TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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Dear

We have considered your letter dated March 31, 2008, requesting a ruling that the c program described below is not an unrelated trade or business within the meaning of section 513 of the Internal Revenue Code (the "Code") and, consequently, that the gross income derived from the c program does not constitute unrelated business taxable income under section 512.

FACTS

M is a trade association described in section 501(c)(6) of the Code. M is organized for the purpose of encouraging public acceptance of f and improving f services to the public. M's primary exempt purpose is to provide the public with information on, and services related to, f,

identify issues important to the f industry, develop industry wide positions that affect d service providers, and provide a forum for the exchange and dissemination of information pertaining to the industry as a whole.

Membership in M is open to all businesses involved in the f industry. General membership is available to any f carrier holding a license or construction permit to offer commercial h service from the N or other North American regulatory body, and to any supplier that provides services to the commercial h services industry, provides g related products and services, or engages in g business activities.

In recent years, members of the f industry have identified b applications as an enormous opportunity for industry-wide revenue growth. A b is a string of numeric digits that can be used to send an i from a j to an application. Users of b include advertisers and advertising agencies, television and radio programs, and direct marketing agencies ("Content Providers"). Content Providers utilize b to receive messages from f subscribers ("Subscribers") who use b's as a mnemonic "short cut" similar to an Internet URL. b's are used to facilitate such activities as television voting or polling, information requests, direct response marketing promotions, and wireless advertising.

Once a Content Provider obtains a b, it typically works with a company (an "Application Provider") that specializes in software development and hosting for k applications to develop a particular application to which the b will be routed. The Content Provider and Application Provider must also work with the companies from which Subscribers purchase their j services ("Carriers") to establish a connection with the networks of one or more Carriers. Rather than working directly with the Carriers, a Content Provider or Application Provider who is seeking connectivity with multiple Carrier networks will often work through a Connection Aggregator.

Prior to late Year 1, b's were assigned by individual Carriers and could be used only on the network of the assigning Carrier. As a result, a Content Provider wishing to have the same string of numeric digits assigned to its application by multiple Carriers needed to separately apply for that specific b from each of those Carriers and to choose a string of numeric digits that had not been previously assigned by any of those Carriers. Members of the f industry recognized that realization of the full potential of the revenue opportunity afforded by b's required the development of a practical means for Content Providers and Application Providers to implement a multiple-Carrier b application. A c is a specific type of b that enables the same b to be used across multiple carriers. The development of c was expected to increase the volume of b services and the use of applications relying on b. In addition, c's were expected to greatly reduce consumer confusion by eliminating situations in which a Content Provider must ask consumers to use different b's depending on the identity of the Carrier.

However, as of October, Year 1, there had been few examples of c use in the United States because there was no established arrangement for creating and assigning c as there was in Europe and Asia. Establishing a c for a single application on an *ad hoc* basis was difficult because it required the Content Provider or Application Provider to undertake the task of negotiating with, and coordinating among, multiple Carriers who regarded one another as competitors, and were hesitant to cooperate on a b for an application they were negotiating to

serve.

At the urging of Carriers and Content Providers, M formed and led a working group of representatives from the major Carriers and others (the "Working Group") to devise a system and technology for c's that could be used by Subscribers of all participating Carriers. The Working Group determined that c services needed to be uniformly provided industry-wide and uniformly available nationwide and that, to accomplish this, a central registry of c's was needed. The Working Group also determined that it was in the best interests of the f industry as a whole for a single party to be authorized to administer the catalog of c's and the assignment of specific c's to applicants. That party would also maintain a database of those c's that had previously been assigned and those available for assignment.

The Working Group considered whether a limited liability company formed by the major Carriers could effectively serve in the role of administrator. The Working Group was advised that such a joint venture would raise antitrust concerns. Because licensing fees would be charged to c applicants and the amount of those licensing fees would be set by the c administrator, the Working Group was advised that it would be preferable if those licensing fees were paid to, and retained by, a person that was not merely an instrumentality of certain Carriers and that those fees not be distributed to those Carriers. Further, the Working Group was advised that certain information that would be compiled by the c administrator should not be shared with the Carriers and, therefore, it would be preferable if the administrator was not an entity controlled by certain of the Carriers.

The Working Group also considered whether an existing commercial entity having the technical expertise to design the registry and qualified to handle the mechanical tasks should serve as administrator. The Working Group recognized that the c program would require customized services and not merely the reapplication of previously-developed technical expertise. As a result, the Working Group felt that the c program was more likely to be successful if the administrator was an entity like M that had greater credibility industry-wide, than if the administrator was a commercial entity. In contrast to a joint venture among several Carriers or an existing commercial enterprise, M could be trusted to operate the c program for the benefit of all members of the f industry. M's purpose is to promote initiatives to improve the f industry as a whole and is uniquely situated to promote this particular industry-wide initiative.

Accordingly, in Year 1, the M Board of Directors, acting on behalf of all participating members of the industry, appointed M to administer a program for the assignment and registration of c's and to engage in additional activities relating to c's (collectively, the "c program"). As c administrator, M was granted various rights by the participating members of the f industry, including the right to assemble and administer a catalog of c's, the right to assign those c's to various parties wishing to use them, and such other rights with respect to c's as were necessary to permit c services to be uniformly provided industry-wide and to be uniformly available nationwide.

In its capacity as c administrator, M has entered into a c license agreement with P under which P carries out the day-to-day tasks of providing clearinghouse services, including development and maintenance of a database of c's, processing c applications, assigning c's to

applicants, and collecting fees for its services.

The Working Group also determined, for several reasons, that Content Providers and Application Providers would be charged a licensing fee for their right to use a c. The fees were intended not only to cover the costs of administering the c program, but also to discourage "squatting." Squatting occurs when a person with no intent to actually use a particular c nonetheless acquires that c either for the purpose of re-selling it at an inflated price to another party who may particularly value that specific c or simply to prevent a competitor from obtaining the use of that c. For these reasons, the Working Group decided that licensing fees should be charged to c applicants that would be low enough not to discourage parties who were applying for legitimate reasons, but high enough to discourage squatters. The license fees were set at $x per month for an applicant-selected c, and $x2 per month for a randomly assigned c.

Membership in M is not required to participate in the c program. Rather, any member of the f industry having, or acquiring, the technical capacity to perform a role in the use of c's may participate in the c program. After a Content Provider or Application Provider licenses a c, that provider may obtain activation of that c with both member Carriers and non-member Carriers.

In response to the success of the c program, members of the f industry have periodically requested that M investigate how the c program could be enhanced. During Year 2, M, in its capacity as c administrator, was asked to implement an enhancement called the e program. The e program involves regular auditing and monitoring of Content Providers' compliance with the R's Consumer Best Practices Guidelines, a set of consumer best practices for marketing campaigns using c's. The failure of Content Providers to comply with the Guidelines can cause Subscriber dissatisfaction, which would result in diminished use of c's. The e program does not generate any revenues. Rather, M is required to bear the costs of that enhancement and to pay those costs from its membership dues, c licensing fees, or other current sources of funds.

M, in its capacity as the c administrator, has also considered the implementation of a second enhancement to the c program called the l tool. The l tool would involve the creation of an online business application for the activation of a c with one or more Carriers. This would provide a more efficient method for a Content Provider or Application Provider, after it has obtained its c to activate it with one or more Carriers. Rather than having to separately contact each Carrier, the Content Provider or Application Provider would be able to contact multiple Carriers at once through an online application form placed on the c administration website. The l tool enhancement would not be revenue-generating. M would be required to bear the costs of the enhancement, and to pay those costs from its membership dues, c licensing fees, or other current sources of funds.

Finally, M, in its capacity as c administrator, wishes to engage in more significant marketing and promotion of the c program. This would be done primarily through the addition of further materials on the c administration website describing the benefits of c's and intended to further increase the use of c's by Content Providers.

RULING REQUESTED

You have requested the following ruling:

The c program (including recent, and the described proposed, enhancements) is substantially related to the exempt purposes of M and, therefore, does not constitute an unrelated trade or business within the meaning of section 513(a), and, as a result, revenues derived from the c program, including payments from P pursuant to the c licensing agreement, are not unrelated business taxable income under section 512(a)(1) of the Code.

LAW

Section 501(c)(6) of the Code exempts from federal income tax business leagues 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") defines a business league as 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.

Section 511 of the Code imposes a tax on the unrelated business taxable income of organizations described in section 501(c).

Section 512(a) (1) of the Code defines the term "unrelated business taxable income" as the gross income derived by any organization from any unrelated trade or business (as defined in section 513) regularly carried on by it, less the deductions allowed by this chapter which are directly connected with the carrying on of such trade or business, both computed with the modifications provided in subsection (b).

Section 513(a) of the Code defines the term "unrelated trade or business" as any trade or business the conduct of which is not substantially related (aside from the need of an the organization for income or funds or the use it makes of the profits derived) to the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under section 501.

Section 1.513-1(d)(1) of the regulations states that the determination of whether a trade or business is substantially related to an organization's exempt purpose necessitates an examination of the relationship between the business activities that generate the particular income in question and the accomplishment of the organization's exempt purposes.

Section 1.513-1(d)(2) of the regulations provides that a trade or business is related to

exempt purposes only where the conduct of the business activity has causal relationship to the achievement of exempt purposes (other than through the production of income); and it is "substantially related," for purposes of section 513, only if the causal relationship is a substantial one. Thus for the conduct of a trade or business from which a particular amount of gross income is derived to be substantially related to purposes for which exemption is granted, the production or distribution of the goods or the performance of the services from which the gross income is derived must contribute importantly to the accomplishment of those purposes.

Rev. Rul. 55-444, 1955-2 C.B. 258, concerns an organization formed to improve the relationship between certain dealers and the public by the improvement of delivery, the maintenance of quality, and the development and maintenance of high standards of services. The organization endeavors to increase public acceptance of the industry's product for home use by advertising in newspapers, on radio and television, in the classified telephone directory, and by means of pamphlets. The ruling concludes that the organization, in conducting its advertising campaign, is engaged in activities directed to the improvement of business conditions of the particular industry as a whole as distinguished from the performance of particular services for individual persons and that it qualifies for exemption as a business league under section 501(c)(6) of the Code.

Rev. Rul. 67-344, 1967-2 C.B. 199, concerns an organization formed to advance industrial progress in the use, manufacture, and distribution of a particular type of packaging material. Its primary activity is the conduct of advertising and promotional programs to increase the demand for the packaging material by inducing the general public to purchase products sold in such packages. Radio commercials and other advertisements feature the brand names of products which are marketed in packages produced by this industry. The manufacturer of the brand name products does not pay for having its products identifies in the advertising. The advertising does not include the name or trademark of any packaging manufacturer. The ruling states that the organization's advertising activity promotes demand for the product of the industry as a whole and thus serves its members' common business interests. The fact that nonmember manufacturers of brand name products receive gratuitous benefits is merely incidental to the purpose of the advertising which is to increase market demand for the industry's packaging material. Such benefit does not result from the performance of particular services for individual persons, and, accordingly, the organization qualifies for exemption under section 501(c)(6) of the Code.

Rev. Rul. 70-187, 1970-1 C.B. 131, concerns 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. The organization offers its program to any interested manufacturer without requiring such manufacturer to become a member. The organization fixes its charges at amounts sufficient to defray only the cost of the program. The ruling states that 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, accordingly, is exempt under section 501(c)(6) of the Code.

Rev. Rul. 81-127, 1981-1 C.B. 357, concerns a chamber of commerce, the purpose of which is to promote the commercial, financial, industrial, and civic interests of a particular community. Its activities include the certification of the accuracy and authenticity of export documents. This service is available to members and nonmembers for the same charge. The main purpose of the certification of export documents is to provide an independent verification of the origin of exported goods. The ruling holds that the certification of export documents stimulates international commerce by facilitating the export of goods and, thus, promotes and stimulates business conditions in the community generally, thereby contributing importantly to the accomplishment of the organization's exempt functions. Therefore the activity is substantially related to organization's exempt purpose.

In Evanston-North Shore Bd. of Realtors v. United States, 320 F.2d 375 (Ct. Cl.1963), the court was presented with the question of whether a real estate board that operates a multiple listing service qualifies for exemption under section 501(c)(6) of the Code. The crucial question was whether a multiple listing service is operated primarily for the benefit of individual realtors or for the benefit of real estate business generally. The court found several factors that led it to conclude that the multiple listing service operates most immediately to the benefit of the individual participating realtors: first (and most important to the court), that the fees charged for the listing service were in approximate proportion to the benefits received by each realtor; second, that participation in the multiple listing service is limited to members of the real estate board; and, third, that the real estate industry itself regarded the listing service as a "sales tool" at the disposal of individual realtors, and "nothing more than a cooperative sales department of a purely business operation." Finally, the court found a "particularly compelling analogy" between the operation of a multiple listing service and of a stock or commodity exchange. Both are supported by the brokers who earn commissions by arranging sales of property. Both provide a genuine benefit to persons desirous of buying and selling property and to the brokers who deal in such property.

In American Plywood Ass'n v. United States, 267 F. Supp. 830 (W.D. Wash. 1967), the court considered whether the plaintiff's quality control activities was the performance of particular services for individual members. The court found that the individual and personal benefits enjoyed by members of the Association because of its quality control services were inherently group benefits in that quality control insures safe plywood, a prerequisite to its acceptance by the public and accounting for plywood manufacturing being a great industry. All benefits to individuals derived from such services were found to be clearly incidental to the main purpose, and reason for, plaintiff's activity in providing them.

In Louisiana Credit Union League v. United States, 693 F.2d 525 (5th Cir. 1982), the court said that two factual elements in particular are critical to finding the necessary substantial relationship between a business league's activities and its purposes: (1) the unique nature of the activities vis-à-vis the organizational function, and (2) the capacity in which benefits are received by the organization's members. In order for the activities of a business league to be substantially related to its exempt function, those activities must be unique to the organization's

tax-exempt purpose. It is the distinctiveness of the activity that cements the substantial relationship between the two. In evaluating the relationship between the activities and purposes of a business league, the capacity in which benefits are received by the organization's members is as important as the unique character of the organization's activities. For a substantial relationship to exist, any direct benefits flowing from a business league's activities must inure to its members in their capacities as members of the organization. The court concluded that debt-collection, data processing, and insurance endorsement and administration are not the sort of unique activities that satisfies the substantial relationship test, nor are the benefits inherently group related. Rather than merely advising its members of the availability and desirability of insurance coverage to credit unions generally, the League promoted the purchase of policies from a particular carrier. Because the benefits of the debt collection activities accrued only to certain credit unions, these activities constituted the performance of services of a commercial nature for individual members rather than the promotion of a common business interest with inherently group benefits. As with debt-collection, only certain members of the League derive the benefits of the data processing services, and these benefits accrue to them as individual participants rather than as League members. Further that the League charges the credit unions according to the amount of use they make of the program.

In Carolinas Farm & Power Equipment Dealers Ass'n v. United States, 699 F.2d 167 (4th Cir. 1983), the Court held that a business league's insurance activities were not substantially related to its exempt purposes because they constituted the performance of a service for individuals members. Referring to the opinion in Evanston-North Shore Board of Realtors, the court said that it is often difficult to determine whether a trade association's activities primarily benefit individual members or the trade generally since the interests of both are inevitable intertwined. But several factors present in this case are strong evidence that the program operates primarily to benefit individual members and not the industry as a whole. First, and most important, is the fact that the fees charged members for participation in the insurance program are in direct proportion to the benefits received. Second, participation in the insurance program is limited to members of the Association, so unlike such activities as lobbying services, it is of no benefit to those in the industry who are not members. Finally, the service is one commonly provided by for-profit entities. This is significant because the regulation requires a substantial causal relationship between the activity and accomplishment of an exempt purpose. Where a service is available in the marketplace, a trade association need not provide it to accomplish an exempt purpose.

In MIB, Inc. v United States, 734 F.2d 71 (1st Cir. 1984), the plaintiff was a membership organization of life insurance companies. Plaintiff's principal activity was the maintenance of a computerized system for gathering, storing, and distributing confidential underwriting information, mainly health data, to member insurers. The court said that MIB's activities, by their nature, consist of rendering particular services for individual member companies. MIB responds to a member's request for information about a named applicant by transmitting whatever information it has about that person to the requesting member, who then uses it as an aid to decide whether to sell insurance to the applicant. These services obviously benefit the businesses of the individual members to whom rendered. That they also produce, as a kind of spinoff, various indirect and intangible benefits for the insurance industry as a whole does not alter the fact that the rendered services are in form and substance "particular services for

individual persons."

In Bluetooth SIG, Inc. v. United States, 2008 U.S. Dist. LEXIS 7576; 101 A.F.T.R.2d (RIA) (W.D. Wash., 2008), aff'd, 2010 U.S. App. Lexis 13927 (9th Cir. 2010), the Court set out to determine whether Bluetooth SIG, Inc. (the "Association"), incorporated to advance its members' common business interest in the development and regulation of technical standards for the compatibility and interoperability of wireless products and devices within a wireless personal area network, was a business league under section 501(c)(6) of the Code. One issue raised by the Court was whether the Association's activities were of a kind ordinarily carried on for profit. The Court found that the Association was developing and selling a product, the Bluetooth specification, much like a business ordinarily conducted for profit. The Association's technology, as with any commodity with value in the marketplace, is for sale. A manufacturer can buy the right to sell a product as "Bluetooth compatible" by, first, becoming a member of the Association, second, by undergoing and paying for the testing and qualification procedures set forth by the Association, and, finally, by paying a listing fee to the Association.

The Court said that the holding in American Plywood was distinguishable from the case at bar. Whereas the plywood association served as a vehicle for advancing a common and pre-existing interest between members, the Association in this case was formed to create a common interest between its members. The product in American Plywood was something that members were already selling to begin with; the product here is something the members banded together to create. Thus the collective enterprise of the Association derives from the fact that it has created a thing of value, which its members can then use to enhance the value of the products they sell. In delineating principal activities from incidental activities in American Plywood, it was significant that the association's members came together with a common interest in expanding the use of plywood as a building material. While they surely sought to compete with each other over whose plywood was better, they could all agree that selling more plywood was better for everyone, and it was this latter purpose for which the association was principally formed. In the present case, the Association creates, markets, and sells a thing of value. In this way, the Association's activities are more like a garden variety business than a business league or chamber of commerce.

On another key issue – whether the Association's activities were 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 – the court held that the Association performs particular services for individual persons because its activities were limited to members who pay the appropriate listing fee. In this way, the service provided by the Association was largely indistinguishable from the data bank and information exchange provided in MIB, Inc.

ANALYSIS

Under the reasoning of Louisiana Credit Union League, an activity is substantially related to the exempt purposes of a section 501(c)(6) organization if (1) the activity is unique to the organization's exempt purpose; and (2) the benefits that flow from the activity accrue to the member as members. In Louisiana Credit Union League, the court found that activities like

insurance endorsement, debt collection, and data processing were not unique to the operation of credit unions but were activities common to many types of business. In contrast, the c program is uniquely related to furthering M's exempt purpose. M exists to promote the common business interest of the f industry through activities directed at improving the business conditions of M's members – f carriers and suppliers of services to the f industry. Members of the f industry have identified b applications as an "enormous opportunity" for industry-wide growth, but recognize that lack of interchangeability among Carriers is hampering that potential. A working group of representatives of that industry determined that it was in the best interests of the f industry to ameliorate the portability shortcomings of b's through the development of c's that were assigned and controlled through a centralized registry administered by M. The working group considered, and rejected, the idea of using existing commercial entities or a joint venture to administer the registry out of both technical and antitrust concerns. They determined that the c program would be more successful if administered by an organization with M's expertise and reputation. Thus, M's conduct of the c program contributes importantly to the accomplishment of M's exempt purposes and is, therefore, substantially related to those purposes within the meaning of section 1.513-1(d)(2) of the regulations.

Likewise, the benefits flowing from the c program are inherently group benefits. As with the quality control services at issue in American Plywood Ass'n, the c program is directed to the improvement of business conditions in a line of business, here the f industry. The development of c's and the assignment and control of c's through a centralized registry will make b's applications and services much more useful for all members of the f industry and lead to greater acceptance of b messaging by the public.

Unlike the insurance services conducted by the business league in Carolinas Farm & Power Equipment Dealers Ass'n, where participation in the insurance program was limited to members of the Association, membership in M is not required to participate in the c program. The c program benefits all members of the f industry, not just M's members. In addition, the services provided through the c program are not services commonly provided by for-profit entities. Although some commercial entities had prior experience providing third-party clearinghouse services, those services were not provided in the context of an industry initiative to promote the expanded acceptance and use of a new technology. The c program is unique. The Working Group, recognizing that the c program would require customized services and not merely the reapplication of previously-developed technical expertise, chose M to administer the program.

And unlike the organization in Bluetooth SIG, Inc., which created a particular technology standard and marketed that standard in a commercial manner, the c program will serve merely as the vehicle for advancing a common and pre-existing interest of members of the f industry in b services and applications.

Section 1.501(c)(6)-1 of the regulations provides that the activities of a business league should be directed to the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons. In MIB, Inc., the plaintiff was providing "particular" services in that each request from a member required MIB to respond with specific information about a specific person, the person who had applied to the

member for insurance coverage. Fees in each case were proportionate to the amount of research needed, the quantity of information uncovered, and whether the requester wanted a standard or detailed report. In Evanston-North Shore Bd. of Realtors, the multiple listing service provided "particular" services by allowing members to post their individual inventory of listings for other members to see. These listings showed the actual properties that the member was selling, thus facilitating the member's sales. Fees were proportionate to the number of homes listed.

The c program does not entail the provision of "particular" services. Unlike the multiple listing service described in Evanston-North Shore Bd. of Realtors, the c program is not specifically tailored to the unique business operations of a particular member, but consists merely of the lease of a c – a string of numbers. There is nothing "business specific" about a random string of numbers. Furthermore, a c is not a unique commercial product like the Bluetooth specification that was marketed by the association described in Bluetooth SIG, Inc. The c program is merely the means by which a preexisting interest in b applications and services can be enhanced through increased portability among members of the industry. Fees charged to lease a c are not "proportionate" to the benefits received, because benefits are not particular to the individual business but are the same for anyone wishing to participate in the program and, in all cases, consists only of the lease of the c. And the purpose of the fee charged is not primarily to generate revenue for M, but to cover the costs of the program and discourage squatting.

Similarly, the implementation of the e program to audit and monitor Content Providers' compliance with consumer best practices for marketing campaigns using c is intended to ensure consumer protection and privacy and prevent subscriber dissatisfaction that would result in diminished use of b applications an services. In conducting the e program, M would be engaging in activities similar to those of the organization described in Rev. Rul. 70-187 that tests and certifies that industry products meet acceptable standards, and those of the organization described in Rev. Rul. 81-127 that certifies the accuracy of export documents. Like those organizations, M, through the e program, seeks to prevent abuses in marketing that involves the use of c, and, thereby, promoting and stimulating business conditions in the f industry.

Finally, in marketing and promoting the c program, M would be engaging in activities similar to those of the organizations described in Rev. Rul. 55-444 and Rev. Rul. 67-344, which conducted advertising campaigns and promotional programs to increase public acceptance of, and demand for, their industries' products. By marketing and promoting the c program, M intends to increase public acceptance of c's, and increase demand for programs and services that use b's.

CONCLUSION

Accordingly, based on the information submitted we rule as follows:

M's conduct of the c program (including the e program, the l tool, and the marketing and promotion enhancements) is substantially related (within the meaning of section 1.513-1(d) of the regulations) to M's exempt purpose. Therefore, gross income derived from M's conduct of the c program is not gross income derived from an unrelated trade or business within the meaning of section 513(a) of the Code, and, consequently, such income is not unrelated business taxable income under section 512(a)(1) of the Code.

This ruling will be made available for public inspection under section 6110 of the Code after certain deletions of identifying information are made. For details, see enclosed Notice 437, Notice of Intention to Disclose. A copy of this ruling with deletions that we intend to make available for public inspection is attached to Notice 437. If you disagree with our proposed deletions, you should follow the instructions in Notice 437.

This ruling is directed only to the organization that requested it. Section 6110(k) (3) of the Code provides that it may not be used or cited by others as precedent.

This ruling is based on the facts as they were presented and on the understanding that there will be no material changes in these facts. This ruling does not address the applicability of any section of the Code or regulations to the facts submitted other than with respect to the sections described. Because it could help resolved questions concerning your federal income tax status, this ruling should be kept in your permanent records.

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

In accordance with the Power of Attorney currently on file with the Internal Revenue Service, we are sending a copy of this letter to your authorized representative.

Sincerely,

Ronald J. Shoemaker
Manager, Exempt Organizations
Technical Group 2

Enclosure
Notice 437