APR 3 1986

[redacted]

[redacted]

Dear Applicant:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [redacted] on [redacted].

Your stated purposes are to bring together people who, by descent, are members of [redacted], a [redacted] familial organization, or the tribal divisions of this family which originated in the [redacted]'s and to promote a spirit of kinship; foster [redacted] heritage and traditions, provide historical education relating to [redacted]; and provide genealogical assistance and research.

Your activities include genealogical study and research, historical study of the sites of the clan's origins, preparation of books and monographs on historical aspects of the family. and social and recreational meetings of members such as the annual general meeting held in conjunction with a highland game or [redacted] festival.

Membership in your organization is open to those persons who bear by birthright, descent or marriage the surname [redacted] or surnames of one of the tribal divisions historically connected with [redacted]. Membership is also open to those who do not bear the required surnames but are descendents of those who did bear the required surnames. Spouses and minor children of descendents are also members.

Receipts from member dues and assessments charged in connection with the conduct of your annual meeting are the primary sources of funds to cover the costs associated with printing, postage, your annual meeting and small fundraisers.

Section 501(c)(3) of the Code provides for exemption from federal income tax of organizations organized and operated exclusively for charitable and educational purposes.

The Income Tax Regulations applicable to section 501(c)(3) of the Code provide that an organization must be both organized and operated exclusively for one or more of the purposes specified in that section. If it fails to meet either the organizational or the operational test, it is not within the purview of the statutes.

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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 limit its purposes to one or more exempt purposes under section 501(c)(3) of the Code.

Section 1.501(c)(3)-1(b)(4) of the regulations provides that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose.

Moreover, an organization is not organized or operated exclusively for one or more of the purposes specified in section 501(c)(3) unless it serves a public rather than a private interest. To meet this requirement, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests.

The Callaway Family Association, Inc. v. Commissioner, 71 T.C. 340 (1978), held that a family association formed as a nonprofit organization to study immigration to and migration within the United States by focusing on its own family history and genealogy does not qualify for exemption under section 501(c)(3) of the Code. The association's activities included researching the genealogy of its members for the ultimate purpose of publishing a family history. The court stated that the association's family genealogical activities were not insubstantial and were not in furtherance of an exempt purpose. Rather, they served the private interests of the members. Thus, the association was not operated exclusively for exempt purposes.

Revenue Ruling 80-302 discusses an organization which was formed to locate, acquire, restore and preserve all available genealogical records of a particular family. Its membership was limited to the lineal descendents of the family. The organization's primary activity was the compilation of genealogical data of its members. This data was recorded and documented by the organization and made available for a fee generally to family members on request. Other activities of the organization included holding periodic reunions for family members. This ruling held that the conduct of genealogical activities primarily for members of a particular family does not meet public purposes and consequently the organization did not qualify for exemption under section 501(c)(3) of the Internal Revenue Code.

Your organization is similar to both of the organizations cited above in that your primary activities are tracing the historical evolution of the [redacted] family and its tribal divisions, and providing genealogical research and assistance to members who can reasonably prove descent or connection to those of descent from such families. All of your social

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and recreational activities, genealogical research and information and assistance is for the purpose of serving the private interests of the lineal descendents of the family [redacted] and its tribal divisions. Consequently your activities do not meet public purposes.

Moreover, you fail to meet the organizational test for exemption in that your articles of incorporation neither limits your purposes to one or more exempt purposes under section 501(c)(3) of the Code nor dedicates your assets on dissolution to an exempt purpose within the meaning of section 501(c)(3).

Accordingly, we have concluded that you are neither organized nor operated for exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code.

As provided by section 6104(c) of the Internal Revenue Code and the applicable regulations, the appropriate state officials are being notified of our determination.

Until such time as you establish your status for Federal income tax purposes, contributions made to you are not deductible by the donors on their individual tax returns.

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6018. Please note the instructions for signing on the reverse side of the form.

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing 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 hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a 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, and you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies and will then become our final determination. Section 7428(b)(2) of the Internal Revenue 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 Court of Claims, or the district court of the United States for the District of

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Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

[redacted]
District Director

Enclosures:
Publication 892
Form 6019

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