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March 31, 2008

VIA FACSIMILE AND FEDERAL EXPRESS

Members of the Committee on Finance
United States Senate
Washington, DC 20510

Re: World Changers Church International

Dear Senators:

On behalf of World Changers Church International (the "Church" or "World Changers"), I am writing in response to a letter from Senators Baucus and Grassley that my client received on March 11, 2008. That letter requests a response to questions originally set forth in a letter from Senator Grassley dated November 5, 2007. I have attached copies of both letters for your convenience. Since the recent letter suggests that the entire Committee on Finance may be evaluating issues involving the Church, I want to direct our reply to each of you. As you may know, my client has grave concerns about the implications of Senator Grassley's inquiry, and we respectfully request that you consider the full panoply of issues that may arise before the Committee initiates a formal investigation of the Church.

Senator Grassley's Letter Raises Serious First Amendment Concerns

Senator Grassley's inquiries relate, not to the Church's experience with the Internal Revenue Service ("IRS"), but rather to the Church's own internal operations. Every one of Senator Grassley's 27 questions probes the religious practices and structure of the Church; in other words, Senator Grassley is seeking to investigate and judge those religious practices. This unprecedented inquiry into the religious activities of a church clearly raises paramount First Amendment concerns based on an excessive entanglement of the government in ecclesiastical matters.

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The Church has a deeply held set of religious beliefs governing both the obligations of its members to pay taxes and to support the Church and regulating the internal operations of the Church. For your benefit, Dr. Creflo A. Dollar, Senior Pastor of the Church, has prepared an expression of these beliefs attached to this letter. As you can see, the Church holds the following beliefs sacred:

1. That the Church is to render to the government what is due to the government, and to render to God what is due to God;
2. That the tithe, or 10% of one's income, belongs to God;
3. That the congregation's giving should be done in secret in order for God to reward its members openly;
4. That the congregation should give to its teacher because of his spiritual teaching; and
5. That God wants His people to be rich spiritually, physically and financially.

Each of the six ministries that received a letter from Senator Grassley shares some of these beliefs. Specifically, each is a member of the Word of Faith movement and believes in the Prosperity Gospel, a Scripturally-based theology that God's devout followers and earthly leaders will prosper and be successful in all they do, including in financial matters, as the outward expression of His favor.

It is unclear why these specific churches, and not others, received inquiries from Senator Grassley. We can only assume it is because of Senator Grassley's distaste for, or disagreement with, these churches' theology and religious practices. While we appreciate that Senator Grassley personally believes in a "humble church and a humble minister spreading the Gospel,"¹ the First Amendment guarantees that all Americans are free to worship in accordance with their own religious beliefs, regardless of whether other citizens or elected officials share those beliefs. Senator Grassley's comments to the media, however, suggest that the basis for his concerns may be grounded in his own theology. For example, Senator Grassley has targeted the religious beliefs and practices of the churches in question, stating "Jesus came into the city of Jerusalem on a donkey. Do these ministers really need Bentleys and Rolls-Royces to spread the Gospel?"² He has also implied that his own religious beliefs should inform practices at other churches: "As a Christian myself, and a person who believes

¹ <http://www.latimes.com/news/nationworld/politics/la-na-prosperity12nov12,1,6526447.story?coll=la-news-politics-national&track=crosspromo>.

² <http://www.latimes.com/news/nationworld/politics/la-na-prosperity12nov12,1,6526447.story?coll=la-news-politics-national&track=crosspromo>.

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in tithing, I feel I have a right to know where my money goes.”³

The Church agrees that its members should be entitled to review its audited financial statements, and, in fact, it provides its members such an opportunity. But it emphatically disagrees that its organization, finances or religious practices should be evaluated in terms of Senator Grassley’s particular views, or indeed the religious outlook of any other member of the Senate. Moreover, the statements by Senator Grassley suggest that he may be substituting his own judgment for that of the members of the churches in question. Needless to say, based on the Senator’s various media statements, the Church is deeply worried that his investigation will immediately devolve into criticism or even disparagement of the Church’s theology and activities.

Many religious organizations across America in addition to World Changers are extremely concerned about the implications of Senator Grassley’s investigation of these particular six ministries. It appears to be Senator Grassley’s contention that any church with which he may disagree doctrinally can be subjected to a public investigation by the Senate, without regard to the special treatment of religious organizations under the Constitution or the rules and procedural safeguards otherwise applicable to church audits conducted by the IRS. We would respectfully suggest, however, that it is not the role of the Committee on Finance to investigate churches and subject them to public criticism or disparagement. In fact, the United States Supreme Court has made it clear that:

[P]roof of entitlement to [tax] exemption does not include proving the validity of the religious doctrines or beliefs of the applicant or its members. It is government’s duty to “make room for as wide a variety of beliefs and creeds as the spiritual needs of man deem necessary.” *Zorach v. Clausen*, 343 U.S. 306 (1952).⁴

In light of this principle, the tax administrator has long refused to evaluate the validity of an organization’s religious beliefs. We do not understand why Senators Baucus and Grassley believe that the standard they should use is different from that of the IRS. A cornerstone of religious freedom in this country is the ability to worship without fear of public judgment about the validity of one’s religious beliefs, and the Church is concerned that Senator Grassley’s demands place this principle in grave jeopardy.

³ http://grassley.senate.gov/public/index.cfm?FuseAction=Blogs.Detail&Blog_id=b7acbcef-a43a-46c9-b188-82c8db4bb155&Year=2007.

⁴ See also Internal Revenue Manual 7.25.3.6.4.

An Examination of the Church Should be Conducted in Accordance with the Internal Revenue Code

Congress has previously considered the proper roles and responsibilities of government and religion and enacted legislation addressing the intersection of the two. Recognizing that churches are unlike other tax-exempt organizations, Congress has, on several occasions, granted religious organizations special treatment pursuant to the Internal Revenue Code (the "Code"). For instance, churches are not required to file Form 990, the annual information return required of other tax-exempt organizations.⁵ Churches are also not required, as other nonprofit organizations are, to apply for recognition of their tax-exempt status⁶ or to make certain information available for public inspection.⁷ World Changers is organized as a church under section 170(b)(1)(A)(i) and complies with its legal obligations under the Code. Pursuant to statute, however, the Church is not required to apply for recognition of its tax-exempt status, file annual Form 990 information returns, or disclose the returns, or the information that would be in them, to the general public. Nevertheless, without regard to these special rules, Senator Grassley's letter demands detailed information from the Church that it is not otherwise required to provide to the federal government or the general public.⁸ Senator Grassley has also suggested that the Church, and the other churches to which he sent similar demands, are "thumb[ing] their noses at the laws governing their preferred tax treatment,"⁹ despite the fact that, by Senator Grassley's own admission,¹⁰ there is no factual evidence of noncompliance by these ministries.

The IRS, of course, has the ability to ensure that churches are complying with the federal tax laws that apply to them, subject to certain procedural rules. Senator Grassley's letter, however, conflicts with the special procedural rules that allow for the government's examination of religious organizations provided by section 7611 of the Code, a unique set of

⁵ Section 6033(a)(3) of the Code. All section references are to the Internal Revenue Code of 1986, as amended.

⁶ Section 508(c)(1).

⁷ Section 6104(a) and (b).

⁸ While the Church is not legally required to provide any of this information to the general public or the government outside of the course of a valid examination, the Church routinely provides any member of its congregation its audited financial statements to review.

⁹ http://www.ajc.com/news/content/metro/stories/2007/12/06/televangelist_1206.html?cxntlid=homepage_tab_newstab.

¹⁰ http://ap.google.com/article/ALeqM5hyJXUzspCsKqZSfzvWuBli3_DM-gD8TC9OBG0.

procedures that Senator Grassley himself helped draft in 1984. One of these core protections is that, before the IRS initiates an examination of a church, an appropriately senior official at the Treasury Department must reasonably believe, on the basis of facts and circumstances recorded in writing, that the church is either not entitled to tax exemption or engaged in activities that are subject to tax.¹¹ Senator Grassley's inquiry provides none of the protections described in section 7611, and, indeed, the very nature of his questions suggest that he has formed no such "reasonable belief" but instead is using the investigation as an open-ended fishing expedition for determining whether any such questionable facts or circumstances actually exist. The Church is understandably concerned that this approach contravenes both the letter and the spirit of section 7611.

Additionally, all taxpayers are guaranteed under section 6103 that information related to their tax matters will remain private and confidential within the IRS. The pattern of recent investigations of various tax-exempt organizations by Senator Grassley, however, is to make all taxpayer information available to the public, in some cases prominently posting the organization's documents on the Senate's website. By providing both his initial letter and his joint letter with Senator Baucus to the media, Senator Grassley has plainly demonstrated a similar intention in this case. While the Church has nothing to hide, it is not legally required to forfeit its right to confidentiality or the other procedural protections under sections 6103 and 7611, and it is gravely disturbed by the potential of a public investigation by the Committee on Finance substantially eroding its privacy rights and disturbing its religious worship.

Finally, the IRS is fully capable of examining the Church, if that is appropriate, without invoking the investigative or oversight powers of the Senate or the Committee on Finance. Senator Grassley has claimed that, "I can't tell [the IRS] what to do. I can't refer anything to them unless I know something is wrong. And I don't know if anything's wrong until we get the information."¹² That statement, however, is completely contrary to the long history of interactions between the Congress and the IRS. As you know, members of Congress can—and routinely do—refer information regarding taxpayers to the IRS for its consideration, even when such information is based only on unsupported allegations. They do so precisely because the IRS, not Congress or its committees, is the appropriate agency to assess the validity of unsubstantiated complaints or rumors and, if warranted, to conduct a tax examination. Likewise, if the Committee on Finance wishes to conduct oversight of the operation of current law, or the efficacy of the IRS in examining churches, we would respectfully suggest that those inquiries should be directed to the IRS, and not to constitutionally protected churches with

¹¹ Section 7611(a)(1).

¹² http://ap.google.com/article/ALeqM5hyJXUzspCsKqZSfzvWuBli3_DM-gD8TC9OBG0.

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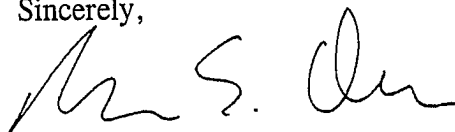
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particular religious beliefs. Otherwise, the Committee will inevitably be drawn into an open-ended investigation of the theology and practices of religious organizations like the Church.

* * *

As you can see, Senator Grassley's inquiry raises a number of serious concerns, and we believe that the IRS, not the Committee on Finance, is the proper governmental entity to examine the Church, if any such examination is necessary. In light of these concerns, we respectfully request that the entire Committee on Finance evaluate, on the record, whether to issue a subpoena to the Church. Furthermore, if the Committee on Finance chooses to issue a subpoena to the Church, we request that the Committee guarantee that the Church will be entitled to the same privacy rights as if it were the subject of an IRS investigation. To do any less would be to undermine the essence of the First Amendment.

Sincerely,



Marcus S. Owens

Enclosures