

INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **APR 05 2011**

PROJECT VERITAS  
815 BRAZOS ST., SUITE 701  
AUSTIN, TX 78701

Employer Identification Number:  
27-2894856  
DLN:  
17053217308010  
Contact Person: MARK I. TOMBACK ID# 95020  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Public Charity Status:  
170(b)(1)(A)(vi)  
Form 990 Required:  
Yes  
Effective Date of Exemption:  
June 22, 2010  
Contribution Deductibility:  
Yes  
Addendum Applies:  
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Sincerely,



Lois G. Lerner  
Director, Exempt Organizations

Enclosure: Publication 4221-PC

Letter 947 (DO/CG)

# Form 1023 Checklist

(Revised June 2006)

## Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

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**Note.** Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

**Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.**

- Assemble the application and materials in this order:
- Form 1023 Checklist
  - Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
  - Form 8821, *Tax Information Authorization* (if filing)
  - Expedite request (if requesting)
  - Application (Form 1023 and Schedules A through H, as required)
  - Articles of organization
  - Amendments to articles of organization in chronological order
  - Bylaws or other rules of operation and amendments
  - Documentation of nondiscriminatory policy for schools, as required by Schedule B
  - Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation* (if filing)
  - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.
- User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.
- Employer Identification Number (EIN)
- Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
- You must provide specific details about your past, present, and planned activities.
  - Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
  - Describe your purposes and proposed activities in specific easily understood terms.
  - Financial information should correspond with proposed activities.
- Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.
- |            |  |            |  |
|------------|--|------------|--|
| Schedule A | Yes ___ No <input checked="" type="checkbox"/> | Schedule E | Yes ___ No <input checked="" type="checkbox"/> |
| Schedule B | Yes ___ No <input checked="" type="checkbox"/> | Schedule F | Yes ___ No <input checked="" type="checkbox"/> |
| Schedule C | Yes ___ No <input checked="" type="checkbox"/> | Schedule G | Yes ___ No <input checked="" type="checkbox"/> |
| Schedule D | Yes ___ No <input checked="" type="checkbox"/> | Schedule H | Yes ___ No <input checked="" type="checkbox"/> |

- An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.
  - Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number) Article 7
  - Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law Article 8
- Signature of an officer, director, trustee, or other official who is authorized to sign the application.
  - Signature at Part XI of Form 1023.
- Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service  
P.O. Box 192  
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service  
201 West Rivercenter Blvd.  
Attn: Extracting Stop 312  
Covington, KY 41011

17058217308010

Form **1023**  
(Rev. June 2006)  
Department of the Treasury  
Internal Revenue Service

**Application for Recognition of Exemption  
Under Section 501(c)(3) of the Internal Revenue Code**

OMB No. 1545-0056

Note: If exempt status is approved, this application will be open for public inspection.

Use the instructions to complete this application and for a definition of all **bold** items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at [www.irs.gov](http://www.irs.gov) for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

**Part I Identification of Applicant**

<b>1</b> Full name of organization (exactly as it appears in your organizing document) <b>Project Veritas</b>		<b>2</b> c/o Name (if applicable)
<b>3</b> Mailing address (Number and street), (see instructions) <b>1922 N. Quincy St.</b>	Room/Suite	<b>4</b> Employer Identification Number (EIN) <b>27-2894856</b>
City or town, state or country, and ZIP + 4 <b>Arlington, VA 22207</b>		<b>5</b> Month the annual accounting period ends (01 - 12) <b>12</b>
<b>6</b> Primary contact (officer, director, trustee, or authorized representative) a Name: <b>Isabel Santa, Secretary</b>		b Phone: <b>202-596-2781</b> c Fax: (optional)
<b>7</b> Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, <i>Power of Attorney and Declaration of Representative</i> , with your application if you would like us to communicate with your representative.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>8</b> Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>9a</b> Organization's website:		
<b>b</b> Organization's email: (optional)		
<b>10</b> Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>11</b> Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY)		<b>06 / 22 / 2010</b>
<b>12</b> Were you formed under the laws of a foreign country? If "Yes," state the country.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

For Paperwork Reduction Act Notice, see page 24 of the instructions.

Cat. No. 17133K

Form **1023** (Rev. 6-2006)

17152010217028

POSTMARK

RECEIVED

AUG 02 '10

AUG 04 '10

CINCINNATI  
SERVICE CENTER

*OK*

**Part II Organizational Structure**

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.**

- 1 Are you a **corporation**? If "Yes," attach a copy of your articles of incorporation showing **certification of filing** with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification.  **Yes**  **No**
- 2 Are you a **limited liability company (LLC)**? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application.  **Yes**  **No**
- 3 Are you an **unincorporated association**? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments.  **Yes**  **No**
- 4a Are you a **trust**? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.  **Yes**  **No**
- b Have you been funded? If "No," explain how you are formed without anything of value placed in trust.  **Yes**  **No**
- 5 Have you adopted **bylaws**? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected.  **Yes**  **No**

**Part III Required Provisions in Your Organizing Document**

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. **DO NOT file this application until you have amended your organizing document.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): **Article 7**
- 2a Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c.
- 2b If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. **Article 8**
- 2c See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state:

**Part IV Narrative Description of Your Activities**

Using an attachment, describe your *past, present, and planned* activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors**

1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual **compensation**, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
<b>Gregory Levitsky</b>	<b>Director, President</b>	<b>1922 Quincy St. Arlington, VA 22207</b>	<b>0</b>
<b>Maureen Wagner</b>	<b>Director, Chairman</b>	<b>1922 Quincy St. Arlington, VA 22207</b>	<b>0</b>
<b>Francisco Gonzales</b>	<b>Director, Treasurer</b>	<b>1922 Quincy St. Arlington, VA 22207</b>	<b>0</b>
<b>Isabel Santa</b>	<b>Director, Sec., Executive Dir.</b>	<b>1922 Quincy St. Arlington, VA 22207</b>	<b>55,000</b>

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

**b** List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
James O'Keefe	Founder	1922 Quincy St. Arlington, VA 22207	120,000

**c** List the names, names of businesses, and mailing addresses of your five highest compensated independent contractors that receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
TBD (See attachment)			

The following "Yes" or "No" questions relate to *past, present, or planned* relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

- 2a** Are any of your officers, directors, or trustees **related** to each other through **family or business relationships**? If "Yes," identify the individuals and explain the relationship.  Yes  No
- b** Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees.  Yes  No
- c** Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship.  Yes  No

**3a** For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

- b** Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through **common control**? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement.  Yes  No

**4** In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.

- a** Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy?  Yes  No
- b** Do you or will you approve compensation arrangements in advance of paying compensation?  Yes  No
- c** Do you or will you document in writing the date and terms of approved compensation arrangements?  Yes  No

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

- d** Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements?  **Yes**  **No**
- e** Do you or will you approve compensation arrangements based on information about compensation paid by **similarly situated** taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  **Yes**  **No**
- f** Do you or will you record in writing both the information on which you relied to base your decision and its source?  **Yes**  **No**
- g** If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is **reasonable** for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.
- 
- 5a** Have you adopted a **conflict of interest policy** consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c.  **Yes**  **No**
- b** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation?
- c** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?
- Note:** A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.
- 
- 6a** Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through **non-fixed payments**, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  **Yes**  **No**
- b** Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  **Yes**  **No**
- 
- 7a** Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine that you pay no more than **fair market value**. Attach copies of any written contracts or other agreements relating to such purchases.  **Yes**  **No**
- b** Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales.  **Yes**  **No**
- 
- 8a** Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f.  **Yes**  **No**
- b** Describe any written or oral arrangements that you made or intend to make.
- c** Identify with whom you have or will have such arrangements.
- d** Explain how the terms are or will be negotiated at **arm's length**.
- e** Explain how you determine you pay no more than fair market value or you are paid at least fair market value.
- f** Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.
- 
- 9a** Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f.  **Yes**  **No**

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

- b** Describe any written or oral arrangements you made or intend to make.
- c** Identify with whom you have or will have such arrangements.
- d** Explain how the terms are or will be negotiated at arm's length.
- e** Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
- f** Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

**Part VI Your Members and Other Individuals and Organizations That Receive Benefits From You**

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1a** In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals.  Yes  No
- b** In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations.  Yes  No
- 2** Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program.  Yes  No
- 3** Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services, or funds.  Yes  No

**Part VII Your History**

The following "Yes" or "No" questions relate to your history. (See instructions.)

- 1** Are you a **successor** to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G.  Yes  No
- 2** Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E.  Yes  No

**Part VIII Your Specific Activities**

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1** Do you support or oppose candidates in **political campaigns** in any way? If "Yes," explain.  Yes  No
- 2a** Do you attempt to **influence legislation**? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a.  Yes  No
- b** Have you made or are you making an **election** to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities.  Yes  No
- 3a** Do you or will you operate bingo or **gaming** activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. **Revenue and expenses** should be provided for the time periods specified in Part IX, Financial Data.  Yes  No
- b** Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies or any written contracts or other agreements relating to such arrangements.  Yes  No
- c** List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.



**Part VIII Your Specific Activities (Continued)**

- 4a** Do you or will you undertake **fundraising**? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.)  **Yes**  **No**
- |   |  |
|---|--|
| <input checked="" type="checkbox"/> mail solicitations              | <input checked="" type="checkbox"/> phone solicitations                        |
| <input checked="" type="checkbox"/> email solicitations             | <input checked="" type="checkbox"/> accept donations on your website           |
| <input checked="" type="checkbox"/> personal solicitations          | <input type="checkbox"/> receive donations from another organization's website |
| <input type="checkbox"/> vehicle, boat, plane, or similar donations | <input type="checkbox"/> government grant solicitations                        |
| <input checked="" type="checkbox"/> foundation grant solicitations  | <input type="checkbox"/> Other   |

Attach a description of each fundraising program.

- b** Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements.  **Yes**  **No**
- c** Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements.  **Yes**  **No**
- d** List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.
- e** Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors.  **Yes**  **No**

**5** Are you **affiliated** with a governmental unit? If "Yes," explain.  **Yes**  **No**

**6a** Do you or will you engage in **economic development**? If "Yes," describe your program.  **Yes**  **No**

**b** Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.

**7a** Do or will persons other than your employees or volunteers **develop** your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees.  **Yes**  **No**

**b** Do or will persons other than your employees or volunteers **manage** your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees.  **Yes**  **No**

**c** If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.

**8** Do you or will you enter into **joint ventures**, including partnerships or **limited liability companies** treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate.  **Yes**  **No**

**9a** Are you applying for exemption as a childcare organization under section 501(k)? If "Yes," answer lines 9b through 9d. If "No," go to line 10.  **Yes**  **No**

**b** Do you provide child care so that parents or caretakers of children you care for can be **gainfully employed** (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).  **Yes**  **No**

**c** Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).  **Yes**  **No**

**d** Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k).  **Yes**  **No**

**10** Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other **intellectual property**? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.  **Yes**  **No**

**Part VIII Your Specific Activities (Continued)**

- 11** Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution.  Yes  No
- 
- 12a** Do you or will you operate in a **foreign country** or **countries**? If "Yes," answer lines 12b through 12d. If "No," go to line 13a.  Yes  No
- b** Name the foreign countries and regions within the countries in which you operate.
- c** Describe your operations in each country and region in which you operate.
- d** Describe how your operations in each country and region further your exempt purposes.
- 
- 13a** Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a.  Yes  No
- b** Describe how your grants, loans, or other distributions to organizations further your exempt purposes.
- c** Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract.  Yes  No
- d** Identify each recipient organization and any **relationship** between you and the recipient organization.
- e** Describe the records you keep with respect to the grants, loans, or other distributions you make.
- f** Describe your selection process, including whether you do any of the following:
- (i)** Do you require an application form? If "Yes," attach a copy of the form.  Yes  No
- (ii)** Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.  Yes  No
- g** Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.
- 
- 14a** Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15.  Yes  No
- b** Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.
- c** Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries.  Yes  No
- d** Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors.  Yes  No
- e** Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information.  Yes  No
- f** Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately.  Yes  No

**Part VIII Your Specific Activities (Continued)**

- |           |  |                              |  |
|-----------|--|------------------------------|--|
| <b>15</b> | Do you have a <b>close connection</b> with any organizations? If "Yes," explain.   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>16</b> | Are you applying for exemption as a <b>cooperative hospital service organization</b> under section 501(e)? If "Yes," explain.  | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>17</b> | Are you applying for exemption as a <b>cooperative service organization of operating educational organizations</b> under section 501(f)? If "Yes," explain.  | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>18</b> | Are you applying for exemption as a <b>charitable risk pool</b> under section 501(n)? If "Yes," explain.   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>19</b> | Do you or will you operate a <b>school</b> ? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity.   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>20</b> | Is your main function to provide <b>hospital or medical care</b> ? If "Yes," complete Schedule C.  | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>21</b> | Do you or will you provide <b>low-income housing</b> or housing for the <b>elderly or handicapped</b> ? If "Yes," complete Schedule F.   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>22</b> | Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H. | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

**Note:** Private foundations may use Schedule H to request advance approval of individual grant procedures.

**Part IX Financial Data**

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

**A. Statement of Revenues and Expenses**

Type of revenue or expense	Current tax year	3 prior tax years or 2 succeeding tax years			(e) Provide Total for (a) through (d)
	(a) From <u>6.22.10</u> To <u>12.31.10</u>	(b) From <u>1.1.11</u> To <u>12.31.11</u>	(c) From <u>1.1.12</u> To <u>12.31.12</u>	(d) From ..... To .....	
<b>1</b> Gifts, grants, and contributions received (do not include unusual grants)	300,000	600,000	750,000		1,650,000
<b>2</b> Membership fees received					
<b>3</b> Gross investment income					
<b>4</b> Net unrelated business income					
<b>5</b> Taxes levied for your benefit					
<b>6</b> Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					
<b>7</b> Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)					
<b>8</b> Total of lines 1 through 7	300,000	600,000	750,000		1,650,000
<b>9</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)					
<b>10</b> Total of lines 8 and 9	300,000	600,000	750,000		1,650,000
<b>11</b> Net gain or loss on sale of capital assets (attach schedule and see instructions)					
<b>12</b> Unusual grants					
<b>13</b> Total Revenue Add lines 10 through 12	300,000	600,000	750,000		1,650,000
<b>14</b> Fundraising expenses	45,000	90,000	110,000		
<b>15</b> Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)					
<b>16</b> Disbursements to or for the benefit of members (attach an itemized list)					
<b>17</b> Compensation of officers, directors, and trustees	30,000	70,000	75,000		
<b>18</b> Other salaries and wages	70,000	170,000	200,000		
<b>19</b> Interest expense					
<b>20</b> Occupancy (rent, utilities, etc.)	20,000	20,000	20,000		
<b>21</b> Depreciation and depletion					
<b>22</b> Professional fees	30,000	40,000	50,000		
<b>23</b> Any expense not otherwise classified, such as program services (attach itemized list)	105,000	210,000	295,000		
<b>24</b> Total Expenses Add lines 14 through 23	300,000	600,000	750,000		

**Part IX Financial Data (Continued)**

<b>B. Balance Sheet (for your most recently completed tax year)</b>		<b>Year End: Current</b>
		<b>(Whole dollars)</b>
<b>Assets</b>		
1	Cash . . . . .	200
2	Accounts receivable, net . . . . .	
3	Inventories . . . . .	
4	Bonds and notes receivable (attach an itemized list) . . . . .	
5	Corporate stocks (attach an itemized list) . . . . .	
6	Loans receivable (attach an itemized list) . . . . .	
7	Other investments (attach an itemized list) . . . . .	
8	Depreciable and depletable assets (attach an itemized list) . . . . .	
9	Land . . . . .	
10	Other assets (attach an itemized list) . . . . .	
11	<b>Total Assets (add lines 1 through 10)</b> . . . . .	<b>200</b>
<b>Liabilities</b>		
12	Accounts payable . . . . .	
13	Contributions, gifts, grants, etc. payable . . . . .	
14	Mortgages and notes payable (attach an itemized list) . . . . .	
15	Other liabilities (attach an itemized list) . . . . .	
16	<b>Total Liabilities (add lines 12 through 15)</b> . . . . .	<b>0</b>
<b>Fund Balances or Net Assets</b>		
17	<b>Total fund balances or net assets</b> . . . . .	<b>200</b>
18	<b>Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)</b> . . . . .	<b>200</b>
19	Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Part X Public Charity Status**

Part X is designed to classify you as an organization that is either a **private foundation** or a **public charity**. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a **private operating foundation**. (See instructions.)

- 1a Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If you are unsure, see the instructions.  Yes  No
- b As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document. Go to line 2.
- 2 Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line 3. If "No," go to the signature section of Part XI.  Yes  No
- 3 Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4.  Yes  No
- 4 Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation?  Yes  No
- 5 If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.  
 The organization is not a private foundation because it is:
  - a 509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A.
  - b 509(a)(1) and 170(b)(1)(A)(ii)—a **school**. Complete and attach Schedule B.
  - c 509(a)(1) and 170(b)(1)(A)(iii)—a **hospital**, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C.
  - d 509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D.

**Part X Public Charity Status (Continued)**

- e 509(a)(4)—an organization organized and operated exclusively for testing for public safety.
- f 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- g 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross **investment income** and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

**6** If you checked box g, h, or i in question 5 above, you must request either an **advance** or a **definitive ruling** by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

- a **Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at [www.irs.gov](http://www.irs.gov) or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

**Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code**

For Organization

.....  
 (Signature of Officer, Director, Trustee, or other authorized official)

.....  
 (Type or print name of signer)

.....  
 (Date)

.....  
 (Type or print title or authority of signer)

For IRS Use Only

.....  
 IRS Director, Exempt Organizations

.....  
 (Date)

- b **Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii).

(i) (a) Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses. \_\_\_\_\_

(b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.

(ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each **disqualified person**. If the answer is "None," check this box.

(b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.

- 7 Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual.  Yes  No

850  
S  
K

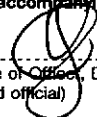
**Part XI User Fee Information**

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed \$10,000 annually over a 4-year period, you must submit payment of \$750. If your gross receipts have not exceeded or will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$300. See instructions for Part XI, for a definition of **gross receipts** over a 4-year period. Your check or money order must be made payable to the United States Treasury. *User fees are subject to change. Check our website at [www.irs.gov](http://www.irs.gov) and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.*

- 1 Have your annual gross receipts averaged or are they expected to average not more than \$10,000?  Yes  No  
If "Yes," check the box on line 2 and enclose a user fee payment of \$300 (Subject to change—see above).  
If "No," check the box on line 3 and enclose a user fee payment of \$750 (Subject to change—see above).
- 2 Check the box if you have enclosed the reduced user fee payment of \$300 (Subject to change).
- 3 Check the box if you have enclosed the user fee payment of \$750 (Subject to change).

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

**Please Sign Here**

  
.....  
(Signature of Officer, Director, Trustee, or other authorized official)

**Isabel Santa**  
.....  
(Type or print name of signer)

**8/2/10**  
.....  
(Date)

**Secretary**  
.....  
(Type or print title or authority of signer)

**Reminder:** Send the completed Form 1023 Checklist with your filled-in-application.

**ATTACHMENTS FOR FORM 1023:**  
**APPLICATION FOR RECOGNITION OF EXEMPTION**

**Part IV: Narrative Description of Activities**

The mission of Project Veritas is to investigate and expose corruption, dishonesty, self-dealing, waste, fraud, and other misconduct in both public and private institutions in order to achieve a more ethical and transparent society.

Project Veritas will engage in three primary activities: (1) Conducting investigations into possible official corruption and misconduct; (2) Publicizing the results of our investigations; and (3) Training citizen journalists to do conduct similar investigative journalism in their states and communities. The first two primary activities are the direct means by which we will achieve our exempt purpose, as described in the paragraph above. The third primary activity will leverage our expertise to train others to conduct achieve our exempt purpose in their communities. Our purpose is the discovery and exposition of true information so that society can function in a more efficient, knowledgeable manner, and make decisions based on the most possible accurate information.

To date, the organization has not conducted any program activities. Initially, our activities will be conducted by our founder or our executive director. As we raise funds, we expect to hire additional staff. Our office is in Arlington, Virginia. However, many of our activities will take place in the country, depending on the project and on funding available. Our activities will be funded by donations. We may charge a fee for our training sessions.

During the second half of this year, we expect to conduct three to six investigative journalism projects, with each one taking one or two months to complete. We expect this to take about 40% of our staff time. We will then publicize the results of these investigations, through a website, press releases, press conferences and other media. The amount of time devoted to publicizing the results will depend on the results, but we expect it will take about 20% of our staff time. We also expect to conduct about 5 training sessions, in five different states. The first one will be in September. The sessions are expected to be 2-3 day training sessions. We expect developing the curriculum and conducting these initial trainings will take about 20% of our staff time. We expect the remaining 20% of our staff time to be devoted to fund-raising and administrative matters.

**Part V.1b: Independent Contractors**

The organization expects to hire independent contractors to provide assistance with several functions, including website development and maintenance, public relations, fund-raising, accounting and legal matters. Some of those independent contracts may be paid more than \$50,000 per year. However, the organization has not yet signed contracts with any independent contractors and does not expect to do so before initial funds have been raised to pay such contractors.



**Part V.3a: Officers, Directors, etc.**

Name & Title	Duties & Qualifications	Hours worked weekly
Maureen Wagner, Chair	Provide guidance and oversight as a board chair of the board. Qualifications include experience gained working for another nonprofit.	Less than 5
Gregory Levitsky, President	Provide guidance and oversight as a board member. Qualifications include experience in ethics and leadership gained as a priest.	Less than 5
Isabel Santa, Secretary	Provide guidance and oversight as a board member. Qualifications include experience gained in developing and serving as executive director of this organization.	40+
Francisco Gonzales, Treasurer	Provide guidance and oversight as a board member. Qualifications include experience gained as working professionally as the director of development for a nonprofit.	Less than 5

**Part V.6a and 6b: Bonuses and Compensation**

Staff of the organization will receive fixed salaries. We expect that, if funding is available, and based on performance, some employees may receive discretionary bonuses at year-end.

With respect to independent contractors, the organization expects most such contracts to provide for fixed compensation, but the organization may enter into agreements with independent contractors for services and with outside fund-raisers to assist with fund-raising under arrangements that may include non-fixed compensation and/or bonuses based on performance.

**Part VIII.4a. Fundraising**

4a. Initially, fundraising efforts will be focused on major donors who express interest in our work. The organization expects to use dinners, individual meetings, mail, email and phone solicitations to raise funds. We may receive some donations through the organization's website. We may apply for grants from foundations that share our vision.

4b. The organization does not currently have any such contracts, but may in the future.

4d. Initial fundraising efforts will occur in Virginia, and then in other states as we have opportunities.

**Part VIII.10. Intellectual Property**

The organization will write investigative reports, new stories, training materials and other written and video works, and will hold copyright in the writings and videos and other works. While we expect primarily to make them available for free use by newspapers and other media outlets, we may charge a fee for use of some information, or compile it into books or reprints for sale as appropriate.

**Part IX.23. Other Expenses**

<b>Item</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Training programs	40,000	80,000	110,000
Website and PR	25,000	50,000	80,000
Travel	20,000	30,000	45,000
General office / admin	20,000	50,000	60,000
<b>Total</b>	<b>105,000</b>	<b>210,000</b>	<b>295,000</b>

# Commonwealth of Virginia



## STATE CORPORATION COMMISSION

Richmond, June 22, 2010

*This is to certify that the certificate of incorporation of*

**Project Veritas**

*was this day issued and admitted to record in this office and that the said corporation is authorized to transact its business subject to all Virginia laws applicable to the corporation and its business.*

*Effective date: June 22, 2010*



State Corporation Commission

Attest:

*Joel H. Beck*  
Clerk of the Commission

**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION**

**ARTICLES OF INCORPORATION  
VIRGINIA NONSTOCK CORPORATION**

The undersigned, pursuant to Chapter 10 of Title 13.1 of the Code of Virginia, states as follows:

1. The name of the corporation is: Project Veritas.
2. The corporation shall have no members.
3. The directors shall elect their successors.
4. The name of the corporation's initial registered agent is Isabel M. Santa, an individual who is a resident of Virginia and an initial director of the corporation.
5. The corporation's initial registered office address, which is identical to the business office of the initial registered agent, is: 1922 N Quincy St Arlington, VA 22207. The registered office is physically in the city of Arlington.
6. The initial directors are:
  - a. Maureen Wagner. 1922 N Quincy St Arlington, VA 22207.
  - b. Francisco Gonzales. 1922 N Quincy St Arlington, VA 22207.
  - c. Gregory W. Levitsky. 1922 N Quincy St Arlington, VA 22207.
  - d. Isabel M. Santa. 1922 N Quincy St Arlington, VA 22207.
7. The purpose or purposes for which the corporation is formed are: This organization is organized exclusively for charitable, religious, educational and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, including for the purpose of investigating and exposing corruption at all levels and other misconduct in order to achieve a more ethical and transparent society.
8. No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to any director or officer of the Corporation, or to any other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to or for the Corporation and to make payments and distributions in furtherance of the purposes set forth above.
  - A. In the event of dissolution or final liquidation of the Corporation, all remaining assets and property shall, after paying or making provision for the payment of all of the liabilities and obligations of the Corporation and for necessary expenses thereof, be distributed to such organization or organizations as chosen by the board of directors that are organized and operated exclusively for social welfare, public benefit, charitable or educational purposes and exempt under section 501(c)(3) of the Code. In no event shall any of such assets or property be distributed to any director or officer or any private individual.

B. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene (including the publishing or distribution of statements) any political campaign on behalf of (or against) in any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or the corresponding provisions of any future federal tax code.)

9. In any proceeding brought by or in the right of the corporation, or by or on behalf of members of the corporation, no officer or director shall be liable for any damages arising out of any one or more transactions, occurrences, or courses of conduct. The preceding sentence shall not apply to any transaction, occurrence, or course of conduct with respect to which the officer or director engaged in willful misconduct or in knowing violation of the criminal law or federal or state law.

INCORPORATOR:

  
\_\_\_\_\_  
Isabel M. Santa

6/20/10  
\_\_\_\_\_  
DATE

**BY-LAWS**

**Project Veritas**

A Virginia Nonprofit Corporation

**ARTICLE I.  
OFFICES**

Section 1.01 **Offices.** The Corporation shall have its registered office in the state in which it is incorporated, and may have such other offices and places of business within or without such state as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II  
DIRECTORS**

Section 2.01 **Board of Directors.** The management of the affairs, property and business of the Corporation shall be vested in a Board of Directors.

Section 2.02 **Number.** The number of directors shall be three, or more as fixed from time to time by the Board of Directors.

Section 2.03 **Term of Directors.** Each director shall hold office until the expiration of such term and until his successor, if any, has been elected and qualified, or until his earlier resignation or removal.

Section 2.04 **Election of Directors. Annual and Regular Meetings.** The annual meeting of directors shall be held on such date as may be determined by the Board of Directors. At such meeting, the directors shall elect a Board of Directors and transact such other business as may properly come before the meeting. Regular meetings of the Board of Directors may be held at such times as the Board of Directors may from time to time determine. No notice shall be required for the annual or any regular meeting of the Board of Directors.

Section 2.05 **Special Meetings.** Special meetings of the Board of Directors may be called by the President, by an officer of the corporation who is also a director or by any two directors, upon one day's notice to each director either personally or by mail, email, telephone, telecopier or telegraph, and if by telephone, confirmed in writing before or after the meeting, setting forth the time and place of such meeting. Notice of any special meeting need not be given, however, to any director who submits a signed waiver of notice, before or after the meeting, or who attends the meeting without objecting to the transaction of business.

Section 2.06 **Place of Meetings.** (a) The Board of Directors may hold its meetings, regular or special, at such places, either within or without the state in which it is incorporated, as it may from time to time determine or as shall be set forth in any notice of such meeting.

(b) Any meeting of the Board of Directors may be held by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation shall constitute presence at the meeting.

**Section 2.07 Adjourned Meetings.** A majority of the directors present, whether or not a quorum, may adjourn any meeting of the Board of Directors to another time and place. Notice of such adjourned meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken.

**Section 2.08 Quorum of Directors.** A majority of the total number of directors shall constitute a quorum for the transaction of business. The total number of directors means the number of directors the Corporation would have if there were no vacancies.

**Section 2.09 Action of the Board of Directors.** The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the question or action is one upon which a different vote is required by express provision of statute, the Certificate of Incorporation or these By-Laws, in which case such provision shall govern the vote on the decision of such question or action. Each director present shall have one vote.

**Section 2.10 Action by Written Consent of Directors.** Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent thereto is signed by all members of the Board of Directors or of such committee, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee. Consent may be given by email.

**Section 2.11 Resignation.** A director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt by the Board of Directors or such officer, and acceptance of the resignation shall not be necessary.

**Section 2.12 Removal of Directors.** Any or all of the directors may be removed with or without cause by majority vote of the directors.

**Section 2.13 Vacancies.** Vacancies occurring in the Board of Directors for any reason may be filled by a vote of the majority of the directors then in office, although less than a quorum. A director elected to fill a newly created directorship or to fill any vacancy shall hold office until the next annual meeting of directors, and until his successor, if any, has been elected and qualified.

**Section 2.14 Chairman.** At all meetings of the Board of Directors the Chairman of the Board or, if one has not been elected or appointed or in his absence, a chairman chosen by the directors present at such meeting, shall preside.

**Section 2.15 Committees Appointed by the Board of Directors.** The Board of Directors may, by resolution passed by a majority of the entire Board of Directors or by written consent of all of the directors, designate one or more committees, each committee to consist of one or more of the directors. The Board may also designate one or more directors as alternate members of any committee who may replace any absent or disqualified committee member at any committee meeting. Any such committee, to the extent provided in the resolution, except as restricted by law, shall have and may exercise the powers of the Board of Directors in the management of the affairs, business and property of the Corporation, and may authorize the seal of the Corporation, if any, to be affixed to all papers which may require it.

**Section 2.16 Compensation.** Unless otherwise restricted by law, the certificate of incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of

directors. No such compensation shall preclude any director from serving the corporation in any other capacity and receiving compensation therefore.

### **ARTICLE III OFFICERS**

**Section 3.01 Offices, Election and Term.** (a) At its annual meeting the Board of Directors shall elect or appoint a President and a Secretary and may, in addition, elect or appoint at any time such other officers as it may determine. Any number of offices may be held by the same person.

(b) Unless otherwise specified by the Board of Directors, each officer shall be elected or appointed to hold office until the annual meeting of the Board of Directors next following his election or appointment and until his successor, if any, has been elected or appointed and qualified, or until his earlier resignation or removal.

(c) Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof, and the acceptance of the resignation shall not be necessary to make it effective.

(d) Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause. Any vacancy occurring in any office by reason of death, resignation, removal or otherwise may be filled by the Board of Directors.

**Section 3.02 Powers and Duties.** The officers, agents and employees of the corporation shall each have such powers and perform such duties in the management of the affairs, property and business of the Corporation, subject to the control of and limitation by the Board of Directors, as generally pertain to their respective offices, as well as such powers and duties as may be authorized from time to time by the Board of Directors.

### **ARTICLE IV INDEMNIFICATION**

**Section 4.01 Indemnification.** The Corporation shall indemnify the directors and officers and may, by action of the Board of Directors, indemnify its agents and employees in the manner and to the full extent provided in the laws of the state of in which it is incorporated. Such indemnification may be in addition to any other rights to which any person seeking indemnification may be entitled under any agreement, vote of directors, any provision of these By-Laws or otherwise. The directors, officers, employees and agents of the Corporation shall be fully protected individually in making or refusing to make any payment or in taking or refusing to take any other action under this Article in reliance upon the advice of counsel. Expenses incurred in defending any action or proceeding for which indemnification is required or permitted and authorized by the Board of Directors shall be paid by the corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the indemnified party to repay such amount if it shall ultimately be determined that the indemnified party is not entitled to be indemnified as authorized in this Article.



**ARTICLE V  
MISCELLANEOUS**

**Section 5.01 Corporate Seal.** The corporation shall not have a corporate seal.

**Section 5.02 Execution of Instruments.** All corporate instruments and documents shall be signed or countersigned, executed, and, if desired, verified or acknowledged by a proper officer or officers or such other person or persons as the Board of Directors may from time to time designate.

**Section 5.03 Fiscal Year.** The fiscal year of the Corporation shall be from January 1 through December 31, or as otherwise determined by the Board of Directors.

**ARTICLE VI  
AMENDMENTS**

**Section 6.01 Amendments.** These By-Laws may be altered, amended or repealed from time to time by the directors.

## Conflict of Interest Policy

### Article I. Purpose.

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### Article II. Definitions

1. **Interested Person.** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,

b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### Article III. Procedures

1. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. **Procedures for Addressing the Conflict of Interest**

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

#### **4. Violations of the Conflicts of Interest Policy**

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### **Article IV. Records of Proceedings.**

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### **Article V. Compensation**

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### **Article VI. Annual Statements.**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### **Article VII. Periodic Reviews.**

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

#### **Article VIII. Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

### Annual Conflict of Interest Statement

The undersigned, being a member of the board of directors or an officer of the organization, hereby attests to the following:

a. I have received a copy of the conflicts of interest policy,

b. I have read and understand the policy,

c. I agree to comply with the policy,

d. I understand the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

e. I have the following conflicts of interest to disclose (listed in the blank space below) or that have already been disclosed (if none, so state; for this purpose, simply list the issues – details should be provided separately to the chairman or president or other board member designated by the board to collect such information for review).

Signed: \_\_\_\_\_

Name:

Date:

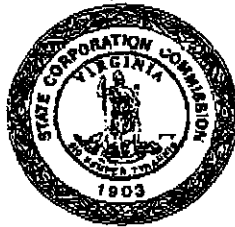


Isabel Santa

6/20/10

Conflicts to be disclosed below (if none, write "none"): None

# Commonwealth of Virginia



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## State Corporation Commission

### Clerk's Office

1300 E. Main St., Tyler Bldg., Richmond, VA 23219

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### Facsimile Cover Sheet

**To:** Kate Donor  
**Company:** Project Veritas  
**Phone:** (512) 658-4241  
**Fax:** (512) 233-2246

**From:** James Anthony  
**Phone:** (804) 371- 9018  
**Fax:** (804) 371- 9654

**Date:** June 22, 2010

**Pages including this cover page:** 3

**Comments:**

1 - Filing receipt

1 - Certificate of Incorporation

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COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

Office of the Clerk

June 22, 2010

KATE DONER  
815 BRAZOS STE 701  
AUSTIN, TX 78701

RECEIPT

RE: Project Veritas

ID: 0724771 - 1

DCN: 10-06-22-1100

Dear Customer:

This is your receipt for \$75.00, to cover the fees for filing articles of incorporation with this office.

This is also your receipt for \$225.00 to cover the fee(s) for expedited service(s).

The effective date of the certificate of incorporation is June 22, 2010.

If you have any questions, please call (804) 371-9733 or toll-free in Virginia, 1-866-722-2551.

Sincerely,

Joel H. Peck  
Clerk of the Commission

CORPRCPT  
NEWCD  
CIS0328

P.O. Box 1197, Richmond, VA 23218-1197  
Tyler Building, First Floor, 1300 East Main Street, Richmond, VA 23219-3630  
Clerk's Office (804) 371-9733 or (866) 722-2551 (toll-free in Virginia) [www.scc.virginia.gov/clk](http://www.scc.virginia.gov/clk)  
Telecommunications Device for the Deaf-TDD/Voice: (804) 371-9206

# Commonwealth of Virginia



## STATE CORPORATION COMMISSION

Richmond, June 22, 2010

*This is to certify that the certificate of incorporation of*

**Project Veritas**

*was this day issued and admitted to record in this office and that the said corporation is authorized to transact its business subject to all Virginia laws applicable to the corporation and its business. Effective date: June 22, 2010*



*State Corporation Commission*

*Attest:*

*Joel H. Beck*  
Clerk of the Commission



**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION**

**ARTICLES OF INCORPORATION  
VIRGINIA NONSTOCK CORPORATION**

The undersigned, pursuant to Chapter 10 of Title 13.1 of the Code of Virginia, states as follows:

1. The name of the corporation is: Project Veritas.
2. The corporation shall have no members.
3. The directors shall elect their successors.
4. The name of the corporation's initial registered agent is Isabel M Santa, an individual who is a resident of Virginia and an initial director of the corporation.
5. The corporation's initial registered office address, which is identical to the business office of the initial registered agent, is: 1922 N Quincy St Arlington, VA 22207. The registered office is physically in the city of Arlington.
6. The initial directors are:
  - a. Maureen Wagner. 1922 N Quincy St Arlington, VA 22207.
  - b. Francisco Gonzales. 1922 N Quincy St Arlington, VA 22207.
  - c. Gregory W. Levitsky. 1922 N Quincy St Arlington, VA 22207.
  - d. Isabel M Santa. 1922 N Quincy St Arlington, VA 22207.
7. The purpose or purposes for which the corporation is formed are: This organization is organized exclusively for charitable, religious, educational and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, including for the purpose of investigating and exposing corruption at all levels and other misconduct in order to achieve a more ethical and transparent society.
8. No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to any director or officer of the Corporation, or to any other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to or for the Corporation and to make payments and distributions in furtherance of the purposes set forth above.
  - A. In the event of dissolution or final liquidation of the Corporation, all remaining assets and property shall, after paying or making provision for the payment of all of the liabilities and obligations of the Corporation and for necessary expenses thereof, be distributed to such organization or organizations as chosen by the board of directors that are organized and operated exclusively for social welfare, public benefit, charitable or educational purposes and exempt under section 501(c)(3) of the Code. In no event shall any of such assets or property be distributed to any director or officer or any private individual.

B. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene (including the publishing or distribution of statements) any political campaign on behalf of (or against) in any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or the corresponding provisions of any future federal tax code.)

9. In any proceeding brought by or in the right of the corporation, or by or on behalf of members of the corporation, no officer or director shall be liable for any damages arising out of any one or more transactions, occurrences, or courses of conduct. The preceding sentence shall not apply to any transaction, occurrence, or course of conduct with respect to which the officer or director engaged in willful misconduct or in knowing violation of the criminal law or federal or state law.

INCORPORATOR:

  
\_\_\_\_\_  
Isabel M. Santa

6/29/2010  
DATE



**Exhibit A**

**BY-LAWS Project Veritas**

A Virginia Nonprofit Corporation

**ARTICLE I OFFICES**

Section 1.01 **Offices.** The Corporation shall have its registered office in the state in which it is incorporated, and may have such other offices and places of business within or without such state as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II  
DIRECTORS**

Section 2.01 **Board of Directors.** The management of the affairs, property and business of the Corporation shall be vested in a Board of Directors.

Section 2.02 **Number.** The number of directors shall be three, or more as fixed from time to time by the Board of Directors.

Section 2.03 **Term of Directors.** Each director shall hold office until the expiration of such term and until his successor, if any, has been elected and qualified, or until his earlier resignation or removal.

Section 2.04 **Election of Directors. Annual and Regular Meetings.** The annual meeting of directors shall be held on such date as may be determined by the Board of Directors. At such meeting, the directors shall elect a Board of Directors and transact such other business as may properly come before the meeting. Regular meetings of the Board of Directors may be held at such times as the Board of Directors may from time to time determine. No notice shall be required for the annual or any regular meeting of the Board of Directors.

Section 2.05 **Special Meetings.** Special meetings of the Board of Directors may be called by the President, by an officer of the corporation who is also a director or by any two directors, upon one day's notice to each director either personally or by mail, email, telephone, telecopier or telegraph, and if by telephone, confirmed in writing before or after the meeting, setting forth the time and place of such meeting. Notice of any special meeting need not be given, however, to any director who submits a signed waiver of notice, before or after the meeting, or who attends the meeting without objecting to the transaction of business.

Section 2.06 **Place of Meetings.** (a) The Board of Directors may hold its meetings, regular or special, at such places, either within or without the state in which it is incorporated, as it may from time to time determine or as shall be set forth in any notice of such meeting.

(b) Any meeting of the Board of Directors may be held by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation shall constitute presence at the meeting.

Section 2.07 **Adjourned Meetings.** A majority of the directors present, whether or not a quorum, may adjourn any meeting of the Board of Directors to another time and place. Notice of such adjourned meeting

need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken.

**Section 2.08 Quorum of Directors.** A majority of the total number of directors shall constitute a quorum for the transaction of business. The total number of directors means the number of directors the Corporation would have if there were no vacancies.

**Section 2.09 Action of the Board of Directors.** The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the question or action is one upon which a different vote is required by express provision of statute, the Certificate of Incorporation or these By-Laws, in which case such provision shall govern the vote on the decision of such question or action. Each director present shall have one vote.

**Section 2.10 Action by Written Consent of Directors.** Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent thereto is signed by all members of the Board of Directors or of such committee, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee. Consent may be given by email.

**Section 2.11 Resignation.** A director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt by the Board of Directors or such officer, and acceptance of the resignation shall not be necessary.

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**Section 2.14 Chairman.** At all meetings of the Board of Directors the Chairman of the Board or, if one has not been elected or appointed or in his absence, a chairman chosen by the directors present at such meeting, shall preside.

**Section 2.15 Committees Appointed by the Board of Directors.** The Board of Directors may, by resolution passed by a majority of the entire Board of Directors or by written consent of all of the directors, designate one or more committees, each committee to consist of one or more of the directors. The Board may also designate one or more directors as alternate members of any committee who may replace any absent or disqualified committee member at any committee meeting. Any such committee, to the extent provided in the resolution, except as restricted by law, shall have and may exercise the powers of the Board of Directors in the management of the affairs, business and property of the Corporation, and may authorize the seal of the Corporation, if any, to be affixed to all papers which may require it.

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office until the annual meeting of the Board of Directors next following his election or appointment and until his successor, if any, has been elected or appointed and qualified, or until his earlier resignation or removal.

(c) Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof, and the acceptance of the resignation shall not be necessary to make it effective.

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**Section 3.02 Powers and Duties.** The officers, agents and employees of the corporation shall each have such powers and perform such duties in the management of the affairs, property and business of the Corporation, subject to the control of and limitation by the Board of Directors, as generally pertain to their respective offices, as well as such powers and duties as may be authorized from time to time by the Board of Directors.

#### **ARTICLE IV INDEMNIFICATION**

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#### **ARTICLE V MISCELLANEOUS**

**Section 5.01 Corporate Seal.** The corporation shall not have a corporate seal.

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**Section 5.03 Fiscal Year.** The fiscal year of the Corporation shall be from January 1 through December 31, or as otherwise determined by the Board of Directors.

#### **ARTICLE VI AMENDMENTS**

**Section 6.01 Amendments.** These By-Laws may be altered, amended or repealed from time to time by the directors.

#### **Exhibit B Conflict of Interest Policy**

##### **Article I. Purpose.**

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that

might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

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2 **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

## **Article III. Procedures**

1 **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2 **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3 **Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

#### **4 Violations of the Conflicts of Interest Policy**

- a.** If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b.** If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

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- a.** The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b.** The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### **Article V. Compensation**

- a.** A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
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- c.** No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### **Article VI. Annual Statements.**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a.** Has received a copy of the conflicts of interest policy,
- b.** Has read and understands the policy,
- c.** Has agreed to comply with the policy, and
- d.** Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### **Article VII. Periodic Reviews.**

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a.** Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b.** Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private

benefit or in an excess benefit transaction.

### **Article VIII. Use of Outside Experts**

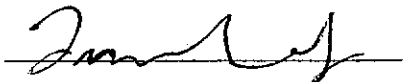
When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

### **Annual Conflict of Interest Statement**

The undersigned, being a member of the board of directors or an officer of the organization, hereby attests to the following:

- a. I have received a copy of the conflicts of interest policy,
- b. I have read and understand the policy,
- c. I agree to comply with the policy,
- d. I understand the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
- e. I have the following conflicts of interest to disclose (listed in the blank space below) or that have already been disclosed (if none, so state; for this purpose, simply list the issues – details should be provided separately to the chairman or president or other board member designated by the board to collect such information for review).

Signed: \_\_\_\_\_



Name: Francisco Gonzalez, Director, Chairman

Date:

3/9/11

Conflicts to be disclosed below (if none, write "none"):



Internal Revenue Service  
24000 Avila Road, Room 4308, MS 3000  
Laguna Niguel, CA 92677

Department of the Treasury

Date: January 31, 2011

Project Veritas  
1922 N. Quincy Street  
Arlington, VA 22207

**Employer Identification Number:**

27-2894856

**Person to Contact - Group #:**

Mark Tomback - 7888

ID# 0246327

**Contact Telephone Numbers:**

949-389-4414 Phone

949-389-5017 Fax

**Response Due Date:**

February 21, 2011

Dear Sir or Madam:

We need more information before we can complete our consideration of your application for exemption. Please provide the information requested on the enclosure by the response due date shown above. Your response must be signed by an authorized person or an officer whose name is listed on your application. Also, the information you submit should be accompanied by the following declaration:

*Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.*

To facilitate processing of your application, **please attach a copy of this letter to your response.** This will enable us to quickly and accurately associate the additional documents with your case file.

If we do not hear from you within that time, we will assume you no longer want us to consider your application for exemption and will close your case. As a result, the Internal Revenue Service will treat you as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new application.

In addition, if you do not respond to the information request by the due date, we will conclude that you have not taken all reasonable steps to complete your application for exemption. Under Code section 7428(b)(2), you must show that you have taken all the reasonable steps to obtain your exemption letter under IRS procedures in a timely manner and exhausted your administrative remedies before you can pursue a declaratory judgment. Accordingly, if you fail to timely provide the information we need to enable us to act on your application, you may lose your rights to a declaratory judgment under Code section 7428.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Page 2

Name Project Veritas  
FIN 27-2894856

Sincerely yours,

*Mark Tomback*

Mark Tomback  
Exempt Organizations Specialist

Enclosure: Information Request

1. From the information available from your organization's exemption application, it appears that your organization was formed to investigate and expose corruption, dishonesty, self-dealing, waste, fraud, and other misconduct in both public and private institutions. Your organization will conduct investigations into possible official corruption and misconduct, publicize the results of your organization's investigations, and train citizen journalists to conduct similar investigation journalism in their states and communities. The results of the investigations will be publicized through your organization's website, press releases, press conferences, and other media. Your organization plans to conduct about five training sessions in five different states. The sessions are expected to be two to three day training sessions. Your organization expects primarily to make the investigate reports, new stories, training materials and other written and video works available for free by newspapers and other media outlets, your organization may charge a fee for use of some information, or compile it into books or reprints for sale as appropriate. Your organization will hold copyright in the writings and videos and other works. Your organization plans to hire independent contractors to provide assistance with website development and maintenance, public relations, fundraising, accounting and legal matters. Your organization will be supported by donations, fees, sales, and foundation grants. Is the above correct? Will your organization engage in any activities that are not mentioned above? If so, please provide descriptions of all of the activities your organization will engage in that are not mentioned above.
2. From the information available from your organization's exemption application, it appears that your organization was formed to investigate and expose corruption, dishonesty, self-dealing, waste, fraud, and other misconduct in both public and private institutions. Your organization will conduct investigations into possible official corruption and misconduct. Is the above correct? If so, please describe in detail how your organization will investigate and expose corruption, dishonesty, self-dealing, waste, fraud, and other misconduct in both public and private institutions.
3. From the information available from your organization's exemption application, it appears that your organization will publicize the results of your organization's investigations. Is the above correct? If so, will the dispositions of the results of the investigations be made to the public? If not, please explain.
4. From the information available from your organization's exemption application, it appears that your organization will train citizen journalists to conduct similar investigation journalism in their states and communities. Is the above correct? If so, who will provide the training? Where will it be held? Will a fee be charged for the training? If so, what is the amount of the fee and how was the amount of the fee determine?

5. From the information available from your organization's exemption application, it appears that your organization expects primarily to make the investigate reports, new stories, training materials and other written and video works available for free by newspapers and other media outlets, your organization may charge a fee for use of some information, or compile it into books or reprints for sale as appropriate. Your organization will hold copyright in the writings and videos and other works. Is the above correct? If so, will your organization publish the books that contain the information? If so, please state how your organization's publishing activities will be distinguishable from those of a for-profit enterprise. Please state whether your literature is distributed free of charge. If not, what basis is used in determining the sales price? Are the books sold below the retail price, at the retail price, above the retail price? Please describe your method of distributing the books.
6. From the information available from your organization's exemption application, it appears that your organization plans to hire independent contractors to provide assistance with website development and maintenance, public relations, fundraising, accounting and legal matters. Is the above correct? If so, will any of the independent contractors be Officers and/or Directors of your organization? If so, will the terms be negotiated at arm's length and will your organization pay no more than fair market value?
7. Does or will your organization attempt to influence legislation? If yes, explain. Please indicate how your organization will attempt to influence legislation. Also, please give an estimate of the percentage of the organization's time and funds that your organization devotes or plans to devote to the activity.
8. Please submit a copy of your organization's "Bylaws" that has been **adopted and signed, titled, and dated** by your organization's Board of Directors.
9. Please provide actual income and expenses for the year ended December 31, 2010.
10. Please provide a breakdown of budget expenditures from "Compensation of Officers, Directors and Trustees," "Other Salaries and Wages," "Occupancy," and "Professional Fees" for the years ending December 31, 201, 2011, and 2012.
11. Please submit copies of any written leases, contracts, or agreements entered into by your organization.
12. Please submit copies of any brochures, pamphlets, newsletters, advertisements, or any literature regarding your organization.

13. Please submit **endorsed and filed** copies of your organization's original Articles of Incorporation and any **endorsed and filed** amendments to the Articles of Incorporation with verification that the documents were filed with the Secretary of State.

**Please submit correspondence to:**

**Internal Revenue Service  
TE/GE Division  
24000 Avila Road, Room 4308  
Mail Stop 3000  
Laguna Niguel, CA 92677  
Attn: Mark Tomback**

**FAX Telephone Number:**

**(949) 389-5017**

MODE = MEMORY TRANSMISSION START=MAR-03 13:09 END=MAR-03 13:11

FILE NO.=232

STN NO.	COMM.	ABBR NO.	STATION NAME/TEL NO.	PAGES	DURATION
001	OK		915122332246	006/006	00:01:53

-IRS TEGE DIVISION -

\*\*\*\*\* -EPEO LN POD - \*\*\*\*\* - 949 389 5017- \*\*\*\*\*



**Department of the Treasury  
Internal Revenue Service**

**Tax Exempt and Government Entities Organization  
Pacific Coast Area**

TEGGE 7888  
24000 Avila Road, Room 4308  
Mail Stop 3000  
Laguna Niguel, CA 92677

Date: 03-03-2011

To: Kate Doner, Executive Director  
Project Veritas

From: Mark Tomback, Internal Revenue Agent

Telephone: (949) 389-4414

Fax: (949) 389-5017

Subject: Copy of Letter 1312

Comments: As pursuant to our telephone conversation, please see attached copy of Letter 1312. Since the due date of Letter 1312 was February 21, 2011, and you never received the letter because your organization's address was changed, a two week extension from today from granted to March 17, 2011. The new address has been changed on the IRS system.

If you have any questions please do not hesitate to call.

Thank you very much for your cooperation!

**Confidentiality Notice**

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient, or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited.

If you have received this communication in error, please notify the sender immediately by telephone and return the communication to the address above via the United States Postal Service.

*This FAX contains 6 page(s) including the cover page.*



**Department of the Treasury  
Internal Revenue Service**

**Tax Exempt and Government Entities Organization  
Pacific Coast Area**

TEGE 7888  
24000 Avila Road, Room 4308  
Mail Stop 3000  
Laguna Niguel, CA 92677

Date: 03-03-2011

To: Kate Doner, Executive Director  
Project Veritas

From: Mark Tomback, Internal Revenue Agent

Telephone: (949) 389-4414

Fax: (949) 389-5017

Subject: Copy of Letter 1312

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*This FAX contains 6 page(s) including the cover page.*

# Veritas

## Fax

To: Mark Tomback  
From: Kate Doner  
Date: March 14, 2011  
Re: Project Veritas

**BY FAX: 949-389-5017**

Total pages: 30

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Attn: Mr. Mark Tomback  
Exempt Organization Specialist  
Internal Revenue Service  
TE/GE Division  
24000 Avila Road, Room 4308  
Mail Stop 3000  
Laguna Niguel, CA 92677

Re: Project Veritas  
815 Brazos St., Suite 701  
Austin, TX 78701

Employer ID: 27-2894856



PROJECT  
*Veritas*

---

March 10, 2011

Attn: Mr. Mark Tomback  
Exempt Organization Specialist  
Internal Revenue Service  
TE/GE Division  
24000 Avila Road, Room 4308  
Mail Stop 3000  
Laguna Niguel, CA 92677  
**BY FAX: 949-389-5017**

Re: Project Veritas  
815 Brazos St., Suite 701  
Austin, TX 78701

Employer ID: 27-2894856

Dear Mr. Tomback:

Please change our mailing address on your files to the following:  
815 Brazos St., Suite 701  
Austin, TX 78701  
Phone: 512.658.4241

In response to your inquiry, following are the answers to your posed questions:

1. Yes, this is correct. No, our organization will not engage in any activities that are not mentioned.
2. Yes, this is correct. Our organization will investigate and expose corruption, dishonesty, self-dealing, waste, fraud, and other misconduct in both public and private institutions through video investigation that is supported by research. As investigative journalists, our team will use traditional journalistic methods to conduct research to identify possible corruption and other issues, and then to research and verify whether corruption or other problems exist. We will conduct video interviews and publish video and print reports to publicize our findings.
3. Yes, this is correct. Yes, the dispositions of the results of the investigations will be made to the public through our website and media releases.
4. Yes, this is correct. The training will be provided by our paid staff, and by our volunteer investigative journalists. We have not yet finalized details for the training,

because we have not yet secured funding for them. We expect they will be held in hotel conference centers and other public, rented or donated conference room facilities. We anticipate a fee will be charged. We expect to set the fee to be just enough to cover the direct costs of the training.

5. Yes, we plan to make our reports available for free to newspapers and other media outlets. We plan to hold the copyright to them. We do not currently plan to sell books or videos, although we may occasionally do so. If we sell books or videos, we expect to price them at the cost of producing them, to help fund their distribution. If we did so, we would distribute them through the same means that we currently distribute our materials to the media outlets and to the public, primarily through news releases, our website and press conferences. However, at this time, all of our material and reports is free of charge and we currently expect to continue in that way.
6. Yes, this is correct. No, none of the independent contractors will be Officers and/or Directors of our organization. (If in the future any officer or board member were to become an independent contractor with the organization, the terms would be negotiated at arms length, at no more than fair market value).
7. No, our organization will not attempt to influence legislation.
8. Included, you will find a copy of our organization's "Bylaws" that has been adopted and signed, titled, and dated by our organization's President of the Board.
9. Actual income for the year ended December 31, 2010 was \$2,367. We didn't have any expenses other than \$1000 for mail box rental and website. Actual expenses were \$2200 for mailbox and website fees.
10. At this time, we have not yet raised enough funds to spend as much as indicated in the forward looking budget submitted in Form 1023. Here is the breakdown that is expected for those expense categories in that budget:

	<b>2010</b>	<b>2011</b>	<b>2012</b>
Compensation of officers, directors and trustees:	30,000 for Executive Director (part-time)	70,000 for Executive Director	75,000 for Executive Director
Other salaries and wages:	70,000 for our lead full-time investigator	170,000 for our lead full-time investigator, plus one or two additional full or part-time staff.	200,000 for our lead full-time investigator, plus three or four additional full or part-time staff.

Occupancy:	20,000. Rough estimate for rent (expected to be perhaps \$700 to \$1,000 per month), plus electricity and other utilities, plus phone (land-line and cell phones) and high speed internet	20,000. Rough estimate for rent (perhaps \$800 per month), plus electricity and other utilities, plus phone (land-line and cell phones) and high speed internet	20,000. Rough estimate for rent (perhaps \$800 per month), plus electricity and other utilities, plus phone (land-line and cell phones) and high speed internet
Professional fees:	30,000. The estimate for this line item may be too high. It is a rough estimate for attorney fees for formation, compliance and any other legal advice, plus accounting fees for bookkeeping, audit and tax returns.	40,000. Again, the estimate for this line item may be too high. Same as in 2010, but a bit more expense as the organization grows.	50,000. Again, the estimate for this line item may be too high. Same as in 2011, but a bit more expense as the organization grows.

11. Included, you will find a copy of our only contract entered into so far. It is a fund-raising contract, using the standard terms and fees of the vendor we selected.
12. Our organization does not have any brochures, pamphlets, newsletters, or advertisements in print. This is all handled electronically. To view any literature regarding our organization, please refer to our website, [www.theprojectveritas.com](http://www.theprojectveritas.com).
13. Included, you will find a copy of our organization's Articles of Incorporation and the certificate of incorporation from Virginia verifying the articles were filed with and accepted by the state of Virginia.

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.

Sincerely,



Kate Doner  
Project Veritas, Executive Director  
512-476-4403

## Kate Doner

---

**From:** Peter Samuelson [peter.samuelson@usa.net]  
**Sent:** Saturday, March 12, 2011 11:35 AM  
**To:** 'Kate Doner'  
**Subject:** RE: IRS Response 3:11- Letter and other materials attached  
**Attachments:** PV cert of inc from VA 6.22.10.pdf, PV Response 311 pas edits 3.12.docx

Kate,

Here you go – attached – with some edits (confirm I didn't change anything in a way that makes any statement that is incorrect)

- Send it by fax, with snail mail followup – and call him after sending the fax to confirm he received it
  - Don't forget to attach his letter to yours for his reference
- I deleted the DC address, phone and website from the bottom of the letterhead. No need to distract him with those.
- On question 9, how was the deficit funded? I assume someone gave the organization a loan? Was it an officer or director? An outside third party or donor?
- The contract in referred to in #11 is not signed by the vendor. You should attach a signed copy if they have signed it? (or in the reply state that it is the contract the organization plans to enter into)
  - Is it the only contract so far?
- I do wonder what his reaction will be to the website.
- Include the attached certificate of incorporation along with the signed articles of incorporation

Best,  
Peter

---

**From:** Kate Doner [<mailto:kate@donerfundraising.com>]  
**Sent:** Friday, March 11, 2011 10:53 AM  
**To:** 'Peter Samuelson'  
**Cc:** 'Eric O'Keefe'  
**Subject:** IRS Response 3:11- Letter and other materials attached

Peter,

Thank you so much for your help in reviewing the attached IRS documents to be submitted by March 17 to Mr. Tomback. Mr. Tomback was quite generous in extending the deadline due to our original paperwork was not delivered to us (Izzy tossed it). I have updated the mailing records with the IRS.

The final step before approval (or denial) is the attached response. Please let me know if I completed the response correctly (see word doc) and included all the necessary documents the IRS wants with our response.

You are wonderful! Really appreciate all your hand holding.

Kate Doner  
Doner Fundraising, Inc.  
815 Brazos, Suite 701  
Austin, Texas 78701  
512.476.4403 office  
512.233.2246 fax  
512.658.4241 cell

ADDENDUM TO AGREEMENT FOR PURPOSES  
OF CALIFORNIA ONLY

American Target Advertising, Inc. ("ATA") and The Project Veritas ("Client") enter into this Addendum to the Agreement between them (the "Agreement") for purposes of complying with the California Supervision of Charitable Trustees Act (the "Act") as in effect as of the date of this Addendum. This Addendum shall not affect the terms of the Agreement as it applies to ATA's services with respect to Client's solicitations or other communications in any other state, such services being rendered only in Virginia, nor shall this Addendum have any effect on the mutual obligations of the parties under the Agreement as it applies to the scope of the Agreement for Client's solicitation communications to or within the other 49 states. This Addendum is effective only with regard to the services provided by ATA to Client, or the respective obligations of the parties to each other, for Client's solicitation communications in and with respect to the State of California. In the event that the relevant portions of the Act are ruled to be unconstitutional, null or void, or are in any way revoked or made inapplicable at law, this Addendum shall likewise be nullified without further action by the parties. This Addendum shall not otherwise affect the terms of the Agreement. This Addendum shall not be deemed a waiver of the applicability of Virginia law to the Agreement, nor shall it be deemed (1) to confer general jurisdiction or venue on the State of California; (2) to be a waiver of any rights of either party or both parties; or (3) as a waiver of any claims.

Under this Addendum:

- (1) Client has the right to cancel this Agreement without cost, penalty, or liability for a period of 10 days after the date on which the second party executes the Agreement;
- (2) Client may exercise its right to cancel this Agreement pursuant to subsection (a) by serving a written notice of cancellation on ATA, and sending a copy of such written notice to the California Attorney General's Registry of Charitable Trusts;
- (3) If mailed, service of the written notice described in paragraph (2) shall be by certified mail, return receipt requested;
- (4) Cancellation shall be deemed effective upon the expiration of 5 days from the date the written notice described in paragraph (2) was mailed;
- (5) Following the 10-day period described in paragraph (1), Client may terminate this Agreement by giving 30 days' written notice in the manner set forth in the Agreement, and in the event of such termination, Client shall be liable to pay for all services rendered by ATA through the effective date of termination, as otherwise provided in this Agreement.
- (6) Nothing in this Agreement shall require or authorize ATA to, and ATA will not under any circumstances, solicit funds, assets, or property for charitable purposes; receive or control funds, assets, or property solicited for charitable purposes; or

employ, procure, or engage any compensated person to solicit, receive, or control funds, assets, or property for charitable purposes.

(7) Client and ATA warrant that this Addendum is executed by their duly authorized officials. Client further warrants that at least one of the individuals signing on its behalf is a member of its governing body.

**CLIENT: The Project Veritas**

By: M W Doner Date: 3-8-2011

By: [Signature]; Date: 3-8-2011

**AMERICAN TARGET ADVERTISING, INC.**

By: \_\_\_\_\_ Date: \_\_\_\_\_

ADDENDUM TO AGREEMENT FOR  
PURPOSES OF NEW YORK ONLY

This Addendum is made and entered into by and between American Target Advertising, Inc (ATA) and The Project Veritas (Client). The purposes of the principal Agreement were for ATA to provide services for Client's national direct marketing and communications program. New York Executive Law section 174-a (Section 174-a), as construed by the Office of the Attorney General of New York, requires that certain provisions be contained in the Agreement in order for the contract to be registered in that State.

Now, therefore, the parties create this Addendum to the principal Agreement as follows.

1. Client shall have the right to cancel the Agreement without cost, penalty, or liability for a period of 15 days following the date on which said Agreement is filed with the New York State Attorney General pursuant to provisions of Article 7-A of the Executive Law of the State of New York; but that this Addendum shall apply to the Agreement as it affects the State of New York only, but not any other state.

2. Should Client cancel the contract pursuant to Section 174-a, such cancellation shall be made by a written notice of cancellation mailed to the Chairman of ATA, 9625 Surveyor Court, Suite 400, Manassas, VA 20110, and shall be deemed effective when deposited in the United States Mail, properly addressed and postage prepaid, unless otherwise inconsistent with the terms of the Agreement. Client shall also mail a copy of such written cancellation to: Office of the Attorney General, The Capital, Albany, NY 12224.

3. This Addendum shall be effective upon the date of the Agreement, and shall be construed and applied with respect to, or within, the State of New York only, and shall not otherwise affect the respective parties rights and obligations under the Agreement as to any other state, nor do the parties waive application of the laws of the Commonwealth of Virginia to the Agreement, nor shall this constitute or be deemed a waiver of jurisdiction, venue, rights, claims, causes of action, or defenses by either party, nor shall this be deemed to construe jurisdiction or venue in the State of New York. This Addendum is to be read and construed consistent with the rights of the parties or of either party under the principal Agreement, the Commerce Clause of the United States Constitution, or any other rights including those under the United States Constitution and Virginia law.

4. In the event that the controlling New York law, and in particular, Section 174-a, is deemed null and void, or unconstitutional, this Addendum shall be deemed null and void.

Seen, agreed and accepted:

Client: The Project Veritas

By:  Date: 3-8-2011

American Target Advertising, Inc.

(I swear under penalties of perjury, the contract submitted is an accurate and complete copy of the contract addendum).

By: Mark J. Fitzgibbons Date: \_\_\_\_\_

ADDENDUM TO AGREEMENT FOR PURPOSES OF PENNSYLVANIA ONLY

American Target Advertising, Inc. (ATA) and The Project Veritas (Client) enter into this Addendum to Agreement for purposes of complying with the Pennsylvania charitable solicitations registration laws in effect as of the date of this Addendum. This Addendum shall not affect the terms of the Agreement as it applies to the other 49 states. In the event that the current Pennsylvania law shall be deemed null and void, this Addendum shall likewise be deemed null and void. This Addendum shall not otherwise affect the terms of the Agreement between the parties. This Addendum shall not be deemed a waiver of applicability of Virginia law to the Agreement, nor shall it be deemed to confer jurisdiction or venue in the State of Pennsylvania, nor shall it be deemed a waiver of any rights of either party or both parties, nor shall it be deemed as a waiver of any claims, causes of action or defenses.

- 1. The effective date of the Agreement and the date services will begin with respect to communications and solicitations mailed into Pennsylvania by Client shall be the date on which Pennsylvania Bureau of Charitable Organizations has approved the Agreement.
- 2. ATA shall not at any time have custody or control of contributions.
- 3. Client exercises control and approval over the content and volume of any solicitation.

Seen, agreed and accepted:

American Target Advertising, Inc.

By: [Signature]

Date: 3-8-2011

Client: The Project Veritas

By: [Signature]

Date: 3-8-2011

By: \_\_\_\_\_

Date: \_\_\_\_\_



**AGREEMENT**

This Agreement is made and entered into this 8 day of March, 2011, by and between American Target Advertising, Inc. ("ATA"), a Virginia direct marketing agency located at 9625 Surveyor Court, Manassas, Virginia, 20110, and The Project Veritas ("Client") a 501(c)(3) nonprofit organization whose principal address is 815 Brazos, Suite 701, Austin, Texas 78701.

WHEREAS, Client is an organization engaged in nonprofit services, advocacy and education for its nonprofit mission: is to investigate and expose corruption, dishonesty, self-dealing, waste, fraud, and other misconduct in both public and private institutions in order to achieve a more ethical and transparent society.

WHEREAS, Client desires to retain the Internet direct marketing and consulting services, and advice on Client's membership, advocacy, fundraising, communications, public education programs and legal expenses, and generally help to build a base of supporters for Client.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, it is agreed as follows:

**Section 1. INDEPENDENT RELATIONSHIP**

Client retains ATA as its non-exclusive consultant to Client's Internet direct response communications and fundraising, and to its educational programs subject to the terms and conditions of this Agreement. ATA is an independent contractor and no officer, director or employee of ATA shall serve as an officer or director of Client during the term of this Agreement.

**Section 2. ATA SERVICES**

A. Client retains ATA to act as its non-exclusive Internet direct marketing consultant in the Client's educational, advocacy, communications and fundraising programs which acquire and communicate with supporters and donors, and generally educate the public to the Client's projects and objectives, which also create a list of individuals and information (including e-mail addresses) hereinafter referred to as the Client "Housefile."

B. ATA shall provide to Client planning, creative and other services that may include writing copy, identifying email lists, use of electronic and other media and such other services as may be required under this Agreement. After consultation with and written approval by Client, ATA will propose: plans and recommend actions for Client to use in its communications, design and content of material and when such material should be emailed or advertised. ATA agrees to supervise the implementation of such work as disclosed agent for Client, whether performed directly, through affiliates, or through independent suppliers.

C. All written copy prepared for Client by ATA and proposed costs shall be submitted to Client for review prior to production of materials. If Client approves an email plan and budget, but then revokes it, Client shall pay for hard costs incurred by ATA in reliance on Client's initial approval (e.g., lists). Communications to supporters or potential supporters may not be sent or disseminated without written approval by Client. All packages must be approved by Client prior to being communicated. ATA shall not solicit on behalf of Client.

D. The parties recognize that the tax-exempt mission of the Client includes grassroots education and advocacy. To that end, communications conducted under this Agreement shall constitute a primary program element for Client, even if such communications contain appeals for contributions. Therefore, the program conducted hereunder shall consist primarily of direct marketing, and net income may be used for that purpose as a program expense.

### **Section 3. SUPPLIERS**

ATA, as disclosed agent for Client, may order services and materials from third-party vendors and suppliers, and provide or secure loans or advances to pay costs of the program on behalf of Client, consistent with the Plans approved by Client. Client shall be invoiced by vendors and suppliers, including ATA, for fees and actual costs of goods and services, but care of ATA. ATA may make or arrange for prepayments, and all such advances shall be billed back to the program and paid out of escrow like all other supplier invoices. ATA shall advance costs of registering under state charitable solicitation law, which shall be billed back as costs herein. Except as provided in Section 8.B. herein, Client's responsibility for payment for goods and services under this Agreement shall not exceed the total amount of funds raised under this Agreement, and ATA shall indemnify and hold Client harmless from any liability for any remaining unpaid balance of expenses resulting from any goods and services provided by any vendors and suppliers under this Agreement.

### **Section 4. ESCROW ACCOUNT**

A. Client shall have exclusive rights to control, manage and exercise dominion and control over any funds raised from programs conducted under this agreement. Under the parameters set forth in subsection C below, funds generated to pay costs of the program will be deposited into an Escrow Account, and disbursed by an Escrow Agent selected mutually by Client and ATA.

B. The Escrow Agent shall disburse funds raised hereunder to pay all costs of the Client's programs under this Agreement. The Escrow Agent shall disburse payments periodically (usually weekly) based on the procedures established in this subsection, unless otherwise set forth in vendor agreements, after Client has approved the copy and plans as provided in Section 2, above, without further need of approval by Client. Client may not disapprove disbursements under this Section 4 as long as the copy and projected approximate costs were previously approved by Client pursuant to Section 2.

C. (1) For Client's own website developed independent of this Agreement, Client shall use 20 percent of income from contributions to that website to pay costs and fees billed under this Agreement via the Escrow Agent, and Client shall keep the remaining 80 percent. (2) For the Client's website(s) developed using ATA's services, 50 percent of income after hard costs from contributions to that website shall be used to pay costs and fees billed under this Agreement, and Client shall be paid the remaining 50 percent, both via the Escrow Agent. Hard costs include list rental, banner ads, keyword search fees, and housefile email blasts, but not state registration costs or professional public relations fees.

#### **Section 5. ATA's FEES**

A. Internet. Client shall pay ATA (1) \$.006 for each prospecting email sent and \$.015 for each housefile email sent; (2) \$500 per each donation landing page created by ATA, approved by Client and implemented; (3) \$2,500 per unique prospect package created and sent; (4) \$1,000 for each direct mail package converted to email and sent; (5) \$500 per thank-you package created and sent; (6) a retainer fee of \$7,500.

B. Other Communications. Client shall pay ATA a mark-up of twenty percent for any goods and/or services for other forms of communication not subject to, or identified in, Section 5.A, that ATA buys, contracts or acquires on behalf of and for Client and under this Agreement (for example, banner ads, keyword search, media buys, newspaper editorial ads, etc.).

#### **Section 6. LIST BROKERAGE**

ATA, its affiliates, assigns or designees shall be the exclusive list broker for email addresses and other information which are being rented or otherwise acquired for Client's programs under this Agreement. The list broker shall charge a commission fee of twenty percent (20%) of the gross list rental cost or exchange value of each name, address or associated information.

#### **Section 7. LIST OWNERSHIP AND SECURITY INTEREST**

A. Each and every name, address and related data of persons that are obtained, developed, compiled, contacted or otherwise made aware of Client, by or through the direct effort of ATA in connection with any services rendered by ATA to Client pursuant to the terms herein, shall at all times be and constitute the Housefile which shall be the property of Client.

B. As and for partial consideration under this Agreement, ATA shall own a copy of the Housefile with all ownership rights to its copy, including the rights to market, rent, sell, exchange or otherwise transfer (collectively "market") its copy.

**Section 8. OWNERSHIP OF INFORMATION AND MATERIALS**

A. Any sites that are developed and/or prepared by ATA will be owned by Client following expiration of this Agreement.

B. Should Client mail or disseminate a package written or substantially written by ATA during or after this Agreement, Client shall pay ATA half the fee per communication sent set forth in Section 5 above..

**Section 9. TERM AND SURVIVAL**

A. Term. This Agreement shall have a term of 30 days.

E. Survival. It is expressly understood and agreed that Sections 3, 6, 7, 8, 9, 10, 11 and 12 of this Agreement shall survive any termination, cancellation breach of this Agreement and shall remain binding upon the Parties hereto.

**Section 10. CONFIDENTIALITY**

Client and ATA hereby agree to keep confidential this Agreement and all correspondence, reports, information and communications (hereinafter "Information") by and between the parties hereto. ATA and Client hereby agree to use Information provided by either party to the other only for projects conducted herein and not to sell, trade or otherwise disseminate to third parties such Information, except as may be required for reporting purposes to regulating government agencies and/or organizations or as otherwise herein permitted. Client also acknowledges that during the course of the Agreement, Client will be exposed to ATA's trade secrets and other proprietary information, which Client may not disclose even for reporting purposes or pursuant to legal process including but not limited to litigant- or government-compelled disclosure without the prior written consent of ATA's Chairman or President.

**Section 11. GOVERNING LAW AND COMPLIANCE**

This Agreement shall be governed by the laws of the Commonwealth of Virginia. In the event any provision of this Agreement is deemed void by a court or proper and competent legal tribunal with legal jurisdiction, that provision shall be deemed severed from this Agreement in the respective jurisdiction only.

The parties hereto have executed this Agreement effective on the date first set forth above.

CLIENT: Project Veritas

By: Kate W Doner Date: 3-8-2011

Print name and title: Katherine W. Doner - Acting Exec. Director

By: [Signature] Date: 3-8-2011

Print name and title: Francisco Gonzalez - Chairman, Board of Directors

AMERICAN TARGET ADVERTISING, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Print name and title: \_\_\_\_\_