



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

Number: **201150036**
Release Date: 12/16/2011

Date: September 21, 2011

Uniform Issue List:
501.06-00
501.06-01

Contact Person:

Identification Number:

Contact Number:

Employer Identification Number:

Form Required To Be Filed:

Tax Years:

Dear :

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

We made this determination for the following reason(s):

Your primary purpose and activity is to promote a single brand of inter-connection technology, rather than the improvement of business conditions of one or more lines of business. In addition, one of your substantial activities consists of providing particular services to individual persons. Accordingly, we hereby affirm our denial of your application for recognition of exemption from federal income tax 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,

Carter Hull for

Lois G. Lerner
Director, Exempt Organizations

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



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

Date: April 5, 2011

Uniform Issue List:
501.06-00
501.06-01

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

Legend:

Certified =
State =
Date 1 =
Date 2 =

Dear :

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

FACTS

You were incorporated under the laws of State on Date 1. In your application you state that you are a technical guidelines developing organization that references a set of open industry standards into a document used for developing products from multiple different vendors. You state in your letter of Date 2 that your primary objective is to develop design guidelines that will enable vendors to build

. You further state that your primary objective is supported by establishing a product certification program with a consumer recognizable logo. You state that your Participants engage in the

You state that pursuant to the State Nonprofit Corporation Act, a member is defined as any person or entity entitled to vote on more than one occasion for the election of a director or directors. You state that you do not have "Members"; rather, you have "Participants." You state that in defining a "Participant" you have expressly rejected the statutory definition of the term

"Member." You state that the importance of this distinction is found in the voting rights of your Participants vis-à-vis the board of directors. A Participant as defined in your bylaws shall mean a general reference to all Originating Promoters, Promoters, and Contributors who have qualified for such classifications. Participant shall not mean member as that term is defined under State statute, since you deem yourself not to have members as defined under the State Nonprofit Corporation Act.

Your bylaws state that, "any for-profit corporation or other enterprise supportive of your purpose and not otherwise prohibited from treaty, law or regulation from abiding by the terms of these Bylaws and who pays the annual dues may become a Participant." Your bylaws state that your organization shall have the following participation classifications: Originating Promoters, Promoters, and Contributors.

The Originating Promoters consist of the _____ organizations whose identities are set forth in your bylaws. No new Originating Promoters shall be admitted after your first organizational meeting. Each Originating Promoter is entitled to the following benefits: the permanent right to appoint a representative to a permanent seat on the board of directors, the right to be listed on your website with a hyperlink to the Originating Promoters' website, the right to access any and all portions of your website, the right to access Participant-only confidential information, govern the actions of your Work Groups including the right to participate in, chair, and vote on the activities of such Work Groups, the right to attend and participate in compliance workshops, the right to place a website link to the Originating Promoter's product information on your website, the right to technical support to the Design Guidelines if and when such services are provided, the right to receive support documentation and materials concerning your Design Guidelines, the right to review and approve Draft Design Guidelines and Design Guidelines, the right to submit proposed revisions and addendum proposals for your Design Guidelines, preferential right of first refusal (prior to Promoters and Contributors) to actively participate in your marketing and promotional activities at trade shows, and the right to be listed as an Originating Promoter in all press releases.

Your bylaws state that an organization may be invited to join your organization as a Promoter only upon nomination by two or more Originating Promoters and approved by the Board of Directors. Promoters receive the following benefits: the right to be listed on your website with a hyperlink to the Promoters' website, the right to access any and all portions of your website including the right to access the discussion groups that are limited to Promoters and Originating Promoters, the right to access Participant-only confidential information including Draft Design Guidelines and internal working documents, the right to participate in, chair, and vote on the activities of Work Groups, the right to attend and participate in compliance workshops, the right to place a website link to the Promoters' product information on your website, the right to technical support to the Design Guidelines if and when such services are provided, the right to receive support documentation and materials concerning your Design Guidelines, the right to review Draft Design Guidelines, the right to submit proposed revisions and addendum proposals for your Design Guidelines, the right to nominate a Promoter representative to stand for election to an elected seat on the board of directors, preferential right of first refusal (prior to Contributors) to actively participate in your marketing and promotional activities at trade shows, and the right to be listed as a Promoter in all press releases.

Your bylaws state that the Contributor designation shall be open to any party. A Contributor is entitled to the following benefits: the right to be listed as a Participant on your website, the right

to access any and all portions of your website including the right to access the Participant-only discussion groups, the right to access Participant-only confidential information including Draft Design Guidelines and internal working documents of the Work Groups on which the Participant serves, the right to participate in a non-voting capacity in the activities of a Work Group, the right to attend and participate in compliance workshops, the right to technical support to the Design Guidelines if and when such services are provided, the right to receive support documentation and materials concerning your Design Guidelines, and the right to review and comment on Draft Design Guidelines prior to their adoption.

Your bylaws state that your initial board of directors shall consist of _____ individuals, one representing each of the Originating Promoters. Each Originating Promoter shall have a perpetual right to appoint a representative to a permanent seat on the board of directors. Commencing with the second annual meeting, the number of directors shall increase to not more than fifteen individuals consisting of the _____ permanent seats and no more than four Elected Seats. The Elected Seats, if any, may be filled by election from among individual representatives of the Promoters. Contributors may not have a representative on your Board of Directors. No Promoter may have more than one employee or representative elected to the board of directors at any given time. Each Originating Promoter and Promoter may cast one vote per candidate. Contributors do not have the right to nominate or vote for a member of your Board of Directors. Each Participant shall have one vote on each matter submitted to a vote by the Participants.

You state that you will establish a product certification program with a consumer recognizable logo signifying the promise of _____ across certified products. You state that in support of your product certification program, you have created design guidelines and a certification program to ensure interoperability between _____. You state that your testing and certification program will help to increase assurance of interoperability based on proven connectivity standards between devices. Your Participants that meet these guidelines will be permitted to use your Certified logo to promote their products. Your website states that your certification process is open to Participants only. However, non-members are allowed to purchase your technical guidelines.

Your bylaws state that among the benefits afforded to your Participants is the right to advertise their Certified product on your website. Your Participants are also allowed to place links to their product information on your website.

Your bylaws state that you intend to engage in the following objectives and purposes:

- Establish an _____ through rapid, broad and open industry adoption of existing and new standards and specifications for the interchange of _____ involved in the _____
- May interface with other groups or bodies developing standards and specifications related to the _____
- Responsible for driving improvements or changes into existing standards bodies where needed for _____ of _____

- Acknowledge that global standards are needed to define requirements among _____ so that consumers can combine devices and services and create a full _____
- Acknowledge that standards have the potential to enable innovation and grow the _____ in order to make _____ a reality.

Your bylaws state that in furtherance of your purpose, you and your Participants shall seek to solicit the participation and comments of all interested parties on a fair, equitable and open basis. As a part of these efforts, you may interface with other groups or bodies developing standards and specifications related to the _____

You state that you are organized into five different Work Groups. The purpose of the Work Groups is to develop and implement the strategic planning identified by your Board of Directors. Only an Originating Promoter or Promoter may propose to the Board of Directors the establishment of a Work Group. The Board of Directors has the authority to approve or disapprove the formation of a Work Group, the charter of such Work Group, and appoint the initial chairperson from among the Originating Promoter and Promoter. All output of Work Groups shall be subject to review and approval of the board of directors prior to disclosure or publication. Only Originating Promoters and Promoters are entitled to vote on any output or action of a Work Group. The Contributors may join a Work Group, but are not allowed to vote on any output or action of a Work Group.

You state that you are dedicated to helping your Participants deliver Certified products and services to the market as efficiently as possible. You state that your Marketing Work Group is developing an integrated marketing program with the following objectives:

- To develop market education and demand for the three user categories;
- To position your members as market leaders;
- To grow membership in targeted industries and geographic markets.

You state that this activity furthers your specific exempt objectives and purposes by driving improvements or changes into existing standards bodies as needed for the _____ of _____

Your website states that you are comprised of _____ dedicated to making _____. Your website indicates that your Certified logo has been trademarked. Your website provides a listing of your members, with a link to each member's website. Your website states that your objectives include:

- Developing design guidelines that will enable vendors to build _____
- Establishing a product certification program with consumer-recognizable logo signifying the promise of _____ across certified products;
- Collaborating with government regulatory agencies to provide methods for safe and effective management of diverse vendor solutions; and
- Working with _____ to develop new ways to address the costs of providing _____

LAW

Section 501(c)(6) of the Code provides for the exemption from federal income tax of business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), 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)(6)-1 of the Income Tax Regulations ("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.

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 is not entitled to exemption under section 501(c)(6) of the Code as a business league, even though it performs functions that are of benefit to the particular industry and the public generally.

Rev. Rul. 58-294, 1958-1 C.B. 244 describes an organization formed to promote the business interests of those involved in the manufacture and sale of a particular patented product. Membership in the organization is limited to those engaged in the manufacture and sale of the product. The organization owns the controlling interests in the corporation that holds the basic patents in the product. The revenue ruling holds that such organization does not qualify for exemption as a business league under section 501(c)(6) of the Code since it is engaged in furthering the business interests of the dealers of a particular product as distinguished from improving business conditions generally.

Rev. Rul. 66-338, 1966-2 C.B. 226 holds that an organization formed to promote the interest of a particular retail trade which advised its members in the operation of their individual businesses and sells supplies and equipment to them is not exempt under section 501(c)(6) of the Code. The revenue ruling states that by providing its members with an economy and convenience in the conduct in their individual businesses, the organization is performing particular services for individual persons as distinguished from activities aimed at the improvement of business conditions in their trade or business.

Rev. Rul. 67-77, 1967-1 C.B. 138 describes an organization composed of dealers in a certain make of automobile in a designated area that 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. The revenue ruling holds that the advertising is a service for its members and the organization is not entitled to exemption as a business league

under section 501(c)(6) of the Code. Activities should be directed towards the improvement of business conditions of one or more lines of business as distinguished from the performance of services for individual persons.

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 members in the operation of their businesses is a particular service of the type proscribed.

Rev. Rul. 70-80, 1970-1 C.B. 130 describes a nonprofit trade association of manufacturers whose principal activity is the promotion of its members' products under the association's registered trademark does not qualify for exemption under Section 501(c)(6) of the Code. The association establishes minimum quality standards for its members' products. These products are then sold under the association's registered trademark name. The trademark is promoted by the organization in a way that is intended to give the members of the association a competitive advantage over others in the same industry by extolling the superior quality of the trademarked products. Thus, it is held that the trademark promotion is not directed to the improvement of business conditions of the industry as a whole but is the performance of particular services for members. Accordingly, this organization is not exempt from federal income tax under Section 501(c)(6).

Rev. Rul. 70-187, 1970-1 C.B. 131 describes an organization formed by manufacturers of a particular product to establish acceptable standards for the product and to assure that the product is fairly described in advertising. The organization furnishes interested manufacturers specifications setting forth minimum quality and performance standards and conducts a program of testing and certification based on these standards. It permits manufacturers to display its "seal of acceptance" on all product models that have been certified as meeting its standards. The organization's product testing and certification program to enforce its product standards is a self-regulatory measure to prevent trade abuses in the industry. Such activity does not constitute the performance of particular services for individual persons. Rather the organization is engaged in activities directed to the improvement of business conditions within the industry as a whole and qualifies for exemption from Federal income tax under section 501(c)(6) 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 by section 1.501(c)(6)-1 of the regulations is usually the general economic welfare of a community and it has been accepted that an organization seeking exemption under section 501(c)(6) as a chamber of commerce must be one whose efforts are directed at promoting the common economic interests of all of the commercial enterprises in a given trade community. Trade associations or business leagues under section 501(c)(6) are similar to chambers of commerce, except that they serve only the common business interests of the members of a single line of business or the members of closely related lines of business within a single industry. The revenue ruling also stresses that membership in section 501(c)(6) organizations is voluntary and open generally to all businesses and professional persons in the community.

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 is 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 National Muffler Dealers Association 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. The court concluded that exemption under section 501(c)(6) is not available to aid one group in competition with another within 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 computers promoted only a segment of a line of business and was not exempt under section 501(c)(6) of the Code. The court concluded that the existence of an organization whose activities center on the needs of users of one particular product is indeed a useful sales tool in persuading potential customers to buy that particular computer brand and the manufacturer of that computer brand gains a competitive advantage over other computer manufacturers through such an organization.

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 court stated that the organization also served as an influential marketing tool for IBM because the conferences it held allowed IBM to showcase its products and services.

In Bluetooth Sig, Inc. v. U.S., 101 A.F.T.R. 2d 2008-748 (W.D. Wash. 2008), *aff'd*, 611 F.3d 617 (9th Cir. 2010), the Court examined an organization that was formed to advance the common business interests of its members in the development and regulation of technical standards for the compatibility and interoperability of wireless products and devices within a wireless personal area network. The organization develops specifications and use applications and promotes consumer awareness and marketing through its Bluetooth technology and trademark. The Court held that the organization was not a tax-exempt business league under section 501(c)(6) of the Code because the organization's activities exclusively benefit its members, rather than an entire line of business. The Court noted that it "strains credulity" for the organization to argue that its services indirectly benefit the industry as a whole simply by generating consumer awareness of the availability and reliability of its technology.

ANALYSIS

The information that you have submitted establishes that your goal is to establish your Participants as market leaders in the _____ through the use of your Certified program. You have created a particular technology standard that enables your Participants to sell multiple _____ of different types and different manufacturers to be used together. Your Certified program is designed to assure _____ between _____. You were formed to create a common interest between and among your Participants.

In addition, your organizational structure provides the Originating Promoters and Promoters with absolute control over your affairs and activities. The Originating Promoters and Promoters control and guide the organization's activities. The Contributors have no representatives on the Board of Directors and have very little voting control and input as to how the organization is to be run. This absolute control stifles the concept of open membership. In addition, you are lacking the essential element of public representation with respect to your membership and the community you serve within the intent of section 501(c)(6) of the Code.

In order to qualify for exemption from federal income tax under section 501(c)(6) of the Code, your activities must be directed to the improvement of the business conditions of one or more lines of business, as distinguished from providing particular services for your Participants. Section 1.501(c)(6)-1 of the regulations.

Like the organization in Bluetooth Sig. Inc., 101 A.F.T.R. 2d 2008-748, aff'd, 611 F.3d at 617, your Participants came together to create your Certified brand and trademark. You have created a thing of value, which your Participants can use to enhance the value of the products they sell. In addition, your technical guidelines and testing and Certified Programs are in competition with other specifications and standards, and are most likely incompatible with them. In your case, you were formed to create a common interest between your Participants. In other words, your Participants banded together to develop technical guidelines and create your Certified program and logo, which your members can use to enhance the value of and create a market for the products they sell. As discussed in Bluetooth Sig. Inc., 101 A.F.T.R. 2d 2008-748, aff'd, 611 F.3d at 617, an organization that essentially benefits a particular segment of an industry is precluded exemption under section 501(c)(6) of the Code. Like the organization in Bluetooth Sig. Inc., 101 A.F.T.R. 2d 2008-748, aff'd, 611 F.3d at 617, you are not entitled to exemption from taxation under section 501(c)(6) of the Code.

The mere existence of your Certified program by itself does not confer a benefit on the industry as a whole. Only your Participants are allowed to have their _____ Certified. You are substantially similar to the organizations in Rev. Rul. 56-65, *supra* and Rev. Rul. 58-294, *supra*, in that your Certified program is operated primarily for your individual members as a convenience and economy in helping your Participants deliver their Certified products and services to the market as efficiently as possible, rather than for the improvement of business conditions within the industry.

It does not matter that your Participants are in competition with each other, that your

Participation is open to the entire industry, or that your program is an open system. The key consideration is whether your activities give a competitive edge to your specifications and special programs as opposed to other specifications and special programs, no matter whether the membership is open or closed. Rev. Rul. 83-164, *supra*.

Your Certified logo is the equivalent of a brand name and has been trademarked. Although you indicate that your specifications are open to the public, it does not alter the fact that you are furthering only the business interests of your Participants through your Certified program rather than the improvement of business conditions of one or more lines of business. Rul. 58-294, *supra* and Rev. Rul. 67-77, *supra*. Moreover, you are similar to the organization in Rev. Rul. 70-80, since your principle activity is the promotion of your Participant's products under your registered trademark. In that revenue ruling, an organization that established minimum quality standards for its members products and the products were sold under the organization's registered trademark did not qualify for exemption under 501(c)(6) of the Code. You promote your trademark in a way that is intended to give your members a competitive advantage over other companies in the same industry. Your promotion of your trademark is not directed to the improvement of business conditions of the industry as a whole, but is the performance of particular services for members.

In addition, you state that only your Participants have the right to have their products Certified and use the associated trademark adopted by you. As discussed in National Prime Users Group, Inc., 667 F. Supp. at 250 and Guide International Corporation, 948 F.2d at 360, benefits that essentially serve a particular segment of an industry precludes exemption under section 501(c)(6) of the Code. You state that you are dedicated to helping your Participants deliver Certified products and services to the market as efficiently as possible; therefore your activities exclusively benefit your Participants, rather than an entire line of business.

You are distinguishable from the organization in Rev. Rul. 70-187, *supra*. In that ruling, the organization's standard-setting and certification processes were a self-regulatory measure to prevent trade abuses in the entire industry. The organization's activities served to improve the business conditions within the industry as a whole. In addition, 90 percent of the manufacturers in the industry participated in the organization's activities and the organization set its fees at an amount sufficient to defray only the cost of its programs. As the court stated in Bluetooth Sig. Inc., 101 A.F.T.R. 2d 2008-748, *aff'd*, 611 F.3d at 617, it is irrelevant whether your products, services, or activities indirectly benefit the industry as a whole simply by generating consumer awareness of the availability and reliability of your technology. As discussed above, your organization's purposes and activities serve to help your Participants deliver Certified products and services to the market as efficiently as possible. In addition, the Certified product industry was created and established by your members for their benefit.

You state that your Marketing Work Group is developing an integrated marketing program designed to position your members as market leaders. You state that this activity furthers your specific exempt objectives and purposes by driving improvements or changes into existing standards bodies as needed for the _____ of _____. Therefore, your activities provide benefits for a particular segment of an industry in a manner similar to the organization in Guide International Corporation, 948 F.2d at 360.

In addition, by establishing the Certified product program with a consumer recognizable logo, you are providing a particular service to your members. Rev. Rul. 56-65, *supra*. Testing and

certification programs serve as an economy or a convenience to your members, and would bar exemption under section 501(c)(6) of the Code, if it were a primary activity. Rev. Rul. 68-264, *supra* and Rev. Rul. 66-338, *supra*.

In addition, as discussed in Rev. Rul. 73-411, *supra*, 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 industry. You are distinguishable in that you restrict many rights and privileges to your Originating Promoters and Promoters such as: the right to sit on the board of directors, the Originating Promoters have a right to a permanent seat on the Board of Directors, in order to join as a Promoter, an organization must be invited and nominated by two or more Originating Promoters, the right to review and approve all output of the Work Groups, and the right to propose to the Board of Directors the establishment of one or more Work Groups. In addition, each your Originating Promoters have the perpetual right to appoint a representative to the board of directors without a vote by your Participants. Contributors do not have the right to nominate or vote for a member of the Board. Your organizational structure provides the Originating Promoters and Promoters with absolute control over your affairs and activities. The Contributors have very little voting control or say as to how your organization is operated. As discussed in Rev. Rul. 73-411, *supra*, this absolute control stifles the concept of open membership. As such, you are lacking the essential element of public representation with respect to your membership and the community you serve within the intent of section 501(c)(6). This means that you do not represent a line or lines of businesses, as required under section 501(c)(6) and as discussed in National Muffler Dealers Association, 440 at 472. Therefore, we have concluded that you are not acting on behalf of a recognizable line of business within the scope of section 501(c)(6).

Therefore, for the above reasons, you do not qualify for exemption as an organization described 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.

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

Internal Revenue Service
TE/GE SE:T:EO:RA:T:2
1111 Constitution Ave, N.W.
Washington, DC 20224

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

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

Sincerely,

Carter Hull for

Lois G. Lerner
Director, Exempt Organizations