECTION	AFFILIATION	CLASSIFICATION	RULING	DEDUCTIBILITY	FOUNDATION	ACTIVITY	ORGANIZATION	STATUS
3	3	2000	201312	1	15	0	1	1

TAX_PERIOD	ASSET_CD	INCOME_CD	FILING_REQ_CD	PF_FILING_REQ_CD	ACCT_PD	ASSET_AMT	INCOME_AMT	REVENUE_AMT
	0	0	1	0	12			

NTEE_CD	SORT_NAME
G92	

EXHIBIT C

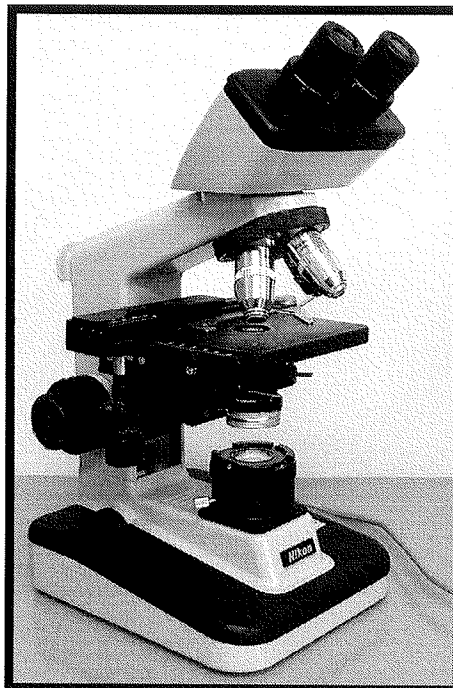
THE CENTER FOR MEDICAL PROGRESS

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About Us

The Center for Medical Progress is a non-profit organization dedicated to informing and educating both the lay public and the scientific community about the latest advances in regenerative medicine, cell-based therapies, and related disciplines. We take a special interest in the lab-to-clinic translational dynamic and tracking its implications for academics, advocacy, private sector players, and the individual patient.

We strive to present a comprehensive aggregation of cutting-edge news content and useable insights. We hope to bridge the gap between scientific discovery and public awareness.



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 conversion
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 reprogramming
 Emory ES FDA fetal fibroblast
 George Daley iPS
 ISSCR IVF
 James Thomson joint
 market marrow Michigan MS
 neural Neuralstem OHSU
 oligodendrocyte private sector repair
 replacement reprogramming
 Richard Lerner SCNT Scripps
 Stanford

EXHIBIT D

THE CENTER FOR MEDICAL PROGRESS

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The Center for Medical Progress is a non-profit corporation. Your gift of any amount will help us continue to operate.



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Case Western CIRM clinic Cytori

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conversion

direct lineage

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ISSCR IVF

James Thomson joint

market marrow Michigan MS

neural Neuralstem OHSU

oligodendrocyte private sector repair

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Richard Lerner SCNT Scripps

Stanford

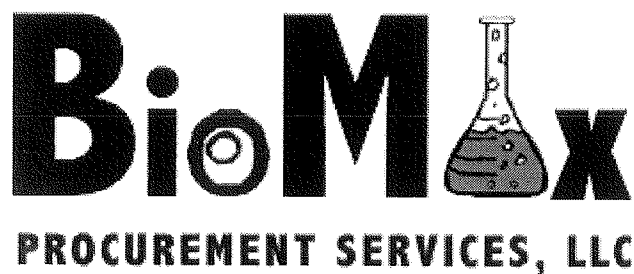
EXHIBIT E

This is Google's cache of <http://www.biomaxps.com/company/>. It is a snapshot of the page as it appeared on Jul 8, 2015 21:49:19 GMT.

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Company

BioMax Procurement Services, LLC is a biological specimen procurement organization headquartered in Norwalk, CA.

BioMax provides tissue and specimen procurement for academic and private bioscience researchers. Our commitment is to provide the highest-quality specimens with efficient, professional service to facilitate world-changing discoveries.

About our CEO

Susan Tennenbaum is a passionate patient advocate and entrepreneur with a vision to bridge the gap between routine medical practice and cutting-edge medical research. She has worked in surgical offices and patient advocacy. She founded BioMax Procurement Services to help give patients and providers an opportunity to give back and to connect medical researchers with critical biospecimens.

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Phone: 562.281.5041 Email: procurement@biomaxps.com

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Entity Name:	BIOMAX PROCUREMENT SERVICES, LLC
Entity Number:	201328910257
Date Filed:	10/11/2013
Status:	ACTIVE
Jurisdiction:	CALIFORNIA
Entity Address:	10929 FIRESTONE BLVD #246
Entity City, State, Zip:	NORWALK CA 90650
Agent for Service of Process:	(AGENT RESIGNED 07/07/2015)
Agent Address:	*
Agent City, State, Zip:	*

* Indicates the information is not contained in the California Secretary of State's database.

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- For information on checking or reserving a name, refer to [Name Availability](#).
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