

**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service
Mail Code 4926 DSM
210 Walnut Street
Des Moines, IA 50309-2109**

**Tax Exempt and
Government Entities Division**

Tele: 515-564-6682

Fax: 515-564-6687

To: Marcus S. Owens

From: Patricia Schneiders ID# 39-1393

Fax: 202-429-3301

Pages: 12

Phone: 202-862-5020

Date: 07/24/2006

Re: All Saints Church

Comments:

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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
MC 4926 DSM
210 Walnut Street
Des Moines, IA 50309-2109

Date: July 24, 2006

Person to Contact:
Pat Schneiders
ID #39-1393
Telephone Number:
(515) 564-6682
FAX Number:
(515) 564-6687

Marcus S. Owens, Esq.
CAPLIN & DRYSDALE
One Thomas Circle, NW, Suite 1100
Washington, D.C. 20005-5802

Re: All Saints Church of Pasadena, California

Dear Mr. Owens:

We regret the delay in proceeding with this examination. Enclosed is the Information Document Request ("IDR"). As indicated on the IDR, the response is due on August 14, 2006. If you have any questions about the IDR, we would be happy to discuss it with you either via telephone conference or in person either in Los Angeles or in Washington, D.C.

We want to assure you the examination of All Saints will adhere to the timeframes as provided in Section 7611. We hope to be able to work cooperatively with you and your client to complete this examination. Please contact me at your earliest convenience if you would like to schedule a meeting.

Sincerely,

A handwritten signature in cursive script that reads "Pat Schneiders".

Pat Schneiders,
Internal Revenue Agent

Form 4564	Department of the Treasury Internal Revenue Service Information Document Request	Request #1
To: (Name of Taxpayer and Company, Division or Branch)		Subject: Intervention in Political Campaign
All Saints Church 132 North Euclid Avenue Pasadena, CA 91101-1722		Submitted to: Marcus S. Owens, Power of Attorney
		Dates of Previous Requests: None

Description of Documents Requested:**Issue: Whether your organization has intervened in a political campaign.**

We have received information that on October 31, 2004, the Reverend George T. Regas delivered a sermon at All Saints Church that took a position in opposition to candidate George W. Bush and in support of candidate John Kerry, two candidates for the office of President of the United States in the 2004 election. We have attached a copy of the text of the sermon. Organizations exempt under Internal Revenue Code (IRC) section 501(c)(3) are expressly prohibited from intervening in any political campaign for public office.

We need your response to the questions shown below, in order to evaluate whether All Saints Church violated the requirements of section 501(c)(3). Please provide a written response that addresses, at a minimum, the following items and includes the documents requested:

1. Your Organizing Document; (i.e. Articles of Incorporation, Constitution) as in existence during 2004.
2. Your Bylaws as in existence during 2004.
3. Your Vestry (governing body) Meeting Minutes for 2004.
4. Copy of any electronic recordings of the sermon(s) by Dr. Regas delivered during the October 31, 2004, 9:00 and 11:15 services, whether such recordings are audio, visual, or audio and visual. In addition to any recordings referenced in this request, please provide the following.
 - a. Copy of any audio/visual recording and transcription of the introduction of Dr. Regas by church officials prior to the sermon(s).
 - b. Copy of any audio/visual recording and transcription of statements made by church officials at the conclusion of the sermon(s).
 - c. Date and time that the sermon was posted to the church web site.
 - d. If the sermon was posted before November 2, 2004 at 8:00 p.m., any other web pages on your website referencing the sermon.
5. Did your organization participate in preparing the sermon?
 - a. If so, please give the name and relationship to the organization (e.g., employee, director, volunteer) of each person who participated in preparing the sermon.
6. Did you pay Rev. George T. Regas to deliver the sermon or pay for any costs incurred by Rev. Regas in delivering the sermon, such as travel costs?

Information Due By 8/14/06 At Next Appointment

Mail In

FROM	Name and Title of Requestor	Date:
	Pat Schneiders, Internal Revenue Agent ID# 39-1393	7/24/2006
	Office Location:	
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Form 4564	Department of the Treasury Internal Revenue Service Information Document Request	Request #1
To: (Name of Taxpayer and Company, Division or Branch) All Saints Church 132 North Euclid Avenue Pasadena, CA 91101-1722		Subject: Intervention in Political Campaign Submitted to: Marcus S. Owens, Power of Attorney Dates of Previous Requests: None

Description of Documents Requested:

- a. If so, how much was Rev. Regas paid for delivering the sermon, and how much was he paid to cover any expenses, such as travel?
 - b. If you paid for Rev. Regas's expenses, please provide copies of any receipts or other documentation you received showing the amount of his expenses.
 - c. How did you record the payments you made to Dr. Regas in your accounting records, such as your general ledger?
7. Please provide an accounting of all expenditures associated with the delivery of the sermon, including allocations of overhead.
8. If you believe that the sermon described above does not constitute intervention in a political campaign within the meaning of IRC 501(c)(3) by All Saints Church, please explain and provide any documentation that supports your view.
9. Please provide the text of any other sermons identifying candidates for public office delivered at All Saints Church or at events sponsored by All Saints Church between January 1, 2004 and November 2, 2004.
10. Please describe in detail all instances between January 1, 2004 and November 2, 2004 in which you distributed written or oral communication identifying one or more candidates, all instances in which one or more candidates or campaign representatives appeared on the premises of your organization or at an event sponsored by your organization, and all instances in which the organization made resources or facilities available to one or more candidates or campaigns.
- a. If you believe that one or more of the activities described in response to the question above does not constitute intervention in a political campaign within the meaning of IRC 501(c)(3), please explain and provide any documentation that supports your view.
 - b. Please include with your description of each activity, an account of the costs incurred by All Saints Church in connection with the activity, including allocable overhead.
11. In a letter to the Internal Revenue Service dated June 24, 2005 responding to an inquiry letter sent to you on June 9, 2005, you made the following statement:

"There are long standing policies at All Saints Church that the Church should comply fully with the guidelines outlined by the Internal Revenue Service under section 501(c)(3), that the Church should strictly avoid endorsing political candidates or parties and that the Church should not intervene in political campaigns. These policies are not embodied in any single governing document of the Church.

Information Due By 8/14/06 At Next Appointment Mail In

FROM	Name and Title of Requestor	Date:
	Pat Schneiders, Internal Revenue Agent ID# 39-1393	7/24/2006
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Description of Documents Requested:

However, the policies are frequently referenced and held up to preachers at the Church. For example, prior to the November 2004 election, the Rector led a discussion within the management staff of the importance of adhering to the IRS guidelines, especially those related to intervention in a political campaign. At approximately the same time, the Church Administrator participated in an on-line instruction entitled 'Election-Year Advocacy by Nonprofits.'

"Under the policies of All Saints Church, not only are preachers enjoined from endorsing candidates in sermons, but no member of the clergy staff is permitted to have his or her name used in campaign materials; no partisan voter guide is allowed on the campus of the Church; and no candidate for public office is invited to speak in educational venues at the Church unless the opponents for that candidate are also present."

- a. Please provide any written policies or procedures concerning political campaign intervention that have been adopted by the Church or have been effective during the period January 1, 2004 through October 5, 2005..
- b. Please describe all instances during 2004 in which Church policies prohibiting political campaign intervention were referenced or "held up" to preachers at the Church. Please provide copies of any materials used in such discussions with preachers.
- c. Please provide all notes from or other written records pertaining to Rector-led discussion with management staff during 2004 on the subject of IRS guidelines related to intervention in a political campaign as referenced in the statement quoted above.
- d. Please provide information on the on-line instructional program entitled "Election-Year Advocacy by Nonprofits" referenced above including the identities of the sponsor and instructor(s), the date(s) of the program, the length of the program, and any materials provided in connection with the program.
- e. Please provide any records supporting your statements that "preachers are enjoined from endorsing candidates in sermons, no member of the clergy staff is permitted to have his or her name used in campaign materials, no partisan voter guide is allowed on the campus of the Church, and no candidate for public office is invited to speak in educational venues at the Church unless the opponents for that candidate are also present" as referenced in the statement quoted above.

12. On October 5, 2005, you posted on the Church website a resolution of the Church Vestry approving a proposed written Policy Prohibiting Political Campaign Activity.

- a. Please provide a copy of this policy, as well as copies of any minutes of Vestry meetings at which this policy was discussed and/or approved.

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Description of Documents Requested:

b. Please explain how the activities of the church about which we are concerned would differ under the October 5, 2005 policy from those conducted under prior policies. Please include any documentation that supports your explanation.

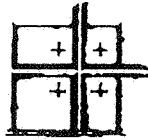
13. Please provide copies of the following documents:

- c. All documents regarding the invitation to Dr. Regas to preach on October 31, 2004.
- d. All correspondence sent to Dr. Regas by the Church or received from Dr. Regas by the Church during 2004 relating to the October 31, 2004 sermon.
- e. Any instructions, guidelines, or training material provided to individuals who were invited to preach sermons for the Church but were not Church employees during 2004.
- f. Any Church policies governing selection and invitation of guest preachers or delivery of sermons by guest preachers in effect during 2004.

Please provide the above information and/or documents as soon as possible but no later than August 14, 2006. If you need additional time to respond, call me at 515-564-6682 to discuss a mutually-agreeable response date.

Information Due By 8/14/06 At Next Appointment Mail In

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ALL SAINTS CHURCH
PASADENA, CALIFORNIA

IF JESUS DEBATED SENATOR KERRY AND PRESIDENT BUSH

A sermon preached by the Rev. Dr. George F. Regas, Rector Emeritus

October 31, 2004

If Jesus debated Senator Kerry and President Bush...

I'm grateful that so many came to this debate two days before the election. Many have described the November 2nd Presidential election as the most critically important election of our lifetime. Wherever you place yourself with this sentiment, I doubt that any of you look at this election with indifference.

Let me quickly make two statements to relieve some of the anxiety you bring to this debate.

Jesus does win! And I don't intend to tell you how to vote.

Sometimes during my years as Rector, a few parishioners would say I operated in this way: "We can just agree to disagree. You go your way and I'll go God's way!" No, I'm just kidding.

Good people of profound faith will be for either George Bush or John Kerry for reasons deeply rooted in their faith. I want you to hear me on this. Yet I want to say as clearly as I can how I see Jesus impacting your vote and mine. Both Senator Kerry and President Bush are devout Christians—one a Roman Catholic and the other a Methodist.

Against the teachings of Jesus, listen in as Kerry and Bush debate three hugely important issues this morning: ending war and violence, eliminating poverty, and holding tenaciously to hope.

I

Senator Kerry and President Bush are engaged in a titanic battle for The White House. Central to their race for the presidency is the quest for peace. How deeply the world longs for peace. President Bush has led us into war with Iraq as a response to terrorism.

Yet I believe Jesus would say to Bush and Kerry: "War is itself the most extreme form of terrorism. President Bush, you have not made dramatically clear what have been the human consequences of the war in Iraq. More than 1,100 U.S. soldiers dead, 8,000 wounded—some disabled for life, and now the latest figures say 100,000 Iraqi fighters, women, and children are dead. Oh, the cost of your war.

