THE FICTIV ARCHIVE

Seditious Conspiracy & Treason via L3C Formation — Disclaimer

Administrative disclaimer by Philomen-Anabelle: McFee©

SERIES: LEGAL MEMORANDA

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ADMINISTRATIVE DISCLAIMER: Seditious Conspiracy & Treason via HYBRID L3C formation

Seditious Conspiracy - 18 U.S.C. § 2384 - Agreeing to use force against the government. No foreign enemy needed. Maximum penalty: 20 years in prison.

Treason - Article III, Section 3 of the Constitution - Levying war or aiding enemies of the U.S.. Treason is the only crime defined in the U.S. Constitution itself. Requires aid to a declared enemy nation. Death or minimum 5 years in prison.

> Seditious conspiracy means two or more people agree to overthrow, oppose by force, or wage war against the United States government. In legal terms, it is a federal crime defined under 18 U.S.C. § 2384, punishable by up to 20 years in prison. Understanding what this term actually means helps you understand where the line falls between lawful protest and criminal conspiracy. The word "seditious" comes from "sedition," which broadly means inciting rebellion against governmental authority. Adding "conspiracy" means the crime focuses on the agreement itself, not just the final act. The goal was to overthrow, levy war, oppose authority, or seize government property, wherein involved party knowingly and willfully joined the conspiracy. Prosecution does not need to prove that violence actually occurred. Proving the agreement and intent is sufficient. One does not need to succeed. You do not even need to carry out the plan. The crime is the agreement itself, combined with intent. The First Amendment protects your right to criticize the government. However, it does not protect a plan to attack it. Evidence often includes communications, recordings, weapons purchases, and witness testimony from cooperating co-conspirators.

The U.S. Secretary of State is the “Archivist” of legal titles of “The People”, i.e., the “Beneficiaries” of the Estate Trust and holder of title for the ‘beneficiaries’ domiciled in Washington, D.C., U.S..

> The right "to petition the Government for a redress of grievances" is guaranteed by the United States Constitution's First Amendment.

I: Philomen-Anabelle: McFee©, the duly authorized advocate, for MCFEE, PHILOMEN ANABELLE, am herein publishing MANDATORY NOTICE that I am a Foreign Sovereign operating within the Territorial United States of America and the Municipal United States. I AM not subject to Territorial or Municipal United States political policies nor local laws and am owed The Law of Peace, pursuant to Department of the Army Pamphlet 27-161-1, from all Territorial and Municipal Officers and employees who lack lawful permission to approach or address me/us.

A DEMAND is herein being made for a full refund of ALL malappropriated SALT taxes, and any harm resulting from further trespass upon my/our private and or real property, including the unauthorized use of my/our tradenames, or titles related to them shall be subject to full commercial liability, i.e., a tort cause of action with penalties and damages pursuant to 18 U.S.C. 2333, 18 U.S.C. 1341 and 1342.

My political status and legal standing were procedurally corrected, and due process and administrative notices were deposited with the United States Postal Service, in its capacity as universal receiver for the United States and United States of America, as well as to the relevant U.S. state regional offices.

The continued legal harassment, legal gaslighting, and refusal by any self-proclaimed entitled individual(s) will not be tolerated and an immediate DEMAND is herein being made to bring all involved parties into the realm of divine justice for violations of humanity’s collective free will choice not to consent to any adhesion contracts or involuntary obligations, whether foreign or domestic.

TO BE PERFECTLY CLEAR: I have no contractual obligations to any New York state public-benefit corporations, i.e., any Quasi-public corporations under New York law, operating within the region of New York State. As of 2018, there were approximately 47 U.S. state authorities and 531 local authorities operating as local governments

under State of New York as the Parent Organization. New York state public-benefit corporations and authorities operate like quasi-private corporations, with boards of directors appointed by local elected officials, overseeing both publicly operated and privately operated systems that function as public-benefit nonprofit corporations that share characteristics with government agencies, while remaining exempt from many U.S. state and local regulations.

The New York State Constitution, at Art. X, sec. 5, provides that public benefit corporations may only be created by a special act of the legislature. In City of Rye v. MTA, 24 N.Y.2d 627 (1969), the court of appeals explained that:

> "The debates of the 1938 Convention indicate that the proliferation of public authorities after 1927 was the reason for the enactment of section 5 of article X.... Abbott Low Moffat, who supported this proposal, told the convention that its purpose was 'to require the Legislature to pass directly itself upon the establishment of each new authority, and to prevent the enactment of general laws pursuant to which a municipal corporation can itself create a corporation of the authority type'".
>
> The 1938 Constitution "expressly empowered public authorities to contract debt independently of the State". Because of this, the Court of Appeals has repeatedly affirmed that public authorities are distinct from the U.S. State and that the U.S. State carries no moral obligation to repay their debts.

Whereas major public authorities can only be created by special legislation, many local development corporations have been created under the general Not-For-Profit Corporation Law. These LDCs function in much the same way as other public benefit corporations and public authorities, but do not need to be established by specific/special state legislation. Additionally, many public authorities have the power to create subsidiary authorities without additional legislative authorization. An example is the Empire State Development Corporation, which decided in 2007 to dissolve 13 subsidiaries and merge 25 others into a single holding company. However, its private arm, i.e., the ESDC still encompasses many subsidiary organizations, and though the State Constitution prohibits the State from lending its credit to public authorities, it does allow the State to make gifts of money to authorities. As a practical result, this has resulted in some authorities receiving annual funding from the State on a consistent basis. The Court of Appeals stated in Schulz v. State, 84 N.Y.2d 231 (1994) that:

> "If modern ingenuity, even gimmickry, have in fact stretched the words of the Constitution beyond the point of prudence, that plea for reform in State borrowing practices and policy is appropriately directed to the public arena". See also Wein v. State, 39 N.Y.2d 136 (1976); Wein v. Levitt, 42 N.Y.2d 300 (1977).

Financing public projects through public authorities is also attractive because their independent corporate structure theoretically makes them more flexible and efficient than State agencies. Many of the restrictions that are placed on State agencies do not apply to public authorities, including, for example, general public bidding requirements, even though some public bidding requirements do apply under the Public Authorities Law. See Plumbing, Heating, Piping & Air Conditioning Contr. Ass'n v. N.Y.S. Thruway Auth., 5 N.Y.2d 420 (1959). Most public authorities may also make contracts, and because of public authorities' corporate status, there is generally no remedy against the State for the breach of such contracts. John Grace & Co. v. State University Constr. Fund, 44 N.Y.2d 84 (1978). Many public authorities, such as industrial development agencies and the Empire State Development Corporation, can also condemn property, by invoking eminent domain.

The term "eminent domain" was taken from the legal treatise De jure belli ac pacis meaning On the Law of War and Peace, written in 1625 by the Dutch jurist Hugo Grotius, which used the term dominium eminens, which is Latin for "supreme ownership" and described the power as follows:

> The property of subjects is under the eminent domain of the state, so that the state or those who act for it may use and even alienate and destroy such property, not only in the case of extreme necessity, in which even private persons have a right over the property of others, but for ends of public utility, to which ends those who

> founded civil society must be supposed to have intended that private ends should give way. But, when this is done, the state is bound to make good the loss to those who lose their property.

The exercise of eminent domain is not limited to real property. Condemnors may also take personal property, even intangible property such as contract rights, patents, trade secrets, and copyrights. Even the taking of a professional sports team's franchise has been held by the California Supreme Court to be within the purview of the "public use" constitutional limitation; although eventually, that taking of the Oakland Raiders' NFL franchise was not permitted because it was deemed to violate the Interstate Commerce Clause of the U.S. Constitution.

Most States use the term eminent domain, but some U.S. states use the term appropriation or expropriation as in Louisiana, as synonyms for the exercise of eminent domain powers. The term condemnation is used to describe the formal act of exercising the power to transfer title or some lesser interest in the subject property. The constitutionally required "just compensation" in partial takings is usually measured by fair market value of the part taken, plus severance damages, i.e., the diminution in value of the property retained by the owner, termed the remainder, when only a part of the subject property is taken. Where a partial taking provides economic benefits specific to the remainder, those must be deducted, typically from severance damages. Some elements of value, such as a business's connection to the location and the goodwill of the public, are only compensable in a few jurisdictions; where they are not, fair market value may be less than the value of the location to the current user.

The U.S. Supreme Court has consistently deferred to the right of States to make their own determinations of "public use". Since the 1950s, the U.S. Supreme Court has issued three major rulings expanding the government's power of eminent domain for public use; they are: 1) Berman v. Parker (1954), 2) Hawaii Housing Authority v. Midkiff (1984), and 3) Kelo v. City of New London,

The practice of condemnation came to the American colonies with the English common law. The Fifth Amendment to the U.S. Constitution requires that the taking be for a "public use" and mandates payment of "just compensation" to the owner.

> In federal law, Congress can take private property directly – “WITHOUT RECOURSE”, meaning, without recourse to the courts - by passing an Act transferring title of the subject property directly to the government.

In such cases, the property owner seeking compensation must sue the United States for compensation in the U.S. Court of Federal Claims, a course of action which will never provide remedy because the United States is bankrupt. The U.S. state legislature may also delegate the power to private entities like public utilities or railroads, and even to “individuals”.

> In the United States, a "person" is defined as a "foreign state" and owner of a vessel, and an “individual” is defined as an artificial “federally chartered entity”, meaning a federal but not U.S. State (commonwealth) chartered corporation or partnership or trust. Such an entity is a citizen of the United States because it has a presence, via its census-designated paper-address or resides on one of the 326 Indian Reservations that is allegedly located in the limited territory of the District of Columbia or DC, to be subject to the exclusive legislative or territorial jurisdiction of the United States under Article 1, Section 8, Clause 17 of the U.S. Constitution.
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> Washington, D.C., officially the District of Columbia and commonly known as Washington, is the federal capital city of the United States, and its only federal district.

Washington, D.C., anchors the southern end of the Northeast megalopolis and New York City anchors the northern end. As the seat of the U.S. federal government, the city is an important world political capital. The city hosts buildings that house federal government headquarters, including the White House, U.S. Capitol, Supreme Court Building, and multiple federal departments and agencies. The city is home to many national monuments and museums, located most prominently on or around the National Mall, including the Jefferson Memorial, Lincoln

Memorial, and Washington Monument. It hosts 177 foreign embassies and the global headquarters of the World Bank, International Monetary Fund, Organization of American States, and other international organizations. It is also home to many of the nation's largest industry associations, such as The Regional Plan Association, non-profit organizations, such as Federal Home Loan Banks, and think tanks. The city is known as a lobbying hub, which is centered on and around K Street.

The Regional Plan Association is an independent, not-for-profit regional planning organization, founded in 1922, that focuses on recommendations to improve the quality of life and economic competitiveness of a 31-county New York–New Jersey–Connecticut region in the New York metropolitan area. Headquartered in New York City, it has offices in Princeton, New Jersey, and Stamford, Connecticut. RPA Purpose is stated as Regional planning; Headquarters is located in Manhattan, New York City, in the U.S. state of New York, and the Region served is the New York metropolitan area USA.

> FYI: National banking associations may be chartered anywhere, but operation as a Federal Home Loan Bank, etc., is territorial and these Federally chartered entities may extend credit only in the geographical United States subject to Congress plenary or municipal authority in territory of the United States. National banking associations do not have regulatory authority to file liens in the several U.S. States; as is also the case for the Internal Revenue Service. Financial institutions, such as IRS or whatever is governed by several legitimizing compliance laws, including the Truth in Lending Act, the Paperwork Reduction Act, the Privacy Act, the Federal Register Act, etc., so if they are not in compliance with these mandates, the U.S. State cannot grant them legitimacy.

When acting as "agency of the United States", these entities must comply with Federal mandate; only the U.S. Congress may legislate for any operation of Federal Government, per Article I, Sec. 8, clause 18 of the U.S. Constitution. When it exceeds or fails to comply with Federal legislation, the agency takes on "color of authority," so when it executes documents which have the appearance of legitimate Federal claims but don’t have, they are counterfeiting securities of the United States, as is the case for delinquent IRS taxes. Each of the several States has laws against counterfeiting. Governing State law against the counterfeiting effected in a private capacity; demonstrate that they are not carrying out legitimate functions of an "agency of the United States". Thereby, U.S. State law governs prosecution.

The U.S. Constitution in 1789 called for the creation of a federal district under exclusive jurisdiction of the U.S. Congress, which would become a constituent or representative part of the Union that is not part of any state or territory of the United States. The Residence Act, adopted on July 16, 1790, approved the creation of the capital district, also called the federal district, along the Potomac River, and is considered the city's founding date. In 1800, when the capital was moved from Philadelphia, the 6th Congress started meeting in the then-unfinished United States Capitol Building, and the second U.S. president, John Adams, moved into the newly completed White House. In 1801, the District of Columbia, formerly part of Maryland and Virginia and including the existing settlements of Georgetown and Alexandria, was officially made the federal district. Initially, the city of Washington, DC, was a separate settlement within the larger district. Washington, D.C., anchors the southern end of the Northeast megalopolis. As the seat of the U.S. federal government, the city is an important world political capital.

> The Washington metropolitan area, which includes parts of Maryland, Virginia, and West Virginia, is the country's seventh-largest metropolitan area, with a 2023 population of 6.3 million residents. A locally elected mayor and 13-member council have governed the district since 1973, though Congress retains the power to overturn local laws. Washington, D.C., residents do not have voting representation in Congress but elect a single non-voting congressional delegate to the U.S. House of Representatives. The city's voters choose three presidential electors in accordance with the Twenty-third Amendment, passed in 1961.

In 1846, the U.S. Congress reduced the size of the federal district when it returned the land that Virginia had ceded, including the city of Alexandria, and in 1871, it consolidated the entire district into a single municipality. This legislative action was followed by the consolidation of New York City on January 1, 1898, that merged Manhattan, Brooklyn, the Bronx, Queens, and Staten Island into a single metropolis known as the City of Greater New York. There have been several failed efforts to reduce the federal district further and admit the rest as a state since the 1880s, including a statehood bill that passed the House of Representatives in 2021 but was not adopted by the U.S. Senate.

The movement for consolidation began as early as 1820, but it gained significant momentum by the late 19th century. Proponents argued that a unified city would operate more efficiently and solidify New York's status as the economic and cultural capital of the nation. The consolidation aimed to streamline governance and improve public services across the diverse boroughs. This new consolidated structure allegedly allowed for better coordination of services and resources, although it also led to ongoing debates about governance and representation among the boroughs. It also marked a significant turning point in New York City's history, shaping its development into one of the world's largest and most influential cities, while simultaneously transforming the urban landscape and governance of the region, and laying the foundation for its future growth and development.

The New York State Public Authorities Control Board was created in 1976 to provide oversight for some of the State's most powerful authorities. Sections 50 and 51 of the Public Authorities Law currently require 11 authorities to receive approval from the PACB prior to entering into contracts for project-related financing. There are five members on the PACB board, all of whom are appointed by the governor and serve year-long terms. Public authorities are currently responsible for more than 90% of the state's debt and 80% of the state's infrastructure, leading some to refer to them as the "shadow government".

> Public benefit corporations in New York State have origins in mercantile capitalism. A shared tradition of English common law and Dutch law may explain their origins. Of special importance and significance, is the FACT that they can issue their own debt, which enables them to bypass limits on state-funded debt mandated in the New York State Constitution.

Public benefit corporations and public authorities are controlled by boards of directors made up of political appointees. Board members have fixed terms and are, at least in theory, considered to be more independent of political influence than elected politicians and appointed agency heads.

Board members and employees of public authorities usually are not considered to be state employees, but are rather employees of the authority. Ciulla v. State, 77 N.Y.S.2d 545 (N.Y. Ct. Cl. 1948). However, public authority employees are covered by the ethics regulations included in section 74 of the Public Officers Law, and the Public Authorities Accountability Act of 2005 imposed additional ethics requirements on board members of some public authorities. Authority board members are required to attend training sessions on ethics and governance issues.

The Public Authorities Accountability Act of 2005 created the Authority Budget Office in order "to provide the U.S. governor and the U.S. state legislator with conclusions and opinions concerning the performance of public authorities and to study, review and report on the operations, practices and finances of public authorities...." The ABO is intended to promote transparency and accountability and to improve authority governance.

Types of public authorities: The New York State Comptroller's Office lists four types of public benefit corporations and authorities:

Class A — these authorities and public benefit corporations have regional or statewide significance.

Class B — according to the Comptroller's office, these "[e]ntities affiliated [are] with a State agency, or entities created by the State that have limited jurisdiction but a majority of Board appointments made by the Governor or

other State officials; entities that would not exist but for their relationship with the State".

Class C — these public authorities have local application.

Class D — these authorities and public benefit corporations have interstate or international jurisdiction.

The administrative loophole granted to public benefit corporations allows public authorities to make potentially risky capital and infrastructure investments without directly endangering the credit of New York State or its municipalities. Consequently, public authorities have become a widely used commercial vehicle for financing public works, with more than 95 percent (95%) of all state-funded debt outstanding in the U.S. state of New York being issued by "public authorities", without voter approval.

> The New York Court of Appeals provided a thorough history of state laws regarding public authorities in the 1994 case Schulz v. State, 84 N.Y.2d 231. As the court explained, state debt limits were first enacted as a reaction to fiscal crises caused by the state's lending of its credit to "irresponsible" canal and railroad corporations in the early nineteenth century. The state was forced to assume these obligations, which amounted to more than three-fifths of the state's entire debt. In 1846, a referendum requirement was added to the state constitution, prohibiting the state from contracting long term debt without approval by the voters.

New York State has a long history of attempting to bypass this limitation, and as early as 1851, the legislature began to search for ways to evade the constitutional debt limit in order to finance public works projects. Canal certificates, which would be repaid through canal revenues, and which by their terms were not state obligations, were nevertheless held to be unconstitutional in Newell v. People, 7 N.Y. 9 (1852). The court held that the state had a moral obligation to repay the debts if canal revenues proved insufficient, and thus the certificates were deemed "an evasion if not a direct violation of the constitution".

In 1921, the legislature chartered the first State public authority, the Port of New York Authority, as a new vehicle for financing public projects while insulating the state from long term debt obligations. In 1926, the Court of Appeals held in Williamsburgh Savings Bank v. State, 243 N.Y. 231 that the state could disclaim any moral obligation for public authority debts. However, amendments to the 1938 Constitution overruled this case and completely disclaimed the state's responsibility for any public authority debt.

The widespread use of public authorities in New York State was pioneered by Robert Moses in the 1930s and 40s. Much of Moses' power base resulted from his tight control of the Triborough Bridge Authority, which allowed him to earmark revenues from tolls on the bridge for other projects in New York City and around the state. He also served as president of the Jones Beach Parkway Authority (1933–1963), president of the Bethpage State Park Authority (1933–1963), and chairman of the New York Power Authority (1954–1962). Moses, through his control of these authorities, was able to build some of New York's most important public works projects, including the Cross Bronx Expressway, the Brooklyn-Queens Expressway, and various bridges and parkways.

> The public authority model allowed Moses to bypass many of the legal restrictions placed on state agencies, allowing him to expedite development but also allowing him to hide project financing, contracting and operational information from public scrutiny. Because of this, he has been criticized for wasteful spending, patronage, and refusing to consider public opposition to his projects

Some of the most well known major public benefit corporations in New York State include the Port Authority of New York and New Jersey, which in actuality is a bi-state authority created by an interstate compact, the Metropolitan Transportation Authority, and the Empire State Development Corporation. New York has hundreds of lesser-known public benefit corporations, including industrial development agencies and local development corporations.

The continually increasing influence of public authorities over U.S. state and local financing, coupled with their ability to avoid regulations applicable to government agencies, necessitated further reform. Some reforms were passed in the Public Authorities Accountability Act of 2005, and the New York State Authorities Budget Office, in their 2018 annual report, noted that there were 47 U.S. state authorities and 531 local authorities, including 109 IDAs and 292 not-for-profit corporations created locally, that they provided oversight for in New York State. According to this same Authorities Budget Office report, the operating expenses in 2017 for the 47 state authorities was $34.82 billion. Additionally, the 47 state authorities carried a total of $160.4 billion in outstanding debt.

On behalf of all Americans without legislative and or civil / legal disabilities, we the "American civilians", wish to extend our sincere gratitude to all involved parties. All were of great benefit to us in our search to get to the bottom of INNER-standing the COMPLEX dual justice system currently in play in the United States (US) unified trial / inferior DISTRICT COURT systems and its federal enclave military laws, that is overshadowing the American Common Law system.

It is time to put an end to these legal shenanigans and pro se or vexatious litigations and immediately release these ongoing tortious claims, including the intentional foreign trespass to our private land, among others, which is NOT within the limited United States jurisdiction; --- and provide full "Restoration, Reclamation and Restitution" of all misappropriated assets, to include deregistration of our real and/or personal property from all UN member state private registries.

I AM a sentient self-aware, competent, responsible and autonomous adult who is a natural person and entitled to relief, per Hale v. Henkel, 201 U.S. 43, under international laws as well as the laws of humanity.

I AM forwarding the enclosed documents to the Superior Officer(s) of the de jure authorities to inform them of the unconstitutional in rem admiralty proceedings being orchestrated out of New York Harbor's Port Authority of New York and New Jersey, by private registered or licensed United States officials termed law enforcement officers, as well as by UN regional member state courts against the civilian population, pursuant to United States Department of Justice 28 U.S.C. § 1442 (d)(3).

According to the public records, under 28 U.S.C. § 1442 (d)(3), the term "law enforcement officer" means any employee described in subparagraph (A), (B), or (C) of section 8401(17) of title 5 and any special agent in the Diplomatic Security Service of the Department of State. --- Declarative sovereignty cannot grant sovereign immunity.

In the event a man or woman does not consent to a particular action and calls a "time out," the liability clock starts ticking for the U.S. congressional or U.S. state constituent / representative, the federal enclave police officer, magistrate, judge, sheriff, real estate agent, other public officer or any other agent.

Trespasser of the Law

The Court in Yates v. Village of Hoffman Estates, Illinois, 209 F. Supp. 757 N.D. Ill. 1962 held that "not every action by a judge is in the exercise of his judicial function. … it is not a judicial function for a judge to commit an intentional tort even though the tort occurs in the courthouse. When a judge acts as a trespasser of the law, when a judge does not follow the law, the judge loses subject matter jurisdiction and the judges' orders are void, of no legal force or effect."

Pursuant to Section 16 of the Federal Reserve Act of 1913 as amended in 1934 and the Judiciary Act of 1789 which states in part:

> "…saving to suitors in all cases the right of a common-law remedy, where the common law is competent to give it." This saving to suitors clause of 1789 also allows for the exclusive original cognizance by Congress and by the United States Government of all seizures on land; i.e., "reprisal". Therefore, Congress was required to write the remedy from elastic currency into Section 16 of the Federal Reserve Act which was codified in U.S.C. at Title 12 § 411.

Waiver of Immunity

"...where any state proceeds against a private individual in a judicial forum it is well settled that the state, county, municipality, etc. waives any immunity to counters, cross claims and complaints, by direct or collateral means regarding the matters involved." Luckenback v. The Thekla, 295 F 1020, 226 U.S. 328; Lyders v. Lund, 32 F2d 308; Dexter v. Kunglig J., 43 F2d 705, 282 US 896; U.S. v. N.C.B.N.Y., 83 F2d 236, 106 ALR 1235, affirmed; Russia v. BTC, 4 F Supp 417, 299 U.S. 563.

This doctrine includes, but is not limited to, challenges to personal, subject matter and territorial jurisdiction, as well as to claims that the forum is not judicial in nature but merely administrative or that the court is proceeding, improperly, against a private individual under the rebuttable presumption that the private individual is a corporate entity or an artificial person upon which the Public Statutes operate. Furthermore, it is undisputed that the state itself is acting in its capacity as a commercial entity and is liable for damages.

> "The state may nevertheless be held liable where the injurious activity was 'proprietary' rather than 'governmental', i.e., where the injury was caused by the state acting in its capacity as a commercial entity rather than that of sovereign."
>
> Tax Exempt Organization: MCFEE, PHILOMEN ANABELLE | Tax-Exempt No.: C40468385
>
> TO BE CLEAR; I : Philomen-Anabelle: McFee©, doing business under the tax-exempt organizational tradename, MCFEE, PHILOMEN ANABELLE, am not the Authorized Representative nor Authorized Signatory for the repatriated W-2 WARRANT OFFICER, deported U.S. Citizen or Individual, PHILOMEN ANABELLE MCFEE, ET ALIA. Therefore, I cannot lawfully address this extralegal tax entitled ex parteapplication. This holds true for all indigenous people and private Americans.

With the deposit of this DEMAND, a COMMAND is herein being made to immediately bring ALL involved parties into the presence of LEX JUSTICE, to answer for their violations of my freewill right not to contract via their ex parteapplications, legal gaslighting, legal obfuscations and semantic deceits, along with damages.

For nothing is secret, that shall not be made manifest; neither anything hid, that shall not be known and come abroad. – Luke: 8:17

I AM: Philomen-Anabelle: McFee©; and I come forth as advocate for the federally recognized tax-exempt organization doing business as, MCFEE, PHILOMEN ANABELLE; without any Legislative or Civil Disability.

Date: _____/_____/2026.

By: _____© Seal; sui juris – P.A.M.

EXPLANATION

HYBRID L3C Defined: The default United States corporate structure.

A low-profit limited liability company (L3C) is a legal form of business entity in the United States. Commonly referred to as a hybrid structure, it has characteristics of both for-profit and non-profit entities.

> L3Cs were created to comply with the Internal Revenue Service (IRS) program-related investments (PRIs) rules which allow most typically private foundations the ability to maintain tax-exempt status through investments

in qualifying businesses and/or charities.

With a social mission as the primary objective and a secondary objective of profit generation, the L3C legal form is considered a viable option for businesses seeking a reputation or marketability as a social enterprise.

> A social enterprise is an organization that applies commercial strategies to maximize improvements in financial, social and environmental well-being. Profit made through fundraising or the sale of products is reinvested in the organization's mission, making them more sustainable than a non-profit organization that may solely rely on grant money, donations or government policies. A social enterprise's main purpose is to promote, encourage, and make social change in a financially sustainable way. Unlike conventional businesses, social enterprises embed social or environmental goals into their core objectives while maintaining financial sustainability. They aim to create social value while generating income, reinvesting profits into their mission rather than relying solely on philanthropy. Social enterprises can provide income-generating opportunities to address basic needs, particularly for people living in poverty. They combine financial viability with a social purpose and can expand or replicate their models to increase impact. They are often considered more sustainable than non-profit organization's, which may rely heavily on donations or government support.

The L3C structure was designed by Robert M. Lang, Jr., who was the CEO of a New York-based family foundation. Lang developed the structure as a way for foundations to clear tax and regulatory hurdles when it came to donations. With the first L3C statute being enacted in 2008, L3Cs are considered a relatively young legal form of business entity. In 2013, there were 711 L3Cs throughout the United States and by 2020 there were 1,700 L3Cs.

> An L3C is a for-profit, social enterprise venture that has a primary goal of performing a socially beneficial purpose with a secondary goal of maximizing profits. It is a hybrid structure that combines the legal and tax flexibility of a traditional LLC, the social benefits of a non-profit organization, and the branding and market positioning advantages of a Benefit Corporation.
>
> The L3C is obligated to be mission-driven by law which gives a clear order of priorities while also aligning with Lang's initial design intention of being a structure that can take donations from foundations. In short, this corporate structure makes it easier for socially oriented businesses to attract investments from foundations and additional money from private investors.

Unlike the traditional LLC, the L3C's articles of organization are required by law to mirror the federal tax standards for program-related investing. A program-related investment (PRI) is one way in which foundations can satisfy their obligation under the Tax Reform Act of 1969 to distribute at least 5% of their assets every year for charitable purposes in order to maintain their tax-exempt status. While foundations usually meet this requirement through grants, investments in L3Cs and charities that qualify as PRIs can also fulfill the requirement while allowing foundations to receive a return. While L3Cs are a separate legal form of business entity, L3Cs structure most closely emulates that of a limited liability company (LLC). The most notable difference between L3Cs and LLCs is that L3Cs are required to have a socially beneficial mission as their primary objective. Below are several noteworthy characteristics of L3Cs:

Formation: L3Cs are formed by filing articles of organization with the Secretary of State within a U.S. state that has L3C statute provisions. For businesses primarily operating in a U.S. state without L3C statute provision, it is possible to still legally form as an L3C by:

> incorporating in a state with an L3C statute provision,
>
> registering as a foreign business doing business in that particular state, and
>
> appointing a registered agent within that particular state.

Within the articles of organization, the Registered Agent will be designated. Many states have an initial filing fee along with an annual fee and annual report filing requirement necessary for an L3C to maintain its legal status. Following filing, the members of the L3C must execute a formal operating agreement. In the operating agreement, an L3C needs to define its purpose per the provisions of IRS Treasury Regs.Sec.53.4944-3(a):

an L3C must significantly further the accomplishment of one or more charitable purposes;

the production of income and appreciation of property cannot be a significant purpose of the L3C; and

an L3C cannot seek to accomplish any political or legislative purposes

In addition to meeting IRS Treasury Regs.Sec.53.4944-3(a), many U.S. states require the label "L3C" or "low-profit limited liability company" to appear in the name of the organization. Each state may have state-specific requirements that govern L3C formation.

Duration: The lifetime or duration of an L3C is perpetual. It usually extends beyond the life of its members because it takes on its own legal personhood. Thus, the death or withdrawal of a member does not impact the existence of the L3C.

Management

L3C's have the option to be member-managed or manager-managed. This distinction should be made within the operating agreement of the business. The default is member-managed which means that the members of the L3C are responsible for delegating and performing the day-to-day operational functioning of the business along with determining strategic direction for the business. When an L3C is manager-managed, the members designate either members or non-members to take on managerial roles for the business and who act as agents for the organization. A manager-managed selection does not necessarily mean that members lose their voting rights on material issues regarding the business unless indicated or contracted otherwise within the operating agreement.

Member fiduciary duties: Members of an L3C are considered a fiduciary of the organization. Depending on a member's role in the organization, they may have varying fiduciary duties. Two common fiduciary duties are a duty of care and a duty of loyalty. Violations of these duties can result in a civil or private lawsuit and can lead to compensatory damages and punitive damages.

Note: Some U.S. states allow for fiduciary duties to be altered within the operating agreement.

Member liability: Members of the L3C have limited liability. In other terms, member liability is limited to their capital contribution to the L3C except for member's individual torts. This means that the members are not personally responsible for the contracts, debts, and/or actions of the business. In rare circumstances, members may be held further liable under the doctrine of piercing the corporate veil. Through piercing the corporate veil, courts remove the protection of limited liability and hold members of the entity personally liable for the business's contracts, debts, and/or actions of the business.

Distribution of member's interest: While L3Cs have a primary objective of accomplishing a social mission, L3Cs can have a secondary objective of raising profit. The profits can be distributed to members similar to an LLC. This characteristic is a key defining feature between L3Cs and non-profits. The default distribution is by the percentage of ownership; however, members can contract otherwise within the operating agreement on how profits are distributed.

Transferability of member's interest: The ability for a member to transfer their interest or right to profit is often limited; however, members can contract otherwise within the operating agreement. A member's interest is separate from membership. This means that an individual can transfer their member's interest but remain a member of the L3C.

Federal income taxation: Because an L3C is a for-profit entity, it is not exempt from taxation. L3Cs are taxed the same as LLCs for federal income tax purposes. This means L3Cs can elect to be taxed as a sole-proprietorship/partnership, C-Corporation, or even as an S-Corporation in some states. By default, an L3C with two or more members is taxed as a partnership while an L3C with one member is taxed as a sole proprietorship. Both of these elections are considered pass-through taxation because the profits/losses and thus taxes of a business are directly passed on to the members via their individual tax returns.

> A flow-through entity (FTE) is a legal entity where income "flows through" to investors or owners; that is, the income of the entity is treated as the income of the investors or owners. Flow-through entities are also known as pass-through entities or fiscally-transparent entities. Common types of FTEs are general partnerships, limited partnerships and limited liability partnerships. In the United States, additional types of FTE include S corporations, income trusts and limited liability companies.
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> An income trust is an investment that may hold equities, debt instruments, royalty interests or real properties. It is especially useful for financial requirements of institutional investors such as pension funds, and for investors such as retired individuals seeking yield. The main attraction of income trusts, in addition to certain tax preferences for some investors, is their stated goal of paying out consistent cash flows for investors, which is especially attractive when cash yields on bonds are low. Many investors are attracted by the fact that income trusts are not allowed to make forays into unrelated businesses; if a trust is in the oil and gas business, it cannot buy casinos or motion picture studios.
>
> The names income trust and income fund are sometimes used interchangeably even though most trusts have a narrower scope than funds. Income trusts are most commonly seen in Canada. The closest analogue in the United States to the business and royalty trusts would be the master limited partnership. The trust can receive interest, royalty or lease payments from an operating entity carrying on a business, as well as dividends and a return of capital.

When taxed as a C-Corporation, the entity will pay corporate taxes before profit is distributed to members who will also be required to pay tax on their gains. In short, they are subject to double taxation. Prior to electing a taxation form, members of the L3C should consider the personal tax consequences of each election form.

Convertibility: It is possible to convert from an existing legal form of business entity to an L3C and vice versa. Tax implications and formality requirements differ between each legal form of business entity and the different obligations from state-to-state.

Legislation: The creation of L3C legislation is reliant on the establishment of a U.S. state statute. To create such a statute, legislation must be passed that amends the state's general limited liability company (LLC) law.

> Note: A business can operate as an L3C within a state that does not have an L3C statute by incorporating in a state that does have an L3C statute and filing as a foreign firm doing business.

Vermont was the first state to pass an L3C statute in April 2008 which effectively allowed for the L3C legal form to operate in every U.S. state, as well as internationally.

> L3C statutes currently exists in: Illinois, Louisiana, Maine, Michigan, Missouri, North Dakota, Rhode Island, Utah, Vermont, Wyoming, Puerto Rico, and the federal jurisdictions of the Crow Indian Nation of Montana and the Oglala Sioux Tribe. Legislation has been written for 26 additional U.S. states but has not yet been introduced.

In May, 2012, the IRS released proposed regulations that broaden the landscape of what constitutes an acceptable PRI by adding nine new examples of investments that would qualify, along with some general principles. An amendment to the Illinois L3C law that would allow for a more expansive description of the purposes for which L3Cs can be created, consistent with the proposed examples of PRIs set forth by the IRS in 2012, unanimously

passed the Illinois Senate on April 17, 2013, and has been referred to the Illinois House Rules Committee. The expanded clause would make Illinois the first state to authorize L3Cs whose purposes may reflect the whole range of statutorily sanctioned PRIs to include religious, scientific, and literary organizations. Legislation is also pending at federal level that will simplify the process for receiving IRS approval that an investment qualifies as a PRI.

> Previously, North Carolina authorized L3Cs. However, as of January 1st, 2014, the U.S. state no longer recognizes the L3C legal structure. North Carolina did away with the L3C structure mainly because lawmakers stated that a traditional LLC can be used for the same purpose. However, previously existing L3Cs incorporated in North Carolina can continue to use their designation, while entities wishing to operate as an L3C within North Carolina can incorporate within another U.S. state that recognizes an L3C structure while continuing to operate in North Carolina.

Funding: To reiterate, the initial inspiration for the L3C form was to create a way for foundations to meet donation requirements. However, beyond foundations, L3Cs see funding and investments from a variety of sources including trusts, endowments, pension funds, individual investors, corporations, other businesses, and even government entities. To simplify the understanding of how L3C funding traditionally flows, it is beneficial to break it into three segments.[22]

Segment I: Investment from foundations for PRI

The IRS mandates that foundations direct 5% of their annual funds to charitable or educational purposes to keep their tax-exempt status. Traditionally this is achieved via grants to non-profit organizations; however, program-related investments (PRIs) serve as an alternative option and can be preferred as it creates the potential for a return on investment.

A PRI can be made to either a for-profit or non-profit entity. It can be performed as a loan, loan guarantee, equity purchase, or another investment form so long as it achieves a charitable purchase.

By definition, L3Cs must outline in their operating agreements how they will meet the provisions of IRS Treasury Regs.Sec.53.4944-3(a) which indicates the requirements for PRIs. However, because the IRS has not determined that all L3Cs have met PRI requirements, firms can receive a Private Letter Ruling (PLR) from the IRS to verify their status as qualified PRI recipients. Receiving a PLR is a costly and time-consuming endeavor.

However, receiving a PLR often opens up L3Cs to more PRI funding.

Segment II: Investment from corporations, businesses, and individuals

In addition to funding from PRIs, L3Cs may see funding come from corporations, businesses, and individuals. These parties are often seeking a higher return on investment than PRIs.

Similar to PRIs, this funding can be received in numerous forms including loans, loan guarantees, equity purchases, or any other investment vehicle form.

Note that for an L3C to sell securities, it will have to follow SEC guidelines to conduct a legal and proper sale.

Individual investors will also likely have to achieve accredited investor status as governed by the SEC. One exception to this requirement is through the 2012 JOBS Act, Regulation D, which allows for the public to purchase equity in private companies via crowdfunding.

Segment III: Funding from banks and financial institutions

The final segment for funding is through banks and financial institutions.

This type of financing is often done through loans which can be difficult for a new venture to receive due to a lack of credit history and limited assets that can be used as collateral. One option for receiving a loan with limited credit is to seek out a Small Business Administration (SBA) backed loan.

One benefit to this type of funding is that return on investment is usually set at a particular yield meaning these institutions take on risk but receive a capped return; however, in return for their risk and lack of upside reward they seek a liquidation preference.

Pros and cons: Since the creation of L3Cs, there have been both proponents and opponents to this legal form of business entity.[4] Below outlines several key arguments for both sides.

Pros
L3Cs can attract a large amount of funding from foundations and institutions that are less risk-averse than typical investors because there is limited yield expectation.
There is a simple filing process compared to other legal forms of business entities.
L3Cs are immediately recognized as brands with a socially beneficial purchase. People buy more frequently from businesses with a social mission. In 2020, 77% of consumers indicated that they are motivated to purchase from a company that is committed to "making the world a better place."
L3Cs mission may attract more employees. In 2020, 60% of employees indicated they would take a pay-cut to work at a firm that has a purpose-driven mission.
L3Cs have greater flexibility in determining the financial and non-financial rights of their owners as compared to corporations including benefit corporations.

Cons
The IRS has yet to officially confirm that all L3Cs qualify for PRIs. Thus, some foundations are hesitant to make financial commitments to L3Cs. To verify a firm can receive PRIs, L3Cs can obtain a Private Letter Ruling (PLR) from the IRS which verifies the firm's status as being an acceptable recipient of PRIs. Private Letter Rulings can take 12 to 18 months to be processed and average legal fees of over $50,000 along with a substantial IRS fee as well.
Many attorneys and lawmakers argue that L3Cs can perform the same functions that a well crafted LLC can do.
The number of states that have L3C statutes is still very limited which requires foreign firms to follow additional formalities to legally operate.
While not yet proven, some proponents of L3Cs theorize that foundations will preference low-yield program-related investments (PRIs) to grants. Thus, charities that rely on grant money will be harmed in the process.

Examples of L3Cs: The types of businesses that can become L3Cs is broad and usually acceptable as long as it meets state statute requirements. Existing L3C businesses are in fields including but not limited to: alternative energy, food bank processing, media consulting, art funding, job creation programs, economic development, real estate, environmental remediation, and medical research. One example is SEEDR L3C, founded in 2008 in Atlanta to develop hardware, software, service, and policy solutions that help improve access to healthcare in Africa. In 2009, the Gates Foundation gave SEEDR L3C a $529,566 investment to fund the development of insulated containers for vaccine transport in developing countries. Today, SEEDR L3C's clients and funders include the US Centers for Disease Control & Prevention (CDC), Medecins Sans Frontieres (MSF), and UNICEF.

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