

C A M P A I G N F O R

ACCOUNTABILITY

January 30, 2019

VIA E-MAIL: eoclass@irs.gov

IRS EO Classification
Mail Code 4910DAL
1100 Commerce St.
Dallas, TX 75242-1198

Re: Tax-Exempt Organization Complaint Against Human Life International, Inc.

Dear Sir or Madam:

Campaign for Accountability (“CfA”) respectfully requests that the IRS investigate Human Life International, Inc. (“HLI”), a 501(c)(3) public charity organized under the laws of the District of Columbia, for potential violations of the Internal Revenue Code of 1986, as amended (the “Code”).¹

Background

HLI was incorporated on December 28, 1981 and received a determination letter in March 1982, recognizing HLI as exempt from federal income tax under section 501(c)(3). According to HLI’s Form 990 its mission is to “receive, administer, and expend funds for charitable, religious, and education[al] purposes in connection with the rights of person [*sic*] born and unborn.”² According to the HLI website, its goal is to “build a Culture of Life and of Love around the world through education, outreach, and advocacy.”³

HLI’s Form 990s indicate that, historically, HLI has made grants to organizations in the East Asia and the Pacific regions and provided them program support. These regions include the Philippines where HLI has been active on reproductive issues, specifically advocating to retain laws prohibiting abortion in the country and to elect candidates who share this goal. Rene Bullecer, a Philippine physician, serves as HLI’s Philippines Country Director. Ligaya Acosta, PhD, serves as HLI’s regional director of Asia and Oceania and resides in the Philippines.⁴

There are three constitutionally-established branches of government in the Republic of the Philippines: legislative, executive and judicial. The legislative branch is authorized to enact and repeal laws, and this power is vested in a Senate and House of Representatives. Senators are

¹ References in this document to section or § refer to sections of the Code, unless otherwise specifically indicated. For instance, references to Treas. Reg. § refer to sections of the Treasury Regulations promulgated under the Code.

² See HLI’s 2015 Form 990 (for the tax year ending September 30, 2016); HLI’s 2014 Form 990 (for the tax year ending September 30, 2015), filed May 17, 2016.

³ See HLI Mission Statement, available at <https://www.hli.org/about-us/our-mission/>.

⁴ Ligaya Acosta, Employee Profile, available at <https://www.hli.org/about-us/staff/ligaya-acosta-phd/>.

elected at large, and representatives are elected through a party-list system of registered national, regional, and sectoral parties and organizations.⁵

Applicable Law

Under U.S. law, “no substantial part” of the activities of a section 501(c)(3) organization may be carrying on propaganda, or otherwise attempting, to influence legislation (often referred to as “lobbying activities”).⁶ That is to say, a section 501(c)(3) organization may engage in lobbying activities (activities that are not in furtherance of one or more exempt purposes) as long as these activities are no more than an “insubstantial part” of the organization’s overall activities.⁷ Lobbying activities, including both direct lobbying and grassroots lobbying, generally means any attempt to influence legislation, as well as activities in support of efforts to influence legislation.⁸ Legislation includes any acts, bills, resolutions or similar items considered by Congress, any state legislature, any local council or similar governing body,⁹ and has been specifically extended by revenue ruling to include such actions considered by a *foreign* legislative body.¹⁰ A section 501(c)(3) organization may either (1) have its lobbying activities assessed under the Substantial Part Test,¹¹ which requires analysis based on all the facts and circumstances,¹² or (2) make the section 501(h) election to have its lobbying activities measured by expenditures within specified dollar limits set under section 4911(c).¹³

A section 501(c)(3) organization is prohibited from directly or indirectly participating or intervening in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for elective public office.¹⁴ A candidate for public office means any “individual who offers himself, or is proposed by others, as a contestant for an elective public office, whether such office be national, state or local.”¹⁵ Prohibited campaign activity also includes such activity with respect to *foreign* elective public offices.¹⁶ Although certain activities can be nonpartisan—such as providing a public forum, providing voter education guides, and engaging in voter registration and get-out-the vote activities—when such activities

⁵ Republic of the Philippines: Philippine Information Agency, *How the Philippine Government is Organized*, available at <http://pia.gov.ph/branches-of-govt>.

⁶ Section 501(c)(3); Treas. Reg. § 1.501(c)(3)-1(c)(3)(ii); Treas. Reg. § 1.501(h)-1(a)(1).

⁷ Treas. Reg. § 1.501(c)(3)-1(b)(1)(i)(b); Treas. Reg. § 1.501(c)(3)-1(c)(1); Treas. Reg. § 1.501(c)(3)-1(c)(3)(ii)(b).

⁸ Section 4911(c)(1); Treas. Reg. § 56.4911-2(b).

⁹ Treas. Reg. § 1.501(c)(3)-1(c)(3)(ii); See also Treas. Reg. § 56.4911-2(d) (1).

¹⁰ See Rev. Rul. 73-440, 1973-2 C.B. 19 (ruling that a nonprofit organization that attempts to influence and advocates changes in the laws of a foreign country is an “action” organization within the meaning of Treas. Reg. § 1.501(c)(3)-1(c)(3), and therefore does not qualify for exemption under section 501(c)(3), noting that “the term ‘legislation’ includes foreign’ as well as domestic laws.”); Internal Revenue Manual 7.25.3.17.1.1(2) (last revised 02-23-1999); Internal Revenue Manual 7.25.3.17.5(4) (last revised 02-23-1999).

¹¹ Treas. Reg. § 1.501(h)-1(a)(1).

¹² Treas. Reg. § 1.501(h)-1(a)(4); Treas. Reg. § 1.501(c)(3)-1(c)(3)(iv).

¹³ Section 501(h); Treas. Reg. § 1.501(h)-1(a)(3).

¹⁴ Section 501(c)(3); Treas. Reg. § 1.501(c)(3)-1(b)(3)(iii).

¹⁵ Treasury Reg. § 1.501(c)(3)-1(c)(3)(iii)

¹⁶ G.C.M. 33113 (Oct. 27, 1965) (“We think the statutory prohibition against participating in, or intervening in, any political campaign on behalf of any candidate for public office applies to foreign elections just as it does to domestic elections.”); see also Rev. Rul. 73-440.

show any bias or preference for or against a candidate or political party they are prohibited political campaign activity.¹⁷

For Exempt Organization general information returns, which are required under section 6033 and include Form 990s, the amount of any tax shall be assessed within three years after the return is filed.¹⁸ This period of limitations does not apply, however, when: (1) a false or fraudulent return is filed with the intent to evade tax, (2) a filer willfully attempts to evade tax, or (3) a filer fails to file a return.¹⁹ Under these circumstances an assessment may be made at any time. The failure to file a return includes related returns when the annual information return does not disclose sufficient facts regarding the potential existence of taxable income or other items that should be reported on a related return.²⁰ In this case, filing of a Form 990 may not start the running of the period of limitations on assessment of taxes due.

In addition, the general three-year period is extended to six years in the case of substantial omissions of excise tax items, including the tax on excess expenditures to influence legislation imposed under section 4911(a) of chapter 41. If a return omits an amount of tax imposed under chapter 41, 42, 43, or 44 exceeding 25 percent of the amount of such tax reported, the tax may be assessed within six years after the return was filed, unless the transaction giving rise to the tax is disclosed on the return, or in a statement attached to the return, in a manner adequate to apprise the IRS of the existence and nature of the item.²¹

Alleged Violations

It appears HLI abused its tax-exempt status by failing to report its lobbying expenditures on its Form 990 as required under the Code and by engaging in prohibited political campaign activity.

As noted above, HLI has a documented history of making grants and providing program support to organizations in East Asia and the Pacific, including the Philippines. HLI's Form 990s show a significant drop in that financial support in tax year 2014 (HLI's tax year ends September 30). This funding reduction coincides with HLI's failure to block legislation in December 2012 that it had long opposed and to elect more pro-life candidates to the Philippine Congress in May 2013.²² After these losses, HLI appears to have ceased its political campaign and lobbying activities; newsletters posted to its website after May 2013 no longer address legislative or electoral advocacy in the Philippines. That HLI reduced funding for the region at the same time it concluded its lobbying and political campaign intervention indicates that its prior funding had been invested significantly in these activities.

¹⁷ See Rev. Rul. 2007-41, 2007-1 C.B. 1421.

¹⁸ Section 6501(a).

¹⁹ Section 6501(c)(1), (2), and (3).

²⁰ Rev. Rul. 62-10, 1962-1 C.B. 305, as modified by Rev. Rul. 69-247, 1969-1 C.B. 303; *see also California Thoroughbred Breeders Association v. Comm'r*, 47 T.C. 335 (1966).

²¹ Section 6501(e)(3).

²² Floyd Whaley, *Bill to Expand Birth Control is Approved in Philippines*, THE NEW YORK TIMES (Dec. 17, 2012), available at <https://www.nytimes.com/2012/12/18/world/asia/philippine-lawmakers-pass-reproductive-health-bill.html>; Simone Orendain, *Filipinos Pushing Pro-Life Candidates Regroup After Midterm Elections*, CATHOLIC NEWS SERVICE (May 14, 2013), available at <http://www.catholicnews.com/services/englishnews/2013/filipinos-pushing-pro-life-candidates-regroup-after-midterm-elections.cfm>.

Tax Year²³	Grant Making	Program Services	Total
2014	\$109,686	\$2,527	\$111,213
2013	\$113,676	\$104,173	\$217,849
2012	\$132,550	\$89,763	\$222,313
2011	\$211,569	\$0	\$211,569
2010	\$258,097	\$0	\$258,097

HLI Failed to Report its Expenditures for Direct and Grassroots Lobbying

HLI’s Form 990s for tax years 2000 to 2014²⁴ indicate that the organization neither engaged in lobbying activities nor had made a section 501(h) election. According to Dr. Bullecer, however, HLI fought the “reproductive health (“RH”) agenda in the Philippines since its inception in 1994.”²⁵ RH legislation was first introduced in 1998 and passed by the Philippine Congress on December 17, 2012.²⁶ According to Dr. Bullecer, HLI had been “successful in stopping its passage” for 14 years before it was finally enacted into law.²⁷ Evidence reveals HLI engaged in both direct lobbying of members of the Philippine Congress and grassroots lobbying of the public during tax years 2010, 2011, and 2012.

- In 2011, HLI’s Philippines office organized pro-life rallies on July 24th and 30th, “targeting” the RH legislation then under consideration by the Philippine Congress. According to HLI, attendees sent “a message to their representatives – vote ‘No’ on the [RH bill], and ‘Yes’ to life and family.”²⁸ Dr. Bullecer spoke to the crowds at both events and told attendees of the July 24, 2011 rally that they must “say ‘no’ and fight against the passage of the [RH bill].”²⁹ HLI indicated that it would “continue outreach efforts to the Filipino people...to fight against the threat posed by the [RH bill]’s anti-life agenda.”³⁰ Costs would have included promotional activities, HLI staff time and any venue-related charges such as equipment and permitting.

²³ HLI’s tax years run from October 1 of the proceeding calendar year to September 30th of the calendar year.

²⁴ Form 990s for tax years prior to 2000 were not reviewed.

²⁵ Rene Bullecer, *Pro-Life Filipinos Look to Senate to Stop Controversial RH Bill*, LIFENEWS.COM (Dec. 17, 2012), available at <https://www.lifenews.com/2012/12/17/pro-life-filipinos-look-to-senate-to-stop-controversial-rh-bill/>.

²⁶ See *id.*; see also Whaley, *supra* note 22.

²⁷ See Bullecer, *supra* note 25.

²⁸ HLI Staff, *20,000 Attend Pro-Life Rallies in the Philippines*, HUMAN LIFE INTERNATIONAL (Aug. 2, 2011), available at <https://web.archive.org/web/20150512090905/https://www.hli.org/2011/08/20000-attend-pro-life-rallies-in-the-philippines/>.

²⁹ *Id.*

³⁰ *Id.*

- HLI produced a documentary about “the fight against the RH bill[], which aired on Eternal World Television Network” in August 2011.³¹ Costs would have included design, production and staff time.
- On March 24, 2012, Dr. Acosta addressed participants in the annual Walk for Life in the Philippines, telling them that they would have to “continue with massive public education and activist efforts as we brace ourselves for another more challenging battle when congress re-opens May 7.”³² Costs would have included promotional activities and HLI staff time.
- In December 2012, HLI said that it was “reaching out” to Philippine senators to “stand against the [RH] agenda”³³ after the RH bill had passed the Philippine House of Representatives and was awaiting a senate vote. Costs would have included HLI staff time and the design and production of any lobbying materials.

*HLI Made Grants to and Expended Funds for the Purpose of
Intervening in a Political Campaign*

Following passage of the RH bill, Dr. Bullecer said in March 2013 that HLI should “focus on the election of pro-life candidates for Senate and Congress in the crucial May 13 election.” He added that the election of more pro-life candidates “assured the repeal of the RH law.”³⁴ That same month, HLI and the Catholic Archdiocese of Cebu, a Philippine province, co-organized Lay Initiatives for Elections (“LIFE”) 2013 to “screen pro-life candidates running for national congressional offices, then endorse them and campaign for their victory in the... May 13, 2013 mid-term national elections.”³⁵

All publicly available information indicates that LIFE 2013 engaged exclusively in political campaign activities. According to Dr. Bullecer, LIFE 2013 was “endorsing candidates of all political parties who pledge[d] to vote pro-life.” In a post on the HLI website, Dr. Bullecer said that LIFE 2013’s “main objective” was to intervene in elections and did not indicate that the organization had any educational or charitable purpose.³⁶ Media accounts of the group’s activities described its purpose solely as influencing the election of candidates. Accordingly, any grant of

³¹ HLI Staff, *Breaking Down the Philippine RH Bill*, HUMAN LIFE INTERNATIONAL (Sept. 28, 2011), available at <https://web.archive.org/web/20151022181001/https://www.hli.org/2011/09/breaking-down-the-philippine-rh-bill-video/>.

³² Christine Dhanagom, *Walk for Life in Philippines Draws Tens of Thousands in Protest of Anti-Life Bill*, LIFESITE (Apr. 5, 2012), available at <https://www.lifesitenews.com/news/walk-for-life-in-philippines-draws-tens-of-thousands-in-protest-of-anti-lif>.

³³ See Bullecer, *supra* note 25.

³⁴ Adam Cassandra, *Philippines Supreme Court Halts RH Law, Pro-Life Leaders React*, LIFE NEWS.COM (Mar. 19, 2013), available at <https://www.lifenews.com/2013/03/19/philippines-supreme-court-halts-rh-law-pro-life-leaders-react/>.

³⁵ Rene Bullecer, *Pro-Life Candidates Receive Endorsement of New Catholic Lay Group in Philippines*, HUMAN LIFE INTERNATIONAL (May 10, 2013), available at <https://web.archive.org/web/20151210033836/http://www.hli.org/2013/05/pro-life-candidates-receive-endorsement-of-new-catholic-lay-group-in-philippines/>.

³⁶ See Bullecer, *supra* note 25.

funds to LIFE 2013 by HLI and any HLI expenditures to support its activities were prohibited political expenditures.

Dr. Bullecer has been identified in media reports as the “organizer” and “convener” of LIFE 2013 and as the person who “headed” and “led” the organization.³⁷ These reports identify Dr. Bullecer in his official capacity as the HLI Philippines Country Director. Furthermore, Dr. Bullecer posted updates to the HLI website about his activities on behalf of LIFE 2013, indicating those activities were undertaken in his official capacity as an HLI country director.

In tax years 2012, HLI and LIFE 2013:

- Organized a 3-day caravan beginning on April 26, 2013 to campaign for pro-life candidates in at least four cities.³⁸ Separate media reports describe this as an HLI and LIFE 2013 initiative. Related costs would have included transportation, lodging, meals, promotional activities, and HLI staff time.
- Organized a May 5, 2013 rally in Cebu City where LIFE 2013 announced the candidates it had endorsed and had each of those candidates speak to the crowd for five minutes. Related costs would have included HLI staff time, promotional activities, and venue-related charges such as equipment and permitting.
- Distributed approximately 2.5 million sample ballots in Visayas (one of the Philippine’s three main island groups, which includes the provinces of Cebu, Bohol, Negros and Panay, all of which were targeted by LIFE 2013) containing the names of candidates endorsed by LIFE 2013.³⁹ Related costs would include HLI staff time and design, production, and distribution of the sample ballots.
- Organized a May 11, 2013 Rosary Vigil and Mass for L.I.F.E. with Our Lady in Cebu City, the purpose of which was to “ask God with the intercession of Our Blessed Mother for peaceful elections, (and) for the victory of pro-life candidates on May 13.”⁴⁰ Related costs would include HLI staff time, promotional costs, and any venue-related charges.

³⁷ Cebu Daily News, *Cebu Bets, Senate Aspirants Vow to Back Anti-RH Law Forces*, INQUIRER.NET (May 6, 2013), available at <https://newsinfo.inquirer.net/402985/cebu-bets-senate-aspirants-vow-to-back-anti-rh-law-forces>; Ayee MacAraig, *Cebu Local Bets Now Part of ‘Team Buhay’*, RAPPLER (Apr. 26, 2013), available at <https://www.rappler.com/nation/politics/elections-2013/27567-cebu-local-bets-team-buhay>; Teresa Ellera, *Lay Leaders Campaign for 12 Senate Bets, 3 Party-Lists*, SUNSTAR (Apr. 23, 2013), available at <https://www.sunstar.com.ph/article/281052>; Bobit Avila, *Cebu Catholic Laity Names Their Candidates*, PHILSTAR (May 9, 2013), available at <https://www.philstar.com/opinion/2013/05/09/939995/cebu-catholic-laity-names-their-candidates>.

³⁸ Bernadette A. Parco, *Pro-lifers Reach Out to Voters in Cebu*, SUNSTAR (Apr. 26, 2013), available at <https://www.sunstar.com.ph/article/281052>; see also MacAraig, *supra* note 37.

³⁹ *‘Life’ Reveals Picks: Church Groups Also Supports P.J. Garcia, Mike Rama, Mike Bullecer*, SUNSTAR (May 6, 2013), available at <https://www.pressreader.com/philippines/sunstar-cebu/20130506/281479273921818>.

⁴⁰ See Bullecer, *supra* note 35.

HLI Representatives Made Public Statements Advocating Support of Specific Candidates

In their official HLI capacities, both Dr. Bullecer and Dr. Acosta spoke in support of candidates for public offices at public events in the Philippines and posted publicly available newsletters on the HLI website about these campaign-related activities. In addition, Dr. Bullecer made statements to the media about LIFE 2013's endorsement of specific candidates.

Dr. Bullecer and Dr. Acosta were identified by their official HLI titles in HLI website postings and in media reports about their participation in campaign-related events. By posting details of their participation in campaign activities to the HLI website, Dr. Bullecer and Dr. Acosta represented that their efforts to elect specific candidates for public office were done on behalf of HLI.

- Dr. Acosta participated in an April 13, 2013 rally in Paranaque City “to show support for six pro-life candidates.”⁴¹ Dr. Acosta addressed the crowd as part of a political movement of lay groups in the country to “forge a voting bloc that will elect candidates who best represent the values of the Filipino people.”
- In 2013, Dr. Bullecer:
 - Called on bishops on April 26, 2013 to tell “our people to go out and campaign for pro-life candidates”⁴²
 - Participated in the April 26, 2013 caravan, as described above
 - Participated in the May 5, 2013 rally, as described above
 - Spoke to media outlets on behalf of LIFE 2013 in his official capacity as HLI Philippines Country Director on at least four occasions:
 - April 26, 2013 Rappler article
 - April 27, 2013 Sun Star Cebu article
 - May 6, 2013 Cebu Daily News article
 - May 6, 2013 Sun Star Cebu article

Conclusion

In summary, HLI appears to have

- engaged in direct and grassroots lobbying activity in tax years 2010, 2011, and 2012 without reporting its lobbying expenses on its Form 990s;

⁴¹ Ligaya Acosta, *500,000 Filipinos Gather to Support Pro-Life and Pro-Family Candidates*, HUMAN LIFE INTERNATIONAL (Apr. 17, 2013), available at <https://www.lifesitenews.com/opinion/estimated-500000-filipinos-father-to-support-pro-life-pro-family-candidates>.

⁴² See MacAraig, *supra* note 37; see also Press Release, *Senator Koko Welcomes Lay Group Endorsement; Vows to Protect Life and Family*, SENATE OF THE PHILIPPINES 17TH CONGRESS (May 10, 2013), available at http://www.senate.gov.ph/press_release/2013/0510_pimentell.asp.

- made grants and expended funds for the purpose of intervening in a political campaign in tax year 2012; and.
- publicly endorsed specific candidates for elected office in tax year 2012.

Finally, HLI's failure to file Form 1120-POL disclosing its taxable political expenditures and the omission from its Form 990s of lobbying expenditures subject to excise tax extends the limitations period within which the Internal Revenue Service may act on this complaint and assess taxes due and impose penalties for violations. Accordingly, an investigation into the allegations of HLI's 2010, 2011, and 2012 violations remains timely.

CfA looks forward to your investigation of what appears to be HLI's blatant pattern of violating the Code.

Sincerely,



Alice C.C. Huling
Counsel