

### DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE WASHINGTON, D.C. 20224

Number: **200605012** 

Release Date: 02/03/2006

SE:T:EO:RA:T:4 UIL: 501.00-00

Date: 11/10/05 Employer Identification Number:

Form:

Tax Years:

Contact Person:

Identification Number:

Telephone Number:

Dear :

This letter constitutes a final adverse ruling with respect to your claim of exemption from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

We make our ruling for the following reason(s):

You are not operated exclusively for exempt purposes within the meaning of section 501(c)(3) of the Code because you do not engage primarily in activities that accomplish an exempt purpose and more than an insubstantial part of your activities are in furtherance of a non-exempt purpose. Furthermore, you have failed to establish that your activities will not result in inurement of your income to private interests.

Because you do not qualify for exemption as an organization described in Code section 501(c)(3), donors may not deduct contributions to you under Code section 170. You must file Federal income tax returns on the form and for the years listed above within 30 days of this letter, unless you request an extension of time to file. File the returns in accordance with their instructions, and do not send them to this office. Failure to file the returns timely may result in a penalty.

If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, you must initiate a suit in the United States Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia before the 91<sup>st</sup> day after the date that we mailed this letter to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. Filing a declaratory judgment suit under Code section 7428 does not stay the requirement to file returns and pay taxes.

We will make this letter and our proposed adverse determination letter available for public inspection under Code section 6110, after deleting certain identifying information. Please read the enclosed Notice 437, *Notice of Intention to Disclose*, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, you should follow the instructions in Notice 437. If you agree with our deletions, you do not need to take any further action.

In accordance with Code section 6104(c), we will notify the appropriate State officials of our determination by sending them a copy of this final letter and the proposed adverse letter. You should contact your State officials if you have any questions about how this determination may affect your State responsibilities and requirements.

If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter. If you have any questions about your Federal income tax status and responsibilities, please contact IRS Customer Service at 1-800-829-1040 or the IRS Customer Service number for businesses, 1-800-829-4933. The IRS Customer Service number for people with hearing impairments is 1-800-829-4059.

Sincerely,

Lois G. Lerner Director, Exempt Organizations Rulings & Agreements

Enclosure
Notice 437
Redacted Proposed Adverse Determination Letter
Redacted Final Adverse Determination Letter



#### DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE WASHINGTON, D.C. 20224

Date:	03/25/05	Contact Person:
		Identification Number:
		Contact Number:
		Employer Identification Number:

### Legend:

Υ

A =

B =

C =

# Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Based on the information submitted, we have concluded that you do not qualify for exemption under that section. The basis for our conclusion is set forth below.

### **FACTS**

You were incorporated by B in April, 2001 for the specific purpose of

educating consumers and business on aspects of 'budget means testing' as it pertains to new Bankruptcy law. We specialize in determining whether a potential Bankruptcy Debtor should file a Chapter 7 liquidation or a Chapter 13 reorganization. We also advise on debt consolidation, debt adjustment, debt repayment plans and credit counseling in general.

Your articles of incorporation failed to limit your purposes to those within section 501(c)(3) or to dedicate your assets permanently to charity. Your proposed amendments were never filed with the State.

You were organized and are directed and managed by just A is your sole director. had a successful career as a nurse and manager of nurses, according to resume, but does not appear to have any training or experience in personal finance, credit, or managing exempt organizations. B is your sole incorporator and carries out most of your activity, according to correspondence received 10/21/03, as your:

- Contact person and person in charge of organizing the daily activities
- Sole financial counselor
- Sole instructor

- "Organizer and visionary"
- Donor or creditor (description has changed)
- Neighbor or co-tenant at the same address

In correspondence received 10/21/2003, you stated that B's compensation was determined at a board meeting held in May 2003. compensation, if any, will be determined based on annual revenue."

B also owns Y, a for-profit financial services firm (Correspondence of 3/24/2004). Y is "only authorized to provide Chapter 13 counseling and paralegal services" (Correspondence received 9/12/2003).

In March 2004, you stated that you were considering expanding your board to include B and C. It appears that C is the attorney referred to in correspondence received 03/24/04, as "Y's Attorney" and the person who is the bankruptcy attorney to whom you would "turn over all findings and documents...for the actual filing," and also the bankruptcy attorney for whom B works as a paralegal (correspondence received 09/12/2003).

Your original business plan, described in the narrative portion of your application, was to provide a two-hour seminar for "people with credit problems who are seeking bankruptcy protection." This activity was designed for a proposed "new Bankruptcy law [that] will require potential debtors to obtain credit counseling prior to filing a bankruptcy petition...also require potential debtors to take a 'means test.'" Your proposed seminar would cover:

- Review of financial situation
- New bankruptcy law vs. old bankruptcy law
- Concept of the "means test"
- Sample budget
- A non bankruptcy alternative
- Re-establishing credit

Your application indicates that you plan to charge clients a \$25 fee for your services. Because you anticipate receiving donated time and space from Y, you indicate that these fees should meet 80-100% of your expenses. You intend to advertise initially through local bankruptcy attorneys, through bulk mailing to "potentially distressed clients," and by a list you anticipated would be maintained by the US Bankruptcy Courts. Eventually, television will become your primary means of advertising. You have no fundraising program in operation.

In addition to the seminars, you plan to provide financial services. After recognition of your exempt status, you intend to obtain a "Debt Adjusters license" to engage in debt management services. (Correspondence received 9/12/03) You plan to "introduce a new dimension to the concept of the debt management process...in that now all types of debt eg: unsecured, secured and court pending debt such as wage attachments and foreclosure debt may be accepted...under our program." (Correspondence received 10/03/03).

You plan to provide your services "in conjunction with Y...which has provided Chapter

13 services ...for 14 years" Your role is to provide "Chapter 7 services, debt management services and educational services" to the same group of clients (Correspondence received 9/12/2003). In later correspondence you described your organization as: "...a system that mirrors a local financial company..." that we assume is Y. (Correspondence of 3/24/2004).

It is clear that you intend to provide services directly to the people who call you or refer them to the services of Y (Correspondence of 9/12/2003). Callers will be questioned to determine "whether they should file for bankruptcy or be directed towards a non bankruptcy alternative such as a debt management program...and whether a client should do a Chapter 7 bankruptcy or a Chapter 13." You will also direct persons who drop out of your debt management plan to bankruptcy options offered by you and Y. Your policy regarding missed payments in your debt management program is that after "3 missed payments...debtor is referred for Chapter 7 Bankruptcy or may try a payment plan under Chapter 13..."

When your original business plan failed because the federal bankruptcy legislation that you anticipated had not passed, you substituted another plan that also tied your operations closely to those of Y. You asked the clients of Y whether they would attend a private instructional course with a fee of \$200. In March 2004, you began offering such a service, and five of Y's clients have purchased it. B teaches the class. You stated that he does not use any specific course materials. (Correspondence received 3/24/04)

## **LAW**

Section 501(c)(3) of the Internal Revenue Code exempts from federal income tax corporations organized and operated exclusively for charitable, educational, and other purposes, provided that no part of the net earnings inure to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that, in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(c)(3)-1(b)(1)(i) of the regulations provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization:

- (a) Limit the purposes of such organization to one or more exempt purposes; and
- (b) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities that accomplish one or more of such exempt purposes specified in section 501(c)(3).

An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(c)(2) of the regulations provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals. Section 1.501(a)-1(c) defines the words "private shareholder or individual" in section 501 to refer to persons having a personal and private interest in the activities of the organization.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations assigns the burden of proof to an applicant organization to show that it serves a public rather than a private interest and specifically that it is not organized or operated for the benefit of private interests, such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Section 1.501(c)(3)-1(d)(2) of the regulations provides that the term "charitable" is used in section 501(c)(3) of the Code in its generally accepted legal sense and includes the relief of the poor and distressed or of the under privileged as well as the advancement of education.

Section 1.501(c)(3)-1(d)(3) of the regulations provides that the term "educational" refers to:

- (a) The instruction or training of the individual for the purpose of improving or developing his capabilities; or
- (b) The instruction of the public on subjects useful to the individual and beneficial to the community.

Section 1.501(c)(3)-1(e)(1) of the regulations provides that an organization may meet the requirements of section 501(c)(3) although it operates a trade or business as a substantial part of its activities, if the operation of such trade or business is in furtherance of the organization's exempt purpose or purposes and if the organization is not organized or operated for the primary purposes of carrying on an unrelated trade or business.

In <u>Better Business Bureau of Washington D.C.</u>, <u>Inc. v. United States</u>, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly exempt purposes. The Court found that the trade association had an "underlying commercial motive" that distinguished its educational program from that carried out by a university.

In <u>American Institute for Economic Research v. United States</u>, 302 F. 2d 934 (Ct. Cl. 1962), the Court considered an organization that provided analyses of securities and industries and of the economic climate in general. It sold subscriptions to various periodicals and services providing advice for purchases of individual securities. The court noted that education is a broad concept, and assumed *arguendo* that the organization had an educational purpose. However, the totality of the organization's activities, which included the sale of many publications as well as the sale of advice for a fee to individuals, were indicative of a business. Therefore, the court held that the organization had a significant non-exempt commercial

purpose that was not incidental to the educational purpose, and was not entitled to be regarded as exempt.

In <u>Consumer Credit Counseling Service of Alabama, Inc. v. United States</u>, 78-2 U.S.T.C. 9660 (D.D.C. 1978), the court held that an organization that provided free information on budgeting, buying practices, and the sound use of consumer credit qualified for exemption from income tax because its activities were charitable and educational.

The Consumer Credit Counseling Service of Alabama is an umbrella organization made up of numerous credit counseling service agencies. These agencies provided information to the general public through the use of speakers, films, and publications on the subjects of budgeting, buying practices, and the sound use of consumer credit. They also provided counseling on budgeting and the appropriate use of consumer credit to debt-distressed individuals and families. They did not limit these services to low-income individuals and families, but they did provide such services free of charge. As an adjunct to the counseling function, they offered a dept management plan. Approximately 12 percent of a professional counselor's time was applied to the dept management plan as opposed to education. The agencies charged a nominal fee of up to \$10 per month for the dept management plan. This fee was waived in instances when payment of the fee would work a financial hardship.

The agencies received the bulk of their support from government and private foundation grants, contributions, and assistance from labor agencies and the United Way. An incidental amount of their revenue was from service fees.

The court found the organizations exempt under section 501(c)(3) because providing information to the public regarding the sound use of consumer credit is charitable in that it advances and promotes education and social welfare. These programs were also educational because they instructed the public on subjects useful to the individual and beneficial to the community. The counseling assistance programs were likewise charitable and educational in nature. Because the community education and counseling assistance programs were the agencies' primary activities, the agencies were organized and operated for charitable and educational purposes. The court also concluded that the limited debt management services were an integral part of the agencies' counseling function, and thus charitable, but stated further that even if this were not the case, these activities were incidental to the agencies' principal functions.

Finally, the court found that the law did not require that an organization must perform its exempt functions solely for the benefit of low-income individuals to qualify under section 501(c)(3) or to provide its services solely without charge. Nonetheless, these agencies did not charge a fee for the programs that constituted their principal activities. They charged nominal fees for services that were incidental. Moreover, even this nominal fee was waived when payment would work a financial hardship.

The court in <u>est of Hawaii v. Commissioner</u>, 71 T.C. 1067(1979) found that an organization formed to educate people in Hawaii in the theory and practice of "est" was a part of a "franchise system which is operated for private benefit," and therefore may not be recognized as exempt

under section 501(c)(3) of the Code. The applicant for exempt status was not formally controlled by the same individuals controlling the for-profit organization owning the license to the est body of knowledge, publications, methods, etc. However, the for-profit exerted "considerable control" over the applicant's activities by setting pricing, the number and frequency of different kinds of seminars and training, and providing the trainers and management personnel who are responsible to it in addition to setting the price for the training. The court found that the fact that the applicant's rights were dependent upon its tax-exempt status showed the likelihood that the for-profit corporations were trading on that status. The question for the court was not whether the payments made to the for-profit were excessive, but whether it benefited substantially from the operation of the applicant. The court determined that there was a substantial private benefit because the applicant "was simply the instrument to subsidize the for-profit corporations and not vice versa and had no life independent of those corporations."

In <u>P.L.L. Scholarship Fund v. Commissioner</u>, 82 T.C. 196 (1984), an organization operated bingo at a bar (a for-profit enterprise) for purposes of raising money for scholarships. The board of directors included the bar's owners and accountant, and two other persons. The court reasoned that, because the bar owners controlled the organization and appointed its directors, the organization's fundraising activities could be used to the advantage of the bar owners, and thus, provide them with a maximum private benefit.

The organization claimed that it was independent because there was a separate accounting and that no payments were going to the bar. The court maintained that the organization's and the bar's activities were so interrelated as to be "functionally inseparable." A separate accounting did not change that fact. Thus, the organization did not operate exclusively for exempt purposes, but rather benefited private interests – the bar owners. Exemption was properly denied.

In <u>Church By Mail, Inc. v. Commi</u>ssioner, T.C. Memo 1984-349, *aff'd* 765 F. 2d 1387 (9<sup>th</sup> Cir. 1985) the tax court found that a church was operated with a substantial purpose of providing a market for an advertising and mailing company owned by the same people who controlled the church. The church argued that the contracts between the two were reasonable, but the Court of Appeals pointed out that "the critical inquiry is not whether particular contractual payments to a related for-profit organization are reasonable or excessive, but instead whether the entire enterprise is carried on in such a manner that the for-profit organization benefits substantially from the operation of the Church."

In addition to furthering a substantial non-exempt purpose, the court found that a portion of the organization's net earnings inured to the benefit of a private shareholder or individual as defined by sections 1.501(c)(3)-1(c)(2) and 1.501(a)-1(c) of the regulations. The organization provided loans to companies with which the private shareholder was affiliated.

In <u>Easter House v. U.S.</u>, 12 Ct. Cl. 476 (1987), aff'd 846 F. 2d 78 (Fed. Cir 1988), the court found that adoption services were the primary activity of the organization. In deciding that the organization conducted adoption services for a business purpose rather for a charitable purpose, the court considered the manner in which the organization operated. The record established a number of factors that characterize a commercial activity and which were evident

in the operations of Easter House also. The court determined that the organization competed with other commercial organizations providing similar services; fees were the only source of revenue; it accumulated very substantial profits, because it set its fees in order to generate a profit; the accumulated capital was substantially greater than the amounts spent on charitable and educational activity; and the organization did not solicit and did not plan to solicit contributions. The court also found a corporate-type structure in the classes of memberships (including a single life member having inherent power that the holder could transfer like stock), and dependence on paid employees.

In Rev. Rul. 61-170, 1961-1 C.B. 112, an association composed of professional private duty nurses and practical nurses that supported and operated a nurses' registry primarily to afford greater opportunities for its members was not entitled to exemption under section 501(c)(3) of the Code. Although the public received some benefit from the organization's activities, the primary benefit of these activities was to the organization's members.

In Rev. Rul. 69-441, 1969-2 C.B. 115, the Service found that a nonprofit organization formed to help reduce personal bankruptcy by informing the public on personal money management and aiding low-income individuals and families with financial problems was exempt under section 501(c)(3) of the Code. Its Board of Directors was comprised of representatives from religious organizations, civic groups, labor unions, business groups, and educational institutions.

The organization provided information to the public on budgeting, buying practices, and the sound use of consumer credit through the use of films, speakers, and publications. It aided low-income individuals and families who have financial problems by providing them with individual counseling, and if necessary, by establishing budget plans. Under the budget plan, the debtor voluntarily made fixed payments to the organization, holding the funds in a trust account and disbursing the funds on a partial payment basis to the creditors. The organization did not charge fees for counseling services or proration services. The debtor received full credit against his debts for all amounts paid. The organization did not make loans to debtors or negotiate loans on their behalf. Finally, the organization relied upon contributions, primarily from the creditors participating in the organization's budget plans, for its support.

The Service found that, by aiding low-income individuals and families who have financial problems and by providing, without charge, counseling and a means for the orderly discharge of indebtedness, the organization was relieving the poor and distressed. Moreover, by providing the public with information on budgeting, buying practices, and the sound use of consumer credit, the organization was instructing the public on subjects useful to the individual and beneficial to the community. Thus, the organization was exempt from federal income tax under section 501(c)(3) of the Code.

Outside the context of credit counseling, individual counseling has, in a number of instances, been held to be a tax-exempt charitable activity. Rev. Rul. 78-99, 1978-1 C.B. 152 (free individual and group counseling of widows); Rev. Rul. 76-205, 1976-1 C.B. 154 (free counseling and English instruction for immigrants); Rev. Rul. 73-569, 1973-2 C.B. 179 (free counseling to pregnant women); Rev. Rul. 70-590, 1970-2 C.B. 116 (clinic to help users of

mind-altering drugs); Rev. Rul. 70-640, 1970-2 C.B. 117 (free marriage counseling); Rev. Rul. 68-71, 1968-1 C.B.249 (career planning education through free vocational counseling and publications sold at a nominal charge). Overwhelmingly, the counseling activities described in these rulings were provided free, and the organizations were supported by contributions from the public.

In Rev. Rul. 80-287, 1980-2 C.B. 185, a lawyer referral service that aids persons who do not have an attorney by helping them to select one was not entitled to exemption under section 501(c)(3) of the Code. Although the service provides some public benefit, its principal purpose is to introduce individuals to the use of the legal profession in the hope that they will enter into lawyer-client relationships on a paying basis as a result of their experience.

Rev. Proc. 90-27, 1990-1 C.B. 514, provides in part, that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed. A mere statement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures, or other means adopted or planned, and the nature of the contemplated expenditures. Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or determination letter will be issued. In those cases where an organization is unable to describe fully its purposes and activities, a refusal to issue a determination letter will be considered an initial adverse determination from which administrative appeal or protest rights will be afforded.

#### **RATIONALE**

The first requirement for organizations desiring to be recognized as exempt from federal income tax under section 501(c)(3) is to be organized and operated exclusively for an exempt purpose. Section 1.501(c)(3)-1(a)(1) of the regulations, *supra*. You are not organized exclusively for exempt purposes because your articles of incorporation do not limit your purposes to those within section 501(c)(3) or dedicate your assets permanently to charity. Section 1.501(c)(3)-1(b)(1)(i).

It is clear that you are offering and planning to offer commercial financial services to the general public. Your articles of incorporation and your answers to inquiries from the Service reflect your plans to provide debt management plans and bankruptcy planning for a fee to the general public. You do not restrict your services to low-income individuals or some other charitable class. You charge substantial fees. You will advertise in mass media and accept referrals from for-profit enterprises. Thus, you must show that the sale of commercial services is incidental and integral to a substantial educational program. Section 1.501(c)(3)-1(d)(3). Financial counseling can be considered educational. Rev. Rul. 69-441 and CCCS of Alabama, supra. However, a single substantial non-exempt purpose is sufficient to preclude exempt status, regardless of the number of exempt purposes. Better Business Bureau of Washington, supra. A purpose of providing education will not overcome an additional, substantial commercial

### purpose. American Institute for Economic Research.

You have failed to establish that you are operated exclusively for educational purposes. In five different items of correspondence to the Service over nearly a year, you have not described your instruction or provided any instructional materials, outlines, or handouts. It is your burden to describe your operations sufficiently to clearly demonstrate a basis for exempt status. See Rev. Proc. 90-27, supra.

A fundamental requirement for an organization that seeks exemption from federal income taxes is that it benefit the public rather than its creator, shareholders, or persons having a personal or private interest in the activities of the organization. See section 1.501(c)(3)-1(d)(1)(ii) and section 1.501(a)-1(c)(2), supra. Your organizational structure and manner of operation create a risk of inurement to your creator and primary employee. The compensation of the sole employee was decided by your one-person board and will be based upon your revenue, rather than on the value of his time or services. You have contemplated adding him to the board as Treasurer, giving him even more explicit control over his own compensation and your assets and operations. You do not have an independent board or any other mechanism to prevent inurement or private benefit.

Like <u>Easter House</u>, your manner of operation is characteristic of a commercial entity designed to benefit the creator and manager of the organization rather than the public. In addition to future compensation, your instructor stands to benefit from his control in many ways. He organizes and directs your activities. He consulted with Y's paying clients to determine what format of counseling they would prefer and then provided it to them through you for a substantial fee. He will deliver information and documents to a bankruptcy attorney for additional legal work. He can decide what attorney to recommend, and we may reasonably assume that he will choose the attorney who employs him. If your advertising attracts people who are not already clients of his financial services firm, he clearly has the opportunity to promote his firm to them.

Your proposed activities dovetail with those of Y, the for-profit financial services firm owned by your creator and sole employee. That for-profit entity is licensed to provide Chapter 13 counseling and paralegal services. You will advertise for people in debt, screen them, and refer to the affiliated for-profit those who need Chapter 13 counseling, either at the outset or after they miss three payments in your debt management program. In addition to the screening and referral function, you will perform some services for the same population that the for-profit entity is not licensed to provide, such as Chapter 7 services and debt management plans. You also plan to provide legal work related to your clients to a person who is Y's attorney and B's employer. This integration with for-profit entities is similar to relationships between exempt organizations and related for-profits in est of Hawaii, and Church by Mail. Those courts found that the exempt organizations were operated to provide substantial private benefit to the commercial entities and therefore were not entitled to exempt status.

Your screening and referral functions are very much like those considered by the Service in Rev. Rul. 61-170 and Rev. Rul. 80-287, above. While there may be some limited public benefit, it is outweighed by the benefit to the private entities to whom you will direct business. Courts have also considered the situation of an exempt organization that exists

primarily to augment the business and customers of a related for-profit. For example, a court denied exempt status to an organization that raised money for scholarships because it was inextricably intertwined with a for-profit lounge that benefited from the additional customers drawn by the fundraising events. <u>P.L.L. Scholarship Fund</u>, *supra*. In your case, the benefit goes to Y, a business owned by B, a person who incorporated you, is your sole employee, has provided a loan, and pledged a donation.

Based on your representations, we find that you are neither organized nor operated exclusively for exempt purposes. Accordingly, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and you must file federal income tax returns.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views to this office, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If you do not protest this ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and a copy will be forwarded to the Ohio Tax Exempt and Government Entities (TE/GE) office. Thereafter, any questions about your federal income tax status should be directed to that office, either by calling 877-829-5500 (a toll free number) or sending correspondence to: Internal Revenue Service, TE/GE Customer Service, P.O. Box 2508, Cincinnati, OH 45201. The appropriate State Officials will be notified of this action in accordance with Code section 6104(c).

In the event this ruling becomes final, it will be made available for public inspection under section 6110 of the Code after certain deletions of identifying information are made. For details, see enclosed Notice 437, *Notice of Intention to Disclose*. A copy of this ruling with deletions that we intend to make available for public inspection is attached to Notice 437. If you disagree with our proposed deletions, and do not intend to protest our denial of exempt status, you should follow the instructions in Notice 437.

If you decide to protest this ruling, your protest statement should be faxed to 202-283- or sent to the address shown below. If you also disagree with our proposed deletions, you should send your comments on the deletions with your protest statement, and not to the address shown in Notice 437.

Internal Revenue Service TE/GE (SE:T:EO:RA:T:)

1111 Constitution Ave, N.W., Washington, D.C. 20224

If you do not intend to protest this ruling, and if you agree with our proposed deletions as shown in the letter attached to Notice 437, you do not need to take any further action.

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

Sincerely,

Lois G. Lerner Director, Exempt Organizations Rulings & Agreements

Enclosure Notice 437