

AUG 30 1996

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code and have determined that you do not qualify for tax exemption under that section. Our reasons for this conclusion and the facts on which it is based are explained below.

The information submitted indicates that you were formed on [redacted] by the adoption of a Constitution and Bylaws by your founding officers.

The purposes for which you were formed are as follows:

- a. To promote an exchange of views and experience, thereby endeavoring to solve the mutual problems of the [redacted] profession, and better serve the interests of the scientist.
- b. To establish a better understanding and appreciation of the business and scientific community of the importance of [redacted]
- c. To elevate the status of the [redacted] and to promote better business and social relations among the individual members of the association.

[redacted] is one in which the salesperson generally has a technical degree (science or engineering) and/or has obtained some type of training in this field.

The activities of your organization consist of trade shows/seminars, and meetings. The purposes of the trade shows/seminars are to educate customers on available technology/applications and to promote business. Display tables are set up with vendor information/equipment and technical seminars are given to provide details of the technology. Trade shows/seminars are ongoing with an average of ten per year.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[redacted]	[redacted]	[redacted]				
Surname	[redacted]	[redacted]	[redacted]				
Date	[redacted]	[redacted]	[redacted]				

Shows and seminars are held at the customers' location due to the lack of attendance at national trade shows/seminars recently. Attendance is higher and more research and development employees can attend and are made aware of the latest technologies/methodologies and of the organizations' products.

Organizing a trade show begins with a sheet passed around at a meeting or sent with the minutes for members to sign up to exhibit at the show. The show is discussed with the customer and permission for the show is given by purchaser or researcher or both. Date and room are set and members are notified by telephone or mail. Flyers to advertise the show are posted throughout the site and distributed through research and development groups to make them aware of the show and which vendors will be attending. Exhibitors set up tables with products for researchers to view or try and literature is available for them to take with them. Sales representatives and sometimes in-house product specialists are there to answer questions, set appointments for demonstrations or order free samples. Many vendors introduce new products or have questionnaires to help determine new product needs. Refreshments are also served. There is a \$ [redacted] fee per show.

General membership meetings and officers meetings are held to organize shows, keep membership informed of show activity, manage the organization and allow networking among members. Officers meetings are held four times per year and general meetings are held two times per year.

Your membership consists of regular and honorary members. A regular member is a [redacted] working for a direct manufacturer and having their places of business, residence or territory in [redacted]. An honorary member is a person of outstanding accomplishment within the profession and community as deemed worthy of this honor by vote of the general membership. Membership dues are \$ [redacted] per individual per year. There are no dues or fees for honorary members.

Your organization produces newsletters (minutes of meetings) for members and flyers to promote shows/seminars.

Your organization's customers are [redacted] and academic/private institutions involved in [redacted].

Your income is derived from membership dues and show revenue.

Your expenses include costs for conducting shows, and postage, copies, supplies, bank fees and checks.

Minutes of a general meeting held on May 30, 1996 indicated that your organization can provide employment opportunity mailings. The cost for this type of mailing will be \$ [REDACTED] for a member organization and \$ [REDACTED] for non-members. The minutes also indicated that the membership list is confidential to [REDACTED] only. The minutes also indicated that the organization will not actively recruit new members and that the re-opening of membership was due to some members not renewing and because of individual complaints to the organization's customers.

Section 501(c)(6) of the Code provides exemption from Federal income tax for business leagues, chambers of commerce, real estate boards, and 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. Thus, in order for an organization to be exempt under the provisions of the statute, no financial benefit can inure to a shareholder or private individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations states 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. 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.

Revenue Ruling 58-224, published in Cumulative Bulletin 1958-1 on page 242, held that an organization which operates a trade show as its sole or principal activity primarily for the purpose of rendering particular services to individual persons is not entitled to exemption from Federal income tax as an organization described as a business league in section 501(c)(6) of the Internal Revenue Code of 1954.

The principal activity of your organization is conducting trade shows. You are organized and operated for the most part by individuals who are [REDACTED] working for [REDACTED]. The activities of your organization substantially serve your membership (exhibitors) and the manufacturers for whom they work, as a convenience in the conduct of their businesses.

Revenue Ruling 59-391, published in Cumulative Bulletin 1959-2 page 151, held that an organization composed of individuals, firms, associations, and corporations, each representing a different trade, business, occupation or profession whose purpose is to exchange information on business prospects has no common business interest other than a mutual desire to increase their individual sales. The activities are not directed to the improvement of one or more lines of business, but rather to the promotion of the private interests of its members.

[REDACTED]
[REDACTED]
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Your organization is an association of persons selling to the [REDACTED] both academic and industrial. Based on the information provided, it is concluded that your members have no common business interest other than a mutual desire to increase their individual sales.

You are therefore not qualified for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code.

Until you have established an exempt status, you are not relieved of the requirements for filing Federal income tax returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference 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 conference. The conference may be held at the Regional office or, if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

Paul M. Harrington
District Director

Enclosure: Publication 892