



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

Release Number: 200742022
Release Date: 10/19/07
Date: July 27, 2007

Contact Person:

Identification Number:

Contact Number:

Employer Identification Number:

Form Required To Be Filed:

Tax Years:

501.04-00, 501.06-01, 501.06-02

Dear :

This is our final determination that you do not qualify for exemption from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in either section 501(c)(4) or section 501(c)(6).

We made our initial determination in our proposed denial letter dated June 16, 2006. You protested the proposed denial letter in your letter dated September 29, 2006. The issues were discussed at your conference of right held in this office. At the end of the conference, your authorized representative stated that he would consult with you and submit additional information. By letter dated July 3, 2007, your authorized representative stated that "the Form 1024 previously submitted by (you) is to be withdrawn from consideration."

Our final determination is made for the following reason(s):

Your primary activities are for the benefit of your members rather than for the public benefit of the community, which precludes exemption under section 501(c)(4) of the Code.

Your primary activities are benefiting only a segment of an industry, which precludes exemption under section 501(c)(6) of the Code.

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.

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, follow the instructions in Notice 437. If you agree with our deletions, you do not need to take any further action.

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 yours,

Robert Choi
Director, Exempt Organizations
Rulings & Agreements

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



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GOVERNMENT ENTITIES
DIVISION

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

Date: July 27, 2007

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

Legend:

A =

B =

C =

Dear :

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code. You applied for recognition of exemption under sections 501(c)(4) and 501(c)(6). Based on the information submitted, we have concluded that you do not qualify for exemption under either of these sections. The basis for our conclusion is set forth below.

The information submitted indicates that you were incorporated on December 11, , under the laws of the State of A. Your Articles of Organization, dated November 17, , state that you are a Limited Liability Company, and that your management is vested in your Manager and your Secretary. Your bylaws, dated November 12, , state that your founders agreed to form an association for the purpose of uniting retail business owners and for the following:

- To get the best price and rebates from the suppliers of the retail goods and services by collective bargaining under the association.
- To get the collective rebates under the Employer Identification Number of the association and distribute it after expenses to the individual entities according to their shares.
- To offer an insurance company who would give best rates for business liability, health, and workman's compensation.
- To get collective bargaining on any issues relevant to the C business.

Your bylaws also state that since you shall be a nonprofit entity, any monies on hand at the end of the fiscal year in excess of an operating reserve fund established by your Board of Directors shall be paid out to the members according to the member's share. A management assistant will maintain the account for the rebates received by the association from the suppliers and distribute the net, after expenses and a reserve fund for future expenses, to the members in

accordance with their percentage share. Your Board is authorized to hire employees to carry out the duties of the associations but the salaries and all other expenses shall be limited to income taken in by the association and not from the members.

You also state that your membership shall be selected from any B businessperson. Bs are persons from a particular religious group from a variety of world regions. You state that virtually all your members were born outside of the United States and face challenges in adapting to U.S. culture and building successful businesses.

Your Amendment and Restatement of Charter/Articles of Association, dated August 23, , include the following statements:

- Any C located in A which is majority owned by a B or Bs (that is, more than fifty percent of the shares are owned by Bs) is eligible for membership. Any C located in A, regardless of ownership, which is operated under a management contract, where the contracted manager is a B manager, may also apply for membership.
- There shall be one primary member for each member (i.e., for each eligible C that has been accepted as a member). The individual who has majority ownership of a member C shall be the primary member. Notwithstanding the above, if a member C is operated under a management contract and the contracted manager is a B, the individual who has majority ownership of the C may designate the B contract manager to be the primary member. Alternatively, a B contracted manager may apply for membership and, if he meets the criteria set forth in the bylaws and is accepted, he will be the primary member and the owner will not be a member. The primary member must be a B, and must either be the majority owner of the member C or must be the manager of the C and has a management contract with the majority owner of the C.
- You shall charge membership fees to your members, in accordance with your Membership Rules and Regulations, which may be modified by the Board of Directors from time to time.
- You shall pass through any rebates to your members. Rebate amounts received by you shall be held in trust for the benefit of the members. They shall not be used to pay your debts.
- Your profits and losses shall not be allocated to or among the members individually but instead will be used to benefit you in general and to carry out your purposes. No member of yours or your Board of Directors, or person from whom you may receive any property or funds, shall receive or shall be lawfully entitled to receive any financial profit from your operations, and in no event shall any part of your funds or assets be paid as salary or compensation to, or distributed to, or inure to the benefit of any member or any Director of the Board or any member of any Board Committee. Your Supplier Negotiation Committee shall not henceforth enter into any new contracts for the purchase of goods and services for your members with any organization where the majority owner of that organization is a Director on your Board, or where the majority owner is a parent, child, or spouse of a Director. A Director shall disclose to the Board of Directors any organization in which he or she owns greater than ten percent ownership, if he or she is aware that you are considering any contracts with the

organization. This shall neither prevent nor restrict any member or Director from receiving rebates or other savings and benefits distributed by you in accordance with the rules that apply to all members.

In your letter dated January 31, 2005, you state that you are a trade association of C owners of B community residents in a particular metro area. You state that your prime objective is to negotiate contracts with vendors and also promote the common business interests of your members. You also state that any kind of savings or rebates resulting from deals with vendors are all passed to your members, and that the amount of the rebate to an individual member is exactly equal to the rebate due to the member. Therefore, you state, the rebate distribution is not a distribution of earnings. The negotiating vendor who contracts with you also serves the common purpose of your members by offering best prices which will not be available to other business owners in the same area. You state that only your members can take advantage of your negotiated deals or participate in any educational and training seminars organized by you. Non-members do not have any access to your sponsored programs or seminars.

Section 501(c)(4) of the Code provides for the exemption from federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare so long as no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.

Section 501(c)(6) of the Code provides for the exemption from federal income tax of business leagues, chambers of commerce, real-estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(4)-1(a)(1) of the Income Tax Regulations provides that a civic league or organization may be exempt as an organization described in section 501(c)(4) if (i) it is not organized for profit; and (ii) it is operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2)(i) of the regulations provides that, in general, an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterments and social improvements.

Section 1.501(c)(6)-1 of the regulations provides 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. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. An association engaged in furnishing information to prospective investors, to enable them to make sound

investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated.

Rev. Rul. 54-394, 1954-2 C.B. 131, holds that an organization that provides antenna service only to its members to enable them to receive television is not exempt under section 501(c)(4) of the Code.

Rev. Rul. 56-65, 1956-1 C.B. 199, holds that a local organization whose principal activity consists of furnishing particular information and specialized individual services to its individual members engaged in a particular industry, through publications and other means to effect economies in the operation of their individual businesses is performing particular services for individual persons. Such organization, therefore, is not entitled to exemption under section 501(c)(6) of the Code as a business league even though it performs functions which are of benefit to the particular industry and the public generally. The activities of the organization consist of the maintenance of plan rooms for the convenience of members, where plans and specifications for local construction projects, together with the names of general contractors bidding on specific projects, are filed.

Rev. Rul. 58-294, 1958-1 C.B. 244, discusses an organization that is organized and operated for the purpose of promoting uniform business, advertising, and fair trade practices in connection with the manufacture and sale of a certain patented product. Membership in the organization is limited to any person, firm, or corporation licensed to manufacture and sell the specified product. The organization owns the controlling interest in the corporation which holds the basic patents and sells to the members of the organization the materials and equipment necessary in the manufacture of the product. The revenue ruling holds that the organization does not qualify for exemption as an organization described in section 501(c)(6) of the Code because it is engaged in furthering the business interests of the dealers in the particular patented product.

Rev. Rul. 59-391, 1959-2 C.B. 159, holds that an organization whose membership is so restricted that each member represents a different trade, business, occupation, or profession does not qualify for exemption under section 501(c)(6) of the Code.

Rev. Rul. 62-167, 1962-2 C.B. 142, holds that an antenna service that provides signals to any television receiver in the community is exempt under section 501(c)(4) of the Code since it benefits the community as a whole rather than just the members.

Rev. Rul. 65-164, 1965-1 C.B. 238, holds that negotiating written collective bargaining labor contracts for the general membership, interpreting such contracts, and mediating or settling jurisdictional and other disputes are to be considered incidental activities under section 501(c)(6) of the Code since these activities further the common purpose with respect to the common labor problems of the business group and do not represent services to individual members which the members could purchase elsewhere. The revenue ruling also states that where such services do not further the common interest and individual members derive a direct and non-incidental benefit from the services rendered, the organization would not qualify for exemption under section 501(c)(6).

Rev. Rul. 66-148, 1966-1 C.B. 143, holds that an organization formed for the purpose of establishing and maintaining a system for the storage and distribution of water in order to increase underground water levels in a community is exempt under section 501(c)(4) of the Code. The facts presented show that membership is available to any water user in the community who agrees to pay an assessment. The revenue ruling concludes that the increase in the level of the underground water table which results from the organization's activities benefits all resident of the community whose wells are supplied by the raised water table, regardless of whether they are members and regardless of whether they pay anything to the organization. By attempting to raise the underground water level, the organization is operating for the benefit of the entire community and is exempt under section 501(c)(4).

Rev. Rul. 67-77, 1967-1 C.B. 138, holds that an organization composed of dealers in a certain make of automobile in a designated area is organized and operated for the primary purpose of financing general advertising campaigns to promote, with funds contributed by dealer members, the sale of that make of automobile, and is therefore not exempt under section 501(c)(6) of the Code since it is performing particular services for its members. The revenue ruling states that it relates to whether an organization which is organized and operated for the primary purpose of financing advertising campaigns to promote the sale of a particular make of automobile is entitled to exemption under section 501(c)(6).

Rev. Rul. 68-264, 1968-1 C.B. 264, defines a particular service for the purposes of section 501(c)(6) of the Code as including an activity that serves as a convenience or economy to the members of the organization in the operation of their own businesses.

Rev. Rul. 69-385, 1969-2 C.B. 123, holds that a community welfare corporation that purchases and sells unimproved land and engages in other business activities, the profits from which are distributed to members, is not exempt under section 501(c)(4) of the Code. The corporation is authorized to make, and in fact made, distributions of profits to its members. These distributions are equivalent to dividends based upon equity ownership and result in profit to the members. The revenue ruling concludes that the corporation is not exempt under section 501(c)(4) since the authority for making the distributions and the distributions themselves are incompatible with the requirements of the regulations that an organization must not be organized or operated for profit.

Rev. Rul. 73-306, 1973-2 C.B. 179, holds that an organization formed to represent member-tenants of an apartment complex in negotiations with landlords, in litigation, and before local and Federal regulatory agencies with respect to matters of mutual concern to the tenants does not qualify for exemption under section 501(c)(4) of the Code. The revenue ruling concludes that the organization is operating essentially for the private benefit of its members rather than being primarily engaged in activities for the common good and general welfare of the people of the community.

Rev. Rul. 73-349, 1973-2 C.B. 179, holds that an organization formed to purchase groceries for its membership at the lowest possible prices on a cooperative basis is not exempt as a social welfare organization under section 501(c)(4) of the Code.

Rev. Rul. 73-411, 1973-2 C.B. 180, in discussing the exempt status of a shopping center merchants' association under section 501(c)(6) of the Code, describes in detail the history of section 501(c)(6) and the types of organizations described therein. In the case of a chamber of commerce or similar organization, the common business interest required under section 1.501(c)(6)-1 of the regulations is usually the general economic welfare of a community. Membership is voluntary and open generally to all business and professional men and women in the community. The revenue ruling states that it has been accepted that an organization seeking exemption from federal income tax under section 501(c)(6) as a chamber of commerce or board of trade must be one whose efforts are directed at promoting the common economic interest of all the commercial enterprises in a given trade community. The revenue ruling also defines trade associations or business leagues as similar to chambers of commerce or boards of trade, except that they serve only the common business interests of the members of a single line of business or of the members of closely related lines of business within a single industry.

Rev. Rul. 74-81, 1974-1 C.B. 151, discusses an organization formed to promote the business welfare and interest of persons engaged in the contracting trade and related industries and whose principal activity is to provide its members with group workmen's compensation insurance. The revenue ruling holds that the organization is not exempt under section 501(c)(6) of the Code because it is relieving the members of obtaining this insurance on an individual basis, resulting in a convenience in the conduct of their businesses, a particular service..

Rev. Rul. 74-147, 1974-1 C.B. 136, describes an organization whose members represent diversified businesses that own, rent, or lease one or more digital computers produced by various manufacturers, without regard to identity of the manufacturer of any such computer. The sole activity of the organization mentioned in the revenue ruling is the holding of semi-annual conferences, at which operational and technical problems relating to computer use are discussed. The revenue ruling concludes that the organization's primary objective, provision of a forum for the exchange of information which will lead to the more efficient utilization of computers by its members and other interested users, improves the overall efficiency of its members' business use of computers and qualifies for exemption under section 501(c)(6) of the Code.

Rev. Rul. 78-86, 1978-1 C.B. 151, holds that an organization formed by a group of local merchants to establish and operate a public off-street parking facility in order to alleviate a lack of parking space in the central business district does not qualify for exemption under section 501(c)(4) of the Code. The revenue ruling states that although there may well be some public benefit derived from the construction and operation of the parking lot, it cannot be said to be operated primarily for social welfare purposes.

Rev. Rul. 83-164, 1983-2 C.B. 95, describes an organization whose purpose is to conduct conferences for the dissemination of information concerning computers manufactured by one specific company, M. Although membership is comprised of various businesses that own, rent, or lease computers made by M, membership is open to businesses that use other brands of computers. At the conferences, presentations are given primarily by representatives of M, as well as by other experts in the computer field. Problems related to members' use of M's computers are also discussed and current information concerning M's products are also

provided. The revenue ruling holds that by directing its activities to businesses that use computers made by one manufacturer, the organization is improving business conditions in a segment of a line of business rather than in an industry as a whole and is not exempt under section 501(c)(6) of the Code. The revenue ruling concludes that by providing a focus on the products of one particular manufacturer, the organization is providing M with a competitive advantage at the expense of manufacturers of other computer brands.

In Associated Master Barbers & Beauticians of America, Inc. v. Commissioner, 69 TC 53 (1977), the Court sustained the revocation of the petitioner's exempt status under section 501(c)(6) of the Code because of the extensive commercial services provided to members. The Court stated:

Because these activities serve as a convenience or economy to petitioner's members in the operation of their business, we think they constitute "particular services" as proscribed by the regulations. By providing insurance or textbooks for its members, the petitioner relieves its members of obtaining insurance or textbooks on an individual basis from a nonexempt commercial business. If the petitioner did not provide these goods and services, its members would have to obtain them from nonexempt businesses at a substantial increased cost. Thus, the organization is rendering "particular services" for the individual members as distinguished from an improvement of business conditions in barbering and beautician professions generally."

In Glass Container Industry Research Corporation, 70-1 USTC 9214, the Tax Court examined an organization that had applied for recognition of exemption from federal income tax under section 501(c)(6) of the Code. The organization was conducting scientific research in the field of glass container production and manufacture. Independent commercial research organizations, colleges, and universities performed the actual research. The contracts for the research almost all provided that the results were not to be disclosed. Members were forbidden to disclose the research reports to nonmembers and the aim of the organization with respect to the reports which were made public was not to disclose information which would be of assistance to a nonmember from a production standpoint. The Court found that because the results of the research were only for the benefit of members, the organization was a cooperative effort on the part of a limited number of persons to research business project for the benefit of themselves rather than the public at large, or the industry at large, and thus exemption under section 501(c)(6) was denied. The Court stated that 30% of a group of manufacturers engaged in an industry cannot organize themselves solely for the purpose of investigating and discovering cheaper and better methods of conducting their business with a view to increasing their profits with restrictions on dissemination of the research results and at the same time be tax-exempt under the statute. The Court found it unnecessary to speculate what the situation might have been in the event the organization relaxed its rules and regulations with regard to dissemination of research results.

In National Muffler Dealers Ass'n v. U.S., 440 U.S. 472 (1979), the Supreme Court held that an organization whose membership consisted of the franchisees of one brand of muffler did

not constitute a line of business within the meaning of section 501(c)(6) of the Code because a single brand represented only a segment of an industry.

In National Prime Users Group, Inc. v. U.S., 667 F. Supp. 250 (D.C. Md. 1987), the Court held that an organization which served the needs of users of a specific brand of computer promoted only a segment of a line of business and was not exempt under section 501(c)(6) of the Code.

In Guide International Corporation v. U.S., 948 F. 2d 360 (7th Cir. 1991), aff'g No. 89-C-2345 (N.D. Ill. 1990), the Court concluded that an association of computer users did not qualify for exemption under section 501(c)(6) of the Code because it benefited essentially users of IBM equipment.

The information you have submitted establishes that your primary activities center around the negotiation of contracts with vendors, receiving rebates, and passing them on to your members. Organizations that promote social welfare within the meaning of section 501(c)(4) of the Code should primarily promote the common good and general welfare of the people of the community as a whole. An organization that primarily benefits a private group of citizens cannot qualify for exemption.

This activity is the same kind of activity that is denied recognition of exemption under section 501(c)(4) of the Code as described in Rev. Rul. 54-394, supra. As further explained in Rev. Ruls. 62-167 and 66-148, both supra, establishing and maintaining a service or a product only for an organization's members does not benefit the community as a whole as required under section 501(c)(4), no matter that the service or product may benefit all the organization's members. As explained in Rev. Rul. 73-306, supra, the concept of social welfare within the meaning of section 501(c)(4) implies a service or program directed at benefiting the community rather than a private group of individuals.

Your activity of negotiating contracts for the benefit of your members is essentially the same as the organization denied exemption under section 501(c)(4) as described in Rev. Rul. 78-86, supra. Although there may be some public benefit to the community, the overwhelming benefit is to your members, and this activity serves their private business interests. The fact that you are able to distribute funds to your members, whether characterized as rebates, profits, or savings, is the same as the organization denied exemption under section 501(c)(4) in Rev. Rul. 69-385, supra.

These reasons preclude your exemption as a social welfare organization under section 501(c)(4).

With regard to section 501(c)(6) of the Code, we have determined that your negotiating activity is the performance of particular services for your individual members, and, as such, is proscribed from being a primary activity for purposes of exemption under section 501(c)(6) of the Code pursuant to section 1.501(c)(6)-1 of the regulations. As stated in Rev. Rul. 68-264, supra, the term particular service includes an activity that serves as a convenience or economy to the members of the organization in the operation of their own businesses. The argument

described in Rev. Rul. 56-65, supra, is also applicable to you because your performance of particular services is your primary activity.

Your negotiating activity is not similar to the exempt negotiation activity carried on by the organization described in Rev. Rul. 65-164, supra, because your negotiations represent services to individual members which the members may purchase elsewhere. Also, your members receive a direct and non-incidental benefit from your services. Similar to the organization described in Rev. Rul. 74-81, supra, your primary activity relieves your members of negotiating and obtaining these rebates on an individual basis, resulting in a convenience in the conduct of their businesses. The fact that the contracts with vendors may be less lucrative if they are sought by your members individually rather than collectively is immaterial for purposes of exemption as noted in Associated Master Barbers & Beauticians of America, Inc., supra.

You are more like the organization described in Glass Container Industry Research Corporation, supra, in that you represent only a particular group of organizations from your industry which have organized themselves to be involved, among other matters, in contracts that you negotiate. As discussed and made clear in Rev. Rul. 73-411, supra, and Glass Container Industry Research Corporation, membership in and enjoyment of privileges in an organization exempt under section 501(c)(6) of the Code are not to be restricted or limited to a select number of entities within the described community or industry. Membership in a trade association or business league, as differentiated from a chamber of commerce, is both voluntary and open generally to all entities within a particular line of business or closely related lines of business. Although your membership is restrictive in a different manner than the one discussed in Rev. Rul. 59-391, supra, the fact that you only permit B persons to be your members indicates that your membership is not considered to be "voluntary" within the meaning of Rev. Rul. 73-411, and is not within the intendment of section 501(c)(6). You are not similar to the organization described in Rev. Rul. 74-147, supra, because your purpose is to promote your member's interests only rather than providing, as an example, for the exchange of information.

It is clear that your activities are geared toward a particular group of businesses in the same manner as the organization denied exemption under section 501(c)(6) of the Code in Rev. Rul. 83-164, supra. By directing your activities solely to this group, you are improving business conditions only for this group, not to the C industry as a whole.

Similar to the organization discussed in Rev. Rul. 58-294, supra, your activities are furthering the business interests of your members. These business interests, moreover, are in competition with the same business interests for other similar organizations in the C business in your area. One of the key considerations for exemption under section 501(c)(6) of the Code is whether your activities give a competitive edge to your special programs as opposed to other similar special programs carried on by similar organizations. The fact that your benefits are available only to your members and that your benefits are basically for only one particular kind of C operators shows that you benefit only one segment of the C industry as a whole. Only your members can take advantage of your negotiated deals or participate in any educational and training seminars organized by you. Non-members do not have any access to your sponsored programs or seminars. Your members are in direct competition with other C operators who are not admitted to your membership, and derive no benefit although they are in the same industry

in the same area. As discussed in National Muffler Dealers Ass'n v. U.S., National Prime Users Group, Inc. v. U.S., and Guide International Corporation v. U.S., all supra, benefits essentially for a particular segment of an industry precludes exemption under section 501(c)(6) of the Code. In this respect, you are more like the organization denied exemption under section 501(c)(6) in Rev. Rul. 67-77, supra.

These reasons preclude your exemption as a trade association or business league under section 501(c)(6) of the Code.

Therefore, for the above reasons, you do not qualify for exemption as an organization described either in section 501(c)(4) or in section 501(c)(6) of the Code and you must file federal income tax returns.

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter. We will consider your statement and decide if the information affects our determination.

Your protest statement should be accompanied by the following declaration:

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

You also have a right to request a conference to discuss your protest. This request should be made when you file your protest statement. An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you. If you want representation during the conference procedures, you must file a proper power of attorney, Form 2848, *Power of Attorney and Declaration of Representative*, if you have not already done so. For more information about representation, see Publication 947, *Practice before the IRS and Power of Attorney*. All forms and publications mentioned in this letter can be found at www.irs.gov, Forms and Publications.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848, and any supporting documents to this address:

Internal Revenue Service
TE/GE

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

You may also fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm that he or she received your fax.

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

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations
Rulings & Agreements