

Internal Revenue Service

CERTIFIED MAIL

District
Director

Department of the Treasury
P.O. Box 9107

JFK Federal Bldg., Boston, Mass. 02203

Person to Contact:

Telephone Number:

Refer Reply to:

Date: JUN 29 1983

• Gentlemen:

We have considered your application for recognition of exemption from Federal income tax under Section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED] under Chapter [REDACTED] of the General Laws of [REDACTED]. Your purposes as stated in your Articles of Organization are:

To establish a cross disciplinary association of professionals whose duties include the providing of professional financial advice to clients.

To conduct professional seminars for members in the technique and substances of financial assistance for their clients.

To publish educational materials.

To promote the consistency and quality of financial advice by the promulgation of a code of ethics.

Presently, your membership consists of one person, the incorporator, who also may serve as the sole director so long as the membership remains less than 2,000. Solicitation of members will be conducted by the Institute. Solicitation of members will be targeted to professionals in certain narrowly defined fields of endeavor including, but not limited to real estate, insurance, and financial professionals.

The officers of the Corporation shall be a chairman of the board of directors, executive vice president, president, treasurer, secretary and such other officers, if any, as the directors may determine. The Corporation may also have such agents, if any, as the directors may appoint.

[REDACTED] is formed to provide a vehicle for the promulgation and maintenance of high ethical and professional standards among professionals of many fields whose duties include the providing of financial advice.

Section 501(c)(6) of the Internal Revenue Code provides for the exemption from Federal income tax of business leagues, chamber of commerce, which are not organized for profit and no part of the net earnings of which inure to the benefit of any private shareholder or individual.

Section 1.501(c)(6) of the Income Tax Regulations states, in part, that "A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit; its activities should be directed to the improvement of one or more lines of business as distinguished from the performance of particular services for individual persons."

In common with some of the other code sections of Section 501(c), Section 501(c)(6) is subject to the inurement principle, in that, an organization is not exempt if, by virtue of a special relationship with the organization in question its creator is able to influence the expenditure of its funds or the use of its assets. Since your sole member and sole director has such a special relationship to your organization, it appears that the inurement principle is operative to bar exempt status.

Therefore, it is held that your organization fails to meet the basic requirements for tax exempt status under Section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file annually Federal income tax returns Form 1120.

If you accept our findings, please sign and return one copy of Form 6018, Consent to Proposed Adverse Action.

If you do not accept our findings, you may request a conference with a member of our Appeals Office. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Appeals Office, or, if you request at any mutually convenient District Office. A self-addressed envelope is enclosed.

If we do not hear from you within 30 days from the date of this letter, our proposed revocation letter will become a final adverse determination letter.

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

Thank you for your cooperation.

Sincerely yours,

cc: 


District Director

Enclosures:
Publication 892
Form 6018 (2)
Self-addressed envelope