

Congress of the United States
House of Representatives
Washington, DC 20515-1303

February 14, 2018

Mr. David J. Kautter
Commissioner (Acting)
Internal Revenue Service
77 K ST, NE
Washington, DC 20002

Dear Commissioner Kautter:

As you know, non-profits play an important role in American society. At their best, these organizations fight for the poor and working class, ensure a level playing field for all, and make our communities better places to live. For these reasons, non-profits are exempt from taxation. But that privileged status also comes with obligations – the leaders of these groups must not enrich themselves at their organizations' expense.

I write to call your attention to a recent Chicago Sun-Times/ProPublica story that outlines potential violations of the U.S. federal tax code by non-profit, 501(c)3 organizations under the control of John Michael Tillman, Chief Executive Officer of the Illinois Policy Institute. As a Member of Congress from Illinois, where these organizations are primarily domiciled, I am concerned that Mr. Tillman and his organizations may have violated Reg. 1.501(c)(3)-1(c)(2) – the prohibition against private inurement, as well as Reg. 1.501(c)(3)-1(d)(1)(ii) – the prohibition against private benefit.

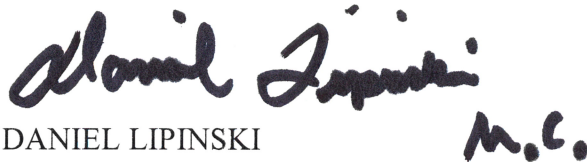
The recent Chicago Sun-Times/ProPublica investigation revealed that Think Freely Media, a 501(c)3 organization of which Mr. Tillman is the board chairman and former president, made two loans of \$60,000 and \$49,400 to Crowdskout, a for-profit corporation owned by a holding company over which Mr. Tillman exercises "majority unit control." Most concerning is the fact that the \$49,400 loan did not carry an interest rate. As you know, zero-interest loans to disqualified persons are considered a violation of the private inurement prohibition (see John Marshall Law School and John Marshall University v. United States, 81-2 USTC 9514).

Additionally, Think Freely Media reportedly made at least four grants to other non-profit organizations, which then hired for-profit marketing firms that Mr. Tillman controlled. This appears to be an attempt by Mr. Tillman to derive a private benefit from Think Freely Media's ostensibly charitable activities.

Finally, Think Freely Media has reportedly paid more than \$99,000 to Crowdskout through a "labor sharing agreement" between the two entities. Crowdskout also rented office space from for-profit companies owned by Mr. Tillman in both Chicago and Washington, D.C. Again, this appears to be an attempt to confer a private benefit to Mr. Tillman.

Federal law provides tax benefits that help non-profits pursue their agendas, including ideological agendas. What is does not allow, however, is for an individual to use a non-profit organization to inure excessive benefits to himself. I fear that is exactly what Mr. Tillman has done. Therefore, I request that you conduct a fair and thorough investigation with all due speed.

Sincerely,

A handwritten signature in dark ink, reading "Daniel Lipinski". The signature is written in a cursive, flowing style. To the right of the signature, the letters "M.C." are written in a similar cursive style.

DANIEL LIPINSKI
Member of Congress