

Sandler, Reiff, and Young, P.C.

50 E St, S.E., Suite 300

Washington, D.C. 20003

Phone: 202-479-1111

Fax: 202-479-1115

Fax

To: Ms. Nancy Stuernberg	From: Joe Sandler
Fax: (513) 263-4540	Page: 13, incl. cover
Phone:	Date: 5/30/2006
Re: CAIR – Maryland, Inc.	CC:

Ms. Stuernberg,

Please find attached statements prepared in response to your letter dated May 9, 2006 (letter no. 1312 (DO)) regarding our client Council on American-Islamic Relations – Maryland, Inc. (EIN: 04-3617757)

The signed original statements and attachments have been sent to you by UPS and it will be delivered by Wednesday morning (5/31/2006).

If you should have any questions, please do not hesitate to call our office at (202) 479-1111.

Thank you.

.....

This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure. If the reader of this message is not the intended recipient or an employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us by mail. Thank you.

SANDLER, REIFF & YOUNG, P.C.

50 E STREET, S.E., SUITE 300
WASHINGTON, DC 20003

JOSEPH E. SANDLER
sandler@sandlerreiff.com
NEIL P. REIFF
reiff@sandlerreiff.com

TELEPHONE: (202) 479-1111
FACSIMILE: (202) 479-1115

COUNSEL:
JOHN HARDIN YOUNG
young@sandlerreiff.com

May 30, 2006

Via Facsimile (w/o attachments) and UPS (w/attachments)

Internal Revenue Service
TE/GE Division
550 Main Street, Federal Bldg
Cincinnati, OH 45202

INTERNAL REVENUE SERVICE
CINCINNATI, OHIO
MAY 31 2006
RECEIVED
TEGE DIVISION

Attention: Nancy Stuerenberg
Room 4504, Group 7830

**Re: Council on American-Islamic Relations-Maryland, Inc.
EIN 04-3617757
Form 1023**

Dear Ms. Stuerenberg:

This will respond, on behalf of our client, Council on American-Islamic Relations—Maryland, Inc. (“CAIR-MD”) to the questions raised in your letter of May 9, 2006, concerning the application of CAIR-MD, on Form 1023, for recognition of tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Question 1:

The principal purposes of CAIR-MD are to engage in civil rights advocacy, interfaith work and public education. CAIR-MD has engaged, and will engage, in attempts to influence legislation, but such efforts have used, and will continue to use, only a miniscule fraction of the organization’s overall time and expenditures of funds. Thus, legislative activity has not constituted, and will not in the future constitute, anything remotely approaching a substantial part of the organization’s activities. Accordingly, the organization is herewith submitting a completed Form 5768.

We are advised that, since its inception, the organization has engaged in the following direct and grassroots lobbying activity:

In 2004, Mr. Ibrahim Moiz, who was then serving as Director of Civil Rights of the organization, testified before a committee of the Maryland House of Delegates in opposition to House Bills 40, 41, 79 and 89, which would have banned loan of a vehicle to an undocumented person, required the presence of the applicant in the U.S. to obtain a Maryland drivers' license and would have permitted local police to detain undocumented persons. The organization did not engage in any other activity with respect to these bills, or any other legislative activity. (Declaration of Seyed Rizwan Mowlana, attached hereto ("Mowlana Dec.") ¶2).

In 2005, Ms. Shama Farooq, who was then serving as Director of Civil Rights of the organization, testified twice before committees of the Maryland House of Delegates: once in opposition to House Bill 1152, which would have required teaching and use of English only; and, on a separate occasion, in opposition to House Bill 1214, which would have required the presence of an applicant in the U.S. to obtain a Maryland driver's license. Ms. Farooq met with other organizations, including the Maryland Jewish Alliance and CAS of Maryland, in an umbrella effort called Friends of New Marylanders Campaign, to coordinate grassroots lobbying in opposition to these measures. CAIR-MD sent 2 or 3 e-mails to its own list of supporters and activists asking them to contact their state legislators with respect to these bills. (Mowlana Dec. ¶3).

In 2006, Ms. Farooq met with approximately five Virginia state legislators in the state capital, Richmond, VA, to discuss Virginia House of Delegates Bill 571, which would have authorized the Virginia Governor to enter into a memo of understanding with the U.S. Department of Homeland Security and to enforce federal immigration laws using the State Police. Ms. Farooq also traveled to Richmond on a second occasion to testify in opposition to this bill before a House committee. Ms. Farooq met with other organizations, including the Maryland Jewish Alliance and CASA of Maryland, in an umbrella effort called Friends of New Marylanders Campaign, to coordinate grassroots lobbying in opposition to these measures. CAIR-MD sent 2 or 3 e-mails to its own list of supporters and activists asking them to contact their state legislators with respect to these bills.

As set forth in the Mowlana Declaration, from the organization's inception until October 2005 the time spent on these activities represented less than 5%, each year and in the aggregate for all years, of the time spent on all activities of the organization, including time spent by paid staff and volunteer; and the amount of funds spent on all of these activities did not exceed \$300 in the aggregate for all three years. (Mowlana Dec. ¶ 4).

As confirmed in the attached Declaration of Rizwan O. Jaka, current executive director of CAIR-MD ("Jaka Dec."), it is planned and expected that the organization will in the future engage in direct and grassroots lobbying on legislation in the Maryland General Assembly and Virginia Legislature, and possibly other local legislative bodies,

affecting the rights and interests of the local Muslim community; but that the organization's direct and grassroots lobbying activities in future years will not absorb more than 5% of the organization's funds nor more than 5% of the time spent on all organization activities, including volunteer labor. (Jaka Dec. ¶3).

Question 2:

CAIR-MD has not participated or intervened in any political campaign on behalf of or in opposition to any candidate for public office.

A. Communications Regarding Maryland Delegate Don Dwyer

Your letter refers to an "Action Alert" posted on the organization's website in April 2004. The "Action Alert" calls on citizens to contact various Maryland legislators from various parts of the state, and express gratitude to them for condemning anti-Muslim remarks by Maryland State Delegate Don Dwyer. The Action Alert also asks citizens to contact the Maryland General Assembly's Joint Committee on Ethics and request an investigation into Delegate Dwyer's use of official resources to distribute the hateful anti-Muslim remarks. The "Action Alert" further notes that CAIR-MD itself, along with other non-partisan organizations, had condemned these remarks.

It is absolutely clear that, under the Service's guidelines, the "Action Alert" does not constitute partisan intervention. In Fact Sheet 2006-17, *Election Year Activities and the Prohibition on Political Campaign Intervention for Section 501(c)(3) Organizations* (Feb. 2006), the Service stated that, "Key factors in determining whether a communication results in political campaign intervention include the following:

- Whether the statement identifies one or more candidates for a given public office;
- Whether the statement expresses approval or disapproval for one or more candidates' positions and/or actions;
- Whether the statement is delivered close in time to the election;
- Whether the issue addressed in the communication has been raised as an issue distinguishing candidates for a given office;
- Whether the communication is part of an ongoing series of communications by the organization on the same issue that are made independent of the timing of any election; and
- Whether the timing of the communication and identification of the candidate are related to a non-electoral event such as a scheduled vote on specific legislation by an officeholder who also happens to be a candidate for public office."

See also, Rev. Rul. 2004-6, 2004-4 IRB 328 (Jan. 26, 2004)(same—factors used in determining 527-exempt function communications).

In this case, neither Delegate Dwyer nor any of the other state legislators mentioned were candidates for office. The statement was issued in April 2004—*more than two years before the next election* in which these delegates, if they choose to stand for re-election, would be candidates--the Maryland primary for state offices, scheduled for September 12, 2006. (There were no state offices at all on the ballot in Maryland in 2004). The statement, therefore, obviously was not delivered close in time to the election. (*See, e.g.*, PLR 1999-07021 (May 20, 1998)(IRS held that communication in June of year before the election held not be partisan intervention)). Nor was the issue raised in the “Action Alert” an issue in Delegate Dwyer’s election in 2002, nor is it an issue in the coming election to our knowledge. As the description of CAIR-MD’s activities makes clear, this type of communication condemning public officials, including elected officials, for anti-Muslim remarks is certainly part of an ongoing series of communications by the organization on this issue that have been made, and continue to be made, independent of the timing of any election.

For these reasons, the “Action Alert” referred to in your letter does not remotely constitute partisan intervention.

B. 2004 Annual Fundraising Banquet

Your letter next refers to a June 9, 2004 press release, describing an annual fundraising banquet at which presidential candidate Ralph Nader spoke, along with representatives of the John Kerry presidential campaign, according to the press release.

The Service has made clear that, “[d]epending on the facts and circumstances,” a section 501(c)(3) organization “may invite political candidates to speak at its events without jeopardizing its tax-exempt status.” IRS Fact Sheet 2006-17, *supra*. The Service advises that the organization “must take steps to ensure that:

- It provides an equal opportunity to political candidates seeking the same office;
- It does not indicate any support for or opposition to the candidate (this should be stated explicitly when the candidate is introduced and in communications concerning the candidate’s attendance); and
- No political fundraising occurs.”

See also, to the same effect, Rev. Rul. 86-95, 1986-2 C.B. 73.

In this case, as explained by Mr. Mowlana in his Declaration, CAIR-MD invited all candidates for president to attend the event. All were given an equal opportunity to speak. As Mr. Mowlana explains, Mr. Nader accepted the invitation; Senator Kerry sent a representative from his staff; and President Bush’s office indicated he could not attend. (Mowlana Dec. ¶7). No fundraising at all occurred at the event except fundraising for

CAIR-MD itself. (*Id.* ¶8). No support for or opposition to any candidate was expressed at the event. (*Id.*).

Under these circumstances, the appearance of Mr. Nader and a representative of Senator Kerry at the annual banquet does not constitute partisan intervention.

As set forth in the Declaration of Mr. Jaka, CAIR-MD will continue to take special care in the future to ensure that any candidate appearances at the organization's events comply fully with the Service's guidelines for avoiding partisan intervention. (Jaka Dec. ¶5).

C. Links to Progressive Maryland Website

Finally, your letter indicates that CAIR-MD's website at some point included a link to the "Progressive Maryland" website and that the latter website indicates that the Progressive Maryland organization endorsed candidates for elective office.

As the description of Progressive Maryland included with your letter indicates, this organization is an advocacy organization that promotes progressive public policies.

As the Service has explained, "Links to candidate related material, by themselves, do not necessarily constitute political campaign intervention." IRS Fact Sheet 2006-17. In Example 20, the Service offers the case of a web site maintained by a section 501(c)(3) organization that includes a link to another website that, in turn, includes editorials endorsing candidates in an election. The Service concluded that the 501(c)(3)'s link to the latter website did not constitute partisan intervention.

In this case, too, the link to Progressive Maryland's website served the exempt purpose of calling attention to the positions of this organization on numerous issues of concern to the Muslim community in Maryland. Further, no officer or employee of CAIR_MD was aware, at the time the link was placed on CAIR-MD's website that Progressive Maryland's website referred to endorsements of candidates for elective office. (Mowlana Dec. ¶9). Further, now that the organization's attention has been called to the partisan material on Progressive Maryland's website, the link on CAIR-MD's website has been removed.

D. Additional Questions

In response to your additional questions under Question 2, no members of CAIR-MD's Board of Directors are, ever have been or, to the organization's knowledge, ever intend to be candidates for elective office. (Jaka Dec. ¶ 6).

The organization has not intervened and will not intervene in any political campaign on behalf of any candidate for public office. (Jaka Dec. ¶ 7).

Question 3

The financial information submitted by CAIR-MD in its Form 1023 indicated that its assets included inventories valued at \$14,681.00. This figure represented a best estimate of CAIR-MD's inventories at the time. Since the estimated financial data were submitted as a part of the application, financial records from FY 2005 were revisited and reported accurately in the IRS 990 Return of Organization Exempt from Income Tax. The 990 return was filed on May 15, 2006 and the return correctly shows the value of CAIR-MD's inventories at \$8,252.00. The organization's inventory is itemized below::

Desktop Computers	\$3,617.00
Mobile Phones	\$143.00
Photo Copier	\$2,748.00
Printer	\$1,744.00
Total:	\$8,252.00

(Jaka Dec. ¶9).

Question 4

The financial information submitted by CAIR-MD in its Form 1023 indicated a loan and advance of \$25,600.00. The actual amount of the loan and advance is reported in Part IV Line 66 Attachment of the organization's Form 990 return for 2005, and is \$14,000.00.

CAIR-MD solicited financial assistance from York Foundation of Herndon, Virginia and received the assistance in the form of two loans from that organization. The financial information submitted by CAIR-MD in its Form 1023 indicated a loan and advance of \$25,600.00. The actual amount of the loan and advance is reported in Part IV Line 66 Attachment of the organization's Form 990 return for 2005, and is \$14,000.00.

CAIR-MD solicited financial assistance from York Foundation of Herndon, Virginia and received the assistance in form of two loans from that organization.. In a letter dated December 10, 2004 addressed to Mr. Yaqub Mirza of Sterling Management Group, Inc. which manages the affairs of York Foundation, Mr. Rizwan Mowlana requested financial assistance from the York Foundation, in order to open a new Virginia office. A copy of this letter is attached. Subsequently, on January 5, 2005 and again on February 28, 2006, York Foundation made loans to CAIR_MD totaling \$14,000.00. (Jaka Dec. ¶10).

In an email statement, a copy of which is attached, the accountant of York Foundation Ms. Beverly Hassan has confirmed that the loan amount of \$14,000 is still outstanding.

Question 5

The financial information submitted by CAIR-MD in its Form 1023 indicated a bad debt of \$4,845.00. In fact, the debt was settled before the organization's FY 2005 IRS 990 was filed and no part of this debt remains outstanding. The Form 990 Return filed by the organization for 2005 accurately reflects that no such debt is owed to CAIR-MD. (Jaka Dec. ¶11).

Question 6

CAIR-MD's submitted financial data indicated costs for printing and publication. The actual cost of printing and publication incurred is reported in the 2005 IRS Form 990 as \$9,352.00. All expenditures consisted of payments to a vendor, ColorNet, a printing and company in Gaithersburg, Maryland. The costs of the design and printing of the invitations, tickets, and other relevant printed material relating to the 2005 annual fundraising banquet are enumerated in the attached invoices. (Jaka Dec. ¶12).

Question 7

CAIR-MD's submitted financial data includes an expense for public relations. The actual expense incurred for public relations was \$500.00, as reported in the 2005 990 return. This payment was made to Muslim Civil Rights Center Defense Fund (MCRC Defense Fund). This was a contribution made to MCRC Defense Fund in connection with a fundraising event benefiting this organization which, to CAIR-MD's knowledge, is exempt under section 501(c)(3) of the Code. (Jaka Dec. ¶13).

Question 8

CAIR-MD entered into a lease on February 1, 2006 with Heritage Education Trust, Inc. A copy of the lease is attached.

Program activities of CAIR-MD are conducted and managed from the office space leased from Heritage Education Trust, Inc. Staff of CAIR-MD manage and maintain the office space. (Jaka Dec. ¶14).

Ms. Nancy Stuerenberg
May 30, 2006
Page 8

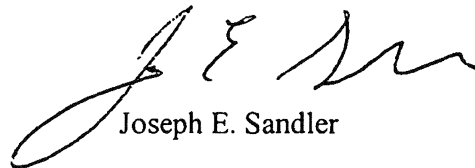
Question 9

Form 990 covering the calendar year of 2003 was filed on November 10, 2004.
(Jaka Dec. 15).

Attached hereto as support for all of the factual representations set forth in this letter are Declarations of Seyed Rizwan Mowlana and Rizwan Jaka, together with the documents referenced in this letter and/or the Declarations.

If you have any questions concerning the above or need any additional information, please contact the undersigned. Thank you for your time and attention to this application.

Sincerely yours,

A handwritten signature in black ink, appearing to read "J E Sandler", written in a cursive style.

Joseph E. Sandler