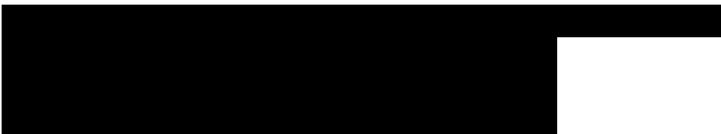


In Reply

NO PROEST RECEIVED
Release Copies to District
Date 1/22/90
Signature 





OCT 15 1989
OCT 17 1989

EIN# 

Dear Applicant:

We have completed our consideration of your application for recognition of exemption from federal income tax. We have concluded that you do not qualify for exemption under section 501(c)(3) of the Internal Revenue Code. The reasons for our conclusion are explained below.

Your organization was formed on , and filed its Form 1023 on . You were formed to educate the public regarding the importance of eye care and proper vision correction. You will promote the knowledge of proper contact lens wear and care by providing public service announcements over television and radio stations and having representatives meet with radio and television talk show hosts to discuss the importance of good eye care. Your organization will provide a van that will travel to museums and educational institutions to participate in locally sponsored eye care programs. Moreover, your organization will provide a brochure called "". This brochure will provide information on the major types of vision problems and the types of vision correction available today. It is anticipated that 200,000 brochures have been printed and distributed. This literature mentions , a for-profit company, throughout.

The president of the your organization is also the vice-president of  and holds  shares of ,  stock through the  savings plan. The remaining board of directors of your organization are also the board of directors for .

"This ruling is applicable to the taxpayer named herein. It must not be relied on, used, or cited as a precedent by Internal Revenue Service personnel in the disposition of other cases."

[REDACTED]

In addition, you will provide research grants in the study of eye care. The grant making procedures will be made on an objective basis. Research projects are selected by a scientific advisory board which consists of your organization's board of directors, and not individuals independent of your organization. Funding for your activities are derived from [REDACTED] and transferred to a public relations advertising firm. This firm makes all payments on your behalf. Moreover, your organization has no income, assets or expenditures.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides, in part, 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 purposes described in section 501(c)(3) of the Code, but will not be so regarded if its activities are not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides that an organization is not organized or operated exclusively for any of the purposes specified in section 501(c)(3) of the Code unless it serves a public rather than a private interest. Thus, to qualify under section 501(c)(3), an organization must establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or the creator's family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests. Moreover, the presence of a single nonexempt purpose, substantial in nature, such as the promotion of the business activities of its organizers, will prevent exemption. See Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279 (1945)

Section 1.501(c)(3)-1(d)(2) of the regulations states that the term "charitable" is used in section 501(c)(3) in its generally accepted sense. The term includes: relief of the poor and distressed or of the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening the burdens of government; and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessening neighborhood tensions; (ii) to eliminate prejudice or discrimination; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency.

In this case, your organization's activities promote the private business interests of [REDACTED]. Your literature mentions [REDACTED] throughout, your funds are derived from [REDACTED] and then transferred to a public relations advertising firm. You have no income, assets or expenditures. While the public may benefit from these activities, [REDACTED] is benefitting more than incidentally by the literature submitted to us. In addition, you do not conduct any exempt activities directly, nor do you have any income, make any expenditures or have any assets. You exist to serve the private interests of [REDACTED]. Accordingly, you do not qualify for exemption from Federal income tax under section 501(c)(3) of the Code.

You are required to file federal income tax returns. Contributions to your organization are not deductible under section 170(c) 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, with a full explanation of your reasoning. This statement, signed by one of your principal 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 principal officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Procedures.

[REDACTED]

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 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 copies of it will be forwarded to the District Director. Thereafter, if you have any questions about your federal income tax status, including questions concerning reporting requirements, please contact your key District Director. The appropriate State Officials will be notified of this action in accordance with Code section 6104(c).

Sincerely yours,

(Signed) [REDACTED]

[REDACTED]
Exempt Organizations
Ruling Branch 2

cc: [REDACTED]

cc: [REDACTED] [REDACTED]